

Social exclusion monitor bulletin

April 2012

Francisco Azpitarte

In this bulletin, the second in an annual series, we summarise the main results of the social exclusion monitor recently updated using data from 2009. We follow the methods described in the first bulletin, where the results for 2001 to 2008 were discussed.

Background

In 2008, the Brotherhood of St Laurence (BSL) in collaboration with the Melbourne Institute (MIAESR) commenced a research project to develop a method to measure the extent and evolution of social exclusion in Australia. A distinctive feature of the social exclusion approach to disadvantage is that it explicitly recognises the importance of multiple and interrelated factors in determining the capacity of individuals to fully participate in society. In contrast to standard income poverty definitions based on the lack of financial resources, the concept of social exclusion is multidimensional as it identifies disadvantage with the accumulation of deprivation across different life domains.

Consistent with measures of exclusion developed in other countries, the BSL–MIAESR approach to social exclusion draws on the capabilities framework proposed by Amartya Sen. Thus, the BSL–MIAESR measure of social exclusion aims to capture the individual’s ability to participate in society, identifying the multiple barriers that may prevent effective participation. Our measure 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). Information on these indicators is transformed into a summary 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 and 7, where 7 indicates the highest level of social exclusion.

Table 1 BSL–MIAESR measure of social exclusion

Domain	Indicators
Material resources	Low income Low net worth Low consumption Financial hardship
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

The social exclusion measure requires a rich data set with detailed socioeconomic information. After comparison with alternative sources, it was concluded that the national Household, Income and Labour Dynamics in Australia (HILDA) survey is the best available data source. Starting in 2001, the HILDA survey has annually collected detailed socioeconomic data for a nationally representative sample of the Australian population. In addition, the survey provides longitudinal information for a panel of individuals included in the original sample of 2001 who were re-interviewed in subsequent years. This allows us to analyse the dynamics of social exclusion in Australia, with emphasis on its prevalence and persistence.

For further information about how we measure social exclusion, see Scutella, Wilkins and Horn (2009) and Scutella, Wilkins & Kostenko (2009).

Social exclusion in Australia: 2001–09

Prevalence

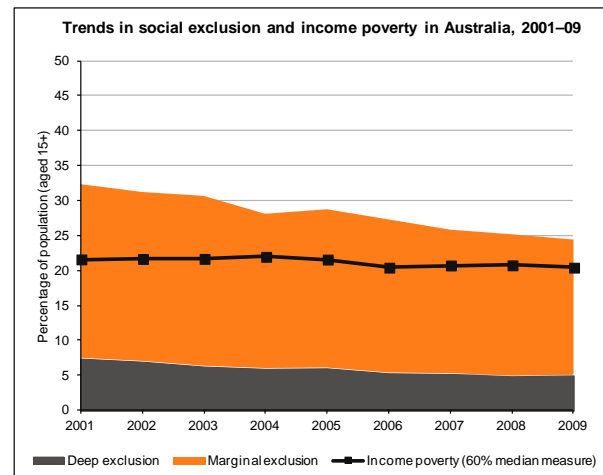
Our measure assumes that only individuals scoring above 1 experience some level of exclusion. Furthermore, people’s overall experiences of social exclusion are classified into three categories: *marginal* (scores between 1 and 2), *deep* (scores above 2), and *very deep* (scores above 3).

From the latest (2009) data, about one-quarter of Australians aged above 15 years experienced some level of exclusion that year. Approximately 19 per cent of individuals were classified as marginally excluded, while 5 per cent were deeply excluded. This means that about 1 million of Australians experienced deep exclusion in 2009. Just over 1 per cent of the population were very deeply excluded in 2009, which translates to more than 200,000 people in Australia who were very deeply excluded that year.

Trends in social exclusion over the last decade are shown in Figure 1, which presents the prevalence of marginal and deep exclusion alongside the prevalence of income poverty over the period from 2001 to 2009.¹ In contrast to social exclusion, there has not been a significant change in the incidence of income poverty, with the poverty rate remaining around 20 per cent for the whole period. For marginal exclusion, the figures for 2009 are consistent with the downward trend

observed since the beginning of the decade.² Thus, in 2001 the rate of marginal exclusion was around 25 per cent. This rate progressively fell to 20 per cent in 2009. In 2001, more than 7 per cent of the population were experiencing deep exclusion. This rate dropped to about 5 per cent in 2006, and has remained fairly constant since then.

Figure 1 Social exclusion and income poverty in Australia, 2001 to 2009



How persistent is social exclusion?

