

## EU-SILC 2017: Salient Indicators

### Introduction:

The European Statistics on Income and Living Conditions (EU-SILC) survey is an annual enquiry conducted by the National Statistics Office (NSO) among persons residing in private households in Malta and Gozo. Income statistics refer to calendar year 2016, while non-income components (such as material deprivation) refer to 2017, which is the data collection year.

### Key facts:

- The average gross household income for 2016 as derived from EU-SILC 2017, is estimated at €33,202, while the average disposable household income is estimated at €27,722 (Table 3).
- The survey shows that the number of persons living in households with a national equivalised income below the at-risk-of-poverty line (€8,698) was 72,143. This translates into an at-risk-of-poverty rate (ARP) of 16.8 per cent, 0.3 percentage points higher than that recorded for the previous year (Table 3).
- In 2017, the severe material deprivation rate (SMD) among persons living in households was 3.3 per cent. This figure is 1.1 percentage points less than the same rate estimated on the basis of EU-SILC 2016. The three most influential variables contributing to this decrease were: ability of households to face unexpected financial expenses; ability of households to avoid being in arrears on mortgage or rent payments, utility bills, hire purchase instalments or other loan payments; ability of households to spend one week's annual holiday away from home (Table 8).
- At 19.2 per cent, the at-risk-of-poverty or social exclusion rate (AROPE) decreased by 0.9 percentage points when compared to EU-SILC 2016. AROPE provides the share of persons who are either at-risk-of-poverty, or severely materially deprived, or residing in a household with low work intensity (applicable only for persons aged 0-59) (Table 9).

## Household Income

The average gross household income and the average household disposable income for reference year 2016 were estimated at €33,202 and €27,722 respectively (Table 3). Disposable income is the amount of money available to households for spending purposes, after deducting taxes, social contributions and alimonies. Furthermore, the median disposable income stood at €23,151, an increase of €1,610 when compared to the previous year (Table 3).

Three-quarters of the total gross household income was attributed to employment income. The share of social benefits (including old-age benefits) stood at 19.3 per cent, as shown in Chart 1. There were minimal differences in the percentage distributions of household income over the past ten years. Nevertheless, taking into consideration the aggregate figures, there was still an increase in social benefits of more than €500 million over the 10-year span, which was offset by other increases in employment income and other sources of income (e.g. income from interests and dividends; income from rents; alimonies; etc.).

