

AUSTRALIA

**POVERTY MEASUREMENT AND POVERTY
STATISTICS IN AUSTRALIA**

by

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Abstract

This paper provides an overview of the main poverty measures used in Australia. It briefly examines the needs of government for poverty measurement. In Australia, these needs relate to the targeted, non-contributory social security system which is designed primarily as a safety net for those with limited income from other sources.

In Australia, the Henderson Poverty Lines are the most commonly used measure of relative poverty. These lines were drawn up by a Commission of Inquiry into Poverty in the early 1970s. Since then there has been widespread debate on the appropriateness of these measures for Australian society. However, no acceptable alternatives have yet been found.

Against this background, the paper describes the role of the Australian Bureau of Statistics in the measurement of poverty. This role relates mainly to the provision of household income and expenditure data for poverty research. However, the ABS has also taken a lead in the expansion of direct income measures into the fields of resources other than cash income. It has done this at a practical level in its Fiscal Incidence Study. At a more theoretical level, the ABS has published a conceptual framework as a guide to the measurement of a broad range of household resources considered to affect economic well-being.

The ABS is also involved in giving expert advice to government and to private researchers on the use of income and expenditure data. It is currently involved in this way with research into the development of alternative poverty measures. These new approaches include a Budget Standards Project and developmental work on measuring living standards.

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1. Introduction

The issue of poverty has been the subject of considerable research and debate in Australia for some decades. This continuing debate centres on the level and profile of poverty, its underlying causes and appropriate poverty alleviation programs.

Central to all of these issues is the more technical debate on how to define and measure poverty. While much use is made of the 'Henderson Poverty Lines' in Australia (see 3.1), debate continues on the relative advantages of indirect (income) measures and direct (living standards) measures. The merits or otherwise of different sets of equivalence scales are still discussed in academic papers. Debate also continues on whether the most appropriate counting unit for poverty measures is the individual, the income unit used for social security means tests, the family or the household. (See Appendix 2.)

Against this background of debate, the government does not officially recognise any particular measure of poverty. Nor does the Australian Bureau of Statistics publish official statistics on poverty. However the ABS publishes data on income distribution and 'low income' that uses the equivalence scales recommended for use with the Henderson Poverty Lines.

The Henderson Poverty Lines were produced as a result of two poverty studies in the 1960s and 1970s. These studies were influential in raising public awareness of poverty. They also fueled an on-going debate on poverty measurement.

The first large study of poverty in Australia was carried out by the Institute of Applied Economic and Social Research (IAESR) at the University of Melbourne in 1966. Following wide-spread debate on the results of this study, the government set up a Commission of Inquiry into Poverty in 1972. (Both the Melbourne study and the subsequent Poverty Commission were headed by Professor Ronald Henderson of the IAESR.)

The Henderson Poverty Lines are the most commonly used poverty measure in Australia. They were first produced in the early 1970s and have been updated each quarter since then. The poverty lines have, however, been the subject of considerable debate in the last two decades. Increasing dissatisfaction with the Henderson Poverty Lines has led to a growth in research on alternative measures in the 1990s. This research is divided across a number of alternative approaches to poverty measurement and these approaches are described later in this paper.

2. Policy needs and poverty measures

One of the primary purposes of the Australian social security system is the alleviation of poverty. Australia has a non-contributory social security system where pensions and

allowances are paid to individuals and families deemed to be in financial need. Need is determined by use of income tests and assets tests are also applied for most payments. Pensions and allowances are available for those in need who are aged, sick, disabled or unemployed. Sole parents may also receive benefits and additional payments are made for children in low income families.

The development of measures of need and of poverty standards is particularly important in such a system where targeting of benefits to the most needy is the primary aim.

The successful setting of levels of payments in such a system also depends on the assessment of relative needs for different types of families. Policy makers in Australia therefore have a requirement for a set of equivalence scales that will reliably reflect the different income needs of families of different sizes and composition if such families are to attain a similar standard of living.

The suitability of the equivalence scales used for the Henderson Poverty Lines has been the subject of concern among both government policy makers and academics. This concern stems from the fact that the scales were not derived from knowledge of relative needs within Australia at the time (see 3.1.1 below). (At present, the Department of Social Security uses its own set of implicit equivalence scales for setting different rates of pensions and allowances.) Reliable data on the cost of children is a particularly important requirement for such policy makers.

