

Summary of Findings

- In 2015 there were 460,800 poor families in Israel, in which 1,712,900 individuals lived, of whom **764,200** were children.
- In 2015 the incidence of poverty **developed in a manner which was not uniform**: on the one hand it decreased among individuals, children and the elderly, and on the other hand it rose among families. The decrease among individuals was from 22.0% in 2014 to 21.7% in 2015, among children from 31.0% to 30%, and among the elderly from 23.1% in 2014 to 21.7%. Among families the incidence of poverty rose compared to 2014 – from 18.8% to 19.1%. On the other hand it decreased among individuals from 22.0% in 2014 to 21.7% in 2015 and among children it decreased from 31.0% in 2014 to 30.0%.
- The standard of living in terms of median disposable monetary income per standard individual rose in real terms by 3.3% in 2015, and consequently the poverty line which is derived from it also rose. However the benefits were not updated, as by law they are updated in accordance with the increase in the November 2014 index compared with the index of the preceding year, and that did not increase.
- The Gini index of inequality in disposable income decreased by 1.6% and the index of inequality in economic income decreased by 1.2%. Since the beginning of the current millennium the Gini index based on economic income has decreased by approximately 9%. The decrease in the index in 2015 mainly reflects the improvement in the position of the working populations in the middle deciles, which were influenced by the increase in the minimum wage which amounted to 6.8% in real terms, and by the positive changes in employment.
- The decrease in the incidence of poverty of individuals and children and in the inequality indices in 2015 reflects the ongoing increase in employment rates, particularly among Arab women and Haredi men, as well as the increase in salary which arose, inter alia, from the minimum wage being increased by a considerable amount between the two years being compared. In addition the employment rate continued to rise and the unemployment rate continued to drop. The increase in child allowances during this year after the cut in such allowances in 2013 also contributed its share to the decrease in the incidence of poverty.
- Nevertheless, **in 2015 the poor became poorer**. The indices of the depth and severity of poverty **rose** in 2015: the income gap ratio, which is the average distance of the poor family's income from the poverty line income, **rose** by 3.2% (from 34.6% in 2014 to 35.7% in 2015) 34.6% and the severity of poverty index (which gives greater weight to the poorer) rose by 2.3%.
- The decrease in the incidence of poverty for individuals and children on the one hand and the increase in the **incidence of poverty for families** on the other hand is

explained by the decrease in the dimensions of poverty among larger families (with children) compared with a corresponding increase among families without children (but which are not households of elderly people).

- The data show that **if not for government intervention** by means of transfer payments and direct taxes, the incidences of poverty would be higher. However, the contribution of the policy measures to reduction of poverty decreased by 2.4% in 2015. The benefits and the direct taxes rescued 34.6% of families from poverty in 2015 compared to 35.5% in 2014. The percentage of individuals rescued from poverty rose slightly from 24.2% to 24.5% between the two years (Table 5) and the percentage of children rescued from poverty rose significantly by about 20% between 2014 and 2015, inter alia due to the renewed increase in child allowances (after they were cut in 2013).
- The incidence of poverty among elderly families decreased from 23.1% in 2014 to 21.7% in 2015. In December 2015 the old-age and survivors' pensions with an income supplement were increased, in order to bring them nearer to the poverty line, in accordance with the War on Poverty Committee's recommendation. This improvement will mainly be seen in 2016.
- **The incidence of poverty among families with children**, which make up more than half the total poor families, decreased by a percentage point between the two years, apparently due to the influence of the increase in the child allowances which occurred in May 2015, but also due to the increase in income from work, which was also expressed in the decrease in the incidence of economic poverty. A sharp drop in the incidence of poverty, of about 13%, was recorded among single-parent families, and their share of the poor population also decreased by about 16% between the two years. In contrast to this, the depth of poverty rose by about 4% among families of all sizes with children.
- The incidence of poverty for Arabs continued to rise from 52.6% in 2014 to 53.3% in 2015 and so also the incidence of poverty of children and individuals, contrary to the general trend and despite the increase in child allowances. The source of this is the decrease in income from work (and chiefly a considerable decrease in income from self-employed work) as recorded in the household expenditure survey. An examination of the salary file of the Tax Authority reveals that both employment and salary have risen in real terms among Arabs, so that it is not clear to what extent this is a true result or a false finding due to a paucity of observations.
- **The severity of poverty and depth of poverty indices** rose between the two years, at rates of between 2% and 3%. This phenomenon is to be expected when the emergence from poverty is mainly through work and not through benefits, particularly when the benefits are eroded. Therefore the increase in the dimensions of poverty is particularly noticeable among families without breadwinners and large families. The depth of

poverty of families with two or more breadwinners increased at a sharp rate of about 19%, while among families with one breadwinner it decreased slightly.

- The incidence of poverty among individuals and children in working families decreased between 2014 and 2015, but the incidence of poverty for those families rose slightly. In the working **families with one breadwinner** the incidence of poverty rose from 25.4% in 2014 to 25.9% in 2015, while the incidence of poverty for families with **two breadwinners** remained at its 2014 level- 5.6%.
- **The incidence of poverty for Haredim** decreased sharply between the two years from 54.3% to 48.7% and a decrease in the incidence of economic poverty was also seen by the two identification methods. In other words the source of the drop in poverty of Haredi families does not only arise from the increase in child allowances, but also from the increase in income from work this year.
- In 2015 the incidence of poverty for **families of working age which do not work continued to rise, at a sharp rate of about 9%**, from 68% to about 74%. At the same time, the contribution of policy measures to reducing poverty in this group decreased considerably by about 22%. The severity of poverty and depth of poverty of poor families of working age which do not work rose considerably (about 8%) and slightly – respectively.
- Division of the population by age shows that a large increase in the dimensions of poverty was recorded in the age group in which poverty in Israel is the lowest – 46 until pension age. The incidence of poverty for this group increased at a sharp rate of about 17% - from 12.2% to 14.3%, and despite this it is still about 5 percentage points away from the general incidence of poverty in the population.
- **In comparison with the OECD countries Israel remained at the top of the poverty and inequality ladder.** This year the incidence of poverty for individuals in Israel reached 19.6% and it is the highest among the OECD countries. In the inequality data Israel's position improved compared with 2014, although it is still higher than the average in the developed countries.
- During 2016 a number of steps were decided upon which are expected to improve the social position: In July 2016 the minimum wage was increased in an additional stage at the rate of about 4% to NIS 4,825 per month. In January 2017 the minimum wage will increase to NIS 5000. These increases are expected to have the effect of reducing the dimensions of poverty among the working population, more than a quarter of which earns up to minimum wage. However, this statement is not a forecast for the social indices!
- In December 2015 the old-age pensions for single people and couples receiving income supplements were increased by considerable amounts. The effect of this step will be fully seen in the poverty report for 2016. These pensions will also be increased in January 2017 and 2018.

- In the 2017 budget it was decided to give a seniority increment for old age from the first year (4 stages).
- It was decided to increase the disregard and to lower the setoff amount for single-parent families in income support.
- In 2016 it was decided to increase the general disability benefits budget by approximately NIS 320 million.
- In January 2017 savings plans will be opened for every boy and girl concurrently with the child allowance, in which 50 shekels will be deposited every month, including a retroactive deposit from May 2015 to December 2016. The accumulation of this asset will improve the asset position of every family with children in the long term but will not influence the social indices in the short term as it does not constitute current monetary income.

Dimensions of poverty

1. The poverty line and standard of living

In 2015 the product rose by 2.5% in real terms, which was similar to the rates in the last three years (between 2.5% and 3.0%). Despite the moderate rate of increase in the product, employment continued to increase and unemployment continued to decrease: the employment rate rose by 2.8% while the unemployment rate decreased from 5% to 4.5% between 2014 and 2015. The increase in employment was accompanied by an increase in real wages of 2.8% in 2015, after a more moderate increase of 1.3% the previous year. The cumulative increase in wages from 2010 to 2015 amounted to about 6%. The unemployment level fell to a historic low point and amounted to 5.3% in 2015 (compared with 5.9% in 2014).²

As in the previous two years, household income of various kinds also rose in 2015. According to the household expenditure survey data, on which the present report is based, the increase in income was due to increased employment and wage increases, chiefly as a result of the increase in the minimum wage by 6.8% in 2015 compared with the previous year, an increase which mainly affected the middle deciles (see below). However there

**Table 1: Monthly Income per Household by Type of Income (NIS)
2013-2015**

Type of income	2013	2014	2015	Real change between 2014 and 2015 (percent)
Averages				
Economic per family	15,662	16,202	16,558	2.8
Economic per standard individual	5,935	6,135	6,303	3.4
Gross per family	17,715	18,331	18,674	2.5
Gross per standard individual	6,854	7,099	7,253	2.8
Net per family	14,626	15,151	15,431	2.5
Net per standard individual	5,691	5,904	6,023	2.7
By median				
Median net income per standard individual	4,783	4,923	5,053	3.3
Poverty line for standard individual	2,392	2,461	2,527	3.3

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2 The data are based on a manpower survey and the average salary published by CBS. In recent years the manpower survey has undergone far-reaching changes, partly due to the move from a quarterly to a monthly survey, expansion of the sample, particularly in the periphery and, by arrangement with the OECD, also counting soldiers on regular army service in the workforce.

was also an increase in other components of income: in some of the benefits paid by the National Insurance Institute (NII), particularly child allowances, and in income from capital (see Table 13).

The average disposable income per standard individual was about NIS 6,020. The net median income by that definition was NIS 5,053 and the poverty line for a standard individual, which is derived from it, amounted to NIS 2,527 per month. Economic income, which is the family's income from the labour market and from capital, before tax and mandatory insurance payments, rose more moderately than in 2014 – by about 2.8%. Disposable family income, which is the income after addition of benefits and other forms of support and deduction of mandatory payments, rose by 2.5% on average, and median disposable income per standard individual, like the poverty line, rose by 3.3% in real terms.

The poverty lines for families of various sizes are shown in Table 2, and they indicate that a single person with a monthly disposable monetary income of less than NIS 3,158 is considered poor, as is a couple whose income is less than NIS 5,053 per month. A family of five whose monthly monetary income in 2015 was less than NIS 9,475 is defined as poor.³

Table 3 shows the extent to which full-time work by at least one breadwinner earning the minimum wage, together with the benefits to which everyone is entitled (universal child allowance) is sufficient for minimal subsistence (that is, it covers the poverty line). A ratio of more than 100% in this table indicates that income from work plus universal benefits are sufficient to rescue a family of the relevant size from poverty. The table shows that according to the 2015⁴ data, a single mother with one child is under the poverty line if she works full-time for the minimum wage (and receives a child allowance) – this is a deterioration compared with the previous year. A single mother with two children working full-time for the minimum wage will also not be rescued from poverty without finding additional resources in the amount of approximately 30% of her income, and with more than two children the

Table 2: Poverty Line by Family Size, 2015

Number of people in family	Number of standard individuals	NIS per month	Marginal increment in NIS
1	1.25	3,158	-
2	2.00	5,053	1,895
3	2.65	6,696	1,642
4	3.20	8,086	1,390
5	3.75	9,475	1,390
6	4.25	10,739	1,263
7	4.75	12,002	1,263
8	5.20	13,139	1,137
9	5.60	14,150	1,011

3 Appendix 13 shows income of families of various sizes according to disposable income deciles.

4 In April 2015 the minimum wage increased from NIS 4,300 to NIS 4,650 and therefore the weighted average minimum wage was calculated according to the months of the year.

supplement required is greater. Couples with four or more children, both parents jointly working the equivalent of 1.5 jobs at minimum wage will be almost 30% away from the poverty line and their poverty will be deeper the more children they have. Even if both parents work full-time for minimum wage, they can only be rescued from poverty if there are fewer than three children in the household. In Appendix 20, such a table is shown, with the work grant component also being taken into account⁵. In addition certain populations may be excluded from it (the eligibility for and size of the work grant

Table 3: Family income as a percentage of the poverty line, 2015

Household composition	Disposable income from minimum monthly wage* for 1 job as % of the poverty line	Disposable income from minimum monthly wage* for 1.5 jobs as % of the poverty line	Disposable income from minimum monthly wage* for 2 jobs as % of the poverty line	Disposable income from average monthly wage* for 1 job as % of the poverty line	Twice disposable income from average monthly wage* as % of the poverty line
Single person	139	-	-	269	-
Single with child	90	-	-	176	-
Single with 2 children	71	-	-	138	-
Single with 3 children	61	-	-	119	-
Couple	87	131	174	168	339
Couple with child	68	101	134	129	261
Couple with 2 children	58	86	113	109	221
Couple with 3 children	52	75	98	95	192
Couple with 4 children	47	68	88	86	171
Couple with 5 children	44	62	80	78	154

* Calculated as the sum of the child allowances and minimum wage or average wage respectively, after deduction of mandatory payments.

* Calculated as the sum of the minimum wage or average wage for 2015 plus the child allowances, after deduction of mandatory payments. In 2015 the gross average minimum wage was NIS 4,563 and the average wage was NIS 9,351 per month.

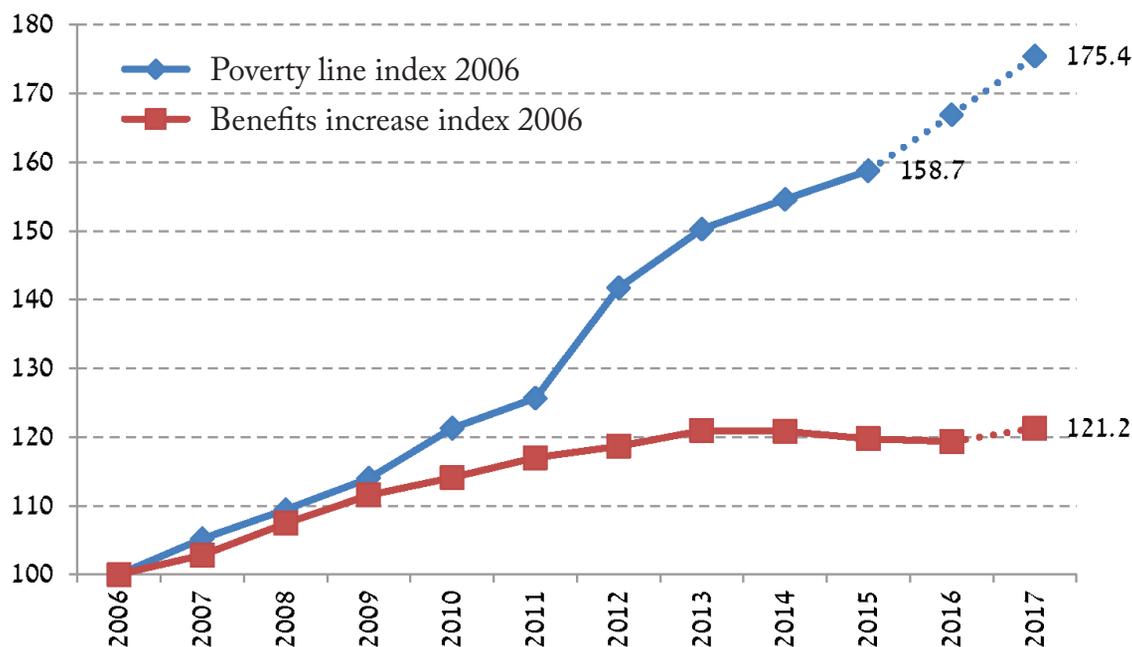
** At this wage level there is no eligibility for a work grant, and therefore the disposable income does not include the work grant. In addition, the breadwinner's age is not limited to 23 or 55, as appears in the table.

5 This calculation must be qualified because, as is known, the work grant is not received automatically and must be claimed actively (research on the subject has found that the rate of full exercise thereof is in the region of 60% of the potential).

are affected by the composition of the household and by demographic data such as age, and by the amount of income from work)⁶. The findings in the table which includes the grant (Appendix Table 20b) show that notwithstanding the contribution of the work grant to increasing disposable household income, it needs to be increased further in order to make it effective in reducing poverty, particularly among families with children.

Since 2006 the NII benefits have been updated in accordance with the increase in the consumer price index on a November basis⁷, whereas the poverty line is updated in accordance with the increase in the standard of living as measured by the net monetary income of the 50th percentile, a measurement which reflects, inter alia, the increase in salary. According to this method the real value of the benefits is significantly eroded compared with the standard of living of the “median family”. So for example the standard of living of someone who lives mainly on benefits has been eroded since 2012 by a

Figure A
Benefits Update and Change in Standard of Living by Median Income, 2012 to 2017



6 Thus, working single-parent families receiving an income support benefit will be entitled to a higher benefit in exchange for the work grant, according to a change in legislation which will be implemented from January 2016 onwards.

7 If the index decreases, as occurred in 2014 and 2015 and perhaps in 2016, the benefits remain at the level of November of the previous year.

cumulative amount of 10% in the last 3 years. An examination since the change in the linkage method (2006) shows that the erosion amounts to about 38% cumulatively⁸ and if an estimate of the change in the poverty line according to the trend obtained from June 1997 to 2015 (a nominal change of net median income of about 5% per year) is included, the cumulative change compared with the benefits increase index is 54 percentage points, in other words since 2006 the benefits increase has lagged behind the increase in the standard of living by an annual average of about 5%.

2. Dimensions of poverty in 2015 and their development in recent years

In 2015 the incidence of poverty among families rose slightly compared with 2014, from 18.8% to 19.1%, but the incidence of poverty for individuals decreased from 22.0% in 2014 to 21.7% in 2015. The percentage of children living in poverty decreased from 31.0% in 2014 to 30.0% in 2015.

In 2015 there were **460,800** poor families in Israel (an increase of 3.6%) or **1,712,900** individuals, of whom **764,200** were children (a decrease of 1.6%).

The decrease in the incidence of poverty for individuals and children on the one hand and the increase in the incidence of poverty for families on the other hand is explained by a decrease in the dimensions of poverty among families with children, and a corresponding increase among families without children but which are not households of elderly people. This decrease arose inter alia from the increase in the child allowances in 2015 and the increase in the minimum wage, which was also expressed in the increase in the real wage.

Figure 1 shows the development of the incidences of poverty in families, individuals, children and the elderly from 1998 to 2015. The incidence of poverty in families returned to its 2003 level- about 19%, and so also the incidence of poverty among children and individuals, which stabilized at a level of 30% and 22% respectively, after a significant decrease which began in 2012 (with the structural change in the data basis and the move from an income survey to an expenditure survey)⁹, but continued at a more moderate pace in the two years from then until 2015.

In contrast to the indices of the incidence of poverty, some of which rose moderately and some of which decreased, the indices of the depth and severity of poverty increased at high rates in 2015. Figure 2 shows the incidence of poverty in individuals, the depth

8 However it must be noted that the poverty line is calculated according to the household expenditure survey, which is relatively small and has undergone many vicissitudes in recent years. So for example it is not clear to what extent the increase in the poverty line of 2012 truly expresses an increase in the standard of living or expresses a change arising from the technical changes which were made in the move from the income survey which was about 8,000 observations greater than the present expenditure survey.

9 The break between the 2011 and 2012 data arises from the structural change in the survey on which the data are based: until 2011 the poverty data were based on income surveys (which until then were composed of a combination of the family expenditure survey and observations from the manpower survey), and from 2012 onwards they have been based on the household expenditure survey data only. For details of the changes in the survey definitions see the Poverty and Social Gaps Report for 2012.

Table 4: Incidence of poverty in percentages and absolute numbers, 2014-2015

	Before transfer payments and direct taxes	After transfer payments and direct taxes	Percentage decrease in incidence of poverty after transfer payments and direct taxes
2015			
Families	29.2	19.1	34.6
Individuals	28.7	21.7	24.5
Children	34.7	30.0	13.6
2014			
Families	29.1	18.8	35.5
Individuals	29.1	22.0	24.2
Children	35.0	31.0	11.3

	Before transfer payments and direct taxes	After transfer payments and direct taxes	Number rescued from poverty after transfer payments and direct taxes
2015			
Families	704,800	460,800	244,000
Individuals	2,269,700	1,712,900	556,800
Children	884,300	764,200	120,100
2014			
Families	689,500	444,900	244,600
Individuals	2,255,600	1,709,300	546,300
Children	875,800	776,500	99,300

of poverty (income gap ratio) and the FGT severity of poverty index in 1998-2015. From the data in the figure it is evident that the depth of poverty, measured by the distance of family income from the poverty line, which increased by about 6% in 2014, increased further by about 3% and amounted to 35.7% in 2015. The FGT severity of poverty index, which gives more weight to the poorer, also rose, although at a more moderate rate than in the previous year (by about 2%), between the two years. The income gap ratio is similar in value (at its absolute value) to the high value which prevailed in the years 2008-2009, a period when the economy was in a recession and the level of the severity of poverty index is similar to its value in the years 2004-2008, following the introduction of the 2003 economic plan, as part of which the child allowances and income support benefits were

Figure 1
Incidence of poverty in families, individuals, children and the elderly, 1998-2015

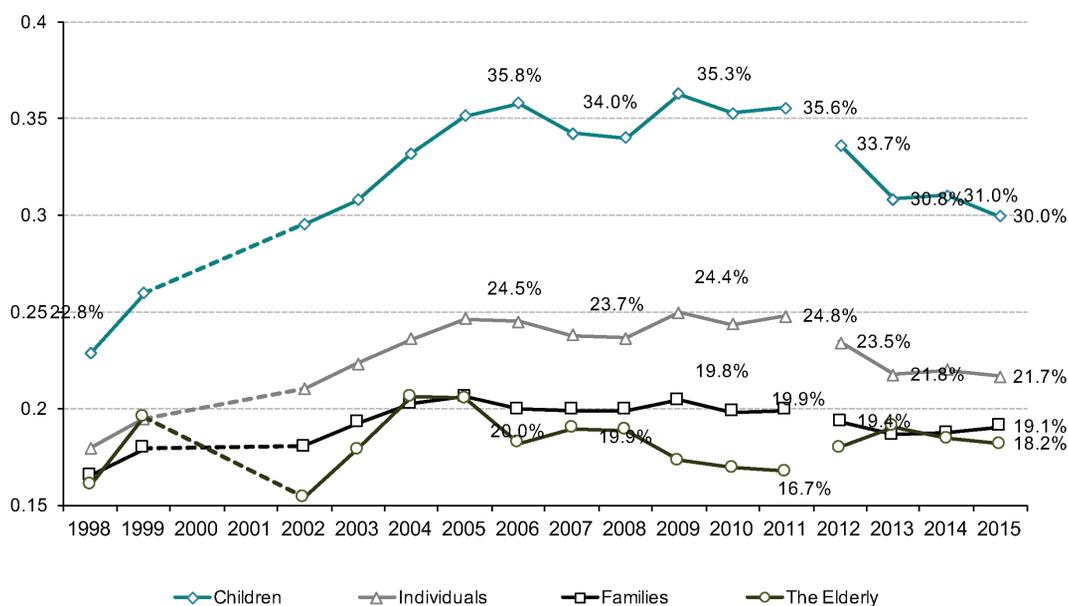
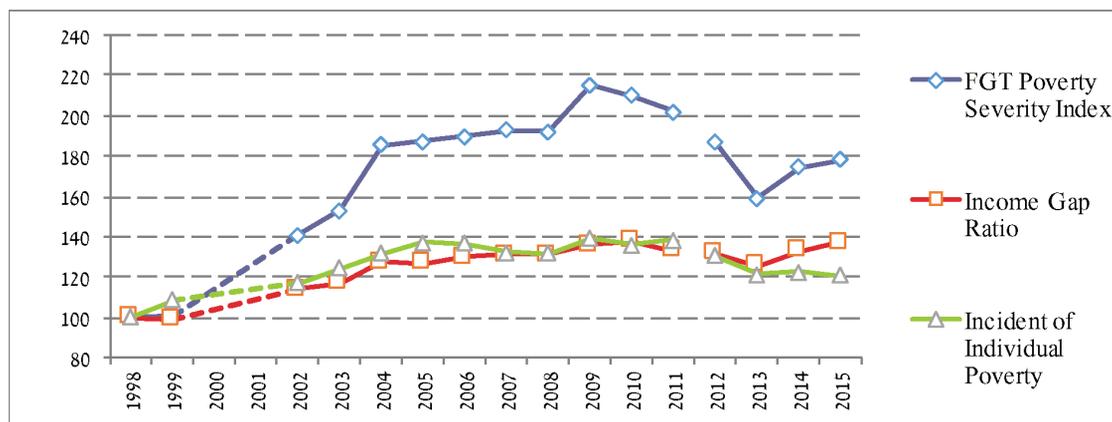


Figure 2
Indices of the depth and severity of poverty in the general population, 1998-2015 (1998=100.0)



deeply reduced. As opposed to this, in 2015 the incidence of poverty for individuals was at its lowest level since 2002. The phenomenon is to be expected when the rescue from poverty is brought about by improvements in employment and increase in salary, as the non-working population increases its relative gap from the general population (a ratio of 10 to 11 times the poverty level, see Table 9). Furthermore, in the last two years there was a cumulative real increase of only 1% (due to cumulative decrease in prices), whereas

the median income and poverty line increased by 5.8% in that time, so that in those two years there was a widening of the gap of almost 7%. Such a deterioration would have been avoided if instead of linking the benefits level to the November price indices it had been linked to the changes in the standard of living as reflected in salary or income.