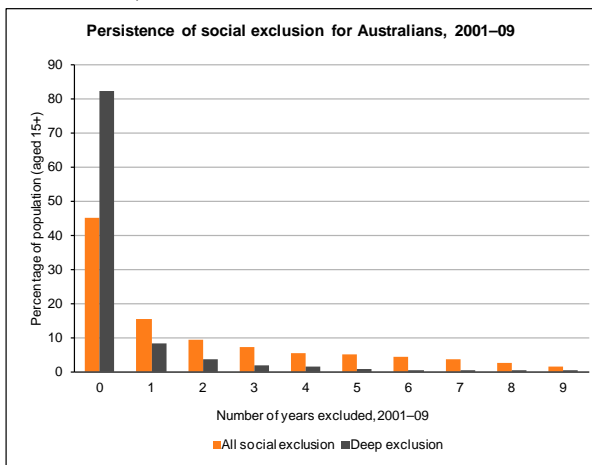
The HILDA survey interviews the same people each year. This enables examination of the extent to which social exclusion persists over time.

Figure 2 looks at this question by showing the distribution of people aged 15 years plus according to the number of years in which they experienced social exclusion over the 2001–09 period. About 55 per cent of the population were excluded in at least one year of the last decade. More than 17 per cent were *deeply* excluded in one or more years. Interestingly, our analysis suggests that most of the people who experienced social exclusion were excluded in more than one year during the nine-year period. Indeed, almost 40 per cent of the population were excluded in two years or more between 2001 and 2009. Nearly 10 per cent were *deeply* excluded in at least two years during this period. More than 1.5 per cent of the population were excluded in every year of the nine-year period.

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.

² Note: 2001 is the first year for which our social exclusion measure can be computed.

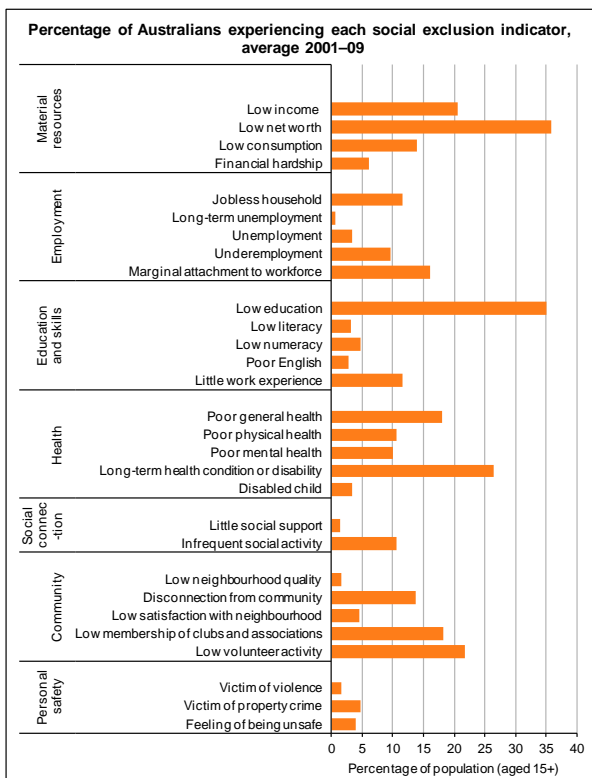
Figure 2 Persistence of social exclusion for Australians, 2001 to 2009



Indicators of exclusion

In order to better 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 29 indicators of social exclusion, averaged over the period from 2001 to 2009.

Figure 3 Percentage of people aged 15 years and over experiencing each social exclusion indicator, average 2001 to 2009



Note: Not all the indicators are collected by HILDA every year, so we have reported literacy and numeracy data for 2005, and low wealth (net worth) is the average of 2002 and 2006 data.

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

- low wealth
- low education
- long-term ill health or disability
- no volunteering activity
- low income.

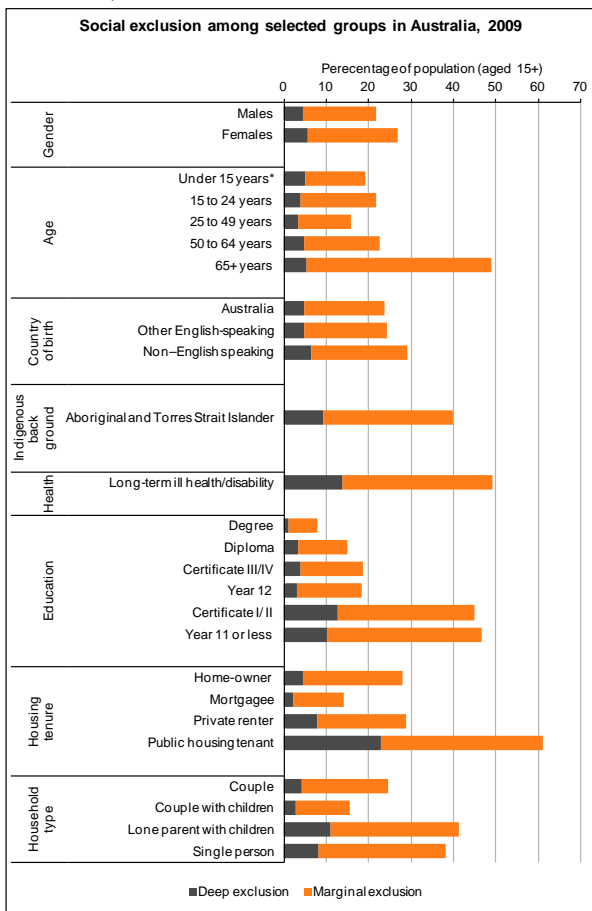
Least common of the individual indicators are long-term unemployment, lacking social support, living in a low-quality neighbourhood and being a victim of violence, each of which is experienced by less than 2 per cent of people.