Also with regard to children, the question of defining financial 'dependency' is a continuing issue. Levels of benefits paid to older adolescents and young adults who are still living with their parents will be affected by views on whether these children are (or should be deemed to be) independent of parental financial support. This issue is particularly important in the case of full-time students.

This raises the broader question of how income is shared within families and households and fuels the continuing debate on the most appropriate counting unit for poverty analysis.

At a broader level, government is also concerned that international comparisons of income inequality or poverty in different countries should reliably reflect actual differences in living standards. Concern with the quality of currently published comparisons was one of the motivations for the ABS to initiate the forming of the Canberra Group in 1996. This group has as one of its main aims the setting up of standards for measuring income inequality for international comparisons.

3. Poverty measurement in Australia

Poverty measurement in Australia has traditionally been based on the income/expenditure approach and the use of poverty lines. While there is some continuing debate in Australia over whether poverty should be measured in terms of opportunity (levels of income) or in

terms of outcome (levels of consumption), the current poverty statistics are based on the income approach.

The common use of the income approach partly reflects the dominant role played by the Henderson Poverty Lines in poverty measurement in Australia. The Commission of Inquiry chose the income approach on both practical and ideological grounds. Firstly they chose income because it was '*measurable*'. On a more ideological note, the Commission stated that '*...an adequate income is fundamental to a person's security, well-being and independence. An adequate income allows him freedom of choice and freedom to participate in activities of his choice. It contributes greatly to personal freedom and the extent of opportunities available.*' (Commission of Inquiry into Poverty, 1975)

While the Henderson Poverty Lines remain the most commonly used measure, some Australian researchers prefer to use an alternative poverty line that relates equivalent income of particular families to the median equivalent income of all families in the population. This measure has often been used for international comparisons. In Australia, it is combined with varying sets of equivalence scales, particularly the Henderson equivalence scales or scales developed by the OECD.

Before discussing these two poverty lines in detail, it should be noted that the results derived from use of these measures are quite different. For example, based on results from the 1994-95 income survey, the proportion of income units deemed to be in poverty was 20 per cent using the Henderson Poverty Lines and 10 per cent using the measure of 'less than 50 per cent of median equivalent income'. (See Table 1, Appendix 1.) These differences in poverty statistics can be confusing for both government and the community.

The difference in the level of poverty using these two measures is further complicated by varying practices regarding the use of statistical units, reference periods for income and even the populations studied. Some poverty analyses are based on a restricted population that excludes families in business and some juveniles. Other analyses are based on the total population in private households. Use of alternative methods of updating the poverty lines can further complicate the picture. An overview by Whiteford of different results derived from poverty studies in Australia is attached in Table 2, Appendix 1.

3.1 Henderson Poverty Lines

The Henderson Poverty Lines are applied to the income of restricted family units called 'income units' and are based on weekly cash income receipts after the deduction of direct taxes. Alternative sets of poverty lines are available. One set uses 'detailed' equivalence scales that take into account a wide range of income unit characteristics such as family status, age, sex and work status of individuals. An alternative set uses simplified scales that allow only for consideration of parent/dependent child status and work status of individuals. The poverty lines can also be calculated for income before, or income after, housing costs.

The first poverty lines, set by Henderson and his colleagues in the Melbourne Study, were based on a minimum standard of living provided for by the basic wage in Australia. (The concept of a basic wage had been set by a landmark decision taken by the Arbitration Court in 1907 which set a basic wage that was to provide for *'the normal needs of the average employee regarded as a human being living in a civilized community'*. (Henderson, Harcourt and Harper 1970.) The poverty line for the standard unit of two adults and two children was set at the Australian basic wage in 1966 plus the value of child endowment provided under the Social Security system.

Reporting on the setting of the lines for the Melbourne study, Professor Henderson and his colleagues justified the poverty line on the grounds that it was *'...a definition of poverty so austere as, we believe, to make it unchallengeable. No one can seriously argue that those we define as being poor are not so.'* (Commission of Inquiry into Poverty 1975.) Professor Henderson also commented that given its relationship to average earnings and social security child endowment, *'it is comparable to poverty lines that have been adopted in some surveys carried out overseas, particularly in the United Kingdom, the United States of America and Denmark.'*

The up-dating of that poverty line has made it quite obviously a relative poverty measure. The poverty line for the standard unit adopted in the Melbourne study in 1966 had been approximately 57 per cent of seasonally adjusted average weekly earnings (AWE). When the Commission of Inquiry into poverty set the Henderson Poverty Lines in the early 1970s, this relationship with AWE was retained. For some years the lines were updated to retain this relationship to average weekly earnings. However, there was later concern about the fact that while the Henderson Poverty Lines were based on net (after tax) income, the AWE was a gross income measure. The method of adjusting the lines was therefore changed in the 1980s, when movements in the household disposable income per capita (HDIPC) were substituted. Over time, this has had the effect of increasing the value of the poverty lines at a greater rate than increases in AWE.

