



## **TOWARDS NEW INDICATORS OF DISADVANTAGE: DEPRIVATION AND SOCIAL EXCLUSION IN AUSTRALIA**

**PETER SAUNDERS, YUVISTHI NAIDOO AND MEGAN  
GRIFFITHS**

WITH THE ASSISTANCE OF PETER DAVIDSON (ACOSS),  
ANNE HAMPSHIRE (MISSION AUSTRALIA), JANET  
TAYLOR (BROTHERHOOD OF ST LAURENCE) AND  
JOHN BELLAMY AND SUE KING (ANGLICARE, DIOCESE  
OF SYDNEY)



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Peter Saunders, Yuvisthi Naidoo and Megan Griffiths  
November 2007



# Contents

|  |            |
|--|------------|
| <b>Acknowledgements .....</b>                                  | <b>i</b>   |
| <b>List of Tables .....</b>                                    | <b>v</b>   |
| <b>List of Figures.....</b>                                    | <b>vi</b>  |
| <b>EXECUTIVE SUMMARY .....</b>                                 | <b>vii</b> |
| <b>CHAPTER 1: INTRODUCTION AND OVERVIEW .....</b>              | <b>1</b>   |
| Forms of Disadvantage .....                                    | 1          |
| Research Strategy.....   | 2          |
| Outline of the Report.....                                     | 4          |
| <b>CHAPTER 2: CONCEPTUAL FRAMEWORK AND NEW INDICATORS.....</b> | <b>7</b>   |
| The Limitations of Income Poverty .....                        | 7          |
| Deprivation and Social Exclusion.....                          | 8          |
| Poverty and Deprivation .....                                  | 9          |
| Poverty and Social Exclusion.....                              | 11         |
| Previous Australian Research .....                             | 13         |
| Poverty, Deprivation and Exclusion .....                       | 16         |
| Summary .....  | 17         |
| <b>CHAPTER 3: THE LEFT OUT AND MISSING OUT PROJECT .....</b>   | <b>19</b>  |
| The Voices of Low-Income Australians .....                     | 19         |
| Survey Design and Sample Characteristics.....                  | 21         |
| Summary .....  | 25         |
| <b>CHAPTER 4: THE ESSENTIALS OF LIFE .....</b>                 | <b>27</b>  |
| Key Research Questions .....                                   | 27         |
| Identifying Potential Essentials.....                          | 29         |
| Socially Perceived Essentials.....                             | 31         |
| Community Support for the Essentials of Life.....              | 32         |
| Is There a Consensus on the Essentials of Life? .....          | 40         |
| Summary .....  | 41         |
| <b>CHAPTER 5: MISSING OUT – PATTERNS OF DEPRIVATION.....</b>   | <b>47</b>  |
| From Essentials to Deprivation.....                            | 47         |
| The Deprivation Profile.....                                   | 47         |
| Deprivation Among Key Groups .....                             | 51         |
| Multiple Deprivation.....                                      | 54         |
| Summary .....  | 63         |

|  |            |
|--|------------|
| <b>CHAPTER 6: LEFT OUT – SOCIAL EXCLUSION.....</b>                                       | <b>65</b>  |
| Forms of Exclusion .....   | 65         |
| Indicators of Exclusion .....  | 68         |
| Social Exclusion Among Key Groups .....  | 74         |
| Multiple Exclusion.....  | 77         |
| Summary .....  | 79         |
| <b>CHAPTER 7: THE OVERLAP BETWEEN POVERTY, DEPRIVATION<br/>AND EXCLUSION.....</b>        | <b>81</b>  |
| Similarity and Difference.....   | 81         |
| Estimating Overlaps.....   | 81         |
| <b>CHAPTER 8: TOWARDS NEW INDICATORS OF DISADVANTAGE .....</b>                           | <b>87</b>  |
| Summary .....  | 87         |
| What Needs To Be Done?.....  | 88         |
| Concluding Comments.....   | 90         |
| <b>APPENDIX A: COMPARISON OF THE COMMUNITY SAMPLE WITH<br/>EXTERNAL (ABS) DATA .....</b> | <b>93</b>  |
| Sampling Frame and Methods .....   | 93         |
| Sample Characteristics.....  | 93         |
| <b>APPENDIX B: SERVICES INCLUDED IN THE CLIENT SAMPLE .....</b>                          | <b>99</b>  |
| <b>REFERENCES.....</b>   | <b>101</b> |

## List of Tables

|            |   |     |
|------------|---|-----|
| Table 1:   | Ranked Percentage of Respondents Who Regard Each Item as Essential and Prevalence Rates for Each Item.....                            | 34  |
| Table 2:   | The Incidence of Different Forms of Deprivation.....  | 49  |
| Table 3:   | Deprivation of the Top Ten Essential Items Among Vulnerable Sub-Groups in the Community Sample.....                                   | 52  |
| Table 4:   | Deprivation of the Top Ten Essential Items Among Vulnerable Sub-Groups in the Client Sample .....                                     | 54  |
| Table 5:   | The Incidence of Multiple Deprivation in Community and Client Samples.....  | 55  |
| Table 6:   | Deprivation Index Scores by Age and Family Type .....   | 57  |
| Table 7:   | Deprivation Index Scores by Selected Socio-economic Characteristics .....   | 58  |
| Table 8:   | Social Exclusion Indicators .....   | 70  |
| Table 9:   | The Incidence of Different Forms of Exclusion.....  | 71  |
| Table 10:  | Incidence of Selected Indicators of Exclusion Among Vulnerable Sub-Groups in the Community Sample .....                               | 76  |
| Table 11:  | Incidence of Selected Indicators of Exclusion Among Vulnerable Sub-Groups in the Client Sample .....                                  | 77  |
| Table 12:  | The Cumulative Incidence of Different Forms of Social Exclusion .....   | 78  |
| Table 13:  | Overlaps Between Income Poverty, Deprivation and Social Exclusion .....   | 82  |
| Table A.1: | Sample Size and Response Rate.....  | 93  |
| Table A.2: | The Age Composition of the Community Sample and the General Population .....  | 94  |
| Table A.3: | Further Comparisons of the Composition of the Community Sample and the Australian Population, by Socio-Economic Characteristics ..... | 95  |
| Table A.4: | Comparisons of Voting Allegiance .....  | 97  |
| Table B.1  | Industry Partner, Type of Service, Name and Location .....  | 99  |
| Table B.2: | Mean Deprivation Scores by Agency and Service Type.....   | 100 |



## List of Figures

|            |  |    |
|------------|--|----|
| Figure 1:  | The Relationship between Poverty, Deprivation and Social Exclusion .....                             | 16 |
| Figure 2:  | The Age Compositions of the CUPSE Community Sample and the General Population .....                  | 24 |
| Figure 3:  | Structure of Questions Used to Identify Enforced Lack of Essentials .....                            | 30 |
| Figure 4:  | Comparing Support for Items being Essential Among Population Sub-Groups in the Community Sample..... | 42 |
| Figure 5:  | Comparing Support for Items being Essential Between the Community and Client Samples .....           | 44 |
| Figure 6:  | The Incidence of Each Deprivation Indicator in the Community and Client Samples .....                | 48 |
| Figure 8:  | The Incidence of Disengagement in the Community and Client Samples.....                              | 72 |
| Figure 9:  | The Incidence of Service Exclusion in the Community and Client Samples.....                          | 73 |
| Figure 10: | The Incidence of Economic Exclusion in the Community and Client Samples.....                         | 74 |
| Figure 11: | Overlaps Between Poverty, Deprivation and Exclusion in the Community Sample .....                    | 85 |
| Figure 12: | Overlaps between Poverty, Deprivation and Exclusion in the Client Sample .....                       | 85 |

# EXECUTIVE SUMMARY

## Forms of Disadvantage

- Poverty is one of the most basic and enduring causes of disadvantage. Those living in poverty have an inadequate standard of living, face an increased risk of poor health, and experience low self-esteem and social isolation.
- Children, in particular, often carry the negative effects that result from childhood poverty into their adult lives.
- Studies of Australian poverty have concentrated on comparing people's incomes with poverty lines. By focusing on income alone, poverty research has failed to connect with the actual living standards experienced by those in poverty.

## The *Left Out and Missing Out* Project

- The *Left Out and Missing Out* project, draws on the concepts of deprivation ('missing out') and social exclusion ('left out') that relate directly to people's living standards. The findings complement poverty studies in ways that enrich our understanding of the nature and extent of social disadvantage.
- The basic premise underlying the research is that the measurement of poverty and other forms of disadvantage must be grounded in the actual living standards and experiences of people in poverty.
- The research is based on a unique partnership between academic researchers and community sector researchers and practitioners that combines technical expertise with the practical know-how of those working at the coalface of poverty relief.
- The partnership has allowed the research to draw on the first-hand knowledge of low-income Australians and been guided by their insights into the meaning and experience of poverty.

## The Research Design

- The research was conducted in two stages:
- In Stage I, focus groups were held which discussed how low-income families and community sector agency staff experience poverty and exclusion, and what they regard as essential to achieve a decent standard of living.
- Stage II involved two overlapping surveys. The main *Community Understanding of Poverty and Social Exclusion* (CUPSE) survey was completed by over 2,700 adult Australians drawn at random from the federal electoral roll. Around 700 clients of community sector welfare services also completed a shortened version of the same survey.
- This report describes and analyses the findings from the two surveys conducted in Stage II of the research. They are referred to throughout the report as the community and client surveys, respectively.
- The two surveys produced information about people's circumstances and attitudes that form the basis of the new indicators of disadvantage. The responses also allow the situation of different groups in the community to be compared.

## Poverty, Deprivation and Social Exclusion

- Poverty is a situation in which someone's income is so inadequate as to preclude them from having an acceptable standard of living. It exists when people's actual income is below a poverty line.
- Deprivation exists when a lack of resources prevents people from accessing the goods and activities that are essential. Following international convention, it is defined as an *enforced lack of socially perceived essentials*.
- Social exclusion exists when people do not participate in key activities in society. Whereas deprivation focuses on what people *cannot afford*, what matters for exclusion is what people *do not do*.
- Poverty, deprivation and social exclusion are distinct but overlapping concepts. They cover what most people understand by the term 'social disadvantage', which involves restricted access to resources, lack of participation and blocked opportunities.

## The Essentials of Life

- The first step in measuring deprivation involves identifying what constitutes essential items – things that no-one should have to go without in Australia today.
- The list of possible essentials covered in the two surveys includes such items as a substantial meal at least once a day, ability to buy prescribed medications, streets that are safe to walk in at night and consumer items, including a television, washing machine and home computer.
- Items are defined as essential if a majority of respondents to the community survey thought that they were essential.
- Out of the 61 items included in the survey, 48 were regarded as essential by a majority, while 30 were regarded as essential by more than 90 per cent of those surveyed.
- The items that emerged at the top of the essentials ranking in both surveys relate to basic necessities like food and shelter, along with access to health services, including dental treatment.
- Several of the high-ranking items relate to people's sense of identity (to be accepted for who you are), their connections to support networks (supportive family relationships) and basic living skills (budgeting and language proficiency).
- Items that protect people against risks if things go wrong (emergency savings and different forms of insurance coverage) also feature high in the ranking of essentials.
- Consumer items such as a home computer, mobile phone, DVD player and dishwasher did not come close to attracting majority support for being essential.
- All 8 of the items that relate to children attracted majority support for being essential, and 5 of them were seen as essential by more than 90 per cent of respondents. These were: a safe outdoor space to play at or near home; can participate in school activities and outings; a yearly dental check-up; a local park or play area; and a hobby or leisure activity.
- Overall, the findings indicate that there is a high degree of community consensus on which items form the 'essentials of life' in Australia today.

## Missing Out - Deprivation

- Deprivation was measured by identifying those who do not have and cannot afford each of the 26 items that were seen as essential by a majority of respondents to the community survey.
- Among respondents to the community survey, the items where deprivation is highest are: a week's holiday away from home each year (22.4 per cent), \$500 in savings for use in an emergency (17.6 per cent), dental treatment if needed (13.9 per cent) and home contents insurance (9.5 per cent).
- The absence of these items among large sections of the population highlights the fact that many Australians are only a minor mishap (a faulty refrigerator, a scrape in the car, or a toothache) away from becoming deprived.
- In comparison, around half of those who participated in the client survey were deprived in relation to: \$500 in savings for use in an emergency (57.7 per cent); a week's holiday away (53.1 per cent); home contents insurance (46.3 per cent) and dental treatment if needed (46.0 per cent).
- The average incidence of deprivation across all 26 essential items among the client sample (23.7 per cent) is four times that for the community sample (5.8 per cent).
- Further analysis reveals that deprivation is highest among Indigenous Australians, sole parent families, public housing renters, and the unemployed. On average, those renting privately fare little better than public renters.
- Multiple deprivation is also widespread. More than one-quarter of the community sample experience 2 or more forms of deprivation, while over 11 per cent are missing out on at least 5 essential items simultaneously.
- More than two-thirds of those in the client sample experience 2 or more forms of deprivation, while close to half are deprived of 5 or more items. Approaching one-third (29.5 per cent) of the welfare clients are missing out in 8 or more areas.

## Is There a Deprivation Threshold?

- Deprivation increases sharply when gross household income (adjusted for household size) falls below \$300 a week. This is quite close to the 50 per cent of median income benchmark often used to identify poverty.
- The deprivation threshold is slightly above the prevailing rates of both pension and allowance, which suggests that many income support recipients are deprived. Prevailing government benefit levels are not sufficient to buy what most Australians regard as essential items.

## Left Out - Social Exclusion

- In line with overseas studies, social exclusion has been identified using a range of indicators (27 in total).
- Three different forms of exclusion have been distinguished:
  - disengagement – lack of participation in social and community activities
  - service exclusion – lack of adequate access to key services when needed
  - economic exclusion – restricted access to economic resources and low economic capacity

- *Disengagement* is most pronounced in four areas: no annual holiday away from home; no participation in community activities; no hobby or leisure activity for children; and could not go out with friends and pay one's way.
- Around 30 per cent of both samples did not participate in any of a broad range of community activities over the last year, including volunteering, sporting and cultural events, and political or neighbourhood activities.
- *Service exclusion* is widespread among the Australian community, with a large proportion of both samples who need them excluded from child care, disability and dental services.
- Over one-quarter of the community sample do not have access to a bulk-billing doctor and more than one-half of parents do not have access to child care.
- Around 11 per cent of the client sample are excluded from medical treatment, have no access to a bank or building society and were unable to attend a wedding or funeral.
- In relation to *economic exclusion*, over one-quarter of those in the community sample do not have more than \$50,000 of (non-housing) assets, while only slightly fewer do not have \$500 in savings for use in an emergency.
- Economic exclusion is much higher among the client sample, where exclusion rates exceed 50 per cent for 4 out of the 8 indicators and are above 70 per cent for three of them.
- Social exclusion overall is most common among the same groups that were shown to be most deprived, particularly public renters, the unemployed and Indigenous Australians.
- The relative position of Indigenous Australians is somewhat better on an exclusion basis than on a deprivation basis, largely because of higher participation in social and community activities.
- People with a disability face similar rates of exclusion to sole parent families in both samples.
- Multiple exclusion is far more widespread than multiple deprivation. Around one-half of the community sample experience 3 or more forms of exclusion in total, while over 90 per cent of the client sample face similar high rates of multiple exclusion.

### **The Overlap Between Poverty, Deprivation and Exclusion**

- It is vital to establish whether those who experience deprivation and/or exclusion are the same as those identified as income poor, since otherwise it can be argued that the case for distinguishing between the three concepts is weakened.
- In round terms, about 40 per cent of those in the community sample who are income poor are also deprived, and around 37 per cent of those who are poor are also excluded.
- In contrast, these overlaps are much higher, at 66 per cent and 71 per cent in the case of the client sample, where multiple disadvantage is far more pronounced.
- There exists a core group of disadvantaged Australians who experience all three conditions simultaneously. This group has low incomes (below half the median), experience 3 or more deprivation conditions and are excluded in 7 or more areas.

- The core disadvantaged group corresponds to only 5 per cent of the community sample, but accounts for more than one-third (37.4 per cent) of the client sample.
- The lack of overlap implied by these findings indicates that the extent and nature of social disadvantage is better understood using all three indicators rather than relying on any single one of them.

### **Main Implications**

- The research has developed a series of new indicators of disadvantage that are more closely connected with the lives and experiences of those living in poverty.
- The findings bring home the message that although economic prosperity may be widespread, there are still many who are missing out or have been left out.
- The survey results suggest that action is most urgently needed to address several issues, including:
  - A lack of access for some people to key services, of which access to dental treatment and the affordability of prescribed medications are the most pressing.
  - For some children, a lack of full participation in school activities and outings, and blocked access to other opportunities.
  - The widespread lack of emergency savings and inadequate insurance coverage.
  - The lack of decent and secure accommodation for some, including poor security provisions, no insurance coverage and poor facilities (dampness, leaking roofs and gutters, inadequate heating and low quality furniture).
  - The lack of even a week's holiday away from home for many people, which is seen as being essential by a majority of the community survey respondents.
- Existing income support payments are not adequate to protect recipients from experiencing high levels of deprivation. They need to be increased.
- This needs to be accompanied by a program that provides practical training with the computing, budgeting, language and educational skills that are needed to survive and prosper in an increasingly competitive labour market.
- No attempt has been made in the study to develop a single all-encompassing indicator of disadvantage (or even a small set of key indicators), mainly because this would be premature in light of the experimental nature of the research.
- More work is needed to establish that the indicators are robust before they can inform the development of policies that prevent and ameliorate the different sources of social disadvantage.
- In countries such as Britain and Ireland, partnerships between government and researchers have produced findings that have fed directly into the policy process. These are powerful examples of evidence-based policy in action.
- Australia has much to learn from this experience. More than 15 years of strong economic growth has failed to remove the poverty, deprivation and social exclusion that contribute to social disadvantage as highlighted in this study.



## CHAPTER 1: INTRODUCTION AND OVERVIEW

### Forms of Disadvantage

Poverty is one of the most basic and enduring causes of social disadvantage. Those living in poverty face an increased risk of poor health, and experience low self-esteem and social isolation, all of which reinforce the hardship associated with not having enough to make ends meet. Children, in particular, often carry the negative effects that result from childhood poverty into their adult lives. Poverty research has an important role to play in establishing the magnitude of the problem, identifying which groups are most affected by it, monitoring trends and developing policy responses. Without that research, our ability to combat poverty will be seriously diminished.

People are defined as living in poverty if their incomes are so inadequate as to preclude them from having an acceptable standard of living (Combat Poverty Agency, 2002). This definition is straightforward, but the measurement of poverty requires a judgment to be made about what constitutes an acceptable standard of living, and how much income is needed to achieve it.

Studies of Australian poverty have concentrated on comparing people's incomes (adjusted to allow for differences in family needs) with poverty lines in order to discover how many people are poor (the poverty rate), who is affected by it (the structure of poverty) and how it has changed over time (the poverty trend). These studies have been used to assess the adequacy of income support payments, advocate on behalf of those identified as poor and pressure governments to improve their anti-poverty policies. They have focused community attention on the need to tackle the root causes of poverty (e.g. unemployment and discrimination) and address its consequences (e.g. social alienation, restricted child development and poor health outcomes).

A recent report published by the Organisation for Economic Cooperation and Development (OECD) has drawn attention to the limitations of the conventional income approach to poverty measurement, noting that:

‘Income measures do not provide a full picture of “command over resources”: they neglect individuals’ ability to borrow, to draw from accumulated savings, and to benefit from help provided by family or friends, as well as consumption of public services such as education, health and housing’ (Boarini and d’Ercole, 2006, p. 10).

The role and importance of these neglected factors will only emerge if the focus is shifted away from income onto a broader framework that also incorporates direct indicators of disadvantage.

The lack of agreement about how and where to set poverty lines, combined with difficulties involved in measuring income accurately in social surveys has also undermined the credibility of these studies and to some extent reduced their impact. By focusing on income alone, poverty research has become disconnected from the actual living standards experienced by those in poverty (Saunders, 2005a).

Some of those with low income can get by because they have access to other resources (e.g. savings, accumulated wealth, or access to support from family members) while some of those with higher incomes may have special needs and face high costs (e.g. people with disabilities, or newly arrived migrants) that cause them to end up in poverty. It has been argued that these limitations will only be overcome



when the identification of poverty is based on observing more directly the different forms of *deprivation* that people actually confront in their daily lives (Ringgen, 1988).

Poverty research has also not examined how and why people experience *social exclusion*, yet this has emerged as an important new theme in the literature on social disadvantage and has attracted the interest of policy makers, particularly in Europe. It has shifted the focus away from material and economic needs onto issues of social connectedness and the different forms of participation in community life that contribute to inclusion and well-being.

Addressing exclusion by encouraging economic and social participation is a major goal of the welfare reform policy agenda in Australia. But even though it is also one of the designated national research priorities, much of the Australian debate has been narrowly focused on employment to the neglect of the structures, processes and actions that are major contributors to exclusion.

These three over-lapping concepts – poverty (defined in terms of low income), deprivation and social exclusion – underlie the research on which this report is based. Its basic underlying premise is that *social disadvantage takes many different forms, and the identification and measurement of poverty and other forms of disadvantage must be grounded in the actual living standards and experiences of people in poverty*. This involves identifying the different forms of deprivation and exclusion and developing indicators based on the factors that restrict people's ability to acquire the items and participate in the activities that are widely regarded as essential for full membership of society.

The research contributes to this important task by undertaking a systematic examination of what Australians regard as the 'essentials of life'. It then uses this information to produce the first national profile of deprivation – who is missing out, and on what – and social exclusion – who is being left out, and from what. It is the first step towards producing a new suite of indicators that will support a better understanding of the nature of contemporary disadvantage, and sheds new light on what needs to be done about it.<sup>1</sup>

### **Research Strategy**

Although the advantages of this new approach have been widely acknowledged internationally, no comprehensive national study of this kind has yet been attempted in Australia. This project demonstrates that such a study is feasible, and illustrates how the findings can be used to raise public awareness of the issues and generate support for further research, improved data and better policies. Importantly, it draws on the expert advice and input provided by those working at the coalface of poverty relief in some of the community sector agencies that provide the services that address the needs of low-income disadvantaged people on a daily basis.

This advice and input has ensured that the research has benefited from first-hand knowledge about what constitutes poverty in Australia today. This feature of the research has also allowed it to draw directly on the experiences and insights of those

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<sup>1</sup> An alternative approach to poverty builds on the concepts of functioning and capabilities, associated with the insights generated by Nobel Laureate Amartya Sen (1985; 1999). This approach is being pursued in a separate study being conducted by the Melbourne Institute of Applied Economic and Social Research (see Headey, 2006).

who use these services, and to compare the extent of their disadvantage with that of the community as a whole. It has provided the foundation on which new data have been collected that shine an important new light on the contours of disadvantage in Australia.

Through its development of the ideas associated with the concepts of deprivation and social exclusion, this research is designed to contribute to solutions to the following questions:

- What do Australians in general, and low-income Australians in particular, regard as the essential components of a socially acceptable minimum standard of living that includes an adequate level of community participation?
- Is there a broad consensus about what constitutes deprivation and exclusion, or are there systematic differences in the views held by different groups in the community?
- What is the relationship between the perceived ‘essentials of life’ and the overlapping concepts of income poverty, deprivation and social exclusion?
- What is the extent of deprivation and social exclusion experienced by different groups in the community and what are the main contributing factors?
- To what extent do poverty, deprivation and exclusion overlap, and which groups are most susceptible to experiencing all three conditions simultaneously?
- What insights and implications follow from these findings?

Through a combination of focus group discussions with vulnerable groups and community sector agency staff, and data collected from two large over-lapping social surveys, the research is designed to:

- Provide a ‘reality check’ of existing income-based poverty lines, and test the robustness of the conclusions of conventional poverty studies;
- Promote emerging theories of deprivation and social exclusion by exploring the factors that prevent or restrict different forms of social and economic participation;
- Increase the credibility of research on deprivation and social exclusion by the direct involvement of experts from some of Australia’s leading non-government community sector agencies;
- Develop new operational indicators of deprivation and exclusion that are relevant to Australian attitudes and circumstances;
- Provide new insights into the forms of disadvantage experienced by those who are forced to seek assistance from community services; and
- Prepare the ground for a comprehensive national survey of the extent of poverty, deprivation and social exclusion in Australia.

The research draws on the knowledge and experience of low-income individuals to provide new insights into how deprivation and exclusion arise, what forms they take, how they interact, and what effects they give rise to.

The research was conducted in two stages:

- In Stage I, a series of focus groups examined how low-income families and community sector agency staff experience and perceive poverty, deprivation and exclusion, what they regard as essential to achieve a decent standard of living, the key pathways into poverty and the barriers that prevent excluded people from reintegrating into key economic and social activities.
- In Stage II a random sample of the general population (drawn from the federal electoral roll) provided information on their experience and understanding of, and attitudes to, different dimensions of poverty, deprivation and social exclusion. At the same time, around 700 welfare service clients completed a shortened version of the same survey when they accessed services.

The first (community) survey was designed to provide a national picture of the extent and nature of poverty, deprivation and exclusion using definitions based on prevailing community attitudes. The latter (client) survey had three aims: first, to offset the common tendency for those most at risk of poverty to be under-represented in surveys of the general population; second, to assess whether and how community service clients' understandings of deprivation and exclusion differ from those of others in the community; and third, to allow the extent of deprivation and exclusion among welfare service clients to be estimated and compared with other members of the community.

By addressing these limitations of existing research in the field, the current study is designed to overcome some of the statistical biases contained in other social surveys, as well as generating important new data on a highly disadvantaged section of the community.

The Stage I focus groups were conducted between May and July 2005 and the main findings are presented in the report *Experiencing Poverty: The Voices of Low-Income Australians* (Saunders and Sutherland, 2006).<sup>2</sup> The report contains a wealth of information about the problems confronting low-income Australians and provides a number of pointers to how the two Stage II surveys could address these concerns in ways that would produce useful and valid information.

This report builds on the insights produced by the earlier report and presents, for the first time, a comprehensive picture of the nature of the problems faced by those without the financial resources to have and do the things that others in society take for granted. Its findings provide important new insights into the nature, causes and consequences of Australian poverty. It has, in short, made significant progress towards the development of new indicators of disadvantage.

### **Outline of the Report**

The following chapters describe how the research was designed and conducted and present and discuss its main findings. Chapter 2 outlines the conceptual framework that informed the research and explains the concepts of deprivation and social exclusion, focusing on what they mean, how they differ and how they relate to income poverty.

Chapter 3 provides details of the research study, outlines the very important partnership between researchers and practitioners on which it was built, describes the

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<sup>2</sup> The report can be downloaded from the SPRC website at [www.sprc.unsw.edu.au](http://www.sprc.unsw.edu.au)

main research instruments, and provides some summary information about the survey data that was collected.

Chapter 4 explains how the essentials of life were defined and identified and presents results in a way that allows the robustness of the findings to be assessed.

Chapters 5 and 6 present and discuss the findings in relation to deprivation and social exclusion, respectively. In each case, results are presented and comparisons drawn between those who responded to the community survey of the general population (the community sample) and those who participated in the smaller sample of welfare service clients (the client sample).

Chapter 5 describes the components of deprivation, compares its incidence across different groups, analyses the extent and nature of multiple deprivation and uses a simple summary index to explore how deprivation varies between different socio-economic sub-groups.

Chapter 6 estimates the incidence of social exclusion in total and broken down into three sub-categories: disengagement (a lack of involvement in different forms of social interaction and activity), exclusion from key community services (for reasons to do with access, coverage or cost), and economic exclusion (low economic resources and restricted capacity to generate them).

Chapter 7 examines the degree of overlap between poverty defined in terms of low-income, and the indicators of deprivation and social exclusion developed in the three previous chapters. If the distinction between these three concepts is to be useful in practice, then it is important to demonstrate that they affect different groups of people, and thus cannot be reduced to a single all-encompassing indicator. The results confirm that poverty, deprivation and exclusion are different in practice, as well as conceptually. The findings are then used to explore the characteristics of those who face all three forms of disadvantage simultaneously (the core disadvantaged).

The final chapter briefly summarises the main findings of the study, explores some of its implications and proposes a series of recommended changes to existing policy and practice.



## CHAPTER 2: CONCEPTUAL FRAMEWORK AND NEW INDICATORS

### The Limitations of Income Poverty

The previous chapter defined poverty as having an income that is inadequate to support an acceptable standard of living. This definition gives explicit emphasis to the role of income, but does not preclude a role for other factors in creating the conditions for social disadvantage more generally. The need to understand the nature and role of these factors in contributing to disadvantage provides the impetus to develop a new framework and, within it, a new suite of indicators of disadvantage.

Although it is widely accepted that income provides a valuable way of *measuring* poverty, it has also become clear that the *concept* of poverty needs to be grounded in the conditions faced by those who experience it. The failure to provide such a foundation in poverty line studies has exposed them to criticism for being out of touch with the lived realities of poverty (Lister, 2004) and failing to indicate that the actual living conditions of those identified as poor are synonymous with poverty (Whiteford, 1997).

Others have been critical of the judgements required to identify poverty using an income poverty line (Saunders and Tsumori, 2002) even though this has been a powerful factor in raising public awareness of the issue. However, by focusing on that aspect of poverty which can be most readily measured in income terms, we have lost sight of the role and significance of those other factors.<sup>3</sup>

Ronald Henderson's pioneering research in the 1960s and 1970s set a poverty line that reflected the judgements and circumstances of the time. However, much has changed since then and there is a need to develop new indicators that are relevant to current conditions and reflect new aspects of social disadvantage that cannot be adequately captured in terms of income. Such indicators can then be used along with estimated poverty rates to provide a more comprehensive account of the nature of social disadvantage in Australia.<sup>4</sup>

Dissatisfaction with the Henderson poverty line has led some researchers to replace it with a poverty line set at a percentage of median or mean income (Harding, Lloyd and Greenwell, 2001). Such explicitly relative income poverty lines have been widely used to compare national poverty rates in international studies, where they avoid the need to convert different currencies into a common monetary measure (Bradbury and Jäntti, 1999; Förster and d'Ercole, 2005; Smeeding, 2006). Despite their usefulness in comparative studies, the use of poverty lines set at a percentage of median (or mean)

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<sup>3</sup> Lister (2004) agrees that poverty should be defined narrowly, focusing on its 'material core' to describe situations in which the ability to consume or participate is restricted by a limited command over financial resources. She also argues that other dimensions of poverty are important, including relational deprivations associated with powerlessness, lack of voice and restricted human rights, but that these should not be confused with the core concern of poverty as reflecting a lack of material resources.

<sup>4</sup> The concept of social disadvantage that underpins this study is consistent with that used recently by Tony Vinson (2007) to examine the nature of community resilience. Social disadvantage is defined by Vinson as 'a range of difficulties that block life opportunities and which prevent people from participating fully in society'. The report goes on to note that 'obviously the difficulties in question include economic poverty but they are wider than a lack of financial resources' (Vinson, 2007, p. 1).

income is less justifiable when measuring poverty in a single country, because it then becomes important to capture those factors that are unique to that country. To estimate poverty in Australia accurately, we need a specifically Australian definition.

Although income is a primary determinant of the standard of living of most people, other factors also play an important role in protecting people from poverty. If poverty is ultimately a matter of inadequate resources, then it has to be acknowledged that resources must be defined to include, in addition to income, such factors as accumulated wealth, access to credit and to the family and social networks on which many people rely in times of need. Once these are recognised as important, the link between low-income and poverty becomes tenuous (at least for some groups, or over some periods of time), since other resources can be used to protect those with low income from poverty.

Another problem that has recently emerged relates to the difficulties involved in measuring income accurately in the social surveys that are used to collect the data required to estimate poverty. People are reluctant to provide details of their income and the reported figures may be inaccurate because some forms of income are forgotten, or their contribution is understated. The Australian Bureau of Statistics (ABS) – the agency that collects the data on which most Australian poverty studies are based – has acknowledged these difficulties and argued that ‘household income is not a good indicator of the total economic resources available to many people with very low recorded incomes’ (ABS, 2006a, p. 69). It has gone even further, defining ‘low income households’ in its official income distribution reports in a way that excludes those in the lowest decile (bottom 10 per cent) because of these concerns (e.g. ABS, 2004).

There are therefore sound conceptual and practical reasons for examining approaches to poverty measurement that do not rely solely on income. Conceptually, an alternative approach is required to provide more convincing evidence that those identified as poor are actually experiencing deprivation. Practically, we need data that more comprehensively reveals the actual living conditions of those who are most disadvantaged.

These two objectives may not always be consistent with each other, because those variables that can help to better identify poverty may not be able to be measured any more accurately than income. However, until we experiment with new indicators, the merits of using them compared with income will never be established.

### **Deprivation and Social Exclusion**

Reflecting the views reflected in the above discussion, the main goal of the *Left Out and Missing Out* project is to explore alternative approaches to identifying different forms of disadvantage. A subsidiary goal (not addressed explicitly here, but the subject of on-going research) is to assess whether these approaches can provide a better basis for identifying poverty.

This involves drawing directly on the experiences and views of disadvantaged people to generate a new body of evidence that will broaden our understanding of two of the main components of social disadvantage: *deprivation* (‘missing out’); and *social exclusion* (being ‘left out’).

Deprivation and social exclusion have emerged as major themes in the poverty literature, although their role and contribution have differed. The concept of deprivation has mainly been used to identify who is in poverty and to help set a

poverty line (measured in terms of income), following its initial development by British sociologist Peter Townsend (1979) and subsequent refinement in a series of studies (Mack and Lansley, 1985; Gordon and Pantazis, 1997; Gordon and Townsend, 2000; Pantazis, Gordon and Levitas, 2006).

In contrast, the modern usage of the concept of social exclusion emerged in France as a way of identifying 'les exclus' - those who were excluded by the French welfare system and thus unable to participate in different spheres of social and economic activity (Lenoir, 1974; Whiteford, 2001). Subsequent work by Paugam (1996) emphasised that exclusion results from the precariousness that often accompanies unemployment or disengagement from the labour market. Thus, while deprivation has been used to better define poverty, social exclusion has been seen as offering an alternative, broader approach that opens up issues associated with the role of institutional structures and processes.

Some researchers were initially sceptical of the notion of exclusion, because it allowed politicians to avoid discussing poverty and thus escape responsibility for having to deal with it (Bradshaw, 2004). In fact, in Britain at least – where the Blair Government has drawn extensively on the concept of social exclusion to develop its policy agenda – the focus on social exclusion has resulted in the re-emergence of both poverty and inequality as major policy issues. And this in turn has re-ignited interest in the concept of deprivation, as a new way of defining poverty and identifying who is poor.

There are thus signs that developments in our understanding of poverty, deprivation and exclusion are beginning to merge into a new integrated framework. But it is still important to understand how these concepts differ and overlap before their role in that new framework can be determined.

### **Poverty and Deprivation**

The classic modern definition of poverty as relative deprivation was provided by Townsend, who argued that:

‘Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged or approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary living patterns and activities.’ (Townsend, 1979, p. 31)

This definition identifies the adequacy of resources required to avoid poverty not only in terms of the ability to obtain material items (e.g. diet and amenities) but also so that people can avoid being 'excluded from ordinary living patterns and activities'. This latter feature suggests that exclusion is a sub-component of the broader notion of deprivation, although this is a misleading assessment, as explained later.

The key feature of the definition of deprivation that links it to the notion of poverty is its emphasis on a *lack of resources* as being the underlying cause of deprivation. This implies that if deprivation can be defined, it can help to identify who is in poverty and also how much income is needed to avoid it. As Berthoud, Bryan and Bardasi (2004) have emphasised, this interpretation of the role of deprivation places fewer



requirements on the robustness of the deprivation indicators than if they are assumed to actually measure poverty directly.

