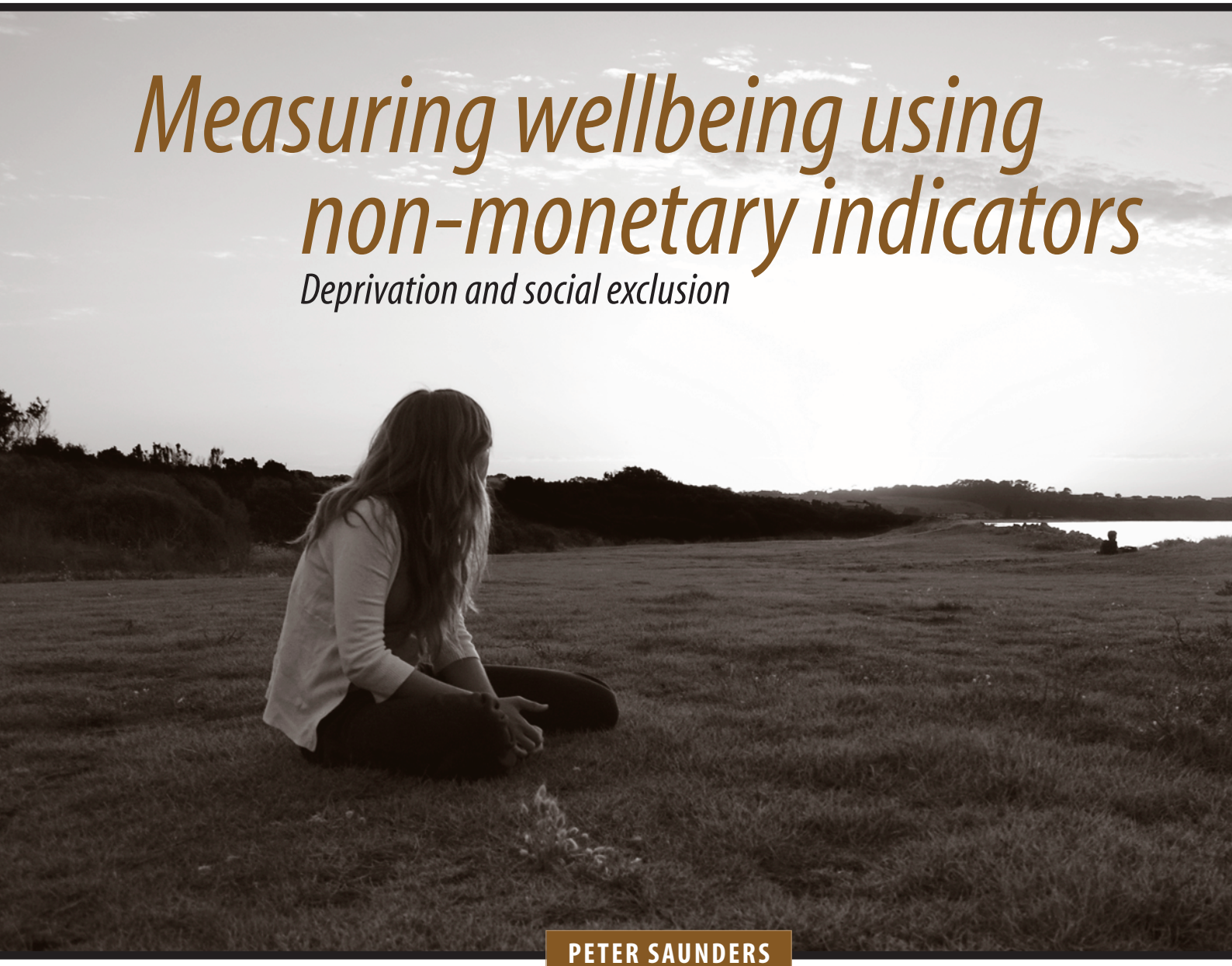
Measuring wellbeing using non-monetary indicators

Deprivation and social exclusion



PETER SAUNDERS

Introduction[1]

The increase in real incomes in Australia that has resulted from an extended period of economic growth has paradoxically raised concern about the extent to which rising economic prosperity has contributed to overall wellbeing. According to one study, conducted in 1999 after seven years of strong growth, only 24% of those interviewed thought that their quality of life was getting better, while more than three times as many (74%) thought that it had either remained constant or gotten worse (Eckersley, 1999, Figure 1). Clearly, there is a disconnect between what is revealed by the objective economic statistics and what is implied by subjective indicators of wellbeing that capture perceptions about a broader range of influences.

