

TOWARDS NEW INDICATORS OF DISADVANTAGE PROJECT

BULLETIN NO. 2: DEPRIVATION IN AUSTRALIA

BY PETER SAUNDERS

INTRODUCTION

An article in an earlier issue of the SPRC Newsletter described the *Left Out and Missing Out (LOMO): Towards New Indicators of Disadvantage* project and presented results on the essentials of life. The project is funded by the Australian Research Council Linkage Grant Scheme and is based on a collaboration between the SPRC and our Industry Partners Mission Australia, the Brotherhood of St Laurence, ACOSS and Anglicare, Diocese of Sydney. The research has generated new nationwide data that is being used to identify who is deprived ('missing out') and excluded ('left out') from the benefits associated with Australia's current period of extended economic growth and rising incomes.

The data has been produced by two surveys conducted in 2006. The first was a national postal survey of 6 000 adult Australians drawn at random from the electoral rolls. This was supplemented by a second survey targeted at those who used selected welfare services provided by the Industry Partner agencies. Both surveys were conducted over a three-month period in mid-2006. Welfare service clients were asked to complete a shortened version of the main survey when they accessed services - almost none of those approached refused to participate. The first (postal sample) was designed to build, for the first time, a comprehensive national picture of the extent and nature of deprivation and social exclusion in Australia. The second (client sample) is significant because the most vulnerable people are generally under-represented in postal surveys, and also because we wanted to find out more about the kinds of problems faced by welfare service clients, who are by definition doing it tough.

As explained in the earlier article, 2 704 people responded to the postal survey (a response rate of about 48 per cent), while 673

completed the shorter client survey. Further analysis indicates that the postal sample is reasonably representative of the general population, although it contains more people over 50 than the population, whereas the client sample is dominated by younger people (under 30), because these are the age groups at which the services that were included are targeted. Together, the two surveys provide a very rich source of new data that are being analysed to gain a better understanding of the kinds of problems faced by those who have been left out and are missing out - those that the benefits of economic progress have thus far, failed to reach.

THE ESSENTIALS OF LIFE

Both surveys included a series of questions asking which among a list of items are essential in Australia today - things that no-one should have to go without. Participants were asked to indicate for each item:

1. Whether or not they thought that the item was essential for all Australians;
2. Whether or not they themselves had the item; and
3. If they did not have the item, whether this was because they could not afford it, or because they did not want it.

The last question was only asked of those items that individuals themselves could buy; it was not asked of items like access to a public telephone, or to a bulk-billing doctor under Medicare that cannot be bought by individuals but are provided collectively by government.

The 'essentials of life' questions covered a broad range of items, activities, opportunities and other characteristics that previous research has shown to be associated with deprivation and social exclusion. The list of potential items included basic items (for example, a substantial meal at least