Chart 1. Household gross income distributions: EU-SILC 2007, 2012, 2017

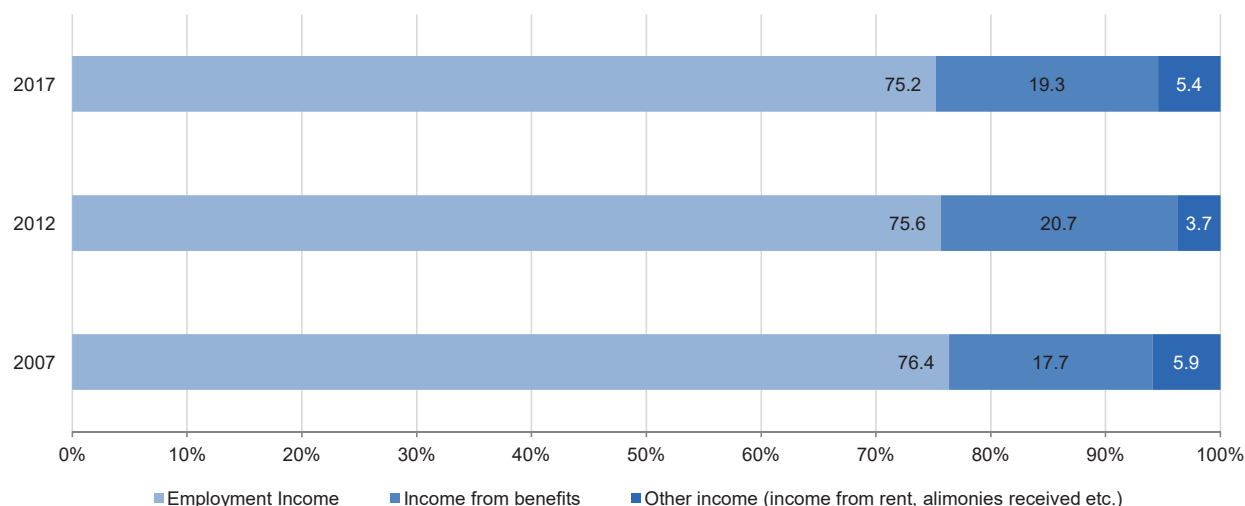


Table 1. Gross and disposable household income by source: EU-SILC 2016-2017

Household income	2016		2017		
	average per household	total (€ '000)	average per household	total (€ '000)	% gross income
Employment income	34,860	3,942,492	36,032	4,210,809	75.3
Old-age benefits*	10,882	753,802	11,272	798,989	14.3
Interests and dividends	930	153,837	959	161,546	2.9
Survivors' benefits and other benefits for social exclusion	1,159	90,028	1,203	95,599	1.7
Rental of property or land	4,077	54,727	5,726	85,763	1.5
Family / Children - related allowance	1,496	76,843	1,365	67,755	1.2
Sickness / Disability benefits	1,730	64,137	1,738	65,927	1.2
Other household income	2,667	21,045	3,914	31,294	0.6
Education allowance	1,573	30,745	1,530	30,292	0.5
Regular inter-household cash transfer received	3,256	18,325	3,124	21,641	0.4
Unemployment benefits	3,329	23,535	2,223	16,159	0.3
Housing allowances	320	8,566	300	7,718	0.1
<b>Gross income</b>		<b>5,238,083</b>		<b>5,593,492</b>	<b>100.0</b>
Regular household income paid		14,816		15,365	
Tax on income and social contributions		879,989		907,809	
<b>Disposable income</b>		<b>4,343,277</b>		<b>4,670,318</b>	

\*Disability, unemployment and survivors' benefits are classified as old-age benefits for persons aged 65 and over

## National Equivalised Income (NEI) Distributions

The S80/S20 ratio, which compares the average National Equivalised Income (NEI) of the highest and lowest 20 per cent income earners, was calculated at 4.2 (Table 3). The NEI of a household is defined as the household's total disposable income divided by its 'equivalent size' (also referred to as consumption units). The NEI takes into account the size and age distribution of household members.

The Gini coefficient is a measure of income inequality that varies between 0 and 100 per cent. A Gini coefficient of 0 per cent indicates a perfectly equal distribution of income. On the other hand a Gini coefficient of 100 per cent indicates that there is full inequality of income.

The Gini coefficient for Malta derived from EU-SILC 2017 decreased by 0.2 percentage points when compared to the previous year, to 28.3 per cent, indicating a more even distribution of income among the population over the previous year.

## Monetary poverty (ARP)

The at-risk-of-poverty threshold (ARPT) is defined as 60 per cent of the median National Equivalised Income (NEI). EU-SILC respondents whose NEI falls below this threshold are considered to be at-risk-of-poverty (ARP).

The ARPT derived from EU-SILC 2017 was estimated at €8,698, 6.8 per cent higher when compared to the previous year.

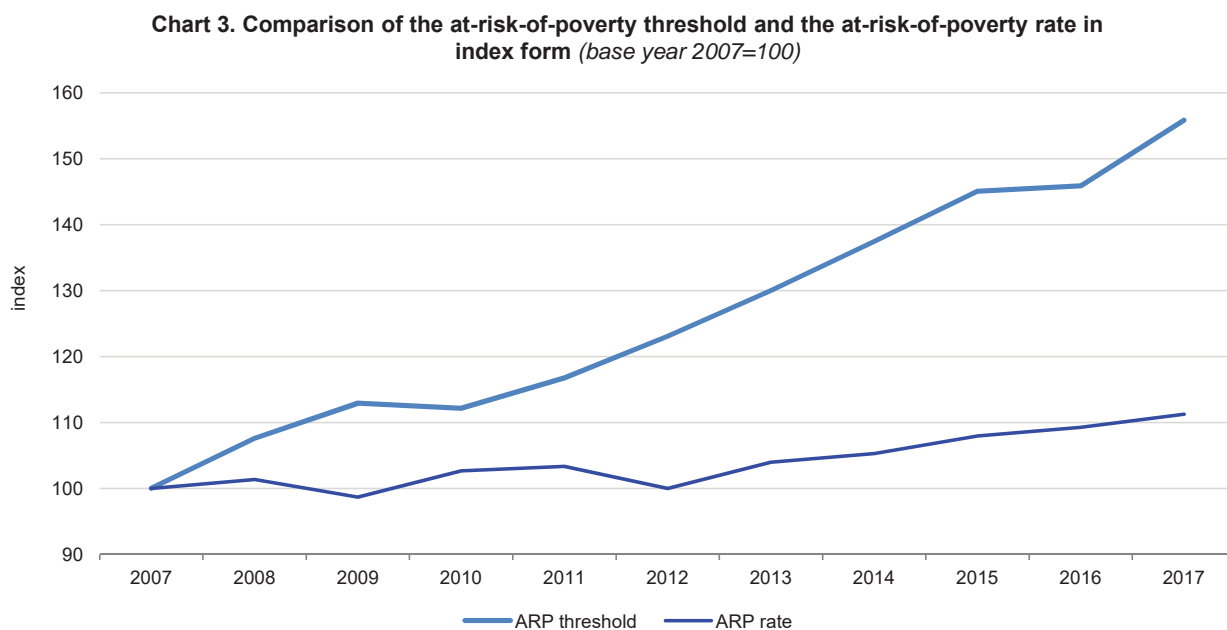
Based on the income year 2016, the number of at-risk-of-poverty persons living in Malta was estimated at 72,143, or 16.8 per cent of the target population (Table 2).

