

Towards New Indicators of Disadvantage: Deprivation and Social Exclusion in Australia

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Abstract

Concern over the reliability of conventional poverty studies has focused attention on the need to demonstrate that those identified as poor are actually experiencing hardship. This paper takes a step in this direction by examining poverty using a living standards approach derived from the literature on deprivation and social exclusion. Deprivation – defined as an enforced lack of socially perceived necessities – has emerged as a way of identifying who is missing out on what the community regards as the necessities (or essentials) of life. Social exclusion – which exists when individuals do not participate in key activities in society – has opened up new areas of inquiry relating to a lack of connectedness between individuals, the communities in which they live, and key economic and social processes. The findings indicate that many Australians face deprivation and exclusion in numerous aspects of their lives, and that those defined as poor in income terms are different from those who are deprived or excluded. The low overlap between the three indicators implies that they all have a role to play in documenting the extent of social disadvantage and helping to identify the factors that contribute to its various manifestations.

Key words: poverty; disadvantage; essentials of life; deprivation; social exclusion

1. Introduction*

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) (Saunders and Bradbury, 2006; Wilkins, 2007). These studies have focused community attention on the need to assess the adequacy of income support payments, 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).

However, conventional poverty studies have been criticised for adopting a narrow basis on which to determine whether or not someone's standard of living corresponds to poverty without providing additional evidence showing that those with low incomes are in hardship and missing out (Whiteford, 1997). The poverty line used to identify who is poor has also been criticised for being arbitrary, while the income statistics used to measure poverty fail to capture the role of resources other than income (e.g. wealth) that can be used to meet needs.

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 implication is that the role of these neglected factors will only emerge if the focus is shifted onto a broader framework that incorporates direct living standards indicators.

Problems have also been identified with the reliability of income as measured in social surveys in capturing the living standards of those at the bottom of the distribution. The Australian Bureau of Statistics (ABS) has argued that 'household income is not a good indicator of the total economic resources available to many people with very low recorded incomes' (ABS, 2006, p. 69). It now defines 'low income households' in its official income distribution reports in a way that excludes those in the lowest decile (bottom 10 per cent) of the income distribution because of these concerns (e.g. ABS, 2004).

Together, these developments suggest that an alternative approach is needed that involves identifying more directly the different forms of *deprivation* that people actually confront in their daily lives (Ringen, 1988). This response is consistent with the view that although income may provide a valuable metric for *measuring* poverty, the *concept* of poverty needs to be grounded in the

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conditions faced by those who experience it. It is this failure to provide such a foundation in poverty line studies that has exposed them to criticism for being out of touch with the lived realities of poverty (Lister, 2004; Saunders, 2005).

This paper takes a step in this direction by examining the issue of poverty using a living standards approach derived from the literature on deprivation and social exclusion. It discusses how these alternative frameworks overcome the criticisms set out above and presents findings from a new study into poverty and disadvantage in Australia.

The paper is organised as follows: Section 2 provides a brief overview of the literature on deprivation and social exclusion, focusing on their relationship with poverty defined as a lack of income. Section 3 describes the research strategy and summarises the data used in the analysis. Sections 4 and 5 present the main results on deprivation and social exclusion, respectively, while Section 6 considers the overlap between (income) poverty, deprivation and exclusion. The main conclusions are briefly summarised in Section 7.

2. Poverty, Deprivation and Social Exclusion

Although both deprivation and social exclusion have emerged as major themes in the poverty literature, their role and contribution have differed. The concept of deprivation has mainly been used to identify who is in poverty following its initial development by British sociologist Peter Townsend (1979), 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)

In order to make the approach operational, it is necessary to identify which goods and activities are ‘widely encouraged or approved’ in society, and establish that those who do not have these items are constrained by a lack of resources from obtaining them. Deprivation can then be defined as *an enforced lack of socially perceived necessities (or essentials)* (Mack and Lansley, 1985, p. 39).

