



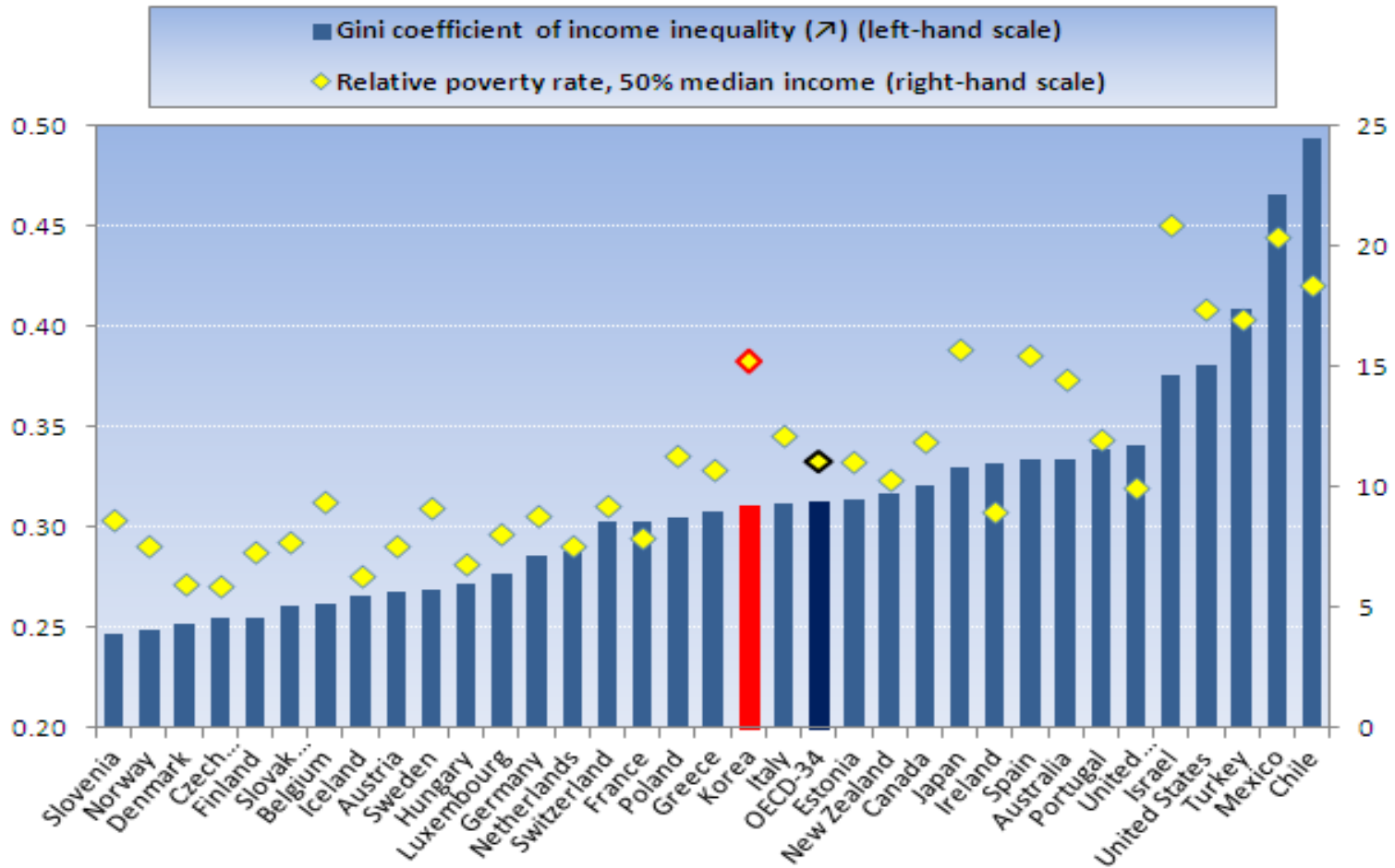
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INCOME DISTRIBUTION AND POVERTY
AMONG THE WORKING-AGE POPULATION
AND IMPLICATIONS FOR SOCIAL WELFARE
POLICIES

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Income inequality and relative poverty have risen markedly, until recently