Townsend's definition of deprivation implies that poverty is a relative concept, since it focuses on a lack of the resources needed to purchase goods and participate in activities that are 'customary, or at least widely encouraged or approved' in society. It follows that two elements are needed to make the definition operational: first, it is necessary to identify which goods and activities are widely endorsed in society before their absence can be defined as deprivation; second, it must be established that those who do not have these items are constrained by a lack of resources.

In short, deprivation can be defined as *an enforced lack of socially perceived necessities (or essentials)* (Mack and Lansley, 1985, p. 39). It involves going without *because of a lack of resources*, and this explains the close link between deprivation and poverty as conventionally defined in terms of low income.

Studies that adopt the deprivation approach to poverty proceed in three stages: the first stage involves identifying those items that are regarded by a majority of the population as being necessary; the second stage seeks to identify who does not have each of these items; the third stage distinguishes between those that do not have each item because they do not want it, and those who do not have it because they cannot afford it. Those who fall into the latter category are deprived, because they are unable to afford those items regarded as essential by a majority of the community.

It is important to acknowledge that although deprivation is closely related to poverty, it is possible to experience deprivation in one or more dimensions without necessarily being poor, just as it is possible to be poor in income terms without being deprived. When poverty and deprivation are observed at a particular point in time, no account is taken of the factors other than income that determine the standard of living (Perry, 2002, Figure 1), nor of the dynamics linking changes in people's income and their standard of living and hence the deprivation actually experienced (Gordon, 2006).

For these reasons, a sudden decline in income (because of the loss of a job, for example) will not automatically translate into a rise in deprivation because those affected may be able to cushion or delay the fall in living standards. Similarly, those in poverty whose incomes suddenly rise may still experience deprivation for some time while they adjust to their increased prosperity (Gordon, 2006, pp. 41-5).

In addition, the existence of deprivation may reflect factors other than a lack of income, including poor working conditions, inadequate neighbourhood facilities, lack of access to appropriate health services, or barriers that prevent people from participating in widely practiced and endorsed community activities. These factors may or may not be a cause or consequence of poverty, and will often be associated with it, but they do not constitute poverty as such. Deprivation and poverty are different even though evidence that deprivation exists can help to identify the level of resources needed to avoid poverty.

The deprivation approach can be used to help to set an income poverty line, and this was one of Townsend's original motivations.<sup>5</sup> This involves making additional

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<sup>5</sup> The deprivation approach is not the only method that has been used to set an income poverty line. An alternative involves developing normative budget standards by identifying the items required to attain a specific standard of living and costing them (see Saunders et al., 1998).

assumptions about the nature of deprivation, and accepting that it is conceptually valid and practically feasible to draw a dividing line between where deprivation constitutes poverty and where it does not. This last step requires a judgement to be made, with all the limitations that this implies.

The rationale for going this extra step rests in part on the value of being able to present findings in a way that can be more readily disseminated and understood. A poverty line set in dollar terms speaks a language that everyone can understand and relate to their own situation. 'Headline' poverty rates can stir the imagination and mobilise public support behind calls for action in ways that complex deprivation tabulations cannot.

But the evidence on deprivation can also be powerful in its own right, particularly when it highlights features that have not been previously identified as of concern. Understanding the detailed dimensions of deprivation can also assist in the development of appropriate policy responses.

### **Poverty and Social Exclusion**

It has already been noted that lack of participation was one dimension of deprivation identified by Townsend, at least when its absence reflects a lack of resources. This seemingly close relation between deprivation and exclusion has not been developed in the literature on social exclusion, which has emphasised a different set of factors.<sup>6</sup> Attention has focused in particular on identifying the *processes* that give rise to exclusion, the *relational dynamics* that sustain it and the *consequences* for people's ability to exert *control* over their lives, with less attention paid to the role of inadequate resources in affecting the affordability of certain items.<sup>7</sup>

In Britain, social exclusion was identified a decade ago as one of the thematic priorities identified by the Economic and Social Research Council to guide its funding allocation decisions (ESRC, 1997). Since then, the importance of policies that promote social inclusion and social cohesion (the former a prerequisite for the latter) has grown in the European Union (EU), culminating in the 'Lisbon Agenda' agreed to by EU Heads of State in 2000, which places these issues at the centre of the European social policy agenda (Atkinson, 2007).

Initially, concern was expressed by some researchers over the ambiguities of the definition proposed by the UK Social Exclusion Unit (SEU, 1997), which identified social exclusion as:

*A short-hand term for what can happen when people or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high crime environment, bad health and family breakdown.*

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<sup>6</sup> An exception is the framework developed by Berghman (1997) in which social exclusion is seen as the outcome of a dynamic process that is triggered by deprivation.

<sup>7</sup> Atkinson (1998) has argued that social exclusion embodies three main ideas: relativity - the idea that exclusion can only be judged by comparing the circumstances of individuals, groups or communities with others, in a given place and at a given time; dynamics - which emphasises that its effects need to be traced through time to be understood; and agency - the idea that people are excluded through choices of their own, or by the acts of others. Sen (2001) agrees with Atkinson, arguing that the key contribution of social exclusion 'lies in emphasising the role of relational features in the deprivation of capability and thus in the experience of poverty' (Sen, 2001, p. 6: italics added).

As many writers have observed (e.g. Levitas, 2000), this definition refers to ‘what can happen’ as a result of exclusion but does not specify what actually does happen when exclusion exists.<sup>8</sup> This lack of clarity can create problems when identifying and analysing social exclusion, although as long as there is awareness of these dangers, they do not present an insuperable problem.

Debate over the definition of social exclusion has not prevented researchers from identifying and analysing it, and the definition itself has evolved as new forms of exclusion have emerged and as new consequences of exclusion have been identified. In a recent report on the topic, released in January 2007, a group of leading British researchers proposed the following ‘working definition’ after having reviewed the ‘wide range of definitions used in the literature’:<sup>9</sup>

‘Social exclusion is a complex and multi-dimensional process. It involves the lack or denial of resources, rights, goods and services, and the inability to participate in the normal relationships and activities, available to the majority of people in society, whether in economic, social, cultural, or political arenas. It affects both the quality of life of individuals and the equity and cohesion of society as a whole.’ (Levitas et al., 2007, p. 9)

This definition makes explicit the idea that social exclusion is broader than poverty, embracing issues of the denial of rights and lack of participation. It also emphasises not only what social exclusion is, but what it gives rise to – its consequences, for individuals and for society, in both the short-run and over the longer-term.

Amartya Sen (2001) sees merit in the idea of social exclusion, although he also warns about the lack of clarity in how exclusion is conceived, noting (p. 9) that ‘the language of exclusion is so versatile and adaptable that there may be a temptation to dress up every deprivation as a case of social exclusion’. He makes the important distinction between active and passive exclusion, the difference depending on whether or not the causes are deliberate. Both are important, but in different ways. Social exclusion is regarded as a cause of poverty and deprivation, with causation operating through a diverse range of attitudes (based on power relations and gender divisions) and specific forms of exclusion (in labour and credit markets).

This discussion highlights a number of important differences between social exclusion and poverty. Unlike the focus of poverty on a single dimension (lack of resources), exclusion is a multi-dimensional concept, designed to highlight the role of institutional structures and community attitudes in creating the barriers that lead to exclusion, the role and nature of voluntary as well as enforced exclusion or withdrawal, the importance of relational issues, the denial of social rights, and the importance of the family and community context in shaping exclusion at the

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<sup>8</sup> Commentators from Centre for Independent Studies have described social exclusion as ‘a chaotic concept that is now almost totally devoid of any agreed meaning’ (Saunders and Tsumori, 2002, pp.60–1). A contrary view has been expressed in a recent UK review of the drivers of exclusion, which notes that ‘social exclusion is not inevitable – policy can intervene, protect and prevent’ (Bradshaw, Kemp, Baldwin and Rowe, 2004, p. 13).

<sup>9</sup> They also identify deep exclusion, which ‘refers to exclusion across more than one domain or dimension of disadvantage, resulting in severe negative consequences for quality of life, well-being and future life chances’ (Levitas et al., 2007, p. 9).

individual level. This explains why exclusion research can uncover social divisions based on gender, race, ethnicity and location that are often obscured when studying poverty as a lack of income.

The definitional ambiguities surrounding the concept of social exclusion have the potential to divert an important debate over new forms of disadvantage into a largely semantic debate about concepts and meaning. In order to avoid falling into this trap, a more concise (and less prescriptive) definition of social exclusion has been proposed by researchers at the Centre for the Analysis of Social Exclusion (CASE) at the London School of Economics:

‘An individual is socially excluded if he or she does not participate in key activities in the society in which he or she lives.’ (Burchardt, Le Grand and Piachaud, 2002, p. 30)

The CASE definition, like that of the ESRC described earlier, emphasises that social exclusion reflects a *lack of connectedness* that is *multi-dimensional*, and whose elements relate not only to the characteristics of individuals but also to *the communities, social and physical environments in which people live*. One consequence is to shift the focus away from the (alleged) dysfunctional behaviour of excluded individuals onto the broader context that shapes their lives. Another is that social exclusion is experienced in degrees rather than in all-or-nothing terms.<sup>10</sup>

There is little doubt that, in Britain and increasingly in other EU countries, social exclusion has redirected concern about issues of disadvantage away from a narrow concern with economic resources onto broader process, institutional and structural factors. It has drawn attention away from identifying those with low incomes, and onto a debate about the role of such factors as the labour market (Paugam, 1995), the financial sector (McKay and Collard, 2006) and local area services (Fisher and Bramley, 2006) in creating and perpetuating different forms of exclusion. It also provides scope to consider the role of discrimination and the importance of neighbourhood effects that are often concealed by the poverty statistics (but are deeply embedded in them).

### **Previous Australian Research**

There have been very few previous Australian studies of deprivation that employ the approach that has been developed in the deprivation literature. Most of those studies that have been undertaken have generally used the terms ‘hardship’ (or financial stress) rather than deprivation, because they report on the incidence of various indicators without seeking to establish the degree of support for them being seen as essential.

The most notable and relevant study was undertaken over a decade ago by Travers and Robertson (1996) as part of the Adequacy Project conducted in the mid-1990s by the Department of Social Security (DSS, 1995). The approach adopted is described as follows:

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<sup>10</sup> This feature has been emphasised by CASE researchers, who argue that the different dimensions of social exclusion should be treated separately rather than ‘amalgamated into a single category of the ‘social excluded’ (Burchardt, Le Grand and Piachaud, 1999).

‘This study follows a tradition of research on standards of living where questions on income are supplemented by questions on how people are actually living in terms of their possessions, housing, transport, social activities, as well as how they themselves view their living standards. One of the primary tasks of the study is to see if relative deprivation in terms of these direct measures follows a similar pattern to deprivation in terms of income. In other words, the study addresses the question: are those who are worst off in terms of income also worst off in terms of housing, transport, social activities, and morale?’ (Travers and Robertson, 1996, p. 1)

Although restricted to examining patterns of relative deprivation among a relatively small sample of DSS clients, the study applied a deprivation methodology to identify which of a series of ‘basics of life’ items were regarded as necessities by participants in a series of focus groups, and then applied a weighting scale to each item, where the weight reflects the percentage that agreed that the item was necessary. The items were assigned a score ranging between zero (‘not necessary’) and 4 (‘very necessary’) and DSS clients were asked to indicate whether they did not have each item because they could not afford it. An index of deprivation was derived by summing the number of necessary items that people were lacking.

The study remains the only one to apply the deprivation methodology, although its scope was limited by its restricted coverage (to DSS clients only) and by the small numbers involved (110 in total). Nevertheless, the results were sufficiently interesting for the authors to recommend that:

‘The questionnaire developed and tested in this pilot study be used in a national survey. Ideally, such a survey should not be confined to clients of the DSS. The reason for this is that a survey of DSS clients can tell us only about relative deprivation among clients, that is, whether one group is faring better or worse than another. It does not tell us how DSS clients are faring relative to the population at large.’ (Travers and Robertson, 1996, p. vi)

Unfortunately, these recommendations were never taken up, and the Adequacy Project itself was terminated shortly afterwards. However, the recommendation that the approach be applied more comprehensively was one of the factors that led to the development of the current project.

One positive outcome of the Travers and Robertson study was that some of the questions it developed have been refined and included in the *Household Expenditure Survey* (HES) conducted by the ABS since 1998-99. Some of them have also appeared in the *General Social Survey* (GSS) conducted by ABS (2003a), and the longitudinal survey of *Household, Income and Labour Dynamics in Australia (HILDA) Survey* (Wooden and Watson, 2002).

The data generated by these questions has been used to measure the incidence of financial stress or hardship in a series of studies (Bray, 2001; McColl, Pietsch and Gatenby, 2001; Department of Family and Community Services, 2003; Breunig and Cobb-Clark, 2006). They have also been used as an input into the development of

indicators of poverty based on Sen's notion of capability (Headey, 2006).<sup>11</sup> However, none of these studies have considered the degree of community support for the items being necessary or essential, and they thus cannot be strictly described as forming part of the literature on deprivation.

There is even less Australian empirical work on social exclusion than on deprivation. One exception is the work by Arthurson and Jacobs (2003; 2004) who have echoed the early British concerns, warning against the dangers of using social exclusion simply to re-label poverty using more 'acceptable' language. They were sceptical about the potential of social exclusion to contribute to Australian housing policy, arguing that:

'... although the term social exclusion has political utility, as an academic concept it provides little advantage compared to other widely used concepts, such as poverty, other than to emphasise relational factors that shape material and cultural deprivation. ... Social exclusion's potential appears to be at the level of policy implementation. In stressing the interconnected aspects of deprivation [it] can be used to endorse policies that seek to adopt a multi-agency or 'joined-up' government approach, for instance on housing estates.' (Arthurson and Jacobs, 2004, p. 37)

They also acknowledged that poverty and social exclusion are different, which suggests that social exclusion can contribute, along with poverty research, to a broader understanding of the nature of disadvantage.<sup>12</sup>

A social exclusion framework has been used in research conducted by the Brotherhood of St Laurence to study the circumstances and problems confronting refugees in Australia, a group that has become 'one distinctive face of social exclusion at the beginning of the 21st century' (Smyth, 2005, p. i). As explained by Taylor (2004), an exclusion framework has the potential to provide a better understanding of the problems faced by refugees because it extends beyond income poverty to also include physical exclusion and issues like the denial of citizenship, lack of English, racism and discrimination that are central to the plight of all refugees (Taylor, 2004, p. 19).<sup>13</sup>

This brief review highlights the fact that there is a dearth of Australian research that uses the concepts of deprivation and exclusion to get a better indication of who is in greatest need of assistance, and how current and additional efforts can be better targeted. This all the more surprising, given Australia's heavy reliance on means-testing in its social security and other social programs. At the very least, there is a need to explore whether these alternative approaches produce similar results to those

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<sup>11</sup> Saunders (2002, Table 6.10) is the only study to examine the degree of support for items being regarded as necessities among the population since the Travers and Robertson study was completed.

<sup>12</sup> Saunders (2005b) also discusses some of the Australian studies that examine the links between poverty and social exclusion.

<sup>13</sup> Drawing on earlier work by de Hann and Maxwell (1998), Taylor emphasises the need to understand and respond to three distinct aspects of exclusion, relating to rights, relationships and resources, while Taylor and Stanovic (2005) use the rights-resources-relationships framework to examine how social inclusion can be promoted in the regional settlement of refugees.

that use income-based indicators (e.g. poverty rates) to indicate who is in greatest need.

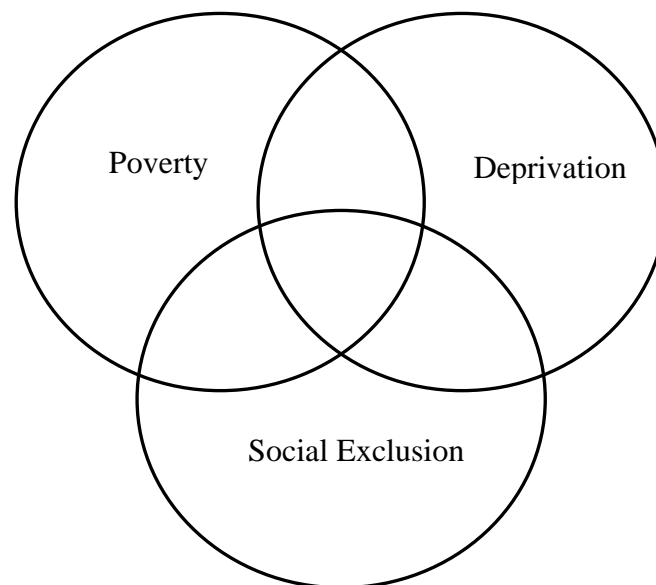
### **Poverty, Deprivation and Exclusion**

The relationships between poverty and deprivation and between poverty and social exclusion raise obvious questions about the overlap between all three concepts. The previous discussion has highlighted several features which imply that the three concepts are different, at least in some regards.

Income is not the only determinant of the living standards that ultimately affect whether deprivation and exclusion exist. The lagged adjustment of living standards and hence deprivation to variations in income can explain why, at any point in time, people have incomes below the poverty line but may not be deprived, and *vice versa*. Low income may be a barrier to some forms of inclusion, but there are many other areas where social exclusion is caused by factors other than poverty.

These arguments imply that although there will be a degree of overlap between poverty, deprivation and social exclusion, there are also good reasons to expect the three concepts to be independent of each other. This is illustrated in Figure 1, which indicates that while there is a core of disadvantaged people who experience all three conditions, there are others who face only a single problem, or a combination of two of them.

**Figure 1: The Relationship between Poverty, Deprivation and Social Exclusion**



The key empirical questions concern the size and nature of the overlaps and the characteristics of those who fall within each category. If there is a high degree of overlap between the three concepts, then the rationale for distinguishing between them will be reduced, since in practice they will become largely indistinguishable (at least when it comes to identifying who is affected).

However, this does not mean that the three concepts should be collapsed into one, since they each raise different issues about cause and effect that have implications for what needs to be done in terms of policy responses. Above all, our understanding of

poverty and social disadvantage can be greatly enriched by exploring the nature and extent of both deprivation and exclusion.

### **Summary**

This chapter has introduced the concepts of poverty, deprivation and exclusion, considered the definition, scope and nature of each and explored the links between them. The discussion has provided the foundations for the development of the methods used to collect the data and conduct the analysis described in later chapters.

Poverty has been defined as lacking the adequate economic resources required to achieve an acceptable standard of living. Deprivation exists where there is an enforced lack of socially perceived necessities, or essentials. Social exclusion occurs when people do not participate in the key activities in the society in which they live.

These three concepts reflect different approaches to defining social disadvantage and raise different issues about what it means to experience disadvantage and how it can be measured using indicators. Unlike the simple poor/not poor classification that dominates poverty research, both deprivation and social exclusion are likely to take on multiple manifestations that make it more difficult (and less helpful) to combine the information into a single index. There are degrees of both deprivation and exclusion, and how they are measured should reflect this important feature.

Poverty, deprivation and social exclusion are distinct but overlapping concepts, but together they cover what most people understand by the term 'social disadvantage', which involves restricted access to resources, lack of participation and blocked opportunities.

In order to ensure that the benefits associated with economic and social progress are more widely shared, it is necessary to identify who is missing out and/or being left out, in which areas, and why.





### CHAPTER 3: THE LEFT OUT AND MISSING OUT PROJECT

The research that underpins this report has been built on a partnership between researchers, policy analysts and practitioners with an interest in researching and responding to issues associated with aspects of disadvantage in the Australian context. Initially brought together several years ago to discuss concerns over the limitations of Australian poverty research, it was agreed that a new approach was needed to give credibility to the tools used to study poverty and disadvantage in order to help put these issues back onto the policy agenda. An active collaboration was forged and the intellectual and practical components of such an approach were assembled in the form of the *Left Out and Missing Out* project.<sup>14</sup>

The two main stages of the project have already been described. This dual approach was designed to allow the research to build on the knowledge and insights of those who have experienced disadvantage and ensure that the findings capture the views and experiences of those who face deprivation and exclusion in their lives. Having listened to the voices of low-income Australians in Stage I, it was imperative to demonstrate in Stage II that we had heard what they said.

Together the two stages provide a fresh approach to the identification of disadvantage by breaking out of the sterile debate over measurement and statistics that has dominated recent poverty research in Australia (Saunders, 2005a).

#### **The Voices of Low-Income Australians**

In Stage I of the research, a series of focus groups (10 with community sector agency welfare service clients and 3 with community sector agency staff) were conducted with those at the coalface of disadvantage. The aim was to investigate how low-income Australians experience and perceive poverty, deprivation and exclusion, and what they (and agency staff) regard as the necessary ingredients of a decent life in Australia today.

The discussions focused not only on the experience of disadvantage, but also on identifying the pathways into deprivation and exclusion and the barriers (material and attitudinal) that prevent people from regaining their living standards and reintegrating into key economic and social processes.

Participants were also asked to provide feedback on the relevance and applicability of some of the questions that have been asked by agencies like the ABS to help identify the extent and nature of financial stress and hardship in Australia.<sup>15</sup> Although these questions have generated valuable new data on the nature of financial stress, it is important to establish whether they cover the factors that those who face such stress regard as important, otherwise the measures will not fully capture the extent of the problem.

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<sup>14</sup> The project was funded under the Australian Research Council's Linkage grant scheme (project ID LP0560797), with the Australian Council of Social Service (ACOSS), the Brotherhood of St Laurence, Mission Australia and Anglicare (Diocese of Sydney) as Industry Partners. The partners provided cash and in-kind support to the project and played an active role in the development and conduct of the research, and in the preparation of this report.

<sup>15</sup> A series of questions on hardship or financial stress were included for the first time in the 1998-99 *Household Expenditure Survey* (HES) and repeated in the 2003-04 HES. Similar questions have been included in the *Household, Income and Labour Dynamics in Australia* (HILDA) survey.

The aim of the latter component of the focus group discussions was thus to draw on the experience of vulnerability and marginalisation in ways that could assist with the formulation of questions designed to better understand the nature and consequences of social disadvantage, as well as the causes, factors and processes that sustain them dynamically.

A detailed description and analysis of the focus group discussions is provided in an earlier report (Saunders and Sutherland, 2006) and only those features that had a direct bearing on the design of Stage 2 of the research are described here. The focus group discussions were principally concerned with addressing the following issue:

- What do low-income Australians regard as the essential components of a socially acceptable decent minimum standard of living and community participation today, for children, adults and households?

In framing the discussions around the positive idea of what constitutes ‘a decent life’, the aim was to avoid stigmatising the participants and inhibiting the discussion in ways that could have prevented them from providing new insights into the nature and first-hand experience of disadvantage.

Those who participated in the focus group discussions had a keen awareness of what they and their families (particularly, where relevant, their children) had to go without as a result of the circumstances they were in. But many were also wary of setting unrealistic expectations for themselves about what is achievable, and were aware of the many different factors that contribute to one’s standard of living.

One recurring theme that emerged from the discussions was the lack of affordability that confronts people who are trying to juggle too few resources to meet their needs. As one participant put it, ‘everything comes down to money ... everything costs’. The notion of affordability reflects the gap between resources and needs, although the language is also significant, in that it draws attention to the gap between resources available and the cost of the items needed to attain a decent standard of living. While relatively few participants argued outright for increased income, many provided stark examples of the difficult choices they had to make when trying to make their limited incomes stretch far enough to meet all of their needs.

Nowhere was this more apparent than in relation to housing, which absorbs a large fraction of total income and frequently determines how easily people can access local services, or use public transport, or simply feel safe and secure in their local neighbourhood. Some participants indicated that they spent more than they could afford on their housing in order to provide a secure platform for their lives, choosing to go without in other areas. Others chose to live in sub-standard accommodation in order to give them more choice and flexibility elsewhere in their budgets.

The *nexus of connections between housing, location and transport* thus emerged as the first factor that played a major role in determining the overall standard of living for many, and the choices and sacrifices that had to be made exerted an influence that spilled over into other areas.

Health care was another important issue, significant in its own right, with many participants placing great emphasis on having good access to health services in times of need. These services had to be both close enough to be accessed, and affordable in terms of any out-of-pocket charges. Where services were under-resourced and involved long waiting lists (as in the case of public dental treatment) waiting times were so long that those without the resources needed to ‘jump the queue’ often missed

out altogether. One participant's description of Australia's public dental system as being 'like that in a third world country' vividly captures the extent of this disturbing problem and highlights the urgent need for action.

Poor health (and lack of access to needed dental treatment) reduced people's job prospects and many participants displayed a keen awareness of what was needed to increase the likelihood of finding a job in an increasingly competitive labour market. Education was seen as another important way to increase employment prospects, not just formal education, but also the acquisition of life skills such as communication and budgeting, which were important in their own right, but could also add value to the benefits of formal education programs. There was thus *a second nexus of inter-related factors encompassing health care, education, employment and financial resources*.

*A third nexus of factors covered the issues of care and support, and social engagement.* These issues depended critically on factors such as how closely people were located to services and to the networks (family or community-based) that provide different forms of formal and informal support. Many spoke with feeling about the demeaning treatment they received when dealing with bureaucracy, and there was deep resentment about the lack of dignity and respect that was denied them by such treatment.

*Lack of information* was a factor that prevented people from accessing facilities, which were often seen as 'not for people like us', and many young people in particular saw this as a barrier that prevented them from accessing employment, education, health care and housing services. Although there were relatively few comments about *civic engagement*, it was apparent that some (again especially young people) felt distrustful of government and isolated from the political and other processes that could allow their voices to be heard.

### **Survey Design and Sample Characteristics**

Three of the findings that emerged from Stage 1 of the research provided valuable guidance to the conduct of Stage 2. *First*, it was clear that deprivation and exclusion both encompass many aspects that cannot be usefully reduced to a single, monetary dimension. *Second*, many low-income Australians are missing out on a decent standard of living and constantly face difficult choices between the competing demands on their limited economic, personal and social resources. *Third*, having access to adequate economic resources, to affordable housing in a safe neighbourhood, to good local services, to transportation, to information and advice, as well as being treated with respect and dignity were also seen as critical ingredients of a decent life.

It was apparent from even the small number of interviews conducted in Stage I that the disadvantages faced by low-income people are multi-dimensional and reflect many inter-connected factors. This complexity must be recognised when developing indicators of disadvantage that can inform policies to combat poverty, deprivation and social exclusion.

It was also clear that the factors highlighted by participants as being of central concern to them had to be covered in Stage 2 of the research if it was going to tap further into the experiences revealed by the focus groups. Through this process, the information collected in the two surveys conducted in Stage 2 could be better embedded in the actual experience of disadvantage, while the data generated could be

used to test whether the views expressed by those facing specific forms of disadvantage were shared by the rest of the community.

The feedback provided by the focus groups on the concerns faced by low-income people was reflected in the content of the Stage 2 questionnaire, but was not the only influence. The questions included in the *Community Understandings of Poverty and Social Exclusion* (CUPSE) survey also drew on previous Australian studies of deprivation and hardship, including the earlier SPRC *Coping with Economic and Social Change* (CESC) survey (Saunders, Thomson and Evans, 2001; Saunders, 2002), the research on deprivation undertaken for the Department of Social Security by Travers and Robertson (1996) described earlier, and the resulting questions on financial stress included in the *Household Expenditure Survey* (HES) conducted by ABS (2000).

The CUPSE survey also drew on overseas studies that have examined deprivation and exclusion, particularly in Britain. These include the *Breadline Britain* survey originally conducted by Mack and Lansley (1985) and subsequently refined by Gordon and Pantazis (1997), the *Poverty and Social Exclusion* (PSE) survey undertaken by Gordon and Townsend (2000), and the *Millennium Survey* described and analysed by Pantazis, Gordon and Levitas (2006). The questions included in these studies were reviewed, along with those used in related studies conducted in Ireland (Nolan and Whelan, 1996) and New Zealand (Krishnan, Jensen and Ballantyne, 2002).<sup>16</sup>

Relevant questions asked in these studies were amended to reflect Australian conditions and the findings from the Stage 1 focus group discussions. The key point is that the questions included in the CUPSE survey reflected the voices of low-income Australians (as expressed in the focus group discussions) and questions that had been 'road tested' in earlier studies of deprivation and exclusion. The focus groups played a particularly important role in assisting with the design of the questionnaire, which was separated into a series of domains that corresponded to their descriptions of the different aspects of the standard of living. The structuring of the survey questionnaire in this way was also designed to ease the burden on respondents.

The initial (extensive) list of questions was piloted and modified to ensure that those finally included could be answered with a single response or by choosing between a small number of options within a limited timeframe. Two versions of the questionnaire were then developed, the first (community survey) for completion by a random sample of the general population, and a somewhat shorter and less demanding client survey, which was completed by a sample of the clients of selected services provided by the participating community sector agencies.<sup>17</sup>

The CUPSE questionnaire was mailed out in April 2006 to a random sample of 6,000 members of the adult population drawn from the federal electoral roll. The approach recommended by Dillman (1978) was used to maximise the response rate: a reminder postcard was sent to all recipients around ten days after the initial mail-out, and a

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<sup>16</sup> The replication of questions included in overseas surveys provides a basis for validating the findings against previous research, and allows the results to be compared with those produced in other countries.

<sup>17</sup> The data collected from both questionnaires are still being analysed, although copies of both will eventually be made available. In the interim, questions about specific aspects of either questionnaire should be directed to the authors.

replacement survey was sent to those who had not replied about four weeks after that.<sup>18</sup> The staff of selected services provided by the service provider research partners approached their clients when they accessed the service and asked them to complete the shorter client survey (with the assistance of service staff if required).<sup>19</sup>

These processes resulted in 2,704 completed responses to the community survey by the cut-off date (4 August), which represents a response rate of 46.9 per cent after removing the 235 questionnaires that were returned as incorrectly addressed. Further details of the characteristics of the community sample are provided in Appendix A.<sup>20</sup>

Participants in the client survey were recruited throughout the period that the community survey was being conducted, and a total of 673 completed responses were obtained.<sup>21</sup> Of those who were recruited, 375 were clients of services provided by Mission Australia, 146 were clients of services provided by the Brotherhood of St Laurence and 152 were clients of services provided by Anglicare Sydney (see Appendix B).

Without the input of the community sector experts in its design and implementation, it would not have been possible to conduct the client survey and collect the very valuable information provided by its participants. It is not possible to assess the representativeness of the client survey, because consolidated data on the characteristics of the relevant service users are not available. However, this in no way detracts from the value of the sample, which was deliberately designed to allow the research to benefit from the views and opinions of a group that is often not adequately represented in studies that purport to describe the kinds of social problems they face.

Postal surveys tend to under-represent those who are disadvantaged, because many in this situation do not have the time, resources or capacity to participate. The client survey was specifically designed to overcome this problem, by deliberately over-sampling those who are experiencing disadvantage, as evidenced by their use of welfare services.

The composition of the client sample reflects the types of the services included (see Appendix B) and, within each service, the characteristics of those who agreed to respond to the survey. Because of differences in how they were conducted, the community and client samples are not comparable and care must be taken when drawing conclusions from comparisons between them. However, the research

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<sup>18</sup> Participants were informed that their name would be entered into a draw with a prize of a \$350 shopping voucher if they completed the questionnaire and were willing to be identified for this purpose.

<sup>19</sup> Details of the services that participated in the client survey and the numbers of clients who participated are provided in Appendix A.

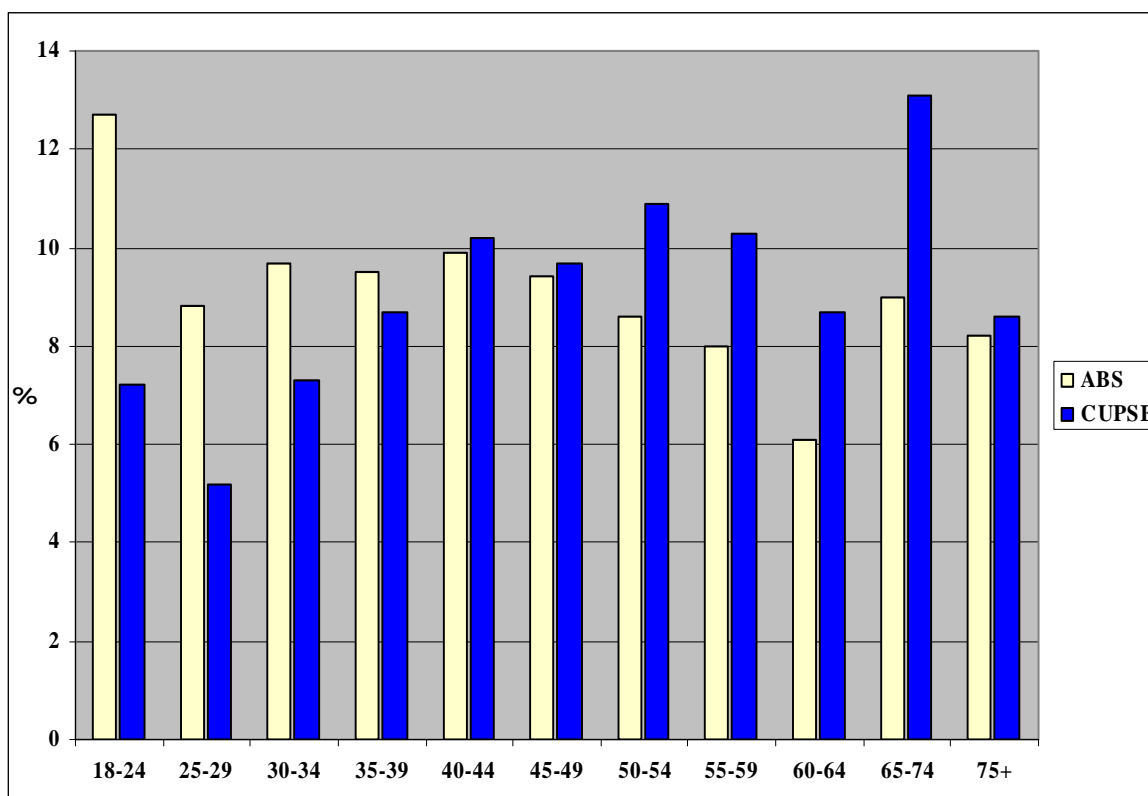
<sup>20</sup> The response rate was satisfactory, although it was well below the 62 per cent response achieved by the *Coping with Economic and Social Change Survey*, which was conducted in 1999. Social surveys must now compete with a myriad of other demands from survey research companies and agencies seeking unsolicited information from the public, and this has had an adverse impact on response rates across the board. For example, the *2003 Australian Survey of Social Attitudes* (AuSSA) achieved a response rate of 44 per cent, some way below that achieved by CUPSE - see Wilson, Meagher, Gibson, Denmark and Western (2005, p. 7).

<sup>21</sup> Lack of data on the characteristics of those who use community services makes it impossible to derive a response rate for the client survey given how it was conducted. However, very few of those who were approached when they used the services refused to participate.

significance of the client sample far outweighs any limitations of its statistical properties, and all those associated with the research are conscious of the uniqueness and value of the data generated.

The comparisons presented in Appendix A indicate that although the community sample is broadly representative of the general population, there are some differences in the age structures of the sample and the population as a whole. As Figure 2 indicates, compared with the age structure of the total population in 2005 (the latest year for which the population data were available), the CUPSE community sample contains fewer younger people (under age 30) and more older people (over age 50).<sup>22</sup>  
23

**Figure 2: The Age Compositions of the CUPSE Community Sample and the General Population**



Source: *Population by Age and Sex, Australian States and Territories*, ABS Catalogue No. 3201.0.