Various computations of the NEI, as well as the number of persons who would fall below the at-risk-of-poverty threshold should social benefits be excluded from such computations, are shown in Table 2.

**Table 2. Difference in the at-risk-of-poverty rate by type of disposable income: EU-SILC 2016- 2017**

Computation of NEI based on:	2016	2017	
	%	%	Number of persons below the threshold
Total household disposable income	16.5	16.8	72,143
Household disposable income excl. social transfers (but including old-age and survivors' benefits)	23.8	23.7	102,168
Household disposable income excl. social transfers	37.9	37.5	161,443

Chart 3 provides a comparison between the growth indices of the at-risk-of-poverty threshold (ARPT) and the at-risk-of-poverty rate (ARP).



**Table 3. Main household income and at-risk-of-poverty indicators: EU-SILC 2016-2017**

	2016			2017		
Average household gross income (€)	31,655			33,202		
Average household disposable income (€)	26,247			27,722		
Median household disposable income (€)	21,541			23,151		
	Value (€)	Number of persons below threshold	% persons below the threshold	Value (€)	Number of persons below threshold	% persons below the threshold
Total number of persons living in households	N/A	424,831	N/A	N/A	430,643	N/A
Median National Equivalised Income (NEI)	13,572	212,337	50.0	14,496	215,319	50.0
40% median NEI	5,429	12,910	3.0	5,798	12,244	2.8
50% median NEI	6,786	32,788	7.7	7,248	36,106	8.4
60% median NEI	8,143	69,920	16.5	8,698	72,143	16.8
70% median NEI	9,500	109,402	25.8	10,147	105,209	24.4
Indicators	Value			Value		
S80 / S20 ratio	4.2			4.2		
Gini coefficient (%)	28.5			28.3		

The at-risk-of-poverty rate (ARP) among persons below 18 years of age was calculated at 21.2 per cent, hence increasing by 0.2 percentage points from the previous year. A marginal increase of 0.1 percentage points was observed for persons aged 18-64, with the ARP rate for this age cohort at 13.1 per cent. The rate for 65+ persons went up to 25.0 per cent, 0.8 percentage points more than the counterpart rate estimated from EU-SILC 2016 (Table 4).

**Table 4. At-risk-of-poverty rates by age group and sex**

Age group	Sex	2016	2017	
		%	%	Number of persons below the threshold
All ages	<b>Total</b>	<b>16.5</b>	<b>16.8</b>	<b>72,143</b>
	Males	16.5	16.2	35,155
	Females	16.4	17.3	36,988
Under 18	<b>Total</b>	<b>21.0</b>	<b>21.2</b>	<b>16,217</b>
18-64	<b>Total</b>	<b>13.0</b>	<b>13.1</b>	<b>35,955</b>
	Males	12.9	12.4	17,354
	Females	13.1	13.9	18,601
65 and over	<b>Total</b>	<b>24.2</b>	<b>25.0</b>	<b>19,971</b>
	Males	22.8	23.4	8,689
	Females	25.4	26.4	11,281

The at-risk-of-poverty rates (ARP) for households with and without dependent children were calculated at 18.2 and 15.2 per cent respectively (Table 5). Members of single parent households were noted to be more susceptible to being at-risk-of-poverty, with 45.7 per cent of such persons having an equivalised disposable income below the at-risk-of-poverty threshold (ARPT). Elderly persons are also more prone to be at-risk-of-poverty (Tables 4 and 5).

**Table 5. At-risk-of-poverty rates by household type**

Household type	2016	2017	
	%	%	Number of persons below the threshold
<b>All households</b>	<b>16.5</b>	<b>16.8</b>	<b>72,143</b>
<b>Households without dependent children</b>	<b>15.4</b>	<b>15.2</b>	<b>32,276</b>
<i>of which:</i>			
One-person household, under 65 years of age	23.0	24.7	4,686
One-person household, 65 years old and over	25.1	27.1	6,082
Two adults, no dependent children, both under 65 years of age	12.4	12.8	5,033
Two adults, no dependent children, at least one adult aged 65 or more	26.5	27.6	13,913
Other households without dependent children	5.7	3.2	2,562
<b>Households with dependent children</b>	<b>17.5</b>	<b>18.2</b>	<b>39,867</b>
<i>of which:</i>			
Single-parent household, one or more dependent children	41.1	45.7	7,781
Two adults, one dependent child	10.7	12.6	7,090
Two adults, two dependent children	16.8	14.7	10,204
Two adults, three or more dependent children	35.7	35.4	6,694
Other households with one or more dependent children	12.0	14.1	8,099

The at-risk-of-poverty rate (ARP) among persons living in households with at least one member aged 0-59, was found to decrease as the household work intensity increased (refer to methodological notes). Indeed, 72.7 per cent of persons living in households with very low work intensity were at-risk-of-poverty, compared to 9.0 per cent of counterparts with high/very high work intensity (Table 6).