The choice of equivalence scales at the time the Henderson Poverty Lines were drawn up was complicated by the fact that there were no satisfactory Australian studies that provided a basis for determining relative needs of different families. The Poverty Commission therefore chose to use equivalence scales derived from a 1954 report on family budgets prepared by the Budget Standard Service of the Community Council of Greater New York.

3.1.1 Criticisms of the Henderson Poverty Lines and equivalence scales

Before examining the many criticisms of the Henderson Poverty Lines, it should be noted that despite extensive research and academic debate over the last two decades, critics agree that no acceptable alternatives have been developed for Australia.

With this in mind, it can be stated that the lines are the subject of concern on the following grounds:

- **The arbitrary basis for setting the poverty line for the standard unit**

The setting of the Henderson Poverty Line for the standard unit at 57% of average weekly earnings was seen to be fairly arbitrary and not necessarily based on a judgement of family needs in the early 1970s.

- **The nature of equivalence scales used to adjust for different families**

The equivalence scales did not necessarily reflect comparative needs of low income families in Australia in the 1970s given that they were based on a budget study carried out in another country many years before. The continued use of these scales in the late 1990s is strongly criticized.

- **The method of updating the poverty line over time**

The current method of updating the poverty lines, using the HDIPC is often criticized. The concept of household income in the national accounts is much broader than that used in the income distribution surveys on which most poverty studies are conducted. For example, the HDIPC includes items such as imputed interest on superannuation funds and imputed rent from owner-occupied dwellings - items that are excluded from income in the survey data.

It is not surprising, therefore that the growth of HDIPC and average weekly earnings have diverged over time. However, more importantly for the critics, increases in both the HDIPC and AWE have been greater than movements in the consumer price index. This means that the values of the Henderson Poverty Lines have increased much more than inflation over the last twenty years.

- **Sensitivity of the poverty line to government social security payments**

The Henderson Poverty Lines for some family types are very close to the maximum social security payments for these families. This means that very small increases in either the value of the social security payments or the poverty lines can result in large numbers of families being deemed to have fallen into (or moved out of) poverty, with little real change in their financial circumstances.

3.1.2 In defense of the Henderson Poverty Lines

As noted above, while there has been considerable criticism of the Henderson Poverty Lines and equivalence scales, no alternative measure has been produced that has gained wide acceptance by researchers in Australia.

In defense of the equivalence scales, it can be said that other studies have come up with similar results to those used for the Henderson Scales. The Henderson scales have also been defended on the grounds that they take into account a wider range of characteristics of families than do most other scales.

At a more general level, the sensitivity of the Henderson Poverty Lines to government benefit payments is likely to be shared by any other head count measure defined by a specific \$ value cut off point.

3.2 Poverty line at <50% of median equivalent income

This measure has been used in some poverty studies in Australia in the 1990s. (Mitchell and Harding 1993.) The fact that it is an alternative measure of *relative* poverty has probably been influential in its use. Its use has also been partly influenced by a desire on the part of researchers to compare poverty in Australia with poverty trends in other countries.

However, this measure shares many of the advantages and disadvantages associated with the Henderson Poverty Lines. On the plus side, there is some advantage for presentation of data in having a simple cut-off point which clearly defines a poor population.

On the disadvantage side, the selection of the line at 50% of median income is, again, arbitrary. Its use still leaves the question of appropriate equivalence scales for Australia unanswered.

3.3 Lowest equivalent income quintile

The profile of families in the lowest equivalent income quintile is sometimes used as a proxy profile of poverty in Australia. The Australian Bureau of Statistics has traditionally preferred to use this measure and to describe families in this income range as having 'low income' rather than being in poverty.

However, this measure of families in the lowest quintile also shares many of the disadvantages of poverty lines. The choice of the quintile, rather than some other quantile, as cut-off point is again arbitrary. The use of this sharp cut-off point may result in a similar sensitivity to social security payments encountered when using poverty lines.

When the measure of 'lowest income quintile' is used as a proxy measure for poverty it suffers from an additional disadvantage in that the measure allows for no improvement, or deterioration, in the number of families deemed to be in poverty. By definition, the poor will always comprise 20 per cent of all families.

