

Social exclusion monitor bulletin

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Francisco Azpitarte and Dina Bowman

In this fifth bulletin we summarise the results of the social exclusion monitor, updated using 2012 data from wave 12 of the HILDA survey. We also present evidence on the contribution of the welfare domains to the levels of exclusion experienced by men and women and by different age groups.

Background

In 2008–09, the Brotherhood of St Laurence (BSL) collaborated with the Melbourne Institute (MIAESR) to develop a method to measure the extent and evolution of social exclusion in Australia. In contrast to one-dimensional measures of income poverty, the concept of social exclusion is multidimensional as it identifies disadvantage with deprivation across multiple life domains.

The BSL–MIAESR measure of social exclusion draws on the capability framework proposed by Amartya Sen. Consistent with the capability approach, our measure recognises that multiple, interrelated factors determine the capacity of individuals to fully participate in society. It uses information from seven life domains: material resources, employment, education and skills, health and disability, social connection, community and personal safety. For each domain, the individual's level of exclusion is captured using a set of relevant indicators (see Table 1).

Data on these indicators come from the Household, Income and Labour Dynamics in Australia (HILDA) survey. Each year since 2001, the HILDA survey has collected detailed socioeconomic data for a nationally representative sample of the Australian population.

The data are transformed into a total measure of exclusion using a summation method where every domain is assigned the same weight and all indicators within each domain are equally weighted. Thus, our

measure of social exclusion is a weighted sum of the level of exclusion in each domain. An individual's possible social exclusion score lies between 0 (the lowest) and 7 (the highest).

Table 1 BSL–MIAESR measure of social exclusion*

Domain	Indicators
Material resources	Low income Low net worth Low consumption Financial hardship Financial status
Employment	Jobless household Long-term unemployment Unemployment Underemployment Marginal attachment to workforce
Education and skills	Low education Low literacy Low numeracy Poor English Little work experience
Health and disability	Poor general health Poor physical health Poor mental health Long-term health condition or disability Household has disabled child
Social connection	Little social support Infrequent social activity
Community	Low neighbourhood quality Disconnection from community Low satisfaction with the neighbourhood Low membership of clubs and associations Low volunteer activity
Personal safety	Victim of violence Victim of property crime Feeling of being unsafe

*Note: From 2010 the material resources domain has included an indicator on household financial status. This ensures that there are at least two of the common indicators available every year in all the domains.

For the background and technical details of the BSL–MIAESR measure of social exclusion, see Scutella,

Wilkins and Horn (2009) and Scutella, Wilkins & Kostenko (2009).

Social exclusion in Australia: 2003–12

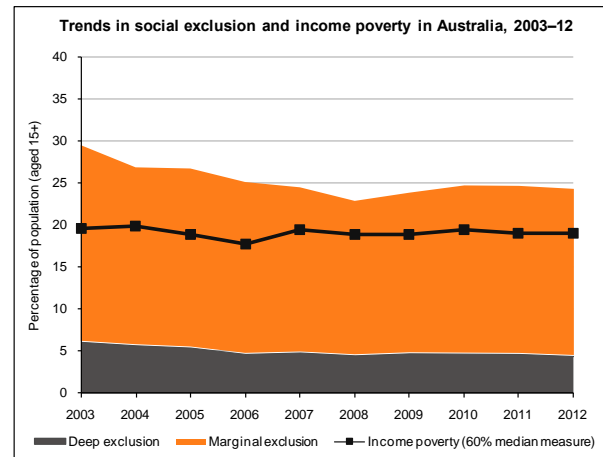
Our measure assumes that only individuals scoring above 1 experience some level of exclusion. People’s overall experiences of social exclusion are classified into three levels: *marginal* (scores between 1 and 2), *deep* (scores above 2), and *very deep* (scores above 3).

Prevalence

According to the latest data, around one-quarter of Australians aged above 15 years experienced some level of exclusion in 2012. These comprised 20 per cent who were marginally excluded, 5 per cent who were deeply excluded and almost 1 per cent who were very deeply excluded. This means that about 825,000 Australians experienced deep exclusion and more than 150,000 people were very deeply excluded that year.

Figure 1 presents the trend in the prevalence of marginal and deep exclusion, as well as the incidence of income poverty over the period 2003–12.¹ A steady fall in deep and marginal social exclusion occurred between 2002 and 2008, the year when exclusion reached its lowest level of the period. The prevalence of marginal exclusion, which had dropped from 23 in 2003 to 18 per cent in 2008, started to grow in the aftermath of the global financial crisis (GFC) in 2008 and it has remained above the pre-GFC levels, at about 20 per cent since then. Meanwhile the income poverty rate remained around 20 per cent for the whole period.

Figure 1 Social exclusion and income poverty in Australia, 2003 to 2012

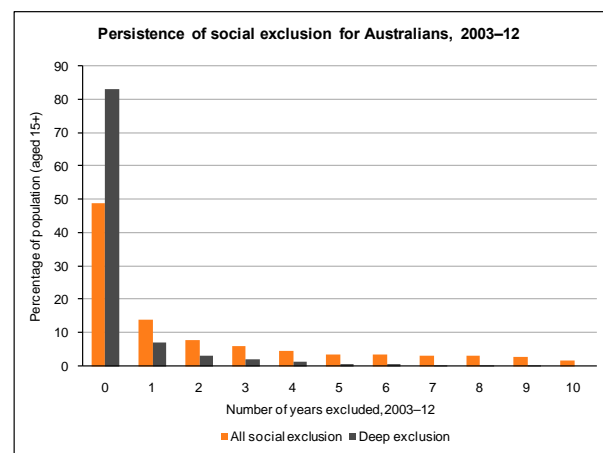


How persistent is social exclusion?