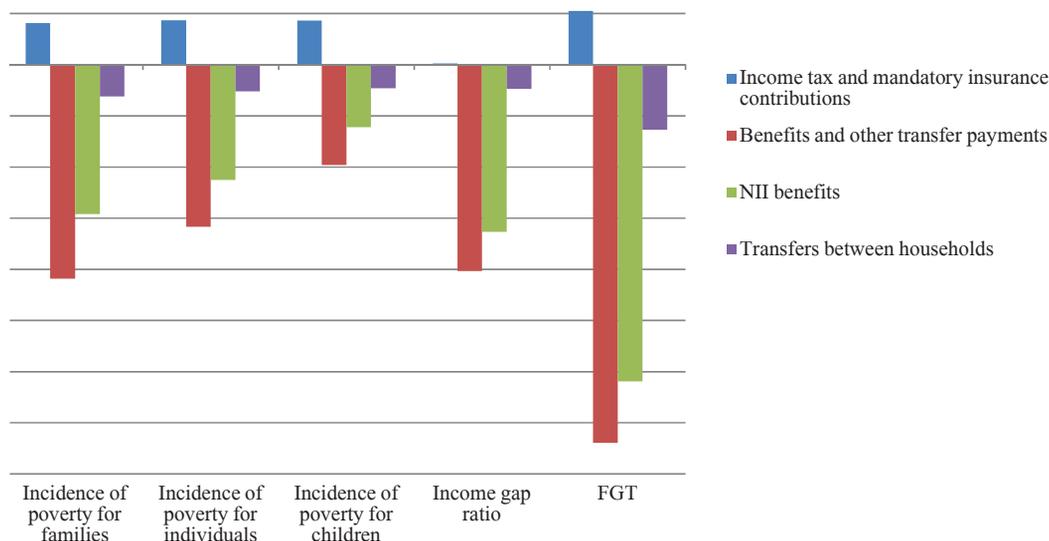
3. The effect of mandatory payments, benefits and work grant on the dimensions of poverty

Economic income derived from the labour market and the capital market expresses a family's economic independence. Table 5 shows that the incidence of poverty by economic income (the income before direct government intervention by means of taxation and benefits¹⁰) remained at its 2014 level (29.2% for families) and decreased slightly for individuals and children (28.7% and 34.7% respectively). The data show that if not for State intervention through benefits and mandatory payments, the incidences of poverty would be higher. However, the contribution of policy measures to reducing poverty decreased by 2.4% in 2015. The benefits and direct taxes rescued 34.6% of families from poverty in 2015 compared to 35.5% in 2014. The percentage of individuals rescued from poverty increased slightly, from 24.2% to 24.5%, between the two years (Table 5) and the percentage of children rescued from poverty increased considerably, by about 20%, between 2014 and 2015, apparently due to the renewed increase in the child allowances (after they were cut in 2013) this year. The explanation for the decrease in the contribution of benefits and direct taxes to rescuing families from poverty lies in the increase in income from work and the decrease in the government transfer payments when the NII benefits are not included.

Although the income tax system is progressive, the contribution of direct mandatory payments to reducing poverty is negative, since national insurance and health insurance contributions are paid by everyone, including those with low income. The effect of direct mandatory payments increases the incidence of family, individual and child poverty, and also the severity of poverty by similar rates (Figure 2a), although in 2015 their influence was about 4% less than in the previous year. The main impact on reducing the dimensions of poverty comes from the NII benefits and other transfer payments from the government. However the NII benefits constitute about 72% of the total contribution of the transfer payments. The smallest impact is that of support from other households. NII benefits have the greatest impact: they reduce the severity of poverty sharply – by about 60%.

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 10 Presentation of the gap in the incidences of economic poverty with the incidences after intervention requires caution in analysis, since according to this view the effect of the policy is biased upwards: it is reasonable to assume that without a system of financial support, individuals would have to make more effort to obtain economic income and therefore that the incidence of economic poverty would probably be lower than that which was measured. However in the absence of a welfare system this level would also be similar to the incidence "after intervention", as in a country which does not take care of all its citizens or which has a meagre welfare system, the dimensions of poverty are ultimately high. This can be seen clearly in the comparison of economic poverty between different countries. In countries with a clear neo-liberal policy, the incidence of poverty before intervention tends to be relatively low and the incidence after intervention relatively high. Examples of this are Mexico, Chile, USA and Israel.

Figure 2a
Effect of Policy Measures on Selected Dimensions of Poverty in 2015



Commencing from the previous year’s survey (2014) data has been collected on the work grant (“negative income tax”) received by families of low earners. Appendix 20 shows the data by various population groups. The current analysis indicates that the survey data on this subject is still partial and very incomplete. For example, according to the survey data only about 42,000 families received the work grant in 2015, while according to the Tax Authority data for 2015 it was received by about 250,000 workers. There are also big differences in the amount of the average grant. In other words, there is under-reporting of the number of recipients, and over-reporting of the average amount. Therefore the expression of the work grant and its impact on the dimensions of poverty in the survey is deficient and cannot be used to assess the social situation of work grant recipients in 2015. We hope that the survey data on the work grant will be optimized over time and will show its contribution to reducing poverty and inequality.¹¹

The NII benefits, which form the bulk of transfer payments, amount to about 72% of the total contribution to reducing poverty, and support components from other government institutions and support from other households (also including some maintenance payments) each account for approximately another 15% of the total contribution of the transfer payments. The total share of the government in reducing poverty (including the NII) is thus about 87% of the total contribution of transfer payments to reducing poverty in families¹².

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 11 It is therefore possible that correct measurement of this aspect would have shown lower dimensions of poverty.
 12 There are other transfers from the government to families, such as benefits in kind, which are not taken into account here. One of the most important of them is the long-term care benefit. Support given to various businesses under the Encouragement of Capital Investments Law and other laws, which increases profits and as a result thereof also increases the income of certain households, is not being taken into account here. According to estimates (as no data are published about this) the main beneficiaries are the high deciles.

Table 5: Incidence of poverty according to various definitions of income, and the contribution of direct taxation and various types of transfer payments to reducing poverty, 2014 and 2015

	Incidence of poverty						Impact of policy tools						
	Before transfer payments and mandatory payments	After mandatory payments only	After transfer payments only	After NII payments only	After payments from government institutions and NII payments only	After transfers from households and individuals only	After transfer payments and mandatory payments	Income tax and mandatory insurance contributions	Transfer payments and mandatory payments	Benefits and other transfer payments	NII benefits	Government and NII transfer payments	Transfers between households
2015													
Incidence of poverty-families	29.2%	31.7%	17.2%	20.6%	18.5%	27.4%	19.1%	7.8	-34.6	-41.2	-29.6	-36.6	-6.1
Incidence of poverty-individuals	28.7%	31.6%	19.5%	21.8%	20.6%	27.3%	21.7%	9.1	-24.5	-32.0	-23.9	-28.2	-4.7
Incidence of poverty-children	34.7%	38.0%	27.5%	29.9%	28.9%	33.2%	30.0%	8.9	-13.6	-20.6	-13.8	-16.6	-4.1
Income gap ratio	56.2%	56.0%	35.0%	40.2%	37.4%	53.6%	35.7%	-0.3	-36.5	-37.6	-28.5	-33.5	-4.6
FGT severity of poverty index	0.122	0.136	0.034	0.050	0.041	0.107	0.039	10.4	-68.4	-72.5	-59.0	-66.6	-12.4
2014													
Incidence of poverty-families	29.1%	31.6%	16.9%	20.7%	18.4%	27.4%	18.8%	8.1	-35.5	-41.8	-29.0	-36.7	-5.8
Incidence of poverty-individuals	29.1%	31.8%	19.9%	22.6%	21.1%	27.7%	22.0%	8.7	-24.2	-31.7	-22.3	-27.5	-4.8
Incidence of poverty-children	35.0%	38.3%	28.1%	30.8%	29.6%	33.5%	31.0%	8.7	-11.3	-19.6	-11.9	-15.4	-4.1
Income gap ratio	56.3%	56.5%	33.6%	38.0%	35.5%	53.7%	34.6%	0.3	-38.5	-40.3	-32.4	-36.9	-4.6
FGT severity of poverty index	0.125	0.140	0.033	0.048	0.039	0.110	0.038	10.5	-69.7	-73.9	-61.6	-68.9	-12.3

Figure 3

Effect of benefits on reducing the incidence of poverty - by the institution making payment, 2002-2015

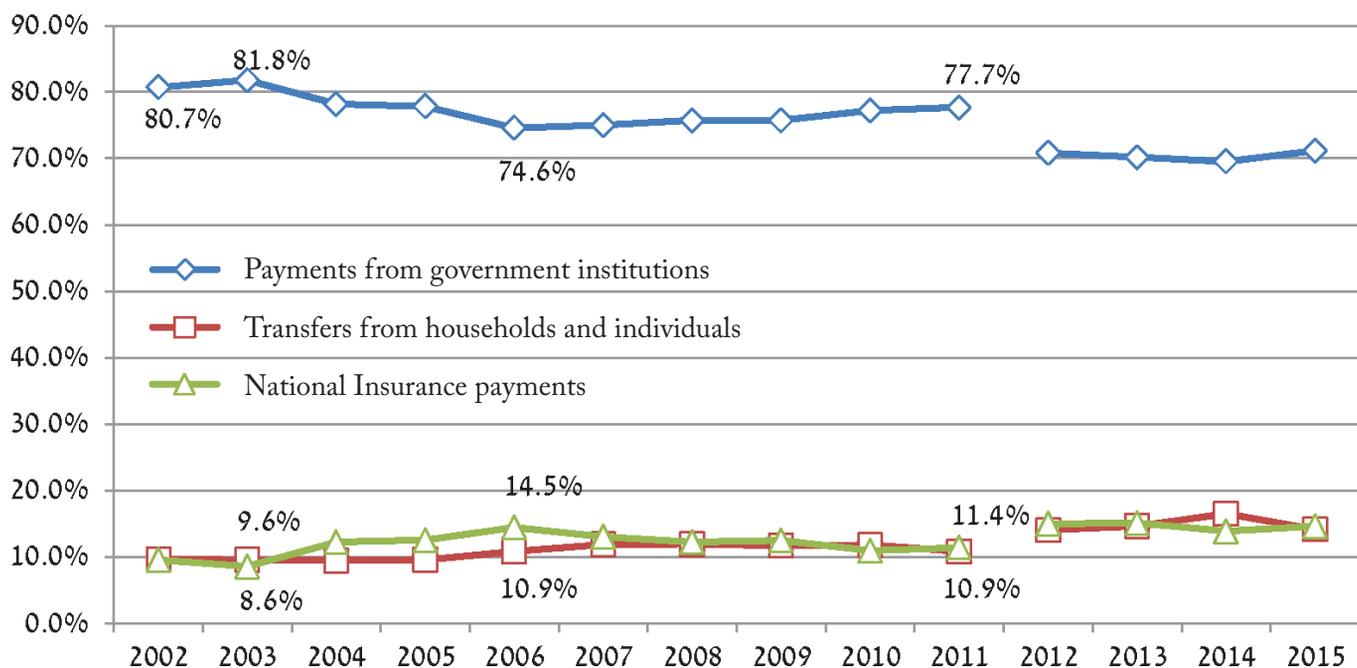


Figure 3 shows the development of these three types of financial support from 2002 to 2015. While the weight of NII benefits gradually fell from about 80% in 2002 to about 70% in 2015, the weight of payments from other government institutions and support from private households increased in value 1.5 times compared to 2002.

4. Dimensions of poverty by population groups and geographical areas

The incidence of poverty in elderly families decreased from 23.1% in 2014 to 21.7% in 2015. In 2015 the old-age and survivors' pensions with an income supplement were increased in order to bring them nearer to the poverty line (corresponding to their family status) and to equalize the position of single people and couples with regard to the poverty line, in accordance with the War on Poverty Committee's recommendations. From December 2015 the pension with income supplement for a single person without dependents was increased in amounts of NIS 135 - NIS 178, according to age group, and the pension for a couple increased by amounts of NIS 511 - NIS 542 per month, according to age group. This change is expected to have an effect mainly in the 2016 poverty report, as in 2015 the payment was made for only one month (December). However, the depth of poverty and severity of poverty indices rose by about 5% and about 7% respectively for this group, inter alia due to the increase in the poverty line, with the pensions not being updated as a result of the decrease in the consumer price index between November 2013 and November 2014.

The incidence of poverty in Arab families continued to rise from 52.6% in 2014 to 53.3% in 2015 and so also the incidence of poverty of children and individuals in the Arab population, despite the increase in child allowances. It seems that the source of this is the decrease in income from work

(and chiefly a considerable decrease in income from self-employed work). In addition to the incidence of poverty in the Arab population, the depth of poverty and severity of poverty indices also rose between the two years, at rates of 2%-3%¹³. A more in-depth examination of poverty in the Arab population reveals that there was a difference with regard to this finding in different areas (Table 10): so for example the incidence of poverty decreased in Jerusalem, in the north (not including Haifa) and in the centre. In contrast to this there was a sharp increase in the dimensions of poverty in Haifa and the centre (excluding poverty among children). We are not presenting results for Tel Aviv and the south due to paucity or lack of observations. The breakdown of the results by areas is particularly problematic in view of the paucity of observations, but it is interesting to note that the result obtained for the Arab population was dictated chiefly by the Haifa data, as the direction there was contrary to that of the other areas and it tipped the scales. Therefore it is important to examine the information before we draw sweeping conclusions about the entire Arab population. In addition, according to the salary file of the Tax Authority the employment rates increased (for women) or were stable (for men) and the real salary rose for both Arab women and men, and in 2015 this increase was at a significant rate (Figures B and C).

The incidence of poverty in single-parent families decreased by 13%, from 25.1% in 2014 to 21.8% in 2015, and their share of the poor population also decreased by about 16%. This sharp decrease arises from the improvement in the contribution of the policy to reduce poverty, as the income gap and severity of poverty also decreased compared with the previous year. The contribution of the policy among this group increased by 8%. In addition, income from work also increased at a similar rate, inter alia as a result of the increase in the minimum wage and in the work effort. So, for example, work hours increased by 3.4% between the two years. The incidence of poverty of individuals in single-parent families also decreased, by about 6%, but the incidence of poverty for children in single-parent families remained at the same level as the previous year (about 30%). The depth and severity of poverty remained almost unchanged.

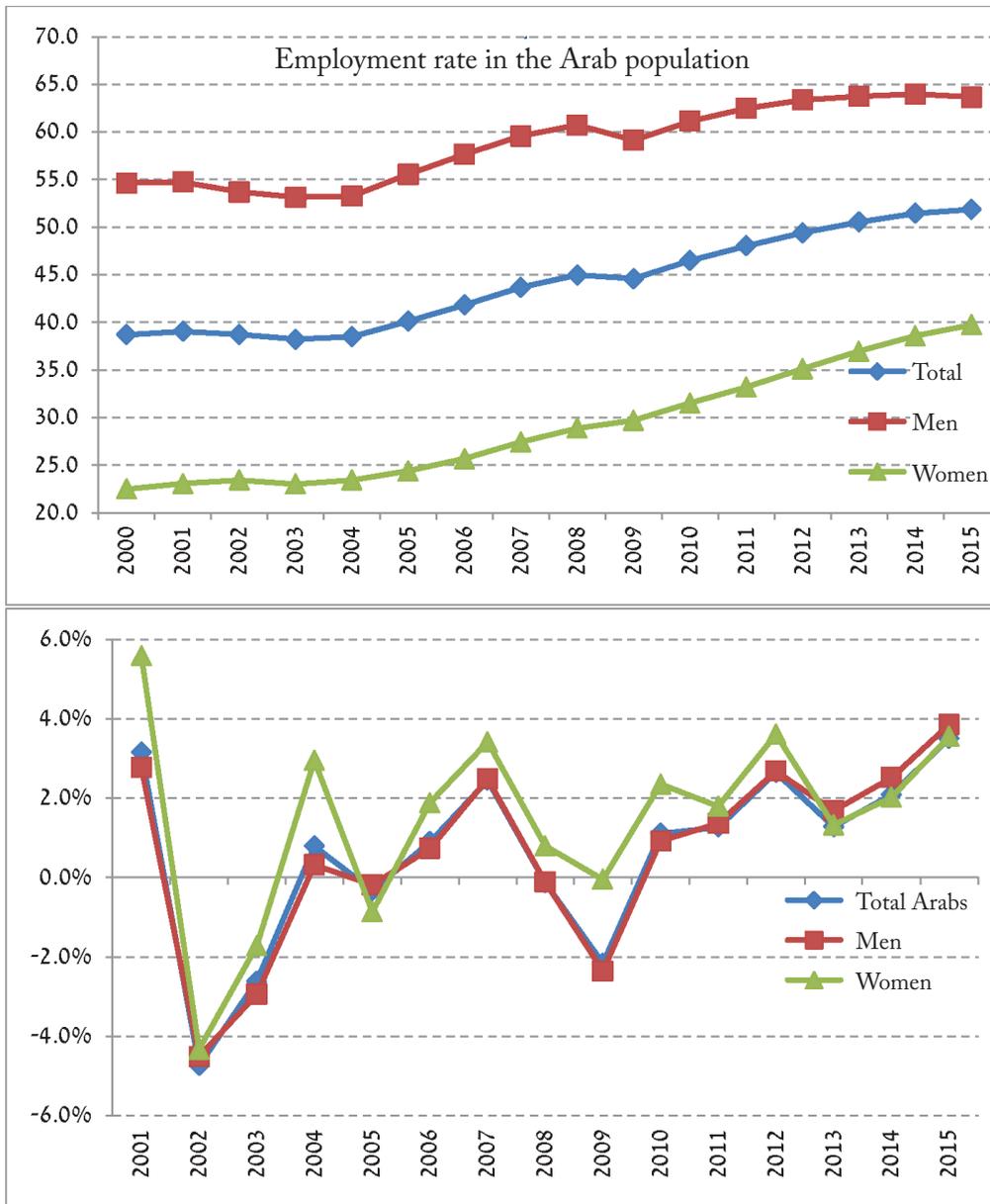
This is the second year in which interviewees from Jewish families were asked for a subjective definition of their degree of religious observance, and the variable "Haredi by subjective definition" was added to the characteristics of the household head. This variable replaced the indirect definitions of the Haredi population from previous years.¹⁴

Comparison between the two definitions shows that poverty rates among Haredi individuals, children and elderly people are higher than those under the definition according to last school, with the employment rate of Haredi men being higher under the

13 It should be mentioned that the data for the self-employed are not statistically stable and are subject to sampling errors and response rate problems due to paucity of observations.

14 According to this definition, belonging to a particular stream of Judaism is determined directly by how the subjects identify themselves, eliminating the need to guess this identity based on other variables which are not always identical for all those belonging to the Haredi stream (or another stream).

Figures B and C
Employment and salary among Arabs: men and women



Source: Tax Authority salary file, 2000 to 2015

subjective definition. Among women the situation is the opposite. The weight of Haredi families in the population and in the poor population is considerably greater under the subjective definition. The Haredi population in Israel therefore constitutes about a tenth of the total Israeli population (Table 8).

The incidence of poverty for Haredim decreased sharply between the two years (according to the subjective definition) from 54.3% to 48.7% and a decrease in the incidence of economic poverty was also seen. In other words the source of the drop in poverty of Haredi families apparently arises both from the increase in income from work and from the increase in child allowances. Indeed, according to the survey data the number of Haredi families with two breadwinners grew considerably between the two years. The decrease in the incidence of poverty is also noticeable with regard to individuals and children.

According to the survey data there is another reason for the decrease in the incidence of poverty in Haredi families, and it is the decrease in the size of the family: a comparison between the two years shows that the number of Haredi families without children (among whom the incidence of poverty is lower) rose by about 17% between the two surveys. Also among families with children, the proportion of families with 1-3 children grew in comparison with the weight in the population of larger families. According to additional data from the Research Administration, it appears that such a process indeed exists but it is slow, so it is possible that the sharp increase in the percentage of smaller Haredi families is influenced by the difficulty in sampling this group well. The income gap ratio, which reflects the depth of poverty, and the FGT severity of poverty index rose at a rate of about 10% and about 5% respectively from 2014 to 2015. **According to the 2015 survey data, the proportion** of poor Haredi families among the total poor families amounts to **17.0%**.

The incidence of poverty among working families increased slightly, but the incidence of poverty for individuals and children in those families decreased between 2014 and 2015.

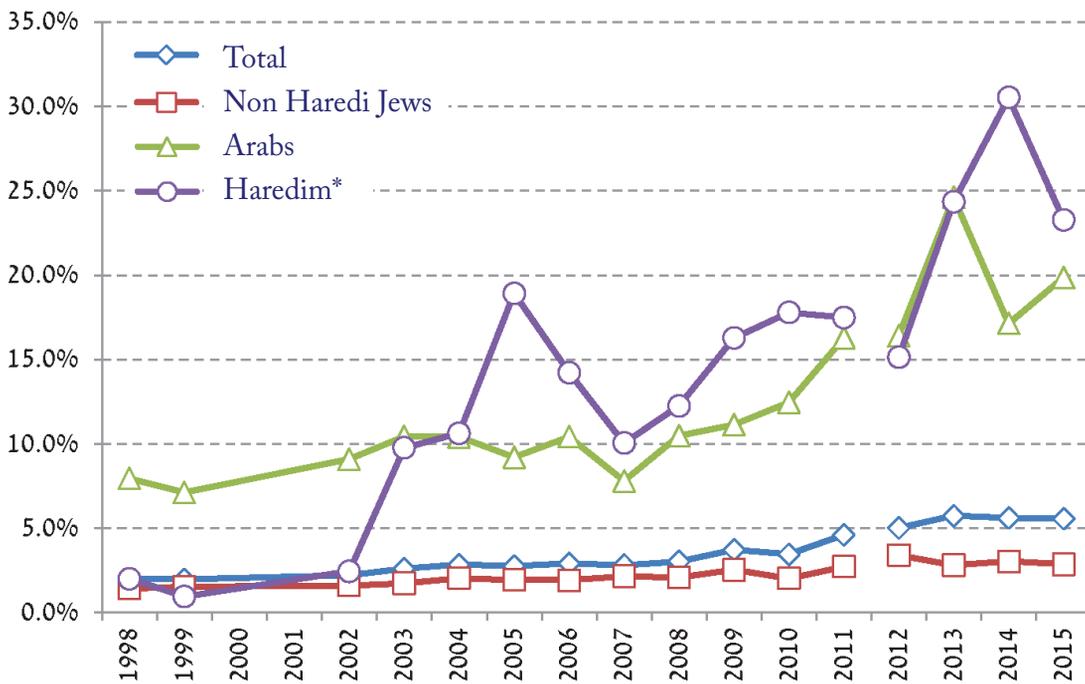
In working **families with one breadwinner** the incidence of poverty increased from 25.4% in 2014 to 25.9% in 2015, while the incidence of poverty in families with **two breadwinners** remained at the same level as in 2014 – 5.6%. However the depth of poverty of families with two or more breadwinners rose sharply, at a rate of about 19% (and the severity of poverty at double that rate), while in families with one breadwinner it dropped slightly (by about half a percent).