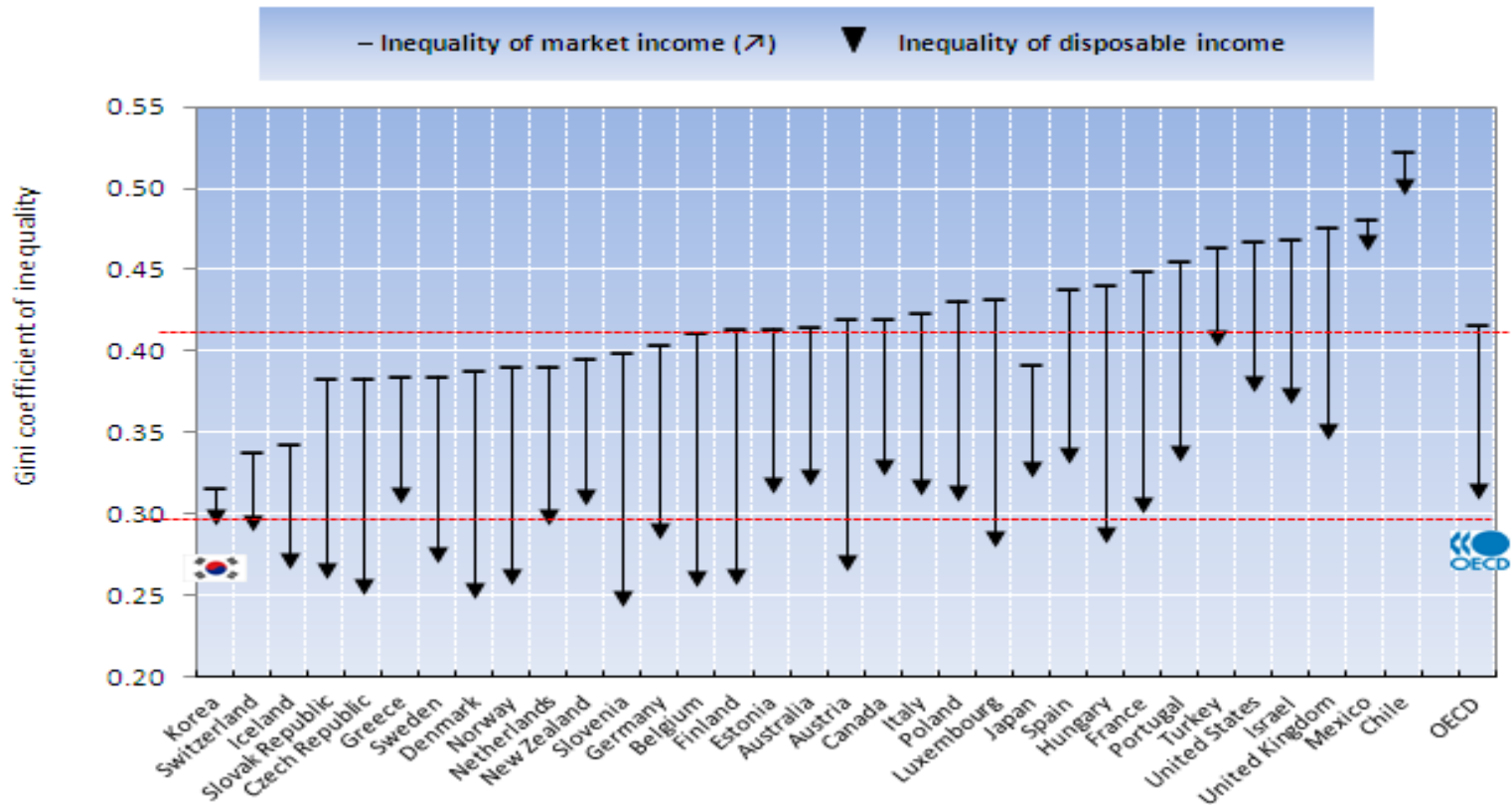


Source: OECD, Database on Income Distribution and Poverty, www.oecd.org/els/social/inequality,
Note: Data refer to the total population. Around 2010 - preliminary data



There is less direct redistribution through income taxes and cash benefits....