A range of other comparisons between the community sample and the general population are provided in Appendix A. These comparisons indicate that, relative to the general population as revealed in official ABS surveys, the community sample somewhat under-represents the following groups: men compared to women; those

<sup>22</sup> This age bias in the sample of respondents is a feature common to many social surveys like CUPSE. For example, the age structure of the sample generated by the 2003 AuSSA survey under-represented those aged under 35 and over-represented those aged over 65 (Wilson et al., 2005, Table 1.1).

<sup>23</sup> One possible contributor to this bias is the fact that the electoral roll itself contains an under-representation of younger people, who are less likely to enrol - at least up the age of 25 or so (Australian Electoral Commission, 2006). However, the patterns shown in Figure 2 are only slightly altered if an adjustment is made to allow for the under-enrolment of younger age groups in the electoral roll.

who have never been married; those who live alone; Indigenous Australians; those with lower levels of education; those in private rental accommodation; and those with incomes over \$1,000 a week.

Some of these biases are clearly inter-related, while others may reflect the difficulty involved in making contact by mail with some groups. Overall, however, the differences do not give rise to serious concern about the structure of the community sample and its ability to generate important and valid insights into the topics investigated.

One way of overcoming sample biases is to re-weight the survey data so that the sample provides a better representation of the general population. However, the development and application of weights is a complex process that is difficult to implement effectively - in part because there are so many dimensions in which to re-weight the data. It is also harder to conduct and interpret statistical tests using the weighted data.

For these reasons most of the analysis is based on the unweighted (raw) data, although it is important to recognise that the estimates thus produced refer to characteristics of the community sample itself, not necessarily to the general population.

One area where CUPSE data have been weighted is in relation to the percentage of the population who regard various items as essential (see Chapter 4). Because only those items regarded as essential by a majority of the *population* is one of the criteria used to establish whether or not people face deprivation, it is important that 'the majority' is calculated in a manner that adequately represents the overall population. For this reason, the degree of support for items being essential has been derived from both the raw (unweighted) data, and after the data have been re-weighted to reflect the age structure of the total population.

The bias in favour of older people in the community sample contrasts with the client sample, which contains an over-representation of younger people. This reflects the nature of the services covered by the client survey (see Appendix B), many of which are targeted at younger age groups. This difference in the age composition of the two samples will have an impact on comparisons between them and for this reason the client sample has been re-weighted to make it comparable to the age structure of the community sample when drawing comparisons between them.<sup>24</sup>

## Summary

This chapter has explained how the *Left Out and Missing Out* study was designed, focusing on the effort made to ensure that the survey instruments reflect the experiences and voices of low-income Australians and incorporate 'international best practice', as reflected in overseas research on deprivation and exclusion. These efforts have helped to improve the quality of the survey data, giving greater credibility and validity to the findings.

Together, the two surveys conducted in Stage 2 represent a major advance over existing Australian research in the field, and the client sample in particular represents

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<sup>24</sup> Re-weighting of the client sample was undertaken by applying as weights the proportions of the community sample that fall within specific age categories. This process ensures that the age structure of the (weighted) client sample is the same as that of the (unweighted) community sample, thus abstracting from differences in the age composition of the two samples.



a rich source of data on disadvantaged people that are normally under-represented in social surveys of this kind. This would not have been possible without the contributions of the community sector agencies involved in the research, and those delivering welfare services.<sup>25</sup>

The comparisons described in this chapter (and presented in more detail in Appendix A) suggest that there are no major biases in the survey data – although the different age and income profiles of the community sample and general population need to be kept in mind, along with the differences in the age structure of the two CUPSE samples.

The effort put into designing, piloting and distributing both versions of the questionnaire has produced an extremely valuable body of new data that for the first time, allows the extent of deprivation and exclusion in Australia to be identified, compared, measured and analysed.

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<sup>25</sup> The research team would like to take this opportunity to express its thanks to all those who assisted with the design of the CUPSE questionnaire, those who participated in and provided feedback during the piloting process, those who collected the data from the welfare service clients directly, and everyone who took the time to complete and return a questionnaire. It goes without saying that the research would not have been possible without their input.

## CHAPTER 4: THE ESSENTIALS OF LIFE

Chapter 2 focused on the concept of deprivation and the relationship between deprivation and poverty without discussing in detail how deprivation itself was defined or identified. The key point was made that the deprivation approach provides an important new perspective on poverty and can generate new insights into the nature of poverty, including what those affected are forced to go without because of inadequate resources

This chapter explains the first step in the process of measuring the extent of deprivation. It involves identifying the goods, services and activities (hereafter called 'items') that are considered essential for all Australians to have - things that no-one should have to go without. It is those who lack these items because they cannot afford them who are deprived and identifying these items is thus a crucial part of the task of understanding more about this component of disadvantage.

### Key Research Questions

In his original study, Townsend (1979) identified those who reported going without a list of items that were regarded as basic necessities. The list included such things as basic accommodation amenities (an indoor flush toilet, a washbasin, a bath or shower and a gas or electric cooker), an annual holiday away from home, a cooked breakfast most days, a refrigerator, and (for children) a party on their last birthday.<sup>26</sup> A survey was conducted which asked respondents if they had each item and a deprivation index was derived by summing the number of items that each household was lacking.

The approach defined deprivation in terms of non-possession or non-participation: those who did not have an item or did not engage in an activity were defined as deprived in that dimension. The approach was criticised on two grounds. First, because no attempt was made to establish whether the items included met the criterion of being 'widely encouraged, or approved, in the societies to which [people] belong' as required by the definition of deprivation. Second, although it was possible to identify who was going without each item, this could not be equated with being deprived unless it could also be established that those going without were doing so because they could not afford the item, not because they had chosen to forego it. Deprivation only exists when a *lack of resources* constrains consumption or participation, not when the *choices* made by people result in some items being voluntarily foregone.<sup>27</sup>

Both criticisms were addressed in the important study conducted by Mack and Lansley (1985), which developed a blueprint for the deprivation approach that subsequent studies have built upon.<sup>28</sup> As noted earlier, Mack and Lansley (p.39) defined poverty as 'an enforced lack of socially perceived necessities'. This definition

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<sup>26</sup> Townsend's deprivation index includes items that are relevant to the household as a whole, items that have specific relevance to adults, and items that are relevant to children (Townsend, 1979, Table 6.3).

<sup>27</sup> These criticisms were expressed most evocatively by Piachaud (1981), whose criticisms of Townsend's original study had a powerful impact.

<sup>28</sup> The *Breadline Britain* study formed the basis of a television series broadcast by London Weekend Television in 1983. Other studies that have modified and incrementally improved on the Mack and Lansley approach include those by Gordon and Pantazis (1997), Gordon et al. (2000) and Pantazis, Gordon and Levitas (2006).

emphasises that necessities must be *socially* defined (using some method to identify community views), and that deprivation only exists when the absence of these necessities is *enforced*, not chosen.

The first stage of the deprivation approach thus involves identifying which items are necessary, or essential. This involves addressing the following two broad questions:

- How is the original list of potential necessities derived?
- What methods are used to identify which items in the list satisfy the ‘socially perceived necessities’ criterion, and how robust are these methods?

Once these questions have been answered, it is possible to address the following question about the extent of deprivation:

- How can the list of socially perceived necessities/essentials be used to identify who is deprived, and to measure the overall extent of deprivation?

This in turn can generate further questions about the nature of the relationship between deprivation and poverty, including:

- How (if at all) can the deprivation approach be translated into a method for measuring poverty in income (or resource) terms?
- What does the deprivation approach reveal about the extent and nature of poverty?

In attempting to address these questions, the research can proceed at four levels:

1. It can explore which items are socially perceived necessities, and examine the sensitivity of the list to differences in the methods used to derive it.
2. It can examine the different dimensions of deprivation and identify who is deprived in each dimension and who experiences different combinations of (multiple) deprivation.
3. It can explore how the different measures of deprivation overlap with poverty defined in terms of low-income using conventional poverty lines, drawing out the implications for the measurement and extent of poverty.
4. It can investigate what the relationship between deprivation and resources (income) implies for the setting of an income poverty line.

The remainder of this chapter focuses on the first of these four issues, while Chapter 5 examines issue 2 and Chapter 7 addresses issue 3. The final issue is not explicitly addressed here (it is the subject of on-going research, which will be reported later), although some of the evidence presented in Chapter 5 has implications for what the deprivation approach implies for the adequacy and relevance of existing income poverty lines.

It is important to note at the outset that the word ‘essentials’ has been used in this study rather than ‘necessities’, which has been widely used in overseas (mainly British) deprivation studies. Although much of the literature on poverty has focused on what constitutes necessities, the term ‘essentials’ is more familiar to people when it comes to thinking about poverty, since it conveys a somewhat stricter notion of what is needed to achieve a minimum standard of living.

### Identifying Potential Essentials

In principle, the number of potential essential items is huge and it would be ideal to include as many items as possible to avoid claims that the list is artificially truncated and thus liable to produce biased findings. Against this, there are obvious practical limitations to how many items can be included (particularly in a postal survey) without imposing too high a burden on respondents, resulting in a low response rate.

The list can be shortened by omitting items such as sufficient food to avoid starvation, and access to a rudimentary level of shelter and clothing that would receive unanimous support, and thus do not need to be asked about. These items are widely accepted as essential and in wealthy countries like Australia virtually everyone has them, which means that their presence cannot be used to differentiate between those who are deprived and those who are not. In practice, as explained in the previous chapter, the actual list of essential items included in the CUPSE survey was based on the items and issues that emerged from the focus groups discussions described earlier and built on previous research, modified to reflect the findings of (the very few) previous Australian deprivation studies.

In using a postal survey to identify which items are essential, the responses elicited are constrained by the list of potential essential items that are identified in the questions asked. Unlike in a face-to-face interview, respondents to a postal questionnaire have no opportunity to add extra items, or to question the validity of those that have been included. Nor is there an opportunity to question participants about their responses, or seek elucidation where there is uncertainty or apparent confusion.<sup>29</sup> The items must also be capable of being described unambiguously in relatively few words, which makes it difficult to include the items associated with complex needs that defy such simple exposition.

Deciding which items to include in the list of possible essential items has the potential to shape the responses about which items are found to be essential. It can also produce responses that give a misleading impression of the balance between different items - for example, between 'things' that are essential for meeting consumption needs, and 'activities' that are essential for meeting social needs.<sup>30</sup>

The structure of questions shown in Figure 3 was used to obtain the three pieces of information required to establish whether or not someone is deprived (or excluded). First, participants were asked whether they thought that each item was essential. They were then asked whether or not they had the item. Finally, if they did not have an item, they were asked whether or not this was because they could not afford it.

Only those items that received a 'Yes' response to the 'Is it essential?' question by a majority of the population are relevant to the issue of deprivation. Among those who answered 'No' to the question about ownership of those items identified as being

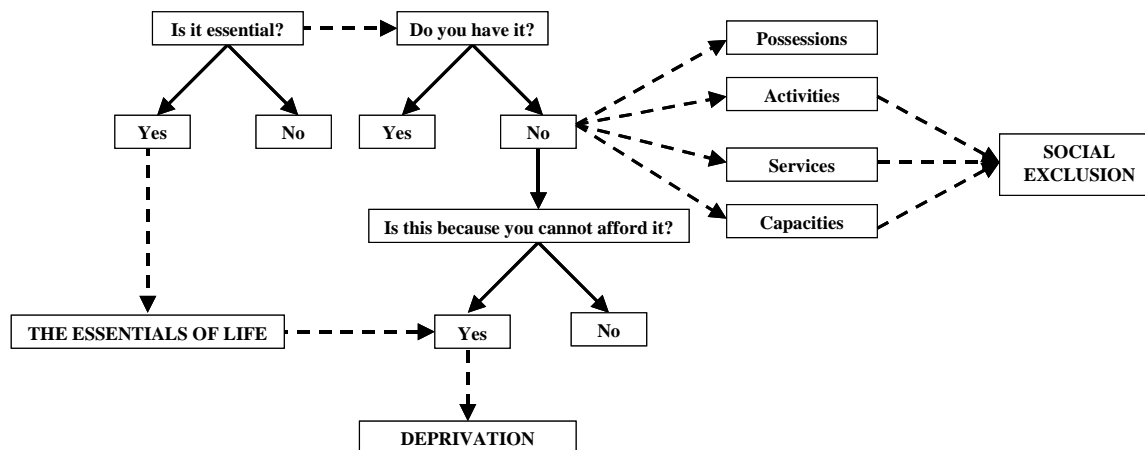
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<sup>29</sup> In retrospect, it would have been possible to provide the survey respondents with the option of identifying any other essential items that were not included among the items identified in the questions asked, but this was not done.

<sup>30</sup> There is also a need to constantly revisit the scope of what is included in the list of essential items, so that it remains relevant to current community behaviour and opinion. This is a feature of all relative indicators, since the conditions and customs against which they are benchmarked are in a constant state of flux. However, it is also possible to use a constant set of essentials in order to measure progress against a fixed benchmark, thus avoiding claims that 'the goalposts have been moved'.

essential, only those who indicated that this is because they cannot afford it are defined as deprived. Those who say that they do not have an essential item, but not because they cannot afford it, are assumed to lack the item through choice and are thus not defined as deprived.<sup>31</sup>

**Figure 3: Structure of Questions Used to Identify Enforced Lack of Essentials**



Differentiating between choice and constraint on the basis of responses to the ‘Is this because you cannot afford it?’ question is problematic because of preference adaption (or habituation) (Sen, 1985) and preference drift effects (Van den Bosch, 2001). Preference adaption/habituation captures the idea that people may be unwilling to admit (particularly to others, in a survey) that they want items that they do not have, and may over time convince themselves that they no longer want them. Preference drift reflects the idea that people’s perceived needs change along with the number of possessions they have, making them more likely to claim that they cannot afford the things that they do not have, as the number of items that they actually do have increases.

There is also the possibility that some people may say that they cannot afford an item because they have mis-spent their income, or are adjusting to a recent change in their circumstances. A large predicted outlay (e.g. a forthcoming family wedding), or an unexpected bill (e.g. for house repairs or car maintenance), or simply poor management of one’s budget can make an item appear unaffordable in the short-run, even among the affluent.

In general, when indicating that an item ‘cannot be afforded’ the respondent must make an assumption about their circumstances, and this assumption, while not made explicit, will affect the interpretation of their answer to the affordability question. Someone may not be able to afford a costly essential item right now, because they are saving to buy it next year: does this mean that because of its (temporary) absence this year, they are currently deprived?

<sup>31</sup> There is nothing to prevent someone being defined as deprived in relation to an item that they themselves do not regard as essential. This raises the interesting question of whether someone who does not have (for example) a refrigerator and cannot afford one should be regarded as deprived, even though they have indicated that they themselves do not regard a refrigerator as essential.

The distinction between the roles of choice and enforcement when identifying deprivation is conceptually important, although the instruments used to identify this distinction are crude. Even so, it is important to establish whether those who lack an item do so because they cannot afford it or because they do not want it. The fact that this distinction is difficult to define even in theory makes it all the more difficult to try to capture it empirically – particularly using a mailed questionnaire.

### **Socially Perceived Essentials**

The deprivation approach defines socially perceived essentials as those items that are regarded by a *majority* of respondents as being essential. This approach has obvious appeal since, as Gordon (2006, p. 64) notes:

‘The use of a democratic threshold (50%) to identify what items and activities are necessities provides both ‘political’ and face validity for the deprivation index.’

Although the use of a majority rule is consistent with democratic principles and is likely to receive wide acceptance more generally (the basis of Gordon’s claim of face validity), it can be argued that the cut-off is to some degree arbitrary: why is using a 50 per cent cut-off to identify essentials any less arbitrary than setting a poverty line at 50 per cent of median income?<sup>32</sup>

In general, the higher the cut-off, the fewer the number of items included as essential, and thus the more restrictive is the standard of living benchmark being used to identify deprivation. On balance, the 50 per cent cut-off rule has much to recommend it (after all, it forms the basis of our democratic system of government), and that approach is used here, although the results are presented in a way that reveals the consequences of using a higher cut-off.

The 50 per cent rule is used to identify which items are regarded as essential by a majority of the population, but the credibility of the approach also requires that there is a reasonable degree of consensus on which items are essential. Overall majority support is consistent with systematic differences of views within the population based on such factors as gender (the majority might consist almost entirely of men), age (it might reflect support from specific age groups only) or ethnicity (the majority might mainly consist of those from an Australian/Anglo background).

It is thus important that the items regarded as essential attract both *majority* support and that a high degree of *consensus* exists among different groups in the community about which items to include. Establishing that such a consensus exists is important because the deprivation approach can otherwise be criticised for adopting the views of a particular sub-set of the population to define deprivation, whereas this concept must have general applicability if it is to be relevant to society as a whole.<sup>33</sup>

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<sup>32</sup> Budget standards studies commonly include those items that are consumed, owned or undertaken by at least 75 per cent of the population in their low-cost budgets, on the grounds that this degree of ownership or participation indicates that the item meets a basic need (Bradshaw, 1993; Saunders et al., 1998).

<sup>33</sup> Proponents of the deprivation approach often refer to it as ‘the consensual method of measuring poverty’ (e.g. Gordon, 2006, p. 43), while the term ‘consensual standard of living approach’ has also been used to describe it (e.g. Van den Bosch, 2001).

Some deprivation studies have devoted considerable effort to show that there is a broad public consensus ‘that cuts across social divisions such as those relating to class, gender, ethnicity and age’ (Pantazis, Gordon and Townsend, 2006, p. 98). Mack and Lansley (1985: quoted by Gordon and Pantazis, 1997, p. 72) were able to show in their original *Breadline Britain* study that a consensus did exist, thus allowing them to argue that:

‘The homogeneity of views shown by people from very different personal circumstances and also holding very different political ideologies suggests that judgments are being made on the basis of a cohesive view of the kind of society we ought to live in. There is, it seems, a general cultural ethos about what is sufficient and proper.’

Whether a community-wide consensus exists about which items are essential can be examined using the technique of box plots. These are graphs which show, on the horizontal and vertical axes of the plot, the percentages of population sub-groups (e.g. men and women; low and high income groups; Australian-born and overseas-born) who define each item as essential (Gordon and Pantazis, 1997; Pantazis, Gordon and Townsend, 2006). If the chosen sub-groups are in perfect agreement, the points on the box plot would fall along the 45° diagonal line which divides the box plot into two equal halves (like the diagonal of a square). As a general rule, the closer the points in the box plot are to this line, the greater the degree of consensus that exists among the identified sub-groups in the population.

One area where previous studies have shown that there are systematic differences in views on which items are essential is in relation to the responses of younger and older groups (Van den Bosch, 2004; McKay, 2004). McKay (2004, p. 18) argues that the *Poverty and Social Exclusion* (PSE) survey data indicate that:

‘Put crudely, the young were least likely to believe that particular items are essential but most prepared to say they could not afford them. The old were the most likely to think that some items are essential but most likely to say, when lacking them, that it was a matter of choice rather than an inability to afford them.’

This has important implications for determination of the deprivation status of young and old, as Van den Bosch (2004) has observed. His results indicate that if deprivation is based solely on the *lack* of essential items (as opposed to the dual criteria of lack of ownership *and* lack of affordability), the situation of single older people appears much worse.

This is one example of how the detailed application of the deprivation approach can influence the patterns revealed about which groups in the population are most deprived. It has potentially important consequences, since as noted earlier, the CUPSE community sample contains an over-representation of older age groups, while the client sample over-represents younger people. For these reasons, special attention is paid to the pattern of age differences in the sample responses to the two surveys.

### **Community Support for the Essentials of Life**

Having reviewed a range of issues surrounding the methods used to identify which items are essential, attention now focuses on the key findings produced by the two surveys described in the previous chapter. Participants in both the community and client surveys were asked a series of questions about whether or not a list of items ‘are

essential – things that no-one in Australia should have to go without’. The ‘essentials of life’ question was asked about 61 items in the community survey and about 57 items in the client survey.<sup>34</sup>

The items were grouped into seven separate areas, the first covering 25 ‘everyday items’ that contribute to overall living conditions, followed by six groupings of six items, arranged into the following living standard domains:<sup>35</sup>

- Accommodation and housing
- Location and transport
- Health and health care
- Social and community participation
- Care and support
- Employment, education and skills

The validity of this separation of the components of the standard of living into a small number of domains was examined using factor analysis. The analysis suggests that the identification of domains is not very different from the clustering of factors identified from the factor analysis of the ‘essentials of life’ responses. Because factor analysis is best used to support informed judgements about such groupings, the results did not cause any variation in the identified domains (which do not, in any case, feature very much in the analysis of the findings).<sup>36</sup>

As explained earlier, the structure of the ‘essentials of life’ questions followed that set out in Figure 3. However, because the affordability of some items was not a relevant issue (e.g. to be treated with respect by other people; a safe outdoor space for children to play at or near home; or access to a bulk-billing doctor under Medicare), this particular question was not asked of these items, and they were thus not included in the analysis of deprivation reported in Chapter 5.<sup>37</sup>

The full list of 61 items and the percentage of respondents who regarded each of them as essential is shown in Table 1, where the items have been ranked by the percentage of the community survey respondents who think that each item is essential. The first two columns show the percentage support for each item being essential as reported in the community sample.<sup>38</sup> Those on the left-hand column are the raw (unweighted) figures, while those on the right have been weighted to reflect the age composition of

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<sup>34</sup> The four items excluded from the client survey were: damp and mould free walls and floors; a printer; an answering machine; and a fax machine.

<sup>35</sup> As explained in Chapter 3, the specification of the domains reflects the views expressed in the focus groups by welfare agency clients about the different constituents of a decent life.

<sup>36</sup> Details of the factor analysis results will be included in future project reports. A summary of the main findings is available on request from the authors.

<sup>37</sup> The role of these items in contributing to social disadvantage is taken up in the analysis of social exclusion in Chapter 6.

<sup>38</sup> The responses to those items that relate directly to only sub-sections of the population (e.g. items for children, or to services for specific groups) reflect what those respondents who are not in these situations think would be essential if they were. It is possible, for example, for non-parents to think that it is essential for each child to have their own bed.



the actual population.<sup>39</sup> The next two columns show the results derived from the client survey, with those on the left showing the raw (unweighted) estimates and those on the right weighted to correspond to the age structure of the community survey. The final two columns show the unweighted percentages of each sample that have each item.<sup>40</sup>

**Table 1: Ranked Percentage of Respondents Who Regard Each Item as Essential and Prevalence Rates for Each Item (unweighted and weighted percentages)<sup>(a)</sup>**

| Essential item  | Is it essential?                           |  |                          |                        | Do you have it?             |                          |
|---|--|--|--------------------------|------------------------|-----------------------------|--------------------------|
|   | Community sample<br>(u/wtd) <sup>(a)</sup> | Community sample<br>(wtd) <sup>(a)</sup> | Client sample<br>(u/wtd) | Client sample<br>(wtd) | Community sample<br>(u/wtd) | Client sample<br>(u/wtd) |
| Medical treatment if needed                               | 99.9                                       | 99.9                                     | 99.8                     | 100.0                  | 97.0                        | 88.9                     |
| Warm clothes and bedding, if it's cold                    | 99.8                                       | 99.8                                     | 99.4                     | 99.4                   | 99.6                        | 90.0                     |
| A substantial meal at least once a day                    | 99.6                                       | 99.6                                     | 98.3                     | 98.9                   | 98.5                        | 84.7                     |
| Able to buy medicines prescribed by a doctor              | 99.4                                       | 99.3                                     | 98.9                     | 98.7                   | 95.7                        | 69.0                     |
| Access to a local doctor or hospital                      | 99.3                                       | 99.3                                     | 98.9                     | 99.4                   | 95.5                        | 91.3                     |
| Disability support services, when needed                  | 98.9                                       | 99.0                                     | 96.1                     | 96.5                   | 49.8                        | 39.8                     |
| Dental treatment if needed                                | 98.6                                       | 98.5                                     | 96.6                     | 96.1                   | 81.3                        | 43.0                     |
| To be treated with respect by other people                | 98.4                                       | 98.5                                     | 98.3                     | 98.0                   | 92.6                        | 76.5                     |
| Aged care for frail older people                          | 98.2                                       | 98.0                                     | 95.7                     | 96.5                   | 49.0                        | 33.5                     |
| To be accepted by others for who you are                  | 98.0                                       | 97.9                                     | 96.0                     | 95.9                   | 91.9                        | 72.4                     |
| Ability to speak and read English                         | 97.9                                       | 97.8                                     | 96.8                     | 97.8                   | 98.3                        | 95.3                     |
| Streets that are safe to walk in at night                 | 97.7                                       | 97.7                                     | 95.0                     | 95.6                   | 71.6                        | 51.7                     |
| Access to mental health services, if needed               | 97.4                                       | 97.2                                     | 95.8                     | 95.9                   | 75.1                        | 61.2                     |
| A decent and secure home                                  | 97.3                                       | 97.3                                     | 97.9                     | 98.1                   | 92.1                        | 66.5                     |
| A safe outdoor space for children to play at or near home | 96.4                                       | 96.1                                     | 95.0                     | 95.1                   | 90.2                        | 71.3                     |
| Supportive family relationships                           | 94.9                                       | 95.0                                     | 95.2                     | 95.8                   | 89.8                        | 65.2                     |
| Children can participate in school activities and outings | 94.8                                       | 94.7                                     | 94.7                     | 94.7                   | 68.9                        | 53.4                     |
| A yearly dental check-up for children                     | 94.7                                       | 94.3                                     | 95.0                     | 94.8                   | 71.4                        | 41.7                     |
| Someone to look after you if you are sick and need help   | 93.7                                       | 93.2                                     | 92.7                     | 94.7                   | 84.4                        | 57.9                     |
| Good budgeting skills                                     | 93.4                                       | 92.4                                     | 92.2                     | 93.2                   | 85.1                        | 64.3                     |
| A local park or play area for children                    | 92.9                                       | 92.1                                     | 94.0                     | 94.6                   | 88.3                        | 79.9                     |
| A hobby or leisure activity for children                  | 92.5                                       | 92.5                                     | 93.7                     | 93.3                   | 74.1                        | 54.8                     |
| Regular social contact with other people                  | 92.3                                       | 92.5                                     | 93.7                     | 95.5                   | 87.0                        | 75.8                     |
| A roof and gutters that do not leak                       | 92.3                                       | 91.5                                     | 92.1                     | 93.8                   | 90.0                        | 77.8                     |
| Good public transport in the area                         | 92.2                                       | 92.1                                     | 96.9                     | 96.7                   | 60.8                        | 68.6                     |
| Access to a bulk-billing doctor (Medicare)                | 91.9                                       | 91.7                                     | 97.1                     | 97.4                   | 73.6                        | 85.7                     |
| Secure locks on doors and windows                         | 91.8                                       | 91.6                                     | 95.9                     | 96.7                   | 87.5                        | 76.3                     |
| Furniture in reasonable condition                         | 91.2                                       | 89.3                                     | 92.3                     | 95.0                   | 96.4                        | 80.1                     |
| Access to a bank or building society                      | 91.1                                       | 90.2                                     | 94.6                     | 95.9                   | 93.0                        | 89.1                     |
| Damp and mould free walls and floors                      | 90.7                                       | 90.7                                     | Na                       | Na                     | 88.6                        | Na                       |

<sup>39</sup> The weights used to produce the weighted estimates can be derived from Table A.2 in Appendix A. The results for the community sample are very similar if they are weighted by income distribution rather than age composition.

<sup>40</sup> The information in these last two columns on the percentages of each sample that have/engage in each item/activity is used in Chapter 6 to identify the activities relevant to social exclusion. The client results are very similar when weighted by the age composition of the community survey and are thus not shown separately.

**Table 1: Continued**

| Essential item                                       | Is it essential?                           |  |                          |                        | Do you have it?             |                          |
|--|--|--|--------------------------|------------------------|-----------------------------|--------------------------|
|  | Community sample<br>(u/wtd) <sup>(a)</sup> | Community sample<br>(wtd) <sup>(a)</sup> | Client sample<br>(u/wtd) | Client sample<br>(wtd) | Community sample<br>(u/wtd) | Client sample<br>(u/wtd) |
| Heating in at least one room of the house            | 89.0                                       | 87.4                                     | 88.0                     | 91.7                   | 92.0                        | 75.9                     |
| Up to date schoolbooks and new school clothes        | 89.0                                       | 88.5                                     | 92.1                     | 91.7                   | 66.0                        | 46.9                     |
| A public telephone                                   | 88.1                                       | 88.5                                     | 93.0                     | 92.6                   | 65.9                        | 72.3                     |
| Child care for working parents                       | 86.0                                       | 86.5                                     | 93.1                     | 93.2                   | 38.0                        | 31.3                     |
| Someone to give advice about an important decision   | 85.0                                       | 85.4                                     | 87.3                     | 89.3                   | 85.1                        | 71.3                     |
| A separate bed for each child                        | 84.7                                       | 84.0                                     | 87.5                     | 87.7                   | 85.5                        | 66.4                     |
| A telephone  | 82.7                                       | 81.1                                     | 85.1                     | 88.0                   | 96.8                        | 76.4                     |
| Up to \$500 in savings for an emergency              | 82.3                                       | 81.1                                     | 77.1                     | 80.5                   | 76.1                        | 26.4                     |
| A washing machine                                    | 81.8                                       | 79.4                                     | 86.9                     | 87.0                   | 97.9                        | 80.2                     |
| Home contents insurance                              | 77.4                                       | 75.1                                     | 64.1                     | 66.4                   | 83.8                        | 29.1                     |
| Presents for family or friends at least once a year  | 73.1                                       | 71.6                                     | 81.0                     | 83.8                   | 87.5                        | 63.4                     |
| Computer skills                                      | 68.5                                       | 68.7                                     | 67.5                     | 65.9                   | 67.5                        | 56.0                     |
| Attended school until at least year 12 or equivalent | 64.6                                       | 63.4                                     | 72.3                     | 79.4                   | 66.0                        | 51.2                     |
| Comprehensive motor vehicle insurance                | 63.4                                       | 60.2                                     | 53.9                     | 55.8                   | 83.4                        | 29.1                     |
| A week's holiday away from home each year            | 54.7                                       | 52.9                                     | 61.0                     | 65.1                   | 56.3                        | 27.4                     |
| A television   | 54.7                                       | 50.9                                     | 70.3                     | 77.1                   | 98.8                        | 92.2                     |
| A car  | 50.4                                       | 47.8                                     | 50.6                     | 51.1                   | 92.3                        | 47.3                     |
| A separate bedroom for each child aged over 10       | 50.3                                       | 49.1                                     | 68.1                     | 71.4                   | 70.4                        | 48.7                     |
| Up to \$2,000 in savings for an emergency            | 46.9                                       | 44.4                                     | 50.9                     | 54.7                   | 57.9                        | 15.2                     |
| A special meal once a week                           | 36.6                                       | 35.9                                     | 64.0                     | 69.4                   | 44.8                        | 50.2                     |
| A spare room for guests to stay over                 | 35.7                                       | 31.5                                     | 36.6                     | 43.1                   | 70.4                        | 35.7                     |
| A night out once a fortnight                         | 35.5                                       | 35.6                                     | 57.6                     | 60.8                   | 38.7                        | 32.8                     |
| A home computer                                      | 25.8                                       | 25.9                                     | 38.0                     | 35.8                   | 74.8                        | 49.8                     |
| A mobile phone                                       | 23.5                                       | 23.0                                     | 47.7                     | 42.0                   | 81.8                        | 72.7                     |
| A clothes dryer                                      | 20.3                                       | 18.9                                     | 33.2                     | 36.4                   | 61.7                        | 37.4                     |
| Access to the internet at home                       | 19.6                                       | 19.7                                     | 31.3                     | 28.7                   | 66.7                        | 37.9                     |
| A printer  | 19.1                                       | 18.6                                     | Na                       | Na                     | 68.8                        | Na                       |
| A DVD  | 19.0                                       | 17.2                                     | 31.7                     | 31.5                   | 83.1                        | 64.0                     |
| An answering machine                                 | 13.6                                       | 12.3                                     | Na                       | Na                     | 54.0                        | Na                       |
| A dishwasher   | 8.3  | 7.6                                      | 14.7                     | 16.2                   | 48.6                        | 16.9                     |
| A fax machine  | 5.7  | 5.3                                      | Na                       | Na                     | 27.8                        | Na                       |

Notes: (a) u/wtd = unweighted, wtd = weighted. The rank is based on community unweighted results.

The items that appear at the top of the essentials ranking reflect basic necessities and relate to food, shelter and heating. Several items that relate to access to medical treatment (including dental treatment and prescribed medications) also feature at the top of the ranking, as do services that deliver health care, either generically (doctors and hospitals) or in response to specific areas of need (disability, mental health and aged care).

Several of the high-ranking items also relate to people's sense of identity (to be accepted for who you are), their connections to support networks (supportive family relationships) and safety (streets that are safe to walk in at night). Many of the items that provide people with security and protection against risks if things go wrong (emergency savings and different forms of insurance coverage) also feature high in the ranking of essentials. Finally, there is considerable emphasis on items that increase people's capacity to function in a modern market economy, including budgeting and computer skills, a sound education and proficiency in English.

In contrast, the lower reaches of the essentials ranking is dominated by consumer items such as a home computer, mobile phone, DVD player and dishwasher, none of which come close to attracting majority support for being essential.<sup>41</sup> Some of those items whose identification is suggestive of their non-essentiality (e.g. a special meal, a night out once a fortnight) also receive low support, although this is not the case for a week's holiday away from home at least once a year, which receives majority support (just).

In overall terms, the findings indicate that Australian views on which items are essential focus on items that satisfy basic material needs, access to key community services, protection against unforeseen risks, and those items that support people's sense of identity, status and social and economic functioning.

One interesting feature of the results in Table 1 concerns the relative ranking of items that people possess ('having') compared with those items that relate to different forms of participation ('doing') or to people's sense of self-respect and identity ('being').<sup>42</sup> Many of the items that represent 'things' such as consumer durables or electronic gadgets appear towards the bottom of the ranking of essentials, whereas items that reflect access to basic services, different forms of participation, indicators of security (broadly defined) and those that contribute to one's sense of status or identity feature at the top of the list.<sup>43</sup>

This aspect of the essentials of life ranking suggests that possessing material goods is a less important determinant of people's standard of living than is often assumed (mainly by economists). People appear to place more weight on their ability to function in society, to access key services when they need them, to have a sense of status and identity, and to connect socially with others.

Another notable feature of the results is that all but one of the items that refer specifically to the needs of *children* appear at the top of the rankings. Five of the eight items that refer explicitly to the needs of children (indicated by the shading in Table 1) are seen as essential by over 90 per cent of the community sample. These are: a safe outdoor space to play at or near home; ability to participate in school activities and outings; an annual dental check-up; a local park or play area; and a hobby or leisure activity.

Two other items (up to date schoolbooks and school clothes; and a separate bed for each child) are seen as essential by 85 per cent or more, with only the separate bedroom for children aged 10 or over ended up close to the 50 per cent cut-off. Even more striking is the fact (discussed further below) that the ranking of these child-focused items is independent of whether or not the survey respondents had children of their own living with them. This highlights the point that the needs of children are seen as of great importance across all sections of society.<sup>44</sup>

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<sup>41</sup> The low ranking of these items as essentials is not inconsistent with them being actively acquired by those consumers who have the resources to buy them.