Figure 4 shows the incidence of poverty in families with two or more breadwinners: the incidence of poverty of the total population rose slightly with relative stability among non-Haredim, who constitute the main group. As stated above, the number of Haredi families in which the men have taken up employment has increased, while the employment rate among the women was already previously relatively high. As this is still a small group among the Haredi families, the estimates with regard to this group of working couples are limited and therefore fluctuating. However, this influences the incidence and severity of poverty among families with 2 breadwinners, as the incidence and severity of poverty among Haredim are 4 to 5 times and approximately 10 times respectively. A similar

phenomenon is occurring among Arabs, where the woman is joining the labour market more and more, but to a smaller extent than among the Haredi men. As stated above, while the figures for non-Haredi Jewish families are fairly stable, a considerable increase can be discerned, with much fluctuation, which arises inter alia from the difficulty of distinguishing between Haredim and non-Haredim (until 2013) and the size of the samples corresponding to the two smallest population groups – Arabs and Haredim.¹⁵

The incidence of poverty among **families with children**, which account for over half of all poor families, decreased by a percentage point between the two years, due to the influences of the increase in child allowances on the one hand, and apparently due to the increase in employment and salary¹⁶. The improvement in the functioning of Haredim

Figure 4
Incidence of Poverty in Families with Two Breadwinners -
by Population Group, 1998-2015



15 These statistical problems are expressed in fluctuations in the incidence of poverty over time: the incidence of poverty of Haredim in this group increased from 2003 to its highest level (about 20%) in 2005. In 2008 the incidence of poverty again began to increase, in 2014 it reached a peak of about 30% and in 2015 again decreased considerably to about 23%. Among Arabs, the incidence of poverty in families with two breadwinners stayed around 10% until 2009, when it began to rise to about 25% in 2013. In 2015 the incidence poverty among these families was about 20%.

16 As explained in the 2013 Dimensions of Poverty Report, it is difficult to analyze the employment data on the basis of the expenditure survey. However, in recent years considerable and ongoing momentum of employment among Haredi men is being seen.

in the labour market is seen, inter alia, in the decrease in the economic poverty rate. The renewed increase in child allowances, which was decided upon in May 2015, was only implemented in November 2015, for seven months at once. The decrease in the incidence of poverty is particularly in small families (1-3 children), while in large families (5 or more children) there is an increase in the incidence of poverty (2%) and chiefly in the incidence of economic poverty (9%) and indeed, according to the survey data there is a sharp drop in employment rates among this group and income from employment is decreasing by about 14%. It should be noted that the proportion of poor families with children in the total poor population decreased by 6.5% in 2015. In contrast to this, the income gap ratio for measuring the depth of poverty rose by about 4% among families of all sizes with children.

Table 6: Incidence of poverty among individuals* by gender (percent) 1999-2015

Year	Men			Women		
	Before transfer payments and taxes	After transfer payments and taxes	% decrease in incidence of poverty resulting from transfer payments and taxes	Before transfer payments and taxes	After transfer payments and taxes	% decrease in incidence of poverty resulting from transfer payments and taxes
1999	25.6	15.2	40.5	30.9	17.1	44.8
2002	27.0	16.2	40.0	31.5	16.9	46.3
2003	27.7	17.4	37.1	32.8	18.8	42.6
2004	27.6	18.0	34.7	32.2	19.7	38.8
2005	28.2	18.7	33.6	32.0	20.2	36.9
2006	26.8	18.2	32.2	32.1	19.6	38.9
2007	26.8	18.1	32.6	30.8	19.2	37.6
2008	26.3	17.6	33.1	31.4	19.5	38.0
2009	27.9	18.8	32.7	31.8	20.0	36.9
2010	26.7	18.2	31.8	31.3	19.9	36.4
2011	27.3	18.8	31.3	32.0	20.3	36.4
2012	25.2	17.3	31.4	30.2	19.7	34.7
2013	23.1	16.5	28.6	27.6	18.4	33.3
2014	24.3	17.1	29.6	28.1	18.3	34.7
2015	23.6	17.0	28.2	27.9	18.4	34.1

* Women and men aged 18 and above.

There were no big changes in the incidence of poverty according to gender groups in 2015. The incidence of poverty for men remained almost unchanged – 17%, despite the decrease in the incidence of poverty according to economic income, and the incidence of poverty for women also remained at its level- 18.4%.

The incidence of poverty for immigrants continued to decrease from 18.0% in 2014 to 17.7% in 2015, thereby continuing an ongoing downward trend in recent years, except for a rise in 2013, although there was an increase in the incidence of poverty according to economic income, and a sharp increase of 11% in the depth of poverty. In other words, the percentage of poor people in the immigrant population is decreasing consistently and the level of poverty in this group is lower than in the total population. However, the poverty of those who remain poor is deeper. The contribution of transfer payments to rescuing recipients from poverty is very high in this population (which partly overlaps with the elderly population), and it continued to rise by 2.4 percentage points between the two years being compared, reaching about 51% in 2015.

In 2015 **the incidence of poverty in non-working families of working age rose** by about 9%, from 68% to about 74%. At the same time there was a considerable drop, of about 22%, in the contribution of policy measures to reducing poverty in this group. However the incidence of poverty for children in these families decreased slightly, and their proportion of the total poor population remained at a level of about 20% (measurement by disposable income) and dropped according to economic income due to a decrease in income from capital. The situation of poor non-working families of working age also deteriorated: the depth of poverty rose slightly, while the severity of poverty rose by about 8% between the two years.

A breakdown of the population **by the age of the household head** shows that a large increase in the dimensions of poverty was recorded in the age group in which poverty in Israel is lowest – 46 until pension age. The incidence of poverty in this group increased at a sharp rate of about 17% - from 12.2% to 14.3%, but at the same time it is still about 5 percentage points lower than the general incidence of poverty in the population.

Appendix 14, in its two sections, shows the significance of the statistical data in this report according to population groups. The table shows that despite the many changes in the dimensions of poverty, the changes between 2014 and 2015 were found to be statistically significant for only a small proportion of the population groups (for example: the decrease in poverty of Haredim; the increase in poverty of those aged 46 to pension age, etc.). Appendix 14b shows that also according to a long-term view, except for the years 2003-2004, in which there was a jump in the dimensions of poverty, in general the changes in the dimensions of poverty until 2011 were not significant since then. Also in the new series, which begins from 2012 after the break in that year due to discontinuing the income survey and relying on the expenditure survey (which has a smaller number of

Table 7: Incidence of poverty in families by population groups (percent), 2013–2015

	Income before transfer payments and taxes			Income after transfer payments and taxes			Decrease in incidence of poverty after transfer payments and taxes (%)		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Total population	28.6	29.1	29.2	18.6	18.8	19.1	34.9	35.5	34.6
Population groups of household head:									
Jewish	24.5	24.7	24.8	13.7	13.6	13.8	44.3	45.2	44.5
Haredi (by last school approach) *	64.5	66.7	61.6	52.1	52.4	48.6	19.3	21.4	21.2
Haredi (by subjective definition)**		65.8	61.3		54.3	48.7		17.5	20.5
Immigrants	34.5	35.1	36.3	18.5	18.0	17.7	46.4	48.8	51.2
Arabs	55.8	57.2	57.5	51.7	52.6	53.3	7.4	8.0	7.3
Families with children-total	27.4	28.0	27.2	23.0	23.3	22.3	16.1	16.7	18.2
1-3 children	21.5	22.8	22.2	17.4	17.9	17.0	19.3	21.5	23.2
4 or more children	58.0	56.2	53.7	52.3	52.7	49.7	9.9	6.2	7.4
5 or more children	66.6	62.7	68.5	60.0	60.7	61.8	9.8	3.2	9.8
Single-parent families	41.8	41.9	38.4	27.5	25.1	21.8	34.2	40.0	43.4
Employment status of household head:									
Working	17.9	18.7	18.9	12.5	13.1	13.3	29.9	29.6	29.8
Salaried employee	17.8	19.0	19.0	12.3	12.8	13.1	31.0	32.7	30.9
Self-employed	17.0	16.4	18.6	13.2	15.2	14.4	22.8	7.5	22.5
Working age not working	91.2	92.0	93.4	72.9	68.0	74.4	20.0	26.1	20.3
One breadwinner	35.7	36.5	36.9	24.1	25.4	25.9	32.5	30.3	29.6
Two or more breadwinners	7.4	7.7	8.0	5.7	5.6	5.6	22.3	27.5	30.4
Age groups of household head of working age:									
Up to 29	29.9	32.5	31.3	21.7	22.5	24.3	27.4	30.9	22.5
Aged 30-44	24.4	24.8	23.7	19.4	19.5	18.1	20.7	21.3	23.9
45-pension age	17.7	17.5	20.0	12.6	12.2	14.3	29.1	30.1	28.3
Age groups of household head of retirement age:									
Elderly***	48.0	48.7	46.6	22.1	23.1	21.7	53.9	52.5	53.3
Of legal pension age****	51.4	51.4	51.0	23.5	24.1	23.5	54.3	53.1	53.8
Education groups of household head:									
Up to 8 years of study	68.7	68.6	68.0	46.1	46.8	44.9	33.0	31.8	34.0
9-12 years of study	30.8	32.1	32.0	21.0	21.2	22.3	31.6	34.1	30.2
13 or more years of study	21.0	21.2	21.7	12.8	13.0	13.2	39.2	38.7	39.4

* Type of last school attended by interviewee

** By subjective definition: level of religious observance reported by the interviewee: secular, traditional, religious, Haredi, mixed

*** According to the definition used until now – women from age 60 and men from age 65.

**** Definition adjusted to the retirement age under the Retirement Age Law, therefore this population is not fixed until the process of raising the retirement age is completed.

Table 7a: Incidence of poverty of families, individuals, children and the elderly*, by population groups, 2014 and 2015

	2014				2015			
	Families	Individuals	Children	Elderly	Families	Individuals	Children	Elderly
Total population	18.8	22.0	31.0	18.5	19.1	21.7	30.0	18.2
Population groups of household head:								
Jewish	13.6	14.9	21.6	14.4	13.8	14.1	19.8	15.2
Haredi (by last school approach)*	52.4	59.0	67.3	20.1	48.6	53.7	61.5	23.1
Haredi (by subjective definition)**	54.3	59.7	66.1	37.1	48.7	55.4	63.1	29.0
Immigrants	18.0	17.3	23.5	23.2	17.7	17.2	22.1	22.1
Arabs	52.6	54.0	63.5	64.1	53.3	54.8	65.6	52.2
Families with children-total	23.3	26.9	31.0	23.0	22.3	25.8	30.0	15.9
1-3 children	17.9	18.4	19.4	20.6	17.0	17.4	18.6	11.7
4 or more children	52.7	54.9	55.8		49.7	52.4	53.1	
5 or more children	60.7	63.1	64.2		61.8	63.8	64.0	
Single-parent families	25.1	26.0	29.9	22.3	21.8	24.4	29.9	11.1
Employment status of household head:								
Working	13.1	18.1	26.7	5.4	13.3	17.6	25.7	5.5
Salaried employee	12.8	17.8	26.2	5.2	13.1	17.4	25.4	5.2
Self-employed	15.2	19.8	29.1	6.0	14.4	18.9	27.7	6.8
Working age not working	68.0	78.9	89.7		74.4	82.4	89.2	
One breadwinner	25.4	41.8	59.0	7.2	25.9	41.0	60.0	6.9
Two or more breadwinners	5.6	7.6	10.5	3.0	5.6	7.7	10.7	3.3
Age groups of household head of working age:								
Up to 29	22.5	25.9	40.6	13.8	24.3	24.2	38.2	9.0
Aged 30-44	19.5	25.6	31.8	8.2	18.1	24.1	30.2	8.8
Aged 45 to pension age	12.2	14.4	23.3	6.6	14.3	16.4	24.7	9.0
Age groups of household head of retirement age:								
Elderly***	23.1	21.4	32.5	21.6	21.7	19.8	17.9	21.0
Of legal pension age****	24.1	22.6	40.2	22.0	23.5	22.3	24.8	21.6
Education groups of household head:								
Up to 8 years of study	46.8	52.7	77.1	40.1	44.9	47.9	66.3	39.9
9-12 years of study	21.2	25.6	39.1	16.1	22.3	25.9	39.5	15.7
13 or more years of study	13.0	15.8	22.5	12.1	13.2	15.6	21.5	11.9

Note: For the empty cells marked '-' there are not enough observations in the expenditure survey to calculate reliable data.

* Type of last school attended by interviewee

** By subjective definition: level of religious observance reported by the interviewee: secular, traditional, religious, Haredi, mixed

*** According to the definition used until now – women from age 60 and men from age 65.

**** Definition adjusted to the retirement age under the Retirement Age Law, therefore this population is not fixed until the process of raising the retirement age is complete.

Table 8: Proportion of various family types in the total population and in the poor population, by demographic and employment characteristics, 2014-2015

	Total population		Poor population			
			Before transfer payments and taxes		After transfer payments and direct taxes	
	2014	2015	2014	2015	2014	2015
Population group of household head:						
Jewish	86.7	86.6	73.8	73.5	62.6	62.4
Haredi (by last school approach*	3.8	4.5	8.8	9.6	10.7	11.5
Haredi (by subjective definition)**	6.0	6.6	13.7	13.9	17.5	16.9
Immigrants	19.8	19.7	23.9	24.5	19.0	18.3
Arabs	13.3	13.4	26.2	26.5	37.4	37.6
Families with children - total	44.9	44.7	43.2	41.7	55.8	52.1
1-3 children	37.9	37.5	29.7	28.5	36.1	33.5
4 or more children	7.0	7.2	13.5	13.2	19.6	18.6
5 or more children	3.0	3.2	6.5	7.5	9.7	10.3
Single-parent families	5.3	5.3	7.7	6.9	7.1	6.0
Employment status of household head:						
Working	79.5	79.9	51.0	51.8	55.7	55.6
Salaried employee	68.3	69.5	44.7	45.1	46.6	47.7
Self-employed	11.2	10.4	6.3	6.6	9.1	7.8
Working age not working	5.4	5.1	17.2	16.5	19.7	20.1
One breadwinner	30.2	30.2	37.9	38.1	41.0	41.1
Two or more breadwinners	49.2	49.7	13.1	13.6	14.7	14.5
Age groups of household head of working age:						
Up to 29	16.7	17.0	18.7	18.3	20.0	21.7
Aged 30-44	35.0	34.3	29.8	27.8	36.3	32.4
45 to pension age	29.1	29.3	17.5	20.1	18.9	22.0
Age groups of household head of retirement age:						
Elderly***	21.1	22.7	35.4	36.2	26.1	25.8
Of legal pension age****	19.2	19.4	34.0	33.8	24.7	23.9
Education groups of household head:						
Up to 8 years of study	7.8	7.9	18.4	18.5	19.5	18.6
9-12 years of study	37.9	37.2	42.0	40.8	42.9	43.6
13 or more years of study	54.2	54.8	39.6	40.7	37.7	37.8

* Type of last school attended by interviewee.

** By subjective definition: level of religious observance reported by the interviewee: secular, traditional, religious, Haredi, mixed

*** According to the definition used until now – women from age 60 and men from age 65.

**** Definition adjusted to the retirement age under the Retirement Age Law, therefore this population is not fixed until the process of raising the retirement age is complete.

Table 9: Estimate of depth and severity of poverty by population groups and selected indices, 2014 and 2015

	Income gap ratio		FGT index		SEN index	
	2014	2015	2014	2015	2014	2015
Total population	34.6	35.7	0.038	0.039	0.105	0.105
Population groups of household head:						
Jewish	31.5	32.6	0.022	0.023	0.066	0.064
Haredi (by last school approach)*	34.3	37.7	0.097	0.102	0.275	0.270
Haredi (by subjective definition)**	33.9	36.9	0.096	0.100	0.275	0.270
Immigrants	25.9	28.6	0.020	0.023	0.065	0.070
Arabs	38.4	39.3	0.106	0.110	0.276	0.281
Families with children-total	35.5	36.9	0.048	0.047	0.130	0.126
1-3 children	32.5	33.7	0.029	0.028	0.083	0.080
4 or more children	38.9	40.2	0.110	0.107	0.283	0.272
5 or more children	38.2	41.3	0.125	0.134	0.323	0.335
Single-parent families	35.2	35.3	0.046	0.041	0.125	0.116
Employment status of household head:						
Working	31.7	32.8	0.026	0.026	0.079	0.078
Salaried employee	31.1	31.9	0.025	0.024	0.076	0.075
Self-employed	35.4	38.3	0.035	0.039	0.095	0.098
Working age not working	51.1	52.1	0.255	0.276	0.516	0.548
One breadwinner	35.0	34.8	0.070	0.065	0.196	0.188
Two or more breadwinners	23.9	28.4	0.007	0.010	0.026	0.031
Age groups of household head of working age:						
Up to 29	35.5	36.0	0.047	0.046	0.126	0.121
Aged 30-44	35.3	37.3	0.044	0.045	0.122	0.120
45 to pension age	36.8	36.3	0.029	0.030	0.074	0.080
Age groups of household head of retirement age:						
Elderly***	25.6	26.8	0.020	0.022	0.075	0.073
Of legal pension age****	25.2	26.0	0.020	0.023	0.077	0.080
Education groups of household head:						
Up to 8 years of study	36.8	38.9	0.094	0.097	0.256	0.248
9-12 years of study	34.9	35.8	0.045	0.046	0.123	0.125
13 or more years of study	33.4	34.5	0.026	0.027	0.073	0.074

* Type of last school attended by interviewee.

** By subjective definition: level of religious observance reported by the interviewee: secular, traditional, religious, Haredi, mixed.

*** According to the definition used until now – women from age 60 and men from age 65.

**** Definition adjusted to the retirement age under the Retirement Age Law, therefore this population is not fixed until the process of raising the retirement age is complete.

observations), there were no significant changes in the general incidence of poverty over time.

Table 10 shows the dimensions of poverty by districts and nationality. As was done last year, in 2015 the dimensions of poverty are being shown by division according to selected large towns, by districts and by nationality. In some of the categories there are fluctuations in the results due to paucity of observations, particularly with regard to the Bedouin in the south.

In the Jerusalem district, and particularly in the city of Jerusalem, there was an increase of about 4% in the incidence of poverty in families between 2014 and 2015, but in 2015 the incidence of poverty for individuals decreased in the Jerusalem district from 46.1% to 43.9% and in the city of Jerusalem from 48.6% to 46.5%, and the incidence of poverty for children also decreased by about 2% in the Jerusalem district and by about 4% in the city of Jerusalem. The increase in the incidence of poverty in families in Jerusalem arises from the increase in the incidence of poverty in Jewish families, as among Arab families in this district there was a slight decrease in the very high incidence of poverty among Arab families in the district. However, the trend which appears for the total population of Jerusalem was common to both Jews and Arabs and the incidence of poverty for individuals and children decreased by about 6% and about 2% respectively. The depth of poverty among Arabs rose from 43.5% to 47.5%, while the depth of poverty among Jews remained almost unchanged.

In the **centre** of the country the dimensions of poverty decreased: the incidence of poverty among children in the centre decreased from 17.8% to 12.7% between 2014 and 2015 and the incidence of poverty for families and individuals decreased between the two years. In Rishon Lezion the incidence of poverty for families and individuals decreased from about 9% to about 7%, but the incidence of poverty among children remained unchanged. However, there was a considerable drop of about 30% in the depth of poverty there.

The **Tel Aviv and central districts**, particularly the city of Tel Aviv, continue to lead in low dimensions of poverty compared with the other districts in both years, although in 2015 the incidence of poverty in families in the Tel Aviv districts and in the city of Tel Aviv rose from 10.1% to 12.5% and from 8.8% to 10.6% respectively. The incidence of poverty for children in the city of Tel Aviv rose by 3.8 percentage points and amounted to 10.9%. The depth of poverty decreased between 2014 and 2015 from 33.5% to 32.2% in the Tel Aviv district, but rose from 33.6% to 34.0% in the city of Tel Aviv between the two years. Figure 4a illustrates the stable gap in the incidence of poverty to the disadvantage of the periphery over the years.

In the **northern district**, in which the poverty rates are higher than in the other districts, there was a decrease in the incidence of poverty for families and individuals and an increase in the incidence of poverty for children.

In the **Haifa district** there was a considerable increase of about 30% in all the incidences of poverty, which arises almost entirely from the high increase in the incidence of poverty of Arabs in this district, and the incidence of poverty in families amounted to 22.6%. In contrast to this, in the city of Haifa there was a decrease in incidence of poverty for individuals and children. The increase in the depth of poverty in the Haifa district arose from the increase in the depth of poverty among both Arabs and Jews.

In the **southern district** the incidence of poverty for individuals rose by approximately one percentage point between 2014 and 2015 (from 17.6% to 18.5%) and the incidence of poverty for children rose from 23.3% to 25.0%. In **Ashdod** the incidence of poverty for individuals and children rose by about 9% and amounted to about 25% and 42.0% respectively. The situation of poor families in Ashdod deteriorated and their average distance from the poverty line also increased by about 9% and the severity of poverty increased by about 20%.

Figure 4a
Incidence of Poverty by Districts, 1997-2015

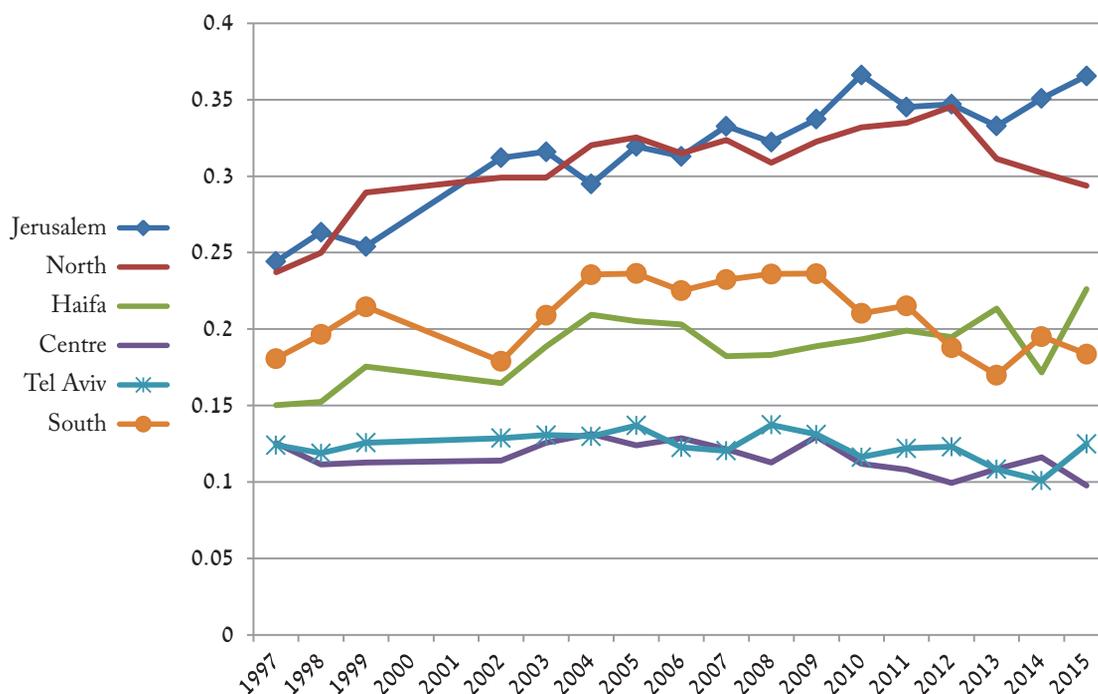


Table 10: Incidence of poverty by region and nationality, 2014 – 2015

	2014						2015					
	Incidence of poverty			Income gap ratio	FGT	Incidence of poverty			Income gap ratio	FGT		
	Families	Individuals	Children			Families	Individuals	Children				
Total*	18.8	22.0	31.0	34.6	0.038	19.1	21.7	30.0	35.7	0.039		
Jerusalem	35.1	46.1	57.0	40.3	0.097	36.6	43.9	56.1	42.7	0.102		
City of Jerusalem	37.1	48.6	60.6	40.9	0.104	39.0	46.5	58.2	43.0	0.110		
North	30.2	32.3	41.6	33.6	0.052	29.4	31.9	42.7	33.6	0.050		
Haifa	17.2	18.4	25.1	30.7	0.027	22.6	23.6	31.9	36.0	0.043		
City of Haifa	16.2	15.0	17.0	30.7	0.024	19.0	14.5	12.0	32.1	0.026		
Centre	11.6	12.7	17.8	31.9	0.020	9.8	10.2	12.7	29.0	0.014		
City of Rishon												
LeZion	9.0	8.8	9.5	22.5	0.007	7.2	7.5	9.6	15.2	0.004		
City of Petach Tikva	10.3	10.0	14.9	25.8	0.010	9.6	8.8	11.1	17.6	0.005		
Tel Aviv	10.1	11.6	18.3	33.5	0.020	12.5	13.1	19.1	32.2	0.021		
City of Tel Aviv	8.8	7.7	7.1	33.6	0.014	10.6	9.9	10.9	34.0	0.018		
South	19.5	17.6	23.3	31.4	0.026	18.4	18.5	25.0	33.5	0.029		
City of Ashdod	20.2	23.3	38.6	31.9	0.036	18.9	25.2	42.0	34.8	0.043		
Jews*	13.6	14.9	21.6	31.5	0.022	13.8	14.1	19.8	32.6	0.023		
Jerusalem	20.9	28.3	40.5	35.6	0.050	22.2	26.9	39.7	35.4	0.047		
North	15.5	14.0	17.4	29.2	0.019	17.6	15.9	20.4	35.7	0.030		
Haifa	12.0	11.5	14.7	25.1	0.013	15.2	11.7	11.5	28.1	0.015		
Centre	9.1	9.4	12.4	28.6	0.012	7.5	7.4	9.3	26.5	0.009		
Tel Aviv	10.1	11.5	18.0	32.7	0.018	12.1	12.9	18.9	32.1	0.021		
South	19.2	17.5	23.4	31.4	0.026	18.5	18.7	25.3	33.6	0.030		
Arabs	52.6	54.0	63.5	38.4	0.106	53.3	54.8	65.6	39.3	0.110		
Jerusalem	77.8	80.8	85.2	43.5	0.188	76.4	76.0	83.4	47.5	0.205		
North	47.7	47.6	57.4	34.7	0.079	42.7	44.6	56.7	33.0	0.065		
Haifa	42.6	38.6	45.5	35.7	0.067	58.2	59.4	71.9	40.7	0.124		
Centre	49.0	51.8	65.1	39.0	0.114	56.0	53.7	55.7	34.3	0.088		
Tel Aviv**	-	-	-	-	-	-	-	-	-	-		
South***	-	-	-	-	-	-	-	-	-	-		

* Including towns in Judea and Samaria.