The key feature of the deprivation approach that links it closely to the notion of poverty is its emphasis on a *lack of resources* as the underlying cause. This implies that deprivation can help to identify who is in poverty and guide decisions about how much income is needed to avoid it.¹ Deprivation studies

1 Berthoud, Bryan and Bardasi (2004) have emphasised that 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.

proceed in three stages: first, they identify those items that are regarded by a majority of the population as being essential; second those who do not have each of these items are identified; third those that do not have each item because they cannot afford it are identified. Those who fall into this final category are deprived, because they are unable to afford those items regarded as essential by a majority of the community (Mack and Lansley, 1985; Gordon and Pantazis, 1997; Gordon and Townsend, 2000; Pantazis, Gordon and Levitas, 2006).

The deprivation approach has gained increased acceptance among policy makers, particularly in Europe, and deprivation indicators have been incorporated into the official poverty reduction targets adopted in Britain (Willitts, 2006) and Ireland (Combat Poverty Agency, 2002). Deprivation has been used to study poverty in countries as diverse as South Africa (Klasen, 2000) and New Zealand (Salmond et al., 2006; Jensen et al., 2006). To date, however, it has had little impact in Australia, aside from one exploratory study commissioned over a decade ago by the Department of Social Security and conducted by Travers and Robertson (1996).

The concept of social exclusion emerged as a way of shifting the focus away from poverty defined in terms of low-income onto the factors that contributed to the precariousness that often accompanies unemployment or disengagement from the labour market (Paugam, 1996). As one of its leading proponents argued, the social exclusion approach rests on a perspective in which:

‘Society is [seen as] a status hierarchy or [a] number of collectivities, bound together by sets of mutual rights and responsibilities that are rooted in some broad moral order. Social exclusion is the process of becoming detached from this moral order’ (Room, 1995, p. 6)

The key ideas implicit in the social exclusion approach have been identified by Atkinson (1998) as being: *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.

These central ideas have been developed in work undertaken by researchers at the Centre for the Analysis of Social Exclusion (CASE) at the London School of Economics. This work has emphasised 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, and social and physical environments in which people live.² A definition of social exclusion has been adopted in which:

2 The CASE researchers have also argued 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).

‘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)

Social exclusion has exerted a powerful impact on policy development in Britain, and the related concepts of social inclusion and social cohesion now feature prominently on the European social policy agenda (Atkinson, 2007). Like deprivation, social exclusion has to date had little impact in Australia. Although it has been employed in studies of housing (Arthurson and Jacobs, 2004) and refugees (Taylor, 2004), it has as yet had little impact on policy, where the welfare to work agenda has been dominated by a narrow focus on encouraging participation through employment (Reference Group on Welfare Reform, 2000).³

In summary, while the deprivation approach has been used to better identify poverty, social exclusion offers an alternative that opens up broader issues associated with the role of institutional structures and processes in promoting or impeding rights and responsibilities. Both concepts are related to poverty, but these links have been developed in different ways and been given different emphases. This paper applies the deprivation and exclusion frameworks to examine patterns of Australian living standards and social disadvantage.⁴ 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.

3. Research Strategy and Data

The main goal of the *Left Out and Missing Out* project was to draw directly on the experiences and views of disadvantaged people to generate a new body of evidence designed to broaden our understanding of deprivation (‘missing out’) and social exclusion (being ‘left out’) in an Australian context.⁵ The research was conducted in two stages. Stage I consisted of a series of focus groups (10 with community sector agency welfare service clients and 3 with community sector agency staff) that examined 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.⁶

3 The new federal government has given prominence to promoting social inclusion as a key element of its approach to social policy, but at the time of writing (April 2008) had not implemented any specific measures.

4 Social disadvantage has been defined by Vinson (2007) as ‘a range of difficulties that block life opportunities and which prevent people from participating fully in society’. He notes that ‘obviously the difficulties in question include economic poverty but they are wider than a lack of financial resources’ (Vinson, 2007, p. 1).

5 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.

6 The focus groups took place in metropolitan and regional sites in New South Wales and Victoria and involved 98 participants (71 clients and 27 staff). The discussions are summarised in Saunders and Sutherland (2006) and in Chapter 3 of Saunders, Naidoo and Griffiths (2007).

