

Revised National Poverty Threshold in the Netherlands

Methodology and results

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Methodology



Revised national poverty threshold

- Developed in association with
 - The Netherlands Institute for Social Research (SCP)
 - National Institute for Family Finance Information (Nibud)
- Reference budgets for various types of households
 - Including low-income households

Minimum reference budgets

Category	Pair with two children
Food	€591
Clothing	€211
Transportation	€67
Social participation	€324

- Based on experts, focus groups, and a survey
- Compiled for 35 household types
 - Various number of adults, older children (aged 13 to 18), and younger children (aged 0 to 12)
- Reflect an acceptable minimum standard of living

Key elements: (1) Income

- Household's disposable income
 - Integral Income and Wealth Statistics

is compared to

- (Annual) income threshold
 - Based on the minimum reference budget for the “closest” household type, plus additional budget for additional family members and students living at home
 - Examples: €1,512 per month (€18,144 per year) for singles, €2,534 per month for pairs with two young children

Key elements: (2) Wealth

- Household's wealth (excluding primary residence)
 - Integral Income and Wealth Statistics

is compared to

- Wealth threshold
 - Annual income threshold

If households are able to sustain themselves at the income threshold for at least 12 months, solely drawing on their wealth, they are not considered poor

Key elements (3): Expenditures

- Expenditures on rent (or rental value) and energy
 - “Woonbase”
- Actual expenditures are used to replace the minimum reference budgets for rent and energy
 - Individualized poverty threshold

