



Illustration by Brian Fitzgerald

Measuring Poverty



Measuring poverty helps us to:

- find out how much poverty exists
- monitor changes in poverty levels
- identify who is poor and what are the characteristics of people's poverty

Surveys in which households are asked to answer questions on their income and spending are the most common way to measure poverty.

A person is considered poor if either income or spending falls below some minimum level that represents basic needs in each society. This is usually called the poverty line.

WAYS TO MEASURE POVERTY

- **Relative Income Poverty Lines:** to set the poverty line, income is related to some proportion of average incomes. If the poverty line is set at 50% of average household income and average household income is €300 per week, then if the household income is below €150 per week, the household is considered to experience income poverty.

Poverty lines are set in a range from 40-70% of household income. Median, rather than average household income is set as the cut off point. Median is the middle point of the income range from the lowest to the highest income. Household income is the money available to spend within a household (taking into account how many adults and

children are included). Relative income poverty lines are commonly used in the EU and Ireland.

- **Relative Deprivation:** This idea takes account of resources other than income. People are asked to identify items or activities they believe are 'necessities'. This forms the basis for a deprivation index. To be without an item or denied an activity from this index, because of lack of income, is to experience relative deprivation.

- **Combined Income-Deprivation Measure:** used in Ireland to establish levels of consistent poverty. This combines relative income poverty lines with deprivation indicators.

Eight main indicators are used:

Not having:

- new, but second-hand clothes
- a meal with meat, fish or chicken every second day
- a warm waterproof overcoat
- two pairs of strong shoes
- a roast or its equivalent once a week

or conversely, having:

- debt problems arising from ordinary living expenses
- a day in the last two weeks without a substantial meal
- to go without heating during the last year through lack of money

If a household falls below 60% of median income and also lacks at least one of the items in the basic deprivation list, it is said to experience consistent poverty.

- **The Budget Standard Approach:** A poverty line is calculated based on the cost of a specific basket of goods and services that are considered by experts to represent a basic living standard.

OTHER WAYS TO MEASURE POVERTY

- **Food Ratio Method:** where the poor are distinguished from the non-poor by the proportion of their money spent on necessities such as food, clothes and shelter
- **Social Security Poverty Line:** when lowest level of social welfare payment (Supplementary Welfare Allowance in Ireland) is used as equivalent to a poverty line
- **United Nations Poverty Index:** combines measures such as life expectancy, literacy, long-term unemployment and relative income

Further information from:

www.combatpoverty.ie

Poverty Briefing: Poverty in Ireland - the Facts JargonBuster for definitions of terms used in discussing poverty

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