Who experiences social exclusion?

There are significant differences in the levels of social exclusion experienced by various groups. Based on the latest data (2009), Figure 4 shows that:

- The incidence of marginal and deep exclusion is higher among women than among men.
- Almost 50 per cent of people over 65 experience exclusion—more than any other age group.
- Immigrants, especially those from non-English speaking countries, are more likely to experience social exclusion than native-born Australians.
- Among Indigenous Australians, 40 per cent experience social exclusion.
- Nearly half of Australians who have a long-term health condition or disability experience social exclusion, and about 14 per cent are deeply excluded.
- Early school leavers are much more likely to experience exclusion than those with a diploma or degree.
- Public housing tenants experience marginal and deep social exclusion at more than twice the rate of people living elsewhere.
- About 40 per cent of single people and lone parents experience social exclusion.

Figure 4 Social exclusion among selected groups in Australia, 2009



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 2001 to 2009. Each graph shows the incidence of deep exclusion and/or of 'all social exclusion', which refers to the total of marginal and deep exclusion.

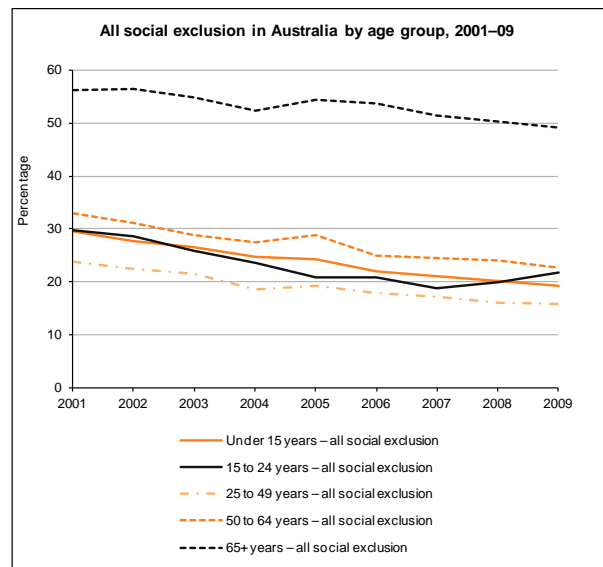
Age and gender

Half of Australians aged over 65 years experience social exclusion. By gender, women are at significantly more risk of social exclusion than men.

As Figure 6 shows, people over 65 years of age experience higher levels of social exclusion than other age groups. In the last decade, the level of exclusion for this age group was above 50 per cent, compared to 20–30 per cent for other age groups.

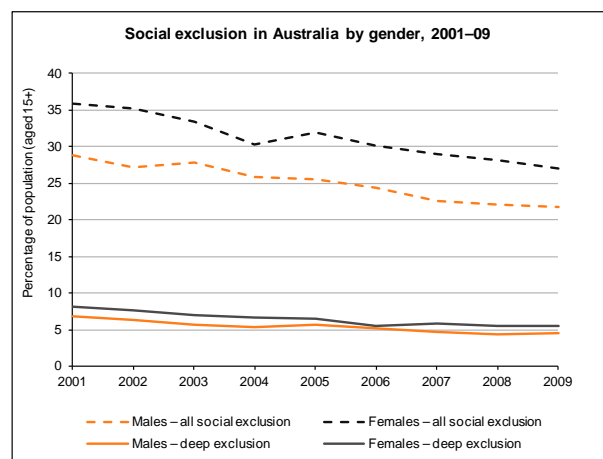
In contrast to the decline observed for other age groups, the incidence of social exclusion among those between 15 and 24 years of age has been growing since 2007, with 22 per cent of this group experiencing social exclusion in 2009.

Figure 6 All social exclusion in Australia by age group, 2001 to 2009



Women are more likely to experience social exclusion than men (Figure 7). Despite the decrease observed for both groups between 2001 and 2009, the incidence of exclusion for women in 2009 remained almost six percentage points higher than for men (27 versus 21.7 per cent). The gender gap is smaller for deep exclusion. Nonetheless, more than 5.5 per cent of women were deeply excluded in 2009, compared to 4.5 per cent of men.