This raises important and longstanding issues about the measurement of wellbeing and the role of economic factors in contributing to it. It also has implications for how we should go about identifying social disadvantage, which reflects an absence of wellbeing or the problems faced by those who are in lower sections of the wellbeing spectrum.

One common indicator of social disadvantage is the poverty rate, defined by expressing the numbers whose incomes fall below a poverty line as a percentage of the population. However, the standard poverty approach is subject to a number of limitations, including its dependence on a single poverty line and failure to connect with the actual living conditions of those identified as poor (Saunders, 2005). The notion of poverty no longer has credibility among those in government and their advisors who have the power to bring about change. As Bradshaw and Finch (2003) have recently argued, estimating how many people fall below the poverty line "has somehow lacked moral force, persuasive power, credibility and probably also comprehension" (pp. 514–515).

If one of the goals of poverty research is to bring about change, then it is important that the instruments of research (and hence its findings) have legitimacy among those who set policy. There are, of course, limits to how much the focus and technicalities of research should become subservient to the preoccupations of policy makers. We want research to be independent and contribute to the evidence base on which to build better policies, but this will not happen if the evidence base



itself is distorted by existing policy preoccupations; we need evidence-based policy, not policy-based evidence. However, for research to have an impact, there has to be a dialogue between researchers and policy makers that allows the ideas and findings of the former to permeate the thinking and influence the actions (and assumptions) of the latter (Edwards, 2004; Saunders & Walter, 2005).

Recent experience in the UK is relevant here. When the Blair Labour government first expressed interest in the concept of social exclusion, critics argued that it had more to do with the government avoiding the need to tackle the problem of poverty than with any firm commitment to addressing social exclusion (Bradshaw, 2004). These concerns appeared to be confirmed by the inability of the government's own Social Exclusion Unit to come up with a rigorous definition of social exclusion (Levitas, 2000). However, the definitional ambiguities did not prevent a new exclusion (and inclusion) discourse developing between researchers and policy makers that eventually saw both poverty and inequality re-emerge onto the policy agenda, with child poverty becoming a major policy priority (Hills, 2002; Sutherland, 2006).

One of the lessons of this experience is that while poverty, expressed narrowly in terms of low income, can form part of the social policy agenda of government, it needs to be accompanied by other frameworks and indicators that enable the consequences of low income to be better understood and in ways that highlight what needs to be done, beyond raising social benefits. With fiscal responsibility being the badge of good government in all industrial democracies, it is no wonder that governments shy away from issues like poverty that involve axiomatic increases in spending, with no guarantee of solving the underlying problem.

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Pictures: Harriet Negus

Beyond income measures

Social exclusion has provided a new lens through which to examine these issues, generating new perspectives on what actions are needed, many of which challenge existing practices, rather than merely requiring additional resources. And deprivation has provided a way of linking low incomes and lack of resources to instances of unmet need in ways that can help to benchmark poverty lines and contribute to monitoring the impact of a broad range of policy interventions.

The disconnect between having an income below the poverty line and actually experiencing deprivation was identified a decade ago by Peter Whiteford (1997), who pointed out that:

> virtually no modern study of poverty tells us whether people living below the poverty line have an unacceptably low standard of living. This does not mean that relative poverty in rich communities is not real, but rather that we need different sorts of research to link demonstrated problems with living standards and the statistical measures of low income commonly used as proxies for poverty. (p. 44)

One response to such criticism is to develop indicators that relate more directly to the living conditions actually experienced. These new indicators can also reveal how a given level of income translates into a standard of living, thus helping to set a poverty line.

One example of such an approach is contained in recent work by Tony Vinson on the nature of social disadvantage in Australia. In a series of reports conducted for Jesuit Social Services, Vinson examined wellbeing at the community level, where he argued that social cohesion can "operate as an intervening variable to constrain or 'dampen down' the ill-effects of disadvantageous social conditions" (Vinson, 2007, p. 92). Social disadvantage is defined by Vinson as "a range of difficulties that block life

opportunities and which prevent people from participating fully in society" (p. 1). He goes on to argue that "obviously the difficulties in question include economic poverty but they are wider than a lack of financial resources" (p. 1).