**Table 6. At-risk-of-poverty rates by work intensity of household**

Work intensity (WI)	2016	2017
	%	
Very high work intensity (0.85<WI<=1)	[1.2]	[1.5]
High work intensity (0.55<WI<=0.85)	6.6	7.5
Medium - Low work intensity (0.2<WI<=0.55)	29.5	32.3
Very low work intensity (0<=WI<=0.2)	68.3	72.7

Note: This table excludes households without persons aged 0-59.

Table 7 shows an increase in at-risk-of-poverty rates by the most recent employment status (refer to methodological notes) compared to the previous year.

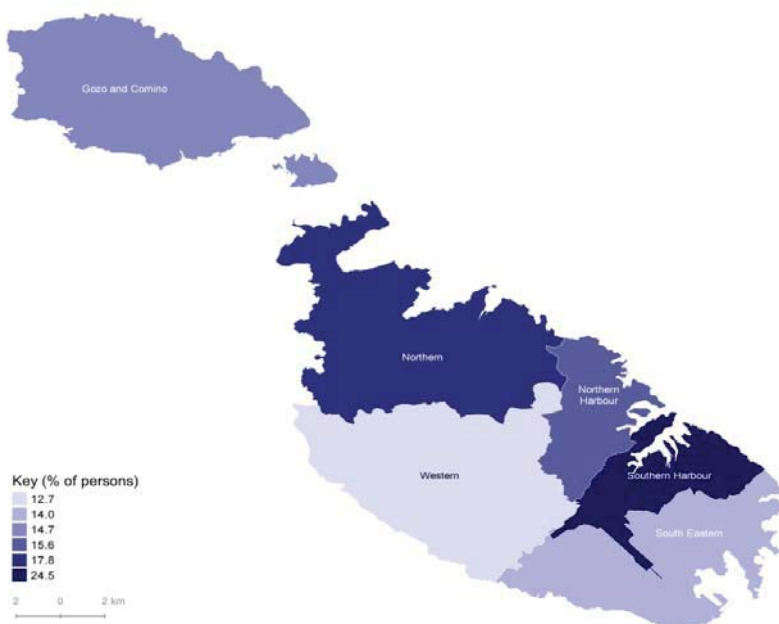
**Table 7. At-risk-of-poverty rates among persons aged 18 and over by most frequent activity status and sex**

Most frequent activity status	Sex	2016	2017
		%	%
Employed	<b>Total</b>	<b>5.8</b>	<b>5.9</b>
	Males	7.5	7.5
	Females	3.1	[3.4]
Unemployed	<b>Total</b>	<b>45.1</b>	<b>57.7</b>
	Males	49.8	[60.0]
	Females	:	:
Retired	<b>Total</b>	<b>21.0</b>	<b>21.8</b>
	Males	23.0	23.8
	Females	16.8	18.4
Other inactive persons	<b>Total</b>	<b>27.2</b>	<b>29.0</b>
	Males	29.4	28.9
	Females	26.8	29.0

Note: Excludes persons who have spent not more than six months in one particular activity status.

At a district level the distribution of at-risk-of-poverty (ARP) persons is uneven across the Maltese Islands, with the Southern Harbour having the largest share of ARP persons followed by the Northern. On the other hand, the Western district registered the lowest share (Chart 4).