The HILDA survey interviews the same people each year. This enables examination of the extent to which social exclusion persists over time.

Figure 2 shows the distribution of people aged 15 years plus according to the number of years in which they experienced social exclusion between 2003 and 2012. About 51 per cent of the population were excluded and almost 17 per cent were deeply excluded in at least one year over the period 2003–12. Our analysis suggests that an important proportion of the population experienced social exclusion in multiple years. Indeed, more than 29 per cent of individuals were excluded in three years or more between 2003 and 2012. In the case of deep exclusion, more than 9 per cent of the population were deeply excluded in at least two years during the 2003–12 period.

Figure 2 Persistence of social exclusion for Australians, 2003 to 2012

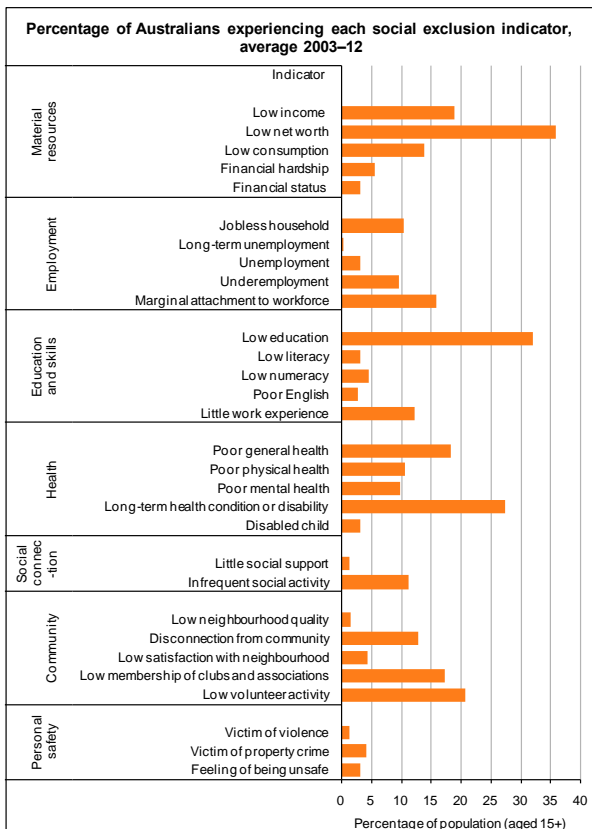


¹ Income poverty is here defined as having less than 60 per cent of the median income. For social exclusion, all trend graphs are derived from the common indicators that are measured in all the waves of HILDA data. Not all the indicators are collected each year.

Indicators of exclusion

To understand exclusion in Australia it is important to identify the incidence of the different indicators of social exclusion. Figure 3 shows the percentage of the population (aged 15 years or over) who experienced each of the 30 indicators of social exclusion, averaged over the period from 2003 to 2012.

Figure 3 Percentage of people aged 15 years and over experiencing each social exclusion indicator, average 2003 to 2012



Note: Not all the indicators are collected by HILDA every year. We have reported literacy and numeracy from 2007 data; low wealth (net worth) is the average of 2002, 2006 and 2010 data; low consumption is the average of 2006–12 data; financial hardship is based on data for 2002–09 and 2011–12; low neighbourhood quality is based on data for 2002–04, 2006, 2008, 2010 and 2012; data for victims of violence and property crime are the average of 2002–12 data.

The most prevalent indicators, experienced by at least 20 per cent of people, are:

- low wealth (net worth)
- low education
- long-term ill health or disability
- low volunteering activity.

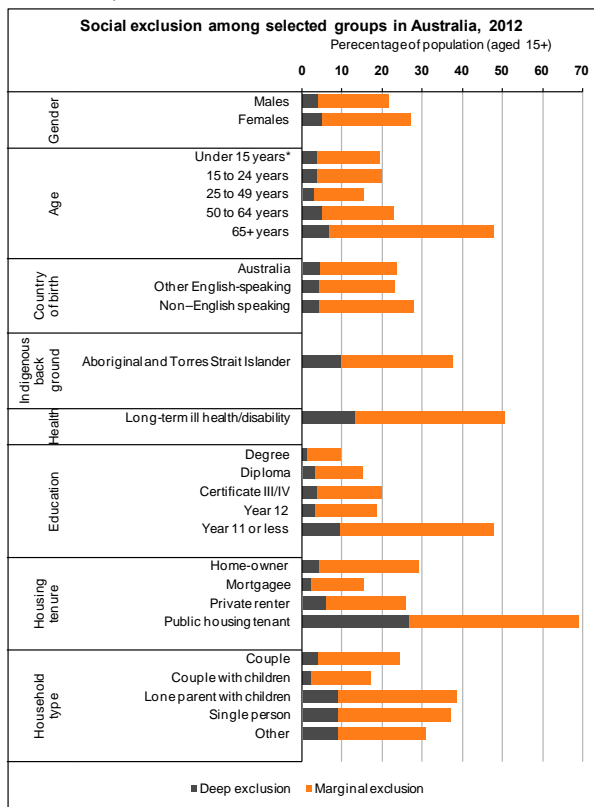
The least common of the individual indicators are long-term unemployment, lacking social support, living in a low-quality neighbourhood and being a victim of violence, each of which is experienced by less than 2 per cent of people.