The problems alluded to by Vinson have been acknowledged in other studies of poverty and disadvantage. One key theme of the recent literature on poverty is the need to move beyond income-based measures in ways that are linked more directly with the experiences and aspirations of those living in poverty. Another is to develop measures that are demonstrably consistent with community understanding of the nature and meaning of poverty. The advantages of this broader approach have been emphasised in recent work being conducted by the Organisation for Economic Cooperation and Development (OECD), which notes that:

> Most poverty measures are "monetary" and "input" based, where inputs are the resources required to achieve well-being. Income measures fall in this category . . . Measures focusing on "outcomes" represent a complementary approach to input-based measures. They concentrate on the final conditions of individuals, rather than on the means required to achieve those conditions. Outcomes are generally conceived in terms of "well-being" or "living standards" . . . The indicators falling in this latter category . . . measure material deprivation [which] broadly refers to the lack of material goods, financial difficulties and to the individual's inability to live a decent life. (Boarini & d'Ercole, 2006, p. 12)

Implicit in this new approach is the idea that poverty is a complex multidimensional phenomenon whose measurement is best approached using a framework that recognises this complexity. While income (or economic resources) is an important dimension, the existence of other factors challenges the usefulness of a poverty line approach if it is not combined with other evidence showing that those defined as poor are actually "going without" (in the sense of being deprived).

The emphasis in the recent OECD work on decency resonates with the important Australian study by Travers and Richardson (1993), who argued that:

> By far, the most common indicator of affluence is current income; the most common indicator of poverty is a poverty line based on current income. We argue that these sorts of indicators are inadequate. Of course, income matters when it comes to measuring both affluence and poverty, and the measures we propose always start with income. But they include much more besides. (p. vi)

The approach of these authors to the issue did not involve developing non-income measures of disadvantage and decency. Instead, they expanded the income definition so that it gave a better representation of people's overall access to resources.

Although a valuable addition to the literature, the "full income" approach encounters many of the same problems that confront a narrow approach based on money income. In particular, problems arise in valuing some of the non-cash components of "full income", in establishing how it is distributed between individual members of the family (or household), and in taking account of differences in family needs when drawing comparisons.[2]

This last problem is linked to another limitation of the income approach, which is that it does not differentiate between the living standards of individuals within the family, since these are assumed to be the same under the equal sharing assumption. This has long been recognised as a problem when estimating child poverty, which in practice involves estimating poverty among families with children. The consequence is that children are poor if the family as a whole is poor (or if their parents are poor), because there is no scope for actions that protect some family members from poverty at the expense of others by redistributing the available resources *within* the family unit (e.g. from parents to children). Yet studies suggest that this is precisely what happens when families are faced with crises like those associated with poverty (Peel, 2003).

Above all, the full-income approach fails to address the main limitation of all income-based indicators, which is that they focus on the *resources available* rather than on the *living standards achieved*. Once the focus is shifted from resources onto living standards outcomes, many of the problems identified above disappear. Thus, there is no longer any need to make an equivalence assumption about relative family needs, because the ability of resources to meet needs will be revealed by the living standards indicators directly. Similarly, if there is redistribution of resources within the family, this will become evident in differences in the living standards indicators for different individuals. Finally, the range of indicators can be chosen to reflect a broader range of factors that contribute to living standards than just income (or full income), paving the way for the broader perspective that is necessary to fully understand the complexities of poverty and social disadvantage.

Deprivation and social exclusion

The above discussion suggests that in the context of identifying and measuring poverty and disadvantage, new frameworks and indicators are needed that extend beyond, but complement, income-based measures. They need to be related more directly to the actual experience of poverty in order to be credible, and must be capable of capturing the multidimensional nature of the underlying phenomenon.

Three frameworks have emerged in the literature that meet these requirements. They are the *deprivation approach* associated with the work of British sociologist Peter Townsend (1979; 1988), the *social exclusion approach* that emerged in France in the 1970s (Lenoir, 1974), and the *capability approach* associated with the work of Nobel Laureate Amartya Sen (1985). Here, I focus only on the first two of these approaches, although the capability framework is being developed in work in progress at the Melbourne Institute (see Headey, 2006).

In his classic formulation of poverty as relative deprivation, Townsend (1979) defined poverty as follows:

> 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. (p. 31)

This has generated a large number of (mainly British) studies that have identified which items are "widely encouraged or approved" in British society and then defined deprivation as situations where people are forced to go without these items because they cannot afford them (Gordon & Pantazis, 1997; Gordon & Townsend, 2000; Mack & Lansley, 1985; Pantazis, Gordon, & Levitas, 2006).

The notion of poverty embedded in the deprivation approach reflects an "enforced lack of socially perceived necessities" (Mack & Lansley, 1985, p. 39), and this definition captures three of the critical features of poverty: that it exists where basic needs cannot be met, that such needs can only be defined relatively (in relation to a specific social context), and that poverty reflects a lack of adequate economic resources.