Figure 7 Social exclusion in Australia by gender, 2001 to 2009

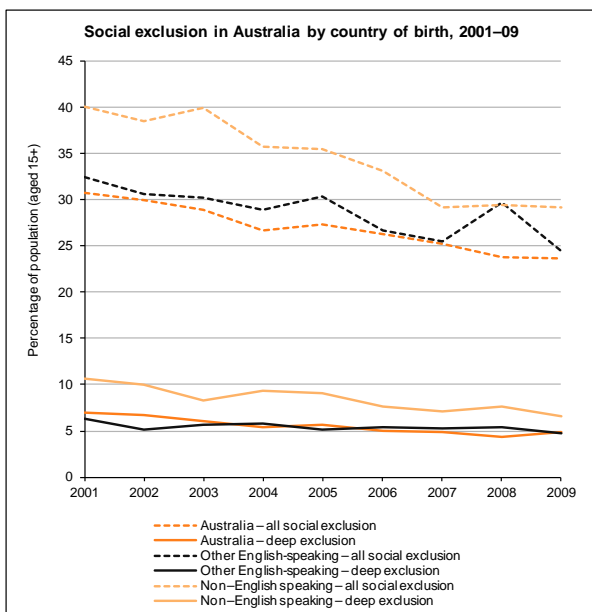


Country of birth and Indigenous background

Immigrants from non-English speaking countries and Indigenous Australians are particularly vulnerable to social exclusion in Australia.

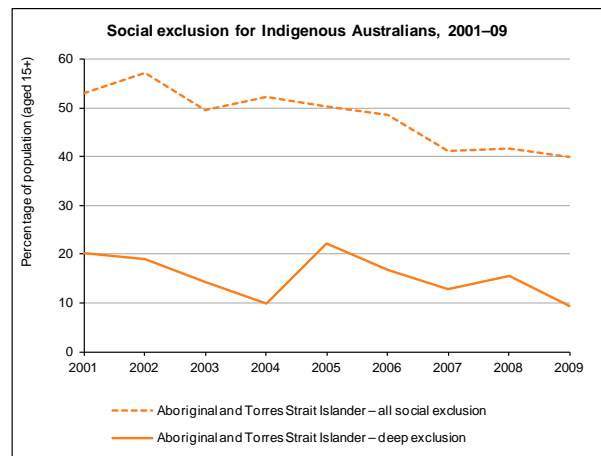
Immigrants, especially those from non-English speaking countries, experience higher levels of social exclusion than native-born Australians (Figure 8). The rate of exclusion for this group in the past decade ranged between 29 and 40 per cent, compared to the 23 to 32 per cent observed for the other groups. Similarly, the level of deep exclusion experienced by immigrants from non-English speaking countries was larger than that experienced by other groups, with incidence rates above 6 per cent across the entire period 2001 to 2009.

Figure 8 Social exclusion in Australia by country of birth, 2001 to 2009



Indigenous Australians experience high levels of social exclusion. Data for 2009 suggest that, despite the downward trend observed in the nine years to 2009 (see Figure 9), about 40 per cent of all Indigenous Australians experience some level of social exclusion compared to 25 per cent of all Australians. In particular, one in eleven Indigenous Australians experiences deep exclusion annually, which means that more than 50,000 people in this group were deeply excluded in 2009.

Figure 9 Social exclusion for Indigenous Australians, 2001 to 2009

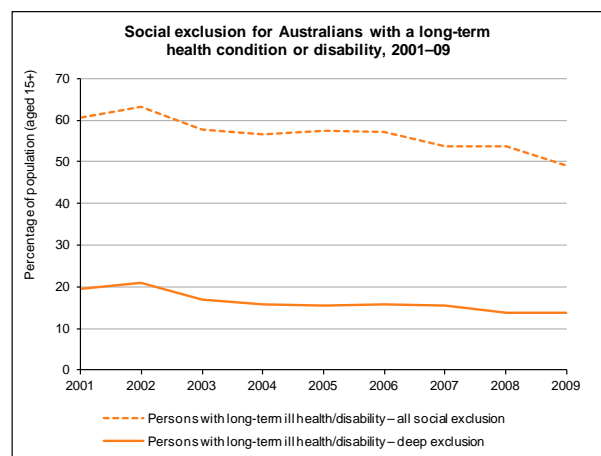


Health and education

One in two Australians who have a long-term health condition or disability experience social exclusion each year. Early school leavers experience social exclusion at three times the rate of those who have completed Year 12.

Having a long-term health condition or disability increases the risk of being socially excluded in Australia. Thus, despite the reduction in the incidence of social exclusion for this group between 2001 and 2009 (see Figure 10), the rate of exclusion among Australians who have a long-term health condition or disability was still about 49 per cent in 2009, with about 14 per cent deeply excluded.