Who experiences social exclusion?

There are substantial differences in the incidence of social exclusion between demographic groups. Based on the latest data (2012), Figure 4 shows that:

- The incidence of social exclusion among women was more than 5 percentage points higher than among men.
- People over 65 are the age group with the highest rate of social exclusion. Nearly 48 per cent of this group experienced social exclusion in 2012.
- Immigrants, especially those from non-English speaking countries, are more likely to experience social exclusion than people born in Australia. However, the rate of *deep* exclusion is very similar for Australian-born and immigrant populations.
- More than half of Australians who have a long-term health condition or disability experience social exclusion, and more than 13 per cent are deeply excluded.
- People with limited education are more likely to experience social exclusion. Exclusion is more than 2.5 times as prevalent among those with less than Year 12 as among other groups.
- Public housing tenants experience marginal and deep social exclusion at more than twice the rate of people living elsewhere.
- Single people and lone parents experience social exclusion at higher rates than other households, with more than one-third of them experiencing social exclusion in 2012.

Figure 4 Social exclusion among selected groups in Australia, 2012



Some demographic characteristics are more associated with social exclusion than others. The following graphs show the level and trend of social exclusion for different groups of Australians for the period 2003 to 2012. Each graph shows the incidence of deep exclusion and/or of ‘all social exclusion’, which refers to the total of marginal and deep exclusion.

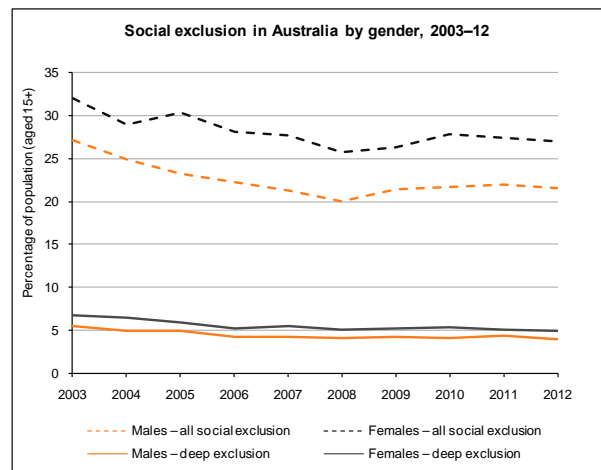
Gender

Women are at significantly more risk of social exclusion than men.

As Figure 5 shows, there is a clear gender gap, with women at greater risk of social exclusion than men. This gap was above 5 per cent for most years in the period 2003–12. In 2012, the prevalence of exclusion among women (27 per cent) was more than five percentage points higher than for men (nearly 22 per cent). The gender gap is smaller for deep exclusion. Nonetheless, almost 5 per cent of women were deeply excluded in 2012, compared with 4 per cent of men.

The prevalence of social exclusion among both women and men fell from 2003 to 2008. After that, it started grow and it has remained above the 2008 levels since.

Figure 5 All social exclusion in Australia by gender, 2003 to 2012



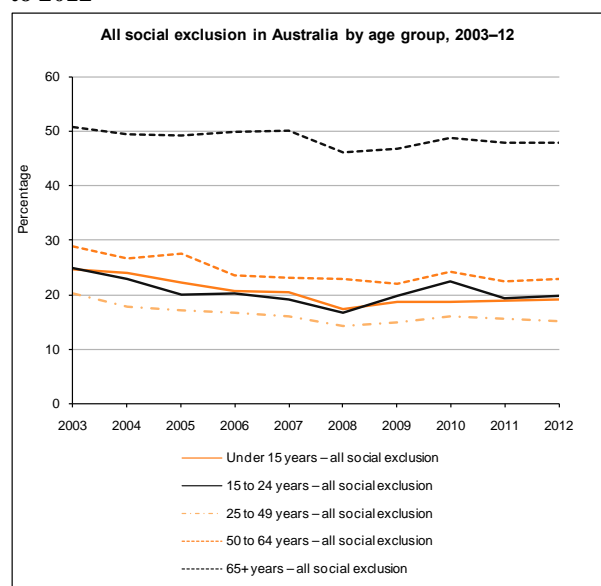
Age

About half of Australians aged over 65 years experience social exclusion.

As Figure 6 shows, people over 65 years experience higher levels of social exclusion than other age groups. From 2003 to 2012, the level of exclusion for this age group was around 50 per cent, whereas for other age groups the rate of exclusion was below 30 per cent.

The period 2003–08 witnessed a general decline in the prevalence of social exclusion. From 2008, however, the rate of exclusion rose for all age groups, especially for those above 65 and for those aged 15–24. By 2012 the rate of social exclusion was still above the levels observed before the global financial crisis in 2008.

