

## PRESS RELEASE

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3 DECEMBER 2013, 00:01 HRS

*Poverty Survey 2013:*

### **Sharp rise in poverty in 2012, but growth expected to weaken**

The Hague, 3 December 2013

- The poverty rate in the Netherlands increased sharply in 2012, as in 2011. Estimates suggest weaker growth in 2013 and a further reduction in 2014.
- Long-term poverty also rose in 2012.
- The risk of poverty is highest for single-parent families, single persons aged up to 65, non-Western households and people on social assistance benefit. The poverty rate rose sharply in all these groups in 2012.
- Child poverty has increased substantially since 2007.
- Poverty is concentrated in the major cities. The postcode districts with the most poverty are in the cities of Leeuwarden and The Hague.

These are some of the conclusions from the *Poverty Survey 2013*, published today, in which researchers from Statistics Netherlands (CBS) and the Netherlands Institute for Social Research (SCP) present the most up-to-date picture of the extent, development and characteristics of poverty in the Netherlands. The *Poverty Survey 2013* is the fourth in a series of annual reports on poverty in the Netherlands which is published jointly by SCP and CBS.

#### **Poverty thresholds**

The report uses two main criteria for measuring poverty.

CBS discusses the risk of poverty on the basis of the *low-income threshold*. This threshold represents a fixed level of purchasing power and is adjusted annually only on the basis of price changes. CBS describes the risk of poverty primarily at household level.

SCP describes poverty on the basis of the *modest but adequate criterion*. This is an amount based on the minimum necessary expenditure for food, clothing, housing and social participation. SCP measures poverty primarily in terms of individual persons.

Appendix A to this press release discusses the poverty thresholds in more detail.

## **Data**

Poverty was measured principally using data drawn from the CBS Income Panel Survey (IPO). The most recent figures cover the period up to and including 2012. SCP supplements these data with estimates of the poverty rate in 2013 and 2014 using a microsimulation model. Appendices B and C provide an overview of the trend in poverty in the period 2000-2014.

### **Sharp rise in poverty in 2012**

The economic crisis which began at the end of 2008 initially had only a modest impact on the extent of poverty. It was not until 2011 that the poverty rate began to rise substantially according to both thresholds, and the increase was even greater in 2012.

Based on the *low-income threshold*, 664,000 households (9.4% of all households in the Netherlands) were at risk of poverty in 2012. This represents a sharp increase compared with 2011 and 2010, when 575,000 (8.2%) and 514,000 (7.4%) households, respectively, had a low income. A total of 1.329 million persons were on a low income in 2012.

The number of persons with an income below the *modest but adequate criterion* in 2012 was 1.197 million (7.6% of the Dutch population). The number of people in poverty rose by 152,000 in 2012, after having already grown by 100,000 in 2011. There were 551,000 households living below the *modest but adequate criterion* in 2012 (7.8% of all Dutch households).

### **Growth in poverty set to weaken**

The estimates indicate that the poverty rate will continue to rise in 2013 according to both criteria, but to a lesser extent than in 2012. According to the modest but adequate criterion, the poverty rate is likely to decline slightly in 2014, whereas on the basis of the low-income threshold it will continue to grow in 2014, but less strongly than in 2013.

According to the *modest but adequate criterion*, the number of people in poverty is expected to rise by 16,000 in 2013, to 1.213 million (7.7% of the population). This total is likely to decline by 35,000 in 2014, taking the total number of people in poverty to 1.178 million (7.4%), slightly fewer than in 2012.

Based on the *low-income threshold*, the number of households in the Netherlands at risk of poverty will increase by almost 40,000 in 2013, taking the total to 703,000 (9.9% of all Dutch households). The estimate for 2014 suggests a slight increase of 14,000, which would mean 717,000 households with a low income (10.1%).

### **Also sharp rise in risk of long-term poverty**

More than 170,000 households had lived on a low income for almost four successive years in 2012, 17,000 more than in the previous year. This means that the share of households living below the *low-income threshold* long term rose from 2.4 to 2.7 percent.

Long-term poverty also increased in 2012 according to the *modest but adequate criterion*, from 2.2 to 2.7 percent of all people in the Netherlands.