Participants were also asked to comment on the relevance of some of the questions asked by agencies like the ABS to help identify the extent of financial stress and hardship in Australia.⁷

The focus group findings affected the design and content of the *Community Understanding of Poverty and Social Exclusion* (CUPSE) survey that formed the basis of Stage 2 of the research. The questionnaire also drew on previous studies of deprivation and exclusion conducted in Australia (Travers and Robertson, 1996), Britain (Pantazis, Gordon and Levitas, 2006), Ireland (Nolan and Whelan, 1996) and New Zealand (Krishnan, Jensen and Ballantyne, 2002). Together with the focus group findings, the approach was designed to ensure that the questions asked had a firm grounding in the knowledge base about what constitutes deprivation and exclusion, including that derived from the interviews with low-income and disadvantaged Australians.

The CUPSE questionnaire was mailed out in April 2006 to a random sample of 6,000 adults drawn from the federal electoral roll and by the cut-off date (4 August) had produced 2,704 completed responses, representing a response rate of 46.9 per cent.⁸ A shorter version of the same survey was also completed by 673 clients of selected welfare services at the time when they accessed services, although this paper focuses on the main community survey only. Results for the welfare service client sample are presented and discussed in Saunders, Naidoo and Griffiths (2007).⁹

The CUPSE survey included a list of possible essential items – defined as things that no-one in Australia should have to go without today. Respondents were asked whether they thought that each item was essential, whether or not they had the item and, if they did not, whether or not this was because they could not afford it.¹⁰ Those items that are regarded as essential by at least 50 per cent of respondents were identified as constituting the ‘essentials of life’ that formed the basis of the analysis of deprivation (Saunders, 2006). The survey also included questions on the respondents’ involvement in a number of key activities and different experiences of hardship, and these were used to develop the indicators of social exclusion. The structure and sequencing of the questions

7 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 (ABS, 2000). Similar questions have been included in the *Household, Income and Labour Dynamics in Australia* (HILDA) survey.

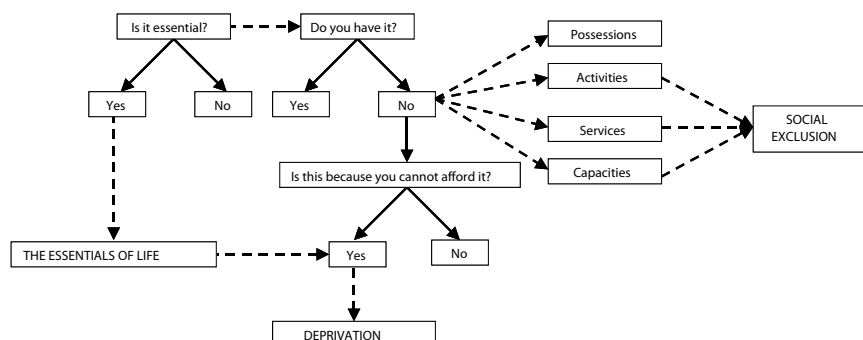
8 Further details of the characteristics of the community sample are provided in Appendix A of Saunders, Naidoo and Griffiths (2007). The response rate was slightly above that of 44 per cent achieved in the 2003 *Australian Survey of Social Attitudes* – see Wilson, Meagher, Gibson, Denmark and Western (2005, p. 7).

9 The services were operated by the research partners (with the exception of ACOSS, which does not have a service provision role), who selected the participating services, briefed the staff who administered the survey and distributed and collected the questionnaires. Further details of the participating services are provided in Saunders, Naidoo and Griffiths (2007: Appendix B).

10 The final question was only asked of those items that individuals can buy for themselves, and was not asked of items that are either provided collectively (e.g. access to a bulk-billing doctor) or are not purchasable (e.g. to be treated with respect by other people).

used to identify the items that contribute to deprivation and exclusion are shown in Figure 1.