For the working-age population taxes and benefits reduce income inequality by a quarter across the OECD - in Korea by less than 10%

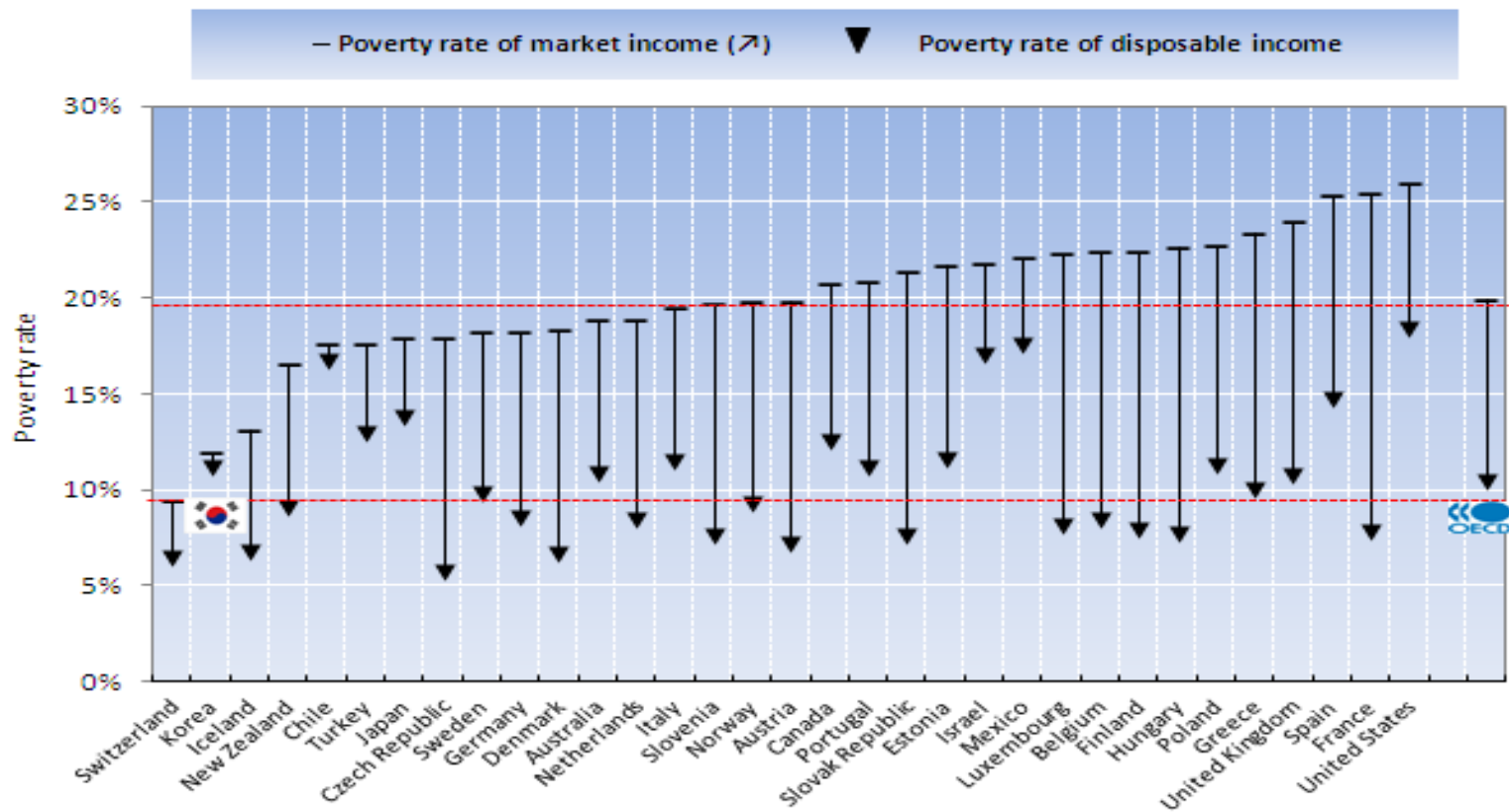


Source: OECD, Database on Income Distribution and Poverty, www.oecd.org/els/social/inequality,
Note: Data refer to the working-age population. around 2010 - preliminary data