** Do not exist due to paucity of observations.

*** There are no data due to the fact that, as a result of difficulties with response to surveys among the Bedouin population, since 2012 the CBS has not included results for this group in the household expenditure survey.

5. Persistent Poverty

The population living in poverty is not fixed from one period to the next: some manage to escape poverty, others become poor, while others continue to live in poverty for long periods. In the absence of longitudinal data about a fixed population it is customary to estimate the size of the group living in persistent poverty in the following manner: those whose income and consumption expenditure are both below the poverty line are treated as a population living in persistent poverty, since consumption is chiefly influenced by stable income rather than by temporary changes in it¹⁷. The assumption is that when there is a sudden and one-time loss of regular income (for example, becoming unemployed), the families will try to maintain a stable standard of living and in the short term will bridge the loss of income by drawing on savings, taking loans and so on. These families are regarded as temporarily poor¹⁸. In contrast to this, a family which estimates that its economic situation has continuously deteriorated must reduce its consumption expenditure, since its ability to exceed its income is very limited. Therefore families living in persistent poverty are those in which both income and consumption are below the poverty line¹⁹.

Table 11 shows the proportion of poor families and individuals, according to the definition of persistent poverty, among all poor families. In general the findings show that two-thirds of poor families are suffering persistent poverty. In 2015 there was a moderate increase in the percentage of families in persistent poverty out of the total poor population compared to 2014.

The percentage of families in persistent poverty rose from 58% of poor families in 2014 to 60% of poor families in 2015. A sharp increase in the percentage of families in persistent poverty was recorded among Arabs, families with 4 or more children, single-parent families and families headed by someone with up to 8 years of study. Of course there may be overlapping between the groups. With regard to families with children it may be said that the state of poverty makes it difficult for the children to develop their human capital, which will make it difficult for them to escape from an intergenerational state of poverty in the future.

As stated, the rate of persistent poverty varies among different population groups; thus for example, among families with two breadwinners, 56% of all poor families are defined

17 According to Milton Friedman's theory of permanent income, a family tends to change its regular consumption following stable changes in income, while temporary changes in income mainly tend to increase savings and purchase of lasting items.

18 Therefore the fact that among many poor people consumption expenditure is higher than their income does not conflict with the economic logic.

19 In view of the absence from the expenditure survey of follow-up survey data, enabling the tracking of families living in persistent ("permanent") poverty, Recommendation 2(a) of the "Report of the Team on Developing Additional Poverty Metrics" suggested treating the next index as an index of persistent ("permanent") poverty: a particular family will be defined as persistently poor if both its income and its consumption expenditure are below the poverty line.

Table 11: Estimate of persistent poverty-weight of families and individuals out of total poor whose monetary expenditure per standard individual was under the poverty line (percent), 2014-2015

Population groups	Families		Individuals	
	2014	2015	2014	2015
Total population	58	60	61	65
Population groups of household head:				
Jewish	62	60	67	66
Haredi (by the classic approach)*	76	77	79	81
Haredi (by subjective definition)**	74	76	78	79
Immigrants	67	63	67	64
Arabs	52	61	53	64
Families with children - total	61	63	63	68
1-3 children	54	54	55	55
4 or more children	73	81	72	82
5 or more children	75	84	74	84
Single-parent families	54	63	58	71
Employment status of household head:				
Working	56	57	59	63
Salaried employee	57	59	60	65
Self-employed	49	43	53	49
Working age not working	60	63	67	73
One breadwinner	56	57	59	63
Two or more breadwinners	54	56	59	64
Age groups of household head of working age:				
Up to 29	60	54	63	58
Aged 30-44	56	62	61	69
45 to pension age	55	59	58	62
Age groups of household head of retirement age:				
Elderly***	61	65	61	62
Of legal pension age****	62	66	62	65
Education groups of household head:				
Up to 8 years of study	59	73	60	78
9-12 years of study	58	57	58	62
13 or more years of study	58	58	65	64

* According to the classic approach: type of last school attended by the interviewee.

** By subjective definition: level of religious observance reported by the interviewee: secular, traditional, religious, Haredi, mixed.

*** By the definition used until now: 60 for women, 65 for men.

**** Definition adjusted to the retirement age specified in the Retirement Age Law. Therefore this population is not fixed until the process of raising the retirement age is complete.

as suffering persistent poverty, while in groups where the level of poverty is relatively high (Haredim, large families, families with no working-age breadwinner, families headed by someone with up to 8 years of study) their number amounts to 84% and shows that most of the poor families in these groups are characterized by persistent and not only temporary poverty. It should be noted that an examination of the data over time shows that there is an upward trend, although with numerous fluctuations, even more so when we look at specific population groups (Appendix 17). However, for most of the years when this figure was calculated, it appeared that the incidence of permanent poverty in families was around 60%.

6. Poverty in Israel by international comparison

The OECD method of calculating the dimensions of poverty is similar to the method developed by the NII and used in Israel – both define median disposable monetary income as an indicator of standard of living and define it as the poverty line. However, there are certain differences, chiefly regarding the different weighting scale in the two methods of calculation²⁰.

The sources of data for calculating poverty in each country are the household surveys containing income data, which are usually carried out by the Central Bureaus of Statistics in each country. Therefore the OECD calculations for Israel are based on the same data **as the NII calculations**. In 2012 the OECD changed the definition of the calculation slightly, in that it also included some income in kind in disposable income and chiefly deducted from income compulsory savings components, such as pension contributions and maintenance payments to other families. It should be noted that these changes do not significantly influence the calculations of the dimensions of poverty in Israel.

The three parts of Figure 5 show the incidence of individual poverty in OECD countries based on 50% of the median income per standard individual according to the latest figures available (from the years 2012-2014), while Figure 5a refers to individual poverty according to disposable monetary income, Figure 5b refers to individual poverty according to **economic** income, and Figure 5c refers to child poverty (according to disposable income).

In the comparison of the incidences of poverty as shown in Figure 5a, Israel has consistently been located near to or at the upper limit of the scale, and the decrease in the incidence of poverty in Israel in recent years which arose, inter alia, from the increase in employment rates and a certain increase in the real wage, has not succeeded

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 20 For further details see the appendix “Measurement of poverty and sources of data” which appears every year in the appendices to the NII Annual Survey.

in improving Israel's ranking in the international comparison.²¹ This is because movements are also occurring in the other countries. So for example in Mexico, below which Israel was located in the level of poverty in certain years, between 2012 and 2014 there was a considerable drop – of 2.2 points - in the percentage of poor individuals. In 2015 the incidence of poverty for individuals in Israel amounted to 19.6%. Poverty among children, which according to the OECD definition amounts to 25.6% in Israel, is also the highest in this comparison. Here too it is worth noting the fact that the data have also changed in the countries being compared. Thus, according to the data available this year, the incidence of poverty for children in Mexico decreased by about 2-3 percentage points compared with the data available last year – from 22.7 (2012) to 19.7 (2014).

The finding with regard to Israel, which has a large percentage of children, is of particular importance, as for a child who grows up in poverty the significance is particularly harsh in view of the importance of the process of building the human capital which will accompany the child in adulthood. A life of poverty harms the child's chances of developing his human capital optimally and therefore definitely reduces the child's chances of breaking out of the cycle of poverty in the future.

In contrast to the calculation obtained according to disposable income, a comparison of the incidence of poverty in the OECD countries according to the economic income of households, which originates from the labour market and the capital market, reveals that, before government intervention, the poverty position in Israel is low compared with the developed countries – with an incidence of poverty of 26.8%, about 7% lower than the average in the countries compared.(Figure 5b)

All the parts of Figure 5 show that in addition to the differences in poverty rates in developed countries before government intervention, there is considerable difference in the degree of their intervention in distribution of income. The poverty diagrams based on economic income and disposable income show an interesting breakdown of countries along the two axes: the countries on the left edge of the diagram, with low rates of economic poverty, are divided into two types. On the one hand are those with **generous** welfare systems, fair labour relations, high rates of unionization and fair wages, such as Iceland, Holland, Denmark, Sweden and Norway and on the other hand are those with limited welfare systems or benefits at a low level, less fair labour relations and lower rates of unionization, with Israel belonging to the second category.

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 21 The break in the series in Israel also did not influence Israel's location in the ranking. It may be that the change in the definition of disposable income in the OECD also had an influence in increasing the gap between Israel and the OECD countries in the location of Israel.

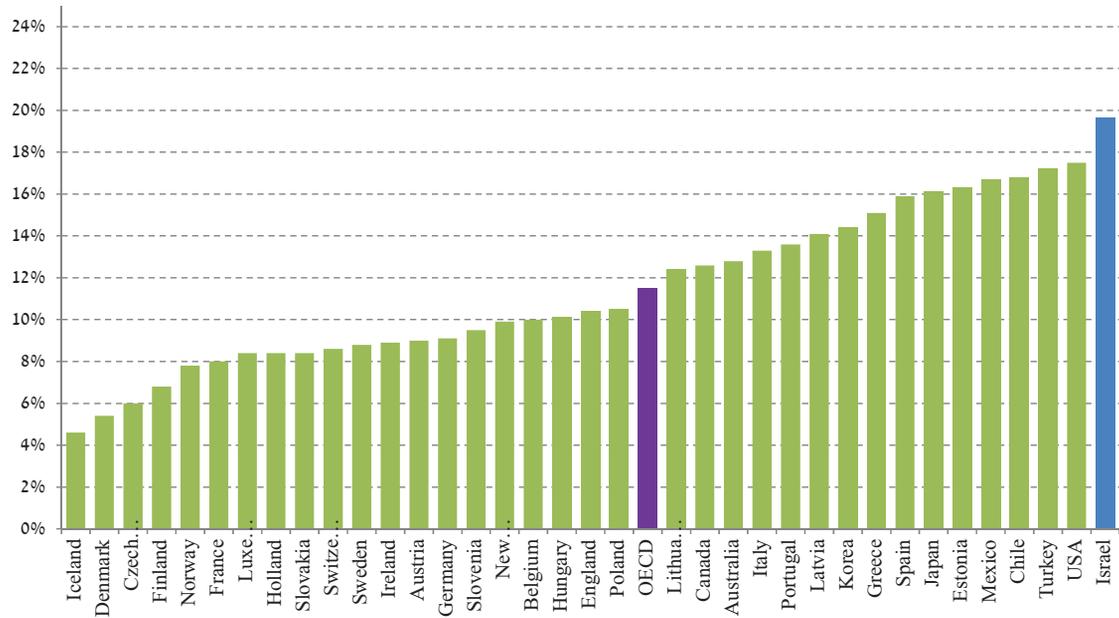
In countries which are generous and fair in the economic field the **dimensions of poverty** remain low even **after intervention**, and on the other hand in the countries of the other kind the rates of poverty according to **disposable income** are **among the highest**, such as Turkey, Mexico, the USA, Korea and **Israel**. From this it can be concluded that the lower rates of economic poverty in the second category express the economic insecurity of poor families **because of the limited welfare systems in these countries**. **Therefore part of the responsibility for pushing poor families into work at low wages in fact lies with the lack of economic security derived from a welfare policy which is too limited**. Other reasons for this situation are **unfair employment patterns (even if legal), such as widespread employment at an hourly wage and not at a monthly salary, employment of workers at minimum wage even if they have education and skill in their occupation, low compliance with minimum wage laws, low levels of unionization, and so on**.

The incidences of poverty for various population groups - families, individuals, children and the elderly-according to the OECD approach is shown in Appendices 7a, 7b and 7c, where the poverty line is defined as 50%, 40% and 60% of disposable income, respectively. According to this method of calculation, this year there was a moderate increase in the incidences of poverty, similar to the official incidences of poverty shown in Table 7a. Since, as mentioned, the weighting scale used in the OECD approach embodies a greater size advantage than the Israeli scale, the incidence of poverty among large families is less compared with the official Israeli index. As a result of this the dimensions of poverty among children are indeed much lower than those obtained by the Israeli approach, but the dimensions of poverty among the elderly are higher, as they live in smaller households. By the same logic, the incidence of poverty among population groups in which there is a high percentage of large families (Arabs, Haredim and others) is lower in these estimates compared to the official incidences of poverty. Thus for example the incidences of poverty in Haredi families (based on the subjective definition) according to the OECD definition (50% of the median) and according to the official definition are 43.2% and 48.7% respectively, and among families with children the incidences of poverty are 19.4% and 22.3% respectively, and so on.

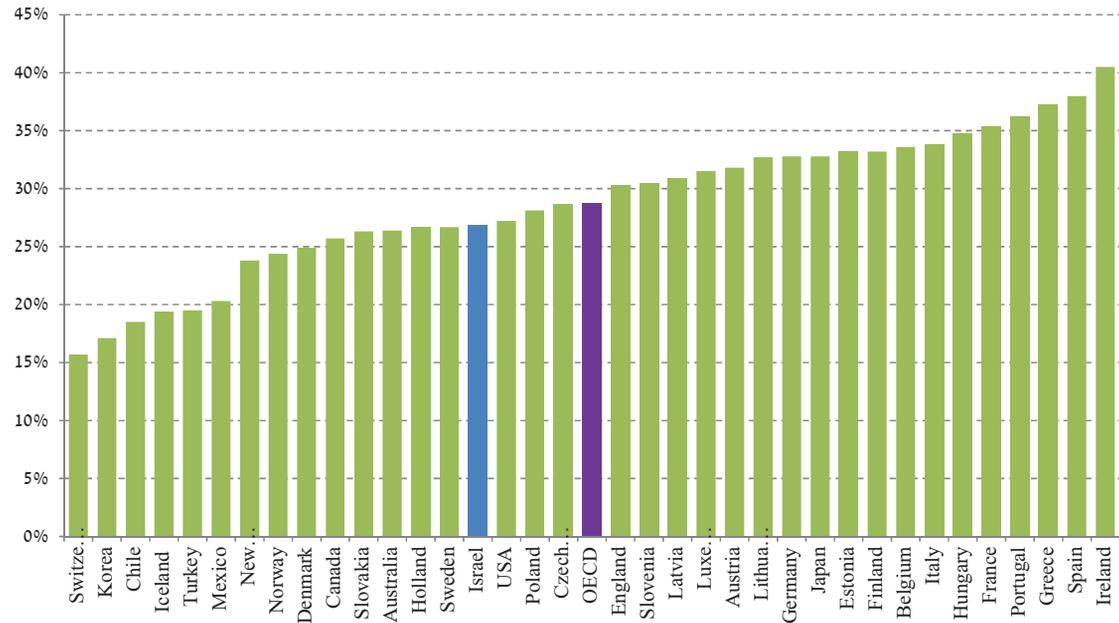
Despite the differences in the calculation variation, the general trends in analysis by population groups also remain the same according to this calculation: the relatively poorer population groups are Arab, Haredi and large families (which overlap to some extent), families headed by someone with a very low level of education (up to 8 years of study) and families headed by someone of working age who is not working.

Figure 5
Poverty rates in individuals (50% of median income), OECD countries and Israel, various years (2012-2014; Israel 2015), OECD definition

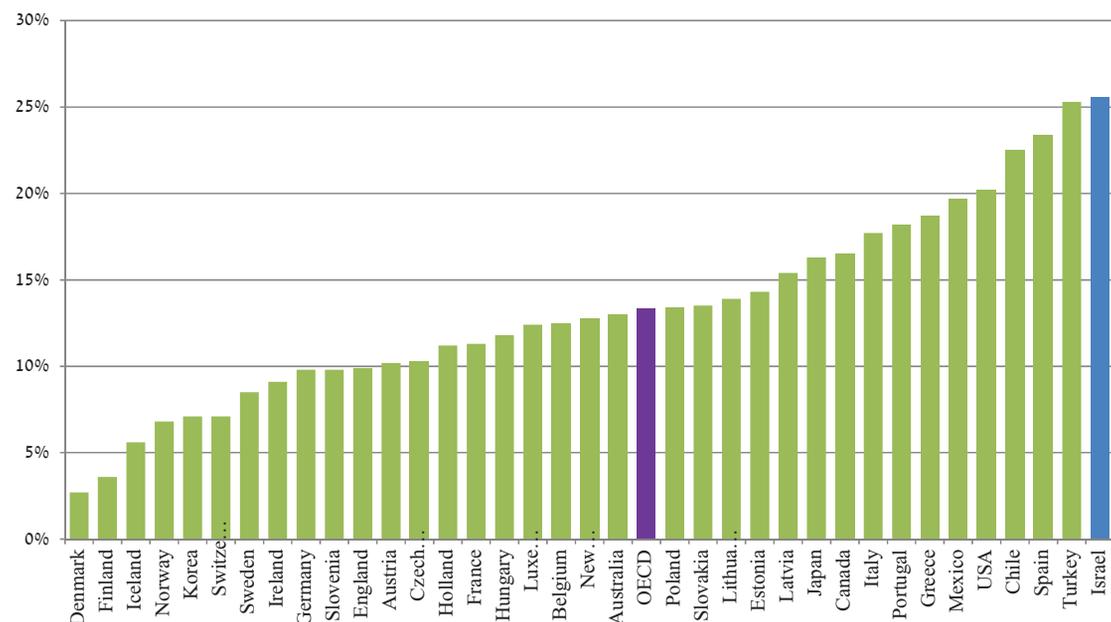
a. By disposable income



b. Incidence of poverty in individuals, by economic income



c. Incidence of poverty in children, by disposable income



7. Poverty Reduction Target

The recommendation to set a poverty reduction target was put to several governments in Israel at various times. For example, already in 2003 the Bank of Israel stressed the need to set a poverty target²². The government at the time did not accept the proposal, but about 4 years later the Economic Council at first repeated a similar recommendation, and later replaced it with a multi-year target for reducing poverty for the period 2008–2010, which was approved by the government in 2008. As 2010 approached and it appeared that the target would not be achieved, the government decided to extend the period in which to achieve that target until 2013. In the years 2008–2013, in this report, we monitored the extent to which target was being achieved. In the end the target was achieved in 2008–2013, largely due to the considerable drop in poverty rates in the final year for the target, 2013. As described in the 2013 report, the extent of the 2013 drop in poverty is in doubt, and in any case the various governments did not seriously relate to the target they set themselves during that period.

In July 2014 the “War on Poverty Committee Report”²³ was submitted. In the report it was stated that “the Committee’s aim is **for Israel to achieve a poverty rate similar**

22 See Gottlieb and Kasir (2003) p.16 <http://www.boi.org.il/deptdata/papers/paper08h.pdf>

23 See the Report of the War on Poverty in Israel Committee (“Elaluf Committee”) Part 1, p.9 <http://www.milhamabaoni.org>.

to the average in the OECD at that time (10.9%) within 10 years and to reduce the multi-dimensional aspects of poverty”. The report recommended that the aim of reducing poverty should relate to the population as a whole, with particular emphasis on the elderly and on children. With respect to the general population and children, the War on Poverty Committee report recommended setting the target at the lowest poverty levels in OECD countries, and with regard to the elderly, at a “suitable standard of living”. The committee also recommended including reduction of the depth and severity of poverty in the target.

This part of the report is devoted to an examination and long-term tracking of the poverty situation in Israel compared to the contents of the Committee’s report, as a substitute for the poverty target set in 2007 by the National Economic Council and examined as stated above in previous NII reports.

Figures 6a and 6b below illustrate the War on Poverty Committee’s aim: the average incidence of poverty among individuals in the OECD countries is 10.9% (as at 2012), and for this to be the incidence of poverty in Israel in 9 years’ time, after 10 years have elapsed from the date of the report, requires an average annual decrease of one percentage point, as shown by the dotted line in the diagram. The average incidence of poverty among children in the OECD countries is 13.0%, and for this to be the incidence of poverty in Israel in 9 years’ time requires an average annual decrease of 1.4 percentage points.

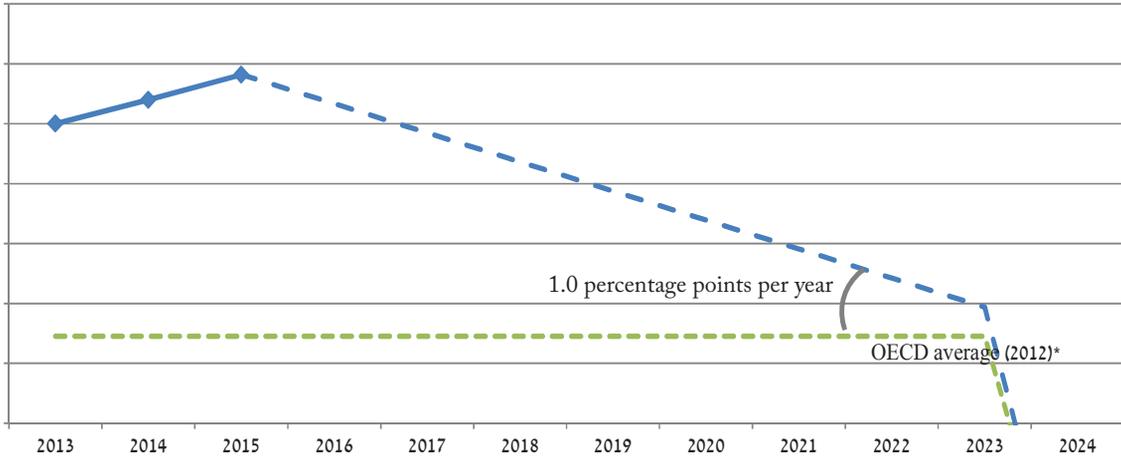
The diagrams show that in the last two years the incidence of poverty in Israel according to the OECD definition is increasing and moving away from the aforesaid aim. As time passes without a policy supporting the achievement of the target, when it is decided to aim for it high budget expenditure over a short period of time will be required and the possibility of grading the size of the expenditure will be limited. In this way the chances of meeting the target are harmed, both as a result of difficulty in making such a significant budget allocation in a limited time-framework and because the ability to monitor the implications of such a significant change on the economy is detrimentally affected.