Figure 1: Structure of Questions Used to Identify Enforced Lack of Essentials



As can be seen from Figure 1, the focus of the analysis of deprivation was on those items that people can buy for themselves (hence the relevance of the ‘can you afford it?’ question). In contrast, this question was not used to filter the responses when identifying social exclusion, which unlike deprivation, reflects what people do not do, as opposed to what they cannot afford.¹¹ However, the majority rule criterion was used to identify the ‘key activities’ relevant to inclusion and exclusion (see Figure 1), although this question was not asked of many of the items used to develop the exclusion indicators.¹²

4. From Essentials to Deprivation

In total, 61 items were included as potential essentials in the CUPSE questionnaire, and of these 48 were regarded as essential by at least 50 per cent of respondents, with 30 items receiving at least 90 per cent support.¹³ Of the 48 essentials of life, only 26 relate to items that individuals can buy for themselves and are relevant to the entire population.¹⁴ Table 1 shows the 26 items, ranked according to the degree of support for them being essential, and indicates the percentage of respondents that regarded each item as essential and the incidence of deprivation for each item. Results are presented as raw (unweighted) percentages, and after re-weighting the survey data to reflect the age structure

11 The approach used to identify exclusion will include some items that the respondents themselves say that they do not want. Although these cases could have been (indirectly) filtered out, this was not done because self-exclusion is acknowledged to be an important aspect of the exclusion process (Sen, 2000).

12 Examples of activities where the ‘Is it essential?’ question was not asked are: having no social life; being able to pay one’s way when out with friends; and not being able to attend a wedding or funeral. It seems unlikely that these activities would not be regarded as essential by a majority of the population.

13 Among the items that did not achieve the 50 per cent threshold were a home computer, mobile phone, DVD player and dishwasher. It should be emphasised that 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.

14 Items that are only relevant to specific groups (such as aged care for frail older people) were not included in the analysis of deprivation (but do enter into the analysis of exclusion – see below).

of the population.^{15 16} It is clear that re-weighting the data makes very little difference to the results.

Table 1: Support For Each Item being Essential and the Incidence of Deprivation (percentages)

| Essential Item | Support for each item being essential | | Incidence of deprivation | |
|--|---------------------------------------|----------|--------------------------|----------|
| | Unweighted | Weighted | Unweighted | Weighted |
| Medical treatment if needed | 99.9 | 99.9 | 2.0 | 2.1 |
| Warm clothes and bedding, if it's cold | 99.8 | 99.8 | 0.2 | 0.3 |
| A substantial meal at least once a day | 99.6 | 99.6 | 1.1 | 1.2 |
| Able to buy prescribed medicines | 99.4 | 99.3 | 3.9 | 4.5 |
| Dental treatment if needed | 98.6 | 98.5 | 13.9 | 14.5 |
| A decent and secure home | 97.3 | 97.3 | 6.6 | 7.1 |
| School activities / outings for children | 94.8 | 94.7 | 3.5 | 3.6 |
| Dental check-up for children | 94.7 | 94.3 | 9.1 | 9.8 |
| A hobby or leisure activity for children | 92.5 | 92.5 | 5.7 | 5.7 |
| Regular social contact with other people | 92.3 | 92.5 | 4.7 | 4.7 |
| A roof and gutters that do not leak | 92.3 | 91.5 | 4.6 | 4.8 |
| Secure locks on doors & windows | 91.8 | 91.6 | 5.1 | 5.0 |
| Furniture in reasonable condition | 91.2 | 89.3 | 2.6 | 2.8 |
| Heating in at least one room of the house | 89.0 | 87.4 | 1.8 | 2.1 |
| Schoolbooks / new clothes for children | 89.0 | 88.5 | 3.8 | 4.0 |
| Separate bed for each child | 84.7 | 84.0 | 1.6 | 1.7 |
| A telephone | 82.7 | 81.1 | 1.5 | 1.9 |
| Up to \$500 in savings for emergency | 82.3 | 81.1 | 17.6 | 19.6 |
| A washing machine | 81.8 | 79.4 | 0.8 | 1.1 |
| Home contents insurance | 77.4 | 75.1 | 9.5 | 11.1 |
| Presents for family or friends each year | 73.1 | 71.6 | 6.6 | 6.8 |
| Computer skills | 68.5 | 68.7 | 5.2 | 4.6 |
| Comprehensive motor vehicle insurance | 63.4 | 60.2 | 8.6 | 9.8 |
| Week's holiday away each year | 54.7 | 52.9 | 22.4 | 23.6 |
| A television | 54.7 | 50.9 | 0.2 | 0.2 |
| Separate bedroom for children aged 10 and over | 50.3 | 49.1 | 6.1 | 6.7 |

The items that appear at the top of the essentials ranking reflect the basic necessities of food and shelter. Several items relating to access to medical treatment (including dental treatment and prescribed medications) also feature at the top of the ranking, while other high-ranking items provide people with

15 The CUPSE sample contains an over-representation of older people (aged 50 and over) and an under-representation of younger people (aged 30 and under). The weighted results adjust for these patterns using ABS data on the age structure of the population.