and less poverty alleviation

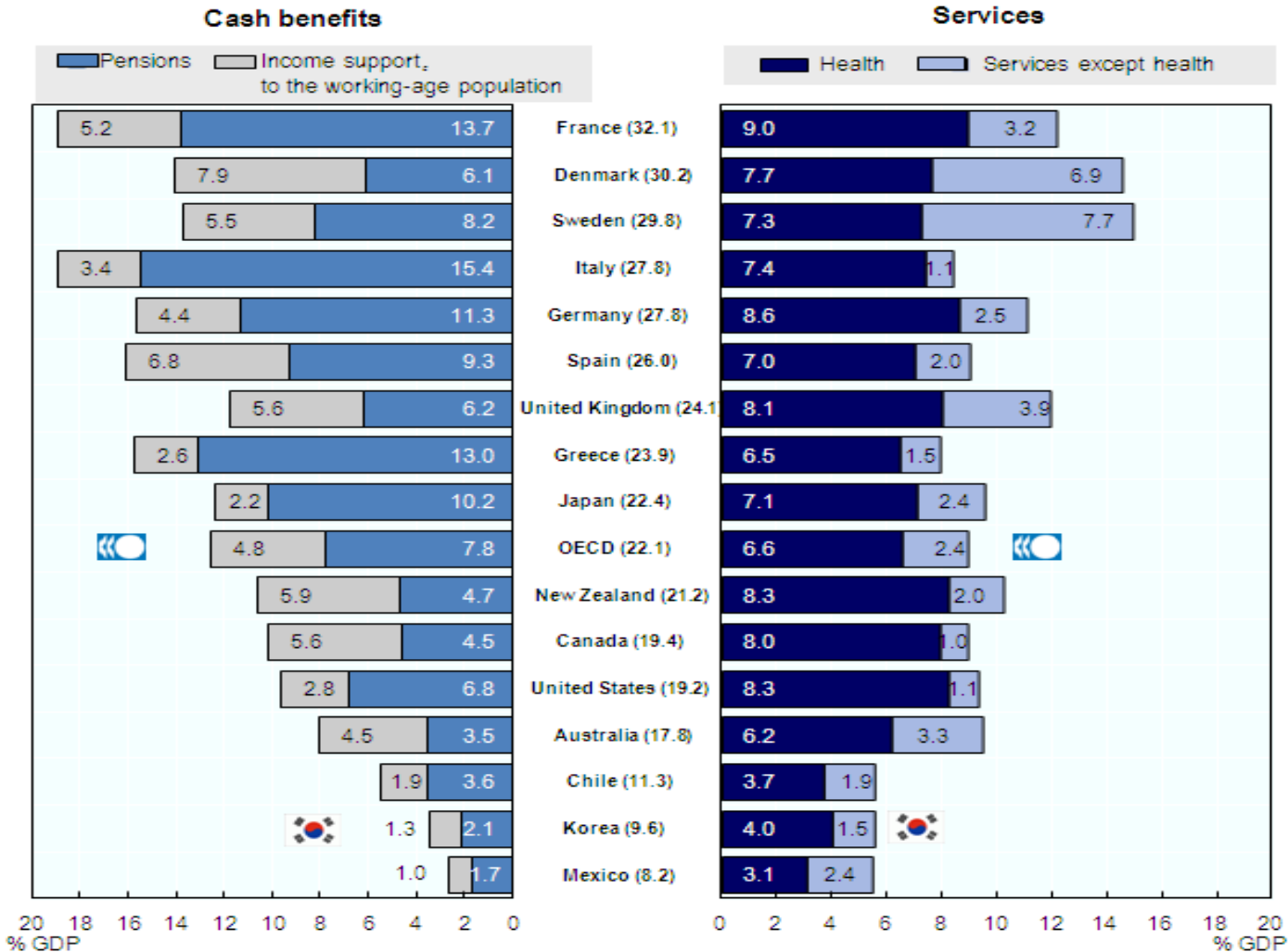
For the working-age population taxes and benefits across the OECD reduce poverty by a half - in Korea by less than 10%



Source: OECD, Database on Income Distribution and Poverty, www.oecd.org/els/social/inequality.
Note: Data refer to the working-age population. Around 2010 preliminary data