4. Research on alternative poverty measures for Australia

A number of new projects are under way in Australia to improve the basis of poverty measurement. The first of these is a budget standards study. The second is the move on a number of fronts to develop measures of living standards as direct measures of poverty.

4.1 Budget standards approach

The Department of Social Security has funded a project designed to draw up low cost budgets for Australian households. This project is being carried out by the Social Policy Research Centre at the University of New South Wales. The study is designed to produce an alternative approach to income adequacy than that used in the Henderson Poverty Lines. In particular the aim is to develop income standards that have more relevance for Australian circumstances and values in the 1990s.

The work on the budget standards is being based largely on methods pioneered by the UK Family Budget Unit in the early 1990s. These methods are, however, being modified to Australian conditions. The budget standards work will take a relative approach to 'adequacy' or 'deprivation' rather than attempt to set subsistence budget standards.

Two standards are being derived, a *low cost* standard and a *modest but adequate* standard. The *low cost* budget is designed to allow for frugal living that will still allow for social and economic participation.

The *modest but adequate* standard provides for a higher level of living that would allow for full participation in Australian society and the basic options it offers. It is seen as falling somewhere around the median standard of living in Australia.

Results of the study are due to be published later this year. Professor Saunders, the Director of the project states that it remains to be seen whether these budget standards will provide the basis for replacing the Henderson Poverty Lines or whether they will produce another set of adequacy standards to complement them. (Saunders 1996a) It seems likely, however, that there will be considerable debate on the nature and quantities of items included in costing the standards.

4.2 Living standards approach

The poverty measures discussed above have been indirect measures concentrating in some fashion on the resources available to households. An alternative method of measuring poverty is the more direct approach that examines the outcome side of the picture, i.e. the living standards of the population. Measures of standards of living may include consideration of items such as health status, employment, housing and education. This approach was the subject of growing interest for government and researchers in Australia in the early 1990s.

Between 1991 and 1994, the Australian Institute of Family Studies (AIFS) undertook a major study of the living standards of Australian families. The study took the view that living standards depended not only on cash income but also on the efficient delivery of necessary services to families. The Australian Living Standards Study (ALSS) adopted a 'spheres of life' approach that had been developed in Scandinavia. It examined fourteen spheres of life including health, housing, economic resources, transport, employment, education and social and political participation. The study also had an important goal of examining locational differences in living standards. A large body of literature has been produced from this study. (See de Vaus, D., 1996.)

Further study along these lines was carried out by two Australian academics whose report entitled 'Living Decently' has had a large impact on the poverty debate in Australia. (Travers and Richardson 1993.) Following publication of this report, the Department of Social Security funded a pilot survey on living standards of its clients in 1996. (Travers and Robertson 1996.) At present, the ABS is cooperating with the Department of Social Security in further building on this work on measurement of living standards in Australia. In the initial stages of this project, work will concentrate on the development of a conceptual framework for measuring living standards in the community.

The Living Standards Approach does, however, also have some disadvantages when used as a basis for poverty measurement. In particular, the resultant data is bulky and often difficult to integrate into a single summary measure of deprivation.

5. ABS role in poverty measurement and poverty statistics

As there is no officially sanctioned poverty measure for Australia, most poverty statistics reflect work carried out by academics and other research organizations.

The Australian Bureau of Statistics has not developed its own poverty measures and does not publish poverty statistics. This reflects, in part, the ABS's recognition of the inherently arbitrary nature of most poverty measures and the disparate results that can be obtained from the use of different measures. However, the ABS has played a very important part in most of the poverty research in Australia by providing a wide range of data on household income and expenditure and on other indicators of material resources. The ABS also provides analyses of income data (such as that contained in the Fiscal Incidence Study). It provides technical advice to other researchers and, most recently, it has developed a conceptual framework for household economic resources.

5.1 Household income and expenditure surveys

The ABS conducts a Household Expenditure Survey every five years and an annual Survey of Income and Housing Costs. Both of these surveys also provide data on the socio-economic characteristics of the population. Data from the surveys are made widely available in the form of publications and confidentialised unit record files for government and private researchers. Almost all poverty measurement in Australia is based on this survey data.

The quality of this data is very good. Response rates are high, partly because of legislation that requires the sampled population to co-operate in the surveys. The ABS also carries out imputation of missing data items to provide a complete picture of level and source of income for all private households.