### **Further increase in poverty among at-risk groups**

In all groups which have traditionally been at high risk of poverty, the share of households with an income below the *low-income threshold* increased further in 2012. The percentage of households in receipt of social assistance benefit which had an income below the *low-income threshold* went up from 69 percent in 2011 to almost 74 percent in 2012; for single-parent families the increase was from 28 to 30 percent; for singles aged up to 65 the figure increased from 18 to 20 percent; and for non-Western households the increase was from 25 to just under 29 percent. The risk of poverty among non-Western households in 2012 was substantially lower for members of the second generation (just under 20%) than for the first generation (31%).

The poverty rate measured on the basis of the *modest but adequate criterion* was also highest in 2012 for social assistance benefit recipients (47%), single mothers (24%) and migrants (from Poland: 18%; from Turkey: 19%; from Morocco: 21%).

### **Adults who are poor are often in work; more than half are of Dutch origin**

In absolute terms, adults in poverty are often in employment. Based on the *modest but adequate criterion*, there were 348,000 working poor in the Netherlands in 2012 (of whom 165,000 were self-employed, both with and without staff). At that time, there were 255,000 poor social assistance benefit recipients and 79,000 people aged over 65 in poverty. The majority are also of Dutch origin: of the 813,000 adults in poverty in 2012, 488,000 were native Dutch.

### **Strong growth in child poverty**

The number of children in poverty in the Netherlands has increased by over 100,000 since 2007; according to the *modest but adequate criterion*, the number of children aged up to 17 years rose to 384,000 in 2012 (11.4% of all children in the Netherlands, +3.4 percentage points). One in three poor people are aged under 18. Child poverty is however still below its peak in 1994.

### **Growth in poverty during the crisis decomposed**

The share of people living below the *modest but adequate criterion* increased by 2.1 percentage points in the period 2007-2012. One third of this rise was due to the increased poverty risk of children. A further third is related to changes among benefit recipients, especially the larger group on unemployment and social assistance benefits, whose risk of poverty moreover increased during the period. The final third of the increase in poverty during the crisis years is accounted for by those in work. The number of self-employed people rose, the number of wage-earners declined, and in both groups the poverty risk increased.

### **Financial difficulties**

Households at risk of poverty often face financial difficulties. Eight out of ten households with an income below the *low-income threshold* reported that they had insufficient money in 2012 for things such as food, clothing, furnishing their home and holidays. During that year, 11 percent of households with a low income were behind with their rent or mortgage payments. That is a much higher figure than in 2008 (7%) but is slightly lower than in 2011 (13%). The share of low-income households who felt forced to get into debt grew from just over 5 percent in 2008 to almost 8 percent in 2013.

### **Municipalities and postcode districts with high levels of poverty**

Almost a quarter of all households in the Netherlands living below the *low-income threshold* in 2011 were located in one of the four largest cities (Amsterdam, Rotterdam, The Hague, Utrecht). The share of low-income households was particularly high in Amsterdam (15.4%), Rotterdam (14.9%) and The Hague (14.0%). In addition to these three municipalities, the top 10 also includes Groningen (14.0%) and three municipalities in the southern part of the province of Limburg, namely Vaals (13.7%), Heerlen (13.0%) and Kerkrade (11.8%).

Based on the *modest but adequate criterion*, the poverty rate was highest in 2011 in the three largest cities (between 11.4% and 12.3% of all residents) and Vaals (10.4%). The poverty rate has risen more in The Hague and Rotterdam than in Amsterdam since 2009. Rotterdam has the most poor postcode districts in the top 20. However, the postcode district with the highest poverty rate in 2011 was in Leeuwarden, in the district of Heechterp-Schieringen (postcode 8924; 25.6%), while the district with the largest number of poor people was in the Schilderswijk-West district of The Hague (postcode 2525, 3,600 persons).

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*Poverty Survey 2013 (Armoedesignalement 2013)*. CBS/SCP, The Hague: Centraal Bureau voor de Statistiek (CBS), ISBN 978 90 377 9689 5, price € 14.50. The publication may be ordered from online and other booksellers, from the website [www.scp.nl](http://www.scp.nl) or via [verkoop@cbs.nl](mailto:verkoop@cbs.nl)

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## APPENDIX A: Technical information

The CBS section of the *Poverty Survey 2012* uses the *low-income threshold* to measure poverty. The SCP section uses the *modest but adequate criterion*, derived from the generalised budget approach, as a central measure in the statistical description. The *low-income threshold* reflects a fixed level of purchasing power over time. The threshold is derived from the social assistance benefit amount for a single person in 1979, when the purchasing power of this benefit was at its highest. For multiple-person households, equivalence factors are used to adapt this threshold to the size and composition of the household. As the low-income threshold is adjusted only for price changes, it is suitable for making comparisons over time. CBS bases its description of the risk of poverty on households.