It should be mentioned that the improvement in the incidence of poverty according to the Israeli measurement compared with **the worsening in the incidence according to the OECD system of measurement** arises, inter alia, from the fact that the OECD weighting scale gives a lower weight to large families than the Israeli scale, thereby reflecting incompatibility with the economic and social conditions in Israel, as the percentage of large families in Israel is significantly higher than that of the OECD countries²⁴. Therefore the improvement in the situation of families with children receives

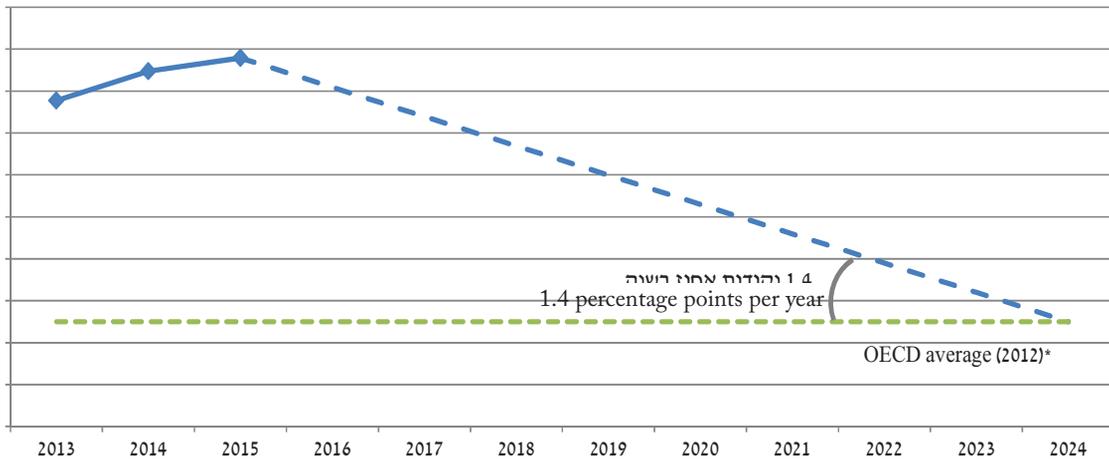
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 24 In the OECD system the second root of family size is used as a weighting scale- for example a family of 9 individuals will be regarded as a family of 3 standard individuals, while in the Israeli scale the number of standard individuals is 5.6 (see Table 2).

Figure 6
Diagrammatic representation of the War on Poverty Committee's aim - incidence of poverty in Israel and outline of the change needed to achieve this aim

a. Incidence of poverty in individuals by the OECD definition



b. Incidence of poverty in children by the OECD definition



* The OECD average was calculated using the most recent data available for each country for the years 2012–2014, which in most cases was the data for 2013.

too low a weight under the OECD system of measurement compared with the weight received under the Israeli system of calculation.

Dimensions of inequality and income gaps

1. Inequality in 2015 and in recent years

Table 12 shows the Gini index of inequality of economic income and disposable income over time²⁵. In 2015 the Gini index of inequality of disposable income was 0.3653, and for economic income it was 0.4719. Compared to 2014 inequality decreased according to both indices, at rates of 1.6% and 1.2% respectively. These decreases continue the downward trend in the index of inequality of economic income recorded in recent years and place the index of inequality of disposable income at a level similar to its level in 2013.

As described in the 2013 report, the improvement in the dimensions of poverty and inequality that year was mainly due to growth in employment, which even then appeared to be unusually large. As appears from the expenditure survey data, the employment rate has remained stable since 2013, which indeed does not eliminate the gap between it and the employment rate reported in other sources (see Figure 11) but narrows it, and therefore the values of the inequality indices this year are less influenced by this deviation. From Table 13 it appears that the decrease in the Gini index of inequality measured by economic income is taking place despite the decrease in income from work among the lowest quintile (-2.3%) and as a result of the improvement in the position of the middle class in comparison with the high quintiles: the income from work in the second and third quintiles increased (by 3.0% and 5.8% respectively) at a higher rate than that of the fourth and fifth quintiles (1.6%, 2.2% respectively). The relatively high decrease this year in the Gini index according to disposable income²⁶ (1.6%) may be attributed, inter alia, to the increase in the real wage and to the increase in child allowances in 2015. The wage increase was certainly influenced by the raising of the minimum wage by about 8%, which also occurred in the middle of 2015, after the minimum wage had not been updated for about three years.

Taking the long-term view (Figure 7), from 1999 to 2006 the index of inequality in disposable income per standard individual rose, stabilized for 3 years and since then has continuously fallen, with a particularly large decrease in 2013, with a correction in 2014. From 2002 (the year preceding the deep cuts in the economic program of 2002-2003) until 2015 inequality according to economic income decreased at a high rate of about 12%- compared with stability recorded in inequality according to disposable income. The increase in the years up to 2006 and the stabilization thereafter were due inter alia to government policy – first the cuts in welfare policy followed by the reform in income

25 The Gini index measures gaps in income between every two individuals, for everyone in the economy. Therefore the lower the income the greater its weighting. The index is a value from 0 to 1, where 0 reflects absolute equality (“everyone has the same income”) and 1 reflects absolute inequality (“all the income is held by one individual and everyone else has no income”).

26 This analysis should be qualified by the fact that high incomes are not usually measured with the same quality as low and medium incomes, since the rate of response from those with high incomes is generally lower.

tax – and to the high-tech slanted growth in the first decade of the 2000s. In the years since 2010, when government policy was relatively neutral about distribution of income, the downward trend in inequality reflected developments in the labour market (according to survey results), in both the Gini index according to economic income and according to disposable income.

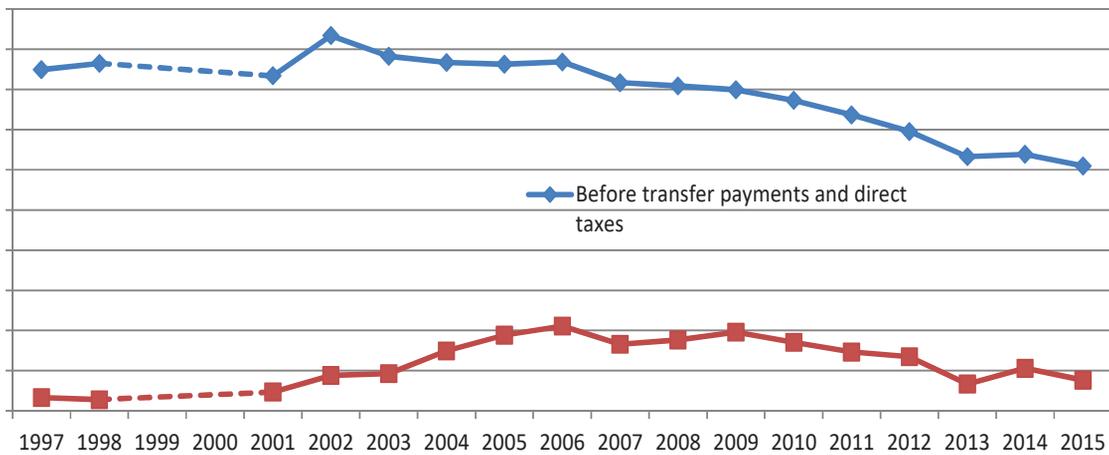
Table 12: Gini index of income inequality in the population by economic and disposable income, 1999-2015

Year	Before transfer payments and direct taxes	After transfer payments and direct taxes	Percentage decrease due to transfer payments and direct taxes
2015	0.472	0.365	22.6
2014	0.478	0.371	22.3
2013	0.477	0.363	23.7
2012	0.489	0.377	22.9
2011	0.497	0.379	23.7
2010	0.505	0.384	23.9
2009	0.510	0.389	23.7
2008	0.512	0.385	24.7
2007	0.513	0.383	25.4
2006	0.524	0.392	25.1
2005	0.523	0.388	25.8
2004	0.523	0.380	27.4
2003	0.527	0.369	30.0
2002	0.537	0.368	31.5
1999	0.517	0.359	30.5
Change in the index (%)			
2015 compared to 2014	-1.2	-1.6	
2015 compared to 2013	-1.0	0.5	
2015 compared to 2002	-12.2	-0.7	
2015 compared to 1999	-8.7	1.7	

Figure 8 shows a number of indices of inequality and compares them to the incidence of poverty in individuals: the Gini index and a number of indices of the ratio between various income deciles. For each decile we chose, as is usual for these indices, the highest rate of pay in that decile.²⁷

²⁷ Thus for example p90/50 expresses the ratio between the highest pay in the ninth decile divided by the highest pay in the fifth decile.

Figure 7
Inequality over time in Israel - Gini index by economic and disposable income, 1997-2015



Among the indices of income gaps in the various deciles, the p90/p50 index, which reflects the income gaps among the half of the population with higher incomes, continued to decrease this year. This index has been decreasing continuously since 2008 and its value is even lower than its level in 1999. The p90/p10 and p50/p10 indices, which respectively reflect the income gaps among the total population and among the half of the population

Figure 8
Selected indices of gaps and inequality, 1999-2015

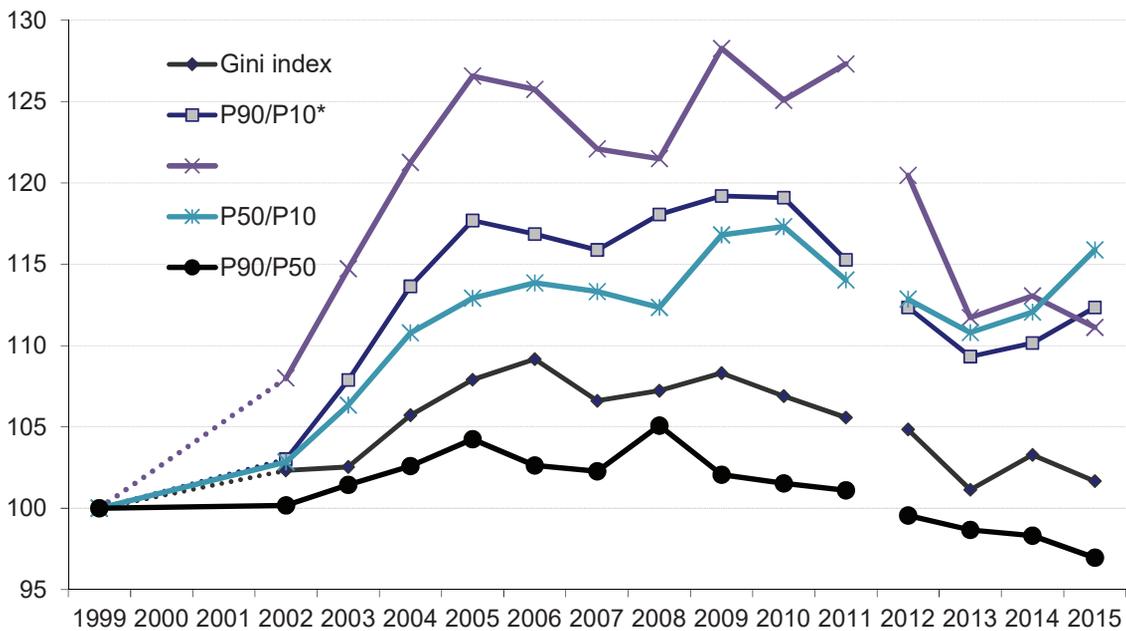
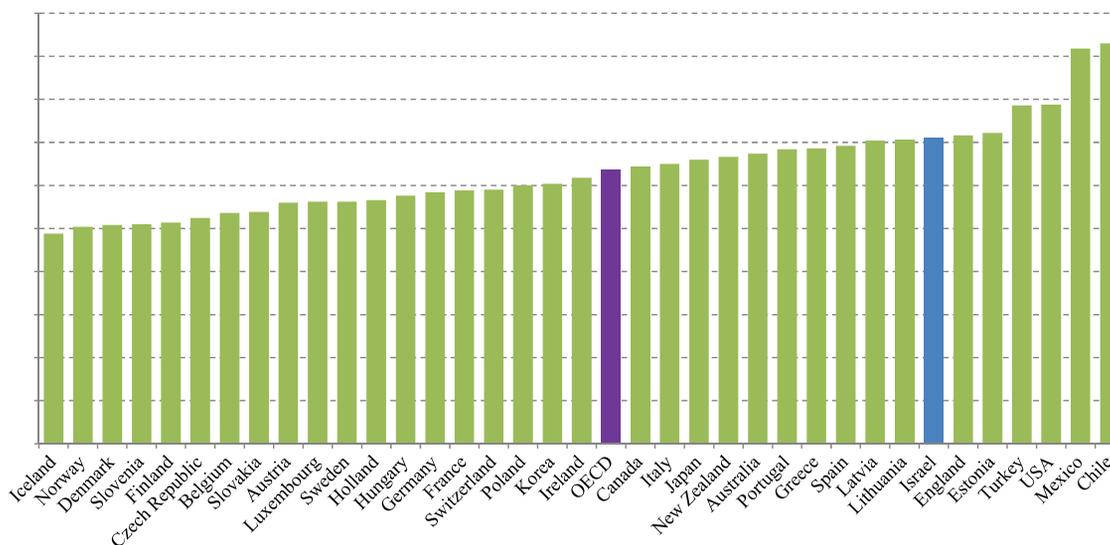


Figure 9
Gini index of inequality of disposable income per standard individual, OECD countries and Israel, various years (2012-2014; Israel 2015), OECD definition



with lower incomes, continued to increase this year, like last year and after a prolonged decrease in these indices since 2010. These changes amount to a decrease in the Gini index of inequality by disposable income at a rate of 1.6% and at a rate of 1.2% in the Gini index by economic income between the two years being compared in this report. The differences between the Gini index and some of those indices arise from the fact that the Gini index is influenced by the entire income distribution structure and not by particular points within it.

The comparison of inequality in disposable income in developed countries, shown in Figure 9, indicates that Israel’s Gini index is about 12% higher than the average index in the developed countries. However, Israel’s position from the aspect of inequality is better than its position on the scale of poverty in developed countries, where, as stated, it is at the bottom of the scale.

For calculation purposes, the deciles were sorted by disposable income per standard individual. Each decile consists of 10% of all families.

2. Inequality by Quintiles

This section presents selected data on the standard of living of the population by analysis by quintiles²⁸ in 2015. The real change in disposable income per standard individual

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 28 The quintiles were sorted by disposable income per standard individual. Each quintile consists of 20% of all families.

in the last year is presented in Figure 10, which shows that in 2015 disposable income per standard individual grew unequally across the quintiles: in the lowest quintile the income remained almost unchanged, while in the other quintiles it grew at similar rates – of about 3%. The highest increase was recorded in the intermediate deciles, apparently due to the influence of the 6.8% increase in the minimum wage, which contributed to the decrease in the Gini index of inequality. These increases in disposable income per standard individual show that alongside the decrease in inequality as reflected in the Gini index, this year the gaps between the lowest quintile and the rest of the population have widened.

Table 14 shows the share of each quintile in total income by various sources of income – work, pensions, provident funds and capital, benefits and support, etc. The figures show that the top quintile's share of income from work is about 43% of all wages in the economy, while the bottom quintile earns only about 4% of total wages, which is 10 times lower. There are bigger gaps in direct taxation, due to the progressive structure of income tax, and to a lesser extent, national insurance and health insurance contributions. Total income from direct taxes from the bottom quintile is 2.2% – compared to 58.7% from the top quintile, which pays almost 3 times more tax than the quintile below it. Total disposable income in the economy is divided in a slightly more equal way than income from work: the lowest quintile receives 6.3% of it- while the top quintile receives 38.9% in 2015.

Table 15 presents the breakdown of expenditure by quintiles, showing the known fact that the gaps in expenditure are smaller than in income: expenditure per standard

Figure 10
Real change in disposable income per standard individual
in 2015 compared to 2014, by quintiles (percent)

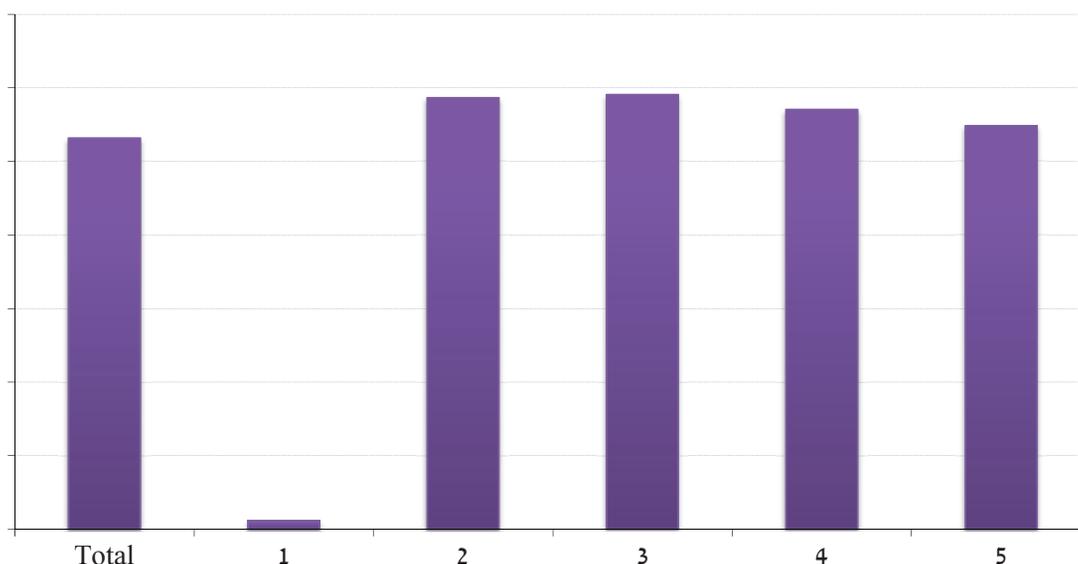


Table 13: Source and type of income and mandatory payments by quintiles*, 2015 and the real change compared to 2014

Source/type of income and mandatory payments	Income (NIS per month)					Real change compared to 2014(%)							
	Average	1	2	3	4	5	Ratio between income of top and bottom quintile	Average	1	2	3	4	5
	From work	14,520	2,940	7,590	12,780	18,320	30,940	10.5	2.5	-2.3	3.0	5.8	1.6
From pensions, provident funds and capital	2,150	150	640	1,220	2,110	6,640	44.3	3.1	23.2	17.6	6.3	4.7	0.4
From total support and benefits	2,040	2,190	2,250	1,860	1,940	1,950	0.9	1.3	-0.3	2.3	-0.2	19.9	-10.6
NII payments only	1,560	1,740	1,780	1,420	1,430	1,430	0.8	3.2	-2.2	4.9	-1.0	19.9	-1.4
Payments from government institutions only	250	250	260	190	290	270	1.1	-1.2	1.6	4.8	-9.4	20.2	-18.4
Payments from households and individuals only	230	200	210	250	230	250	1.3	-3.8	15.4	-17.7	14.5	19.3	-27.4
Total mandatory payments	3,240	360	890	1,900	3,550	9,530	26.5	2.7	-3.0	3.3	7.7	2.1	2.1
Income tax	1,950	40	300	860	1,970	6,590	164.8	2.4	-4.7	10.3	10.1	3.5	1.0
National insurance	630	80	210	460	770	1,600	20.0	1.6	-9.7	-3.6	5.2	-0.5	2.9
Health insurance	660	230	380	570	810	1,310	5.7	3.6	0.4	2.2	6.1	1.4	4.7
Net per family	15,430	4,900	9,560	13,930	18,750	30,000	6.1	2.5	-0.8	3.6	4.8	3.5	1.1
Gross per family	18,670	5,250	10,450	15,830	22,300	39,530	7.5	2.5	-1.0	3.6	5.1	3.3	1.3
Economic per family	16,560	3,060	8,130	13,890	20,250	37,460	12.2	2.8	-1.1	3.8	6.0	2.0	2.3
Net per standard individual	6,020	1,700	3,400	5,050	7,030	12,920	7.6	2.7	0.1	2.9	3.0	2.9	2.7
Gross per standard individual	7,250	1,820	3,690	5,680	8,240	16,830	9.2	2.8	-0.1	3.0	3.3	2.6	3.0
Economic per standard individual	6,300	880	2,640	4,830	7,340	15,830	18.0	3.4	0.7	3.4	4.3	1.1	4.4

* The quintiles were sorted by disposable income per standard individual. Each quintile consists of 20% of all families.

Table 14: Each quintile's share of total income and mandatory payments, 2014-2015

Source/type of income	2014					2015						
	Total	1	2	3	4	5	Total	1	2	3	4	5
From work	100.0	4.2	10.4	17.1	25.5	42.8	100.0	4.0	10.5	17.6	25.2	42.6
From pensions, provident funds and capital	100.0	1.2	5.2	11.0	19.3	63.3	100.0	1.4	5.9	11.4	19.6	61.7
From benefits and support	100.0	21.8	21.9	18.5	16.1	21.6	100.0	21.5	22.1	18.3	19.1	19.1
NII payments only	100.0	23.5	22.6	19.0	15.8	19.2	100.0	22.3	22.9	18.2	18.3	18.3
Payments from government institutions only	100.0	19.3	19.7	16.6	18.7	25.6	100.0	19.9	20.9	15.3	22.8	21.2
Payments from households and individuals only	100.0	14.7	21.1	18.6	16.2	29.4	100.0	17.7	18.0	22.1	20.1	22.1
Mandatory payments	100.0	2.3	5.5	11.1	22.0	59.1	100.0	2.2	5.5	11.7	21.9	58.7
Income tax	100.0	0.5	2.9	8.2	20.0	68.5	100.0	0.4	3.1	8.8	20.2	67.5
National insurance	100.0	3.0	7.2	14.3	25.2	50.3	100.0	2.7	6.8	14.8	24.7	51.0
Health insurance	100.0	7.2	11.6	16.9	24.9	39.4	100.0	7.0	11.4	17.3	24.4	39.8
Net per family	100.0	6.6	12.3	17.7	24.1	39.4	100.0	6.3	12.4	18.1	24.3	38.9
Gross per family	100.0	5.8	11.1	16.5	23.7	42.8	100.0	5.6	11.2	16.9	23.9	42.3
Economic per family	100.0	3.8	9.7	16.3	24.7	45.5	100.0	3.7	9.8	16.8	24.5	45.3

* The quintiles were sorted by disposable income per standard individual. Each quintile consists of 20% of all families.

individual in the top quintile is 2.8 times higher than in the bottom quintile (in contrast to 7.6 times when we refer to disposable income per standard individual). The top quintile accounts for about 30% of all consumption of goods and services (about 10 percentage points more than its share of the population), while the bottom quintile consumes about 12% - about 8 percentage points less than its share of the population.

Table 15: Expenditure by quintiles, real rates of change and breakdown of expenditure, 2014-2015

	Average	1	2	3	4	5
Monthly expenditure in NIS, 2015						
Expenditure on consumption per standard individual	6,070	3,540	4,410	5,710	6,750	9,950
Monetary expenditure per standard individual	4,820	2,680	3,450	4,570	5,360	8,030
Family expenditure on consumption	15,410	9,600	11,990	15,150	17,530	22,760
Family monetary expenditure	12,320	7,490	9,550	12,200	14,030	18,350
Real change compared to 2014						
Expenditure on consumption per standard individual	3.2	2.4	2.6	4.4	1.5	4.2
Monetary expenditure per standard individual	2.9	1.7	1.4	5.2	1.2	4.1
Family expenditure on consumption	2.4	-1.1	2.9	4.4	1.9	2.6
Family monetary expenditure	2.5	-1.6	2.1	5.1	2.4	2.9
As a proportion of total expenditure, 2014						
Family expenditure on consumption	100.0	12.9	15.5	19.3	22.8	29.5
Family monetary expenditure	100.0	12.6	15.6	19.3	22.8	29.7
As a proportion of total expenditure, 2015						
Family expenditure on consumption	100.0	12.5	15.6	19.7	22.8	29.5
Family monetary expenditure	100.0	12.1	15.5	19.8	22.8	29.8

* Source: Processing by the Research & Planning Administration of CBS household expenditure surveys for the years in the table.

** The quintiles were sorted by disposable income per standard individual. Each quintile consists of 20% of all families.

Factors affecting poverty and inequality

2015 was characterized by continuing, although slower, growth – the economy grew by about 2.5% and employment continued to increase by about 2%. Real wages went up by about 2.5% (according to the expenditure survey), while for poor workers wages remained more or less at the same level as the previous year (Appendix 12). However, there were wage differences between occupations. A drop was recorded among members of the free and technical professions, skilled workers and employees in sales and services (-4.9%, -4.2% and -2.5% respectively). A decrease was also recorded among unskilled workers (-0.7%), while an increase was recorded among those with occupations requiring a university degree and managers (4.6%). A sharp increase (11.3%) was recorded among clerical workers. The sectors in which poor workers improved their wages were community services (2.9%), hospitality and food services (4.3%) and business, banking and insurance services (18.1%). In the health, welfare and aid services sector and in the wholesale and retail trade sector the wages of poor workers decreased by 12.2% and 15.0% respectively (Appendix 10).