<sup>42</sup> The distinction between having, doing and being was given emphasis in the work of the Swedish sociologist Erik Allardt (1992) and was reflected in the Swedish approach to identifying the components of the level of living (Erikson and Aberg, 1987).

<sup>43</sup> A similar finding was reported by Travers and Robertson (1996).

<sup>44</sup> It is important to note that those respondents who do not have any children, but nonetheless indicate that the child-related items are essential, will indicate that they do not have these items, but that this is

The (unweighted) responses to the community survey indicate that 48 out of the 61 possible items are regarded as essential by a majority of the sample. Almost half of all items (30) were regarded as essential by more than 90 per cent of the sample, while more than three-quarters of the sample thought that 41 items were essential.<sup>45</sup> The fact that such a high percentage of respondents regarded many items as essential suggests that there is a high degree of consensus in the community about these items being essential.

The community survey rankings are not particularly sensitive to whether the data are weighted by age (or by gross income – although these results are not shown), as can be seen by comparing the figures in the first two columns of Table 1. The results for the client sample also vary relatively little when they are weighted. In fact, the use of weights has very little impact on the results throughout the analysis, reinforcing the robustness of the findings (and dispelling to some extent concern over the non-representative nature of the two samples).

When the community survey data are unweighted, four items receive between 50 per cent and 55 per cent support for being essential, two of which (a car and a separate bedroom for older children) only just clear the majority support cut-off. Both fall below the cut-off when the data are weighted by age and the level of support for the car being essential just exceeds the cut-off when income weights are applied.

Further examination of these two items indicates that the car exceeds the cut-off because of the very high level of support among older age groups, while the separate bedroom for older children fails to make the cut-off because of the low level of support among younger age groups. On the basis of these patterns, it was decided to remove the car from the list of identified essentials, but to keep the separate bedroom for older children, thus reducing the number of essential items from 48 to 47.<sup>46</sup>

Table 1 also indicates that the rankings of which items are essential are very similar across both the community and client samples, and this similarity persists when the client sample is re-weighted to give it the same age composition as the community sample. Formal statistical tests confirm that the rankings are indeed very similar.<sup>47</sup>

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not because they cannot afford them. The absence of these items will thus not cause these people to be deprived in this dimension.

<sup>45</sup> The latest British *Poverty and Social Exclusion Millennium Survey* asked about a total of 53 items and activities, of which 35 were regarded as necessary by more than 50 per cent of respondents, and 20 were regarded as necessary by at least 75 per cent (Pantazis, Gordon and Townsend, 2006, Table 4.1). The authors noted that the findings about which groups are most vulnerable to poverty remain broadly unchanged if the 50 per cent rule is replaced by using a two-thirds (67 per cent) majority to define necessities. Further analysis of the 35 items that satisfied the 50 per cent majority rule resulted in four items being removed from the analysis of poverty on the basis of tests of validity and reliability. These four items were a television, a fridge, beds and bedding for everyone, and a washing machine (Gordon, 2006, Table A2.1).

<sup>46</sup> The separate bedroom for older children was maintained because many of the younger people who did not regard it as essential were not old enough to have children of their own aged over 10, making their response to this question somewhat problematic.

<sup>47</sup> The standard (Pearson) correlation coefficient for the unweighted community and client sample percentages is equal to 0.969, while that between the unweighted community and weighted client samples is 0.963. The corresponding Spearman rank correlation coefficients are 0.949 and 0.941 respectively. All four coefficients are highly statistically significant ( $\rho = 0.01$ ).

Focusing on the 57 items included in both surveys, all 47 of the items (excluding the car) regarded as essential by a majority of the community sample are also regarded as essential by a majority of the client sample, as are 3 additional items. These are: up to \$2,000 in savings for use in an emergency; a special meal once a week; and a night out once a fortnight.

There is a general tendency for a greater proportion of those in the client survey to regard an item as essential than is the case for the community sample. In general, the difference between the responses is larger the lower the level of support for the item being essential, this being true whether or not the data are weighted.

In well over half of all cases (39 out of 57), the percentage of the (weighted) client sample that regards each item as essential exceeds that in the (unweighted) community sample, suggesting that there is little support for the preference adaption hypothesis. Those in the most perilous economic circumstances do not take a harsher view of what is essential as a consequence of their own low standard of living. Indeed, the results in Table 1 suggest that the opposite is closer to the truth.

Although most of the differences in the views of the community and client samples on what is essential are small, there are several items where they are larger. This is most notable in relation to the following items: access to a bulk-billing doctor (Medicare); child care for working-age parents; a washing machine; attended school until at least year 12; a week's holiday away each year; a television; a separate bedroom for older children; a special meal once a week; and a night out once a fortnight.

The list provides an insight into the priorities of those who are most disadvantaged, with its emphasis on basic necessities for security, combined with a few 'extras' to make what is clearly a difficult life a bit more tolerable.

Three items (up to \$2,000 in savings for an emergency; a special meal once a week; and a night out once a fortnight) received a majority support for being essential among the client sample, but not among the community sample. The only two items where client support falls well below the level of community sample support (but still exceeds the 50 per cent cut-off) are home contents insurance and comprehensive motor vehicle insurance.

The figures in the final two columns of Table 1 show the (unweighted) percentages of each sample that have each item. By deducting these percentages from 100, it is possible to see the proportions of each sample that do *not* have each item, which provides an upper ceiling to the proportions who are deprived in each area.<sup>48</sup>

Most of those in the community sample have all 61 items and in many cases the prevalence (or ownership) rate is widespread, exceeding 90 per cent in 18 cases and above 80 per cent in a further 15 cases. There is a general tendency for the ownership rate to decline along with support for the item being essential, but the extent of the decline in the former is much less pronounced, and several items that appear at the bottom of the essential ranking are widely owned. The large differences between the ownership of these items and whether or not they are seen as essential confirms the ability of people to distinguish between what they want (and have) and what they need (and regard as essential).

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<sup>48</sup> As indicated in Figure 3, not all of those who do not have each item will be deprived, only those who do not have the item because they cannot afford it.

There are also several interesting variations from the general pattern described above. Some of these (the low percentages who say that they have access to disability, mental health or aged care services) may reflect uncertainty or lack of knowledge about the availability of items that most people do not currently need. Other findings cannot be so readily dismissed. It is striking, for example, that whereas over 97 per cent of the community sample regard streets that are safe to walk in at night as essential, less than 72 per cent say that they actually have this.

Similar gaps exist in relation to: children participating in school activities and outings; an annual dental check-up for children; good local public transport; up to date schoolbooks and new school clothes for children; and access to a public telephone. The gap is larger with respect to child care for working parents, which is regarded as essential by 86 per cent of the community sample but only 38 per cent have it.<sup>49</sup>

For the client sample, the ownership of many items is below that for the community sample, often considerably below. Thus, only 69 per cent of the welfare service clients are able to buy prescribed medications, 43 per cent have dental treatment when needed, 52 per cent have streets that are safe at night, 42 per cent have an annual dental check-up for their children, and 26 per cent have up to \$500 in emergency savings.

In general, not only are the ownership rates among the client sample lower than those in the community sample, the gap between the percentage that has each item and the percentage who thinks it is essential increases as the essential ranking itself declines. This is as one would expect, since those items not regarded as essential are more likely to be owned by choice by those who have the resources to buy them. Thus, many in the client sample are missing out on many non-essential items as well as many essential items. Despite this, around half of those in the client sample indicate that they have a special meal once a week and have a home computer, while nearly two-thirds have a DVD player and close to three-quarters have a mobile phone.

The difference between the views of the community and client samples on which items are essential is largest in the case of three of the items that receive overall majority support: attended school until at least year 12 (where the difference is 15 percentage points); a television (23 percentage points); and a separate bedroom for each child aged over 10 (21 percentage points). These three items provide an illuminating insight into the perceived priorities of those in the client sample, many of who are conscious of their lack of a good education, are unemployed and can thus afford only the cheaper forms of entertainment, and (as was clear from the comments made by mothers who participated in the focus groups) are keen to provide the best possible start in life for their children.

The difference between ownership rates of the two samples exceeds 25 percentage points in relation to: the ability to buy prescribed medications; access to dental treatment when needed; an annual dental check-up for children; someone to look after you if you are sick; up to \$500 in savings for an emergency; home contents insurance; and comprehensive motor vehicle insurance. While some of these items are what one

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<sup>49</sup> Even though this result is influenced by those who are neither parents nor aged under-65 who say that they do not have this item, the gap would remain substantial if these cases were removed. This is apparent from the findings on social exclusion presented in Chapter 6, where these groups are not included in the exclusion incidence rate estimates

would expect those with few resources to be missing out on, others reflect badly on the accessibility and effectiveness of existing pharmaceutical and dental services, while others again are indicative of an absence of social support in times of need.

### **Is There a Consensus on the Essentials of Life?**

Having identified which items are essential, we now examine whether or not there is a consensus about these views. As noted earlier, this is examined using box-plots, which provide a visual representation of the degree to which different groups in the community agree on whether or not each item is essential.

Figure 4 presents the box-plots for the community sample broken down by gender (Figure 4.A), housing tenure (Figure 4.B), age (Figure 4.C) and whether or not there is a child present in the household (Figure 4.D). The first two box plots reveal that there is a high degree of consensus on the identification of essential items among men and women, and among home owners/purchasers and renters, with observations closely clustered around the diagonal line.

Figure 4.C reveals that there is less of a consensus about which items are essential when the views of younger (under 30) and older (65 and over) people are differentiated. The fact that most of the items lie above the diagonal line indicates that a higher percentage of older people regard almost all items as essential. This appears to contradict the views that people's expectations become more modest as they become older, although it is important to bear in mind that Figure 4.C compares the views of the two age groups at one point in time and thus reveals nothing about how views change as individuals age over time.<sup>50</sup>

The box plot shown in Figure 4.D is relevant to the issue of whether views about how essential the child-specific items differ between those who do and do not have children of their own living with them.<sup>51</sup> The differentiation of the views of those who do or do not have children about items that relate specifically to the needs of children is of great interest because of its wider implications. It is important to establish that views about which items are essential do not solely reflect each individual's own experience, but also capture more universal perceptions of people's needs. Comparing the views of those with and without children on items that meet children's needs thus provides a valuable test of whether such universal views exist when it comes to identifying the essentials of life.

Figure 4.D shows clearly that the views of those with and without children on the child-related items are indeed very close. This is already apparent in relation to several of these items from Table 1, which shows that overall support for several of the child-related items is well over 90 per cent, implying that the views of those with and without children are both similarly high. The two items where overall support is lower – a separate bed for each child; and a separate bedroom for children aged over

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<sup>50</sup> The general pattern of age-differences in support for items being essential is similar to that found in Britain (and attributed to McKay (2004) earlier in this chapter) and the specific items identified in Figure 4.C seem consistent with the priorities of different age cohorts about what kind of items are essential.

<sup>51</sup> Throughout the analysis, (dependent) children are defined as aged 18 or under.

10 – are identified in Figure 4.D, and it is clear that both lie close to the diagonal, indicating similar support among the two groups for even these items.<sup>52</sup>

Figures 5.A and 5.B compare the views about which items are essential of the (unweighted) community and the unweighted and weighted client samples, respectively. Again, it is clear that the pattern is hardly affected by weighting. More importantly, the fact that most observations lie below the diagonal line in both cases indicates that in general, there tends to be *greater* support for items being essential among the client sample. The (absolute) size of this difference increases as the overall degree of support declines, and is greatest for those items that are at the bottom of the essentials ranking.

In summary, both the aggregate evidence on the degree of support for items being essential (Table 1) and the detailed breakdowns of support by item across population sub-groups (Figures 4 and 5) indicate that there is both a high level of agreement and a high degree of consensus in the community about the identification of which items are essential in Australia today. This is an important validation of the deprivation approach, since its credibility depends on the existence of a broad-based consensus that does not allow the views of any single group to dominate.

### Summary

This chapter has described how overseas research studies have developed a methodology for identifying the essentials of life and explained how the approach has been applied in Australia using the data collected in the community and client versions of the CUPSE survey. The structure of the questions used to identify which among a long list of potential items are regarded as essential has been explained, some limitations noted, and results derived from the two surveys have been presented and discussed.

The findings provide, for the first time, a comprehensive and systematic account of what Australians currently regard as the essentials of life – things that no-one should have to go without. The results indicate a high degree of support for many items in the list being essential, with 48 out of 61 items seen as essential by a majority of the community sample, and 30 of these receiving more than 90 per cent support.

A breakdown of the responses by the characteristics of survey participants indicates that not only is there a high level of overall support for many items being essential, there is also a high degree of consensus among different sub-groups in the population on the identification of essentials. This latter finding is particularly significant, since it implies that defining deprivation on the basis of who is unable to afford those items defined as essential taps into a genuine consensus and does not impose the views of specific groups onto the rest of the community.

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<sup>52</sup> Note that some of the older CUPSE respondents may be the parents of grown-up children who no longer live with them. Figure 4.D differentiates between whether or not respondents are currently *living with* their children, not whether or not they *have* any children.



**Figure 4: Comparing Support for Items being Essential Among Population Sub-Groups in the Community Sample**

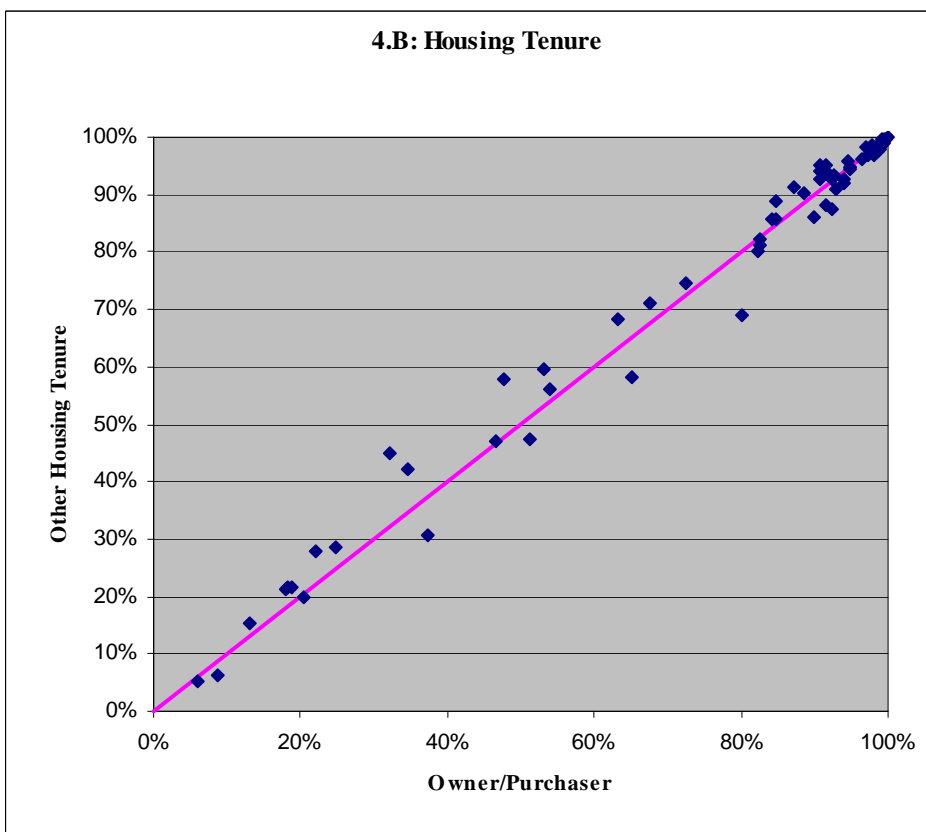
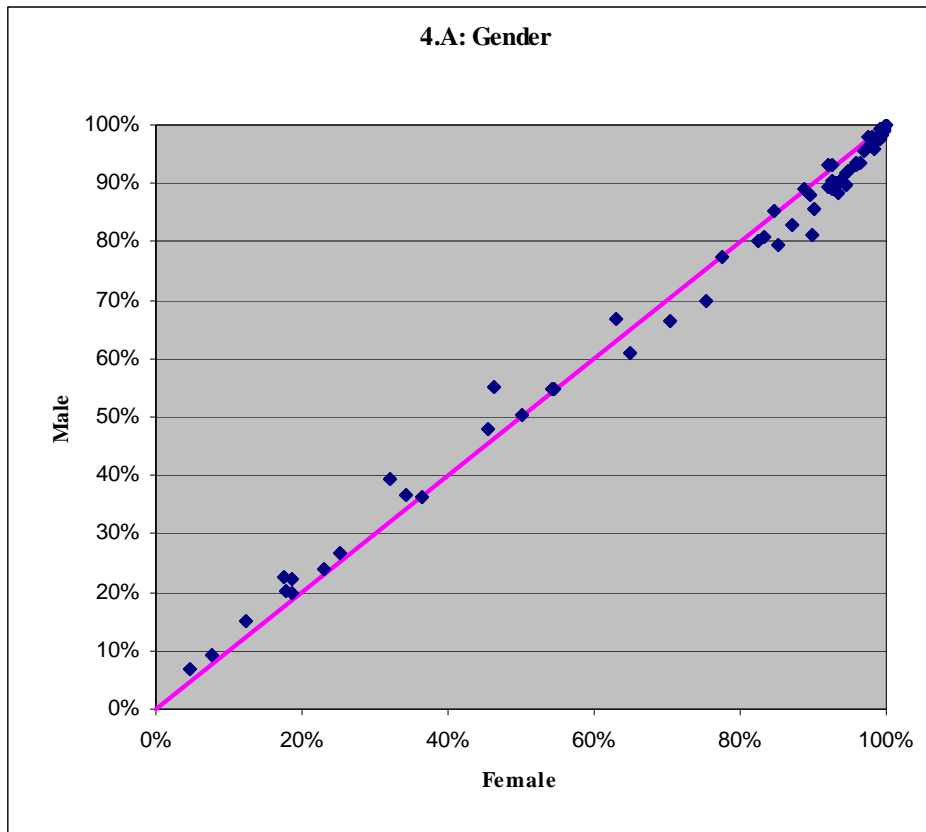
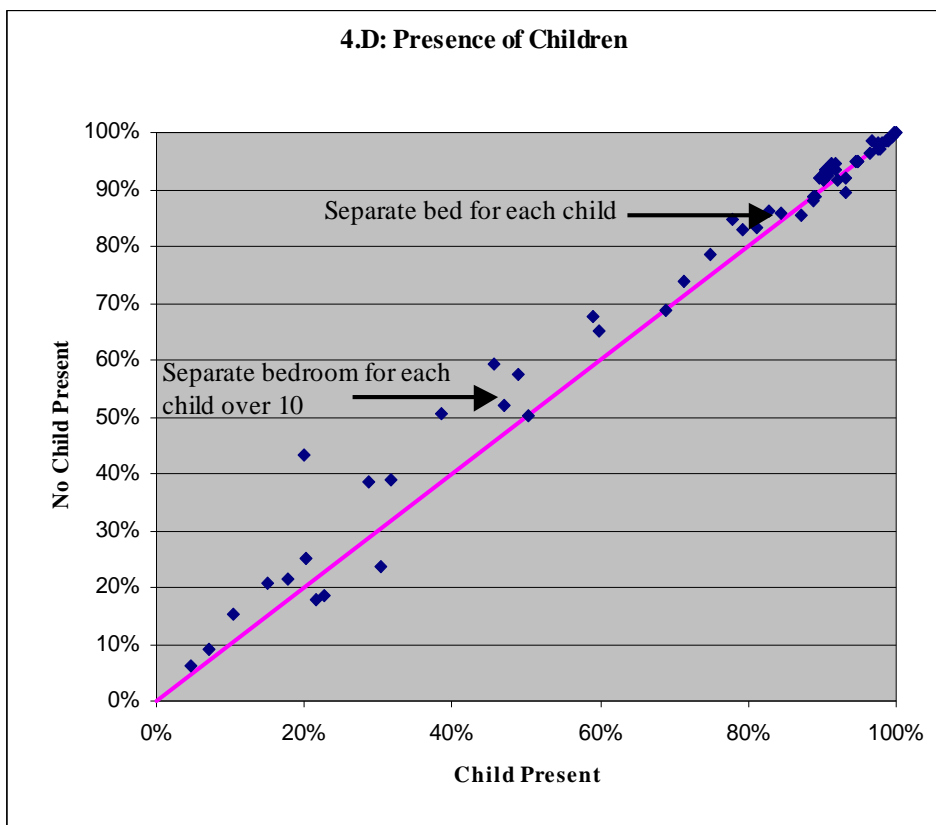
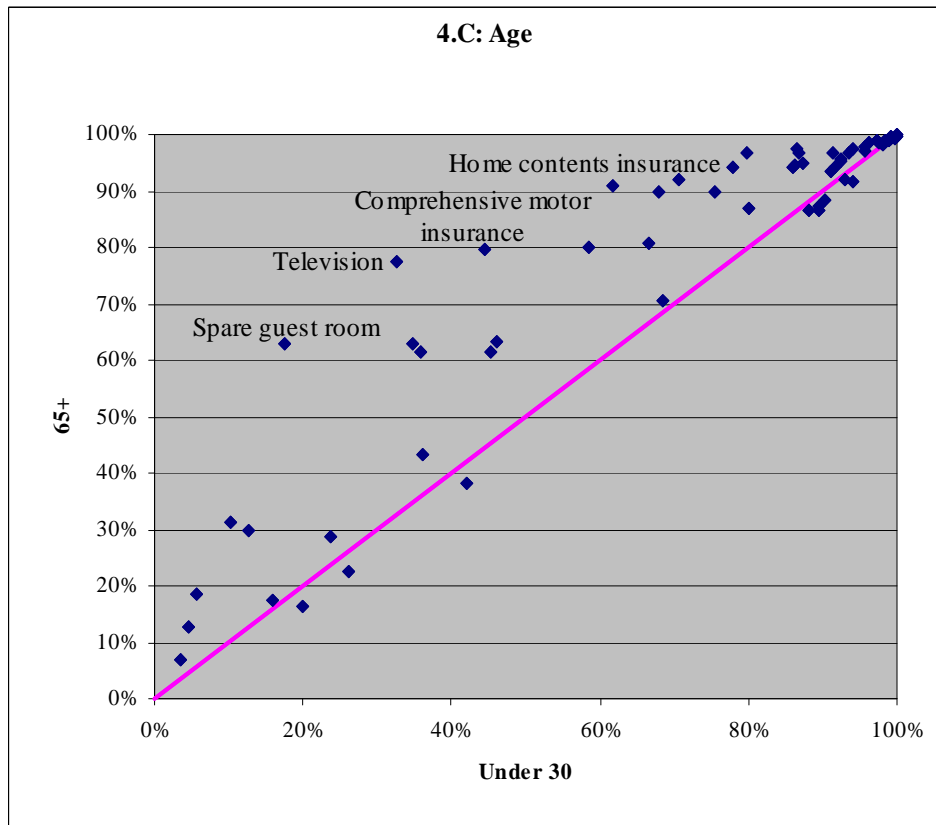
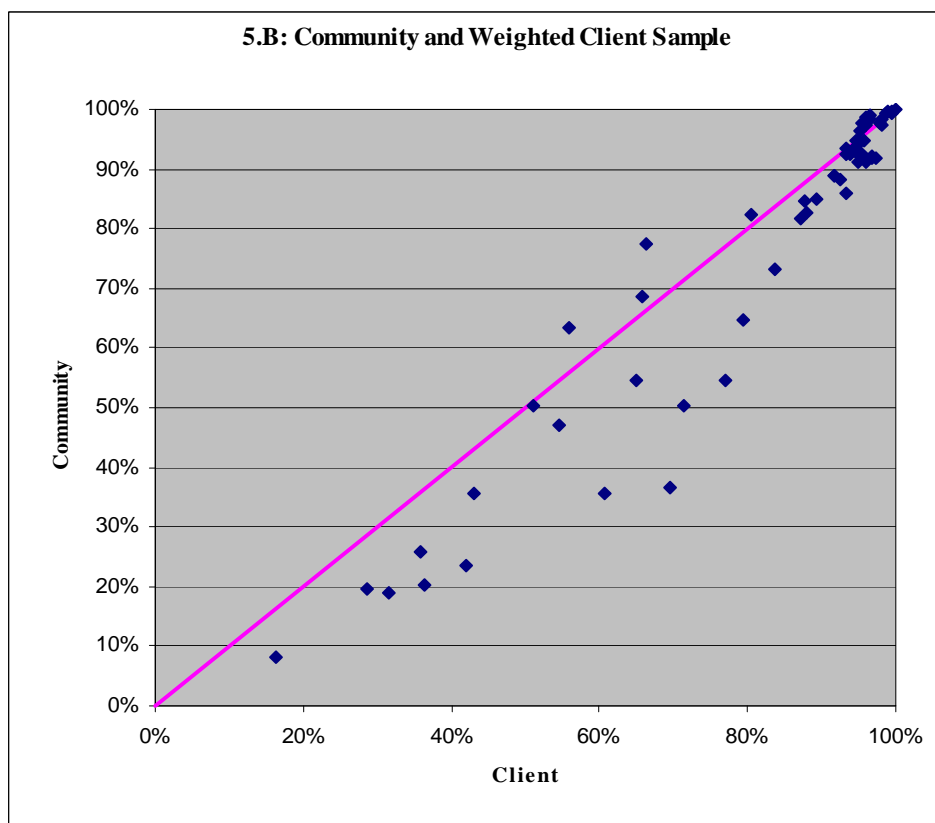
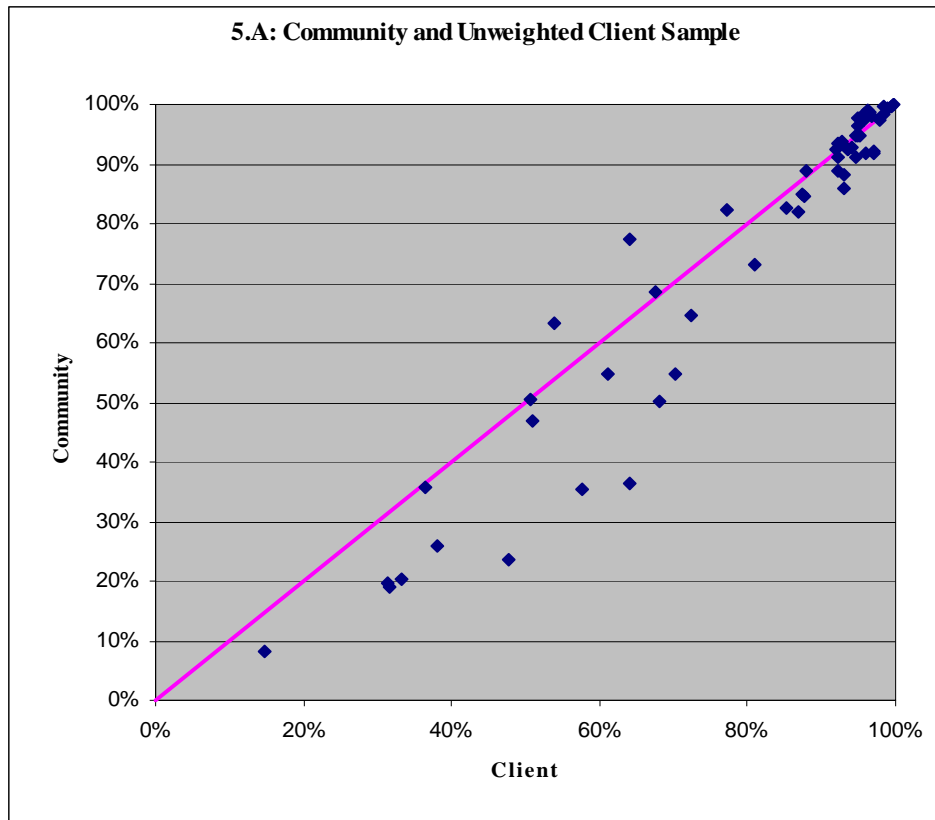


Figure 4: Continued



**Figure 5: Comparing Support for Items being Essential Between the Community and Client Samples**



There are, however, some important differences in the views of some groups about which items are essential. One such difference relates to the views of younger (under 30) and older people (over 65). Another concerns differences in the views of participants in the community and client surveys. In relation to the former, there is a clear tendency for older people to think that items are more essential than younger people. This finding appears to contradict the commonly expressed view that older people adjust their expectations of what they need downwards in response to the decline in their incomes.<sup>53</sup>

The results also indicate that the client sample of welfare service users tend to exhibit stronger overall support for items being essential than the population as a whole, as reflected in the views expressed by the community sample. If these differences reflect the much lower living standards of those in the client sample, they imply that those who are doing it tough tend to take a stronger position when it comes to identifying which items are essential, rather than adapting their views on what is essential to reflect their own circumstances.

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<sup>53</sup> This view may still be correct when comparing how people's views about what is essential change as they age, although it is not possible to establish this using the cross-section CUPSE data (which can only be used to compare differences between people of different ages at one point in time). This issue has been examined using a combination of cross-sectional and longitudinal data for Britain by Berthoud, Blekesaune and Hancock (2006).



## CHAPTER 5: MISSING OUT – PATTERNS OF DEPRIVATION

### From Essentials to Deprivation

The previous chapter outlined how community views on the essentials of life were derived from responses to the main community survey. In order to use this information to estimate the extent and nature of deprivation, it is necessary to identify who is missing out on each essential item because they cannot afford it.

This stage of the analysis is restricted by the fact that several of the ‘essentials of life’ questions were not accompanied by a question asking if their absence reflected a lack of affordability. This applies to 17 of the 47 items (aside from the car) that received majority support for being essential, reducing the number of items relevant to the issue of deprivation to 30.

Four of these items apply to specific sub-sections of the community: access to mental health services, if needed; child-care for working parents; aged care for frail elderly people; and disability support services, when needed. These items are not relevant to a study of the *general* incidence of deprivation and have thus also been excluded from the analysis, further reducing the number of items included to 26.<sup>54</sup> All of these items appear in both the community and client surveys and can thus be used to compare deprivation between the two groups.

The analysis begins by examining the incidence of each aspect of deprivation among the two samples. This is followed by a more detailed look at specific forms of deprivation among key population sub-groups, the extent of multiple deprivation and how its incidence varies between groups defined on the basis of socio-economic characteristics such as age, family status and income. In order to keep the latter task manageable, an index of deprivation has been estimated that can be readily compared across different groups.

### The Deprivation Profile

Table 2 and Figure 6 show the incidence of each of the 26 items that form the basis of this analysis of deprivation.<sup>55</sup> The estimates in Table 2 are shown both in raw (unweighted) form and when weighted using ABS population weights (in the case of the community survey) and using community survey age-based weights (in the case of the client survey). As before, those items that relate specifically to the needs of children are shown in shading.

It is again apparent from the results that the weighting of the two samples makes only a relatively small difference to the incidence rates of most items and has little impact on the comparison between the two samples. The main effect is to reduce the client

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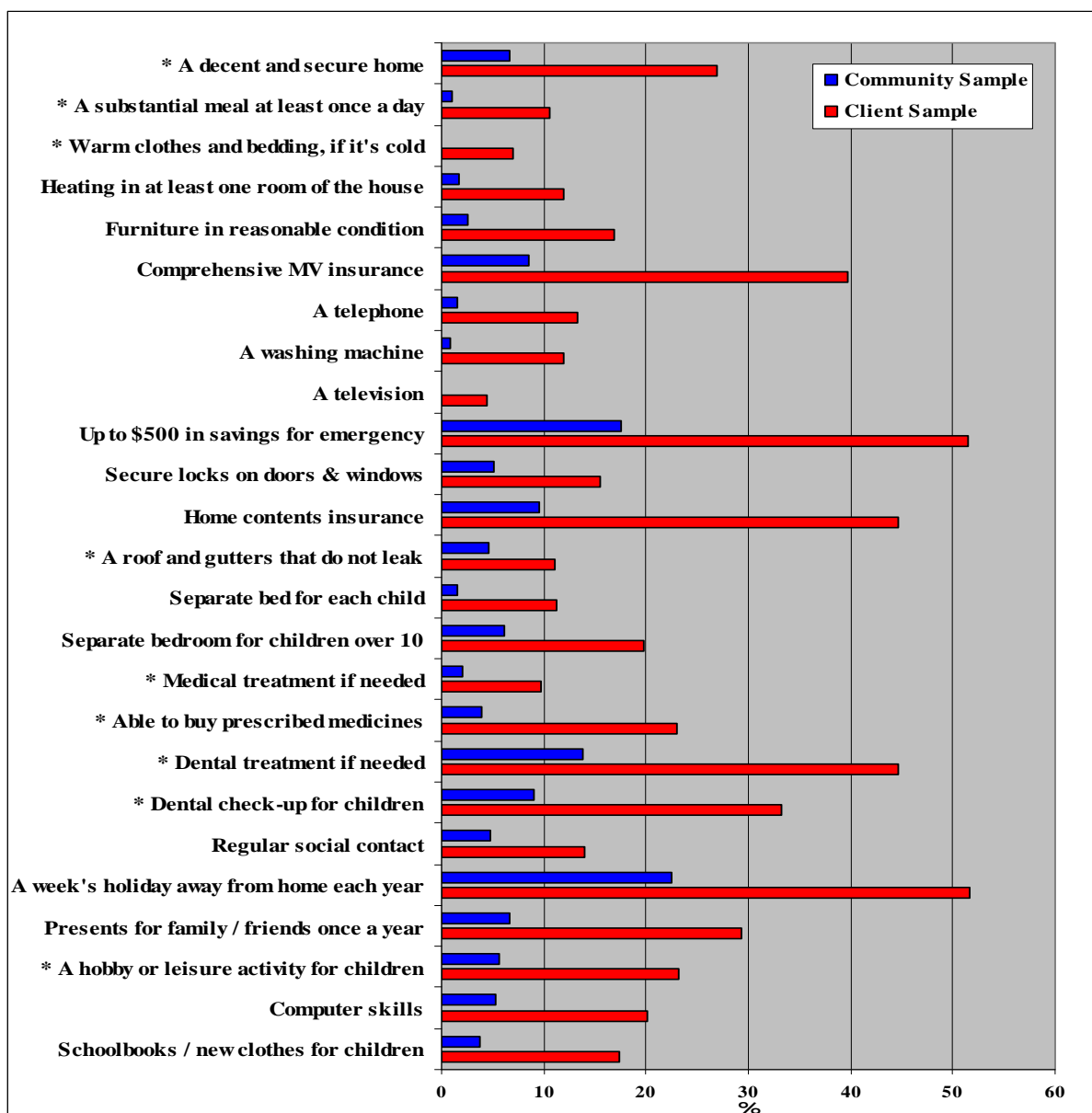
<sup>54</sup> The four specific items are incorporated into the analysis of social exclusion presented in the next chapter, where account is taken of their relevance to sub-groups in the population.

<sup>55</sup> The deprivation incidence rates are expressed as a percentage of the total sample, not just those of the sample that are relevant to each specific form of deprivation. Thus, for example, the numbers who cannot afford those items that relate to children are expressed as a percentage of all respondents, not just those who have children. If the latter approach were adopted, many of the incidence rates would be considerably higher than those shown in Table 2 (and Figure 6). As noted earlier, those respondents who do not have children will indicate that they do not own the child-related items but that this is not because they cannot afford them. They will therefore not be included as deprived in relation to these items.

sample incidence rates slightly, bringing them closer to those for the community sample.

Figure 6 compares the (unweighted) deprivation incidence rates for the community sample (shown in blue or dark shading) with those for the client sample (shown in red or lighter shading). The client sample results have been re-weighted to make them more comparable with those for the community sample, although most of the following discussion focuses on the unweighted results, except when otherwise indicated.<sup>56</sup> The ten items marked with an asterisk in Figure 6 (and Table 2) are those that receive the highest level of support for being essential and are the subject of more detailed analysis below.