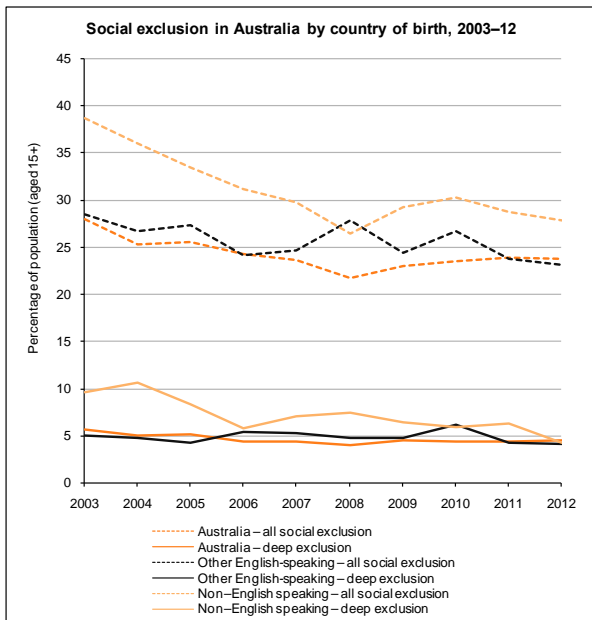
Figure 6 Social exclusion in Australia by age, 2003 to 2012



Country of birth and Indigenous background

Immigrants from non-English speaking countries and Aboriginal and Torres Strait Islander people are particularly likely to experience social exclusion in Australia.

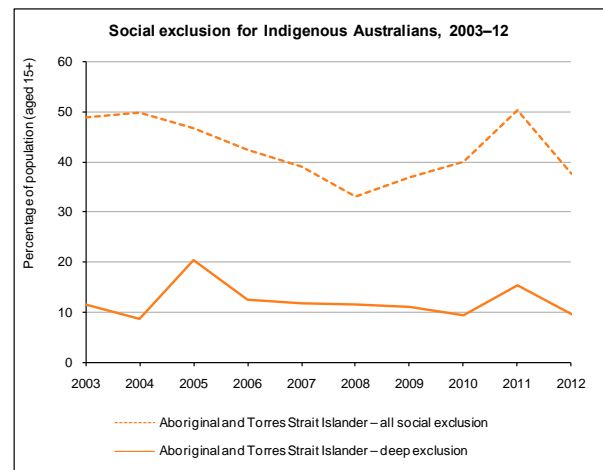
Figure 7 Social exclusion in Australia by country of birth, 2003 to 2012



Immigrants from non-English speaking countries experience higher rates of social exclusion than native-born Australians and other immigrants (Figure 7). Although this gap narrowed from 2003, by 2012 the rate of exclusion among immigrants from non-English speaking countries (28 per cent) was about 4 percentage points larger than that of Australian-born people and more than 5 points larger than that of immigrants from English-speaking countries. As regards deep exclusion, immigrants from non-English speaking countries had a larger risk than other groups for most years in the period 2003–12. However, there has been convergence among groups so that by 2012 the prevalence of deep exclusion was about 4 per cent for the immigrant and native-born groups.

The prevalence of social exclusion among Aboriginal and Torres Strait Islander people was above 40 per cent for most of the years from 2003 to 2012 (Figure 8). Furthermore, the proportion of Indigenous Australians who experience deep exclusion was above 10 per cent for most of the period.

Figure 8 Social exclusion of Indigenous Australians, 2003 to 2012

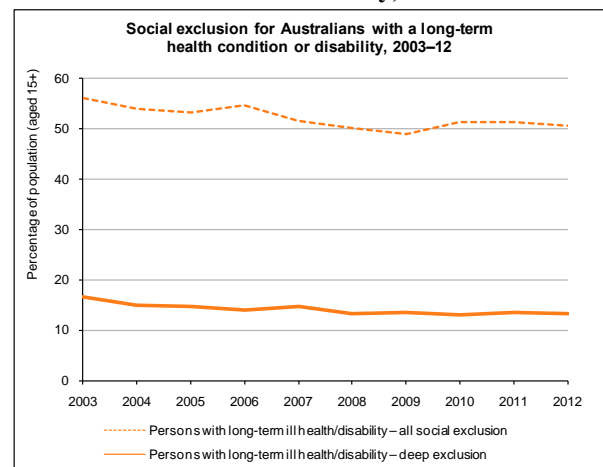


Health

More than one in two Australians who have a long-term health condition or disability experience social exclusion each year.

Having chronic ill health or a disability increases the risk of being socially excluded in Australia. The prevalence of social exclusion among this group was above 50 per cent for most of the period 2003–12 (see Figure 9). Despite the downward trend between 2003 and 2009, the incidence of social exclusion among those who have a long-term health condition or disability was about 51 per cent in 2012. The rate of deep exclusion among the same group was well above 10 per cent for the whole period, sitting around 13 per cent by 2012.

Figure 9 Social exclusion for Australians with a long-term health condition or disability, 2003 to 2012



Education

Early school leavers experience social exclusion nearly 2.5 times the rate of those who have completed Year 12.

Australians with low levels of education are at higher risk of experiencing social exclusion. As Figure 10 shows, in the period 2003–12 the prevalence of social exclusion among those who had not attained Year 12 ranged between 44 and 50 per cent and was well above that of other groups. The rate of exclusion of those with Year 12 in the same period was below 25 per cent. Similarly, those with less than Year 12 are more likely to experience deep exclusion than other groups (see Figure 11). The rate of deep exclusion for this group in the period 2003–12 ranged between 9 and 12 per cent, compared with below 4 per cent for the other groups.