**Chart 4. Distribution of the at-risk-of-poverty rate (ARP) by district**

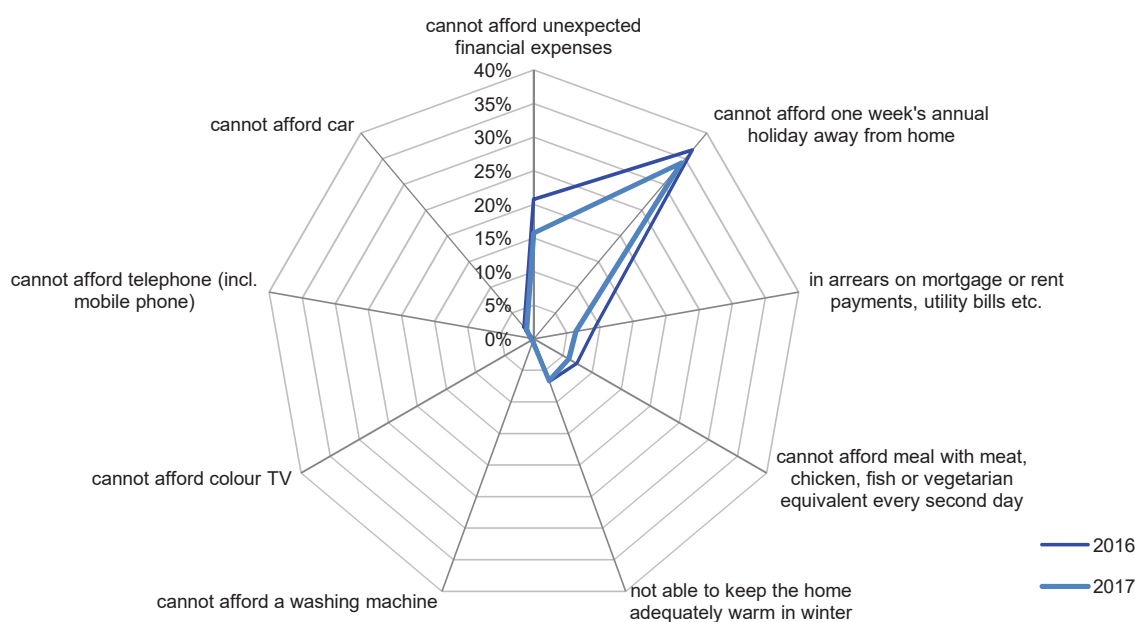


**Material Deprivation Indicators**

The EU-SILC study does not only take into consideration the monetary poverty of individuals but also the ability (or otherwise) of households to afford several items or material components. The list of components was adopted by the EU Member States and the European Commission in 2009. From this set of variables, two major indicators are obtained, namely the Material Deprivation (MD) indicator and the Severe Material Deprivation (SMD) indicator. As mentioned earlier, these indicators are recorded as per collection period, that is 2017.

More respondents said that their household was able to afford unexpected financial expenses, avoid being in arrears on mortgage or rent payments, utility bills, hire purchase instalments or other loan payments, and to pay for one week’s annual holiday away from home, when compared to the previous year (Chart 5).

**Chart 5. Material deprivation rates among respondents**

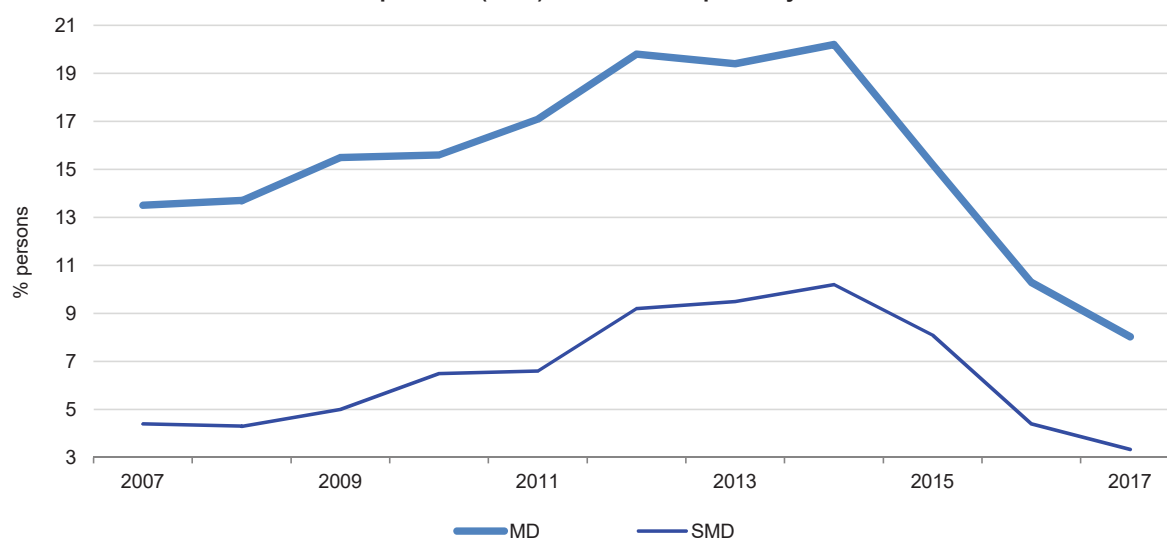


The material deprivation (MD) indicator for EU-SILC 2017 stood at 8.0 per cent which is 2.3 percentage points less than the previous year (Table 8).

**Table 8. Number and percentage rates of persons living in households by perceived capacity to afford various items**

Material deprivation items	2016	2017	
	%	%	Number of persons
Household cannot afford to face unexpected financial expenses	20.8	15.8	67,836
Household cannot afford to pay for one week's annual holiday away from home	36.7	34.1	147,059
Household has been in arrears on mortgage or rent payments, utility bills, hire purchase instalments or other loan payments	9.2	6.4	27,371
Household cannot afford a meal with meat, chicken, fish or vegetarian equivalent every second day	7.4	6.0	25,893
Household not able to keep the home adequately warm in winter	6.8	6.6	28,565
Household cannot afford a washing machine	[0.4]	:	:
Household cannot afford a colour TV	:	:	:
Household cannot afford a telephone (including mobile phone)	:	:	:
Household cannot afford a car	2.3	1.7	7,310
Household is deprived of at least 3 of the above items (materially deprived persons)	10.3	8.0	34,596
Household is deprived of at least 4 of the above items (severely materially deprived persons)	4.4	3.3	14,393

**Chart 6. Comparison between the Material Deprivation (MD) and Severe Material Deprivation (SMD) rates over the past 10 years**





## At-Risk-of-Poverty or Social Exclusion indicator

In EU-SILC 2017, the at-risk-of-poverty or social exclusion rate (AROPE) was calculated at 19.2 per cent, thus registering a decrease of 0.9 percentage points. Across different age groups, it can be noted that the only increase was experienced among persons aged 65 and over, with 0.3 percentage points, thus reaching a rate of 26.4 per cent for this cohort.