As with similar surveys conducted in other countries, there are some limitations in the data. In particular, the surveys do not collect information on the full range of economic resources available to households. For example, the surveys do not collect data on the receipt of capital transfers or on the households' wealth.

Some of the income data that is collected is subject to under-reporting. This is particularly the case with income from self-employment and with property income. The ABS is examining methods for overcoming these deficiencies via imputation to adjust for under-reporting.

For the 1998-99 Household Expenditure Survey, the ABS is also testing the inclusion of questions on capital receipts and disbursements and on financial stress for low income households.

5.2 Incidence of government indirect benefits and taxes

The ABS has also responded in other ways to the growing dissatisfaction in Australia with the measurement of poverty based on cash income only. Since the mid 1980s the ABS has been publishing results of a fiscal incidence study conducted using the results of its Household Expenditure Survey.

The study examines the effects of both selected government indirect benefits and indirect taxes on the distribution of household income. (ABS (1996a)). Indirect benefits included in the study include benefits provided by government expenditure on housing, health, education and welfare. This study provides an alternative measure of household income and shows the relative impact of government redistribution on households with low income or with other characteristics such as large families and the aged. While the primary aim of the study was not the measurement of poverty per se, the study has been used to provide an alternative profile of low income families.

The study does, however, suffer from the problem that not all government indirect benefits have been allocated. More theoretical and practical work remains to be carried out on possible allocation of these other benefits.

The study also raises the question of the validity of giving equal value to cash and in-kind benefits when the latter offer no element of choice of use for the recipients.

5.3 Conceptual framework

As noted above, the ABS provides the conceptual basis for most of the statistics used in measuring income and expenditure. It does this through the concepts, definitions and classifications which underpin the statistics of household income and expenditure.

More recently, the ABS has produced a conceptual framework for measuring household income, consumption, saving and wealth. (ABS 1995) This framework assists the poverty debate with its provision of a broad definition of economic well-being that goes beyond the concept of cash income.

Current poverty measures that are based solely on levels of cash income rely on an assumption that cash income is a good proxy measure for economic well-being. For some sections of the population this is not the case. For example, the exclusion of consideration of wealth from the measure of poverty will over-estimate the poverty levels for the elderly, many of whom have considerable assets in the form of home ownership. Exclusion of consideration of the value of household production and services may over-estimate the poverty of households where one spouse is engaged in full-time home duties. By including the value of imputed income from owner-occupied dwellings and the value of services produced within a household from unpaid work, the concept of economic resources is expanded. More importantly, poverty measures based on the broader concepts will show an alternative profile of households regarded as having low income.

In brief, the ABS's income framework maps out the relationship between the stocks and flows of all household economic resources and presents alternative measures of economic well-being for households. This broader concept of economic well-being can be measured from either the resources (receipts) side of household accounts or from the use of resources (disbursements) side.

On the resources side, the framework provides the following definition of economic well-being:

$$\begin{aligned} \text{Economic well-being} &= \text{disposable income} \\ &\quad - \text{saving} \\ &\quad + \text{transactional change in net worth} \\ &\quad + \text{other change in stocks} \\ &\quad + \text{notional wealth annuity.} \end{aligned}$$

The ABS recognizes that there are considerable practical problems for collecting or imputing much of the data necessary to operationalise this measure. However, the ABS also hopes that its current research program for improving the range of data for poverty measurement may provide some additional information to help fill out this broader picture.

5.4 ABS as technical adviser

In addition to its survey and conceptual work, the ABS also provides technical advice and assistance to government and private researchers on the use of ABS data to measure income distribution, income inequality and poverty. The ABS is also co-operating with those groups involved in developing alternative poverty measures.

For example, the ABS has recently carried out a study for the Department of Social Security on the sensitivity between Henderson Poverty Lines and the levels of government social security payments to families. (ABS 1996c)

The ABS is also represented on steering committees for studies into income distribution and levels of adequacy. Most recently, the ABS provided a representative for an Interdepartmental Committee on Trends in Income Distribution in Australia (1995). An ABS representative is also on the steering committee for the Budget Standards Project mentioned in 4.1 above.

6. Conclusion

In summary, government policy makers, the ABS and private researchers have played a co-operative role in poverty research in Australia for some decades. All three groups have a current concern for widening the scope of the income concept for poverty measures and new work is being carried out on alternative 'living standards' measures.

The importance of this work will continue to be recognized as Australia faces the prospects of an aging population, structural change in the economy, and a non-contributory welfare system.