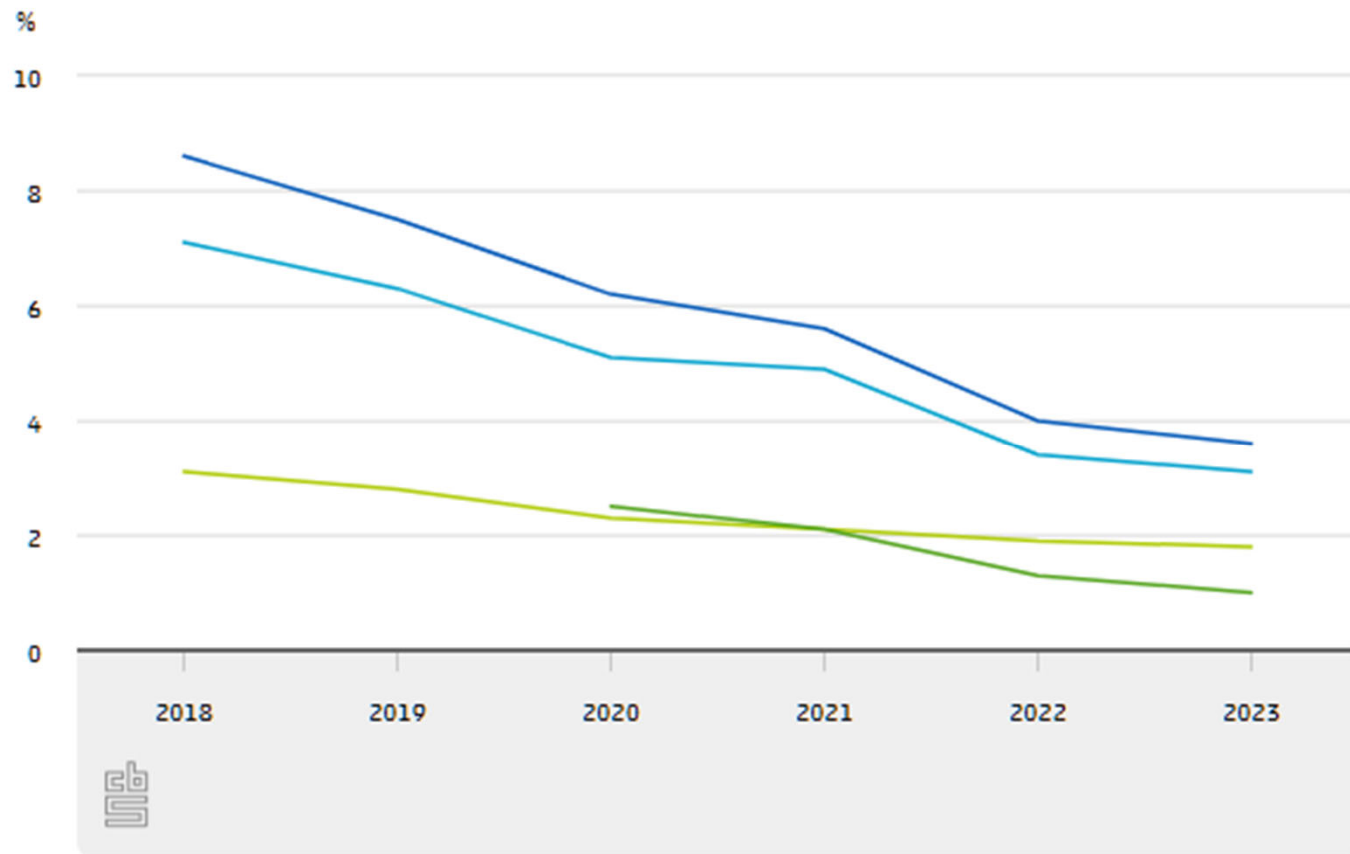
Results



Results

- Results available for 2018-2023
 - All persons living in private households with observed income
- In 2023, 540,000 people (3.1%) were considered poor

2023: 540 thousand people in poverty; 3.1% of population



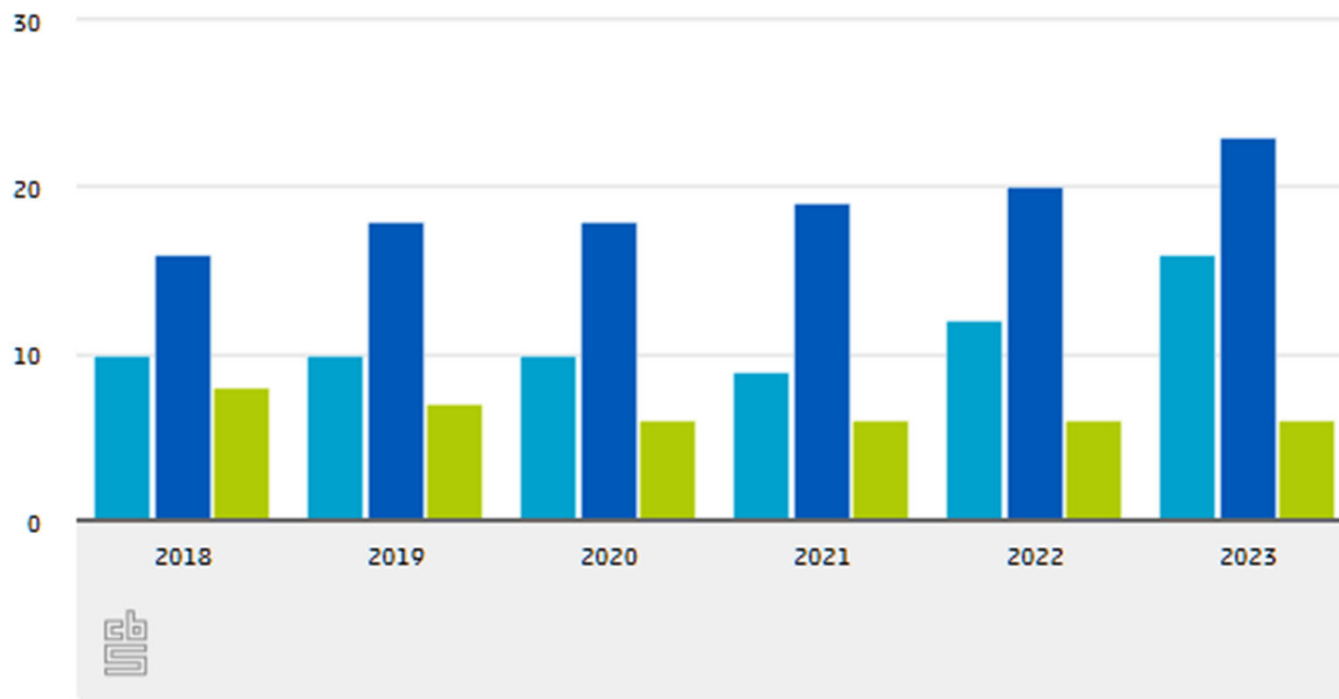
— Total population — Children — Working population — Long-term poverty