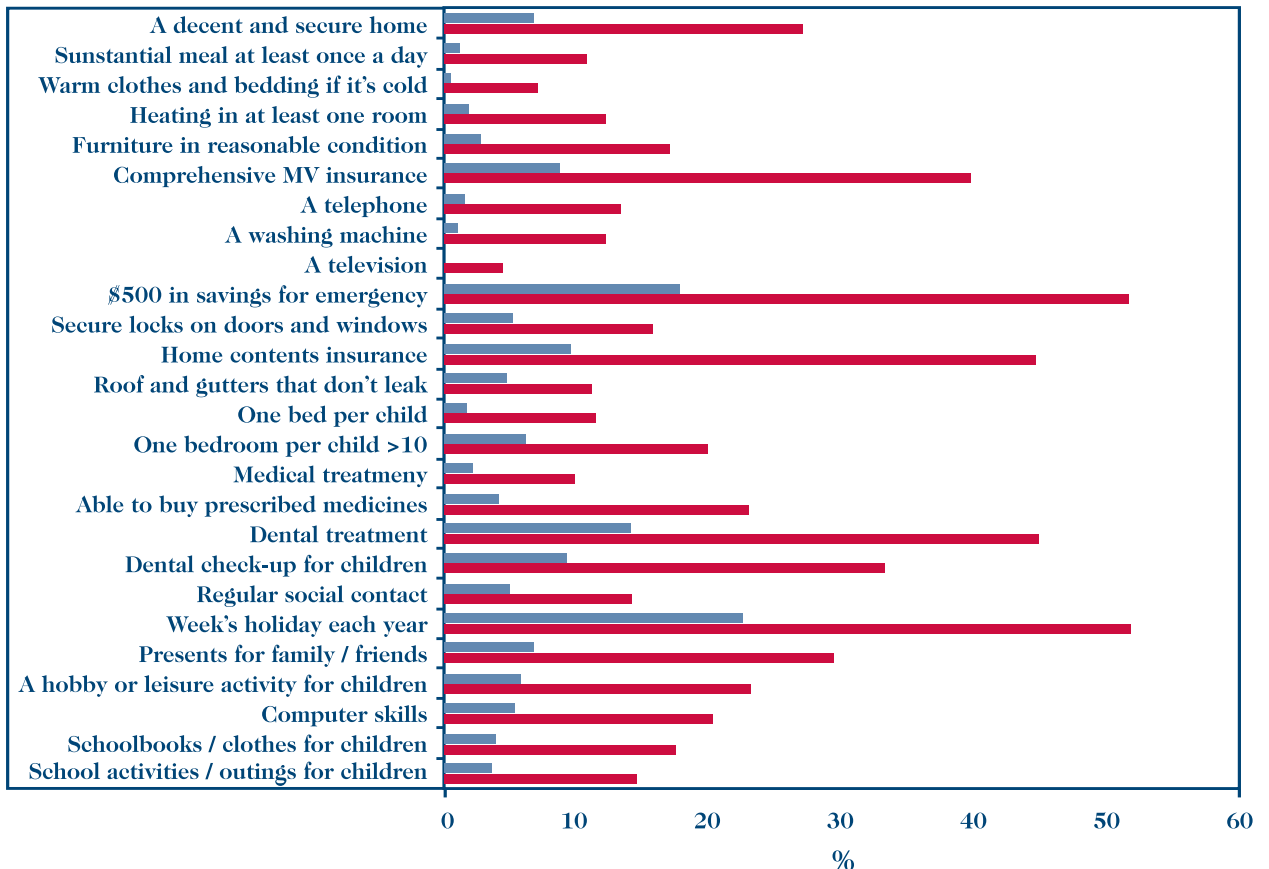
once a day; heating in at least one room of the house), items that reflect or influence people's connections with community life (to be treated with respect by other people; a night out once a fortnight), items that people need at particular times in their lives (dental treatment; child care for working parents), and the ability to make use of key facilities and services (good public transport; and streets that are safe to walk in at night). Several of the items related specifically to the needs of children, including a separate bed for each child, a local park or play area for children, and up to date schoolbooks and new school clothes.

FROM ESSENTIALS TO DEPRIVATION

The definition of deprivation that has evolved from three decades of international (mainly British) research is an *enforced lack of socially perceived necessities (or essentials)*. The first stage in identifying the profile of deprivation involves identifying the list of socially perceived essential items. As indicated in the earlier article, responses to the 'Is it essential?' question were used to identify which items are regarded as essential by a majority of the population. This benchmark was taken as indicative of items about which there is a community consensus that they are essential. Only the postal sample was used in this stage, because we were interested in what *the community as a whole* regards as essential in modern-day Australia. Of the 61 items included in the postal survey, 48 passed the 'majority rule' criterion. However, a number of these items could not be bought by individuals and were thus not used to identify deprivation, which focuses on an *enforced lack* of each item that results from not being able to afford it.

The earlier article indicated that two items - a car and a separate bedroom for each child aged over

Figure 1: The Incidence of Deprivation among the Postal (Blue) and Client (Red) Samples (percentages)



10 – were very close to the 50 per cent cut-off. Further analysis revealed substantial differences in the views of different age groups about these two items (particularly about the car) and after adjusting for the over-representation of older people in the postal sample, support for the car being essential fell just below the threshold. It was therefore excluded from the final list, which contained the 26 items shown on the left hand side of Figure 1. The list includes basic needs items, such as a decent and secure home and a substantial daily meal, consumer durables like a washing machine and a television, access to medical and dental services and to prescribed medications, social participation activities such as regular social contact with others and an annual holiday, and risk-protection items like secure locks at home, insurance coverage and savings for an emergency.