**Figure 6: The Incidence of Each Deprivation Indicator in the Community and Client Samples**



<sup>56</sup> As noted earlier, weighting makes relatively little difference to most of the results, so that relying on the unweighted results does not present an inaccurate picture of the findings. The impact of weighting is to reduce the incidence of deprivation in the client sample by between 2 and 4 percentage points.

**Table 2: The Incidence of Different Forms of Deprivation (percentages)**

| Essential item                             | Community sample | Community sample     | Client sample | Client sample        |
|--|------------------|----------------------|---------------|----------------------|
|  | (u/wtd)          | (wtd) <sup>(a)</sup> | (u/wtd)       | (wtd) <sup>(b)</sup> |
| * A decent and secure home                 | 6.6              | 7.1                  | 28.2          | 26.9                 |
| * A substantial meal at least once a day   | 1.1              | 1.2                  | 12.6          | 10.6                 |
| * Warm clothes and bedding, if it's cold   | 0.2              | 0.3                  | 8.1           | 6.9                  |
| Heating in at least one room of the house  | 1.8              | 2.1                  | 15.6          | 12.0                 |
| Furniture in reasonable condition          | 2.6              | 2.8                  | 18.2          | 16.9                 |
| Comprehensive MV Insurance                 | 8.6              | 9.8                  | 43.3          | 39.7                 |
| A telephone                                | 1.5              | 1.9                  | 15.4          | 13.2                 |
| A washing machine                          | 0.8              | 1.1                  | 13.4          | 12.0                 |
| A television                               | 0.2              | 0.2                  | 5.2           | 4.4                  |
| Up to \$500 in savings for emergency       | 17.6             | 19.6                 | 57.7          | 51.6                 |
| Secure locks on doors & windows            | 5.1              | 5.0                  | 17.5          | 15.6                 |
| Home contents insurance                    | 9.5              | 11.1                 | 46.3          | 44.7                 |
| * A roof and gutters that do not leak      | 4.6              | 4.8                  | 12.5          | 11.0                 |
| Separate bed for each child                | 1.6              | 1.7                  | 12.4          | 11.3                 |
| Separate bedroom for children over 10      | 6.1              | 6.7                  | 20.7          | 19.8                 |
| * Medical treatment if needed              | 2.0              | 2.1                  | 9.3           | 9.7                  |
| * Able to buy prescribed medicines         | 3.9              | 4.5                  | 25.3          | 22.9                 |
| * Dental treatment if needed               | 13.9             | 14.5                 | 46.0          | 44.7                 |
| * Dental check-up for children             | 9.1              | 9.8                  | 34.7          | 33.2                 |
| Regular social contact                     | 4.7              | 4.7                  | 15.0          | 14.0                 |
| Week's holiday away each year              | 22.4             | 23.6                 | 53.1          | 51.7                 |
| Presents for family / friends each year    | 6.6              | 6.8                  | 29.7          | 29.3                 |
| * A hobby or leisure activity for children | 5.7              | 5.7                  | 23.8          | 23.1                 |
| Computer skills                            | 5.2              | 4.6                  | 17.5          | 20.2                 |
| Schoolbooks / new clothes for children     | 3.8              | 4.0                  | 18.5          | 17.3                 |
| * School activities / outings for children | 3.5              | 3.6                  | 16.2          | 14.5                 |
| Mean incidence                             | 5.8              | 6.1                  | 23.7          | 22.2                 |

Notes: (a) weighted by ABS population weights; (b) weighted by the age structure of the community sample.

Looking first at the results in Table 2 for the community sample, the incidence of deprivation varies from less than one per cent in the case of several items (a substantial daily meal; warm clothes and bedding; a telephone; a washing machine; a television; and a separate bed for each child) to over 10 per cent in the case of three items, and approaching 10 per cent in the case of four others.

Those items where deprivation is most severe are a week's holiday away from home each year (22.4 per cent), \$500 in savings for use in an emergency (17.6 per cent), dental treatment when needed (13.9 per cent), home contents insurance (9.5 per cent), an annual dental check-up for children (9.1 per cent), and comprehensive motor vehicle insurance (8.6 per cent). These rates all increase slightly when the sample is weighted to reflect the age structure of the population as a whole, although the overall patterns are unchanged.



The low incidence of many forms of deprivation in the community sample indicates that relatively few Australians are unable to afford most of the items required to meet their basic needs. However, the higher incidence figures in specific instances indicates that despite growing prosperity, many Australians are still unable to afford items regarded as essential by the majority.

Of greater significance is the nature of the items where the extent of deprivation is most pronounced. All but one of the items where deprivation is highest relate to steps that people need to take to protect their longer-term security against unpredictable risks: an adequate level of *savings* for use in an emergency, appropriate *insurance coverage* and access to dental care *when needed*. The absence of these items among large sections of the community highlights the fact that many Australians are only a minor mishap (a faulty refrigerator, a scrape in the car, or a toothache) away from becoming deprived.

The other item where the incidence of deprivation is high – a week's holiday away from home each year – might be dismissed by some as having little to do with deprivation or disadvantage. However, it should be remembered that this item is only included in the analysis of deprivation because a majority of the population (around 53 per cent) regard it as being essential.<sup>57</sup>

One final aspect of the community survey results that warrants a comment relates to the ordering of the different items in terms of the incidence of deprivation. Here, it is notable that, with the exception of a decent and secure home, deprivation is less prevalent among those items that relate to 'things' that people own (furniture in reasonable condition; a telephone; a washing machine) than among those items that reflect different forms of participation (regular social contact with others; a week's holiday away; a hobby or leisure activity for children; children participating in school outings and activities) or access to basic support services (medical treatment; prescribed medications; dental care).

This finding mirrors the pattern of support for the different items being essential that was remarked upon earlier. It reinforces the idea that members of the public have a broad understanding of the diverse range of items required to meet their many needs. Above all, it highlights the crucial role that public provision of, and support for, basic community services play in combating deprivation.

The findings on the incidence of deprivation among the client sample paint a far bleaker picture than those revealed in the community sample. At one level, this is hardly surprising since the client sample has been deliberately chosen to represent those who were amongst the most highly disadvantaged members of society when the survey was conducted. However, the focal point of interest is not so much that deprivation is *higher* among the client sample than amongst the community sample (which is not unexpected), but rather the *absolute level* of deprivation faced by those in the client sample (which is more of a surprise).

Overall, close to half of those in the client sample are deprived in relation to four essential items: \$500 in savings for use in an emergency (57.7 per cent); a week's holiday away (53.1 per cent); home contents insurance (46.3 per cent); and dental

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<sup>57</sup> The holiday away from home variable also has an insurance element, reflecting the need for families to have a break, relax and re-group together, away from the pressures of everyday (working) life.

treatment (46.0 per cent). In addition, the client deprivation rate exceeds one-quarter in over one-third (9) of the 26 essential items (whereas it never exceeds this figure in the community sample) and is greater than one-in-twelve for a further 11 items.

In overall terms, the (unweighted) average incidence of deprivation across all 26 essential items among the client sample (23.7 per cent) is more than four times that for the community sample (5.8 per cent).

The severity of deprivation among the client sample is further highlighted by the fact that around one-in-eight are not able to afford some of the most basic items, including a substantial meal once a day, to heat at least one room in the house, to have a washing machine, a separate bed for each child, regular social contact with other people, or can afford to let their children participate in school outings and activities. This is dramatic evidence that the benefits of economic progress and rising living standards have not been shared amongst all Australians, with many still experiencing severe deprivation in many dimensions, even after accessing support from a welfare service.

These results also reveal the very difficult circumstances in which many Australian children are being raised. Among the client sample in particular, between one-in-eight and one-in-five face deprivation in relation to the number of bedrooms for their children, up to date schoolbooks and new school clothes, and school activities and outings. Around one-quarter cannot afford a hobby or leisure activity for their children, and over one-third are not able to afford an annual dental check-up for children.

Even among the community sample, close to 10 per cent of children are deprived in relation to an annual dental check-up, while around 6 per cent face deprivation in relation to having their own bedroom when they are older, and participating in hobby or leisure activities.

### **Deprivation Among Key Groups**

Having examined the overall incidence of deprivation amongst both samples in total, we now take a more detailed look that involves focusing on specific groups and concentrating on the incidence of particular items. In relation to the items examined, attention is focused on the ten items that received the highest levels of support for being essential among the community sample (shown with an asterisk in Table 2 and Figure 6).<sup>58</sup> These items are:<sup>59</sup>

- Medical treatment if needed;
- Warm clothes and bedding, if it's cold;
- A substantial daily meal;
- Able to buy prescribed medicines;

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<sup>58</sup> The essentials rankings shown in Table 1 imply that each of the ten items included in the detailed analysis were regarded as essential by at least 92 per cent of the community sample.

<sup>59</sup> Table 1 indicates that support for regular social contact with other people was marginally higher than that for roofs and gutters that do not leak. However, the latter variable has been included in the analysis, because the social contact variable forms part of the analysis of social exclusion that is contained in the following chapter. Table 2 indicates that this choice has a very small impact on the deprivation rates that are now discussed.

- Dental treatment if needed;
- A decent and secure home;
- School activities / outings for children;
- Annual dental check-up for children;
- A hobby or leisure activity for children; and
- A roof and gutters that don't leak.

In relation to the groups considered, attention is focused on those groups that previous research has shown to be most at risk of being disadvantaged or most susceptible to poverty (Saunders, 2005a; Wilkins, 2007). These groups are:

- Younger people (aged under 30);
- Single older people (aged 65 and over);
- Sole parent families;
- Unemployed people;
- People with a disability;
- Private renters;
- Public renters; and
- Indigenous Australians

The incidence of deprivation among these eight groups for each of the ten most essential items is shown for the community and client samples in Tables 3 and 4, respectively. Only the unweighted results are presented in Table 4 for those in the client sample, as it is clear from the estimates presented so far that they are relatively insensitive to whether or not they are re-weighted to reflect the age structure of the community sample.

**Table 3: Deprivation of the Top Ten Essential Items Among Vulnerable Sub-Groups in the Community Sample (percentages)**

| Essential item                           | Population Sub-group: |                     |                      |                   |                          |                 |                |                        |
|--|-----------------------|---------------------|----------------------|-------------------|--------------------------|-----------------|----------------|------------------------|
|  | Under 30 years        | Single older people | Sole parent families | Unemployed people | People with a disability | Private renters | Public renters | Indigenous Australians |
| Medical treatment if needed              | 2.5                   | 2.3                 | 7.6                  | 3.4               | 2.4                      | 5.2             | 4.3            | 0.0                    |
| Warm clothes and bedding, if it's cold   | 0.3                   | 0.8                 | 0.6                  | 0.0               | 0.2                      | 0.9             | 2.2            | 5.6                    |
| A substantial meal at least once a day   | 1.6                   | 0.8                 | 1.9                  | 3.4               | 2.7                      | 2.4             | 8.4            | 10.5                   |
| Able to buy prescribed medicines         | 7.3                   | 4.5                 | 11.6                 | 10.5              | 5.7                      | 12.3            | 14.0           | 33.3                   |
| Dental treatment if needed               | 17.1                  | 17.5                | 35.7                 | 40.7              | 20.8                     | 32.6            | 36.2           | 42.1                   |
| A decent and secure home                 | 9.6                   | 8.3                 | 21.9                 | 14.0              | 9.5                      | 31.2            | 29.3           | 22.2                   |
| School activities / outings for children | 5.0                   | 7.1                 | 10.4                 | 12.5              | 6.6                      | 7.5             | 16.3           | 21.1                   |
| Dental check-up for children             | 13.6                  | 6.3                 | 22.1                 | 24.0              | 13.0                     | 23.6            | 12.8           | 27.8                   |
| A hobby or leisure activity for children | 5.4                   | 8.0                 | 18.6                 | 20.0              | 9.6                      | 13.9            | 20.5           | 31.6                   |
| A roof and gutters that do not leak      | 5.1                   | 4.1                 | 11.4                 | 6.8               | 6.2                      | 6.3             | 7.6            | 5.0                    |
| Average deprivation rate                 | 6.8                   | 6.0                 | 14.2                 | 13.5              | 7.7                      | 13.6            | 15.2           | 19.9                   |

The results for the community sample in Table 3 show that large proportions of some vulnerable groups are missing out on items that are regarded by virtually everyone as things that no-one should have to go without. In terms of the relative ranking of the different groups, the average deprivation rates in the final row show that Indigenous Australians face the greatest deprivation overall, followed by public renters, sole parent families and those who are unemployed (three groups that overlap considerably). Deprivation is lowest overall on average for single people aged 65 and over, followed by those aged under-30 and people with a disability.

Interestingly, the results show that the patterns of incidence among those aged under-30 and those aged 65 and over are very similar (except for those items that relate specifically to children).<sup>60</sup> In addition, on most indicators, private renters fare little better than public renters on average, despite the heavy targeting of public housing, which suggests that many private renters are little better-off than those in public housing. It is also noteworthy that both groups of renters face high a similarly rate of deprivation (around 30 per cent) in relation to lacking a decent and secure home, and although the underlying reasons may differ, it is clear that any form of renting is not an attractive option for most people. Lack of access to dental treatment and care again show up as major causes of deprivation across all groups.

Other areas where high rates of deprivation exist include the lack of:

- A substantial daily meal for Indigenous Australian (10.5 per cent);
- Prescribed medications among public renters (14.0 per cent) and Indigenous Australians (33.3 per cent);
- A decent and secure home among sole parents (21.9 per cent), people with a disability (9.5 per cent) and Indigenous Australians (22.2 per cent);
- School activities and outings for children among public renters (16.3 per cent) and Indigenous Australians (21.1 per cent); and
- A hobby or leisure activity for children among sole parents (18.6 per cent), unemployed people (20.0 per cent) and public renters (20.5 per cent) and Indigenous Australians (31.6 per cent).

The results for the client sample in Table 4 reveal a similar pattern, although the severity of deprivation is much higher overall, as well as in almost all specific instances. With the exception of single older people, who face the lowest deprivation of all eight groups, the average deprivation rates shown in the final row of Table 4 vary between 20 per cent and 32 per cent, and there are many instances where individual deprivation rates exceed 40 per cent.

It seems almost inconceivable that around one-sixth of people with a disability, one-fifth of public renters and over one-quarter of Indigenous Australians cannot afford a substantial daily meal, yet this is what the results reveal.

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<sup>60</sup> It should be noted that the results for those aged 65 and over refer to single people only, whereas those for people aged under-30 refer to all of those in this age range.

**Table 4: Deprivation of the Top Ten Essential Items Among Vulnerable Sub-Groups in the Client Sample (unweighted percentages)**

| Essential item                           | Population Sub-group: |                     |                      |                   |                          |                 |                |                        |
|--|-----------------------|---------------------|----------------------|-------------------|--------------------------|-----------------|----------------|------------------------|
|  | Under 30 years        | Single older people | Sole parent families | Unemployed people | People with a disability | Private renters | Public renters | Indigenous Australians |
| Medical treatment if needed              | 5.0                   | 7.4                 | 12.3                 | 9.4               | 10.3                     | 12.6            | 7.5            | 4.0                    |
| Warm clothes and bedding, if it's cold   | 8.0                   | 0.0                 | 10.5                 | 8.9               | 12.0                     | 10.2            | 10.2           | 10.4                   |
| A substantial meal at least once a day   | 13.5                  | 0.0                 | 14.4                 | 11.4              | 16.3                     | 11.8            | 22.1           | 27.7                   |
| Able to buy prescribed medicines         | 24.1                  | 15.4                | 40.2                 | 21.6              | 34.7                     | 30.8            | 32.4           | 40.8                   |
| Dental treatment if needed               | 44.1                  | 38.5                | 66.7                 | 43.7              | 52.9                     | 55.0            | 49.0           | 58.0                   |
| A decent and secure home                 | 22.7                  | 11.1                | 29.0                 | 34.5              | 34.7                     | 30.9            | 27.9           | 25.5                   |
| School activities / outings for children | 15.5                  | 0.0                 | 27.7                 | 15.3              | 23.9                     | 19.6            | 16.7           | 26.2                   |
| Dental check-up for children             | 36.1                  | 20.0                | 58.2                 | 29.0              | 39.9                     | 41.4            | 39.8           | 51.1                   |
| A hobby or leisure activity for children | 20.9                  | 7.1                 | 38.0                 | 25.7              | 33.5                     | 26.2            | 25.7           | 42.2                   |
| A roof and gutters that do not leak      | 11.6                  | 3.6                 | 20.0                 | 15.7              | 12.5                     | 11.7            | 8.6            | 12.8                   |
| Average deprivation rate                 | 20.2                  | 10.3                | 31.7                 | 21.5              | 27.1                     | 25.0            | 24.0           | 29.9                   |

Aside from the uniformly high (between 40 per cent and 60 per cent) incidence of deprivation for the two dental items, other areas where the client sample exhibits very high rates are:

- Prescribed medications and a hobby/leisure activity for children among sole parents (both around 40 per cent);
- A decent and secure home among unemployed people (around 35 per cent);
- Prescribed medications, a decent and secure home and a hobby or leisure activity for children among people with a disability (all around 35 per cent);
- Prescribed medications and a decent secure home among both private and public renters (all around 30 per cent); and
- Prescribed medications and a hobby/leisure activity for children among Indigenous Australians (both around 40 per cent).

This latter finding contrast with the finding (also shown in Table 4) that Indigenous Australians do not appear to be deprived when it comes to accessing needed medical treatment. However, they face high rates of deprivation in relation to prescribed medications (as well as dental treatment). These deprivations suggest that those Indigenous Australians who fall sick can access health care, but often cannot afford to follow-up on the actions recommended by those who treat them.

### Multiple Deprivation

Previous studies have shown that many of those who experience deprivation in one area also face it in others, compounding their problems and adding to the complexity of solutions. The extent of multiple deprivation is shown in Table 5, which again shows the client estimates in both raw (unweighted) and adjusted (weighted) forms to facilitate comparisons with those in the community sample.

These results are of particular interest since they have a bearing on the roles of choice and constraint in the determination of identified deprivation. Although it can be argued that individual instances of deprivation may not reflect constraints on people's ability to afford certain items, this argument has less force as the number of

deprivations increases. Thus, it is unlikely that those who face several forms of deprivation at the same time will have chosen this outcome, and increasingly more likely that they have been forced into it – the probability increasing as the number of deprivations rises. Examining the pattern of multiple deprivation is thus an important role to play in illuminating the nature and severity of the problem.

Table 5 indicates that almost two-fifths of those in the community sample experience at least one form of deprivation and more than one-quarter (26.4 per cent) experience two or more forms of deprivation. One-in-nine (11.1 per cent) experience a severe level of deprivation that corresponds to missing out on at least five essential items simultaneously. Although some will be reassured by the finding that over two-thirds of those in the community sample experience no deprivation, the high numbers that are missing out in five or more areas will concern many others. Given the kinds of items included in the analysis (Table 2) it is difficult to dismiss this evidence as showing anything other than that deprivation is an important source of disadvantage for large numbers of Australians.

**Table 5: The Incidence of Multiple Deprivation in Community and Client Samples (percentages)**

| Number of items lacking because they cannot be afforded | Community sample<br>(u/wtd) | Client sample<br>(u/wtd) | Client sample<br>(wtd) (a) |
|---|-----------------------------|--------------------------|----------------------------|
| 0   | 61.5                        | 21.9                     | 25.2                       |
| 1 or more   | 38.5                        | 78.1                     | 74.8                       |
| 2 or more   | 26.4                        | 68.0                     | 64.7                       |
| 3 or more   | 18.8                        | 61.9                     | 59.0                       |
| 4 or more   | 14.2                        | 55.2                     | 52.7                       |
| 5 or more   | 11.1                        | 48.2                     | 45.5                       |
| 6 or more   | 8.1                         | 41.4                     | 40.0                       |
| 7 or more   | 6.0                         | 34.3                     | 31.5                       |
| 8 or more   | 4.4                         | 29.5                     | 26.6                       |
| 9 or more   | 3.3                         | 24.0                     | 21.8                       |
| 10 or more  | 2.2                         | 19.1                     | 16.5                       |
| Mean deprivation score                                  | 1.38                        | 5.40                     | 4.97                       |

*Notes:* (a) weighted by the age structure of the community sample.

Whichever series one uses, the extent of client multiple deprivation is far higher than that in the community sample, and the findings reveal the severity of the problems facing this group. On an unweighted basis, the results indicate that more than two-thirds (68.0 per cent) experience two or more forms of deprivation, while close to half (48.2 per cent) are missing out on five or more essential items. Approaching one-third (29.5 per cent) of those in the client sample face deprivation in *eight or more* areas.

The magnitude of the difference between the two samples is illustrated by the fact that the percentage of the community sample that are deprived in 2 or more areas (just over one-quarter) is similar to the percentage of the client sample that are deprived in 8 or more areas, after adjusting for differences in the age composition of the two samples. This is reinforced by the difference in the overall deprivation scores of the two samples, where the score for the client sample (4.97) is almost four times higher than that for the community sample (1.38) after adjusting for age differences.

This difference cannot be assumed to imply that the client sample is experiencing four times as much deprivation as the community sample, since the relationship between the number of items lacking and the extent of deprivation may not be linear. Even so, it is difficult to see the difference as anything other than cause for considerable concern: deprivation is a fact of life for the vast majority of welfare service clients, with many of them missing out on a large number of essential items simultaneously.

### **Patterns of Deprivation**

Comparing the incidence of deprivation across population sub-groups defined on the basis of their socio-economic characteristics is important when considering the overall nature of deprivation and can provide valuable pointers to the appropriate policy response. However, to undertake such an exercise in relation to each specific form of deprivation would generate a huge volume of statistics. In light of this, and because the incidence of multiple deprivation is so high, even among the community sample, a simple deprivation index has been used to examine patterns of deprivation in more detail.

The deprivation index is derived by summing the number of essential items that each person lacks because they cannot afford them. Once the index score has been derived for each individual, its mean value can be estimated for individuals who belong to different groups in the population and compared between groups. It should be noted that the index score assigns an equal weight to each item, although some studies have weighted the items when deriving the index, where the weights reflect either the degree of support for them being essential, or their rate of ownership in the community.<sup>61</sup>

Three sets of disaggregated results are presented and discussed: first, the deprivation index is compared across groups defined on the basis of their age and family type; this is followed by comparisons based on State/Territory of residence, main economic activity, principal source of income, educational qualifications, housing tenure, social class, country of birth, Indigenous status and disability status; third (in the following section), special attention is directed to how the deprivation index varies with gross family income. This latter association has a potentially important bearing on the relationship between deprivation and income poverty, as well as on the role that deprivation research can play in setting an income poverty line.<sup>62</sup>

Table 6 shows how the deprivation index varies across sub-groups of each of the two samples, defined on the basis of their age and family type. Whether deprivation within each group is above or below the average for the entire sample can be seen by comparing the group incidence rate with the overall rate shown in the final row of Table 6.

The results for the community sample reveal that there is a clear age gradient to deprivation, with those in the youngest age range (under 25) experiencing the highest level of deprivation (index score of 2.13). The value of the deprivation index then declines to between 1.75 and 1.97 for those aged between 25 and 44, before declining

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<sup>61</sup> The role of weighting in the derivation of deprivation indices is discussed by Halleröd (1994; 1995), Halleröd, Bradshaw and Holmes (1997) and Willitts (2006).

<sup>62</sup> It should be noted that some of the disaggregated deprivation index scores discussed in this section (particularly those for the client sample) are based on small sub-samples and are thus subject to large standard errors.

for those aged 45 and over, reaching a minimum of around 0.85 (less than half the value of the index for those aged under 25) for those in their late 50's and over 65.

The pattern is similar among the client sample, although there is less variation among those aged up to 54 (with the maximum index value reached for those aged between 50 and 54), before declining for those in the older age ranges. The contrast between the two samples is again evident in the fact that the lowest level of age-specific deprivation among the client sample (2.60 for those aged over 65) is above the highest age-specific deprivation score among the community sample (2.13 for those aged under 25).

**Table 6: Deprivation Index Scores by Age and Family Type**

| Characteristic                      | Community sample<br>(u/wtd, n = 2661) | Client sample<br>(u/wtd, n = 654 ) | Client sample<br>(wtd, n = 637) |
|-------------------------------------|---------------------------------------|------------------------------------|---------------------------------|
| <i>Age:</i>                         |                                       |                                    |                                 |
| 16 and under <sup>(a)</sup>         | -                                     | 3.56                               | 3.56                            |
| 17-24                               | 2.13                                  | 5.21                               | 5.21                            |
| 25-29                               | 1.75                                  | 6.26                               | 6.26                            |
| 30-34                               | 1.97                                  | 6.36                               | 6.36                            |
| 35-39                               | 1.74                                  | 5.74                               | 5.74                            |
| 40-44                               | 1.83                                  | 5.74                               | 5.74                            |
| 45-49                               | 1.54                                  | 6.00                               | 6.00                            |
| 50-54                               | 1.25                                  | 6.68                               | 6.68                            |
| 55-59                               | 0.83                                  | 5.05                               | 5.05                            |
| 60-64                               | 0.99                                  | 3.56                               | 3.56                            |
| 65+                                 | 0.87                                  | 2.60                               | 2.61                            |
| Under 30                            | 1.97                                  | 5.42                               | 5.55                            |
| 30-64                               | 1.43                                  | 5.82                               | 5.62                            |
| 65 and over                         | 0.87                                  | 2.60                               | 2.61                            |
| <i>Family type:</i>                 |                                       |                                    |                                 |
| Single, working-age (WA)            | 2.14                                  | 5.41                               | 5.14                            |
| Single, older person <sup>(b)</sup> | 1.33                                  | 3.13                               | 3.16                            |
| WA couple, no children              | 0.84                                  | 4.71                               | 4.14                            |
| Older couple <sup>(c)</sup>         | 0.55                                  | 2.67                               | 2.67                            |
| WA couple, with children            | 1.29                                  | 4.28                               | 4.59                            |
| Sole parent                         | 3.48                                  | 7.44                               | 7.14                            |
| Other (mixed family households)     | 2.29                                  | 6.18                               | 5.27                            |
| All households                      | 1.38                                  | 5.40                               | 4.97                            |

*Notes:* (a) Five participants in the client survey were between the ages of 14 and 16 years; (b) Single working-age people are aged between 18 and 64; older people are aged 65 or over; older couples are those where the respondent is aged 65 or over; children include only dependent children, aged under 18; mixed family households include all other households with three or more adults (e.g. those with unrelated adults living together as a group household, or adult children living with their parents).

The variations in deprivation across family types is consistent with the declining age gradient just described, but also indicates that deprivation is higher among working-age and single older people than among couples, is higher among couples with children, and is considerably higher again for sole parent families. This latter result confirms the high deprivation incidence rate for sole parents described earlier (see Tables 3 and 4). The mean deprivation score among sole parent families is well above



that for couple families with children, while deprivation among mixed family households is also quite high – about the same as among single working-age people living alone.

**Table 7: Deprivation Index Scores by Selected Socio-economic Characteristics**

| Characteristic <sup>(a)</sup>          | Community sample<br>(u/wtd) | Client sample<br>(u/wtd) | Client sample<br>(wtd) |
|--|-----------------------------|--------------------------|------------------------|
| <i>State/Territory:</i>                |                             |                          |                        |
| NSW                                    | 1.41                        | 6.00                     | 5.63                   |
| Victoria                               | 1.46                        | 4.23                     | 3.86                   |
| Queensland                             | 1.51                        | 5.42                     | 5.41                   |
| South Australia                        | 1.30                        | 5.82                     | 7.89                   |
| Western Australia                      | 0.95                        | 7.46                     | 6.55                   |
| Tasmania                               | 1.52                        | 2.91                     | 2.96                   |
| ACT                                    | 0.78                        | -                        | -                      |
| <i>Main activity:</i> <sup>(b)</sup>   |                             |                          |                        |
| Employed                               | 1.15                        | 2.92                     | 2.75                   |
| Unemployed                             | 3.66                        | 5.85                     | 6.04                   |
| Retired                                | 0.81                        | 2.85                     | 2.67                   |
| Studying                               | 1.53                        | 6.26                     | 7.83                   |
| Caring for children or adults          | 2.66                        | 8.45                     | 8.13                   |
| <i>Principal source of income:</i>     |                             |                          |                        |
| Wages, salaries or interest            | 1.06                        | 2.59                     | 2.35                   |
| Social security payment                | 2.28                        | 6.41                     | 5.63                   |
| <i>Education:</i>                      |                             |                          |                        |
| Degree/ higher degree                  | 0.80                        | 4.15                     | 4.44                   |
| High school or less                    | 1.70                        | 5.62                     | 4.99                   |
| <i>Housing tenure:</i>                 |                             |                          |                        |
| Owner/purchaser                        | 0.81                        | 2.58                     | 2.54                   |
| Private renter                         | 3.49                        | 6.14                     | 5.52                   |
| Public renter                          | 3.91                        | 5.79                     | 5.42                   |
| <i>Social class (self-identified):</i> |                             |                          |                        |
| Upper/middle class                     | 0.39                        | Na                       | Na                     |
| Working/lower class                    | 2.02                        | Na                       | Na                     |
| <i>Country of birth:</i>               |                             |                          |                        |
| Australia                              | 1.43                        | 5.62                     | 5.05                   |
| Another English-speaking country       | 0.86                        | 4.42                     | 4.22                   |
| Another non English-speaking country   | 1.61                        | 5.48                     | 5.30                   |
| <i>Indigenous (ATSI):</i>              |                             |                          |                        |
| Yes                                    | 5.60                        | 7.17                     | 7.25                   |
| No                                     | 1.33                        | 5.28                     | 4.82                   |
| <i>Has an on-going disability:</i>     |                             |                          |                        |
| Yes                                    | 1.96                        | 6.64                     | 5.64                   |
| No                                     | 1.24                        | 4.78                     | 4.36                   |
| All households                         | 1.38                        | 5.40                     | 4.97                   |

*Notes:* (a) Not all of the categories shown are exhaustive, but the excluded categories contain a diverse range of groups and often contain very small numbers of cases. It should also be noted that the numbers in some of the client categories are quite small; (b) main activity refers to the respondent only and excludes those who provided multiple responses; Na = not available.

Table 7 extends the results in Table 6 by comparing deprivation scores across a broader range of socio-economic groups in the population. Deprivation tends, on average, to be lower in the less populous states (aside from Tasmania), particularly in

Western Australia and the ACT. The former is in the midst of mining boom, while the ACT has a high average income, and the low deprivation in each may reflect their relative prosperity.

It is also clear that being unemployed is associated with a substantial rise in deprivation (relative to being in employment), while those caring for a child or an adult with a disability also face high levels of deprivation – particularly among carers in the client sample.<sup>63</sup> These findings are reinforced by those showing that deprivation is more than twice as high among households that are mainly reliant on a social security payment, compared with those whose main source of income is derived from earnings or interest. This result has important implications for the adequacy of social security payments that warrant further examination, focusing on which groups of payment recipients experience the highest levels of deprivation on average.

High levels of deprivation are also associated with having a low level of education, being a renter (in either the private or public sectors), and coming from a lower or working class background. Differences in deprivation scores by country of birth show that those born in Australia fall between the two immigrant groups, with those born in another English-speaking country faring best and those from a non English-speaking country experiencing the highest level of deprivation on average.<sup>64</sup>

The level of deprivation experienced by Indigenous Australians is very high – the highest in any single community sample category identified in this analysis – and it exceeds that of the non-Indigenous population by a factor of more than four-to-one. Finally, those with a disability or on-going restrictive medical condition also experience above-average deprivation, and although it is not possible to establish what is contributing to this difference, the additional costs associated with disability is one possible factor (see Saunders, 2006).

Deprivation scores for the sub-groups within the client sample exhibit a broadly similar pattern to those among the community sample, but are consistently higher across all groups, whether or not the data are weighted.<sup>65</sup> It is interesting to note, however, that many of the between-group differences revealed in the community sample are smaller in relative terms than the corresponding relativities in the client sample. Although this in part reflects the fact that the index scores can only vary within a limited range, it is nonetheless particularly true for the impact of education, housing tenure, country of birth and disability status.

In relation to the association between deprivation and educational qualifications for example, the deprivation index differential between those with university training and those with high school or less is over one hundred per cent (2.12-to-one) for the community sample, but is much lower, at around 35 per cent (1.35-to-one) in the case of the (unweighted) client sample. Similarly, the deprivation index for public renters in the community sample is almost five times higher than that of owner/purchasers, whereas the corresponding differential in the client sample is only just over two-to-

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<sup>63</sup> The impact of unemployment on well-being is examined by Saunders (2007).

<sup>64</sup> This does not automatically imply that language proficiency explains the observed differences in deprivation, since they may also reflect cultural and other factors that affect the opportunities and experiences of different groups of immigrants.

<sup>65</sup> The main differences relate to the very high client sample deprivation scores of those from Western Australia, those who are studying, and those born in Australia.

one. Finally, the more than four-to-one differential associated with Indigenous status in the community sample is below two-to-one in the client sample.

It is also striking that large differences in deprivation between the two samples remain even when comparing the deprivation scores *within* sub-categories: thus, the mean deprivation score among those in the client sample who are unemployed is considerably higher (5.85) than among unemployed people in the community sample (3.66). Even more interesting is the fact that those in the client sample who are employed experience only slightly less deprivation than those in the community sample who are unemployed (an index score of 2.92 compared with 3.66).

These differences highlight that fact that the factors identified in Table 7 (the differences in respondent characteristics, and between the community and client samples) exert an important but differential impact on the level of deprivation experienced. For example, focusing on comparing differences in deprivation by level of education, it is clear that the deprivation ‘penalty’ associated with having a low level of education (in either sample) is much less than that associated with being a member of the client sample, particularly for those who are highly-educated. In contrast, the ‘deprivation penalty’ associated with Indigenous status for those in the community sample is about the same as the differential between the client and community sample scores for those who are not Indigenous Australians (i.e. the deprivation scores of Indigenous Australians in the community sample is similar to that for non-Indigenous members of the client sample).

Such comparisons suggest that the deprivation outcomes summarised in Tables 6 and 7 reflect a complex range of influences that have their origins in a range of factors. While some of these are directly amenable to policy (e.g. labour force status, level of education or reliance on community sector agencies for assistance), others cannot be altered (e.g. country of birth or Indigenous status). This does not mean that reducing the deprivation gaps is an impossible task, but it highlights the fact that it will require a concerted attack to reduce many of the marked differences that exist.

Reducing overall levels of deprivation and closing the gaps will require a long-term commitment of resources and expertise across a broad range of areas. It will also involve mounting a concerted and coordinated attack on many fronts simultaneously. Efforts to address deprivation must be sustained before they can be realistically expected to have an observable effect on patterns that will often have built up over many years, sometimes decades or even generations.