The at-risk-of-poverty or social exclusion rates (AROPE) for households without dependent children and with dependent children were calculated at 18.5 per cent and 19.9 per cent, respectively. When compared to EU-SILC 2016 the former registered a decrease of 1.1 percentage points and the latter of 0.6 percentage points (Table 9).

**Table 9. At-risk-of-poverty or social exclusion rates (AROPE) by age group, sex and household type**

Age group	Sex	2016	2017	
		%	%	Number of persons below the threshold
All ages	<b>Total</b>	<b>20.1</b>	<b>19.2</b>	<b>82,652</b>
	Males	20.0	18.3	39,694
	Females	20.1	20.1	42,958
Under 18	<b>Total</b>	<b>24.0</b>	<b>22.8</b>	<b>17,487</b>
18-64	<b>Total</b>	<b>17.3</b>	<b>16.1</b>	<b>44,119</b>
	Males	16.9	15.1	21,198
	Females	17.7	17.1	22,921
65 and over	<b>Total</b>	<b>26.1</b>	<b>26.4</b>	<b>21,046</b>
	Males	24.6	24.1	8,956
	Females	27.5	28.3	12,090
<b>Household type</b>				
<b>All households</b>		<b>20.1</b>	<b>19.2</b>	<b>82,652</b>
<b>Households without dependent children</b>		<b>19.6</b>	<b>18.5</b>	<b>39,184</b>
<i>of which:</i>				
One-person household, under 65 years of age		30.2	30.3	5,758
One-person household, 65 years old and over		27.9	28.9	6,501
Two adults, no dependent children, both under 65 years of age		17.2	16.4	6,453
Two adults, no dependent children, at least one adult aged 65 or more		30.2	30.8	15,509
Other households without dependent children		9.5	6.1	4,962
<b>Households with dependent children</b>		<b>20.5</b>	<b>19.9</b>	<b>43,468</b>
<i>of which:</i>				
Single-parent household, one or more dependent children		50.3	50.2	8,553
Two adults, one dependent child		12.2	14.4	8,109
Two adults, two dependent children		18.1	15.1	10,433
Two adults, three or more dependent children		39.3	38.8	7,329
Other households with one or more dependent children		16.5	15.8	9,044

The Southern Harbour district registered the highest rate of at-risk-of-poverty or social exclusion (AROPE) persons, at 26.9 per cent (Chart 8). The lowest AROPE rate was recorded in the Western district, at 15.0 per cent.