Figure 1 shows the percentages of the two samples that are deprived in relation to each of the 26 items. For the postal survey, the incidence of deprivation is very low in the case of items like a

substantial daily meal, warm clothes and bedding, a telephone, a television and a separate bed for each child. 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 (9.0 per cent), and comprehensive motor vehicle insurance (8.6 per cent). These patterns are unaffected when the postal 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: an adequate level of savings for use in an emergency, appropriate insurance coverage and access to dental care. The absence of these items among large sections of the population highlights the fact that many Australians may be managing, but are only a minor mishap (a scrape in the car, a toothache, or a broken refrigerator) away from

being unable to make ends meet financially. The other item where the incidence of deprivation is high – a week's holiday away from home – might be seen by some as a 'luxury' that has little to do with being deprived or disadvantaged. However, this item only enters the list because a majority of the population (around 53 per cent) regard it as essential: it is what *the community* thinks is essential that determines what is included in Figure 1, not what we as researchers think. This variable also has an insurance element, reflecting the need for families to have a break together and relax and re-group, away from the pressures of everyday (working) life.

The findings for the client sample paint a far bleaker picture of the extent of deprivation than those for the postal sample. At one level, this is hardly surprising since the client sample has been deliberately chosen to represent those who, having been forced to seek assistance from a welfare service, are likely to be most disadvantaged. Even so, it is still important to establish just how deprived those who use welfare



services actually are. The average incidence of deprivation across all 26 items among the client sample is 22.2 per cent, four times higher than that for the postal sample (5.7 per cent). The difference is hardly affected by adjusting for the differences in the age composition of the two samples.

Among those in the client sample (re-weighted so that it has the same age composition as the postal sample), the incidence of deprivation is highest in relation to a week's holiday away (51.7 per cent), not having \$500 in savings for use in an emergency (51.6 per cent), home contents insurance and dental treatment (both 44.7 per cent), and comprehensive motor vehicle insurance (39.7 per cent). The deprivation rate exceeds one-quarter in relation to 8 items (whereas it never exceeds this figure in the postal sample). Around one-in-eight of those in the client sample report not being able to afford 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, have regular social contact with other people, or can afford to let their children participate in school outings or activities.

The evidence on deprivation among those who use welfare services illustrates the enormity of the challenges facing those who are working at the coalface of service delivery in these agencies. With tightly constrained budgets, these service delivery agencies can do little more than act as a palliative against the worst extremes of deprivation. The fact that those using welfare services face such high levels of deprivation suggests that the limited resources available to the services are being targeted effectively, but it also raises questions about the adequacy of the resources they have at their disposal. These are issues that should be of concern not just to those working in the services, but to all genuine 'fair go' Australians.

MULTIPLE DEPRIVATION

Previous studies have shown that many of those who experience deprivation in one area also face it in several others, compounding their problems and adding to the

Table 1: The Incidence of Multiple Deprivation (percentages)

| Number of items lacking because they cannot be afforded | Postal sample | Client sample |
|---|---------------|---------------|
| 0 | 61.5 | 25.2 |
| 1 or more | 38.5 | 74.8 |
| 2 or more | 26.4 | 64.7 |
| 3 or more | 18.8 | 59.0 |
| 4 or more | 14.2 | 52.7 |
| 5 or more | 11.1 | 45.5 |
| 6 or more | 8.1 | 39.9 |

complexity of solutions. Table 1 compares the severity of deprivation in the postal and client samples. Almost two-fifths of the postal sample experience at least one form of deprivation and more than one-quarter (26.4 per cent) are deprived in two or more areas. One-in-nine (11.1 per cent) are missing out on at least five essential items simultaneously. Although some will be reassured by the finding that over two-thirds experience no deprivation, the high numbers that are missing out in five or more areas will concern many others.

The extent of deprivation in the client sample is far higher than in the postal sample, and the findings again reveal the severity of the problems facing this group. Thus, almost two-thirds (64.7 per cent) experience two or more forms of deprivation, while close to half (45.5 per cent) are missing out on five or more items. The magnitude of the difference between the two samples is illustrated by the fact that the percentage of the postal sample that are deprived in two or more areas is the same as the percentage of the client sample that are deprived in eight or more areas. (The estimated multiple deprivation rates for the client sample increase by between two and four percentage points if the adjustment made to bring its age composition in line with that of the postal sample is removed).

The multiple deprivation rate differential between the postal and client samples cannot be assumed to imply that the latter group experience four times as much deprivation as the former, since the relationship between the number of essential items lacking and the

extent of deprivation may not be linear. Even so, it is difficult to deny that those who use welfare services are 'doing it tough', missing out on many of the items seen as essential by a majority of the population.