Some proponents of the deprivation approach (including Townsend himself) have used it to identify an income threshold at which deprivation increases sharply, referring to this threshold as a poverty line. Others have preferred to identify the different dimensions of deprivation, or combine them into an index that captures the severity of the problem. The poverty reduction targets that have been set by the British and Irish governments are based on indicators that combine deprivation with poverty lines set as percentages of median income, and this way of using deprivation to confirm that low income does indeed result in poverty is one way of injecting credibility into relative income poverty lines that are often criticised for being arbitrary.[3]

Definitions of social exclusion abound, and there has been intense debate about the relative merits of the many alternatives proposed in the literature (Lister, 2004). The Social Exclusion Unit in Britain has defined exclusion as "what can happen when people or areas suffer from a combination of linked and mutually reinforcing problems" (Bradshaw, Kemp, Baldwin, & Rowe, 2004, p. 5). This definition captures the idea that there is uncertainty surrounding the consequences of exclusion ("what *can* happen"), its manifestation is multidimensional ("a combination of *linked* problems") and it has an important location component ("people or *areas*"). The latter two features imply that addressing social exclusion requires a broad-ranging coordinated approach, which has increased its attraction to adherents of a "whole-of-government" approach to social problems.

Building on these ideas, researchers at the London School of Economic's Centre for the Analysis of Social Exclusion (CASE) have argued that:

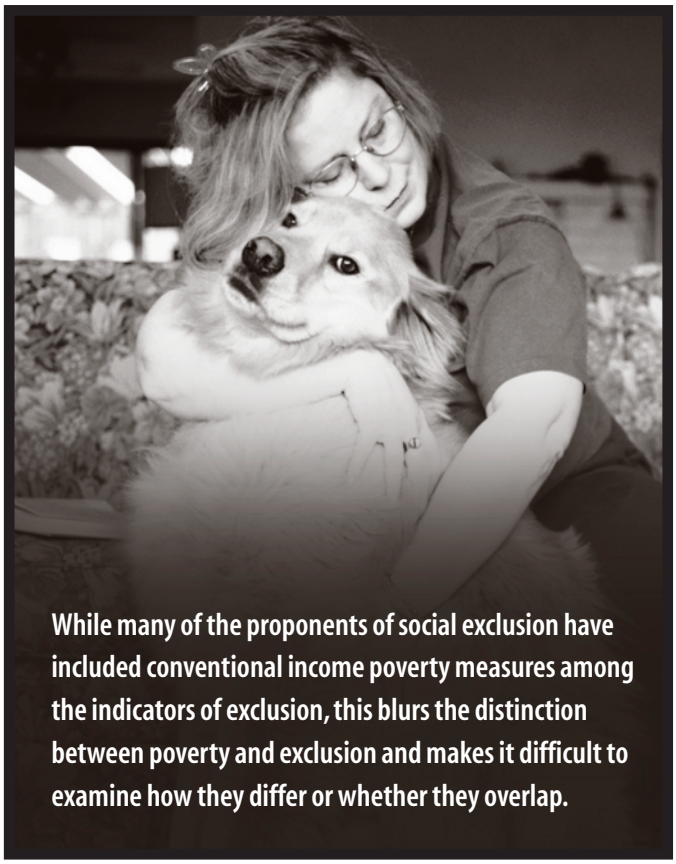
> Measures of social exclusion attempt to identify not only those who lack resources, but also those whose non-participation arises in different ways: through discrimination, chronic ill-health, geographical location, or cultural identification, for example. Lack of material resources remains a central and important cause of non-participation, but it does not exhaust the possibilities. (Burchardt, Le Grand, & Piachaud, 2002, p. 6)

They have gone on to suggest a definition that captures the essence of the concept of exclusion, without being prescriptive about its causes, form or impact:

> 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 et al., 2002, p. 30)

Although not made explicit in this definition, social exclusion reflects a lack of connectedness that is multidimensional and shaped by the social and physical environments in which people live. Social exclusion, like poverty, is a relative concept because it can only be judged against the standards that exist in a particular place and time. It also has an important relational component (exclusion reflects choices made or imposed by others) and is the outcome of dynamic processes that evolve over time (Atkinson, 1998).

While many of the proponents of social exclusion have included conventional income poverty measures among the indicators of exclusion, this blurs the distinction between poverty and exclusion and makes it difficult to examine how they differ or whether they overlap. For this reason, it is better to regard exclusion and poverty as distinct concepts, even though lack of economic resources will be one of the factors that contributes to some forms of exclusion.



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Despite the widespread adoption of both deprivation and social exclusion as valuable frameworks for developing policy responses to poverty and disadvantage in Europe, neither has yet had much of an impact on either policy or research in Australia. In terms of policy, the former Coalition-led federal government adopted a narrow interpretation of exclusion that focused exclusively on the role of employment, despite the efforts of the McClure committee to broaden that understanding in the welfare reform context (Reference Group on Welfare Reform, 2000). "Deprivation", like "poverty", are words that are rarely uttered in official circles, where there appears to be deep scepticism about the existence of either, and little prospect of independently reviewing the adequacy of

benefit levels. In terms of research, there has been one small-scale study of deprivation (Travers & Robertson, 1996) and, while social exclusion has been used in several research studies (e.g. Arthurson & Jacobs, 2004), the ideas have not been taken up. What is needed is a national study designed to show how deprivation and exclusion can shed new light on the issues of poverty and disadvantage. One such study is now discussed.