### **Deprivation, Income and Poverty**

We now examine the key relationship between deprivation and income, an issue that is relevant to the links between deprivation and poverty and can help to explain the overlap (or lack of it) between these two phenomena. Figures 7.A and 7.B show how the deprivation index varies with gross family income in the community and client samples, respectively.<sup>66</sup>

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<sup>66</sup> Gross income was collected in both surveys in ranges and each household’s estimated income was set at the mid-point of the band into which their response fell. The use of gross income will result in an upward bias in the poverty rate, because tax paid is higher at the median income level than at the income levels of those who have less than one-half of the median. However, this is not expected to induce much of a bias and is unlikely to affect the conclusions derived from the analysis. No attempt has yet been made to model taxes in order to derive a figure for disposable (after-tax) income, although

These results are of particular interest since they are relevant to the issue raised by Townsend in his original study, of whether a threshold can be identified, below which the level of deprivation rises sharply. If such a threshold can be shown to exist, Townsend argued that it may provide the basis for setting an income poverty line.<sup>67</sup>

Figure 7.A shows that deprivation among the community sample increases sharply when (equivalised) income falls below \$600 a week, and rises again even more sharply once income falls below \$300 a week. The deprivation index is broadly constant between these two limits, as well as at incomes below \$300 a week and (except at the very top) at incomes above \$600 a week. A similar pattern is revealed by the results for the client sample shown in Figure 7.B, and it is noticeable that despite the many differences described earlier, the point at which deprivation rises sharply occurs at the same income levels in the two samples.

To put these figures in perspective, three of the most commonly used income poverty lines – 50 per cent of median income, 60 per cent of median income, and the Henderson poverty line (HPL) – are also shown in Figures 7.A and 7.B. The two median income poverty lines have been derived from the estimated median of the distribution of unweighted equivalent gross family income, which is equal to \$480.8 a week.<sup>68</sup> One-half of (weighted) median equivalised income (a benchmark often used to estimate income poverty) is thus equal to \$240.4 a week.

As can be seen from Figures 7.A and 7.B, the deprivation index starts to rise at an income level that is slightly below median income, while the latter, more pronounced rise, occurs at around 60 per cent of the median (or close to one-half of the mean) – a figure that is now commonly used as an income poverty line in many European countries (Atkinson, 2007).

The Henderson poverty line for a single adult in the workforce in the June quarter of 2006 was equal to \$333 a week, while the basic rates of payment for a single person were equal to \$205 (allowee) or \$250 (pensioner) (Melbourne Institute, *Poverty Lines: Australia, June Quarter 2006*, Table 1).<sup>69</sup> The Henderson line is thus slightly above the lower income level at which deprivation increases sharply in Figures 7.A and 7.B, while pension and allowee incomes fall in the range where deprivation is approaching its maximum value.

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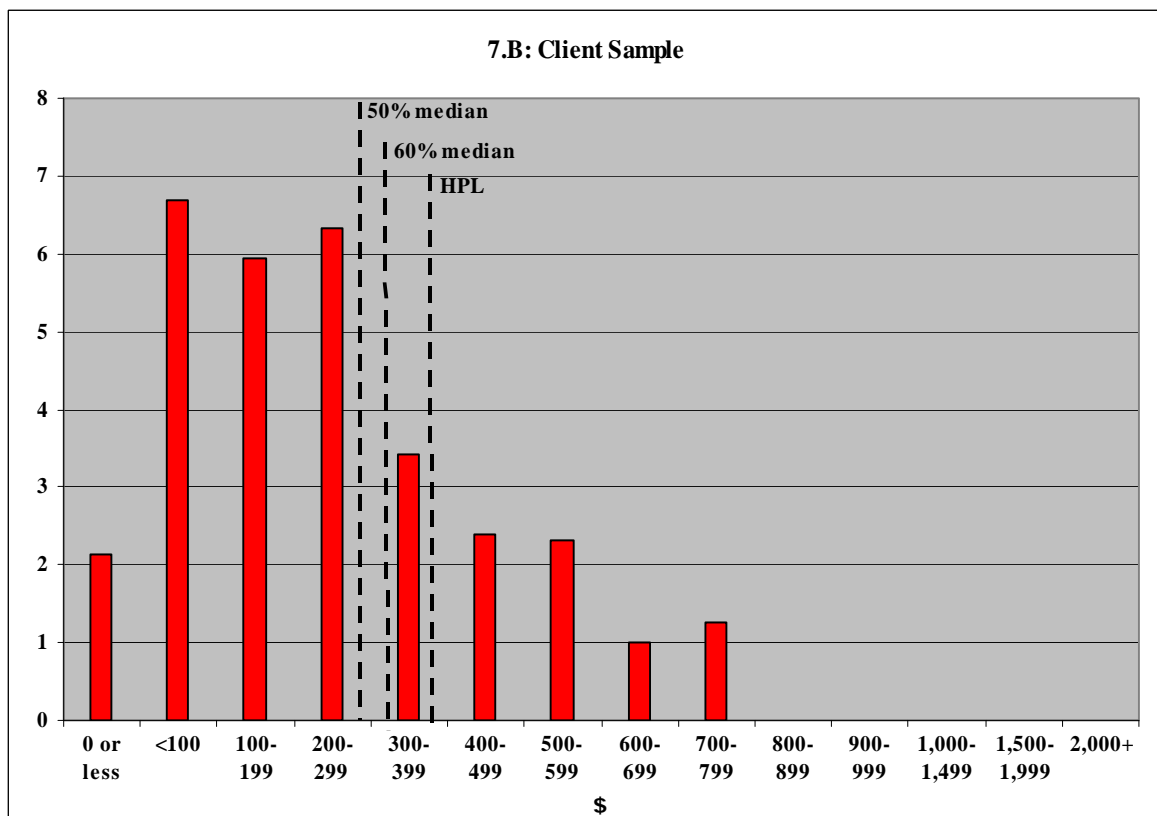
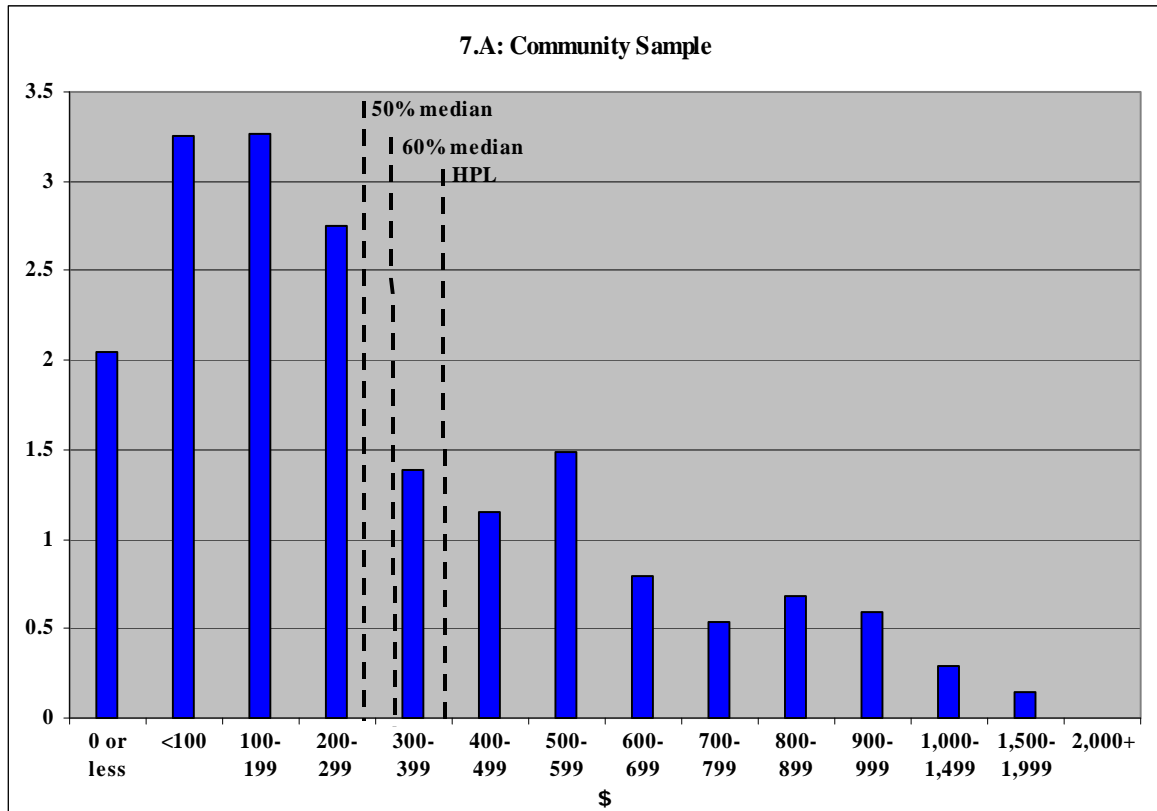
this will be pursued in future research. The modified OECD equivalence scale was used to adjust income for household needs: the modified scale assigns a score of 1.0 point for the first adult in the household, 0.5 points for each subsequent adult or non-dependent child (aged 18 or over), and 0.3 points for each dependent child (aged under 18).

<sup>67</sup> The issue of whether or not a threshold exists and can be used to set an income poverty line will be examined more thoroughly in future research. It should also be noted that those who have applied the deprivation approach to set a poverty line and measure poverty have excluded some of the items that satisfy the majority rule cut-off after conducting additional tests of statistical validity and reliability (see Gordon, 2006).

<sup>68</sup> The estimate of median income increases to \$520.8 a week when the income data are weighted using ABS income distribution data (ABS, 2006g).

<sup>69</sup> The poverty line and payment rates for a single adult are relevant because the equivalent incomes shown in Figures 7.A and 7.B are expressed on an adult equivalent basis.

**Figure 7: Deprivation Index (Mean Score) by Equivalised Gross Household Income (\$ per week)**



An implication of this finding is thus that those who are fully dependent on social security payments are like to experience a substantial level of deprivation, as will many whose main source of income is a pension or allowance. Thus, the mean deprivation score for those with incomes in the range provided by the social security system (between \$100 and \$300 a week, equivalised) is around 3 for the community sample and closer to 6 for the client sample (see Table 7). This finding has obvious implications for the adequacy of existing social security payment levels, when judged by their ability to support a living standard that is free of deprivation as defined here.

### **Summary**

This chapter has examined the deprivation profile of the Australian population, as reflected in the community sample, and drawn a series of comparisons with the incidence and degree of deprivation in the smaller sample of welfare service clients.

The estimates show that there are many differences between the two samples, in terms of the incidence of each deprivation indicator, the extent of multiple deprivation (as captured in a simple unweighted deprivation index score), and in the patterns of deprivation experienced by different sub-groups in the population. The summary deprivation index suggests that those who are most deprived face the bleakest lives, in many dimensions.

Although these differences have been considered in isolation, many of them overlap and thus reinforce the combined impact on deprivation. Indigenous Australians, for example, tend to have low levels of education, as well as being more likely to be unemployed and/or reliant on social security for their income, all of which are associated with higher levels of deprivation. These deep-seated and often mutually reinforcing effects suggest that care needs to be taken when interpreting the descriptive statistics presented here.

To fully exploit its potential, it would be necessary to examine the methods and statistics more thoroughly to find out which *specific* forms of deprivation affect different groups and use this information to help develop targeted strategies for combating them.

It is clear, however, that the deprivation approach provides a valuable new insight into the nature and extent of disadvantage in Australia. The patterns revealed in the analysis suggest that action is urgently needed to combat the different forms of deprivation that many people are currently experiencing.



## CHAPTER 6: LEFT OUT – SOCIAL EXCLUSION

The definition and key features of social exclusion were reviewed in Chapter 2. It was noted that despite some definitional ambiguities, social exclusion has exerted a powerful influence on social policy formulation in a number of (mainly European) countries, where governments have recognised its ability to shed new light on issues like poverty and disadvantage. There is much to be gained by building on that body of work to begin the task of identifying and redressing social exclusion in Australia.

Social exclusion shifts the focus away from the role of income in constraining people's ability to purchase essential items onto the role of community networks and connectedness, social capacity, individual rights and the contours of inequality in promoting or preventing inclusion in different spheres of social and economic activity. In this regard, the concept of social exclusion has the potential to contribute to a better understanding of those aspects of social disadvantage that are missed when focusing on the constraining influence of inadequate economic resources.

This chapter follows a similar path to the previous one, focusing on the nature and incidence of different forms of exclusion. Less attention is paid to developing an aggregate index of exclusion, as this conceals more than it reveals about the nature of the problem, although the extent of multiple exclusion is also examined. For analytical purposes, exclusion is separated into three broad categories that cover different areas, are captured by different indicators, provide different insights, and have different implications for action.

### Forms of Exclusion

As noted earlier, the two frameworks that have been influential in shaping the UK social exclusion research agenda are associated with work undertaken by the Centre for the Analysis of Social Exclusion (CASE) (Hills, Le Grand and Piachaud, 2002), and by researchers associated with the *Poverty and Social Exclusion Survey* (PSE), specifically Gordon et al. (2000), Bradshaw (2004), Pantazis, Gordon and Levitas (2006), Levitas, Pantazis, Fahmy, Gordon, Lloyd and Patsios (2007).

The CASE approach identifies the following four broad dimensions of exclusion:

- *Consumption exclusion* – defined as having an income below one-half of median equivalised income;
- *Production exclusion* – defined as not being either employed, self-employed, in education or training, or looking after a family member (i.e being jobless because of unemployment, long-term sickness or disability, or forced early retirement);
- *Political engagement* – defined as not voting or being a member of a campaigning organisation (e.g. a political party, trade union or tenants/residents association); and
- *Social interaction* – lacking someone who will offer support in one of five areas (listen; comfort; help in crisis; relax with; or 'really appreciates you').

All four indicators are expressed in terms of not having or engaging in those activities that normal active citizens have access to or undertake. The incidence of the indicators is examined at a point in time and movements over time are tracked at the individual (or household) level using longitudinal data from the *British Household Panel Survey* (BHPS).



One acknowledged limitation of the CASE approach relates to the question of *agency* and its impact on the indicators used to identify and measure it. It is argued that:

‘Perhaps the most significant gap between the concept and measurement tools available is the question of agency. Social exclusion is almost invariably framed in terms of the *opportunity* to participate, yet existing indicators measure actual participation or non-participation. We neither know whether the (non) participation is regarded as problematic by the individual, nor whether he or she has other options.’ (Hills et al., 2002, p. 41; italics in the original)

To some degree, this reflects the use of BHPS data to identify and measure exclusion, because this survey was not specifically designed for the purpose, and does not include the kinds of questions required to establish the underlying causes of social exclusion. However, even when specific data are collected to measure the extent of exclusion, identifying whether its existence reflects a lack of opportunity or a deliberate choice not to participate is not straightforward.

This is because (as the CASE framework itself highlights), current choices are shaped by past influences that may be the result of previous acts of exclusion. So today’s ‘choice’ not to participate may be a consequence of past ‘constraints’ that prevented participation, or promoted a mindset that facilitates a more passive acceptance of exclusion.

More fundamentally, all attempts to identify social exclusion face a major practical problem because the concept is designed to capture things that people *do not or cannot do*, whereas most of the data used to study it describe what people actually *do*. There is thus a methodological challenge associated with drawing inferences about the existence of exclusion by observing actual behaviour.

The second framework used to examine social exclusion in the UK is associated with work conducted on data collected by the PSE and related surveys. The PSE team has developed an approach that also identifies four main dimensions of social exclusion (Bradshaw, 2004; Levitas, 2006). They are:

- *Impoverishment*, or exclusion from adequate resources – defined as being poor in terms of both low income and deprivation;
- *Labour market exclusion* – identified using a range of labour market indicators, including living in a jobless household, but recognising that these are only valid indicators of exclusion when they correlate with exclusion from social relations;<sup>70</sup>
- *Service exclusion* – where services encompass public transport, play facilities and youth clubs, and basic services inside the home (gas, electricity, water, telephone, etc.);<sup>71</sup> and

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<sup>70</sup> For example, early retirement is often a chosen option and it is thus necessary to identify those who are forced to retire early when using this as an indicator of labour market exclusion.

<sup>71</sup> A distinction is also sometimes drawn between ‘collective’ exclusion, where the service is unavailable or unsuitable, and ‘individual’ exclusion, where it is unaffordable (Levitas, 2006, p. 137).

- *Exclusion from social relations* – which covers five dimensions: non-participation in common activities (defined as being regarded as essential by a majority of the population); the extent and quality of social networks; support available in normal times and in times of crisis; disengagement from political and civic activity; and confinement, resulting from fear of crime, disability or other factors.

This is a more complex listing than that proposed by CASE, reflecting the fact that the data used to analyse social exclusion by the PSE team is derived from questions designed to elicit the information required to provide a more sophisticated understanding of the topic.

In practice, research using the PSE data has required a number of additional assumptions to be made before the extent of the different dimensions of social exclusion can be estimated. Thus, labour market exclusion is measured using two indicators: not being in paid work, and living in a jobless household. Service exclusion is defined as being excluded from three or more services because they are either unaffordable, unavailable or unsuitable.<sup>72</sup>

Non-participation in social activities is defined as not participating in five or more (out of a possible sixteen) activities, for whatever reason.<sup>73</sup> Social isolation is identified as having no daily contact with either friends or family, while poor social support is defined as missing out on at least four separate indicators.<sup>74</sup> Finally, disengagement is defined as not currently or recently (over the last three years) participating in a list of citizenship activities, including voting and being involved in civic organisations such as sports clubs, parents associations, trade unions and community groups.

Although the scope of activities included in the PSE approach is extensive, implementation of the approach requires decisions to be made about where to draw the line that defines social exclusion. Why define service exclusion as missing out on three or more services, but lack of social participation as not being involved in five or more social activities? Such differences may reflect the ability to differentiate at a greater degree of detail given the available data, or be based on preliminary examination of the patterns that exist in the data. However, the issue goes deeper than this, because the more information that is available on the actual choices made, the harder it is to distinguish between the role of choice and constraint in determining observed outcomes.

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<sup>72</sup> The 1999 *Poverty and Social Exclusion* survey identified seventeen local (collective) services that form the basis of the measure of service exclusion. They are: doctor; post office; supermarket; chemist; bank/building society; dentist; hospital (with emergency accident and department); optician; corner shop; petrol station; pub; cinema/theatre; train/tube service; public/community hall; place of worship; public transport (school bus); and youth clubs (Fisher and Bramley, 2006, Figure 8.2).

<sup>73</sup> The social activities include: visiting friends or family; visits to school (e.g. on sports days); a hobby or leisure activity; having friends or family around for a meal; a holiday away from home; and an evening out once a fortnight.

<sup>74</sup> The indicators used to identify poor social support cover practical support (needing help around the house if sick; needing help with heavy household or gardening jobs; needing someone to look after things while away; and needing someone to look after children or an adult dependant), and emotional support (needing advice about an important life change; being upset because of problems with spouse/partner; and feeling depressed and wanting someone to talk to).

Using an argument developed in the previous chapter, the greater the number of activities that a particular individual does *not* engage in, the more likely it is that constraint is playing a role, although even this proposition is difficult to establish with certainty. Trying to pin down the effect of choice without introducing arbitrary cut-offs remains a problem with the exclusion approach, because it attempts to identify exclusion by drawing inferences from observing what people do *not* have access to or do, without asking (for example) *why* this is the case (as is done by asking people whether they lack items because they cannot afford them when studying deprivation).

For this reason, it is important to check the robustness of exclusion findings using sensitivity analysis whenever possible, for example by checking what difference it would make if the definition is changed from missing out on three to missing out on four activities. It is also important to establish that the exclusion indicators correlate with independent indicators of disadvantage (e.g. measures of subjective well-being). Unless it can be demonstrated that those identified as excluded are experiencing adverse effects as a consequence, there is the danger that the act of labelling people as 'excluded' because they do not conform with standard community patterns may stigmatise those who do not conform, representing a form of exclusion in itself.

This introductory discussion has highlighted several key features of the concept of social exclusion and some of the problems encountered when attempting to identify and measure it. It is clear that exclusion has many different dimensions and that this diversity spans economic, social, community and political activities. Second, unlike deprivation (where the focus is on the constraining role of inadequate resources) *the role of affordability is not an issue when it comes to identifying exclusion, where the focus is on what people do or do not do, rather than on what they can or cannot afford* (see Figure 3).

Finally, while the role of agency plays a central role in the theoretical underpinnings of social exclusion, most empirical studies have concentrated on identifying the incidence of exclusion and given inadequate attention to examining the role and impact of the preferences of those identified as excluded, as well as those persons, institutions and practises that are responsible for the exclusion of others (Saunders, 2005c).

### **Indicators of Exclusion**

As noted in Chapter 2 social exclusion is defined in this study as situations where individuals are not participating in key activities in society. In applying this definition using the CUPSE data, the 'key activities' that are relevant to different forms of exclusion are defined to cover only those activities that are engaged in by a majority of the population.

Where a question was asked about whether or not people had the item as part of the 'essentials of life' questions in the CUPSE community survey, only those activities that received at least 50 per cent support for being essential were included as indicators of exclusion. If the exclusion indicators were not included in the 'essentials of life' questions, it has been assumed that they all comply with this definition of key activities. This latter decision is justified by the nature of these activities, which include 'having a social life', 'being able to pay your way when out with friends' and 'being able to attend a wedding or funeral'. It is highly unlikely that less than a majority of the population would regard these activities as customary or normal in Australia today.

The full list of indicators used to identify social exclusion are shown in Table 8, which distinguishes between three forms of exclusion:<sup>75</sup>

- *Disengagement* - lack of participation in social and community activities;
- *Service exclusion* - lack of adequate access to key services when needed; and
- *Economic exclusion* - restricted access to economic resources and low economic capacity.

Disengagement refers to a lack of participation in the kinds of social activities and events that are customary and widely practiced by members of the community. Service exclusion focuses on exclusion from services used by a majority of the population, whether mainly provided publicly and subsidised by government (health care; disability, mental health and aged care services), or predominantly provided privately and subject to extensive user charges (dental treatment; child care; basic household electricity, gas, water and other utilities). Economic exclusion is defined to cover situations characterised by a range of indicators of economic stress, including inadequate access to savings, credit, assets and the labour market.<sup>76</sup>

Some of the exclusion indicators are only relevant to specific groups (e.g. children can participate in school activities and outings; child care for working parents; services for the frail aged) and do not apply to all members of the community. In these instances, the percentages that are excluded have been defined relative to those in each sample who fall within the relevant target groups in each case, not relative to the total sample. Thus, only those parents with school-age children (aged between 5 and 17 years) are relevant for the children can participate in school activities and outings indicator, only parents of working-age (18-64 years) are considered relevant to the child care indicator, and only those aged 70 and over are considered relevant to the services for the frail aged indicator. The total sample is taken as the relevant denominator when calculating the exclusion incidence rates in all other cases.

There are a total of 27 indicators used to identify the different forms of exclusion and Table 8 identifies them and shows (in brackets) the percentage of the community sample that participated in each of those activities that were included in the 'essentials of life' questions (see Table 1).<sup>77</sup>

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<sup>75</sup> These are not the only forms of exclusion identified in the (vast and rapidly expanding) literature on social exclusion, but they are the only ones that can be examined using the CUPSE data. The PSE framework used in Britain includes access to local play facilities for children as one component of service exclusion. This approach has not been followed here, because the relevant question is not restricted to formal play facilities, referring instead to 'a local park or play area for children'.

<sup>76</sup> There is a considerable literature on the incidence of jobless households in Australia (e.g. Dawkins, Gregg and Scutella, 2002; Scutella and Wooden, 2004), reflecting the importance attached to joblessness in the welfare reform debate (Reference Group on Welfare Reform, 2000; Commonwealth of Australia, 2002). However, these studies treat joblessness primarily as an economic issue (caused by increased reliance on welfare support and/or ineffective incentives to work) rather than as form of exclusion attributable to a broader range of social factors, including labour market inequalities, assortive partnering (like marrying like) and various forms of discrimination.

<sup>77</sup> Where there is no figure shown in brackets in Table 8, the participation rate can be derived from the exclusion incidence rates shown in Figures 8, 9 and 10.

**Table 8: Social Exclusion Indicators** <sup>(a) (b)</sup>

| Disengagement<br>(9 indicators)   | Service Exclusion<br>(10 indicators)  | Economic Exclusion<br>(8 indicators)                                      |
|---|---|---|
| No regular social contact with other people (87.0%)   | No medical treatment if needed (97.0%)  | Does not have \$500 in savings for use in an emergency (76.1%)            |
| Did not participate in any community activities in the last 12 months <sup>(c)</sup>            | No access to a local doctor or hospital (95.5%)   | Had to pawn or sell something, or borrow money in the last 12 months      |
| Does not have a social life   | No access to dental treatment if needed (81.3%)   | Could not raise \$2,000 in a week   |
| No annual week's holiday away from home (56.3%)   | No access to a bulk-billing doctor (73.6%)  | Does not have more than \$50,000 worth of assets                          |
| Children do not participate in school activities or outings (68.9%) (school-aged children only) | No access to mental health services (75.1%)   | Has not spent \$100 on a 'special treat' for myself in the last 12 months |
| No hobby or leisure activity for children (74.1%)   | No child care for working parents (working-age parents only)                                  | Does not have enough to get by on   |
| Couldn't get to an important event because of lack of transport in the last 12 months           | No aged care for frail older people (70+ only)  | Currently unemployed or looking for work                                  |
| Could not go out with friends and pay my way in the last 12 months                              | No disability support services, when needed (49.8%)   | Lives in a jobless household  |
| Unable to attend wedding or funeral in the last 12 months                                       | No access to a bank or building society (93.0%)   |   |
|   | Couldn't keep up with payments for water, electricity, gas or telephone in the last 12 months |   |

*Notes:* (a) Figures in brackets show the percentage of the community sample that participated in each activity, where this information was collected; (b) The indicators are derived directly from the responses to questions included in the community survey unless otherwise indicated; (c) The community activities referred to in the relevant question are: education or school-based activities, voluntary health or community services, church groups or activities, arts, music or cultural groups/activities, sport (participant, volunteer or spectator), neighbourhood groups or activities, and a political campaign of any kind.

It is important to emphasise that the income poverty rate has not been included as an indicator of economic exclusion. This decision maintains a clear demarcation between poverty (which exists when income is inadequate to meet needs) and economic exclusion (which exists where there is limited access to economic resources and restricted capacity to generate them). However, in recognition of the close relationship between the two concepts, an indicator of subjective poverty - the perceived inability to get by on current income has been included as one of the indicators of economic exclusion.

**Table 9: The Incidence of Different Forms of Exclusion (percentages)**

| Exclusion Indicator   | Community sample<br>(u/wtd) | Community sample<br>(wtd) <sup>(a)</sup> | Client sample<br>(u/wtd) | Client sample<br>(wtd) <sup>(b)</sup> |
|---|-----------------------------|--|--------------------------|---------------------------------------|
| <i>Disengagement:</i>                                       |                             |  |                          |                                       |
| No regular social contact with other people                 | 13.0                        | 12.5                                     | 24.2                     | 22.5                                  |
| Did not participate in community activities                 | 28.1                        | 26.9                                     | 32.8                     | 32.2                                  |
| Does not have a social life                                 | 11.3                        | 10.5                                     | Na                       | Na                                    |
| No week's holiday away from home each year                  | 43.7                        | 43.9                                     | 72.6                     | 71.0                                  |
| Children do not participate in school activities or outings | 6.7                         | 7.0                                      | 27.0                     | 24.4                                  |
| No hobby or leisure activity for children                   | 14.2                        | 15.3                                     | 37.4                     | 37.6                                  |
| Couldn't get to an event due to lack of transport           | 5.0                         | 5.7                                      | 25.6                     | 22.0                                  |
| Could not go out with friends and pay their way             | 21.4                        | 24.1                                     | 52.0                     | 47.4                                  |
| Unable to attend a wedding or funeral                       | 3.2                         | 3.1                                      | 11.7                     | 11.5                                  |
| <i>Service Exclusion:</i>                                   |                             |  |                          |                                       |
| No medical treatment if needed                              | 3.0                         | 3.1                                      | 11.1                     | 11.5                                  |
| No access to a local doctor or hospital                     | 4.5                         | 4.4                                      | 8.7                      | 8.3                                   |
| No dental treatment if needed                               | 18.7                        | 19.2                                     | 57.0                     | 53.8                                  |
| No access to a bulk-billing doctor                          | 26.4                        | 25.8                                     | 14.3                     | 13.1                                  |
| No access to mental health services, if needed              | 24.9                        | 25.0                                     | 38.8                     | 39.5                                  |
| No child care for working parents                           | 52.7                        | 51.3                                     | 60.0                     | 60.1                                  |
| No aged care for frail older people                         | 47.8                        | 46.7                                     | 12.5                     | 12.7                                  |
| No disability support services, when needed                 | 50.2                        | 50.2                                     | 60.2                     | 55.0                                  |
| No access to a bank or building society                     | 7.0                         | 7.0                                      | 10.9                     | 9.8                                   |
| Couldn't make electricity, water, gas or telephone payments | 12.5                        | 13.4                                     | 41.4                     | 39.0                                  |
| <i>Economic Exclusion:</i>                                  |                             |  |                          |                                       |
| Does not have \$500 in emergency savings                    | 23.9                        | 26.1                                     | 73.6                     | 66.0                                  |
| Had to pawn or sell something or borrow money               | 6.5                         | 7.2                                      | 30.7                     | 26.8                                  |
| Could not raise \$2,000 in a week                           | 14.2                        | 14.6                                     | 53.8                     | 52.1                                  |
| Does not have \$50,000 worth of assets                      | 27.2                        | 27.7                                     | 72.4                     | 76.1                                  |
| Has not spent \$100 on a special treat                      | 9.1                         | 8.6                                      | 25.3                     | 29.3                                  |
| Does not have enough to get by on                           | 6.2                         | 6.1                                      | 30.3                     | 30.1                                  |
| Currently unemployed or looking for work                    | 3.9                         | 4.2                                      | 38.9                     | 30.7                                  |
| Lives in a jobless household                                | 20.8                        | 19.9                                     | 75.3                     | 76.0                                  |
| Mean incidence of exclusion                                 | 18.7                        | 19.3                                     | 37.0                     | 35.5                                  |

Notes: (a) weighted by ABS population weights; (b) weighted by the age structure of the community sample; Na = not available.

Table 9 shows the incidence of each form of exclusion in the community and client samples. The results are presented in the same format at the deprivation results in Table 2, and are shown for both samples on an unweighted and a weighted basis, after applying the weights described in the previous chapter. The patterns are illustrated in Figures 8, 9 and 10, which show the incidence of disengagement (Figure 8), service

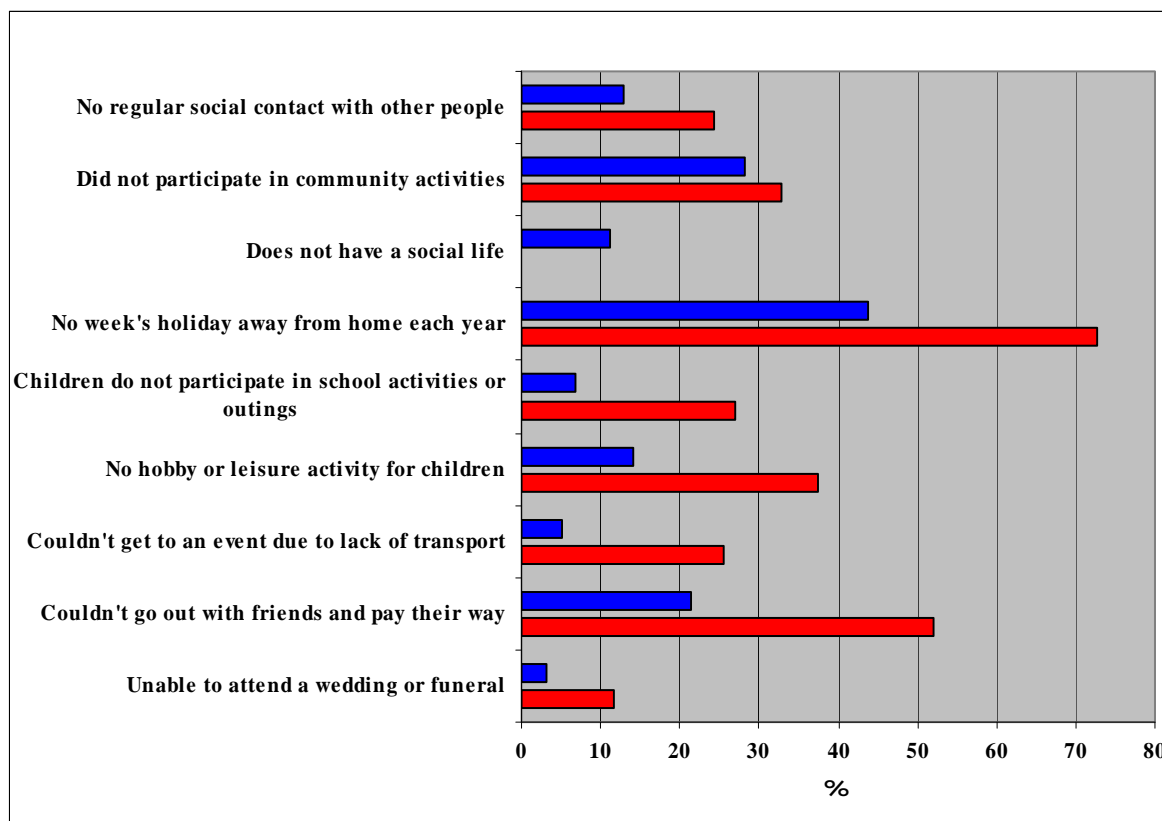
exclusion (Figure 9) and economic exclusion (Figure 10).<sup>78</sup> As before, results for the community sample are shown in blue/darker shading, while those for the client sample are shown in red/lighter shading.

Looking first across all 27 indicators, the three with the highest incidence in the community sample all relate to a lack of service provision: no child care for working parents (52.7 per cent), no access to disability support services when needed (50.2 per cent) and no access to aged care services (47.8 per cent).

The first two of these indicators also rank highly among the client sample, where the four most prevalent indicators are: living in a jobless household (75.3 per cent); does not have \$500 in savings for an emergency (73.6 per cent); no annual holiday (72.6 per cent); and has less than \$50,000 in assets (72.4 per cent). The size of these incidence rates illustrates that social exclusion is widespread amongst those seeking assistance from welfare services.

The contrast between the factors that contribute to the overall profile of exclusion in the two samples once again highlights the precarious economic circumstances of those in the client sample. However, it is also apparent from a broader review of all of the indicators that economic barriers are not the only factors contributing to the exclusion of the welfare service client sample.

**Figure 8: The Incidence of Disengagement in the Community and Client Samples**



In terms of the different forms of disengagement, Figure 8 shows that the incidence rankings of the two samples are similar, with the four most common indicators in both

<sup>78</sup> Information on whether or not participants in the client sample had a social life was not collected and so this indicator is omitted from the analysis of this sample.

cases being no annual week's holiday away; no hobby or leisure activity for children; could not pay one's way when out with friends; and no participation in community activities. The fact that two of these four items impact on children is of particular concern, while the other two show that many are excluded from the kinds of social and community activities that help to strengthen community networks and build social capital.

There are also significant proportions of both samples who report having no regular social contact with other people and, in the case of the community sample, say that they have no social life. Around 30 per cent of both samples do not participate in forms of community activity such as volunteering, sport (as a participant or spectator), cultural or political activities, or being involved in any kind of neighbourhood groups.