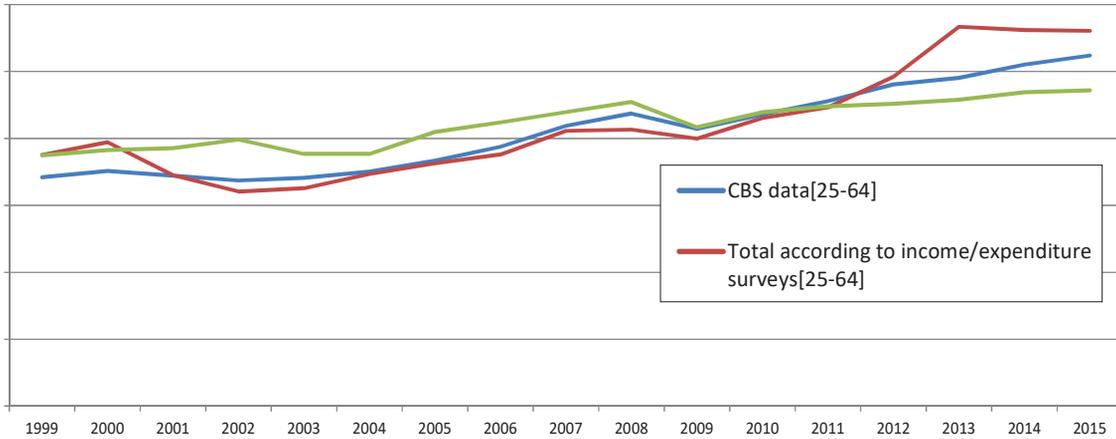
Between the two years the minimum wage was increased by 6.8% in real terms. It may be that this increase had an influence on the decrease in inequality as shown by the data for this year, as the workers who earn minimum wage in Israel are not limited to the poor population, but many of them are found in the intermediate deciles.

Unemployment stood at the fairly low rate of 5.3%. It should be noted that the decrease in the unemployment rate occurred simultaneously with the increase in the minimum wage.

Among the causes of the considerable drop in the incidence of poverty in 2013 was above all the sharp rise in rates of employment reported from the 2013 expenditure survey data. Concern was already expressed in the 2013 report that the growth in employment according to the expenditure survey was biased upwards, and it appears that this was the case, since other sources of information for the CBS indicated a lower rate of growth. Figure 11 below shows that this rise was indeed halted according to the 2014 and 2015 survey data and there was even a small decrease in employment rates according to the survey data. This decrease is not in line with the data showing a small increase in the employment rate in 2015 according to the other sources of information, although a long-term observation shows a convergence between the two sources of data. The employment rate therefore still remained high compared to the manpower survey data and administrative data, and it is reasonable to assume that the dimensions of poverty are also influenced by it this year.

According to the administrative data, NII benefits increased between the two years by about 4.3% in real terms compared with a growth of about 5.1% according to the survey data. When the changes which occurred this year in the various benefit payments are examined separately, we discover that there may be more significant differences between

Figure 11
Rates of employment in Income/ Expenditure Surveys compared to the Manpower Survey, 1999-2015



the two sources of information. Thus, for example, income support benefit payments increased by about 8% according to the survey data, compared to a decrease of about 3% according to the administrative data; total payments for unemployment benefits decreased at a similar rate according to both sources of data – by 1% according to the survey and by 1.4% according to the administrative data. The sharp increase in total child allowance payments (by about 14%) is also common to both sources.

Table 16 presents the breakdown of workers in poor families and in the total population by pay levels. The table shows that most salaried employees, about 78%, work full-time (about 88% of the salaried male employees and about 67% of the salaried female employees). Most employees living in poor families, about 61%, are also employed full-time. However, in the poor population, even among those who are employed full-time there are about 44% whose income is less than or does not exceed the minimum wage; and the income of less than half of them does not even exceed half the minimum wage (and they are therefore apparently victims of non-compliance with the law by their employers). Another approximately 52% are employed at a wage above the minimum but less than the average wage, and a marginal percentage earn more than the average wage. In contrast to them, in the total population most of those employed full-time, about 80%, earn more than the minimum wage (Table 16).

Finally, this report does not give expression to changes in **policy measures made after 2015** that are expected to have an influence in reducing the dimensions of poverty and inequality in the population in the coming years:²⁹

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 29 It is stressed that this should not be seen as a forecast of the expected direction in social terms in the coming years, since there will still be unexpected influences at that time, which, together with the processes indicated above, will ultimately determine the direction of social development.

Table 16: Pay breakdown of salaried and poor salaried workers by pay level, (percent) 2015**

	Total (thousands)	%	Up to half the minimum wage	From half to the minimum wage	From minimum to average wage	Above average wage
Total salaried workers	3,227	100.0	14.9	14.4	37.2	33.5
Full-time salaried workers*	2,501	100.0	10.0	9.3	40.6	40.1
In the economically poor population						
Total salaried workers	422	100.0	35.6	29.3	34.1	1.0
Full-time salaried workers*	235	100.0	20.6	26.4	51.6	1.4
In the net poor population						
Total salaried workers	291	100.0	33.7	28.5	36.4	1.4
Full-time salaried workers*	175	100.0	22.0	24.3	51.8	1.8
Among men						
Total salaried workers	1,671	100.0	12.6	9.5	37.1	40.8
Full-time salaried workers*	1,463	100.0	9.5	6.7	38.8	45.1
In the economically poor population						
Total salaried workers	213	100.0	29.3	24.4	45.1	1.2
Full-time salaried workers*	151	100.0	18.2	22.0	58.1	1.6
In the net poor population						
Total salaried workers	171	100.0	23.6	25.3	49.2	1.9
Full-time salaried workers*	130	100.0	15.7	22.0	60.2	2.2
Among women						
Total salaried workers	1,556	100.0	17.3	19.7	37.3	25.7
Full-time salaried workers*	1,037	100.0	10.8	13.1	43.1	33.0
In the economically poor population						
Total salaried workers	209	100.0	41.9	34.4	22.9	0.8
Full-time salaried workers*	85	100.0	24.9	34.2	39.9	0.9
In the net poor population						
Total salaried workers	120	100.0	48.1	33.0	18.1	0.8
Full-time salaried workers*	45	100.0	40.7	31.0	27.4	0.9

* 35 or more work hours per week

** The minimum wage and the average wage in the economy were adjusted to the period of the 2015 expenditure survey.

In July 2016 a further stage in the process of increasing the minimum wage was implemented, and it was increased by 3.8% to NIS 4,825 per month. This increase is expected to have an influence in reducing the dimensions of poverty and inequality among the working population, more than a quarter of which earns minimum wage or less.

In December 2015 old-age and survivors' pensions with income supplement were considerably increased, in order to bring them nearer to the poverty line (corresponding to family status) and to equalize the position of single people and couples with regard to the poverty line, in accordance with the War on Poverty Committee's recommendations. From December 2015 the pension with the income supplement for a single person without dependents increased by amounts of NIS 135-178 according to age group, and the pension for a couple increased by amounts of NIS 511-542 per month according to age group. This change is expected to find full and probably significant expression in the direction of a reduction of poverty among the elderly in 2016.

In 2016, for the first time, the child allowances will be for a full year.

In January 2017 universal savings plans will be opened for every child concurrently with the child allowance, in which 50 shekels will be deposited every month, including a retroactive deposit from May 2015 to December 2016. As the money accumulates over years and is not accessible for current expenses it will not have an influence on the current poverty data, but may have an influence in a long-term observation of poverty.

Various plans to increase the full exercise of social rights (National Insurance, Ministry of Welfare, some Municipalities), including the right to benefits and the work grant, are also likely to have a positive effect on the income of families at the bottom of the income scale.

APPENDICES

Appendix 1: Incidence of poverty 1998-2015**1a: Including East Jerusalem**

Year	Incidence of poverty(%)		
	Families	Individuals	Children
1998	17.4	17.5	21.8
1999	18.0	19.5	26.0
2002	18.1	21.0	29.6
2003	19.3	22.4	30.8
2004	20.3	23.6	33.2
2005	20.6	24.7	35.2
2006	20.0	24.5	35.8
2007	19.9	23.8	34.2
2008	19.9	23.7	34.0
2009	20.5	25.0	36.3
2010	19.8	24.4	35.3
2011	19.9	24.8	35.6
2012	19.4	23.5	33.7
2013	18.6	21.8	30.8
2014	18.8	22.0	31.0
2015	19.1	21.7	30.0

1b: Not including East Jerusalem

Year	Incidence of Poverty (%)		
	Families	Individuals	Children
1999	17.8	18.8	24.9
2000	17.5	18.8	25.2
2001	17.7	19.6	26.9
2002	17.7	20.0	28.0
2003	19.2	21.5	29.4
2004	20.3	23.2	32.5
2005	20.3	23.7	33.8
2006	20.2	23.9	34.6
2007	19.5	22.8	33.2
2008	19.6	22.7	32.5
2009	20.0	23.8	34.4
2010	19.3	23.1	33.6
2011	19.3	23.2	33.4
2012	18.6	21.8	31.3
2013	17.9	20.2	28.4
2014	17.9	20.2	28.5
2015	18.1	19.9	27.6

Appendix 2: Number of poor families, individuals and children, by disposable family income, 2014 and 2015

	2014				2015			
	Families	Individuals	Children	Elderly	Families	Individuals	Children	Elderly
Total population	444,900	1,709,300	776,500	167,400	460,800	1,712,900	764,200	110,100
Population groups of household head:								
Jewish	278,500	941,100	420,100	120,400	287,700	912,200	392,700	90,800
Haredi (by classic approach)*	47,800	296,500	187,600	-	53,200	321,700	201,300	-
Haredi (by subjective definition)**	77,700	444,900	272,600	10,200	78,000	457,700	284,000	-
Immigrants	84,600	221,400	73,000	54,600	84,100	228,200	76,600	32,800
Arabs	166,400	768,200	356,400	47,000	173,000	800,700	371,500	19,300
Families with children-total	248,200	1,366,000	776,500	12,600	240,200	1,333,800	764,200	-
1-3 children	160,800	718,300	331,600	10,200	154,400	682,600	317,800	-
4 or more children	87,400	647,700	444,800	-	85,900	651,100	446,400	-
5 or more children	43,300	373,000	268,400	-	47,400	410,300	292,600	-
Single-parent families	31,700	115,600	62,400	-	27,700	112,500	61,300	-
Employment status of household head:								
Working	247,800	1,232,600	619,700	21,500	256,100	1,226,200	612,300	-
Salaried employee	207,400	1,044,300	520,500	17,500	219,700	1,058,200	526,500	-
Self-employed	40,400	188,300	99,200	-	36,100	166,700	85,000	-
Working age not working	87,500	308,100	152,400	-	92,500	312,700	150,000	-
One breadwinner	182,300	871,300	457,600	16,400	189,200	846,000	436,200	-
Two or more breadwinners	65,500	361,400	162,100	-	66,900	380,200	176,100	-
Age groups of working age household head:								
Household head up to 29	89,100	350,400	125,900	-	99,800	352,900	127,900	-
Household head aged 30-44	161,600	855,500	516,900	-	149,400	800,900	489,800	-
Household head aged 45-pension age	84,300	332,200	128,800	-	101,500	389,400	144,800	-
Age groups of household head of retirement age:								
Elderly***	116,000	182,500	-	148,800	118,900	187,500	-	110,100
Of legal pension age****	110,000	171,200	-	146,800	110,100	169,800	-	110,100
Education groups of household head:								
Up to 8 years of study	86,600	248,100	79,500	63,500	85,900	233,300	68,400	47,400
9-12 years of study	190,800	805,000	369,800	53,400	200,700	809,900	370,100	29,400
13 or more years of study	167,500	656,100	327,200	50,500	174,100	669,700	325,700	33,300

* According to the classic approach: type of last school attended by the interviewee

** By subjective definition: level of religious observance reported by the interviewee: secular, traditional, religious, Haredi, mixed

*** By the definition used until now: 60 for women, 65 for men.

**** Definition adjusted to the retirement age specified in the Retirement Age Law. Therefore this population is not fixed until the process of raising the retirement age is complete.

Appendix 3: Incidence of poverty for individuals by population group, percentages, 2014 and 2015

	Income before transfer payments and taxes		Income after transfer payments and taxes		Decrease in incidence of poverty after transfer payments and taxes (%)	
	2014	2015	2014	2015	2014	2015
Total population	29.1	28.7	22.0	21.7	24.2	24.5
Population groups of household head:						
Jewish	22.8	22.1	14.9	14.1	34.8	35.9
Haredi (by the classic approach)*	70.9	65.0	59.0	53.7	16.8	17.5
Haredi (by subjective definition)**	68.8	65.7	59.7	55.4	13.3	15.6
Immigrants	30.3	31.0	17.3	17.2	43.0	44.7
Arabs	57.2	57.9	54.0	54.8	5.5	5.3
Families with children- total	30.9	30.5	26.9	25.8	12.9	15.4
1-3 children	22.7	22.2	18.4	17.4	18.8	21.9
4 or more children	58.0	56.5	54.9	52.4	5.3	7.3
5 or more children	64.7	69.9	63.1	63.8	2.3	8.8
Single-parent families	41.7	41.0	26.0	24.4	37.8	40.6
Employment status of household head:						
Working	22.7	22.6	18.1	17.6	20.3	22.1
Salaried employee	23.0	22.6	17.8	17.4	22.6	23.0
Self-employed	20.8	22.5	19.8	18.9	4.5	16.2
Working age not working	95.0	95.5	78.9	82.4	17.0	13.7
One breadwinner	51.7	51.5	41.8	41.0	19.1	20.5
Two or more breadwinners	9.9	10.4	7.6	7.7	23.0	25.6
Age groups of working age household head:						
Up to 30	35.3	31.7	25.9	24.2	26.8	23.4
Aged 31-45	29.9	28.9	25.6	24.1	14.5	16.4
46 to pension age	17.9	20.8	14.4	16.4	19.2	20.9
Age groups of household head of retirement age:						
Elderly***	45.1	41.1	21.4	19.8	52.6	51.9
Of legal pension age****	48.3	46.9	22.6	22.3	53.2	52.5
Education groups of household head:						
Up to 8 years of study	67.9	64.3	52.7	47.9	22.4	25.6
9-12 years of study	33.0	32.7	25.6	25.9	22.5	20.9
13 or more years of study	21.7	21.7	15.8	15.6	26.9	28.1

* According to the classic approach: type of last school attended by the interviewee

** By subjective definition: level of religious observance reported by the interviewee: secular, traditional, religious, Haredi, mixed

*** By the definition used until now: 60 for women, 65 for men.

**** Definition adjusted to the retirement age specified in the Retirement Age Law. Therefore this population is not fixed until the process of raising the retirement age is complete.

Appendix 4: Family income gap ratio by type of family, 2014 and 2015 (%)

	Income before transfer payments and taxes		Income after transfer payments and taxes		Effect of the income gap on the poor only+	
	2014	2015	2014	2015	2014	2015
Total population	56.3	56.2	34.6	35.7	40.2	39.2
Population groups of household head:						
Jewish	57.6	58.0	31.5	32.6	48.2	48.8
Haredi (by the classic approach)*	56.1	61.1	34.3	37.7	41.6	42.0
Haredi (by subjective definition)**	55.0	58.7	33.9	36.9	40.2	40.2
Immigrants	63.1	63.9	25.9	28.6	60.1	57.5
Arabs	54.0	53.1	38.4	39.3	29.2	26.3
Families with children-total	51.0	51.1	35.5	36.9	32.1	31.1
1-3 children	48.0	46.8	32.5	33.7	34.4	31.8
4 or more children	54.8	56.6	38.9	40.2	29.8	30.5
5 or more children	57.1	60.1	38.2	41.3	32.6	33.3
Single-parent families	58.6	54.2	35.2	35.3	50.5	48.4
Employment status of household head:						
Working	41.3	41.6	31.7	32.8	26.4	25.5
Salaried employee	41.5	41.2	31.1	31.9	29.2	27.2
Self-employed	40.5	44.1	35.4	38.3	8.4	14.6
Working age not working	94.8	94.4	51.1	52.1	46.7	45.6
One breadwinner	46.6	46.0	35.0	34.8	27.2	27.6
Two or more breadwinners	29.2	32.5	23.9	28.4	23.3	18.8
Age groups of working age household head:						
Up to 30	51.4	50.9	35.5	36.0	36.4	35.8
Aged 31-45	49.9	51.7	35.3	37.3	31.6	30.6
46 to pension age	57.2	53.7	36.8	36.3	36.0	34.9
Age groups of household head of retirement age:						
Elderly***	78.5	78.1	25.6	26.8	72.4	71.3
Of legal pension age****	79.2	78.5	25.2	26.0	73.1	72.4
Education groups of household head:						
Up to 8 years of study	69.1	65.3	36.8	38.9	49.7	45.1
9-12 years of study	52.3	52.8	34.9	35.8	35.6	34.9
13 or more years of study	56.4	56.9	33.4	34.5	40.8	41.6

+ This effect relates to two groups: (a) families which have remained poor (b) families which have emerged from the cycle of poverty. With regard to the second group, the improvement in the income gap is at least equal to the gap before the transfer payments. Therefore the total effect may be more than 100%.

* According to the classic approach: type of last school attended by the interviewee

** By subjective definition: level of religious observance reported by the interviewee: secular, traditional, religious, Haredi, mixed

*** By the definition used until now: 60 for women, 65 for men.

**** Definition adjusted to the retirement age specified in the Retirement Age Law. Therefore this population is not fixed until the process of raising the retirement age is complete.

Appendix 5

Influence of transfer payments and direct taxes on income inequality, 2014 and 2015

Decile*	Each decile's share of total income (%)**					
	Before transfer payments and taxes		After transfer payments		After transfer payments and taxes	
	2014	2015	2014	2015	2014	2015
Bottom	0.2	0.2	1.8	1.8	2.0	2.0
2	2.0	2.0	3.2	3.2	3.6	3.6
3	3.6	3.6	4.4	4.5	4.9	5.0
4	5.1	5.2	5.6	5.8	6.3	6.4
5	6.8	6.9	7.1	7.2	7.7	7.8
6	8.5	8.6	8.6	8.6	9.2	9.3
7	10.6	10.6	10.4	10.4	10.9	10.8
8	13.2	13.2	12.6	12.6	12.8	12.9
9	17.3	17.4	16.2	16.4	15.8	15.9
Top	32.8	32.2	30.2	29.6	26.8	26.2
Ratio between the top quintile's income and the bottom quintile's income	23.2	22.2	9.3	9.3	7.6	7.5

* The families in each column were classified according to income level per standard individual. Each decile consists of 10% of the individuals in the population.

** In terms of income per standard individual

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* This analysis is deficient because some of the transfer payments are not reported and therefore were not included here. Thus for example there is no reporting of tax benefits, mainly in the savings field. In addition, there is a lack of information about grants to the business sector under the Encouragement of Capital Investments Law. If the information which is lacking were accessible as part of the income or expenditure survey, it would probably change the upper deciles' share of the national income.

Appendix 6: Financial data by quintiles according to the OECD weighting scale

a. Income by source and type, 2015 and the real change compared to 2014

Source/ type of income	Income (NIS per month)						Change compared to 2014, percent					
	Average	1	2	3	4	5	Average	1	2	3	4	5
From work	14,470	2,190	6,800	11,730	17,840	32,380	2.6	-1.5	6.1	5.8	1.8	2.1
From pensions, provident funds and capital	5,240	2,130	3,130	4,220	5,390	10,850	2.7	1.9	9.5	5.9	-0.1	1.5
From benefits and support	2,040	2,240	2,230	1,850	1,900	1,970	1.3	-1.0	2.1	0.7	13.6	-6.0
Mandatory payments	3,240	290	760	1,640	3,260	9,740	2.7	-3.3	7.9	7.2	2.0	2.0
Net per family	15,430	4,320	8,970	13,260	18,490	30,920	2.5	-0.0	5.3	5.1	2.9	1.3
Gross per family	18,670	4,610	9,730	14,890	21,740	40,660	2.5	-0.3	5.5	5.3	2.7	1.5
Economic per family	16,560	2,360	7,410	12,970	19,720	38,580	2.8	0.9	6.3	6.2	1.9	2.2
Net per standard individual	8,980	2,550	5,100	7,540	10,420	18,520	2.6	1.1	4.1	3.8	2.9	2.2
Gross per standard individual	10,830	2,720	5,510	8,430	12,180	24,220	2.7	0.9	4.3	4.1	2.8	2.5
Economic per standard individual	9,470	1,190	4,030	7,230	10,910	22,900	3.2	2.9	5.1	5.2	1.7	3.4

* The quintiles were sorted by disposable income per standard individual. Each quintile consists of 20% of all families.

Appendix 6: Financial data by quintiles according to the OECD weighting scale

b. Expenditure by quintiles, breakdown of expenditure and real rates of change, 2014-2015

	Average	1	2	3	4	5
Income in NIS per month, 2015						
Expenditure on consumption per standard individual	9,020	5,230	6,800	8,560	10,060	14,430
Monetary expenditure per standard individual	7,170	3,960	5,350	6,830	8,090	11,630
Family expenditure on consumption	15,410	8,700	11,860	14,830	17,640	24,000
Family monetary expenditure	12,320	6,730	9,430	11,910	14,220	19,330
Real change compared to 2014						
Expenditure on consumption per standard individual	3.2	1.4	3.9	3.8	1.3	4.4
Monetary expenditure per standard individual	3.0	0.9	2.9	3.9	1.3	4.6
Family expenditure on consumption	2.4	-1.7	4.1	4.4	0.3	3.4
Family monetary expenditure	2.5	-2.1	3.3	4.4	0.9	3.8
As a proportion of total expenditure-2014						
Family expenditure on consumption	100.0	11.8	15.1	18.9	23.4	30.9
Family monetary expenditure	100.0	11.4	15.2	19.0	23.4	31.0
As a proportion of total expenditure-2015						
Family expenditure on consumption	100.0	11.3	15.4	19.2	22.9	31.2
Family monetary expenditure	100.0	10.9	15.3	19.3	23.1	31.4

* The quintiles were sorted by disposable income per standard individual. Each quintile consists of 20% of all families.

Methodological appendix: Differences in calculation of the poverty indices between Israel and the OECD organization

In Israel median income is calculated on the basis of household income. In the OECD median income is calculated on the basis of individuals, with the average family income for each individual in the family appearing. Another difference lies in the calculation of the household size advantage. The meaning of this concept is as follows: the family expenditure increases with the number of individuals, but the relation is not proportional – the larger the family the smaller the supplement required for an additional individual. The method of translating the number of individuals in a family into the number of standard individuals ("weighting scale") is different. For many years the NII has used a weighting scale based on the long-standing Engel method, according to which families of different sizes but with an identical rate of food expenditure out of total consumption expenditure are equal from the point of view of the family's welfare, while the OECD weighting scale is based on the root of the family size² as a measure of the number of standard individuals in it. Another difference lies in the fact that the OECD calculates median income by individuals and not by families, which lowers the poverty line slightly compared with the NII calculation. All these factors cause the OECD poverty lines to indeed be higher, but the incidence of poverty derived from them is lower than the incidence of poverty according to the Israeli definition in the total population³.

It should be noted that since 2012 the monetary value of products made by the household itself has been added as a component of disposable income- a component which may have weight in countries with medium income or less. In Israel the extent of these products is negligible and therefore the change does not affect the calculation with regard to Israel⁴.

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- 2 So for example the number of standard individuals in a family of 4 individuals is 2 and in a family of 9 individuals it is 3 and so on. The significance of this is that poverty in large families, which, as is known, are common in Israel, is lower according to the OECD method of calculation and the opposite for small families, such as the elderly and single people. Preliminary results of research in progress on this subject indicate that the approach which assumes equality in standard of living of families by a consumption basket which contains essential products in addition to food, such as housing, clothing and footwear, leads to a weighting scale very similar to the one obtained by the OECD method.
 - 3 The OECD calculates the dimensions of poverty in two additional ways: also for 60% and 40% of the median monetary income – see Appendices 7-9.
 - 4 Therefore in this report the findings for the comparisons with the OECD countries will be shown according to the new definition only.