16 The responses to those items that relate directly to only sub-sections of the population (e.g. items that refer specifically to the needs of children) incorporate what those respondents who are not in these situations think would be essential if they were. In contrast, the deprivation rates reflect only those who do not have each item because they cannot afford it, so that, for example, those without children will not be identified as deprived of those items that relate to children's needs.

security and protection against unforeseen risks if things go wrong – emergency savings, secure locks on doors and windows and different forms of insurance coverage. A number of the essential items cover aspects of social participation and interaction, including regular social contact with other people and an annual week's holiday away from home. All of the 8 items in the original list of 61 items that make specific mention of the needs of children received majority support for being essential, although only 6 of them are relevant to deprivation and thus appear in Table 1.¹⁷

Table 1 indicates that the incidence of deprivation varies from one per cent or less in the case of a substantial daily meal, warm clothes and bedding, a telephone, a washing machine and a television, 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), and an annual dental check-up for children (9.1 per cent). These rates all increase slightly when the sample is weighted to reflect the age structure of the population as a whole.

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*. These findings highlight the fact that many Australians may be getting by, but are only a minor mishap (a faulty refrigerator, a scrape in the car, or a toothache) away from becoming deprived.

Table 1 illustrates the *diversity* of deprivation but says little about its *severity*. To examine this issue, it is necessary to combine the different dimensions of deprivation into a single measure. One such approach involves deriving deprivation scores by summing the number of deprivations experienced by each individual and then comparing mean scores between groups in the population.¹⁸ Table 2 compares the mean unweighted deprivation scores across groups defined on the basis of their socio-economic characteristics. Because these groups vary in size, the sample size in each case is also presented.

17 The other two child-related items are a safe outdoor space for children to play at or near home, and a local park or play area for children. Both were regarded as essential by over 90 per cent of respondents but neither enters into the deprivation analysis because they cannot be purchased privately and thus the 'can you afford it?' question does not apply.

18 The deprivation scores discussed here take no account of either the strength of support for each item being essential, or of the actual prevalence of each item among the population. The merits of alternative methods of weighting deprivation indices are discussed by Hällerod, Bradshaw and Holmes (1997) and Willits (2006).

Table 2: Deprivation Index Scores by Selected Socio-economic Characteristics (unweighted)

| Characteristic | Sample size | Deprivation score |
|--------------------------------------|-------------|-------------------|
| Age: | | |
| Under 30 | 324 | 1.97 |
| 30-64 | 1714 | 1.43 |
| 65 and over | 551 | 0.87 |
| Family type: | | |
| Single older person | 150 | 1.33 |
| Older couple | 310 | 0.55 |
| Single, working-age (WA) | 201 | 2.14 |
| WA couple, no children | 520 | 0.84 |
| WA couple, with children | 1094 | 1.29 |
| Sole parent family | 162 | 3.48 |
| Main activity: | | |
| Employed | 1302 | 1.15 |
| Unemployed | 59 | 3.66 |
| Caring for children or adults | 91 | 2.66 |
| Principal source of income: | | |
| Wages, salaries or interest | 1713 | 1.06 |
| Social security payment | 573 | 2.28 |
| Housing tenure: | | |
| Owner/purchaser | 1961 | 0.81 |
| Private renter | 358 | 3.49 |
| Public renter | 102 | 3.91 |
| Country of birth: | | |
| Australia | 1975 | 1.43 |
| Another English-speaking country | 347 | 0.86 |
| Another non English-speaking country | 277 | 1.61 |
| Indigenous/ATSI: | | |
| Yes | 20 | 5.60 |
| No | 2566 | 1.33 |
| Has an on-going disability: | | |
| Yes | 489 | 1.96 |
| No | 2107 | 1.24 |
| All households | 2661 | 1.38 |

Deprivation declines across the three broad age categories and across family types, is highest among sole parent families. For working-age couples, having a child in the household increases the mean deprivation score by around 50 per cent, while it increases by a further two-and-a-half times when there is only one parent. 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 – higher than the average for households that are mainly reliant on a social security payment. The relatively high mean deprivation score for those who are reliant on social security raise questions about the adequacy of social security payments.