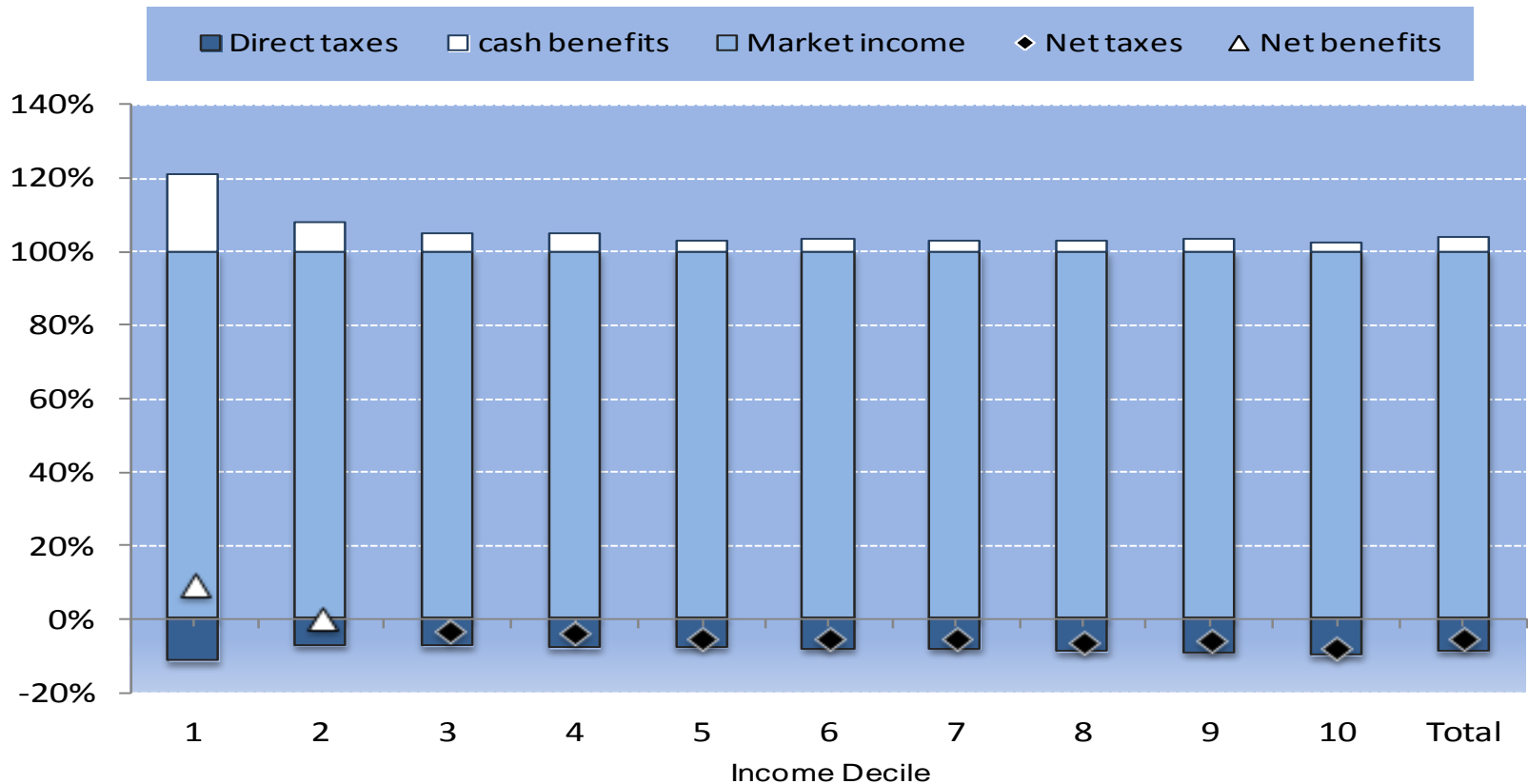
Public social spending is low



Source: OECD Social Expenditure Database, www.oecd.org/els/social/expenditure.



Progressivity is limited



Source: OECD, Database on Income Distribution and Poverty, www.oecd.org/els/social/inequality,
Note: Data refer to the working-age population. around 2010 - preliminary data



Income support maybe adequate....

Net incomes relative to median not far below average

	Single , No children	Married, No children	Single , Two children	Married, Two children
BLSP	28	33	37	37
OECD average	36	36	39	38
Minimum Wage	55	39	37	37
OECD average	61	49	54	48
EI (max)	78	55	47	88

Source: OECD, Tax-Benefit Models 2010, www.oecd.org/els/social/workincentives OECD,
Database on Income Distribution and Poverty www.oecd.org/els/social/inequality



but coverage is limited

- 15% of the population in relative poverty
- 7% in absolute poverty

Yet.....

