



SET Z

Level 3 Certificate
MATHEMATICAL STUDIES

Paper 2

Preliminary material

Instructions

- This preliminary material will be given to you before your exam.
- You must not take annotated preliminary materials into the exam.
You will be given a clean copy by your teacher.

Preliminary material Paper 2

Defining poverty

Child poverty set to rise

A recent report claims that the target set in 2010 to halve child poverty in the UK by 2020 will not be met.

Government plan to redefine child poverty

An official spokeswoman says that the current definition of child poverty means fewer children could be in poverty during a recession because average household incomes have fallen, even though there has been no change to the household incomes of these children.



Poverty can be defined in different ways.

Absolute poverty

In 1995 the United Nations (UN) defined absolute poverty as 'a condition characterised by severe deprivation of basic human needs'. One of the UN's Millennium Development Goals (adopted by 189 countries in September 2000) was to halve, between 1990 and 2015, the proportion of people whose income was less than \$1 per day. Later, because of inflation, the UN increased its poverty threshold to \$1.25 per day.

In 2015 the UN reported that the target of reducing extreme poverty rates by half was met five years ahead of the 2015 deadline with the global poverty rate at \$1.25 a day falling in 2010 to less than half the 1990 rate. However, it also said that 1.2 billion people were still living in extreme poverty in 2015.

Relative poverty

Poverty is often defined in other ways:

'An individual is considered to be in poverty if they live in a household with an equivalised disposable income below 60% of the national median.'

(*'Persistent Poverty in the UK and EU, 2008–2013'* 20 May 2015, Office for National Statistics)

Disposable income is the amount of money that households have available for spending and saving after direct taxes (such as income tax and council tax) have been accounted for, but before housing costs. It includes earnings from employment, private pensions and investments as well as cash benefits provided by the state. Equivalisation adjusts the income to take into account the size and composition of the household.