High levels of deprivation are associated with being a renter (in either the private or public sectors, which have similar mean scores), or being born in a non English-speaking country. The level of deprivation experienced by Indigenous Australians exceeds that of the non-Indigenous population by a factor of more than four-to-one and is the highest in any single category identified in this analysis. 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, 2007).

5. Indicators of Exclusion

Following studies on social exclusion conducted in Britain by Hills, Le Grand and Piachaud (2002) and Bradshaw (2004), a series of indicators of social exclusion were developed in three main areas.¹⁹ *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 broader measures of command over resources that encompass, in addition to income, access to savings, credit, assets and the labour market.²⁰

Some of the exclusion indicators are only relevant to specific groups (e.g. child care for working parents; aged care services for frail older people) and do not apply to all members of the community. In these instances, the incidence of exclusion is defined relative to those who fall within the relevant target groups, not relative to the total sample. Thus, only parents aged 18-64 years are considered relevant to the child care indicator, and only those aged 70 and over are relevant to the services for the frail aged indicator.

Unlike in many British studies of social exclusion, the income poverty rate has not been included as an indicator of economic exclusion. This was done in order in order to maintain 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 ability to generate them). Including the poverty rate as an indicator of economic exclusion

19 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.

20 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 rather than as a form of exclusion attributable to a broader range of social and contextual factors.

would also make it difficult to examine the overlap between the two concepts (see below) and reduce the value of that analysis. 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 3 lists the indicators of exclusion and shows the incidence of each on an unweighted and weighted basis. Looking across all 27 indicators, the three with the highest incidence 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). Other areas where exclusion is high include no participation in community activities (28.1 per cent), no access to a bulk-billing doctor (26.4 per cent), does not have \$50,000 worth of assets (27.2 per cent) and lives in a jobless household (20.8 per cent).²¹ In general, social exclusion is far more prevalent than deprivation, with the mean overall incidence of exclusion (18.7 per cent) over three times higher than that for deprivation (5.8 per cent).

In terms of the different forms of disengagement, exclusion is highest in relation to 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.²² The fact that the first two of these four items impact directly on children raise concerns about the longer-run impacts, while the other two show that many people are excluded from the kinds of social and community activities that help to strengthen community networks and build social capital. Over one-in-ten respondents report having no social contact with other people and not having a social life, while close to one-third did not participate in community activities like volunteering, sporting or cultural events (as a participant or spectator), neighbourhood groups or political campaigns. The high proportion of the sample that does not have access to a bulk-billing doctor (26.4 per cent) is indicative of the erosion of universal coverage under Medicare. Around 7 per cent of the sample has no access to a bank or building society, and a similar percentage of the children of those with school-age children are excluded from school activities and outings.

21 The community activities referred to in the relevant CUPSE 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. Respondents were defined as excluded in this area if they indicated that they had participated in none of these activities over the last twelve months.

22 Although the lack of a week's holiday away also appears as one of the indicators of deprivation (see Table 1) the (lack of) affordability has not been used as a filter to identify the exclusion rate of this item in Table 3.