**Chart 8. Distribution of the at-risk-of-poverty or social exclusion rate (AROPE) by district**

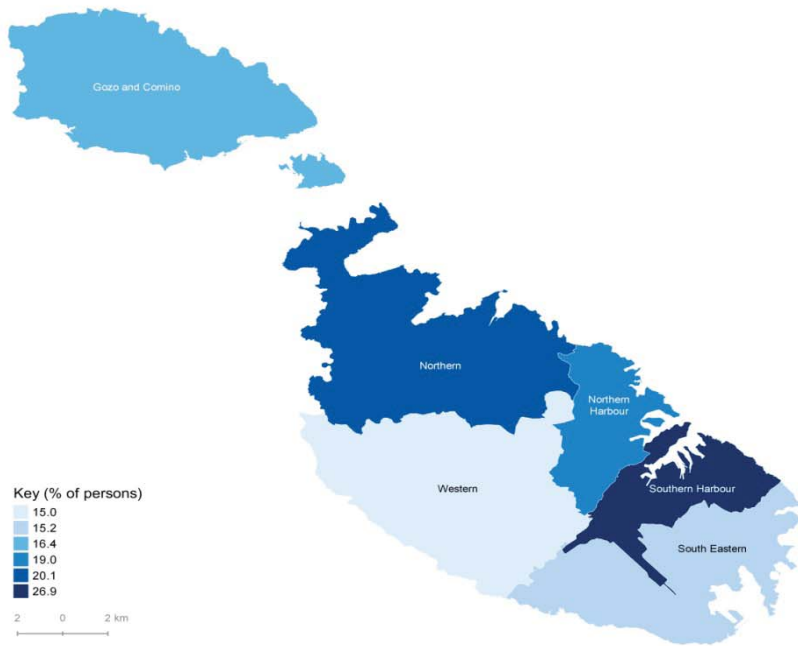
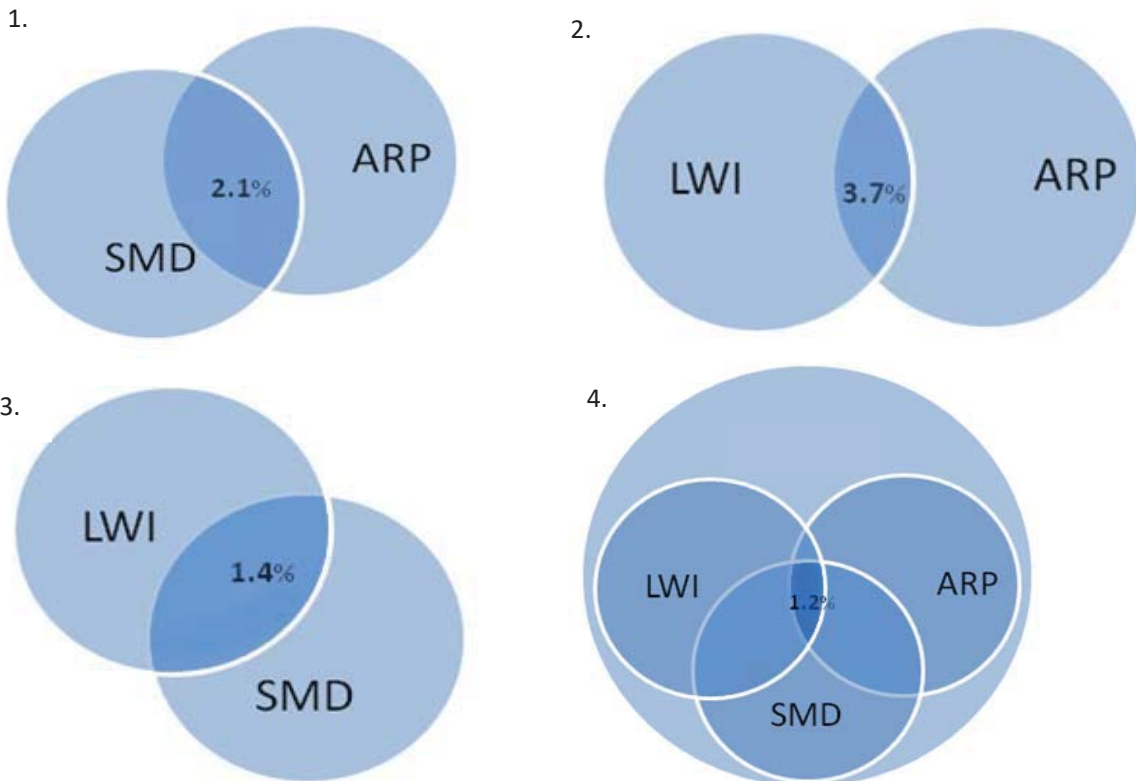


Chart 9 shows the intersection between EU-SILC's most important indicators, as follows:

- |   |      |
|---|------|
| 1. at-risk-of-poverty (ARP) and severe material deprivation (SMD)                           | 2.1% |
| 2. low work intensity (LWI) and at-risk-of-poverty (ARP)                                    | 3.7% |
| 3. low work intensity (LWI) and severe material deprivation (SMD)                           | 1.4% |
| 4. low work intensity (LWI), severe material deprivation (SMD) and at-risk-of-poverty (ARP) | 1.2% |

**Chart 9. Intersection between main EU-SILC indicators**



## Methodological Notes

### Background

The European Statistics on Income and Living Conditions (EU-SILC) survey is an annual enquiry conducted by the National Statistics Office (NSO) among persons residing in private households in Malta and Gozo.

The main scope of this survey is to enable the compilation of statistics on income distribution, relative poverty, material deprivation and social exclusion. This survey has been carried out in Malta since 2005, under European Regulation (EU) No. 1177/2003. This Regulation establishes criteria which ensure the production of high quality and harmonised results at European level.

The survey is designed to collect detailed information on household characteristics, labour market, education, household income, material deprivation and social exclusion. The households' wealth (assets) and gains/losses from capital transfers are not covered by this survey.

### Sample size and response

The EU-SILC sample follows a rotational design whereby every household is surveyed for four consecutive years. This sampling methodology enhances consistency and thus allows for high quality cross-sectional and longitudinal analysis.

In 2017, the gross sample size was 4,638 households. Of these, 148 households turned out to be ineligible for the survey (i.e. addresses that did not actually exist, could not be located, non-residential addresses, permanently vacant dwellings or institutional households). Consequently, 4,490 households were approached for the interview. Of these, 3,902 completed the survey, resulting in an effective response rate of 86.9 per cent. These households comprised of 10,148 residents, of which 8,755 were aged 16 and over.

### Income reference period

The income reference year of the SILC survey is one calendar year prior to the survey year. Consequently, the income collected in SILC 2017 refers to the calendar year 2016.