Figure 10 All social exclusion in Australia by education, 2003 to 2012

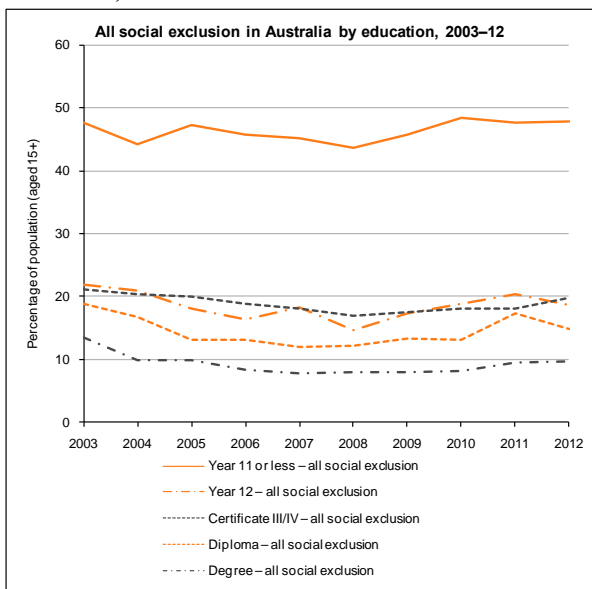
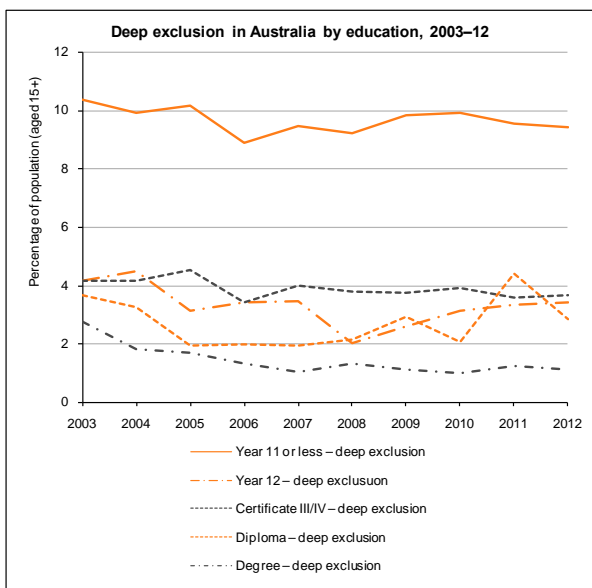


Figure 11 Deep exclusion in Australia by education, 2003 to 2012

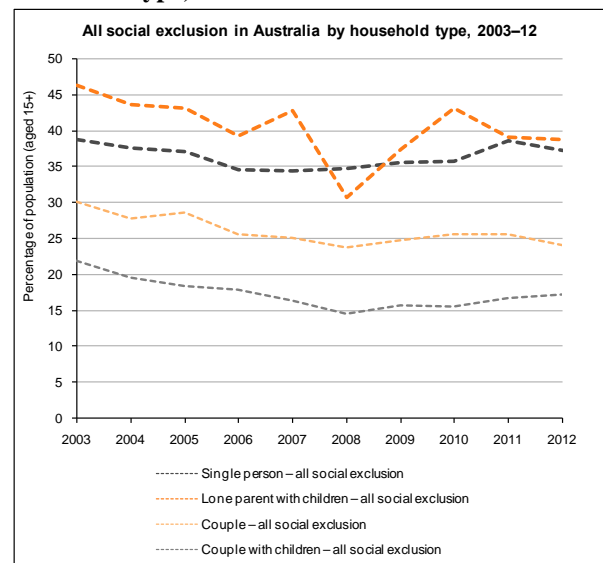


Household type and housing

Lone parents and people living in public housing are highly vulnerable to social exclusion in Australia.

Lone-parent families and single persons are the household types most likely to experience social exclusion in Australia. As Figure 12 shows, the prevalence of exclusion among these two groups was well above that of other households for the whole period 2003–12. After falling between 2003 and 2008, the rate of social exclusion for lone parents started to increase and by 2012 it was nearly 39 per cent, 8 percentage points higher than in 2008.

Figure 12 All social exclusion in Australia by household type, 2003 to 2012



In relation to housing tenure, people living in public housing have the highest rate of social exclusion (see Figures 13 and 14). The prevalence of social exclusion for this group was above two-thirds for most of the years between 2003 and 2012. By 2012 the rate of exclusion among public housing tenants was almost 70 per cent whereas for other groups it was below 30 per cent. People in public housing are also more likely to be deeply excluded. After falling between 2003 and 2008, the risk of deep exclusion for people in public housing significantly increased, which suggests that the effects of the global financial crisis were particularly severe for this group. Thus, the proportion of public housing tenants experiencing deep exclusion rose from 15 per cent in 2008 to 27 per cent in 2012. These findings do not imply that public housing causes social exclusion; rather they reflect the fact that people with the greatest need are given priority for the limited public housing available.