Figure 10 Social exclusion for Australians with a long-term health condition or disability, 2001 to 2009



Low levels of education and skills are strongly linked to social exclusion. For the period 2001 to 2009 we found that the level of exclusion of early school leavers each year (those with Year 11 or below) was three times as large as that of other groups. As Figure 11

shows, the incidence of social exclusion among the two groups who had not completed Year 12 has remained high at around 45 to 50 per cent over the past decade. Despite a decade of strong economic growth, the rate of deep exclusion for some groups of early school leavers, such as those with Certificates I and II, has been growing since 2006 (see Figure 12).

Figure 11 All social exclusion in Australia by education, 2001 to 2009

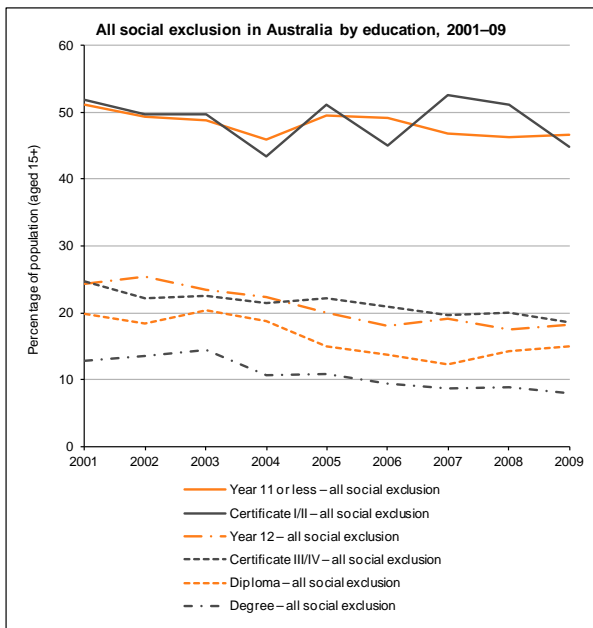
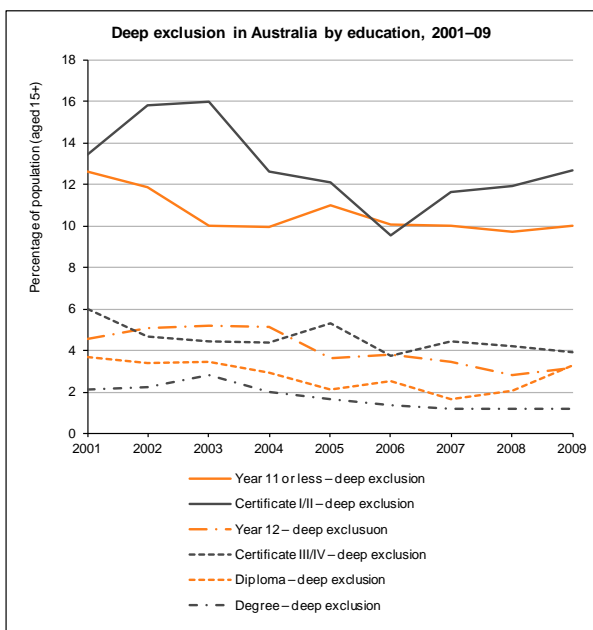


Figure 12 Deep exclusion in Australia by education, 2001 to 2009

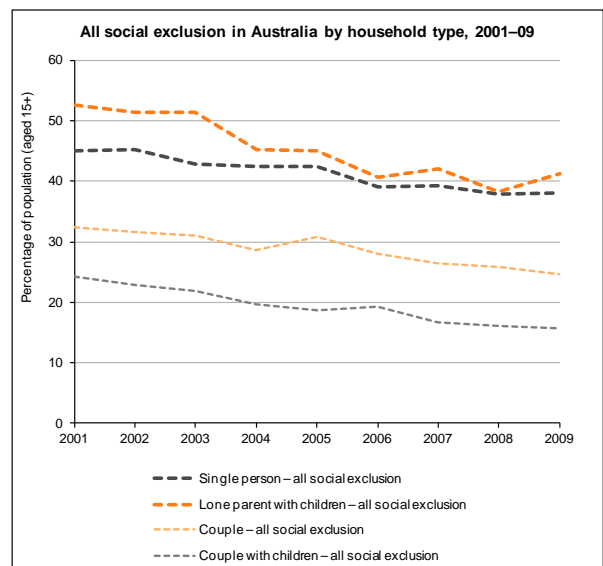


Household type and housing

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

Measuring social exclusion across household types reveals that lone-parent households and single persons experience higher levels of social exclusion than other groups. In 2009, the incidence of exclusion among these groups is around 40 per cent, whereas rates of exclusion among couples are below 25 per cent. As Figure 13 shows, there has been a decrease in the level of exclusion for all household types in the past decade. However, the incidence of exclusion among lone-parent households rose more than three percentage points, from 38 per cent in 2008 to 41 per cent in 2009.