The continuing need for reliable international estimates of poverty will also remain.

Appendix 1. Selected Poverty Statistics

Table 1: Poverty rates for income units^(a), Henderson Poverty Lines and < 50% of Median Equivalent Income, Australia, 1994-95

Income unit type	Per cent of income units below HPL Poverty Line	Per cent of income units below 50% MEI
One person income units		
under 25 years	24.7	20.5
25-44 years	14.9	7.0
45-59/64 years ^(b)	29.9	11.0
aged	40.0	5.9
All one person income units	26.0	11.7
Couples, no dependents		
aged	9.5	6.5
non-aged	9.3	5.9
All couples, no dependents	9.4	6.0
Couples with dependents		
1 child	12.8	6.4
2 children	13.4	8.9
3 or more children	21.5	14.8
All couples with dependents	15.2	9.6
One parent income units		
1 child	28.0	11.8
2 children	32.9	15.3
3 or more children	*36.2	*28.1
All one parent income units	31.0	15.7
All income units	19.6	10.0

(a) See Appendix 2 for definition of income units.

(b) Females < 60 years of age, males < 65 years of age, reflecting ages for eligibility for government Age Pensions.

Table 2: Results of Studies of Poverty in Australia

Study			Data Source	Main Results
Saunders and Matheson (1991)	Henderson, HDIPC	1981/82 to 1989/90	Income Distribution Survey (IDS)	Poverty rate rose from 9.2 to 12.8%
Bradbury and Doyle (1992)	A. Henderson, CPI B. Henderson, average survey income	1983/84 to 1989/90	Microsimulation, IDS	A. Poverty rate fell from 11.3 to 9.4% B. Poverty rate rose from 11.3 to 11.4%
Saunders (1990)	A. Henderson, CPI B. Henderson, HDIPC	1982/83 to 1989/90	Microsimulation, IDS	A. Poverty fell from 8.9 to 6.5% B. Poverty rose from 8.9 to 11.6%
Saunders (1994)	Henderson, HDIPC	1981/82 to 1989/90	IDS	Poverty rose from 10.7 to 16.7%
Harding and Mitchell (1992)	50% of median income	1981/82 to 1989/90	IDS	Poverty fell from 11.0 to 9.5%
Mitchell and Harding (1993)	60% of median income, poverty gap	1981/82 to 1989/90	IDS	Poverty gaps stable or falling slightly
Saunders and Matheson (1993)	50% of median income	1981/82 to 1989/90	IDS	Poverty rose from 9.3 to 9.4%
Harding (1995)	50% of median income, before and after the "social wage"	1994	Microsimulation, IDS	Poverty substantially reduced by "social wage" (from 12 to 4% for couples with children)
NATSEM (1996)	A. Henderson, all costs B. Henderson, after housing costs	November 1995	Microsimulation, IDS	A. Poverty at 11.8% B. Poverty at 9.2%

Table reproduced from Whiteford, P., (1996) *What do we know about poverty and income inequality in Australia?* Mimeograph, Department of Social Security, Canberra.

Appendix 2. Statistical units - definitions

Data from the ABS's household surveys of income and expenditure are produced for a number of different statistical units. Data on income is collected from individuals but is also aggregated during processing for, income units, families and households. Expenditure data is available only at the household level.

Definitions of statistical units

1. Household

A household is defined as a group of people who usually reside and eat together. Operationally it is defined as either:

- (a) a one-person household, that is, a person who makes provision for his or her own food or other essentials for living without combining with any other person to form part of a multi-person household; or
- (b) a multi-person household, that is, a group of two or more persons, living within the same dwelling, who make common provision for food or other essentials for living. The persons in the group may pool their incomes and have a common budget to a greater or lesser extent; they may be related or unrelated persons, or a combination of both.

2. Family

A family is broadly defined as two or more related people who usually live together.

More specifically, a family comprises two or more persons, one of whom is at least 15 years of age, who are related by blood, marriage (registered or de facto), adoption, step or fostering, and who are usually resident in the same household. A separate family is formed for each married couple, or for each set of parent/child relationships where only one parent is present.

3. Income unit

An income unit is defined as one person, or a group of related persons, within a household, whose command over income is assumed to be shared.

The relationships allowed for in the definition of income unit are restricted to those of marriage (registered or de facto) and of parent/dependent child.

A dependent child in this context is a resident offspring under the age of 15 years or aged 15-24 years who is a full-time student and has no spouse or child of their own present in the household.

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