**Figure 9: The Incidence of Service Exclusion in the Community and Client Samples**

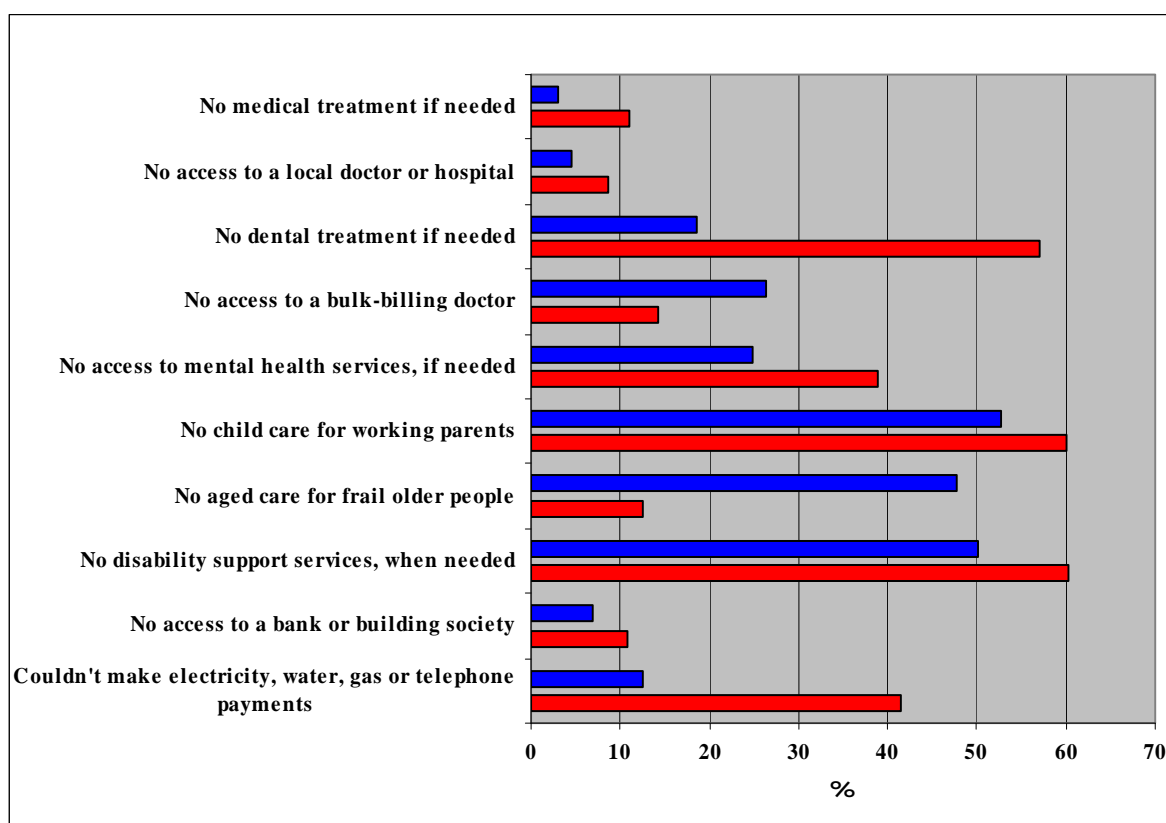


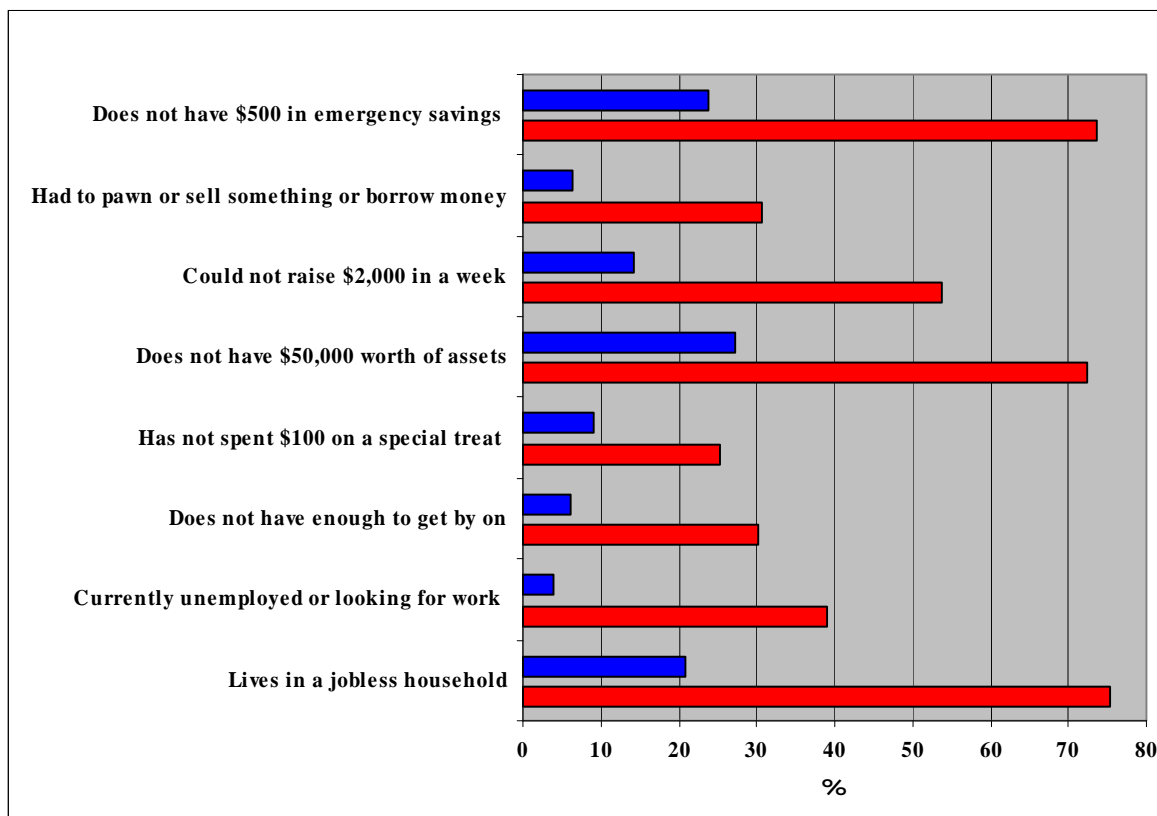
Figure 9 indicates that service exclusion is widespread amongst the Australian community, with a large proportion of both samples excluded from child care, disability and dental services in particular. There are two cases (access to a bulk-billing doctor, and aged care for frail older people) where the incidence of exclusion is higher in the community sample than in the client sample. Although the latter result may reflect the low numbers of older people in the client sample, the high proportion of the community sample who do not have access to a bulk-billing doctor (26.4 per cent) is indicative of the erosion of the universal coverage of Medicare.

Around 11 per cent of the client sample and about one-third as many in the community sample are excluded from medical treatment and have no access to a bank or building society, and significant numbers of the welfare service clients (over 40 per



cent) have faced exclusion from basic domestic services over the past 12 months, as a result of being unable to pay their household utility bills.

**Figure 10: The Incidence of Economic Exclusion in the Community and Client Samples**



It is in relation to the incidence of economic exclusion (Figure 10) that the client sample shows up as much worse than the community sample, with exclusion rates in excess of 50 per cent in relation to four out of the eight indicators, and over 70 per cent in three of these four cases. Over one-quarter of those in the community sample do not have more than \$50,000 of (non-housing) assets, while only slightly fewer do not have \$500 in savings for use in an emergency, and about half as many could not raise \$2,000 in a week if they needed to. In all three instances, the incidence rates in the client sample are around three times higher, at between one-half and three-quarters.

Almost one-in-ten of the community sample and one-quarter of the client sample had not spent \$100 or more on a 'special treat' for themselves over the last year, and close to one-third (30.7 per cent) of the client sample had been forced to pawn or sell something or borrow money from a money lender. These findings bring home the message that although economic prosperity may be widespread, there are still many people whose economic exclusion has forced them to take drastic actions to maintain even a low standard of living.

### **Social Exclusion Among Key Groups**

In order to provide a clearer picture of the patterns of exclusion described above, we now provide a more detailed account of the incidence of specific forms of social exclusion among key groups in the community. The groups identified for this purpose

are the same as those for which the detailed deprivation rates were presented in Chapter 5. These groups are:

- Younger people (those aged under 30);
- Single older people (those aged 65 and over);
- Sole parent families;
- Unemployed people;
- People with a disability;
- Private renters;
- Public renters; and
- Indigenous Australians

As before, we have restricted the analysis to selected forms of exclusion in order to keep the task within manageable limits. However, unlike in the case of deprivation where it was possible to identify the 'top ten' items in terms of the highest levels of community support for them being essential, this option is not available in relation to the analysis of exclusion because specific questions were not asked about whether or not many of the exclusion indicators are essential.

In light of this, ten of the 27 exclusion indicators shown in Table 8 have been selected for detailed examination. The ten indicators cover all three forms of exclusion and capture different dimensions of exclusion. They include items that reflect the severest forms of exclusion (does not have a social life; no access to a local doctor or hospital), items that cover services other than those provided by government (no access to a bank or building society; could not pay household utility bills), and items that are at the forefront of current debates over service accessibility and welfare reform (no child care for working parents; lives in a jobless household).

The ten exclusion indicators chosen for detailed analysis are:

*Disengagement:*

- No regular social contact with other people
- Did not participate in community activities
- Could not pay one's way when out with friends

*Service Exclusion:*

- No access to a local doctor or hospital
- No access to a bank or building society
- Could not make electricity, water, gas, telephone payments
- No child care for working parents

*Economic Exclusion:*

- Does not have \$500 in emergency savings
- Has not spent \$100 on a special treat in the last year
- Lives in a jobless household

The incidence rates of each of the ten indicators among the seven selected sub-groups in the two samples are shown in Tables 10 and 11. The results in Table 10 indicate that the incidence of exclusion among those in the community sample is spread more evenly across the different groups than was the case for deprivation (see Table 3). But the exclusion rates are also between two and three times higher than the deprivation rates, with the exception of people with a disability, where the average exclusion rate is close to four times higher than the average deprivation rate.

The areas where exclusion is most common among the community sample are: no participation in community activities; could not pay one's way when out with friends; lack of child care; no emergency savings; and (for some groups) living in a jobless household. The last three of these both reflect and prevent economic participation and there are several cases where the incidence of exclusion in these areas is close to, or exceeds, 75 per cent.

**Table 10: Incidence of Selected Indicators of Exclusion Among Vulnerable Sub-Groups in the Community Sample (percentages)**

| Exclusion Indicator   | Population Sub-group: |                     |                      |                   |                          |                 |                |                        |
|---|-----------------------|---------------------|----------------------|-------------------|--------------------------|-----------------|----------------|------------------------|
|   | Under 30 years        | Single older people | Sole parent families | Unemployed people | People with a disability | Private renters | Public renters | Indigenous Australians |
| No regular social contact with other people                 | 11.1                  | 18.0                | 18.1                 | 24.1              | 23.8                     | 20.1            | 19.6           | 5.6                    |
| Did not participate in community activities                 | 23.8                  | 39.7                | 27.7                 | 40.4              | 44.0                     | 29.2            | 42.7           | 23.8                   |
| Could not go out with friends and pay their way             | 39.5                  | 17.3                | 43.8                 | 47.5              | 28.5                     | 47.8            | 41.3           | 47.4                   |
| No access to a local doctor or hospital                     | 3.5                   | 4.5                 | 7.6                  | 6.9               | 4.8                      | 6.9             | 6.3            | 0.0                    |
| No access to a bank or building society                     | 6.4                   | 4.8                 | 8.1                  | 8.5               | 9.2                      | 8.4             | 11.5           | 10.5                   |
| Couldn't make electricity, water, gas or telephone payments | 17.3                  | 3.3                 | 37.7                 | 25.4              | 17.3                     | 28.1            | 26.0           | 26.3                   |
| No child care for working parents                           | 45.7                  | -                   | 62.6                 | 56.3              | 76.4                     | 63.4            | 65.4           | 72.7                   |
| Doesn't have \$500 in emergency savings                     | 35.6                  | 14.5                | 46.8                 | 56.9              | 31.5                     | 50.4            | 64.1           | 78.9                   |
| Has not spent \$100 on a special treat                      | 5.6                   | 17.6                | 17.0                 | 20.3              | 21.6                     | 12.5            | 26.6           | 42.9                   |
| Lives in a jobless household                                | 24.5                  | -                   | 42.6                 | 71.9              | 46.4                     | 26.5            | 58.1           | 22.2                   |
| Average exclusion rate                                      | 21.3                  | 12.0                | 31.2                 | 35.8              | 30.4                     | 29.3            | 36.2           | 33.0                   |

In relation to overall exclusion (as it is experienced in these ten dimensions), the two groups that face the most serious problems are unemployed people and public renters, followed by Indigenous Australians and sole parent families. People with a disability also face severe problems of exclusion in several areas, including no child care and jobless households. People with a disability are also more likely than any other group not to participate in community activities and this, combined with the large proportion who not having regular social contact with other people are evocative illustrations of the association between disability and social isolation.

The exclusion rates for the selected groups amongst the client sample shown in Table 11 are extremely high, in some instances approaching 100 per cent.<sup>79</sup> Again, the variation in incidence rates across the different groups is much lower than that shown for the client deprivation profile shown in Table 4, although exclusion is again much more prevalent on average than deprivation. Among the client sample, sole parents are the most excluded groups on average, followed by people with a disability, public

<sup>79</sup> It should be borne in mind, as mentioned earlier, that some of the estimates for the client sample are based on very small samples.

renters and Indigenous Australians. In all four cases, the *average* incidence of exclusion across the ten areas is around 50 per cent.

For four of the seven groups, the incidence of living in a jobless household exceeds 90 per cent, while the incidence of no emergency savings exceeds 80 per cent for all 7 groups except single older people, and the incidence of no child care is close to or above 60 per cent for all groups except older people. There are also very high rates of exclusion across all groups in relation to some of the more socially orientated items, specifically in relation to no participation in community activities and not being able to pay one's way when out with friends. These are disturbing signs that these groups are not participating socially and/or face financial obstacles that seriously limit their ability to engage with others in social settings.

**Table 11: Incidence of Selected Indicators of Exclusion Among Vulnerable Sub-Groups in the Client Sample (unweighted percentages) <sup>(a)</sup>**

| Exclusion Indicator   | Population Sub-group: |                     |                      |                   |                          |                 |                |                        |
|---|-----------------------|---------------------|----------------------|-------------------|--------------------------|-----------------|----------------|------------------------|
|   | Under 30 years        | Single older people | Sole parent families | Unemployed people | People with a disability | Private renters | Public renters | Indigenous Australians |
| No regular social contact with other people                 | 20.2                  | 7.7                 | 37.6                 | 29.1              | 33.9                     | 32.8            | 28.7           | 27.1                   |
| Did not participate in community activities                 | 32.9                  | 18.5                | 37.8                 | 41.2              | 40.4                     | 36.0            | 40.0           | 42.6                   |
| Could not go out with friends and pay their way             | 56.6                  | 25.8                | 65.8                 | 55.9              | 65.5                     | 59.8            | 54.4           | 51.9                   |
| No access to a local doctor or hospital                     | 7.6                   | 7.1                 | 7.3                  | 10.4              | 11.8                     | 8.2             | 9.9            | 13.0                   |
| No access to a bank or building society                     | 11.5                  | 3.6                 | 16.5                 | 11.1              | 13.2                     | 7.8             | 13.3           | 9.3                    |
| Couldn't make electricity, water, gas or telephone payments | 37.0                  | 25.8                | 66.7                 | 41.3              | 48.7                     | 51.8            | 51.3           | 48.1                   |
| No child care for working parents                           | 61.6                  |                     | 72.1                 | 67.6              | 73.1                     | 62.3            | 68.3           | 68.0                   |
| Doesn't have \$500 in emergency savings                     | 85.9                  | 44.8                | 87.4                 | 80.2              | 82.4                     | 81.6            | 83.7           | 90.9                   |
| Has not spent \$100 on a special treat                      | 21.3                  | 48.4                | 38.7                 | 17.2              | 34.6                     | 28.1            | 34.4           | 25.9                   |
| Lives in a jobless household                                | 77.9                  | -                   | 92.0                 | 97.8              | 90.8                     | 79.3            | 86.4           | 91.1                   |
| Average exclusion rate                                      | 41.3                  | 18.2                | 52.2                 | 45.2              | 49.4                     | 44.8            | 47.0           | 46.8                   |

It is worth noting that the relative position of Indigenous Australians compared with the other seven groups examined in detail, looks far worse on the basis of the deprivation indicators shown in Tables 3 and 4 than on the basis of the exclusion indicators shown in Tables 10 and 11. While Indigenous deprivation is above that of all other groups in both the community and client samples, there are several groups who face a higher level of exclusion than that experienced by Indigenous Australians. This is partly due to the higher levels of social and community engagement among the Indigenous group, but it also reflects the more constraining impact of lack of resources that is the main driving force behind the deprivation figures.

### Multiple Exclusion

It has been noted earlier that some researchers prefer not to derive an aggregate index of social exclusion, on the grounds that this conceals the different forms of exclusion and does little to advance our understanding of an issue that takes many diverse forms. Notwithstanding the legitimacy of these concerns, it is valuable to examine the extent to which individuals experience multiple exclusion, since this reveals new information about the severity of exclusion, even though it shifts the focus away from its different forms.

The incidence of multiple exclusion (in total and for each specific form) is shown in Table 12 for the community and (unweighted) client samples. It is evident that those in the client sample face the most serious levels of multiple exclusion, however it is

defined. Thus, while close to one-quarter (24.0 per cent) of the community sample experience 6 or more separate instances of exclusion in total, more than two-thirds (70.0 per cent) of the client sample fall into this category. More than two-fifths (42.4 per cent) of the community sample experience 4 or more forms of exclusion in total, while twice this proportion (84.7 per cent) of those in the client sample face this degree of deep exclusion.

Well over one-third of the community sample is not in anyway disengaged, while around 30 per cent and 50 per cent experience no forms of service exclusion and economic exclusion, respectively. The corresponding percentages of the client sample are all much lower, particularly in relation to the incidence of multiple forms of economic exclusion.

**Table 12: The Cumulative Incidence of Different Forms of Social Exclusion (percentages)**

| Number of indicators               | Indicator type: |               |                   |                    |
|------------------------------------|-----------------|---------------|-------------------|--------------------|
|                                    | All             | Disengagement | Service exclusion | Economic exclusion |
| <i>Community sample:</i>           |                 |               |                   |                    |
| 0                                  | 9.9             | 38.2          | 29.0              | 49.8               |
| 1 or more                          | 90.1            | 61.8          | 71.0              | 50.2               |
| 2 or more                          | 72.9            | 33.9          | 42.9              | 26.0               |
| 3 or more                          | 55.5            | 16.6          | 22.2              | 14.2               |
| 4 or more                          | 42.4            | 7.7           | 9.9               | 7.5                |
| 5 or more                          | 31.3            | 3.5           | 4.3               | 3.8                |
| 6 or more                          | 24.0            | 1.2           | 1.6               | 1.3                |
| 7 or more                          | 17.9            | 0.3           | 0.6               | 0.6                |
| 8 or more                          | 13.3            | 0.0           | 0.1               | 0.0                |
| 9 or more                          | 9.8             | -             | 0.0               | -                  |
| 10 or more                         | 7.6             | -             | -                 | -                  |
| Mean exclusion score               | 3.81            | 1.25          | 1.53              | 1.04               |
| <i>Client sample (unweighted):</i> |                 |               |                   |                    |
| 0                                  | 1.2             | 16.2          | 16.7              | 6.8                |
| 1 or more                          | 98.8            | 83.8          | 83.3              | 93.2               |
| 2 or more                          | 95.2            | 60.2          | 62.9              | 84.4               |
| 3 or more                          | 90.5            | 38.3          | 42.1              | 72.1               |
| 4 or more                          | 84.7            | 21.2          | 23.1              | 57.8               |
| 5 or more                          | 77.1            | 11.0          | 11.2              | 40.4               |
| 6 or more                          | 70.0            | 4.2           | 4.6               | 23.2               |
| 7 or more                          | 62.4            | 1.8           | 2.2               | 8.2                |
| 8 or more                          | 53.9            | 0.4           | 0.7               | 0.9                |
| 9 or more                          | 45.6            | 0.0           | 0.1               | 0.0                |
| 10 or more                         | 37.4            | -             | 0.0               | -                  |
| Mean exclusion score               | 8.30            | 2.21          | 2.30              | 3.80               |

Between 8 per cent and 10 per cent (around one-in-eleven) of the community sample experience 4 or more examples of disengagement and service exclusion, while closer to 22 per cent (one-in-four) of the client sample are similarly affected. But it is in relation to economic exclusion where the difference between the two samples is starkest. Thus, while only 7.5 per cent of the community sample experience 4 or more indicators of economic exclusion, the corresponding percentage for the client sample is *more than eight times higher*, at over 57 per cent. The disparity between the low incidence of multiple exclusion within each form and the comparatively high incidence of multiple exclusion overall suggests that while people may face low

combinations of each specific form of exclusion, the cumulative effect is more pronounced.

Before leaving these results, it is interesting to compare them with the incidence of multiple deprivation in the community and client samples shown in Table 5. Focusing on the incidence of overall exclusion, the most obvious difference is that the incidence of multiple exclusion greatly exceeds the incidence of multiple deprivation in both samples.

Thus, while 11 per cent of the community sample experience 5 or more forms of deprivation, around three times this percentage (31.3 per cent) experience 5 or more forms of exclusion. The corresponding estimates for the (unweighted) client sample are 48.2 per cent and 77.1 per cent – a differential of less than two-to-one.<sup>80</sup> And while very few (2.2 per cent) of the community sample experience 10 or more forms of deprivation, well over three times as many (7.6 per cent) experience this level of multiple exclusion. Both estimates are again far higher in the weighted client sample, at 19.1 per cent and 37.4 per cent, respectively.

But perhaps the most interesting aspect of these comparisons relates to how the relativity between the client and community multiple incidence rates declines as the severity of both multiple deprivation and multiple exclusion increases. In the case of deprivation, for example, the results in Table 5 indicate that the relativity between the client and community multiple incidence rates is around two-to-one (for 1 or more indicator) but increases to four-to-one for 5 or more indicators, and to eight-to-one for 10 or more indicators. In the case of social exclusion, Table 12 shows that these relativities are around one-to-one (1 or more indicators), well in excess of two-to-one (5 or more indicators) and close to five-to-one (10 or more indicators).

In other words, the ratio of the client to community multiple deprivation incidence rates increases much more sharply than the corresponding exclusion ratio as the number of conditions used to define multiple incidence increases. This suggests that the incidence of multiple deprivation may be a better basis on which to assess the severity of disadvantage (for example, when targeting assistance where need is greatest) than the incidence of multiple exclusion.

### **Summary**

This chapter provides the first comprehensive picture of the extent of social exclusion in Australia. The analysis describes the overall incidence of different forms of exclusion in isolation, examines its nature and severity among vulnerable groups, and briefly considers the extent of multiple exclusion. It provides a disturbing picture of widespread exclusion in the community sample as a whole, and a heavy concentration of its different forms among the welfare client sample in particular.

Social exclusion has been defined to exist when people do not participate in key activities that the majority of the population regard as customary or actually do engage in. Such exclusion denies people the benefits and opportunities associated with different forms of social and economic participation.

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<sup>80</sup> A decline in the differential between the two samples is an inevitable consequence of the incidence rates being higher overall in the client sample, given that there is an upper limit on the incidence rate of 100 per cent.

An important factor that distinguishes social exclusion from material deprivation is that the defining characteristic of deprivation (lack of affordability) is not a factor when it comes to identifying exclusion. What matters for exclusion is what people actually do or do not do, rather than what they can or cannot afford.

Social exclusion has been captured in three dimensions: disengagement (non-participation in or withdrawal from, different forms of social interaction), service exclusion (a lack of access to access key health care and other services), and economic exclusion (restricted access to economic resources and a low capacity to generate them).

The results reveal that social exclusion is a major problem that affects significant numbers of Australians: for example, the exclusion incidence rates of many of the separate indicators exceed 40 per cent, even among the community sample, while a severe level of multi-dimensional exclusion (experiencing 6 or more separate indicators simultaneously) affects 24 per cent of the community sample and three times as many (70 per cent) of the client sample.

The evidence also indicates that groups that are known to be vulnerable to different forms of social distress such as sole parents, people with a disability and Indigenous Australians face very high exclusion rates in some key areas. This is the case for the community sample, and even more so for the client sample, where exclusion rates exceed 70 per cent in many instances and are over 90 per cent in some cases.

The areas where exclusion is most pronounced relate to economic conditions, including joblessness and lack of emergency savings, but large proportions of vulnerable groups (with the notable exception of indigenous Australians) also face exclusion from a number of social activities, including having no regular social contact with other people, not participating in community activities and being unable to pay one's way when out with friends. These latter forms of exclusion have obvious spill-over effects on other people, as well as on social cohesiveness more generally.

More work is needed to relate the specific forms of exclusion experienced to the risks that underlie them and to the adverse effects that result from being excluded – for individuals, families and communities. This initial examination of the issue has demonstrated that social exclusion is an issue that affects many Australians and that action is needed to combat its causes, manifestations and consequences.

## CHAPTER 7: THE OVERLAP BETWEEN POVERTY, DEPRIVATION AND EXCLUSION

### Similarity and Difference

It is important to establish not only that deprivation and social exclusion are fundamentally different in a *conceptual* sense from poverty as conventionally defined in terms of low-income, but also to show that they are different in *practical* terms. We need to demonstrate that those who experience deprivation and exclusion are not the same as those identified as poor because their income is below the poverty line, since otherwise the case for distinguishing between the three concepts would be weakened.<sup>81</sup>

In doing this, the aim has not been to challenge or discredit the findings generated by previous poverty studies, but rather to establish whether those with incomes below the poverty line (and possibly some of those above it) are experiencing deprivation and exclusion and if so, what forms they take. Such evidence has an important role to play in confirming that those identified as being in poverty are missing out or being left out, and thus that the methods used are valid and credible.

This chapter contributes to this task by examining the degree of overlap between poverty (defined in terms of low income), deprivation and social exclusion in order to establish that the three concepts are different. In addressing this issue, it is necessary to reduce both deprivation and exclusion to a single dimension that can be compared with the standard ('headline') poverty rate.

Although it has already been demonstrated that both deprivation and exclusion are fundamentally multi-dimensional concepts, the use of a summary index can be justified in the context of establishing the overlap between the three indicators of disadvantage. The extent of this overlap has an important bearing on whether or not the new indicators add to our understanding compared to relying solely on poverty to identify where disadvantage exists.

### Estimating Overlaps

The first step in establishing the extent of the overlap between the different indicators of disadvantage involves estimating the poverty rate. This has been done using a poverty line set at one-half of median equivalised (gross) household income, as this benchmark is now widely used in Australian poverty studies (Harding, Lloyd and Greenwell, 2001; Saunders and Bradbury, 2006).<sup>82</sup> The estimate of median income has been derived from the unweighted income data collected in the community survey.<sup>83</sup>

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<sup>81</sup> Of course, even if there was a high degree of overlap between the different indicators, a case can still be made for employing the deprivation/exclusion approach because it has the capacity to generate more insights into the causes of different forms of disadvantage, and do so in a more compelling way.

<sup>82</sup> As noted earlier, the use of gross income to estimate poverty will result in an over-estimate of the poverty rate, but this is not expected to be large enough to affect the results presented here, or the conclusions derived from them.

<sup>83</sup> As noted in Chapter 5, the unweighted estimate of median equivalent income is \$480.8 a week. If the survey income data are weighted to reflect ABS income distribution estimates, the median would increase by just over 8 per cent to \$520.8 a week.



The resulting poverty rates for the community and client samples (the latter in both unweighted and weighted forms, as before) are shown in the first row of Table 13. The poverty rate is far higher among the client sample (61.9 per cent) than among the community sample (17.7 per cent) – the more than three-to-one differential reinforcing the very adverse circumstances of those in the sample of welfare service clients.

In estimating the overlap between poverty, deprivation and exclusion, it is convenient to set the thresholds that define deprivation and exclusion so that they produce overall incidence rates that are similar to the poverty rate. This is convenient because it has the effect of identifying three similarly sized groups that lie at the lower end of the spectrum of disadvantage, making it easier to interpret the overlap results.<sup>84</sup> The deprivation and exclusion rates were thus derived from the cumulative distributions of each variable for the community sample (shown in Tables 5 and 12).<sup>85</sup>

In order to produce incidence rates of deprivation and exclusion that are close to the estimated poverty rate of 17.7 per cent, deprivation was defined as experiencing 3 or more conditions (see Table 5), while social exclusion was defined as experiencing 7 or more separate exclusion indicators (see Table 12).

When these definitions were applied to the community sample data, the deprivation and exclusion rates produced are 18.8 per cent and 17.9 per cent, respectively. When the same definitions were applied to the (unweighted) client sample, the rates are far higher, at 61.9 per cent (deprivation) and 62.4 per cent (exclusion). Both rates are reduced slightly if the weighted client data are used (Table 13).

**Table 13: Overlaps Between Income Poverty, Deprivation and Social Exclusion (percentages)**

|  | Community | Client sample |       |
|--|-----------|---------------|-------|
|  | sample    | (u/wtd)       | (wtd) |
| Poverty rate   | 17.7      | 61.9          | 54.7  |
| Deprivation rate   | 18.8      | 61.9          | 59.0  |
| Social exclusion rate (overall)                          | 17.9      | 62.4          | 57.3  |
| Percentage in poverty who are also deprived              | 39.2      | 66.0          | 61.0  |
| Percentage in poverty who are also excluded              | 36.6      | 71.0          | 65.6  |
| Percentage in poverty who are also disengaged            | 29.5      | 42.9          | 39.2  |
| Percentage in poverty who are also service excluded      | 29.7      | 44.0          | 39.8  |
| Percentage in poverty who are also economically excluded | 35.1      | 84.8          | 82.7  |
| Percentage in poverty also deprived <i>and</i> excluded  | 28.7      | 60.9          | 56.3  |
| Core disadvantaged                                       | 5.1       | 37.7          | 30.8  |

<sup>84</sup> A similar approach has been used by Perry (2002) to examine and compare the overlap between income poverty and deprivation measures in New Zealand and a range of EU countries. He refers to the ‘mismatch’ between income and deprivation measures rather than the ‘overlap’, although the two concepts are closely related (i.e. a 40 per cent mismatch implies that the overlap is 60 per cent). Bradshaw and Finch (2003, Table 1) also examine the degree of overlap using measures of deprivation, income poverty and subjective poverty that are similar, although this does not appear to have been a deliberate feature of the measures selected.

<sup>85</sup> It should be pointed out that the deprivation and exclusion measures include some apparently similar indicators (e.g. medical treatment and dental treatment if needed). However, these only contribute to deprivation when their absence reflects a lack of affordability, whereas they contribute to exclusion whenever they are not present (see Figure 3). This implies that in practice, the indicators are different, even though their similarity may contribute to the observed overlap.

Table 13 shows the overlaps between poverty and deprivation, between poverty and the different forms of social exclusion, and between all three conditions together.<sup>86</sup> For the community sample, the overlap between poverty and deprivation is somewhat greater than that between poverty and overall social exclusion. The reverse is the case for the client sample, where the overlap between poverty and social exclusion exceeds that between poverty and deprivation. In round terms, about 39 per cent of those in the community sample who are poor are also deprived, and around 37 per cent of those who are poor are also excluded. In contrast, the overlap between poverty and deprivation is 66 per cent in the case of the client sample, while that between poverty and exclusion is 71 per cent.

To put these figures into perspective, if the three conditions were completely independent of each other in a statistical sense (so that the probability of being poor was completely independent of the probability of being deprived or excluded), and if the separate incidence of each condition was as shown in the first three rows of Table 13, then the percentage of those in poverty who were also deprived would be 18.8 per cent, while the percentage of those in poverty who were also excluded would be 17.9 per cent.<sup>87</sup> The percentage of those in poverty who were both deprived and excluded would be 3.4 per cent.

The fact that the actual overlaps shown in Table 13 are well above these hypothetical rates indicates that the three conditions are not completely independent of each other, although the overlaps are also well below the 100 per cent figures that would exist if the three conditions affected exactly the same groups.<sup>88</sup>

Rows 6-8 of Table 13 show the overlaps between poverty and the three different forms of social exclusion described in Chapter 6.<sup>89</sup> These estimates indicate (not surprisingly) that the overlap is greatest between poverty and economic exclusion, particularly for the client sample, although even here it is some way below the maximum of 100 per cent that would apply if the two concepts overlapped perfectly.<sup>90</sup>

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<sup>86</sup> The figures in Table 13 have been expressed as percentages of those in poverty, although they could also be expressed using either deprivation or exclusion as the base.

<sup>87</sup> It may not be reasonable to assume the deprivation and exclusion are independent of each other because of the similarity in some of the indicators used to define them. However, the example is used primarily to provide a benchmark for comparing the actual overlaps with those that would exist in a hypothetical situation.

<sup>88</sup> Perry (2002, Table 1) uses a similar methodology (but a poverty line set at 60 per cent of median income) to estimate the overlap between poverty and deprivation in New Zealand and a range of EU countries. His estimates indicate that the overlap increase as the poverty rate increases, and varies between 17 per cent in Denmark and 52 per cent in Portugal. The overlap for the Australian community sample of 39 per cent shown in Table 13 is the same as that estimated by Perry for the Netherlands and France, and very close to that for New Zealand (40 per cent), Italy (42 per cent) and Ireland (44 per cent).

<sup>89</sup> In keeping with the methodology used to derive Table 13, the number of indicators of the three separate forms of exclusion has been selected to produce similar incidence rates to the estimated poverty rate of 17.7 per cent. This resulted in all three forms of exclusion being defined for the purposes of constructing Table 13 as experiencing three or more conditions in each case.

<sup>90</sup> Note that estimating the overlap between poverty and exclusion would have made little sense if the poverty rate had been included as one of the indicators of exclusion, as many overseas studies have

In the case of the community sample, the overlap between all three forms of exclusion and poverty lies in a narrow range between 29 per cent and 37 per cent, which is slightly below the overlap between poverty and social exclusion as a whole (36.6 per cent). For the client sample, the overlaps between disengagement and poverty and service exclusion and poverty are again similar, although in this case closer to 43 per cent – well above the corresponding community sample overlaps.

An implication of these low overlaps is that the individuals who experience disengagement and service exclusion are different from those who lack the economic resources needed to avoid poverty or economic exclusion. However, this is not the case for the overlap between poverty and economic exclusion for the client sample, which is far higher at almost 85 per cent.

The final row of Table 13 shows the percentages of those in each of the two samples that simultaneously experience all three conditions. Those in this group thus have low incomes (below half the median), and experience both 3 or more deprivation conditions and 7 or more exclusion indicators. Those included in this group are facing a high level of severe disadvantage and they form the core of those who are disadvantaged generally. In round terms, this core disadvantaged group corresponds to a small minority (5 per cent) of the community sample, but a far higher proportion (almost 38 per cent) of those in the client sample.<sup>91</sup>

The overlaps between poverty, deprivation and social exclusion are shown visually for the community and client samples in Figures 11 and 12, respectively.<sup>92</sup> Each figure breaks the samples down into the percentages that experience different combinations of the three conditions, so that the size of the different overlaps can be readily assessed and compared. What is not shown is the percentage of each sample that is not affected by any three of the conditions: this accounts for almost two-thirds (66.4 per cent) of those in the community sample, but only one-seventh (14.1 per cent) of those in the client sample.

Figure 11 indicates that for the community sample, just over half (8.9 per cent, expressed as a percentage of 17.3 per cent) of those who are poor are neither deprived nor excluded. Around two-fifths (39.3 per cent) of the poor are deprived while a slightly lower proportion of them are excluded. Around one-fifth of those in the community sample who are deprived are neither poor nor excluded, and a similar proportion of those who are excluded are neither poor nor deprived.

These results show clearly that, at least for the community sample, although poverty, deprivation and exclusion each affect a similar percentage of the sample, they do not overlap to a great extent and thus mainly affect different groups of people.