Figure 13 All social exclusion in Australia by household type, 2001 to 2009



Examining rates of social exclusion by housing type, we find that people living in public housing have a higher rate of social exclusion than others. In 2009, more than 60 per cent of public housing tenants are socially excluded and 23 per cent are deeply excluded. Figure 14 shows that there has, however, been a steady decline in the rate of exclusion among public housing tenants since 2005, when more than 76 per cent were socially excluded.

Home owners experience lower levels of deep exclusion than people in other housing situations (see Figure 15). Thus, fewer than 5 per cent of home owners were experiencing deep exclusion in 2009, compared with between 8 and 22 per cent of people in other housing situations.

Figure 14 All social exclusion in Australia by housing type, 2001 to 2009

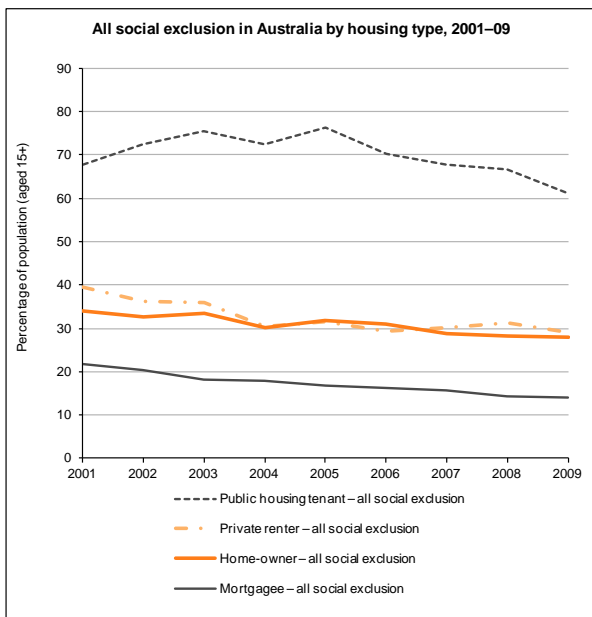
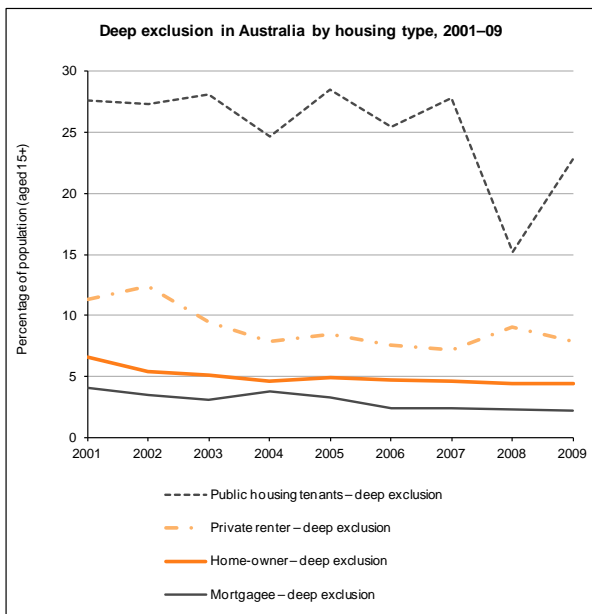


Figure 15 Deep exclusion in Australia by housing type, 2001 to 2009



Special focus: Was Australian economic growth between 2001 and 2008 pro-poor?

Within the social policy community it is now widely accepted that inclusive growth is a necessary condition for poverty reduction. For growth to be considered inclusive, it must allow people to participate in economic activity, so that the benefits from growth are shared equitably.

In the past decade, Australia witnessed a period of strong and sustained growth, with the economy growing, in real terms, at an average annual rate of

almost 2 per cent from 2001 to 2008.³ To determine whether economic growth was inclusive we need to examine the extent to which it benefited disadvantaged people in Australia.

Income changes by position

Since economic growth is defined in terms of the growth in the mean income, one way of assessing the pro-poorness of growth is to compare the growth in the mean with the income gain experienced by people in different positions in the distribution. Table 2 summarises the changes in income between 2001 and 2008.⁴ Along with the growth in average income, there were positive income gains in all the positions. However, income growth was highly concentrated in the upper end of the distribution. In fact, both absolute and relative income gains increase as we move up the distribution. Thus, for instance, the income of the person located in the 95th percentile⁵ grew by \$3455 annually from 2001 to 2008. In contrast, the annual income gain of the 5th percentile was \$260.

Table 2 Changes in incomes in Australia, 2001 to 2008

Position	Annual increase (\$)	Annual growth rate (%)
Mean	1,370.7	3.2
Percentile:		
5 th	259.7	1.9
10 th	393.0	2.5
20 th	596.6	2.8
40 th	850.8	2.7
60 th	1,031.7	2.5
80 th	1,576.7	2.8
90 th	2,335.7	3.2
95 th	3,455.1	3.9

Table 3 presents the 2001 to 2008 mean annual increase and growth rates for different segments of the income distribution in Australia. Income growth for all the segments within the bottom 50 per cent of the distribution was well below the growth in the mean. The annual income for the bottom 5 per cent grew on

³ Although data is available to 2009, our analysis focuses on the period 2001–08 to avoid the effect of the economic downturn of 2009 on the results.