Appendix 7a: Incidence of poverty by poverty line of 50% of median income according to the OECD definition, 2014 and 2015

	2014				2015			
	Families	Individuals	Children	Elderly	Families	Individuals	Children	Elderly
Total population	18.3	18.8	24.9	20.6	19.6	19.6	25.6	29.5
Population groups of household head:								
Jewish	13.8	12.6	16.2	17.1	15.0	12.9	15.9	27.0
Haredi (by the classic approach)*	42.0	44.3	49.9	-	42.7	45.1	51.1	-
Haredi (by subjective definition)**	43.5	44.5	48.4	38.1	43.2	46.9	52.5	-
Immigrants	19.9	14.9	14.6	29.1	22.0	17.6	19.0	50.7
Arabs	47.7	46.6	55.2	59.6	49.6	49.3	59.5	68.8
Families with children- total	19.1	21.5	24.9	17.4	19.4	21.9	25.6	-
1-3 children	14.9	14.9	16.0	16.8	15.0	14.8	16.1	-
4 or more children	42.2	43.3	44.2	-	42.3	44.4	44.8	-
5 or more children	45.4	46.9	48.1	-	52.5	53.6	53.7	-
Single-parent families	23.3	23.4	27.7	-	20.6	21.0	26.3	-
Employment status of household head:								
Working	11.3	14.2	20.5	4.8	12.2	14.8	21.3	5.0
Salaried employee	10.9	13.8	19.8	4.3	12.1	14.6	20.8	-
Self-employed	13.9	16.9	24.6	-	13.1	16.6	24.5	-
Working age not working	71.1	76.9	84.5	-	78.4	82.0	85.8	-
One breadwinner	23.5	35.7	49.0	7.0	25.5	37.0	52.8	-
Two or more breadwinners	3.8	4.8	6.2	-	4.2	5.5	7.4	-
Age groups of household head of working age:								
Household head up to 29	21.1	22.2	35.0	-	23.6	21.0	32.1	-
Household head aged 30-44	16.8	20.6	25.2	-	16.6	21.0	25.9	-
Household head aged 46- pension age	11.5	12.1	18.1	-	14.3	14.7	21.0	-
Age groups of household head of retirement age:								
Elderly***	27.5	24.3	-	25.1	27.2	23.3	-	29.5
Of legal pension age****	28.8	25.8	-	25.6	29.5	26.4	-	29.5
Education groups of household head:								
Up to 8 years of study	47.9	49.3	68.7	42.7	47.9	47.5	62.3	50.3
9-12 years of study	19.9	21.9	32.5	17.5	21.8	22.9	34.6	25.4
13 or more years of study	13.0	13.1	16.9	14.6	14.1	14.1	17.5	22.0

* According to the classic approach: type of last school attended by the interviewee

** By subjective definition: level of religious observance reported by the interviewee: secular, traditional, religious, Haredi, mixed

*** By the definition used until now: 60 for women, 65 for men.

**** Definition adjusted to the retirement age specified in the Retirement Age Law. Therefore this population is not fixed until the process of raising the retirement age is complete.

Appendix 7B: Incidence of poverty by poverty line of 40% of median income according to the OECD definition, 2014 and 2015

	2014				2015			
	Families	Individuals	Children	Elderly	Families	Individuals	Children	Elderly
Total population	12.4	12.9	17.4	13.7	13.4	13.6	18.4	19.8
Population groups of household head:								
Jewish	9.0	8.1	10.7	10.8	9.6	8.1	10.3	17.3
Haredi (by the classic approach)*	28.6	29.5	33.3	-	27.6	29.8	34.9	-
Haredi (by subjective definition)**	31.4	30.4	32.7	36.0	30.1	32.5	36.8	-
Immigrants	12.2	9.1	9.9	16.7	11.9	10.0	12.4	26.9
Arabs	34.6	34.0	40.6	47.5	38.3	38.1	47.1	57.9
Families with children- total	12.8	14.7	17.4	-	13.6	15.6	18.4	-
1-3 children	9.5	9.6	10.6	-	10.0	9.8	10.8	-
4 or more children	30.6	31.6	32.0	-	32.3	33.7	33.9	-
5 or more children	32.6	33.9	34.5	-	39.3	40.1	40.1	-
Single-parent families	15.6	16.4	20.7	-	14.9	15.8	20.2	-
Employment status of household head:								
Working	6.8	8.9	12.9	2.4	7.7	9.8	14.5	-
Salaried employee	6.5	8.7	12.5	-	7.5	9.5	14.3	-
Self-employed	8.6	10.2	14.8	-	8.9	11.2	15.7	-
Working age not working	58.3	66.5	78.0	-	65.5	68.5	73.5	-
One breadwinner	14.7	24.1	33.6	-	16.6	25.5	38.0	-
Two or more breadwinners	1.9	2.2	2.5	-	2.3	3.2	4.2	-
Age groups of household head of working age:								
Household head up to 29	14.1	15.3	24.4	-	17.1	15.0	24.1	-
Household head aged 30-44	11.1	13.9	17.3	-	11.1	14.6	18.5	-
Household head aged 46-pension age	8.0	8.5	13.4	-	9.8	10.1	15.2	-
Age groups of household head of retirement age:								
Elderly***	19.0	16.3	-	16.9	18.1	15.4	-	19.8
Of legal pension age****	20.0	17.3	-	17.3	19.8	17.6	-	19.8
Education groups of household head:								
Up to 8 years of study	36.3	36.2	50.7	33.0	36.3	36.7	51.4	36.2
9-12 years of study	13.1	15.0	23.2	11.1	15.3	16.4	26.1	18.2
13 or more years of study	8.5	8.6	11.2	8.5	8.9	9.0	11.5	12.7

* According to the classic approach: type of last school attended by the interviewee

** By subjective definition: level of religious observance reported by the interviewee: secular, traditional, religious, Haredi, mixed

*** By the definition used until now: 60 for women, 65 for men.

**** Definition adjusted to the retirement age specified in the Retirement Age Law. Therefore this population is not fixed until the process of raising the retirement age is complete.

Appendix 7c: Incidence of poverty by poverty line of 60% of median income according to the OECD definition, 2014 and 2015

	2014				2015			
	Families	Individuals	Children	Elderly	Families	Individuals	Children	Elderly
Total population	24.5	25.1	32.5	27.2	25.4	25.4	32.1	38.6
Population groups of household head:								
Jewish	19.4	17.9	22.8	23.7	20.3	17.8	21.7	36.1
Haredi (by the classic approach)*	54.2	57.8	64.3	-	52.6	55.2	61.4	-
Haredim (by subjective definition)**	56.8	59.5	64.3	43.1	53.4	57.2	63.2	47.4
Immigrants	28.6	23.2	25.6	40.1	29.0	23.7	24.6	66.7
Arabs	57.8	57.2	66.1	67.6	58.8	58.9	68.7	77.0
Families with children-total	25.9	28.4	32.5	21.6	25.4	28.1	32.1	-
1-3 children	21.2	21.0	22.4	21.2	20.6	20.3	21.6	-
4 or more children	51.5	52.9	54.1	-	50.5	52.9	53.5	-
5 or more children	57.1	58.6	60.3	-	60.7	62.5	62.9	-
Single-parent families	33.0	31.7	36.8	-	29.3	29.9	36.3	-
Employment status of household head:								
Working	16.9	20.2	28.1	8.6	17.3	20.4	27.9	12.1
Salaried employee	16.8	20.1	27.8	8.8	17.3	20.2	27.6	13.6
Self-employed	17.5	21.0	29.9	-	17.6	21.6	29.8	-
Working age not working	79.8	84.6	91.1	-	83.5	86.5	90.3	-
One breadwinner	33.5	47.2	62.4	12.7	33.5	46.4	63.3	14.3
Two or more breadwinners	6.7	8.4	11.0	-	7.5	9.4	12.3	-
Age groups of household head of working age:								
Up to 30	28.8	28.9	41.7	-	30.0	27.9	41.6	-
Aged 31-45	23.7	28.1	33.7	-	22.1	26.8	32.2	-
46 to pension age	15.1	15.9	23.7	9.6	18.1	18.9	26.5	-
Age groups of household head of retirement age:								
Elderly***	35.0	31.5	-	32.6	35.6	31.0	-	38.6
Of legal pension age****	36.7	33.5	-	33.2	38.6	34.9	-	38.6
Education groups of household head:								
Up to 8 years of study	56.6	58.3	78.5	51.9	57.2	55.7	69.1	61.2
9-12 years of study	27.5	29.6	42.3	23.9	28.5	29.9	43.1	35.2
13 or more years of study	17.8	18.0	22.8	20.5	18.8	18.7	22.8	29.7

* According to the classic approach: type of last school attended by the interviewee

** By subjective definition: level of religious observance reported by the interviewee: secular, traditional, religious, Haredi, mixed

*** By the definition used until now: 60 for women, 65 for men.

**** Definition adjusted to the retirement age specified in the Retirement Age Law. Therefore this population is not fixed until the process of raising the retirement age is complete.

Appendix 8: Incidences of poverty for individuals by economic income and net income and effect of transfer payments and direct taxes, according to the OECD approach (half median), 2014 and 2015

	Income before transfer payments and taxes		Income after transfer payments and taxes		Decrease in incidence of poverty after transfer payments and taxes (percent)	
	2014	2015	2014	2015	2014	2015
Total population	26.8	26.8	18.8	19.64	29.6	26.9
Population groups of household head:						
Jewish	21.2	20.7	12.6	12.9	40.6	37.7
Haredi (by the classic approach)*	62.5	59.5	44.3	45.1	29.0	24.1
Haredi (by subjective definition)**	59.6	60.3	44.5	46.9	25.3	22.2
Immigrants	28.9	29.8	14.9	17.6	48.5	40.9
Arabs	51.5	53.9	46.6	49.3	9.5	8.5
Families with children-total	27.1	27.2	21.5	21.9	20.5	19.5
1-3 children	20.3	19.3	14.9	14.8	26.5	23.4
4 or more children	49.5	52.1	43.3	44.4	12.5	14.9
5 or more children	54.8	65.6	46.9	53.6	14.3	18.3
Single-parent families	39.3	36.4	23.4	21.0	40.6	42.2
Employment status of household head:						
Working	20.0	20.3	14.2	14.8	28.7	26.9
Salaried employee	20.3	20.3	13.8	14.6	31.9	28.1
Self-employed	18.1	20.5	16.9	16.6	6.9	18.8
Working age not working	95.4	95.6	76.9	82.0	19.4	14.3
One breadwinner	48.8	49.8	35.7	37.0	26.8	25.6
Two or more breadwinners	7.3	7.9	4.8	5.5	34.4	30.4
Age groups of household head of working age:						
Up to 30	33.2	29.0	22.2	21.0	33.0	27.5
Aged 31-45	26.3	26.6	20.6	21.0	21.9	21.0
46 to pension age	16.3	18.6	12.1	14.7	25.9	21.3
Age groups of household head of retirement age:						
Elderly***	46.1	43.2	24.3	23.3	47.3	45.9
Of legal pension age****	49.4	49.3	25.8	26.4	47.8	46.5
Education groups of household head:						
Up to 8 years of study	66.8	62.8	49.3	47.5	26.2	24.3
9-12 years of study	30.1	30.4	21.9	22.9	27.4	24.8
13 or more years of study	19.7	20.1	13.1	14.1	33.5	30.1

* According to the classic approach: type of last school attended by the interviewee

** By subjective definition: level of religious observance reported by the interviewee: secular, traditional, religious, Haredi, mixed

*** By the definition used until now: 60 for women, 65 for men.

**** Definition adjusted to the retirement age specified in the Retirement Age Law. Therefore this population is not fixed until the process of raising the retirement age is complete.

Appendix 9: Distribution of workers and growth rates in total employment, by employment sectors (percent), 2014 and 2015

Economic sector	Percentage employed in the sector						Percentage increase in those employed in the sector between 2014 and 2015		
	2014			2015					
	Total	Poor	Non-poor	Total	Poor	Non-poor	Total	Poor	Non-poor
Total	100.0	100.0	100.0	100.0	100.0	100.0	3.7	3.6	3.7
Agriculture	1.1	--	1.0	0.7	--	0.8	-28.4	--	-23.6
Industry (mining and manufacture)	12.6	7.3	13.1	13.6	11.0	13.9	12.3	56.1	9.9
Electricity and water	1.2	--	1.3	0.8	--	0.9	-28.8	--	-29.7
Building and construction	4.3	11.0	3.6	4.0	11.5	3.3	-2.4	8.6	-5.8
Wholesale and retail trade	11.3	13.4	11.1	11.7	10.5	11.8	7.2	-18.3	10.3
Hospitality and food services	4.7	5.6	4.7	4.4	6.6	4.2	-3.6	22.7	-6.8
Transport, storage and communication	9.2	5.5	9.6	9.0	4.7	9.4	0.5	-12.5	1.2
Business, banking and insurance services	14.7	9.7	15.2	15.3	12.7	15.5	7.9	36.6	6.1
Public administration	12.5	8.6	12.9	11.9	7.1	12.4	-1.1	-14.8	-0.2
Education	12.5	20.1	11.8	13.2	19.9	12.5	8.7	2.3	9.8
Health, welfare and aid services	11.2	11.8	11.1	10.8	10.0	10.9	0.2	-12.0	1.5
Community, social and other services	4.6	4.9	4.6	4.5	4.9	4.4	1.3	2.8	1.1

* Average wage calculated according to the income survey data and includes "sector unknown", which was omitted from the list; in the case of paucity of observations, - - was marked.

**Appendix 10: Pay as a percentage of average wage and the changes in it
by employment sector (percent), 2014-2015**

Economic sector	Pay as a percentage of workers' average wage*:			Real rate of change in workers' pay between 2014 and 2015		
	Total	Poor	Non-poor	Total	Poor	Non-poor
Total	100.0	40.1	106.0	3.6	-0.1	3.8
Agriculture	83.2	--	87.1	2.2	--	-0.7
Industry (mining and manufacture)	118.3	53.1	123.4	-1.0	-0.8	0.2
Electricity and water	185.8	--	194.8	2.7	--	4.7
Building and construction	96.3	53.4	111.4	13.2	-3.5	18.3
Wholesale and retail trade	86.4	39.1	90.6	6.3	-15.0	6.0
Hospitality and food services	60.6	38.5	64.1	8.1	4.3	9.8
Transport, storage and communications	149.3	54.9	154.0	7.4	-4.1	7.1
Business, banking and insurance services	118.4	42.0	124.7	8.3	18.1	9.3
Public administration	79.6	--	82.8	-1.5	--	-2.6
Education	86.3	39.0	93.9	2.6	0.0	2.2
Health, welfare and aid services	90.7	25.4	96.7	-4.1	-12.2	-4.8
Community, social and other services	64.4	35.2	67.6	-2.8	2.9	-3.0

* Average wage calculated according to income survey data and includes "sector unknown" which was omitted from the list; in the case of paucity of observations, - - was marked.

Appendix 11: Distribution of workers and growth rates in total employment, by occupation (percent), 2014-2015

Occupation	Percentage employed in the occupation					
	2014			2015		
	Total	Poor	Non-poor	Total	Poor	Non-poor
Total	100.0	100.0	100.0	100.0	100.0	100.0
Occupations requiring a university degree and managers	23.1	16.4	23.7	24.2	13.7	25.2
Members of the free and technical professions	9.9	2.4	10.7	10.1	2.3	10.9
Clerical workers	12.5	5.9	13.1	12.0	5.8	12.6
Sales and service workers	8.1	6.2	8.2	7.9	7.5	7.9
Skilled workers	32.2	48.2	30.6	31.6	50.5	29.7
Unskilled workers	5.9	12.1	5.2	5.9	12.4	5.2

* The total also includes those whose occupation is “unknown”.

Appendix 12: Pay rates and changes therein, by occupations (percent), 2014-2015

Occupation	Pay as a percentage of workers' average wage*:			Real rate of change in workers' pay between 2014 and 2015		
	Total	Poor	Non-poor	Total	Poor	Non-poor
Total	100.0	40.1	106.0	3.6	-0.1	3.8
Occupations requiring a university degree and managers	145.1	45.8	150.5	1.3	4.6	0.3
Members of the free and technical professions	188.8	59.5	191.4	11.3	-4.9	11.4
Clerical workers	103.2	43.4	106.0	-0.1	11.3	-0.2
Sales and service workers	73.6	36.9	77.1	1.7	-2.5	2.9
Skilled workers	66.5	42.0	70.7	1.7	-4.2	2.8
Unskilled workers	39.6	32.9	41.2	-4.0	-0.7	-4.4

* The total also includes those whose occupation is “unknown”.

**Appendix 13: Income range by deciles and family size- 2015,
according to the Israeli weighting scale**

Decile	Single (19%) **	Two individuals (24%)	Three individuals (15%)	Four individuals (17%)	Five individuals (13%)
1	2,271	3,634	4,815	6,032	6,813
2	3,252	5,204	6,895	8,638	9,757
3	4,238	6,781	8,985	11,257	12,715
4	5,148	8,236	10,913	13,672	15,443
5	5,309	8,494	11,255	14,100	15,926
6	6,315	10,104	13,388	16,773	18,945
7	7,379	11,807	15,644	19,599	22,138
8	8,731	13,969	18,509	23,189	26,192
9	10,524	16,839	22,312	27,953	31,573
10	13,634	21,814	28,904	36,211	40,901

* Maximum values reported in the survey.

** Percentage of the family size in the total population.

Appendix 14a: Statistical significance of changes in selected poverty indices in population groups, 2015 compared with 2014

Population groups	Incidence of poverty: Families	Incidence of poverty: Individuals	Incidence of poverty: Children	Income gap ratio	FGT
Total population	No	No	No	No	No
Population groups of household head:					
Jewish	No	No	Yes	No	No
Haredi (by the classic approach)*	No	No	No*	No*	No
Haredi (by subjective definition)**	Yes	No	No	No*	No
Immigrants	No	No	No	No	No
Arabs	No	No	No	No	No
Families with children -total					
1-3 children	No	No	No	No	No
4 or more children	No	No	No	No	No
5 or more children	No	No	No	No	No
Single-parent families	No	No	No	No	No
Employment status of household head:					
Working	No	No	No	No	No
Salaried employee	No	No	No	No	No
Self-employed	No	No	No	No	No
Working age not working	Yes	No	No	No	No
One breadwinner	No	No	No	No	No
Two or more breadwinners	No	No	No	Yes	Yes
Age groups of household head of working age:					
Up to 30	No	No	No	No	No
Aged 31-45	No	No	No	No	No
Household head aged 45- pension age	Yes	Yes	No	No	No
Age groups of household head of retirement age:					
Elderly***	No	No	No	No	No
Of legal pension age****	No	No	No	No	No
Education groups of household head:					
Up to 8 years of study	No	No*	No	No	No
9-12 years of study	No	No	No	No	No
13 or more years of study	No	No	No	No	No

* The data were examined at a significance level of 5%. The mark "no*" means that this item of data does not have a significance level of 5% but has a significance level of 10%

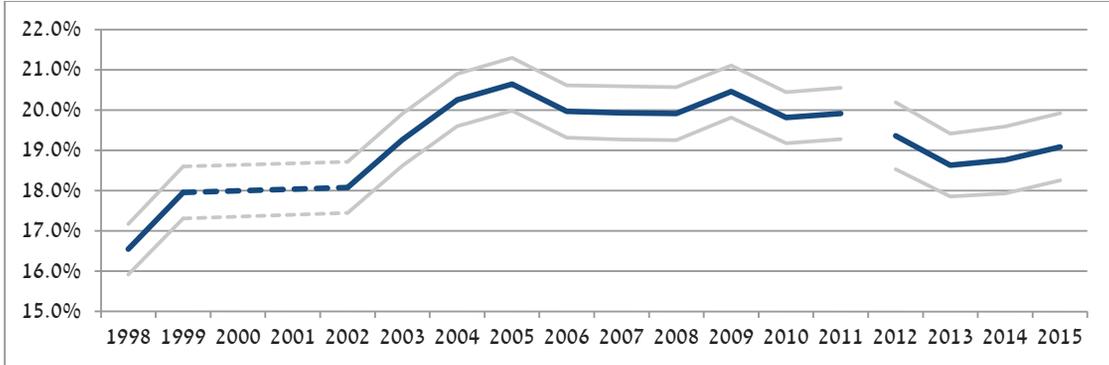
** In accordance with the definition used until now: 60 for women and 65 for men

*** Due to fluctuations a moving average of two years is shown. Definition of Haredim according to Gottlieb-Kushnir's work (2009).

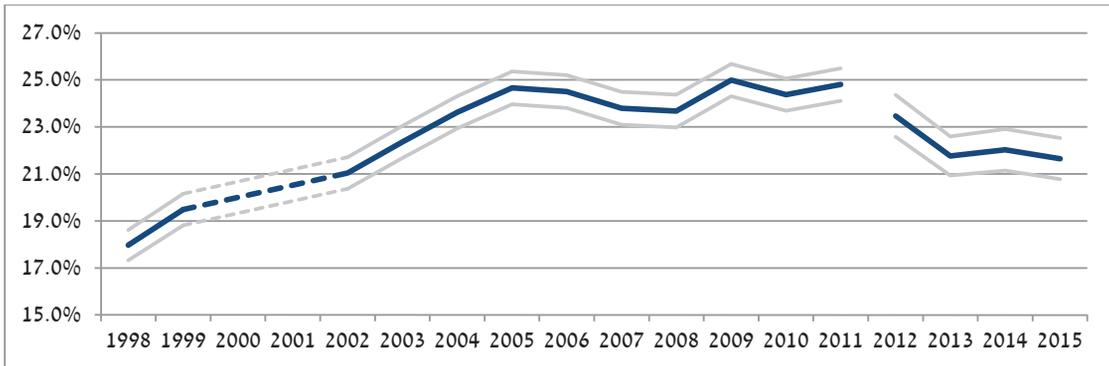
**** Definition adjusted to the retirement age specified in the Retirement Age Law. Therefore this population is not fixed until the process of raising the retirement age is complete.