Figure 13 All social exclusion in Australia by housing type, 2003 to 2012

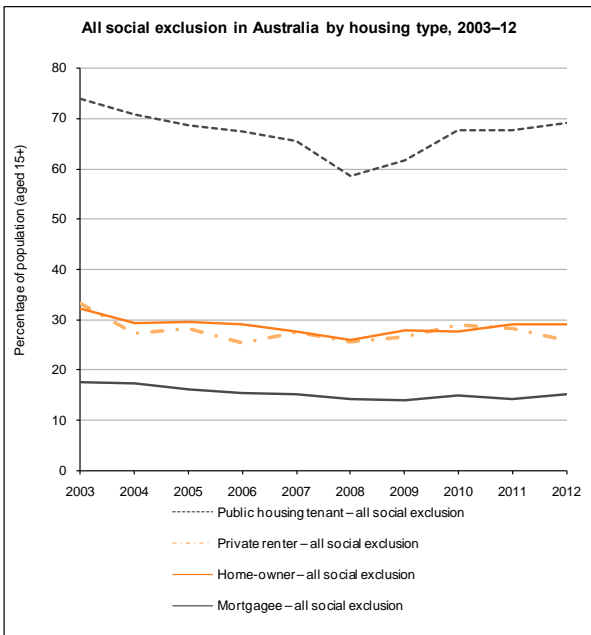
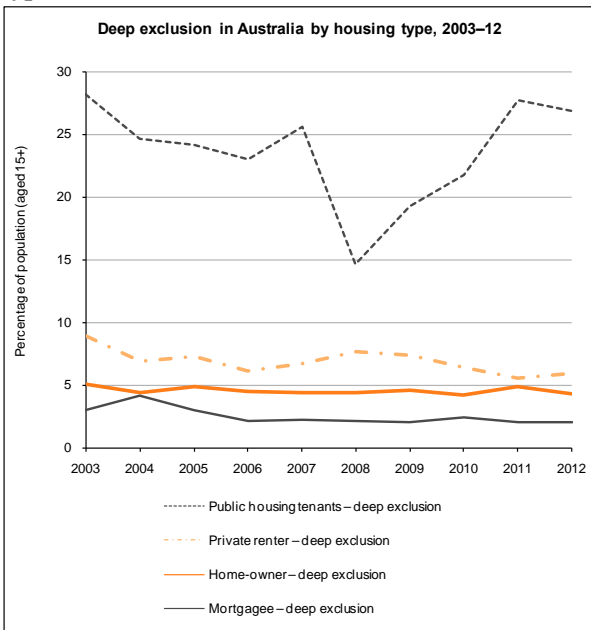


Figure 14 Deep exclusion in Australia by housing type, 2003 to 2012



Focus: the sources of social exclusion – a decomposition analysis by age and gender

Headcount estimates like those reported in the first part of this bulletin inform us about the relative risk of social exclusion faced by different population subgroups. These estimates, however, do not tell us which welfare domains contribute to the social exclusion experienced by those groups.

Understanding what contributes to social exclusion for different groups is important because social exclusion is likely to be overcome by one-size-fits-all interventions. Improving our knowledge about the patterns of exclusion will help us tailor policies to address them.

This section provides some preliminary evidence on the sources of exclusion for different age and gender groups. The analysis of social exclusion through the lens of age is well justified as the factors that limit individuals' participation change over the life-cycle. For instance, health is likely to contribute more to the exclusion of older groups than of other age groups. By contrast, given the different unemployment rates across age groups, it is reasonable to expect the contribution of the employment domain to be larger for younger groups.

In terms of gender, as shown in the first part of the bulletin (see Figure 5), women are at higher risk of exclusion than men and this gap has barely changed over the last decade. We would expect important gender variation in the sources of exclusion given the differences in labour market opportunities, educational attainments and wealth holdings, as well as in the distribution of caring responsibilities (ABS 2014).

The BSL–MIAESR framework to measure social exclusion allows us to explore the contribution of the different welfare domains to the depth of social exclusion of different groups.

Following Buddelmeyer et al. (2012) we use a modified version of the headcount index to do this. We denote this index by *MH*. In contrast with the headcount index that counts the number of the individuals with a score of exclusion above a certain threshold, the *M* index takes into account both the prevalence and breadth of social exclusion.

Thus, the adjusted headcount index for any subgroup j can be expressed as follows:

$$MH_j = H_j \times A_j,$$

where H_j is the headcount index that shows the *proportion* of excluded in group j , and A_j is a measure of the *depth* of exclusion that depends on the scores of the excluded within this group.

For any population subgroup, the MH index can be expressed as the sum of the exclusion in the seven domains (material resources, employment, education and skills, health and disability, social connection, community and personal safety):

$$MH_j = \sum_{k=1}^7 C_j(k)$$

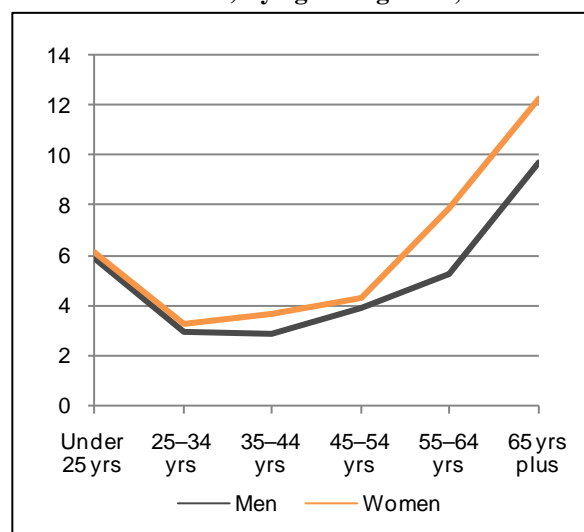
where $C_j(k)$ stands for the contribution of domain k to the depth of exclusion experienced by group j .²

All the estimates discussed in this section were derived identifying as excluded all those with a score greater than 1.