Table 3: The Incidence of Different Forms of Social Exclusion (percentages)

| Exclusion Indicator | Unweighted | Weighted |
|---|------------|----------|
| Disengagement: | | |
| No regular social contact with other people | 13.0 | 12.5 |
| Did not participate in community activities | 28.1 | 26.9 |
| Does not have a social life | 11.3 | 10.5 |
| No week's holiday away from home each year | 43.7 | 43.9 |
| Children do not participate in school activities or outings | 6.7 | 7.0 |
| No hobby or leisure activity for children | 14.2 | 15.3 |
| Couldn't get to an event due to lack of transport | 5.0 | 5.7 |
| Could not go out with friends and pay their way | 21.4 | 24.1 |
| Unable to attend a wedding or funeral | 3.2 | 3.1 |
| Service Exclusion: | | |
| No medical treatment if needed | 3.0 | 3.1 |
| No access to a local doctor or hospital | 4.5 | 4.4 |
| No dental treatment if needed | 18.7 | 19.2 |
| No access to a bulk-billing doctor | 26.4 | 25.8 |
| No access to mental health services, if needed | 24.9 | 25.0 |
| No child care for working parents | 52.7 | 51.3 |
| No aged care for frail older people | 47.8 | 46.7 |
| No disability support services, when needed | 50.2 | 50.2 |
| No access to a bank or building society | 7.0 | 7.0 |
| Couldn't make electricity, water, gas or telephone payments | 12.5 | 13.4 |
| Economic Exclusion: | | |
| Does not have \$500 in emergency savings | 23.9 | 26.1 |
| Had to pawn or sell something or borrow money | 6.5 | 7.2 |
| Could not raise \$2,000 in a week | 14.2 | 14.6 |
| Does not have \$50,000 worth of assets | 27.2 | 27.7 |
| Has not spent \$100 on a special treat | 9.1 | 8.6 |
| Does not have enough to get by on | 6.2 | 6.1 |
| Currently unemployed or looking for work | 3.9 | 4.2 |
| Lives in a jobless household | 20.8 | 19.9 |

The broader measures of economic resources and capacity indicate that over one-quarter of the 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. Close to one-in-ten had not spent \$100 or more on a special treat for themselves in the last year, and over 6 per cent say they do not have enough to get by on, or have had to pawn or sell something or borrow money in the last year.²³

²³ We have followed the CASE approach and not aggregated the exclusion indicators into an overall index, 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. However, an index of multiple exclusion is used in the overlap analysis conducted in Section 6.

6. The Overlap Between Poverty, Deprivation and Exclusion

Several overseas studies have examined the overlap (or mismatch – its converse) between poverty, deprivation and exclusion as a way of establishing whether the three conditions affect the same groups, or to justify an approach that treats them separately (Bradshaw and Finch, 2003; Bradshaw, 2004; Perry, 2002). Both aims have an important role to play in improving our understanding of the nature of social disadvantage and the links between the different indicators used to measure it. The incidence of multiple deprivation and multiple exclusion (defined in both cases as the total number of indicators experienced) was estimated by setting a threshold (explained below) and calculating how many fall below it.

The first step in establishing the extent of the overlap between the different indicators 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).²⁴ The estimate of median income has been derived from the unweighted CUPSE income data and the resulting poverty rate is 17.7 per cent (Table 4).²⁵

It is convenient to set the thresholds that define deprivation and exclusion (based on the multiple incidence of each) so that they produce incidence rates that are similar to the poverty rate. This 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.²⁶ 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, while social exclusion was defined as experiencing 7 or more exclusion indicators.

When these definitions are applied to the CUPSE data, the (unweighted) deprivation and exclusion rates produced are 18.8 per cent and 17.9 per cent, and Table 4 shows the resulting overlaps between poverty and deprivation, between poverty and the different forms of exclusion, and between all three conditions together.²⁷ Not surprisingly given its emphasis on affordability, the overlap between poverty and deprivation is greater than that between poverty

24 The income variable used for this purpose is gross income and this is likely to lead to an over-estimate of the poverty rate because tax paid at the median is higher than that payable on incomes below the poverty line. However, this is not expected to affect the results markedly, or the conclusions derived from them. The use of a 50 per cent cut-off to identify poverty could be complemented by a 60 per cent cut-off, as is the case in studies for Britain (Bradshaw, 2004) and New Zealand (Waldegrave, Stephens and King, 2003).

25 The estimated poverty rate is above that found in other recent studies (e.g. Wilkins, 2007). This reflects the imperfections of the CUPSE income variable, which is only available in broad ranges. 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.