The Left Out and Missing Out project

The Left Out and Missing Out project is the outcome of collaboration between researchers working in both academic and community sector settings. The research has been conducted at the Social Policy Research Centre (SPRC) at the University of New South Wales, with the active involvement of researchers and policy analysts from Mission Australia, the Brotherhood of St Laurence, Anglicare Sydney and the Australian Council of Social Service (ACOSS).[4]

The research has drawn on the experience of those living in poverty at several stages and given voice to the concerns of low-income Australians, including the ways in which issues have been framed, data have been collected and results have been presented. The involvement of the community sector agencies has allowed the research to tap into the knowledge and experience of the clients who use their services, providing a bridge between the research and the experience of poverty.

Stage I of the research involved a series of focus groups (10 with community service clients and 3 with agency staff) that examined how low-income families and welfare agency staff experience and perceive poverty, exclusion and deprivation, and what they regard as essential to achieve a decent standard of living.[5] In Stage II, a random sample of the adult population (drawn from the federal electoral roll) was asked a series of questions that provided the basis for estimating whether they were deprived or excluded. At the same time, around 700 welfare service clients were asked to complete a shortened version of the same survey when they accessed services. The items included in both surveys reflected previous Australian and overseas studies of deprivation and exclusion.[6]

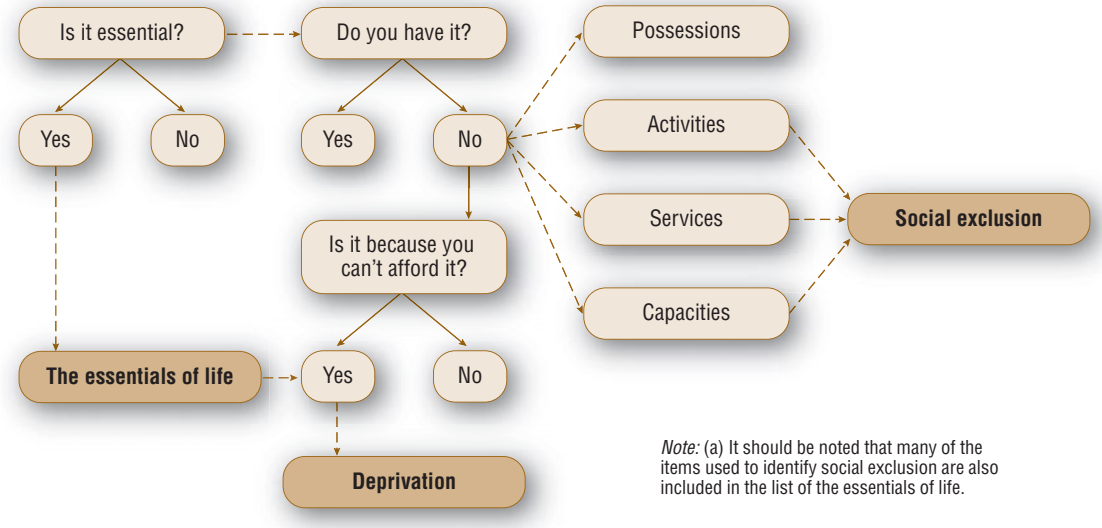
The community survey was designed to provide a national picture of the extent and nature of poverty, deprivation and exclusion, using definitions based on prevailing community attitudes. The client survey ensured that those most at risk of poverty, who are often underrepresented in surveys of the general population, were adequately represented.[7] It also allowed us to compare the understandings and incidence of deprivation and exclusion among welfare service clients with those of the broader community.

The community sample was a reasonable representation of the general population, aside from an overrepresentation of older people (over 50 years) and those with higher educational qualifications, and a slight under-representation of those with incomes over $1,000 a week. The client sample deliberately overrepresented those on low incomes and, as a consequence of the kinds of services that participated, people aged under 30. These differences made it problematic to compare the two samples directly, and the client sample was re-weighted so that it had the same age structure as the community sample.

The essentials of life

Participants in both surveys were given a list of items and asked if each of them was essential, where this was defined as *things that no-one in Australia should have to go without today*. In addition, they were asked if they had each item and, if they did not, whether or not this was because they could not afford it.[8] Figure 1 indicates how the essentials of life were identified, and how the information collected was used to measure the incidence of deprivation and social exclusion.