Figure 15 shows the estimates of the modified headcount measure of exclusion for men and women and different age groups, based on the latest available data for 2012.³ There is a clear U-shaped pattern between age and social exclusion for both genders: relative to middle-aged groups, people under 25 and over 55 years of age experienced deeper levels of exclusion. Among both men and women, those above 65 years of age are clearly the most excluded group, with exclusion levels 1.5 to 3 times as large as each other age-group.

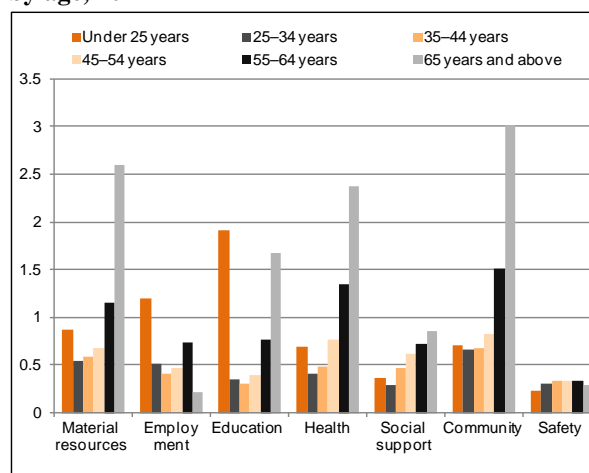
Women are more excluded than men when both the prevalence and the depth of social exclusion are taken into account. The gender gap is particularly large for people above 55 years of age. The gap between men and women in these age groups is above 2 points, whereas for the younger groups it is below 1 point.

Figure 15 All social exclusion in Australia (modified headcount measure) by age and gender, 2012



Beside the different depth of exclusion across age groups, we find important variation in the sources of their exclusion. Figure 16 shows the contribution of each of the seven welfare domains to the level of exclusion experienced by different age groups.

Figure 16 Contributions of welfare domains to all social exclusion (modified headcount measure, %) by age, 2012



Although people aged under 25 and over 55 are the most excluded, the sources of exclusion for these two groups are rather different. Thus, education and employment are the main drivers of exclusion for the under 25 age group, together accounting for more than half of their exclusion.⁴ People over 55 are more excluded than other groups in most welfare domains. This difference is particularly large in the case of the community, material resources and health domains.

⁴ This figure is not shown in the graph. The overall level of exclusion of this group is nearly 6, and the contributions of education and employment are about 2 and more than 1, respectively.

² This decomposition requires the index to be sensitive to the frequency and depth of exclusion. Note the standard headcount measure does not satisfy this property as it only shows whether individuals are below a given threshold, not *how far* below.

³ Results derived using data for other years are very similar and are available upon request.

For some domains there exists a clear age-gradient that suggests that their contribution to social exclusion increases or decreases over the life course. For instance, the levels of deprivation in the health, material resources, and social support domains tend to increase with age. However, people under 25 experience greater deprivation in the health and economic resources domains than do middle-aged groups.