### Concepts and definitions

A person is defined as a **dependent child** if s/he is:

- under 18, or;
- 18-24 years old and is economically inactive and living with at least one parent.

Otherwise, the person is referred to as an adult.

The **Work Intensity (WI)** of a household is the ratio of the total number of months that all household members aged between 18 and 59, with the exclusion of students aged between 18 and 24, have worked during the income reference year and the total number of months the same household members theoretically could have worked in the same period. Households composed only of children aged less than 18, of students aged less than 25 and/or people aged 60 or more are completely excluded from the computation of this indicator.

The **most frequent activity** status is defined as the status that individuals aged 18 and over declare to have occupied for more than six months in the calendar year. The most frequent activity status groups are; employment, unemployment, retirement and other inactivity.

The **gross household income** includes:

- Gross employee cash or near cash income;
- Gross non-cash employee income (only company car and associated costs included);
- Gross cash benefits or losses from self-employment (including royalties);
- Unemployment benefits;
- Old-age benefits;
- Survivors' benefits;
- Sickness benefits;
- Disability benefits;
- Education-related allowances;

- Income from rental of property or land;
- Family/Children related allowances;
- Social exclusion benefits not elsewhere classified;
- Housing allowances;
- Regular inter-household cash transfers received;
- Interests, dividends, profits from capital investments in unincorporated business;
- Income received by people aged under 16; and,
- Income received from individual private pension plans.

The **total disposable income** of a household is calculated by deducting:

- regular inter-household cash transfers paid;
- tax on income; and,
- social insurance contributions.

from the total gross household income.

**Equivalent household size** is calculated according to the “modified OECD” equivalence scale which gives:

- a weight of 1.0 to the first adult;
- a weight of 0.5 to any other household member aged 14+;
- a weight of 0.3 to each child.

The resulting figure, which is the sum of these weights, is attributed to each member of the household.

**Equivalised disposable income (referred to also as national equivalised income)** is defined as the household’s total disposable income divided by its “equivalent household size”, to take account of the size and composition of the household, and is attributed to each household member. For example a household with 2 adults and 2 children aged less than 14, would have an equivalised household size of  $(1+0.5+0.3+0.3) = 2.1$ . If the total disposable income earned by the household is €20,000, then the household equivalised income would result in  $(€20,000/2.1) = €9,523$ .

The **at-risk-of-poverty threshold** is also referred to as the at-risk-of-poverty line or, simply, the poverty line. This is equivalent to 60 per cent of the median national equivalised income of persons living in private households.

The **S80/S20** ratio is the ratio between the sums of the highest and lowest 20 per cent equivalised incomes of persons within the households.

The **Gini coefficient** measures the inequality of income distribution. It may take values ranging from 0 per cent, which implies perfect equality in the income distribution, to 100 per cent, which signifies absolute inequality.

### **Material Deprivation:**

In 2009, material deprivation (MD) indicators were adopted by all 27 European Union (EU) Member States and the European Commission (Guio, 2009). The following nine questions were asked to all households in order to determine whether they suffered from material deprivation:

- ability to face unexpected financial expenses;
- ability to pay for one week’s annual holiday away from home;
- whether they have been in arrears on mortgage or rent payments, utility bills, hire purchase instalments or other loan payments;
- ability to have a meal with meat, chicken, fish or vegetarian equivalent every second day;
- ability to keep home adequately warm in winter;
- own a washing machine;
- own a colour TV;
- own a telephone (including mobile phone); and,
- own a car.

Persons living in households who were not able to afford at least **three** of the nine deprivation items, are considered to be **materially deprived**.

Persons living in households who were not able to afford at least **four** of the nine deprivation items, are considered to be **severely materially deprived**.

The **at-risk-of-poverty rate** refers to the share of persons with an equivalised disposable income below the at-risk-of-poverty threshold.

The **at-risk-of-poverty or social exclusion rate** corresponds to the proportion of persons who fall within at least one of the following three categories:

- persons whose equivalised income falls below the at-risk-of-poverty threshold;
- persons who live in severely materially deprived private households; and,
- persons aged 0-59 who live in private households with very low work intensity (i.e. the adults aged 18-59 have worked less than 20 per cent of their total work potential during the past year).

## Key

: Data not published due to unreliable survey estimates as a result of:

1. less than 20 reporting households; or
2. the non-response for the item concerned exceeds 50 per cent.

[ ] Figures to be used with caution: figures with between 20 and 49 reporting households or with non-response for the item concerned that exceeds 20 per cent and is lower or equal to 50 per cent.

**N/A** Not applicable

## Other notes:

- Sample used for the SILC survey was extracted from a database based on the Census of Population and Housing 2011.
- Tables may not add up exactly due to rounding.

More information relating to this news release may be accessed at:

Statistical Concepts: <http://nso.gov.mt/metadata/concepts.aspx>

Any quotations from this news release are to be cited and/or referenced.

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