The "essentials of life" were those items that were regarded as essential by at least 50% of respondents to the community survey.[9] Deprivation was defined as being when people did not have an essential item because they could not afford it. Social exclusion was defined in relation to those activities, services or



Note: (a) It should be noted that many of the items used to identify social exclusion are also included in the list of the essentials of life.

Figure 1 Structure of questions used to identify the essentials of life, deprivation and social exclusion

capacities that a majority of the population engaged in or, where the information was not collected in the community survey, those activities that are common features of Australian life.[10]

A total of 61 potential essential items were included in the community survey (57 in the client survey), and 48 of these were regarded as essential by a majority of the community sample, with 30 of them receiving more than 90% support for being essential.[11] The list of items identified by a majority as being essential is diverse, covering medical treatment if needed, a substantial meal at least once a day, supportive family relationships, budgeting skills, computer skills, secure locks on doors and windows, and a washing machine.

Eight of the items referred specifically to the needs of children. They included: children can participate in school activities and outings, a safe outdoor place for children to play at or near home, a hobby or leisure activity, a separate bed for each child, and a separate bedroom for children aged over 10. Although the final item only received just over 50% support for being essential, all of the other child-focused items received at least 85% support.

Analysis of the responses to the child-related items indicates that views on whether these items are essential are independent of whether or not the respondent had dependent children (defined as being under 18) of their own living with them. This is a very important finding, since it illustrates the general proposition (confirmed by the data) that views about which items are essential do not vary with individual experience and characteristics, but reflect a genuine community consensus about what is needed to get by.[12] This in turn suggests that the approach is capable of producing estimates of the extent of deprivation and exclusion that tap into this consensus.

From essentials to deprivation

Not all of the items that appeared in the list of essentials are relevant to the issue of deprivation; only those that can be bought by individuals and whose absence reflected a lack of affordability. Items such as supportive family relationships and a local park or play area for children cannot be bought and were thus omitted from the analysis of deprivation.[13]

When the list of essentials is truncated in this way, it is reduced to 26 items. The items are shown in Table 1, along with the percentage of the community sample who agreed that each item was essential, and the resulting deprivation rates in the two samples. The items are ranked according to the support for them being essential, and the six relevant child-focused items are shown in shading. The list of essentials includes basics relating to food, warmth and accommodation, and a number of health-related items appear at the top of the ranking, as do items that reflect social interaction and functioning. The needs of children also feature prominently on the list of essentials, but there is less emphasis on the possession of such consumer durables as a washing machine and TV.[14]

The low incidence of many forms of deprivation in the community sample indicates that relatively few Australians are unable to afford the items required to meet their basic needs, but many are missing out on other items regarded as essential by the majority. It is notable that several of the items where deprivation was highest related 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 *if needed*. These findings suggest that many Australians are only a minor mishap (a faulty refrigerator, a scrape in the car, a domestic break-in, or a toothache) away from becoming deprived.[15]

The findings on the incidence of deprivation among the client sample paint a far bleaker picture. Close to half of the welfare services clients were deprived in

Table 1 Community support for the essentials of life and the incidence of deprivation (percentages)

		Incidence of deprivation[(a)]	
Item	Community support for being essential	Community sample	Client sample
Medical treatment if needed	99.9	2.0	9.7
Warm clothes and bedding if it's cold	99.8	0.2	6.9
A substantial meal at least once a day	99.6	1.1	10.6
Able to buy medicines prescribed by a doctor	99.4	3.9	22.9
Dental treatment if needed	98.6	13.9	44.7
A decent and secure home	97.3	6.7	27.0
Children can participate in school activities and outings	94.8	3.5	14.5
A yearly dental check-up for children	94.7	9.1	33.2
A hobby or leisure activity for children	92.5	5.7	23.1
Regular social contact with other people	92.3	4.7	14.0
A roof and gutters that don't leak	92.3	4.6	11.0
Secure locks on doors and windows	91.8	5.1	15.6
Furniture in reasonable condition	91.2	2.6	16.9
Heating in at least one room of the house	89.0	1.8	12.0
Up-to-date school books and new school clothes for children	89.0	3.8	17.3
A separate bed for each child	84.7	1.6	11.3
A telephone	82.7	1.5	13.2
Up to $500 in savings for an emergency	82.3	17.6	51.6
A washing machine	81.8	0.8	12.0
Home contents insurance	77.4	9.5	44.7
Presents for family or friends at least once a year	73.1	6.6	29.3
Computer skills	68.5	5.2	20.2
Comprehensive motor vehicle insurance	63.4	8.6	39.7
A week's holiday away from home each year	54.7	22.4	51.7
A television	54.7	0.2	4.4
A separate bedroom for each child aged over 10	50.3	6.1	19.8
Mean incidence (unweighted)	–	**5.8**	**22.2**