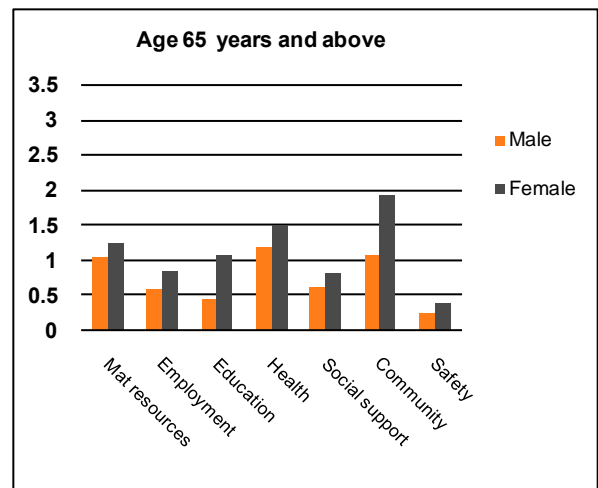
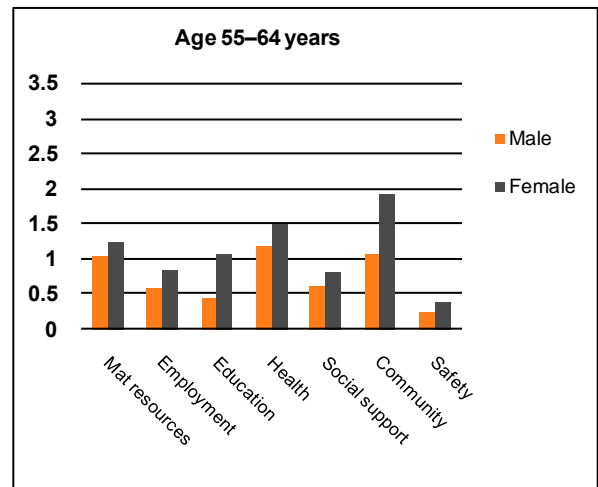
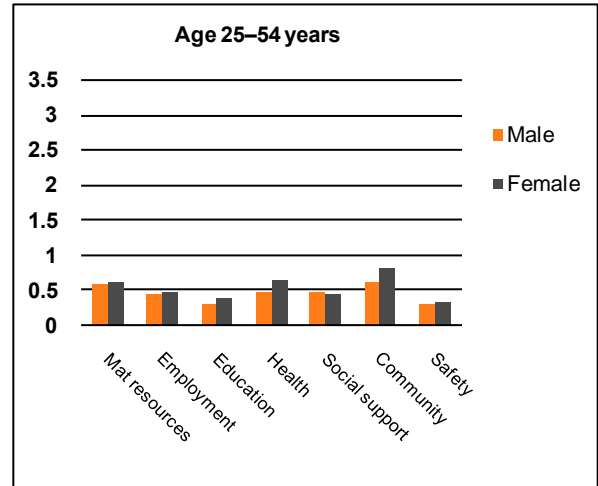
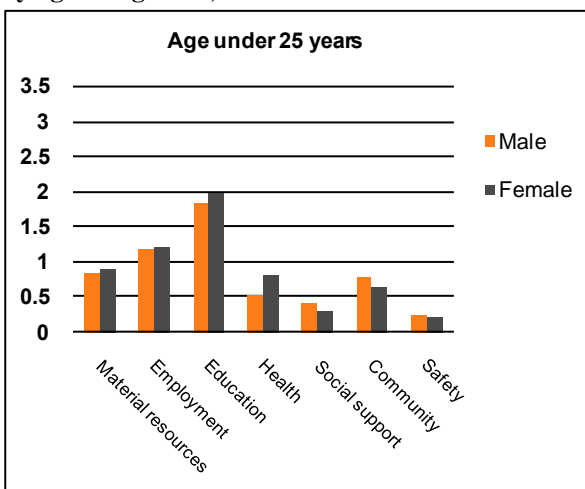
It is also important to study whether and how the sources of exclusion differ by gender, for each age-group. Figure 17 shows the levels of exclusion for each of the welfare domains for men and women of different age groups. (Since results for the 25–34, 35–44 and 45–54 age groups are very similar, these are combined on the graph).

In each age group, we find that the domains that contribute the most to the exclusion of women are the same as drive the exclusion of men. Education and employment are the main sources of exclusion for young women and men. By contrast, community support, health, and material resources are the main drivers of exclusion among older adults, especially those above 65 years of age.

Our analysis shows that women under 25 years of age are slightly more deprived in terms of health and education, material resources, and employment than their male counterparts.

For the 25–54 age group, health and the lack of community support are the main drivers of the gap.

Figure 17 Contributions of welfare domains to all social exclusion (modified headcount measure, %) by age and gender, 2012



Education, health, and community engagement are the main contributors to the difference in social exclusion between men and women aged over 55 years. For the 55–64 age group, community support makes the single largest contribution to the gender gap, followed by education: together these two domains account for more than half the gap in this group. Differences in education are the main driver of the gap in social exclusion between men and women above 65 years, accounting for nearly 37 per cent of the gap.

Conclusions

Our analysis of the latest social exclusion data derived from wave 12 of the HILDA survey shows that the risk of exclusion is not uniform across demographic groups. Indeed, groups including older people, individuals with long-term health condition or disabilities, people with low educational attainment and public housing tenants were at higher risk of experiencing social exclusion than other groups for the period 2003–12. After the decline in exclusion between 2003 and 2008, social exclusion has increased for most of these groups since the global financial crisis of 2008.

By decomposing the social exclusion data using a modified headcount index, we also identify differences in the sources of exclusion by age and gender.

Preliminary results discussed in this bulletin include:

- There is a clear U-shaped pattern between age and social exclusion: those under 25 and those over 55 and older people experience deeper exclusion than other groups.
- Education and employment are the main drivers of exclusion among the younger cohorts, whereas community, material resources and health domains are the main sources of exclusion among those above 55 years of age.
- Women are more excluded than men in all age groups. The gender gap is larger among people aged over 55, with differences in education, health and community engagement the main contributors.

Sources and links

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About the project

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For further information

Visit the [social exclusion monitor](#) web pages to keep track of the levels of social exclusion experienced by Australians based on the latest annual data.

We are happy to answer questions about the social exclusion monitor. Please contact us at [<research@bsl.org.au>](mailto:research@bsl.org.au).

For information about the Brotherhood's research on social exclusion and other topics, see our publications at [<www.bsl.org.au/Publications>](http://www.bsl.org.au/Publications).

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Brotherhood of St Laurence
67 Brunswick Street
Fitzroy, Victoria 3065
Australia
ABN 24 603 467 024
Phone: (03) 9483 1183
www.bsl.org.au

and

Melbourne Institute of Applied Economic and Social Research
The University of Melbourne
Victoria 3010
Australia
Phone: (03) 8344 2100
www.melbourneinstitute.com