

A New Multidimensional Measure of Poverty for Australia: the Freedom Poverty Measure

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To date, poverty research in Australia has looked primarily at income poverty alone. While it is recognised that income has a significant impact on the living standards of individuals, there are other determinants of living standards that should be included in measures of poverty in order for a more holistic picture of people's lives to be obtained. A more complete measure of poverty would include health and education alongside income. Following an approach which is supported by the Alkire-Foster Method for developing a multidimensional poverty measure, the Freedom Poverty Measure has been developed for Australia. This includes measures of income, health and education to determine which individuals in Australia can be seen as living in 'freedom poverty': they have low income as well as poor health or insufficient education. In order to determine cut-off points of sufficient health and education capabilities, cross-sectional analysis of the nationally representative survey, the 2003 Survey of Disability, Ageing and Carers was undertaken using logistic regression models to determine the relationship between different health measures and different levels of education and an individual's functioning. Based upon the measures of poor health and insufficient education constructed during these analyses, health and education variables were combined with a measure of low income (50% of the median equivalised income poverty line, as is commonly accepted and utilised in Australia) to create the single Freedom Poverty Measure. When applied to the Australian population, this measure shows that there are 1 875 000 individuals in freedom poverty, 411 000 individuals in extreme freedom poverty, and 4 181 000 individuals at risk of freedom poverty. This is the first multidimensional measure of poverty developed specifically for Australian society.