Note: (a) Estimates for the community sample are in raw (unweighted) form, while those for the client sample have been weighted to reflect the age structure of the community sample. Weighting changes the client sample estimates by up to 4 percentage points.

relation to: a week's holiday away (51.7%), up to $500 in savings for use in an emergency (51.6%), home contents insurance, and dental treatment if needed (both 44.7%). The latter finding confirms the strong message that emerged from the focus group discussions, where one participant described Australia's public dental system as being "like that in a third world country" (Saunders & Sutherland, 2006, p. 36). The client sample deprivation rate exceeded one-quarter in 8 of the 26 essential items (whereas it never exceeded this figure in the community sample), and the average incidence of deprivation across all 26 essential items among the client sample (22.2%) is almost four times that for the community sample (5.8%).

These results also reveal the very difficult circumstances in which many Australian children are currently being raised.[16] Among the client sample in particular, between one-in-eight and one-in-five faced deprivation in relation to the number of bedrooms available for their children, school books and new school clothes, and school activities or outings. Around one-quarter could not afford a hobby or leisure activity for their children, and one-third were not able to afford an annual dental check-up for their children. Even among the community sample, over 9% of children were deprived in relation to an annual dental check-up, while around 6% faced deprivation in relation to having their own bedroom when they were older, or participating in hobby or leisure activities.

The impact of deprivation on children is further highlighted in Table 2, which compares the severity of deprivation among household types using an index derived for each household by summing the number of deprivations experienced and then averaging the index scores across household types.[17] Results for the client sample are shown in both raw (unweighted) and weighted form so that the impact of weighting can be assessed. It is clearly very small.

Deprivation was again higher in the client sample, although the pattern of differences in deprivation across household types was similar for both samples. Thus, for both single people and couples without children, deprivation was lower among older people (those aged 65 and over) than among those working-age people under 65, and was higher for single people than for couples in both age groups.[18] For those of working age, deprivation increased among couples when there were children present, and was higher again among sole-parent families. The mean deprivation score (which reflects the average number of essential items lacking) was around 3.5 for sole parents in the community sample, and more than twice this (at 7.5) among sole parents in the client sample. But differences in household structure are not the only factors affecting deprivation, as can be seen by observing that couples with children in the client sample experienced more severe deprivation than sole-parent families in the community sample.

Table 2 Comparing deprivation among household types (mean index scores)

Household type	Community sample	Client sample	
		Unweighted	Weighted
Single person, working age (under 65)	2.14	5.41	5.14
Single older person (65+)	1.33	3.13	3.16
Working-age couple, no children	0.84	4.71	4.14
Older couple	0.55	2.67	2.67
Working-age couple, with children	1.29	4.28	4.59
Sole parent	3.48	7.44	7.14
Mixed family household	2.29	6.18	5.27
All households	***1.38***	***5.40***	***4.97***

Social exclusion

As noted earlier, social exclusion exists when people do not participate in activities that are customary and widely practised in the society in which they live. Whether this lack of participation reflects a lack of affordability is not directly relevant when it comes to identifying exclusion, where the focus is on what people *do not do*, rather than what they *cannot afford*. It is this feature of exclusion that distinguishes it from deprivation and from conventional approaches to poverty that are defined in terms of lack of income or resources.

Three forms of exclusion were identified in the research:

