

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2014 - 2015

Department/Agency: ABS

Question: SBT60-61

Topic: Measurements of Poverty

Reference: written - 31 October 2014

Senator: Xenophon, Nick

Question:

60. It is important that we measure our success or otherwise in addressing poverty in Australia, particularly for those groups we know are more likely to be in poverty. The recent ACOSS report, *Poverty in Australia*, highlighted that poverty remains a significant problem with 2.5 million people in Australia living below the poverty line.

Yet the ABS Survey of Income and Housing, and the Household Expenditure Survey, the most comprehensive surveys of income and expenditure in Australia do not allow accurate and regular measurements of poverty amongst certain groups, including:

- a) People in Northern Territory and in Australian Capital Territory (these groups are combined in reporting of the data due to sample size, despite clear differences in demographic characteristics);
- b) People with a Disability (the survey only allows reporting on people with a disability every four years, instead of every two for the remainder of the population); and
- c) Aboriginal and Torres Strait Islander people (due to the small survey sample size).

61. Given the importance of measurements of poverty to understanding our progress as nation:

- a) What consideration, including costings, has the ABS given to addressing these gaps? What impact have recent budget decisions had on the ABS' capacity to meet these gaps?
- b) Will the National Aboriginal and Torres Strait Islander Social Survey be comparable with the Survey of Income and Housing and the Household Expenditure survey to enable poverty comparisons with the total Australian population?

Answer:

60. The ABS does not consider measures of poverty that are based solely on income, such as those presented in the ACOSS report, *Poverty in Australia*, provide sufficiently accurate measurement of poverty levels in Australia. Wealth is a resource that is available to many households to supplement their income and enable people to maintain a reasonable standard of living. This is particularly relevant for older people who are likely to own their own home outright and have other savings accumulated during their working lives. Drawing on their wealth can also assist people who have short term reductions in income due to losing a job, a temporary loss in their own business or ill health. For example, results from the 2011-12 ABS Survey of Income and Housing (SIH) showed that couples 65 years and over had average

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wealth of almost \$1.2m, including over \$400,000 in financial assets such as superannuation, bank accounts and shares.

- a) The analysis in the ACOSS report was undertaken using an ABS Basic Confidentialised Unit Record File (CURF) from the 2011-12 SIH. To protect the confidentiality of data provided by survey respondents, it is correct that the NT and ACT have been combined on this CURF. However, customised data for these two territories can be requested from the ABS on a fee-for-service basis.

In 2014, the ABS provided regional income poverty estimates to the OECD for NT and the ACT with respect to 2009-10. This output was published in OECD Statistics Paper 2014/03 *Measuring Income Inequality and Poverty at the Regional Level in OECD Countries*.

- b) The preferred ABS data source for people with a disability is the Survey of Disability, Ageing and Carers (SDAC). This survey is conducted every three years and gross income is published from this survey in Table 8 of [Disability, Ageing and Carers, 2012 \(cat. no. 4430.0\)](#).

Disability status has also been collected in the 2013-14 SIH and results will be published in the second half of 2015 to allow more detailed analysis of the economic circumstances including both income and wealth, of people with a disability. Disability status has also been collected in the Household Expenditure Survey (HES) since 2003-04 with latest results available in [Household Expenditure Survey, Australia: Summary of Results, 2009-10 \(6530.0\)](#).

- c) The preferred ABS data source for information on Aboriginal and Torres Strait Islander peoples is the National Aboriginal and Torres Strait Islander Social Survey (NATSISS) or the Australian Aboriginal and Torres Strait Islander Health Survey (AATSIHS) which collect detailed information on the socio-economic circumstance of Aboriginal and Torres Strait Islander peoples about every three years alongside various aspects of their social conditions or their health, respectively.

Most Aboriginal and Torres Strait Islander people live in urban areas of Australia. They are therefore in scope of both the SIH and the HES. However, insufficient numbers are randomly selected in these surveys to allow reliable results to be produced. Instead, for the NATSISS and the AATSIHS, special screening questions are used to identify households with Aboriginal and Torres Strait Islander people. For remote Aboriginal and Torres Strait Islander communities, collecting data in the NATSISS and the AATSIHS allows more detailed analysis to be undertaken of both the economic and social circumstances of this important population.

Results are now available from the AATSIHS 2012-13 including a range of information on family and financial stressors, personal and household income; see [Aboriginal and Torres Strait Islander Health Survey, First results, 2012-13 \(4727.0.55.001\)](#). A Survey Tablebuilder product has also been released for detailed analysis and further information can be found in the [Aboriginal and Torres Strait Islander Health Survey, User's Guide, 2012-13 \(4727.0.55.002\)](#).

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The [National Aboriginal and Torres Strait Islander Social Survey 2014-15](#) is being conducted from September 2014 through to May 2015 with results expected to be released from March 2016. Previous results are available in [National Aboriginal and Torres Strait Islander Social Survey, 2008](#) (4714.0).

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- a) The ABS continues to explore opportunities to reduce the impact of funding reductions on all statistical collections and outputs.
- b) Output from the NATSISS is not directly comparable with output from SIH and HES due to the different methodologies used and different purpose of these surveys. In the NATSISS, only one or two adults who identify as an Aboriginal and Torres Strait Islander person are included in the survey and, these selected respondents are asked to provide total income of all members of the household. However, ABS analysis has shown this information is not always well reported, particularly for larger households. The large proportion of households for whom household income is not provided (19%) affects total and mean income estimates. By comparison, in the SIH and HES which are specialist income surveys, detailed income data is individually collected for all persons 15 years and over in the households selected in the survey. The design of the income questions asked in the SIH and HES means that overall reporting of income is higher and of much better quality than in the NATSISS. If these data sources are compared, the methodological differences will have a significant impact on income comparisons between Aboriginal and Torres Strait Islander people and non-Indigenous people

In the Productivity Commission's 'Overcoming Indigenous Disadvantage' report, published earlier this year, the NATSISS and the AATSIHS were used for the Aboriginal and Torres Strait Islander peoples data, while the ABS General Social Survey and Australian Health Survey were used to provide comparable measures for the non-Indigenous population. These data sources were preferred for these comparisons as the survey methodologies and income measurement for these surveys are broadly the same. Section 4.9 of the Productivity Commission report provides analysis of household and individual income differences, although no measure of income 'poverty' is provided.