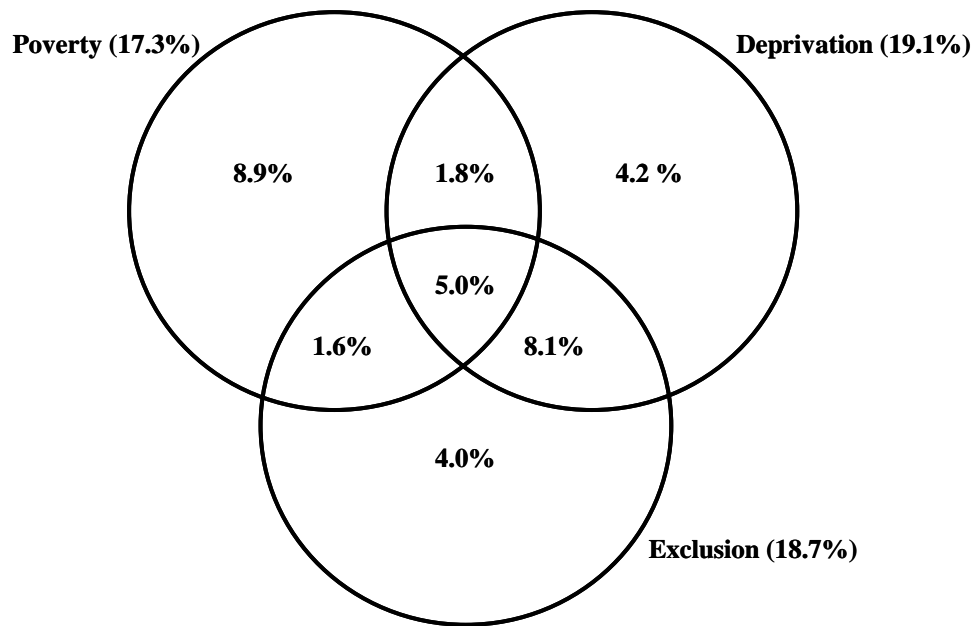
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done. This is another reason for not including the poverty rate among the suite of social exclusion indicators.

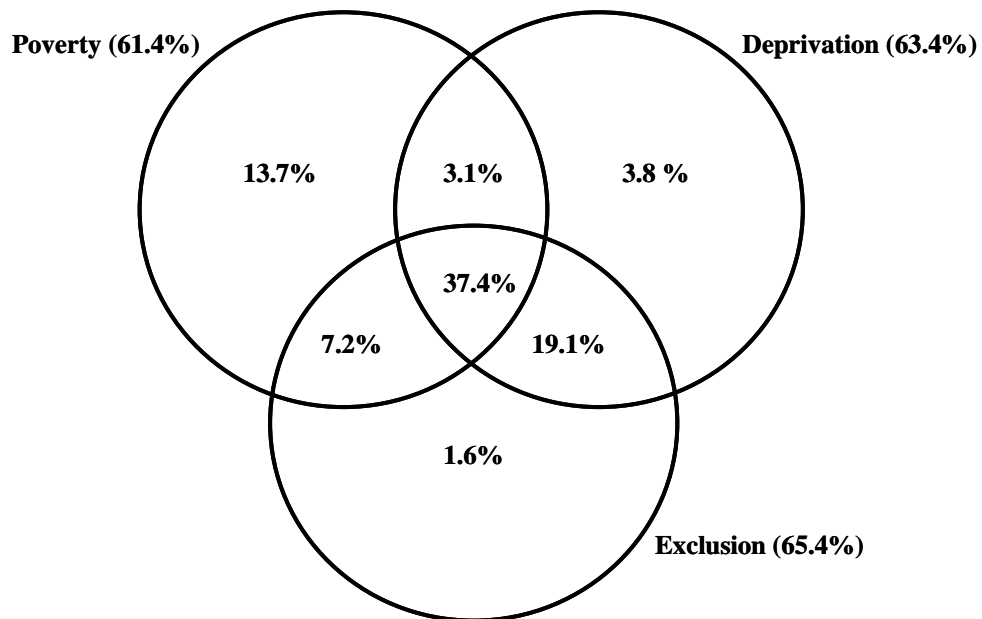
<sup>91</sup> The proportion in each of the ‘core disadvantaged’ groups is equal to the product of the percentages shown in the first and penultimate rows of Table 13.

<sup>92</sup> The estimates in Figures 11 and 12 differ slightly from those shown in Table 13 because only those in the sample for whom it is possible to determine their status in all three dimensions simultaneously are included. Note also that the percentages in Figures 11 and 12 refer to the total sample, whereas the overlap percentages in Table 13 refer to those in poverty,

**Figure 11: Overlaps Between Poverty, Deprivation and Exclusion in the Community Sample (percentages of total sample)**



**Figure 12: Overlaps between Poverty, Deprivation and Exclusion in the Client Sample (unweighted percentages of total sample)**



The overlaps shown for the client sample in Figure 12 are all much higher than those for the community sample, reflecting the increased severity of the problems faced by this group and the greater likelihood that different forms of disadvantage are experienced simultaneously. Only around one-fifth of those in the client sample who are in poverty are neither deprived nor excluded, and very small proportions of those who are deprived or excluded do not also face at least one of the other two conditions.

The overlap between deprivation and exclusion is particularly high among those in the client sample – far higher than that between either of these two conditions in isolation and poverty. This finding reinforces the fact that deprivation and exclusion provide insights into the nature of disadvantage that are not revealed in conventional poverty studies, particularly for those who face the highest poverty rates. The most severely disadvantaged group accounts for over one-third (37.4 per cent) of the client sample, more than seven times larger in relative terms than in the case of the community sample.

These results reveal that the three aspects of social disadvantage examined in this report – poverty, deprivation and exclusion – affect different groups in the population, even when the three concepts are defined in such a way as to produce estimates that are similar. This is an important finding because it implies that the extent and nature of social disadvantage will be better understood using all three indicators rather than relying on any single one of them.

## CHAPTER 8: TOWARDS NEW INDICATORS OF DISADVANTAGE

### Summary

An underlying motivation of this study has been to reduce the reliance on income poverty lines for identifying social disadvantage. This has involved generating a range of other indicators. The problem is not that poverty lines, and the poverty rates derived from them are inherently flawed, but rather that there is a need to broaden the ways in which we think about, examine and debate issues associated with social disadvantage. This involves extending the scope beyond a purely income dimension, because although income is an important determinant of the standard of living, many other factors also play a role.

In moving in this direction, the research reported here has developed a series of new indicators of disadvantage that are more closely connected with the lives and experiences of those living in poverty. No one denies that those with incomes below the poverty line have a pressing need for increased income, but this is not the *only* action that is needed to overcome the deprivations and barriers to inclusion and participation that they face. Low-income is a symptom of poverty (by definition) but the causes lie in the factors that contribute to low-income such as joblessness, discrimination and other forms of exclusion.

The focus of the research has been on articulating and measuring what it means to miss out and be left out, and identifying those who face the different forms of disadvantage that reflect these conditions. This task has been addressed in four stages. First, in Chapter 2, previous studies of deprivation and social exclusion were reviewed so that clear definitions of each that could be applied to Australian data. Discussion focused on the nature of deprivation and social exclusion and how they are linked to poverty, defined in terms of low income.

The main parameters of the project itself were described in Chapter 3, which introduced the two surveys that generated the data that were used in the empirical analysis. Chapter 4 used the survey data to examine which of a long list of potential items are regarded as essential by a majority of the population – things that no-one in Australia should have to go without today.

In Chapter 5, this information was used to identify who is deprived of those items regarded as essential by a majority of survey respondents because they cannot afford them. Chapter 6 explored the nature and incidence of different forms of social exclusion and Chapter 7 examined the overlap between the three indicators of disadvantage.

The concepts of deprivation and social exclusion are closely linked with poverty, defined as lacking the resources required to reach an acceptable standard of living. However, both concepts are multi-dimensional and more firmly grounded in the actual experience of missing out, and each draws on such evidence to generate new insights into the nature and impact of disadvantage. In focusing on these features, the goal has been to generate new findings on the nature of social disadvantage that do not rely on judgements about income adequacy, or where to set a poverty line.

Valuable new information has been gathered from the two surveys and from the focus group discussions that preceded them. The focus groups allowed the voices of low-income Australians to influence the selection of issues and to tap into people's

experiences of, and views on, the nature and importance of different forms of disadvantage. The two surveys built on these insights and provided quantitative data that allowed us to operationalise academic concepts in ways that built on practical experience and insight.

This report has built on a large body of existing research on poverty, deprivation and social exclusion to develop a series of indicators that shed new light on these issues in an Australian context and point to what kinds of action are needed to combat them. More work is needed to establish that the indicators are robust before they can inform the development of policies designed to prevent and ameliorate the different sources of social disadvantage. This will involve extending this analysis by collecting additional data to further investigate the different forms of social disadvantage.

This study has shown that such research is feasible, and can contribute new findings that contribute to our understanding of important social issues. It has achieved this by avoiding the limitations of existing poverty studies, including those associated with the reliability of reported income statistics, the appropriateness of the equivalence scale used to adjust for differences in family needs, and the problems surrounding the setting of poverty lines. The indicators of disadvantage examined in this report focus more directly on the outcomes associated with disadvantage rather than on the adequacy of economic resources relative to assumed needs.

It is clear from the overlap results presented in Chapter 7 that the approach developed here produces different findings to those produced by applying a conventional poverty framework, and that these differences have important implications for who is regarded as most at risk of disadvantage. This in turn has obvious implications for the targeting of assistance, in terms of both what form(s) that assistance should take and the groups to which it should be directed.

No attempt has been made to develop a single all-encompassing indicator of disadvantage (or even a small set of key indicators), mainly because this would be premature in light of the experimental nature of the research. Further work is needed that can build on the foundations laid here to test the robustness of the methods and indicators used. As these broaden our understanding of the nature and causes of social disadvantage, they will pave the way for new instruments for monitoring progress and ultimately contribute to the evidence base on which to develop more effective and better targeted policies.

The indicators used here relate to the incidence rates of different dimensions of deprivation and social exclusion, and to index scores derived by summing the number of conditions experienced. The deprivation indicators have highlighted the fact that many in the community are still unable to afford even the most basic needs for food, shelter and good health. The exclusion indicators have shown how lack of access to important health and community services, social isolation and low economic capacity prevent many people from participating socially and economically.

### **What Needs To Be Done?**

In terms of priorities, the results suggest that action is most urgently needed to address the following issues:

- The poor coverage and quality of key services, of which **access to dental treatment** and the **affordability of prescribed medications** are the most pressing issues;

- **Lack of access to key services is a barrier for many people** that must be addressed by a combination of increased provision and more affordable user charges. These services restore and sustain well-being and contribute to inclusion and they should be available when needed;
- Although most people have good access to basic health care under Medicare, many miss out on important ancillary services and cannot afford to buy prescribed medications. **This reduces the effectiveness of the care provided under Medicare and is a source of disadvantage that requires action to lower the cost of recommended treatments;**
- The lack of access and affordability that prevent many children from participating in school activities and block their access to other opportunities suggests a need to **ensure that all children have the chance to develop to their full capacity in family, community and educational settings;**
- The widespread lack of emergency savings and inadequate insurance coverage places many people at risk if things go wrong. There should at the very least be **better access to appropriate and affordable emergency loans for those who require short-term assistance in times of high need;**
- Many people lack decent and secure accommodation and experience poor security provisions, no insurance coverage and poor facilities (dampness, leaking roofs and gutters, inadequate heating and low quality furniture). This broad array of problems suggests that **more attention needs to be paid to resolving the housing-related problems that are a source of insecurity and instability for many people;**
- Some groups face high levels of deprivation and exclusion, often in combination. **The problems faced by sole parent families, public renters and Indigenous Australians (followed by unemployed people and people with a disability) are the most severe and require urgent attention;**
- In general, the circumstances faced by those in the client sample reveal the deep problems confronting those who rely on the assistance provided by community sector agencies. Although much is already being done, it is apparent that **much more is required to protect welfare service clients from poverty, deprivation and exclusion and provide them with the opportunities to participate and flourish;**
- Lack of economic resources and low economic capacity prevent economic and social participation. **Improvements are needed in existing income support provisions, which are currently at levels where deprivation is high, indicating that they fail to provide adequate levels of support;**
- These reforms should be accompanied by a program that provides **practical training with the computing, budgeting, language and educational skills** that are needed to survive and prosper in an increasingly competitive labour market;
- The widespread lack of an annual week's holiday away contrasts with a majority agreeing that this is something that no one should have to go without. There is already some evidence that existing leave entitlements are being traded away for other forms of remuneration under *Work Choices*. **Governments can play an important role in promoting family holidays**



**through yearly travel and other vacation-related subsidies designed to make annual holidays more affordable.**

This list of recommendations does not cover all of the areas where action is needed to address the many causes of disadvantage that are implicit in the findings reported in earlier chapters. Nor do they include the kinds of detail that are necessary before specific proposals can be developed and considered. These details will involve governments working together with non-government agencies to design programs and find the necessary resources.

Those disadvantaged people who are the target of such actions should also be involved in these processes and decisions if they are to have maximum impact. This research has benefited from listening to the voices of low-income and disadvantaged Australians, and so too should the actions it generates.

### **Concluding Comments**

The factors that contribute to the different forms of disadvantage inhibit people's capacity by blocking their opportunities to participate and lead fulfilling lives. The development, design and delivery of programs to combat the different forms of social disadvantage are important challenges.

Governments at all levels have an important leadership role to play in acknowledging that problems exist, identifying their nature, setting priorities for action and monitoring progress. But the job cannot be left to governments alone. It is clear from this research that non-government community sector agencies also have a key role to play in delivering programs that address disadvantage, and helping their clients to access additional resources and connect with social and communal networks. All citizens also have a role to play in further strengthening community networks and other forms of social capital as part of a concerted attack on the root causes of social disadvantage.

The main research questions that motivated this study were set out in Chapter 1. The aim of the research has been to develop new indicators of disadvantage that are based on what Australians regard as the essential components of a socially acceptable minimum standard of living. The analysis has explored the relationships between poverty, deprivation and social exclusion and demonstrated that these three key elements of social disadvantage are different, both conceptually and practically.

It is all too easy to ignore social disadvantage in the midst of growing economic prosperity. The findings reported here indicate that there are no grounds for complacency on this score. Many Australians are being left out or missing out, while others experience unprecedented affluence and are accumulating vast fortunes.

These growing social and economic inequalities raise issues of their own, but the focus here has been on examining the living standards of those at the bottom, not on exploring the gap between top and bottom. The different forms of disadvantage affect different groups in different ways and there is thus no simple 'one size fits all' diagnosis of, or solution to the problem. Instead, a broad range of action is needed to combat the different forms of disadvantage that exist.

One constant theme to emerge from the results is the very serious range of problems faced by those in the welfare service client sample. This group was recruited into the study when they accessed services, so it is not surprising that many of them are doing

it very tough. What is more surprising is the severity of their circumstances and how many of them face a combination of deep-seated problems.

The serious plight faced by many in the client sample has obvious implications for those who are working at the coalface of service delivery to alleviate their immediate suffering and offer hope for the future. The adequacy of the resources available to these agencies to provide the assistance that is clearly needed must be judged against the severity and seeming intractability of the problems faced by those they are helping, many of which reflect past decisions that constrain current opportunities.

Although this report has been somewhat critical of conventional poverty research for relying on an income approach built around the concept of a poverty line, it is clear that economic factors underlie many of the problems associated with both deprivation and exclusion. There are also several pointers to how the deprivation analysis can be extended to produce a new, validated and credible, poverty line.

Even though the study began by rejecting an approach based on identifying disadvantage solely in terms of income, the importance of an adequate level of economic resource has emerged as a major cause of both deprivation and exclusion. If a new poverty line can be better linked to the experience of poverty as illustrated in this report, it will (in combination with other indicators) play an important role in how we measure, monitor and respond to disadvantage.

The two surveys have generated a rich source of data that has shed new light on the problems faced by those who have been left out or are missing out. But this is only a small-scale study and larger studies are needed to flesh out the findings and examine them in more depth.

In many EU countries, governments concerned about issues of deprivation and exclusion have committed substantial funds to the conduct of large-scale surveys of these issues, either as part of the work program of official statistical agencies, or by supporting academic researchers to undertake the surveys themselves (often working in close collaboration with government and non-government agencies).

In countries such as Britain and Ireland in particular, strong partnerships have been forged between government and the research community that have produced findings that have fed directly into the policy process. These are powerful examples of evidence-based policy in action.

Australia has much to learn from this experience. More than 15 years of strong economic growth has failed to remove the many forms of deprivation and social exclusion that contribute to social disadvantage. Addressing these social problems will not occur as an automatic spin-off of efforts to further increase economic growth. We need to develop sound social policies to address our social problems, just as we need good economic management to promote strong economic growth. Everyone should have the opportunity to achieve their potential and participate, socially as well as economically, with no one left out or missing out.



## APPENDIX A: COMPARISON OF THE COMMUNITY SAMPLE WITH EXTERNAL (ABS) DATA

### Sampling Frame and Methods

The methods used in conducting the *Community Understanding of Poverty and Social Exclusion* (CUPSE) survey closely followed those used in the earlier *Coping with Economic and Social Change* (CESC) Survey (see Saunders, Thomson and Evans, 2000; Saunders, 2002). The survey was piloted in March 2006, and feedback was received from the Industry Partners, SPRC staff and other colleagues. As a result, some minor revisions were made to the wording of several questions, and the questionnaire as a whole was shortened by omitting some questions.

In March 2006, a random sample of 6,000 names was drawn from the Australian Electoral Roll.<sup>93</sup> Each person selected was sent an information letter and a copy of the survey on 10 April 2006. The questionnaire was accompanied by a letter introducing the survey and indicating that a gift voucher worth \$350 would be provided to the winner of a draw held among those who returned a completed questionnaire. The following week, all participants were sent a reminder postcard thanking those that had returned the survey for doing so, and reminding those that had not to do so. Five weeks later those that had still not returned a survey were sent a second reminder letter and another copy of the survey.

A total of 2,704 completed surveys had been received by the closing date (4 August), by which time the flow of responses had virtually stopped (very few replies were received in the weeks immediately preceding the cut-off date). Of the 6,000 surveys distributed, 238 were returned unopened with a return to sender stamp making the adjusted sample of 5,762. A further 227 refused to participate either by ringing the free call number or by writing a note on the survey and returning it. The final response rate was 46.9 per cent (Table A.1).

**Table A.1: Sample Size and Response Rate**

|                               | Number |
|-------------------------------|--------|
| Community surveys distributed | 6,000  |
| Wrong addresses               | 238    |
| Adjusted sample               | 5,762  |
| Refusals                      | 227    |
| Completed surveys             | 2,704  |
| Response Rate = 2704/5762     | 46.9%  |

### Sample Characteristics

Table A.2 compares the representativeness of the CUPSE community sample with population data for the latest available year (2005) derived from the ABS population projections (ABS, 2006c). The main differences between the composition of the community sample and the structure of the total population are age-related: the community sample contains an over-representation of females relative to males, and

<sup>93</sup> The fieldwork component of the survey (including the drawing of names from the electoral rolls, distribution of the survey, data coding, entry and cleaning) was undertaken by the Canberra-based company Datacol Research.

an under-representation young people, particularly those aged 17-24. There is a corresponding over-representation of those aged 50 and older, particularly males aged 65 and over.

**Table A.2: The Age Composition of the Community Sample and the General Population (percentages)**

| Age          | Males     |                  | Females   |                  | All        |                  |
|--------------|-----------|------------------|-----------|------------------|------------|------------------|
|              | ABS       | Community sample | ABS       | Community sample | ABS        | Community sample |
| 17-24        | 13.2      | 7.5              | 12.2      | 7.0              | 12.7       | 7.2              |
| 25-29        | 9.0       | 3.7              | 8.6       | 6.4              | 8.9        | 5.2              |
| 30-34        | 9.8       | 6.0              | 9.7       | 8.4              | 9.9        | 7.3              |
| 35-39        | 9.6       | 8.0              | 9.4       | 9.3              | 9.6        | 8.7              |
| 40-44        | 10.0      | 9.2              | 9.8       | 11.0             | 10.1       | 10.2             |
| 45-49        | 9.5       | 9.7              | 9.3       | 9.7              | 9.4        | 9.7              |
| 50-54        | 8.7       | 10.5             | 8.5       | 11.2             | 8.6        | 10.9             |
| 55-59        | 8.2       | 11.0             | 7.9       | 9.8              | 7.9        | 10.3             |
| 60-64        | 6.2       | 9.3              | 6.0       | 8.2              | 5.9        | 8.7              |
| 65-74        | 8.9       | 15.9             | 9.1       | 10.9             | 9.0        | 13.1             |
| 75+          | 6.7       | 9.2              | 9.5       | 8.2              | 8.0        | 8.6              |
| Total        | 100.0     | 100.0            | 100.0     | 100.0            | 100.0      | 100.0            |
| Total Gender | 49.3      | 44.4             | 50.7      | 55.6             | 100.0      | 100.0            |
| N            | 7,654,779 | 1,166            | 7,876,630 | 1,460            | 15,531,409 | 2,626            |

Source: *Population by Age and Sex, Australian States and Territories*, Catalogue No. 3201.0 (ABS, 2006c).

Table A.3 presents a variety of comparisons of the composition of the community sample and the Australian population based on the following socio-economic characteristics: marital status; disability; State/Territory; country of birth; Indigenous status; highest level of education; labour force status; living arrangements; housing tenure; and gross weekly family income. The population data have been derived from a variety of ABS reports, and details are provided in the Notes to Table A.3.

Overall, the CUPSE community sample is a reasonable representation of the Australian population in all of the dimensions covered, although there are some exceptions, specifically in relation to the proportions that are never married, live alone, private renters and Indigenous Australians, all of whom are somewhat under-represented in the community sample.<sup>94</sup>

The CUPSE percentages are similar those for the general population derived from ABS sources in terms of the percentages of people with a disability, despite the relatively simple format of the disability question in the CUPSE survey.<sup>95</sup> The figures also indicate that the sample is broadly representative of the population in terms of the State/Territory distribution of residence and country of birth.

The sample is also broadly representative of current ABS labour force statistics in terms of the proportions that are employed full-time or part-time, unemployed or

<sup>94</sup> The under-representation of those living alone may be explained by the under-representation of young people in the community sample, while the under-representation of those who are renting from a private landlord may reflect the greater mobility of this group.

<sup>95</sup> The disability question in the CUPSE questionnaire was: 'Do you have an on-going disability or on-going medical condition that restricts your daily activities?'

looking for work, as well as in relation to levels of education (where the categories have had to be adjusted to make them more comparable), except for the over-representation of those with a postgraduate degree in the CUPSE sample (8.4 per cent) as compared with the corresponding ABS figure (3.0 per cent).

The income brackets shown in Table A.3 are a combination of those available in CUPSE and in ABS publications, re-formulated in order to make them comparable. The community sample over-represents those with gross income under \$800 per week, in particular those in the \$400 to \$499 weekly income bracket. There is also a significant under-representation of those earning between \$1,000 and \$2,000 a week in the community sample, compared with ABS data.

**Table A.3: Further Comparisons of the Composition of the Community Sample and the Australian Population, by Socio-Economic Characteristics**

|                                   |  | ABS  | Community sample |
|-----------------------------------|--|------|------------------|
| <i>Gender</i>                     | Male   | 49.3 | 44.4             |
|                                   | Female   | 50.7 | 55.6             |
| <i>Age bracket</i>                | 17-39  | 40.8 | 28.4             |
|                                   | 40-64  | 42.1 | 49.8             |
|                                   | 65 & over  | 17.2 | 21.7             |
| <i>Marital status</i>             | Married or living with de facto partner  | 57.7 | 67.4             |
|                                   | Separated, widowed or divorced   | 14.3 | 17.1             |
|                                   | Never married  | 28.1 | 15.5             |
| <i>Disability</i>                 | No   | 80.0 | 80.7             |
|                                   | Yes  | 20.0 | 19.3             |
| <i>Postcode</i>                   | New South Wales  | 32.6 | 31.7             |
|                                   | Victoria   | 24.6 | 25.2             |
|                                   | Queensland   | 19.7 | 18.9             |
|                                   | Western Australia  | 10.0 | 10.2             |
|                                   | South Australia  | 8.1  | 8.7              |
|                                   | Tasmania   | 2.6  | 2.8              |
|                                   | Australian Capital Territory   | 1.7  | 1.9              |
|                                   | Northern Territory   | 0.7  | 0.6              |
| <i>Country of birth</i>           | Australia  | 76.2 | 75.9             |
|                                   | Overseas   | 23.8 | 24.1             |
| <i>Indigenous</i>                 | No   | 97.4 | 99.2             |
|                                   | Yes  | 2.6  | 0.8              |
| <i>Highest level of education</i> | Year 11 or below   | 35.3 | 31.9             |
|                                   | Completed secondary/ high school/ matriculation  | 20.6 | 22.1             |
|                                   | Trade certificate/ apprenticeship/ advanced diploma/ diploma/ certificates I-IV/ certificate undefined | 24.1 | 22.2             |
|                                   | Bachelor degree / graduate diploma/ graduate certificate   | 16.9 | 15.4             |
|                                   | Postgraduate degree  | 3.0  | 8.4              |

**Table A.3: continued**

|                                   |   | ABS  | Community sample |
|-----------------------------------|---|------|------------------|
| <i>Labour force status</i>        | Working full-time for pay   | 68.0 | 64.4             |
|                                   | Working part-time for pay   | 27.2 | 29.0             |
|                                   | Unemployed/ looking for work  | 4.8  | 6.6              |
| <i>Living arrangements</i>        | Lives alone   | 25.4 | 14.2             |
|                                   | Couple only   | 26.1 | 33.3             |
|                                   | Couple and children   | 27.1 | 34.0             |
|                                   | Sole parent   | 6.8  | 6.0              |
|                                   | Group household   | 3.2  | 2.8              |
|                                   | Other- live with parents, other family households, multiple family households | 11.4 | 9.7              |
|                                   |   |      |                  |
| <i>Housing tenure</i>             | Owner (no mortgage)   | 34.9 | 38.4             |
|                                   | Owner (mortgage)  | 35.1 | 36.2             |
|                                   | Renter (private landlord)   | 21.2 | 13.6             |
|                                   | Renter (public housing)   | 4.9  | 4.1              |
|                                   | Boarding  | 1.5  | 2.7              |
|                                   | Other   | 2.4  | 5.0              |
|                                   |   |      |                  |
| <i>Gross weekly family income</i> | 0 or negative   | 0.7  | 1.0              |
|                                   | less than \$100   | 0.7  | 0.9              |
|                                   | \$100 - \$199   | 1.9  | 3.4              |
|                                   | \$200 - \$299   | 9.3  | 8.3              |
|                                   | \$300 - \$399   | 7.3  | 5.9              |
|                                   | \$400 - \$499   | 7.8  | 10.0             |
|                                   | \$500 - \$599   | 6.0  | 6.5              |
|                                   | \$600 - \$799   | 10.3 | 11.6             |
|                                   | \$800 - \$999   | 10.2 | 10.6             |
|                                   | \$1000 - \$1999   | 32.8 | 27.8             |
| \$2000 and over                   | 12.9  | 13.9 |                  |

Sources: *Population by Age and Sex, Australian States and Territories*, Catalogue No. 3201.0 (ABS, 2006c); *Marriages and Divorces*, Australia, Catalogue No. 3310.0 (ABS, 2003b); *Disability, Ageing and Carers: Summary of Findings*, Catalogue No. 4430.0 (ABS, 2004b); *Migration*, Catalogue No. 3412.0 (ABS, 2006d); *Experimental Estimates and Projections, Aboriginal and Torres Strait Islander Australians*, Catalogue No. 3238.0 (ABS, 2004c); *Education and Work*, Catalogue No. 6227.0 (ABS, 2005); *The Labour Force*, Catalogue No. 6202.0 (ABS, 2006e); *Housing Occupancy and Costs*, Catalogue No. 4130.0.55.001 (ABS, 2006f); *Household Income and Income Distribution, Australia, 2003-04*, Catalogue No. 6523.0 (ABS, 2006g).

Table A.4 compares the voting allegiance of CUPSE respondents with the voting intentions derived from a poll take by Roy Morgan Research in June 2006. The patterns revealed by the two sets of results are very similar.

**Table A.4: Comparisons of Voting Allegiance**

| Voting Allegiance      | Roy Morgan Research Opinion<br>Poll: 17-18 June 2006 | Community<br>sample |
|------------------------|--|---------------------|
| Liberal Party          | 39   | 41.1                |
| National Party         | 3  | 3.5                 |
| Australian Labor Party | 40.5   | 40.7                |
| Australian Democrats   | 1.5  | 1.2                 |
| The Greens             | 8.5  | 6.4                 |
| Other                  | 7.5  | 7.2                 |
| Total                  | 100  | 100                 |

Source: Roy Morgan Research Opinion Poll: <http://www.roymorgan.com/news/polls/Trends.cfm?>





## APPENDIX B: SERVICES INCLUDED IN THE CLIENT SAMPLE

**Table B.1: Industry Partner, Type of Service, Name and Location**

| Agency Name                           | Type of Service                       | Service Name  | Location          | State |
|---------------------------------------|---------------------------------------|---|-------------------|-------|
| <b>Anglicare Sydney</b>               | Emergency relief services             | Emergency Service – South East Region                                 | Marrickville      | NSW   |
|                                       | Emergency relief services             | Emergency Relief – Macarthur/Liverpool Region                         | Campbelltown      | NSW   |
|                                       | Emergency relief services             | Emergency Service - Outer West Region                                 | Rooty Hill        | NSW   |
|                                       | Refugee/migrant services              | Intake Welfare Service; Chinese Elderly Housing Project               | Cabramatta        | NSW   |
|                                       | Youth services                        | Early Intervention  | Parramatta        | NSW   |
|                                       | Youth services                        | Street Outreach   | Parramatta        | NSW   |
| <b>Brotherhood of St Laurence</b>     | Services for older people             | GK Tucker Settlement  | Carrum Downs      | VIC   |
|                                       | Services for older people             | Coolibah Centre   | Fitzroy           | VIC   |
|                                       | Child and family support services     | BSL Centre - Craigieburn  | Craigieburn       | VIC   |
|                                       | Accommodation services                | Sambell Lodge   | Clifton Hill      | VIC   |
|                                       | Jobseeker/employment support services | Personal Support Program (PSP)  | Frankston         | VIC   |
|                                       | Jobseeker/employment support services | Personal Support Program (PSP)  | Fitzroy           | VIC   |
|                                       | Refugee/migrant services              | Ecumenical Migration Service (EMC)                                    | Fitzroy           | VIC   |
|                                       | Child and family support services     | Home Interaction Program for Preschool Youngsters (HIPPY)             | Fitzroy           | VIC   |
|                                       | Jobseeker/employment support services | Job Network (JN)  | Frankston         | VIC   |
|                                       | Jobseeker/employment support services | STEP  | Fitzroy           | VIC   |
|                                       | Youth services                        | Job Placement, Employment and Training (JPET)                         | Fitzroy           | VIC   |
| Jobseeker/employment support services | GAPCo                                 | Fitzroy   | VIC               |       |
| <b>Mission Australia</b>              | Jobseeker/employment support services | Job Network (JN)  | Various locations | QLD   |
|                                       | Jobseeker/employment support services | Job Network (JN)  | Various locations | NSW   |
|                                       | Jobseeker/employment support services | Job Network (JN)  | Port Augusta      | SA    |
|                                       | Jobseeker/employment support services | Job Network (JN)  | Sale              | VIC   |
|                                       | Jobseeker/employment support services | Job Network (JN) and Complementary                                    | Mandurah          | WA    |
|                                       | Jobseeker/employment support services | Personal Support Program (PSP)  | Various locations | QLD   |
|                                       | Jobseeker/employment support services | Personal Support Program (PSP)  | Hobart            | TAS   |
|                                       | Jobseeker/employment support services | Personal Support Program (PSP)/New Enterprise Incentive Scheme (NEIS) | Sydney City       | NSW   |
|                                       | Youth services                        | Indigenous/ Youth services  | Dubbo             | NSW   |
|                                       | Child and family support services     | Family Support Program  | Cootamundra       | NSW   |
|                                       | Gambling services                     | Gambling and Financial Counselling                                    | Nowra             | NSW   |
|                                       | Child and family support services     | Communities for Children/ Family Day Care                             | Miller            | NSW   |
|                                       | Child and family support services     | Early Childhood Intervention Service                                  | Macarthur         | NSW   |
|                                       | Homeless support services             | Mission Australia Centre  | Surry Hills       | NSW   |
|                                       | Accommodation services                | Fairlight Centre  | Manly             | NSW   |
|                                       | Accommodation services                | Liverpool Centre  | Liverpool         | NSW   |
|                                       | Accommodation services                | A Woman's Place   | Kings cross       | NSW   |
|                                       | Work for the dole services            | Preston Community Work Co-ordinator                                   | Darebin           | VIC   |
|                                       | Accommodation services                | Newcastle Accommodation Support Service                               | Newcastle         | NSW   |
|                                       | Accommodation services                | The Parks Family Accommodation  | Adelaide          | SA    |
|                                       | Youth services                        | Onkaparinga Youth Services  | Adelaide          | SA    |
|                                       | Youth services                        | U-Turn  | Hobart            | TAS   |
|                                       | Youth services                        | Youth Futures   | Frankston         | VIC   |
|                                       | Youth services                        | Job Placement, Employment and Training (JPET)                         | Sunshine          | VIC   |
|                                       | Jobseeker/employment support services | Regional Environmental Employment Program (REEP)                      | Shepparton        | VIC   |
|                                       | Child and family support services     | Aurora House  | Kingston, Ipswich | QLD   |
|                                       | Homeless support services             | Café One  | Fortitude Valley  | QLD   |
|                                       | Accommodation services                | Youth Accommodation Support Services                                  | Perth             | WA    |
|                                       | Accommodation services                | Yirra   | Perth             | WA    |
|                                       | Child and family support services     | Jacaranda House   | Perth             | WA    |
|                                       | Child and family support services     | Wattle House  | Perth             | WA    |
|                                       | Jobseeker/employment support services | CWC/WFTD/PSP/NEIS   | Mt Druitt         | NSW   |
|                                       | Jobseeker/employment support services | Transition to Work and Personal Support Program (PSP)                 | Shepparton        | VIC   |

**Table B.2: Mean Deprivation Scores by Agency and Service Type**

| Agency/Type of Service                | Sample size <sup>(a)</sup> | Deprivation score |
|---------------------------------------|----------------------------|-------------------|
| <i>Agency:</i>                        |                            |                   |
| Anglicare, Sydney                     | 146                        | 5.97              |
| Brotherhood of St Laurence            | 144                        | 4.10              |
| Mission Australia                     | 364                        | 5.69              |
| Total                                 | 654                        | 5.40              |
| <i>Type of Service:</i>               |                            |                   |
| Emergency relief services             | 96                         | 6.68              |
| Refugee/migrant services              | 25                         | 2.56              |
| Youth services                        | 66                         | 4.98              |
| Services for older people             | 46                         | 4.17              |
| Accommodation services                | 55                         | 7.80              |
| Child and family support services     | 81                         | 4.99              |
| Jobseeker/employment support services | 230                        | 5.07              |
| Gambling services                     | 9                          | 3.89              |
| Homeless support services             | 24                         | 6.83              |
| Work for the dole services            | 14                         | 4.64              |
| Total                                 | 646                        | 5.40              |

*Note:* (a) Excludes cases where incomplete information is available.

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