DEPRIVATION SCORES

In light of the extent of multiple deprivation shown in Table 1, it is clear that the incidence rates shown in Figure 1 do not reveal the full story about the severity of deprivation faced by different groups. In order to explore this issue more fully, a deprivation index has been derived by adding up the total number of items for which each individual is deprived. The average value of this index (or score) can then be calculated for groups in the population and used to compare the extent of deprivation experienced by different socio-economic categories. There are grounds for applying different weights to each of the items included in the index. Thus, an item could be counted more heavily if it is regarded as essential by a higher percentage of the population (attitudinal weighting), or each item could be weighted by the proportion of the population that actually possesses it (prevalence weighting). Neither approach has been used here, although future research is examining the robustness of the findings to different weighting patterns.

Table 2 shows how the deprivation index varies across socio-economic groups defined on the basis of their age, family type, employment status and Indigeneity. It reveals that there is a clear downward-sloping age gradient to deprivation among the

postal sample, although the gradient is somewhat less pronounced among those in the client sample. The pattern of deprivation across family types shows that deprivation is higher among single people than among couples (at all ages), increases for couples with children and increases again sharply for sole parent families. The level of deprivation experienced by Indigenous Australians is very high - the highest among any single category identified in this analysis - and exceeds that of the non-Indigenous population by a factor of more than four-to-one.

It is interesting to note that many of the between-group differences revealed in the client sample are smaller in relative terms than the corresponding relativities contained in the postal sample. Thus, the 4.2-to-one differential associated with Indigenous status in the postal sample is only 1.5-to-one in the client sample, while the 3-to-one employment to unemployment relativity in the postal sample falls to two-to-one in the client sample. To some extent, this reflects the fact that the postal sample is more diverse than the client sample, which is concentrated on those in greatest need. However, it is also striking that large differences in deprivation between the postal and client samples remain even when comparing *within* activity categories: thus, the deprivation score among those in the client sample who are unemployed is considerably higher than among the unemployed in the postal sample, while those in the client sample who are employed experience only slightly less deprivation than those in the postal sample who are unemployed. These comparisons suggest a number of factors are driving the results and that further analysis is warranted before any firm conclusions about the determinants of deprivation can be identified with certainty.

IN CONCLUSION

This article has examined the deprivation profile of the Australian population, as reflected in the postal sample, and drawn a series of

Table 2: Mean Deprivation Scores by Selected Socio-economic Characteristics

| Characteristic | Postal sample | Client sample |
|----------------------------|---------------|---------------|
| <i>Age:</i> | | |
| Under 30 | 1.97 | 5.55 |
| 30-64 | 1.43 | 5.62 |
| 65 and over | 0.87 | 2.61 |
| <i>Family type:</i> | | |
| Single, working-age (WA) | 2.14 | 5.14 |
| Single, older person (65+) | 1.33 | 3.16 |
| WA couple, no children | 0.84 | 4.14 |
| Older couple (65+) | 0.55 | 2.67 |
| WA couple, with children | 1.29 | 4.59 |
| Sole parent | 3.48 | 7.14 |
| <i>Main activity:</i> | | |
| Employed | 1.15 | 2.92 |
| Unemployed | 3.66 | 5.85 |
| <i>Indigenous (ATSI):</i> | | |
| Yes | 5.60 | 7.25 |
| No | 1.33 | 4.82 |

comparisons with deprivation among the smaller sample of welfare service clients. The estimates show that there is great variety between the two samples both in terms of the incidence of each deprivation indicator, in the extent of multiple deprivation and in the overall severity of deprivation (as captured in a simple unweighted deprivation score, or index).

More detailed analysis reveals substantial differences in the severity of deprivation across different sub-groups in the population, defined on the basis of a broad range of socio-economic characteristics. Although the between-group 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, to be more likely to be unemployed and/or reliant on social security for their income and to be renting their home, all of which are associated with a higher level of deprivation. These complex, deep-seated and often mutually reinforcing effects suggest that a coordinated plan of action is needed to address the different forms of deprivation

experienced by those who are missing out.

It is clear that the deprivation approach provides a valuable new insight into the nature and extent of disadvantage in contemporary Australia. It seems irrefutable that some in the general population and many in the sample of welfare service clients are missing out on the essentials of life and are thus deprived - often in many areas. If we are serious about addressing disadvantage, the patterns revealed in this research suggest that action is urgently needed to combat the many forms of deprivation that currently exist.

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