



Press release

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Poverty down in 2006 and 2007, but unchanged in 2008

- In 2006, 623 households had an income below the low-income threshold, 233 to 382 thousand households were poor in terms of the budget-based thresholds
- There was less poverty in 2006 than in 2005, a further decrease is expected for 2007
- Single-parent families and families with a non-western foreign background account for most poor households
- Fewer households finding it difficult to make ends meet
- Low incomes concentrated in large cities

In 2006, 623 households in the Netherlands had a low income. According to the budget-based thresholds 382 households (not-much-but-enough-to-get-by), and 233 thousand households (just-enough-to-buy-essentials) respectively were poor. There was less poverty in the Netherlands in 2006, following a slight increase in 2005. Estimates show that the decrease continued in 2007, but that there is likely to be a stabilisation in 2008. This is the main conclusion in the 2008 Poverty Report, published jointly by Statistics Netherlands and the Social and Cultural Planning Agency (SCP).

Fewer low incomes in 2006-2008

The low-income threshold is based on the level of social assistance benefit for a single person in 1979, when the purchasing power of this benefit was at its highest. The threshold is adjusted yearly for inflation, so that a fixed purchasing power is maintained.

According to this low-income threshold, 623 thousand of the 6.7 million households in the Netherlands (9.3 percent) were living in poverty in 2006. In 2005, this was 652 thousand (9.9 percent).

According to estimates, for 2007 the percentage of households with a low income will drop substantially, to 7.9 percent. This expected decrease is based partly on a continued improvement in the income position of the over-65s. In 2008, the percentage is expected to fall to 7.6 percent.

Less poverty according to the not-much-but-enough-to-get-by definition too

The budget-based thresholds were developed by the Social and Cultural Planning Agency (SCP) on the basis of the model minimum budgets of the National Institute for Budget Information (Nibud). The not-much-but-enough-to-get-by variant of this threshold covers unavoidable spending, such as spending on food and clothes, and in addition a modest amount on social participation.

In 2006 382 thousand households (5.7 percent) were poor in terms of this not-much-but-enough-to-get-by variant. This, too, is down on 2005, when 6.2 percent to households were poor by this definition.

For 2007 estimates show a slight fall in poverty in this category. The proportion of households is expected to decrease to 5.3 percent. For 2008 it is expected to rise slightly, to 5.5 percent.

Hardly any change in the group with just-enough-to-buy-essentials

The just-enough-to-buy-essentials variant of the budget-based threshold covers only spending that is considered essential, such as food, clothing, housing and personal hygiene.

According to this variant poverty was unchanged between 2005 and 2006. In 2006, 233 thousand households (3.5 percent) had an income below this threshold, the same percentage as in 2005.

For 2007 estimates show a slight decrease in this group. The percentage of poor households is expected to fall to 3.3, and expected to remain at this level in 2008.

Estimates for poverty in 2009

At the moment the Poverty Report went to press, it was known that the Netherlands Bureau for Economic Policy Analysis (CPB) was to revise its estimates for purchasing power development in 2009. These figures have now become available and the SCP has incorporated them in its estimates for poverty rates in 2009. (See www.scp.nl)

The combination of a moderate increase in unemployment with improved purchasing power, among other things as a result of lower inflation, will have a favourable effect on estimated poverty rates in 2009. According to all poverty definitions, the percentages of poor households will decrease, to 6.8 percent (low-income threshold), 5.2 percent (not-much-but-enough-to-get-by) and 3.2 percent (just-enough-to-buy-essentials) respectively.

Long-term poverty slightly down in 2006

Nearly 200 thousand of the 623 low-income households in 2006 had already been getting by on a low income for four years or longer. This is the equivalent of 3.3 percent of all households, and is a slight fall compared with 2005, when 3.5 percent of households had been living in poverty for a longer period.

According to the not-much-but-enough-to-get-by variant of the budget-based threshold, 1.2 percent of all households had lived in poverty for more than four years, according to just-enough-for-essentials variant this was 0.4 percent. This is the equivalent of 70 and 25 thousand households respectively.

Most poverty among single-parent families and non-western foreigners

Single-parent families with only underage children and single people under the age of 65 were most likely to be poor in terms of both the low-income threshold and the budget-based thresholds. In 2006, the percentage of single-parent families with a low income was nearly four times as high as the percentage of all families; for singles the percentage was twice as high. According to the budget-based thresholds, too, the percentages among single-parent families and singles under the age of 65 were nearly two and four times as high respectively as the percentages of all households.

Ethnic origin is also an important factor. Households with a non-western foreign background had to get by on an income below the low income threshold or the budget-based thresholds nearly four times as often as native Dutch households.

Low-income households had fewer financial problems in 2007

The percentage of households who reported that they found it difficult to get by on their income fell in 2006 and 2007. There was a clear difference between households with an income below the low-income threshold and households with a higher income. Households with higher incomes this decrease started in 2006, while for low-income households it started only in 2007. The decrease in households with financial problems corresponds with the economic recovery in 2006 and 2007, which went hand in hand with increases in purchasing power.

Low incomes concentrated in Amsterdam, Rotterdam and The Hague

In 2005, nearly one quarter of all low-income households lived in one of the four largest cities of the Netherlands. The percentage of households with a low income was high in Amsterdam, Rotterdam and The Hague, in particular. In the four large cities an average one in six households had a low income.

The poverty report further examines the following aspects of poverty:

- Personal poverty
- Arrears of payment and financial restrictions
- Poverty in the European Union
- Models of minimum budgets (Nibud)