⁴ For a detailed discussion of the pro-poorness of Australian growth from 2001 to 2008, see Azzitarte (forthcoming).

⁵ Note Table 2 does not show income gains experienced by individuals, but rather income growth observed at different positions within the distribution. The people occupying these positions in 2001 and 2008 are not necessarily the same.

average about 1.5 per cent annually (or \$152), and the gain for those in the bottom 50 per cent of the distribution was 2.6 percent (\$629), still amounting to less than half of the overall average annual income increase of \$1371 (see Table 2).

Table 3 Average growth rates for different segments of the income distribution in Australia, 2001 to 2008

Segment	Average annual increase (\$)	Average annual growth rate (%)
Bottom 5%	151.7	1.5
Bottom 10%	238.0	1.9
Bottom 15%	298.9	2.1
Bottom 20%	353.4	2.2
Bottom 50%	628.8	2.5

Income changes for individuals

An important limitation of evaluating the pro-poorness of growth looking at the changes that occurred at different *positions* of the income distribution is that one cannot infer whether individuals at certain positions at different times are the same people or not. In particular, it is important to investigate whether economic growth was beneficial for those groups who were *initially* more disadvantaged. We used the longitudinal information in the HILDA survey to examine the income gains from 2001 to 2008 experienced by different population subgroups. Table 4 presents the growth rates for those who were disadvantaged in 2001 using two methods to identify the disadvantaged. In the first, disadvantage is defined by income poverty and in the second, the BSL–MIAESR measure of social exclusion is used.

The benefits from growth for those who were socially excluded in 2001 are quite small relative to those of other groups. The income growth rate of those experiencing deep exclusion in 2001 was 1.6 per cent, with an annual increase of \$308 or about one-fifth of the \$1371 annual increase in the mean income for this period (see Table 2). For the marginally excluded, the growth rate was 2.5 per cent, or an annual increase of \$702. Compared to the socially excluded, those who were income-poor in 2001 benefited more from economic growth over the decade. The annual growth rates for those below the 60 and 50 per cent of median income thresholds were 5.3 and 6.4 per cent respectively. The difference in the income gains between the income-poor and the socially excluded highlights how conclusions about the pro-poorness of growth may depend on the measure of disadvantaged employed in the analysis.

Table 4 Rates of income growth for disadvantaged groups in Australia, 2001 to 2008

Group in 2001	Average annual increase (\$)	Average annual growth rate (%)
Deep excluded	308.4	1.6
Marginally excluded	702.2	2.5
Income poor (below 60% median income)	1069.8	5.3
Income poor (below 50% median income)	1216.4	6.4

Table 5 shows the growth rates for population subgroups as defined by observed characteristics in 2001. There exists significant variation across groups in terms of their benefits from growth. For instance, the average income growth of those above 65 years of age was only 0.3 per cent, which is low compared to the growth experienced by younger age groups.

Table 5 Income growth by demographic groups in Australia, 2001 to 2008

Group in 2001	Average annual increase (\$)	Average annual growth rate (%)
Age <30 years	978.3	2.6
Age 30–65 years	827.9	2.0
Age >65 years	23.6	0.3
Male	773.3	1.8
Female	776.6	2.1
Working full-time	901.2	1.7
Working part-time	854.1	2.3
Unemployed	994.7	3.3
Long-term unemployed	770.6	1.9
Full-time students	1,600.7	5.0
Other inactive	361.2	1.4
Qualifications: Year 12 and above	955.4	2.1
Less than Year 12, studying	1,252.5	3.8
Less than Year 12, not studying	478.0	1.4
Fluent English proficiency	782.0	2.0
Poor English proficiency	444.5	0.9
Good general health	809.1	2.0
Poor general health	627.4	1.7
Good physical health	842.8	2.1
Poor physical health	423.0	1.0
Good mental health	790.5	2.0
Poor mental health	714.8	1.9
No long-term health condition or disability	955.7	2.3
Long-term health condition or disability	328.0	1.2

Among employment categories in 2001, the long-term unemployed and 'other inactive' groups show the smallest growth, with annual income gains of \$771 and \$361 respectively. Differences between individuals who had different educational attainments and skills in 2001 are quite significant. The average income gain by 2008 for those without Year 12 and not studying in 2001 was \$478, around half of the gain for those who had attained at least Year 12. Further, the income of individuals with low English proficiency grew less than 1 per cent annually between 2001 and 2008.

Disabilities and poor health are factors that may affect the opportunity of individuals to benefit from economic growth. We find that the income of individuals with poor physical health in 2001 grew about 1 per cent, less than half the income growth experienced by those with good physical health. Further, the annual income gain of individuals who reported no disability (\$956) was almost as three times as large as that of those with a disability or long-term health condition (\$328).