- Barely 3% receive BLSP livelihood payments
- Only 50% of displaced workers receive some form of income support



Options to increase effectiveness

- Extend the reach of programmes
- Enhance the employment orientation
- Ensure consistency across programmes



Extending the reach

Strict eligibility tests

- BLSP: “legal Supporter”
- BLSP and EITC: assets, including housing

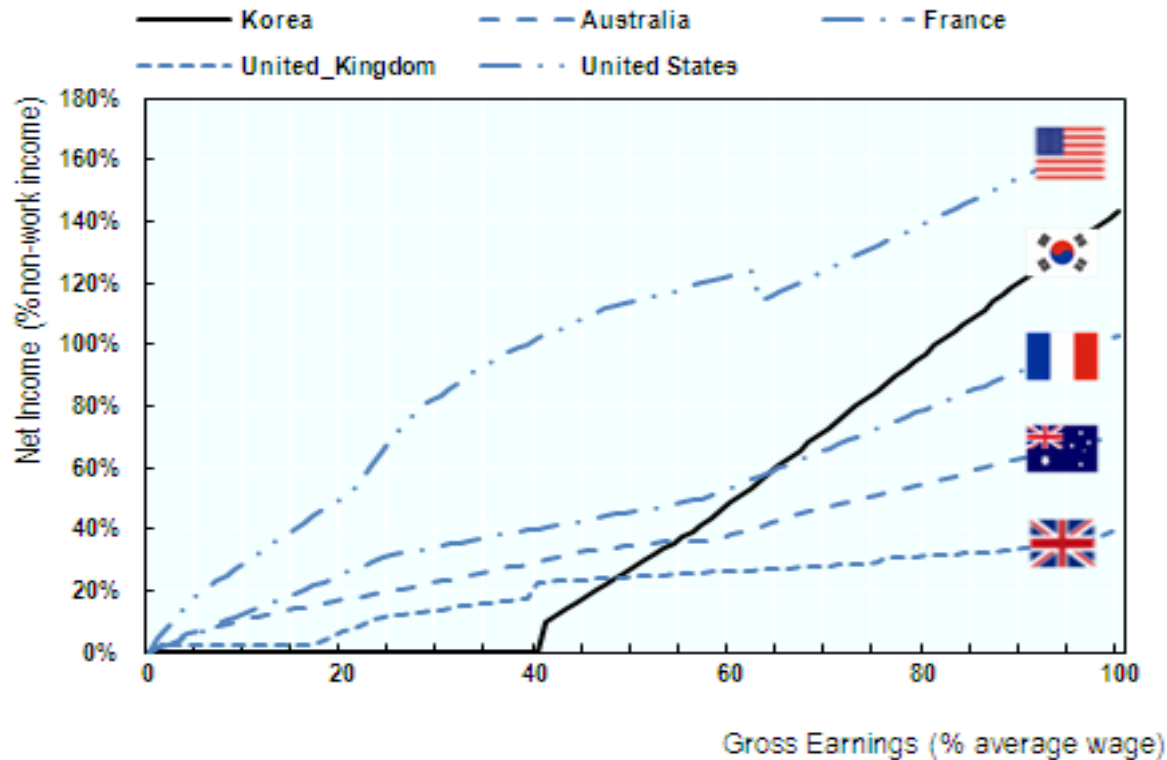
Employment Insurance

- Continue to expand coverage
- Strengthen compliance



Work incentives

Increase in net income as work effort increases, selected countries, 2010



Source: Calculations using OECD, Tax-Benefit Models 2010 for Couple with two children, www.oecd.org/els/social/workincentives



Holistic policy making

- Review entire suite of existing programmes
- unified approach to policy within and across levels of government
 - ensure that programmes work together to support those who need to be supported
 - minimise risks of welfare dependence
 - improve efficiency of social spending



Challenges ahead

- Extend the reach of the three main pillars of the safety net (BLSP; EI; and EITC)
- Enhance the employment orientation of the support provided to those who have work capacity
- Ensure that all programmes work together consistently in pursuit of policy objectives



Thank you

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