Intensity of poverty has increased



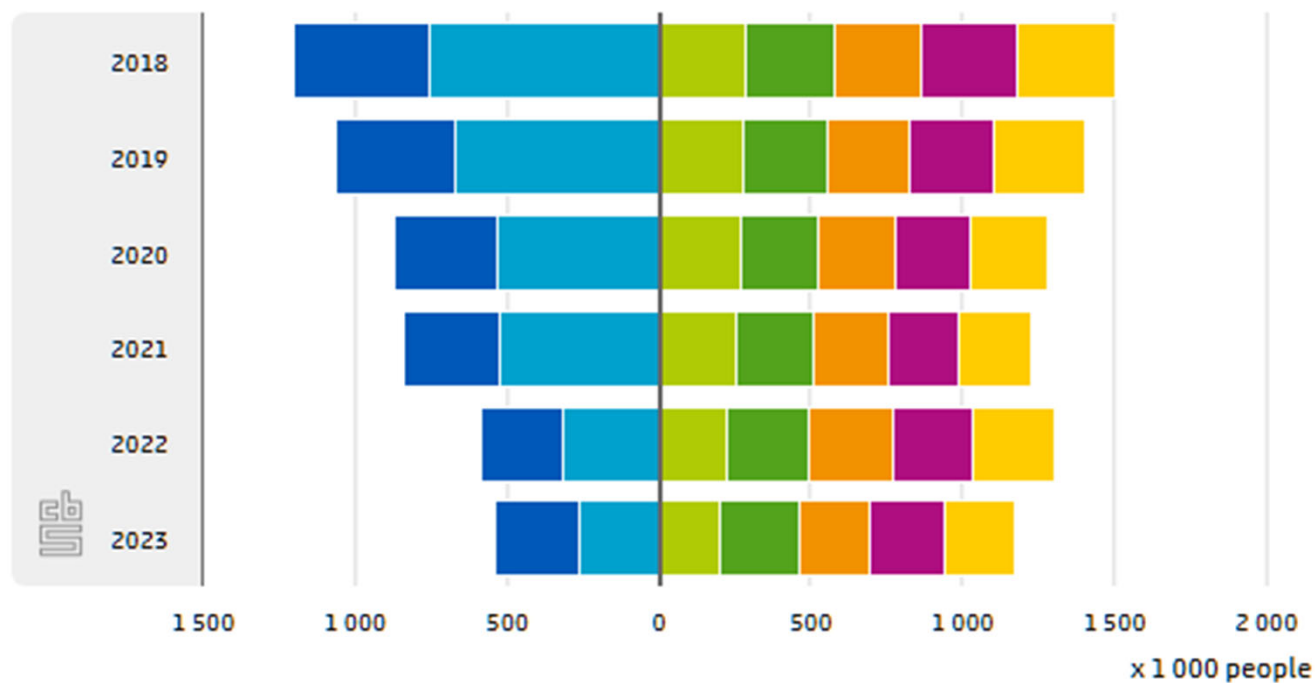
% income shortfall (median)



- Total population in poverty
- Income source household: predominantly work
- Income source household: predominantly benefits



2023: 1,2 million people not poor, but vulnerable



Conclusion



Conclusion

- New methodology for measuring poverty in NL
 - Based on three key elements
 - Income
 - Wealth
 - Expenditures
- Results available for 2018-2023
 - Decrease in the incidence of poverty
 - Increase in the intensity of poverty
 - Large group (1.2 million) who are not poor, but vulnerable

Appendix



Survey

- Respondents were asked to indicate
 - To what extent they thought that various items were necessary for a *hypothetical household that lives on the subsistence level*
 - Whether their own household owned (e.g., tumble dryer) or participated in (e.g., celebration of holidays) the same items

Category	Example item
Housing	Balcony or garden
Appliances	Tumble dryer
Insurance	Legal insurance
Transportation	Car
Social participation	Celebration of holidays



Facts that matter