**Appendix 14b: Incidences of poverty over the years
and their confidence intervals at a significance level of 5%**

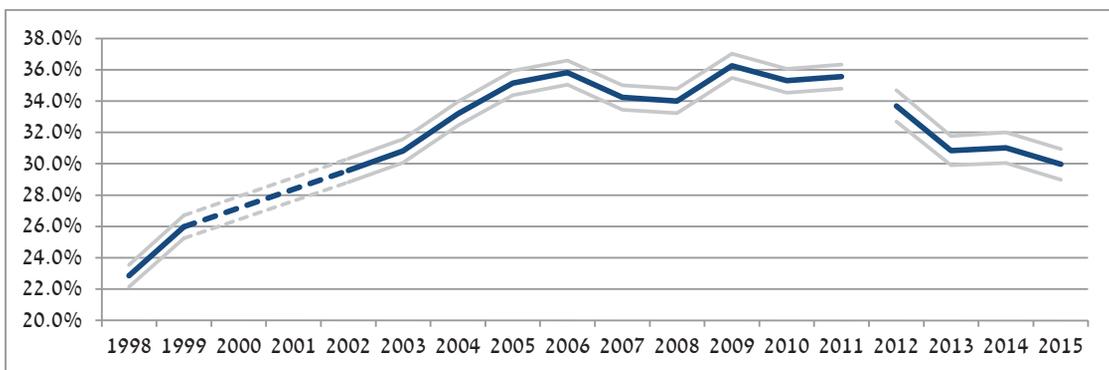
Incidence of poverty for families:



Incidence of poverty for individuals:



Incidence of poverty for children:

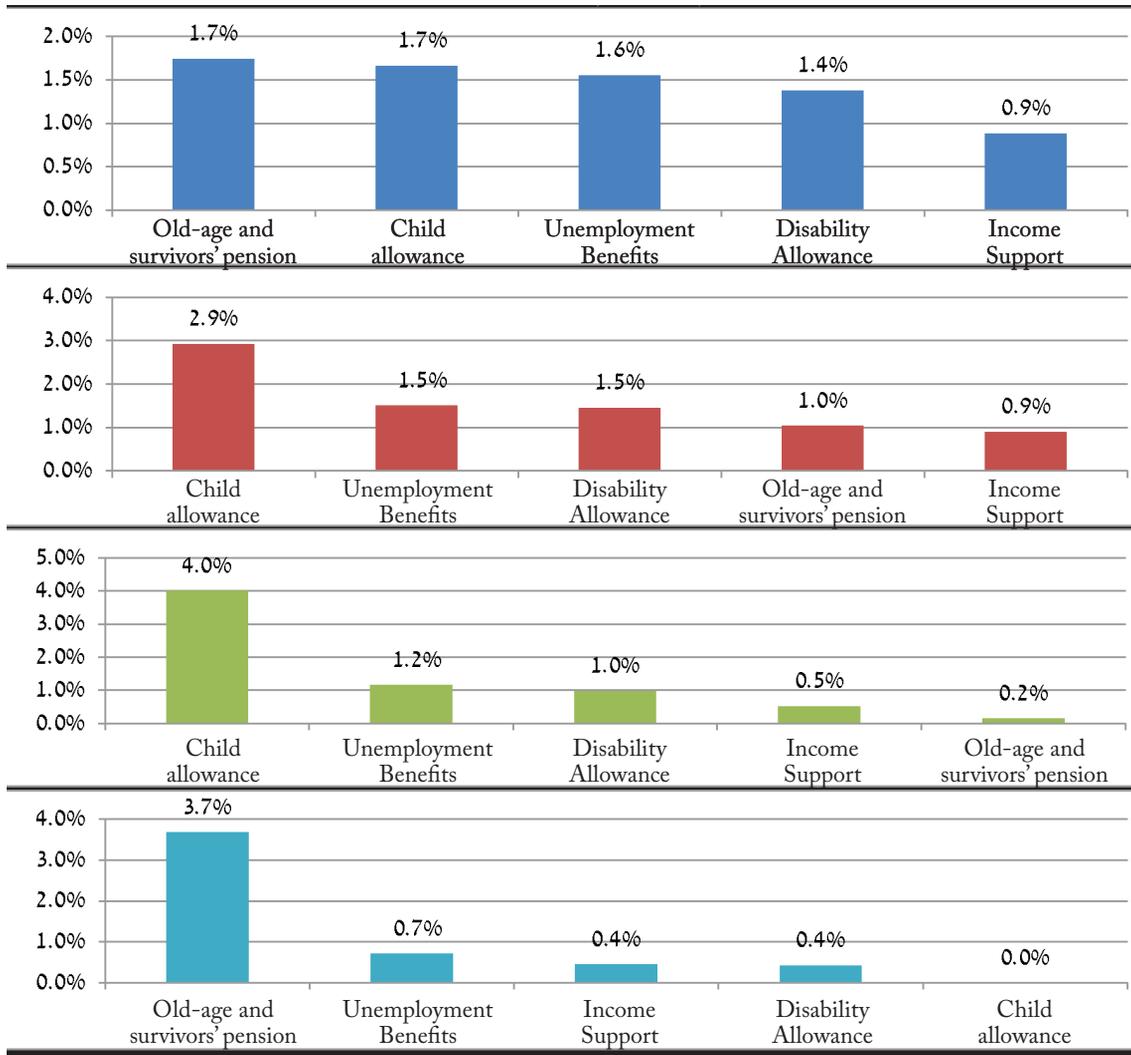


Appendix 15: Dimensions of poverty by selected indices, 1998-2015

Index	1998	1999	2002	2003	2004	2007	2008	2009	2010	2011	2012	2013	2014	2015
Incidence of poverty for families	16.6%	18.0%	18.1%	19.3%	20.3%	19.9%	19.9%	20.5%	19.8%	19.9%	19.4%	18.6%	18.8%	19.1%
Incidence of poverty for individuals	18.0%	19.5%	21.0%	22.4%	23.6%	23.8%	23.7%	25.0%	24.4%	24.8%	23.5%	21.8%	22.0%	21.7%
Incidence of poverty for children	22.9%	26.0%	29.6%	30.8%	33.2%	34.2%	34.0%	36.3%	35.3%	35.6%	33.7%	30.8%	31.0%	30.0%
Incidence of poverty for elderly individuals	16.1%	19.6%	15.4%	17.9%	20.6%	19.0%	18.9%	17.3%	17.0%	16.7%	18.0%	19.1%	18.5%	18.2%
Incidence of poverty for families headed by an elderly individual	18.7%	25.0%	19.0%	22.3%	25.1%	22.6%	22.7%	20.1%	19.6%	19.4%	22.7%	22.1%	23.1%	21.7%
Income gap ratio	26.1%	25.8%	29.7%	30.5%	33.3%	34.3%	34.2%	35.5%	35.9%	34.7%	34.4%	32.8%	34.6%	35.7%
Depth of poverty in NIS*	409	437	503	519	582	679	674	706	738	715	786	783	846	902
FGT severity of poverty index	0.022	0.022	0.031	0.033	0.040	0.042	0.042	0.047	0.046	0.044	0.041	0.035	0.038	0.039
Gini index among the poor	0.164	0.153	0.184	0.186	0.205	0.205	0.205	0.213	0.211	0.203	0.200	0.189	0.197	0.198
SEN index	0.069	0.072	0.090	0.097	0.111	0.114	0.113	0.123	0.120	0.119	0.111	0.099	0.105	0.105

* Distance between the poverty line and average income of the poor per standard individual at 2015 prices.

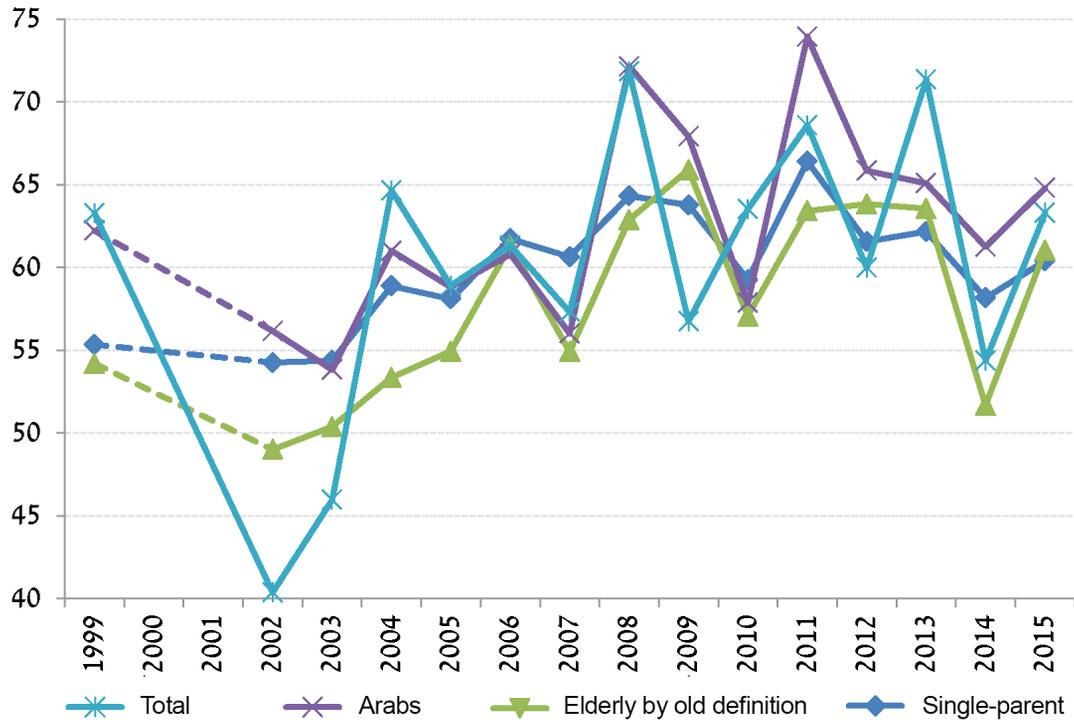
Appendix 16a: Effect on the incidence of poverty in families, individuals, children and the elderly of the addition of each NIS 100 million to a particular benefit



**Appendix 16b: Budget cost of reducing the incidence of poverty
in families, FGT and Gini index in the total population by one percentage point,
in millions of NIS, 2015**

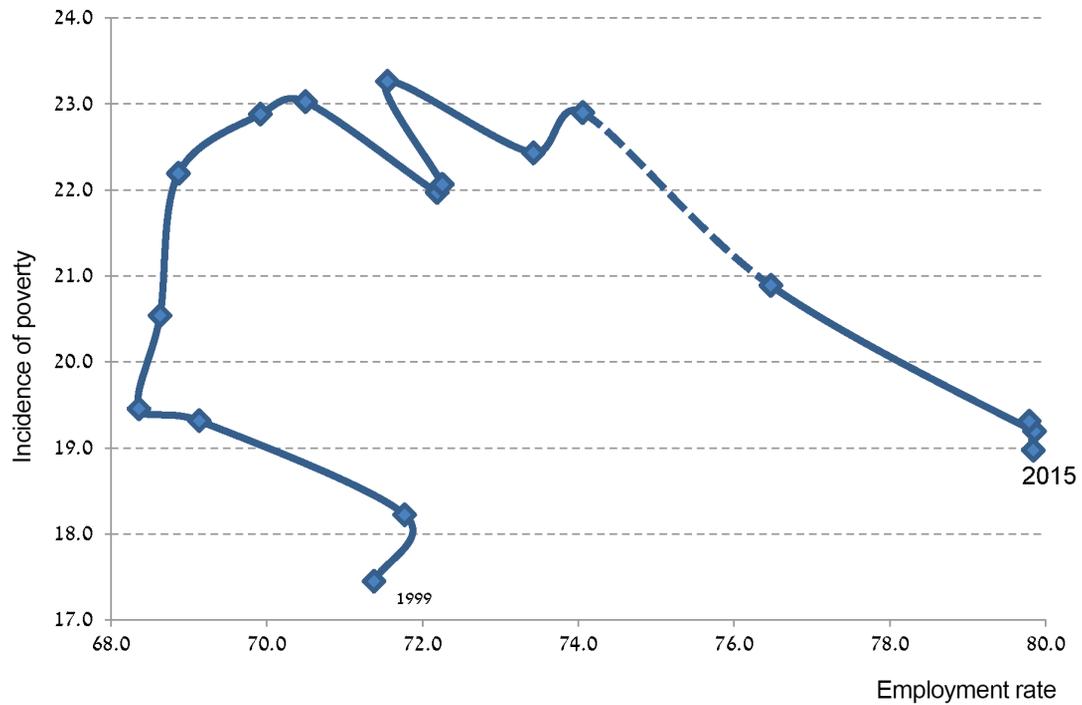
Ranking of indices			Benefit	Cost of percentage point reduction		
Cost of percentage point reduction of incidence of poverty in families	Cost of percentage point reduction in FGT	Cost of percentage point reduction in Gini		Cost of percentage point reduction of incidence of poverty in families	Cost of percentage point reduction in FGT	Cost of percentage point reduction in Gini
5	2	2	Child	225.1	120.8	395.4
1	4	3	Disability	78.5	200.2	471.9
2	3	4	Unemployment	92.4	174.4	736.5
3	1	1	Income support	98.6	52.6	256.1
4	5	5	Old-age and survivors	99.4	294.6	748.2

**Appendix 17: Percentage of persistently poor families out of all the poor
By selected groups, 1999-2015**

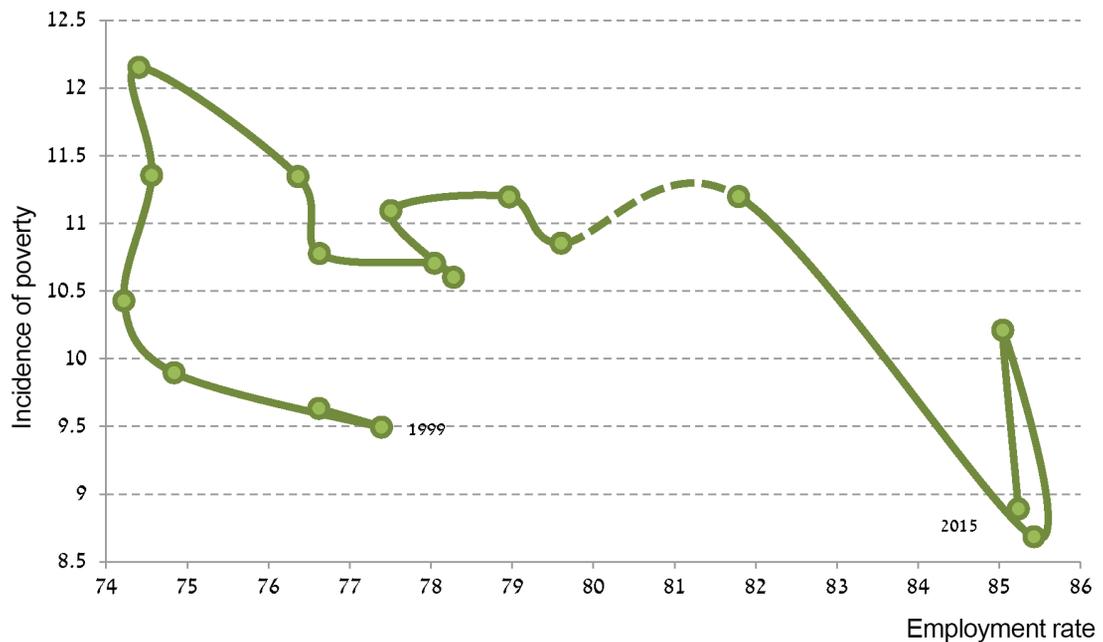


Appendix 18: Employment and poverty indices, 1999-2015

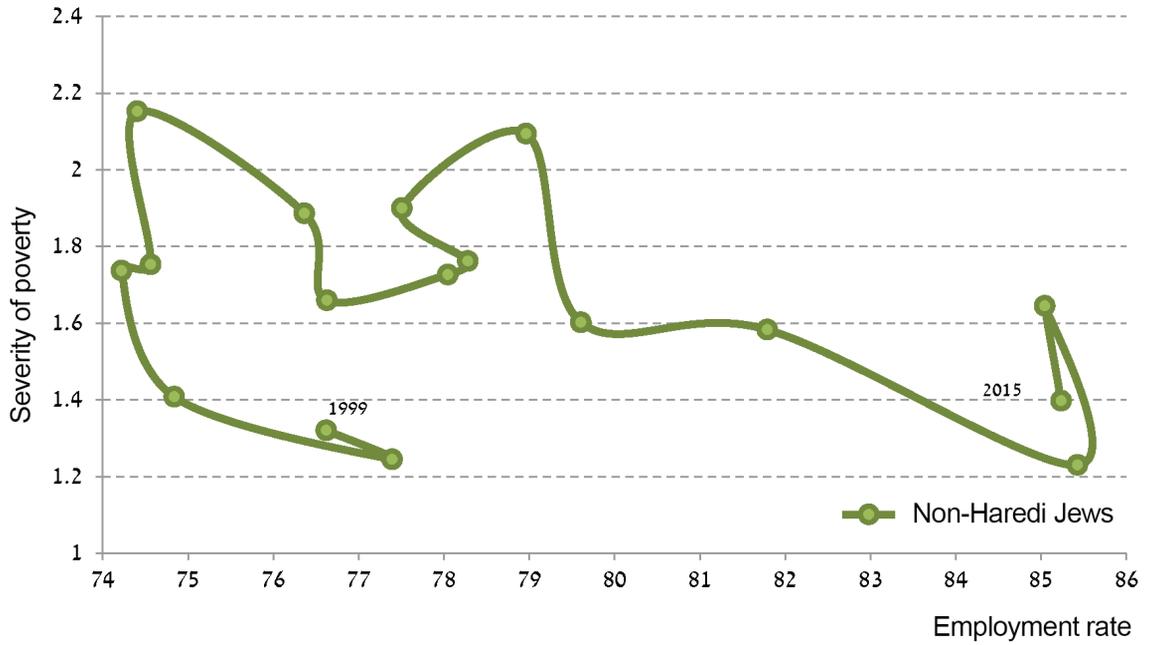
a. Employment and incidence of poverty- total population



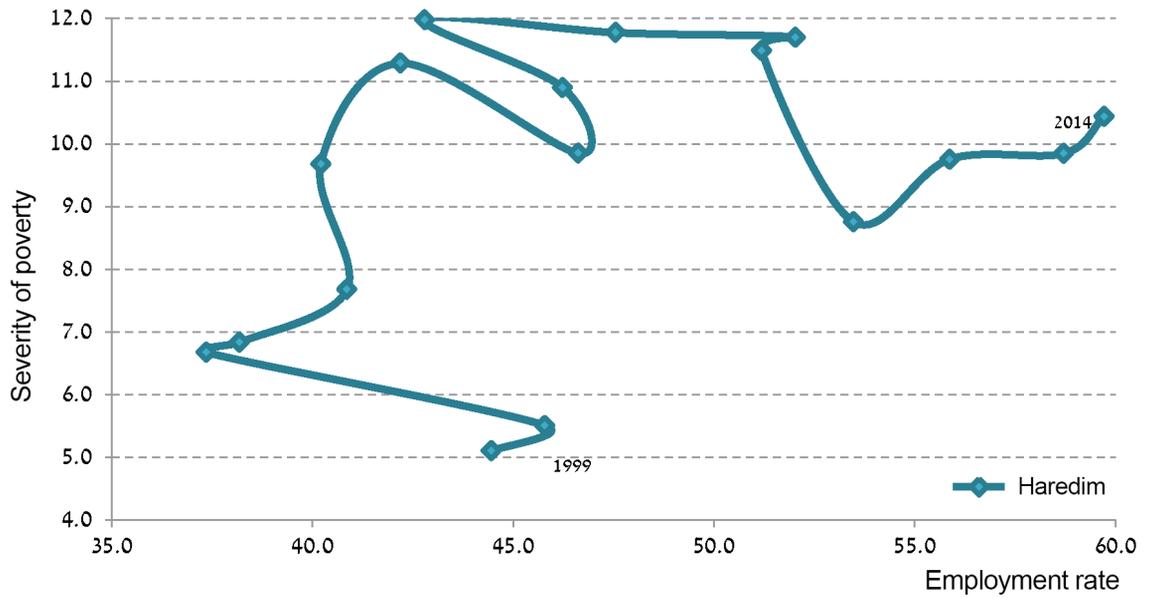
b. Employment and incidence of poverty- non-Haredi Jews



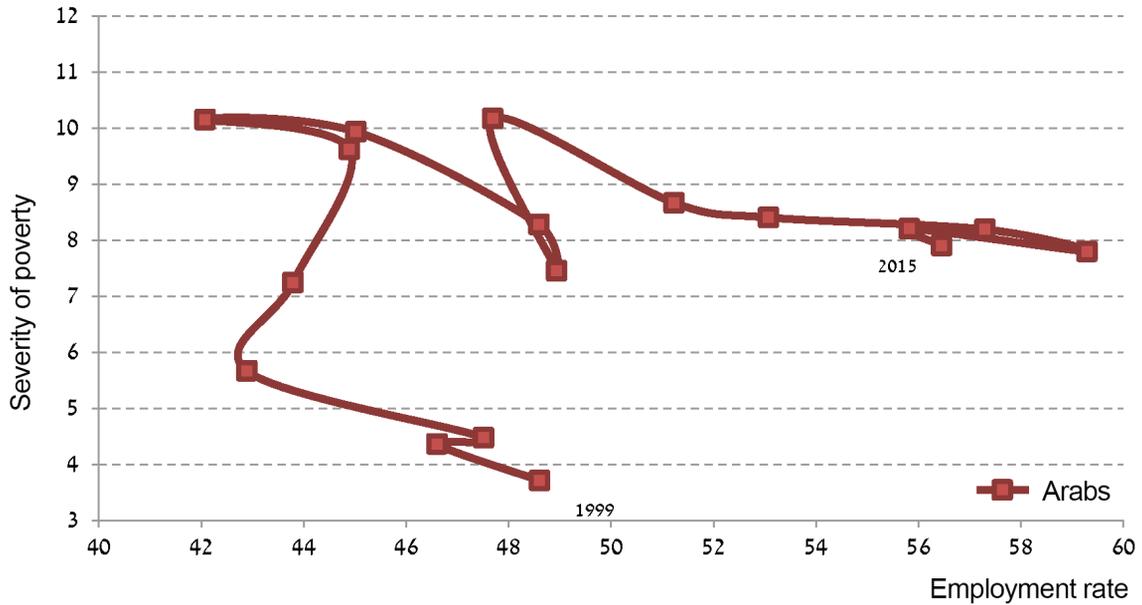
c. Employment and severity of poverty- non-Haredi Jews



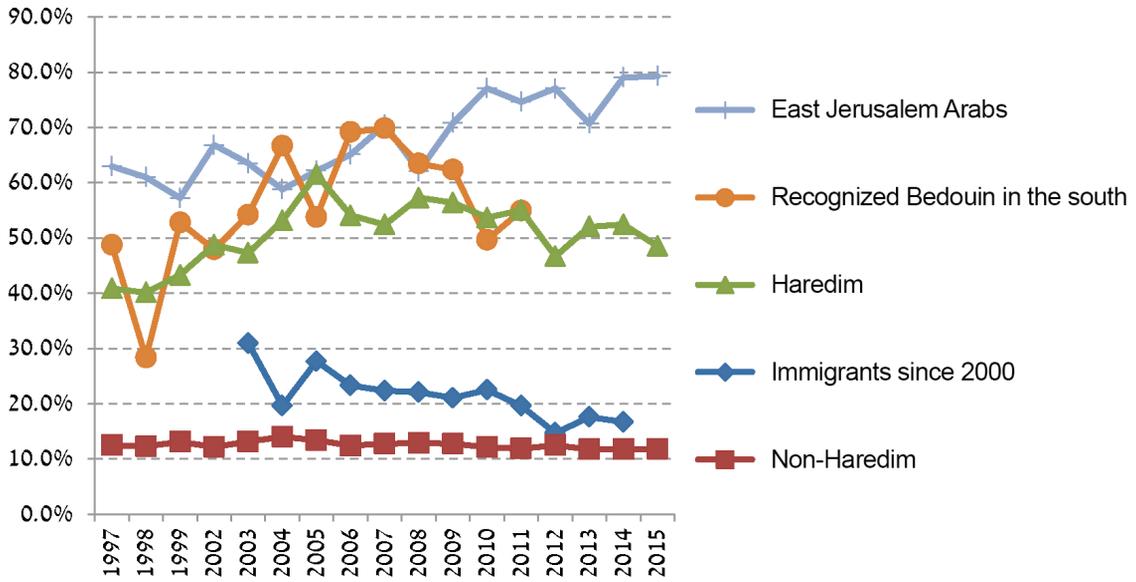
d. Employment and severity of poverty- Haredim



e. Employment and severity of poverty- Arabs



Appendix 19: Incidence of poverty by population groups, 1997-2015



* Haredim and non-Haredim are defined according to the Gottlieb -Kushnir approach until 2011, the classic approach in 2012-2013 and thereafter the subjective definition.

**Appendix 20a: Percentages and numbers of households receiving work grant
("negative income tax") by population groups, 2015**

	Households which received a work grant			Average amount of income grant	Decrease in poverty indices (percent) as a result of the work grant		
	Percentages of the population	Percentages of working families	Absolute number		Incidence of poverty in families	Depth of poverty (in poor families)	FGT (in poor families)
Total	1.7	2.1	41,800	858	0.3	0.6	0.6
Jewish	1.8	2.2	37,200	861	0.5	0.9	1.0
Haredi-last school	7.9	9.5	8,700	687	0.5	1.4	1.5
Haredi by subjective definition	6.7	8.3	10,700	711	0.5	1.1	1.2
Immigrants since 1990	1.4	1.7	6,500	1,051	0.2	0.5	0.6
Arabs	-	-	-	-	-	-	-
Families with children	2.8	3.0	30,300	897	0.5	0.6	0.7
Number of children: 1-3	2.5	2.6	22,500	927	0.5	0.6	0.7
Number of children: 4+	4.5	4.9	7,800	809	0.5	0.6	0.7
Number of children: 5+	-	-	-	-	-	-	-
Single- parent	-	-	-	-	-	-	-
Working	2.1	2.1	40,900	848	0.5	0.8	0.9
Salaried employee	2.2	2.2	36,400	792	0.5	0.8	1.0
Self-employed	-	-	-	-	-	-	-
Working age not working	-	-	-	-	-	-	-
One breadwinner	1.9	1.9	13,900	969	0.4	0.6	0.8
Two or more breadwinners	2.3	2.3	27,100	786	0.9	1.1	1.3
Household head aged up to 30	2.8	3.0	11,700	670	0.3	0.8	0.8
Household head aged 31-45	2.6	2.7	21,200	875	0.6	0.6	0.6
Household head aged 46-pension age	1.0	1.1	7,400	901	0.3	0.5	0.7
Elderly by old definition	-	-	-	-	-	-	-
Of legal pension age	-	-	-	-	-	-	-
Up to 8 years of study	-	-	-	-	-	-	-
9-12 years of study	1.7	2.0	15,100	756	0.6	0.3	0.5
13 or more years of study	1.9	2.2	25,000	937	0.1	0.9	0.9

**Appendix 20b: Family income as a percentage of the poverty line
among families fully exercising their right to a work grant, 2015**

Household composition	Disposable income from minimum monthly wage* for 1 job as % of the poverty line	Disposable income from minimum monthly wage* for 1.5 jobs as % of the poverty line	Disposable income from minimum monthly wage* for 2 jobs as % of the poverty line
Single person (55+)	150	-	-
Single (23+) and child	100	-	-
Single (23+) and 2 children	78	-	-
Single (23+) and 3 children	70	-	-
Couple (55+)	94	145	187
Couple (23+) and child	73	106	139
Couple (23+) and 2 children	65	90	117
Couple (23+) and 3 children	57	80	103
Couple (23+) and 4 children	52	72	93
Couple (23+) and 5 children	48	66	84