

Summary

Poverty on the Cards 2016

Decline in poverty since 2014

- According to SCP's 'modest but adequate' poverty threshold, 7.6% of the Dutch population were living in poverty in 2014.
- That figure is expected to have fallen to 7% in 2016. If the promised measures to improve purchasing power are implemented, this reduction is likely to continue in 2017.
- The three cities with the highest poverty rates in 2013 were Amsterdam, Rotterdam and The Hague. The poverty rate was at or above the national average (7.7%) in 83 of the 403 Dutch municipalities. The municipalities affected are relatively often located in the north of the country.
- Municipalities with high poverty rates were the hardest hit by the recession: the poverty rate in the 20 poorest municipalities in 2007 had grown by an average of 3.4 percentage points in 2013.

These are some of the conclusions from the SCP publication *Armoede in Kaart 2016* ('Poverty on the Cards 2016'), which was published on 27 September 2016. This is the first edition of a new series of reports on poverty in the Netherlands, published in digital format ('card stack'). Each 'card' answers a particular research question, such as: What is poverty? How many people are living in poverty in the Netherlands, and what are the expectations for the near future? Whereabouts do poor people live in the Netherlands?, etc. The most recent data available for the study cover the year 2014.

Where does the poverty line lie?

Two reference budgets have been developed for measuring poverty rates. These indicate how much money a single person needs to cover unavoidable or highly desirable expenses. The *basic needs budget* includes minimum amounts that an independent household needs to spend on unavoidable basic necessities such as food, clothing and housing. In 2014, this amounted to €971 per month for a single person.

The second reference budget, the *modest but adequate budget*, also allows for a number of highly desirable expenses, such as membership of a sports or hobby club or a short holiday. In 2014, this amounted to €1,063 per month for a single person.

Where a household consists of more than one person, the budget is calculated using an equivalence factor. For example, the budget for two adults is 1.37 times the budget for a single person (€1,330 per month for basic needs, €1,460 for basic needs plus social participation).

How many people are living in poverty?

The recession which began at the end of 2008 led to a sharp rise in the number of people in the population living below the poverty line. In 2008 there were around 870,000 people in the Netherlands with a household income below the 'modest but adequate' criterion; five years later this had risen to 1.25 million. In percentage terms, this represents an increase from 5.6% to 7.9% of the total Dutch population. In 2014, the figure had fallen to 1.2 million (7.6%), and is expected to show a further reduction in 2015 and 2016, to 7%. The Dutch government has announced measures for 2017 which are intended to repair the purchasing power of older persons and people on benefit. An improvement in purchasing power of 1% would reduce the poverty rate in 2017 to an estimated 6.8%.

How great is the financial shortfall of poor households?

Completely eliminating the income shortfall of poor households would cost around €2.2 billion per annum. Making good the shortfall would not however mean that the problem was resolved: the underlying causes of poverty (unemployment, illness or debt) would still remain.

Whereabouts do poor people live in the Netherlands?

The three major cities of Amsterdam, Rotterdam and The Hague had the highest concentration of people in poverty in 2013, with respective poverty rates of 14.4%, 14.1% and 13.4%, compared with the national average of 7.7%. Almost half of the municipalities with a poverty rate above 7.7% are located in the three northern provinces of Groningen, Friesland and Drenthe. The poorest postcode area is in Rotterdam (poverty rate of 30.8%).

Which groups are at heightened risk of poverty?

Self-employed persons, benefit recipients and non-Western migrants are at an above-average risk of poverty; while the average poverty rate for the population as a whole in 2014 was 7.6%, in these three groups it stood at 12%, 44% and 19%, respectively. By contrast, the poverty rate among older persons is 3%, far below the national average.

Children also face an above-average risk of growing up in poverty. In 2014, the number of children in poverty was just under 380,000, or 11% of all children in the Netherlands. The poverty rate among children with a non-Western background was 28%, while 58% of children in families in receipt of social assistance benefit were poor.

As in the population as a whole, the poverty rate in these at-risk groups also declined between 2013 and 2014.

What can policy do to alleviate poverty?

In principle, the government has several options at its disposal to combat poverty, for example measures which (directly or indirectly) increase disposable income or which stabilise or reduce prices. In the long term, the most sensible option would appear to be to invest in education and social capital. In the shorter term, the availability of affordable rented housing is an area that warrants attention. Other issues are the inadequacy of social assistance benefit amounts for (single-parent) families with several children, and the poor labour market opportunities for certain groups, such as people with disabilities or non-Western migrants.