26 A similar approach has been used by Bradshaw and Finch (2003) and Perry (2002) to examine and compare the overlap between income poverty and deprivation measures.

27 The figures in Table 4 have been expressed as percentages of those in poverty, although they could also be expressed using either deprivation or exclusion as the base.

and social exclusion, although the difference is small. In round terms, about 40 per cent of those who are in poverty are also deprived, while around 37 per cent of those who are in poverty are also excluded.²⁸

Table 4: Overlaps Between Income Poverty, Deprivation and Social Exclusion (percentages)

| | Unweighted | Weighted |
|--|------------|----------|
| Poverty rate | 17.7 | 17.8 |
| Deprivation rate (3 or more indicators) | 18.8 | 20.2 |
| Social exclusion rate (7 or more indicators) | 17.9 | 19.1 |
| Percentage in poverty who are also deprived | 39.2 | 41.3 |
| Percentage in poverty who are also excluded | 36.6 | 37.8 |
| Percentage in poverty who are also disengaged | 29.5 | 30.1 |
| Percentage in poverty who are also service excluded | 29.7 | 30.2 |
| Percentage in poverty who are also economically excluded | 35.1 | 36.3 |
| Percentage in poverty also deprived and excluded | 28.7 | 29.8 |
| Core disadvantaged ^(a) | 5.1 | 5.3 |

Note: (a) The size of the core disadvantaged group is equal to the product of the estimates in the first and penultimate rows.

Rows 6-8 of Table 4 show the overlaps between poverty and the three different forms of social exclusion described earlier.²⁹ These estimates indicate that the overlap is greatest between poverty and economic exclusion, although it is well below the maximum of 100 per cent that would apply if the two concepts overlapped perfectly.³⁰ The overlap between all three forms of exclusion and poverty lies in a narrow range between 29 per cent and 35 per cent, which is slightly below the overlap between poverty and social exclusion as a whole (36.6 per cent). An implication of these relatively 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.

The final row of Table 4 shows the percentages of those who simultaneously experience all three conditions. These individuals have low incomes (below half the median), as well as experiencing 3 or more deprivation conditions and 7

28 If the three conditions were completely independent of each other (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 4, 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. The percentage of those in poverty who were both deprived and excluded would be 3.4 per cent.

29 The number of indicators of the three separate forms of exclusion was also chosen 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 as experiencing three or more conditions in each case.

30 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 done. This is another reason for not including the poverty rate as an indicator of social exclusion.

or more exclusion indicators. Those included in this group are thus facing a high level of severe, multi-dimensional disadvantage and they form the core of those who are disadvantaged.³¹ In round terms, this core disadvantaged group corresponds to just over one-quarter (28.7 per cent) of those below the poverty line and represents around 5 per cent of the sample as a whole.³²

7. Conclusions

An underlying motivation of this study has been to reduce the reliance on income poverty lines for identifying social disadvantage. 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 of the research beyond a purely income focus to include other dimensions of the standard of living.

In moving in this direction, we have developed a series of new indicators of disadvantage that are more closely connected with the lives and experiences of those living in poverty. The two concepts that have informed the research – deprivation and social exclusion – are both closely linked with poverty, but both are multi-dimensional, and the indicators used here to identify them are more firmly grounded in the actual experience of missing out. In focusing on these features, the goal has been to generate new findings on the nature of social disadvantage based on a broader measure of ‘command over resources’ that does not rely on judgements about where to set a poverty line.

It is clear from the overlap results that the approach produces different findings to those produced by applying a conventional poverty framework, and this implies that these differences have an important impact on who is regarded as most at risk of disadvantage. This in turn has important 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. It is important to emphasise, however, that this research does not imply that we should abandon the use of income poverty lines altogether. They will continue to provide important benchmarks for assessing disadvantage within and between countries, but there is also a need for poverty rates to be supplemented by other measures that capture other dimensions of disadvantage.

31 We are not suggesting that only those in the core disadvantaged group warrant assistance. Rather, our view is that all three indicators provide important information about the nature of disadvantage, including who is affected and what kinds of action are needed.

32 Space limitations prevent us from analysing the characteristics of those in the core disadvantaged group. This aspect of the research is on-going and the findings will be reported later.

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