In the budget approach, poverty is measured using norm amounts determined by SCP in consultation with the Dutch National Institute for Family Finance Information (Nibud). The *basic needs criterion* includes minimal amounts for expenditure on food, clothing and housing plus a few more hard to avoid costs. The higher *modest but adequate criterion* adds a number of further expenses for social participation and recreation. Here, too, the norm amounts are determined for multiple-person households using equivalence factors. The amounts are adjusted annually based on the five-year moving average in median expenditure on food, clothing and housing. As a result, the budget-related threshold partially reflects the trend in national prosperity. SCP measures poverty chiefly in terms of individual persons.

Level of *low-income threshold* and *modest but adequate criterion*  
(net monthly amounts in euros, current prices)

	Single person	Couple			Single-parent family	
		No children	One child	Two children	One child	Two children
<i>Low-income threshold<sup>1</sup></i>						
2011	960	1,320	1,610	1,810	1,280	1,450
2012	990	1,350	1,650	1,850	1,310	1,490
<i>Modest but adequate criterion</i>						
2011	1,020	1,400	1,710	1,920	1,360	1,540
2012	1,040	1,430	1,740	1,960	1,390	1,570

1) To determine whether the income falls above or below the low-income threshold, rent benefit was not added to income.

Source: CBS (low-income threshold) and SCP (modest but adequate criterion)

The extent of poverty was established using data from the Income Panel Survey (IPO), in which the most recent income data relate to 2012. To obtain poverty figures for 2013 and 2014, SCP performed extrapolations based on the purchasing power changes for different socioeconomic groups in the population as calculated by the Netherlands Bureau for Economic Policy Analysis (CPB). SCP used these purchasing power figures to estimate the incomes in 2013 and 2014 of sample persons from the Income Panel Survey 2012. The income data relate to households where the main breadwinner had an income during the entire year. Student households and people living in institutions, residential homes, etc. are left out of consideration.

**Appendix B:**  
**Households below the low-income threshold (CBS)**

Households with a (long-term) income below the *low-income threshold*, 2000-2014 (in numbers x 1,000 and as a percentage of the population)

	households			
	< low-income threshold		of which long-term*	
	number x 1000	%	number x 1000	%
2000	754	11.8	309	5.4
2001	627	9.7	252	4.4
2002	596	9.1	227	3.9
2003	641	9.8	224	3.8
2004	618	9.4	201	3.5
2005	652	9.9	209	3.5
2006	593	8.8	196	3.3
2007	515	7.6	172	2.8
2008	515	7.5	163	2.6
2009	527	7.6	157	2.5
2010	514	7.4	149	2.4
2011	575	8.2	154	2.4
2012*	664	9.4	171	2.7
2013**	703	9.9	.	.
2014**	717	10.1	.	.

\* Four years or longer

\*\* Provisional figures

\*\*\* Estimate

Source: 2000-2012: CBS (Income Panel Survey); 2013-2014: SCP estimate)

**Appendix C:**  
**Persons below the modest but adequate criterion (SCP)**

Persons with a (long-term) income below the *modest but adequate criterion*, 2000-2014 (in numbers x 1,000 and as a percentage of the population)

	persons			
	< modest but adequate		of which long-term*	
	number x 1000	%	number x 1000	%
2000	1040	7.0	281	2.2
2001	871	5.8	253	1.9
2002	915	6.0	256	1.9
2003	1040	6.8	279	2.1
2004	1021	6.7	302	2.2
2005	1034	6.8	302	2.2
2006	924	6.0	290	2.1
2007	843	5.4	279	2.0
2008	868	5.5	278	2.0
2009	955	6.1	281	2.0
2010	945	6.0	281	2.0
2011	1045	6.6	316	2.2
2012*	1197	7.6	381	2.7
2013**	1213	7.7	.	.
2014**	1178	7.4	.	.

\* Three years or longer

\*\* Provisional figures

\*\*\* Estimate

Source: 2000-2012: CBS (Income Panel Survey, SCP treatment); 2013-2014: SCP (estimate)