Table 6 Composition of the deeply excluded and income-poor groups in Australia, 2001

Characteristic	Deeply excluded (%)	Income poor (below 60% median income) (%)
Age <30 years	24.9	17.8
Age 30–65 years	58.5	49.1
Age >65 years	16.6	33.1
Male	42.2	37.7
Female	57.8	62.3
Working full-time	14.7	7.9
Working part-time	9.2	8.7
Unemployed	8.8	4.9
Long-term unemployed	5.4	3.3
Full time students	5.2	6.9
Other inactive	56.8	68.2
Qualifications Year 12 and above	21.9	28.7
Less than Year 12, studying	6.7	7.2
Less than Year 12, not studying	71.3	64.1
Fluent English proficiency	90.1	94.3
Poor English proficiency	9.9	5.7
Good general health	56.1	70.7
Poor general health	43.9	29.3
Good physical health	63.1	67.9
Poor physical health	36.9	32.1
Good mental health	59.5	75.4
Poor mental health	40.5	24.6
No long-term health condition or disability	33.4	50.9
Long-term health condition or disability	66.6	49.1

We find that the socially excluded benefited less from economic growth than other population subgroups. This difference might be explained by the concentration of low-growth individuals among those experiencing social exclusion. Table 6 shows the composition of the deeply excluded and the income-poor groups.

The proportion of unemployed and long-term unemployed is more than 1.5 times as high among the deeply excluded as among the income-poor. Similarly, people with poor English proficiency and without Year 12 (not studying in 2001) are also more likely to be identified in the excluded group. Almost 10 per cent of those in deep exclusion have poor English proficiency, but only 5.7 per cent of the income-poor. Interestingly, despite being a younger population, the socially excluded have worse health than low-income people. Thus, the proportion of individuals with some type of disability or reporting poor general or mental health is about 15 percentage points higher among the deeply excluded than among the income-poor group.

Conclusions

Australian economic growth from 2001 to 2008, as measured by the change in average incomes, was evident across the income distribution. Indeed, our results suggest that all the positions in the income distribution experienced gains during this period. However, growth was highly concentrated in the upper part of the distribution, with average incomes growing more at the top of the distribution than at the bottom.

When we look at the extent to which growth benefited the most disadvantaged groups, we find that those who were socially excluded in 2001 benefited less from growth than other population subgroups. In particular, economic growth was more pro-income poor than pro-socially excluded. This suggests that pro-poor growth assessments may crucially depend on the measurement of disadvantage adopted.

Part of the explanation for why economic growth benefited the poor more than the socially excluded is the greater prevalence among the socially excluded of long-term unemployment and persistent traits such as poor English proficiency, disabilities and health conditions.

Sources and links

Australian Social Inclusion Board (ASIB) 2010, *Social inclusion in Australia: how Australia is faring* (PDF file, 1 MB), Australian Social Inclusion Board, Department of the Prime Minister and Cabinet, Canberra.

Azpitarte, F (forthcoming), Was Australian economic growth from 2001 to 2008 pro-poor?

Horn, M, Scutella, R & Wilkins, R 2011, *Social Exclusion Monitor Bulletin, September 2011* (PDF file, 152 KB), Melbourne Institute of Applied Economic and Social Research and Brotherhood of St Laurence, Melbourne.

Scutella, R, Wilkins, R & Horn, M 2009, *Measuring poverty and social exclusion in Australia: a proposed multi-dimensional framework for identifying socio-economic disadvantage* (PDF file, 494 KB), Melbourne Institute of Applied Economic and Social Research and Brotherhood of St Laurence, Melbourne.

Scutella, R, Wilkins, R & Kostenko, W 2009, *Estimates of poverty and social exclusion in Australia: a multi-dimensional approach for identifying socio-economic disadvantage* (PDF file, 1.2 MB), Melbourne Institute of Applied Economic and Social Research and Brotherhood of St Laurence, Melbourne.

Useful links

Melbourne Institute (MIAESR):
www.melbourneinstitute.com

Australian Government's Social Inclusion program:
www.socialinclusion.gov.au

South Australia's Social Inclusion Initiative:
www.socialinclusion.sa.gov.au

About the project

The Brotherhood of St Laurence acknowledges the collaboration and support of the Melbourne Institute, and particularly Roger Wilkins, Rosanna Scutella, and Hielke Buddelmeyer. The author would also like to thank Michael Horn and Deborah Patterson at the Brotherhood for their contribution to this bulletin.

For further information

Visit the [social exclusion monitor](http://www.bsl.org.au) to keep track of the levels of social exclusion experienced by Australians based on the latest annual data.

If you have any specific questions about the social exclusion monitor or about social exclusion more generally, please contact us at: <research@bsl.org.au>. We will be happy to answer your query.

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

Bulletin published in April 2012 by

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