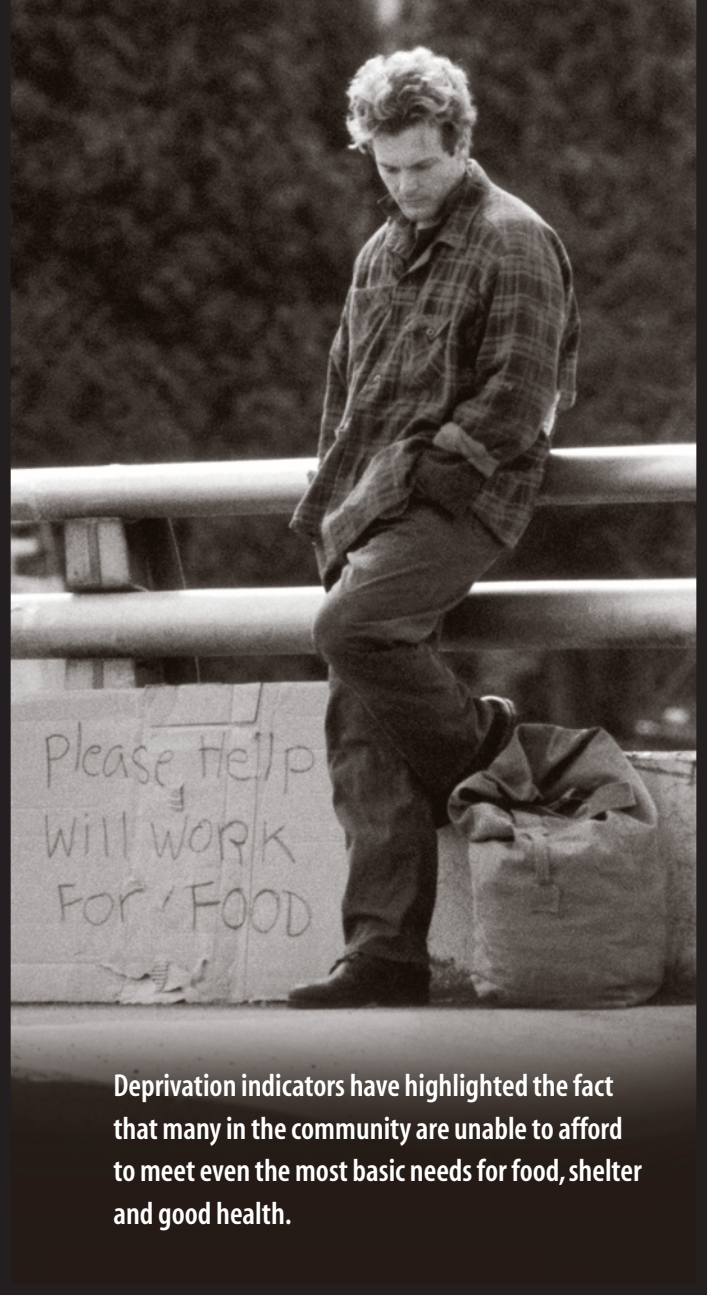
- *disengagement:* lack of participation in social and community activities;
- *service exclusion:* lack of adequate access to key services when needed; and
- *economic exclusion:* restricted access to economic resources and low economic capacity.

In total, 27 indicators of exclusion were identified in the research, spread evenly across the three forms of exclusion.[19] Because of space limitations, the following discussion focuses on the incidence of the nine indicators shown in Table 3. Three sub-groups known to face a high risk of being in poverty or otherwise disadvantaged are considered: sole-parent families, people with a disability, and public housing renters.[20]

The indicators selected include the most severe forms of exclusion (does not have a social life, and no access to a local doctor or hospital), services other than those provided by government (no access to a bank or building society, and could not pay household utility bills), and items that are at the forefront of current debates over service adequacy and welfare reform (no child care for working parents, and lives in a jobless household).

It is clear from the exclusion incidence rates in the community and client samples shown in Table 3 that exclusion was a major problem.[21] Overall, the exclusion incidence rates shown in Table 3 were far higher than the deprivation rates shown in Table 1. The incidence of exclusion was over 30% in many cases and exceeded 60% in some instances, particularly among the welfare service users client sample.

There was also considerable variation in the incidence of social exclusion, both across its different dimensions and between the three groups. Across all nine categories, exclusion was most pronounced in both samples



Deprivation indicators have highlighted the fact that many in the community are unable to afford to meet even the most basic needs for food, shelter and good health.

in relation to child care, lack of emergency savings and joblessness, although significant proportions were also excluded from participating in community activities, had no regular social contact with other people and were unable to pay their way when out with friends.

The universal nature of Medicare was apparent in the relatively low rates of exclusion from local health services across all three groups in both samples. Exclusion from banking services was somewhat more common, particularly among people with a disability and those in the client sample. The fact that many public renters in both samples did not participate in community activities and faced a high rate of exclusion from banking services suggests that many public housing estates have little sense of community, perhaps as a consequence of a lack adequate facilities.

Overall, the results show that many of those Australians who are known to experience various forms of disadvantage also face social exclusion in many areas of their lives. Lack of economic resources is a factor behind some forms of exclusion, even though this was not a factor used to identify its existence. The widespread lack of emergency savings, joblessness and people not being able to pay their way when out with friends indicates that economic prosperity has not touched everyone and many remain on the margins, unable to participate socially and economically. The high incidence of all three indicators of disengagement also suggests that many are missing out on the kinds of social activities that are a defining feature of the "Aussie lifestyle".

Summary

The research reported here has developed a series of non-monetary indicators of disadvantage that are more closely connected with the lives and experiences of those living in poverty. No one denies that those below the poverty line have a pressing need for increased income. However, this is not the *only* action that is

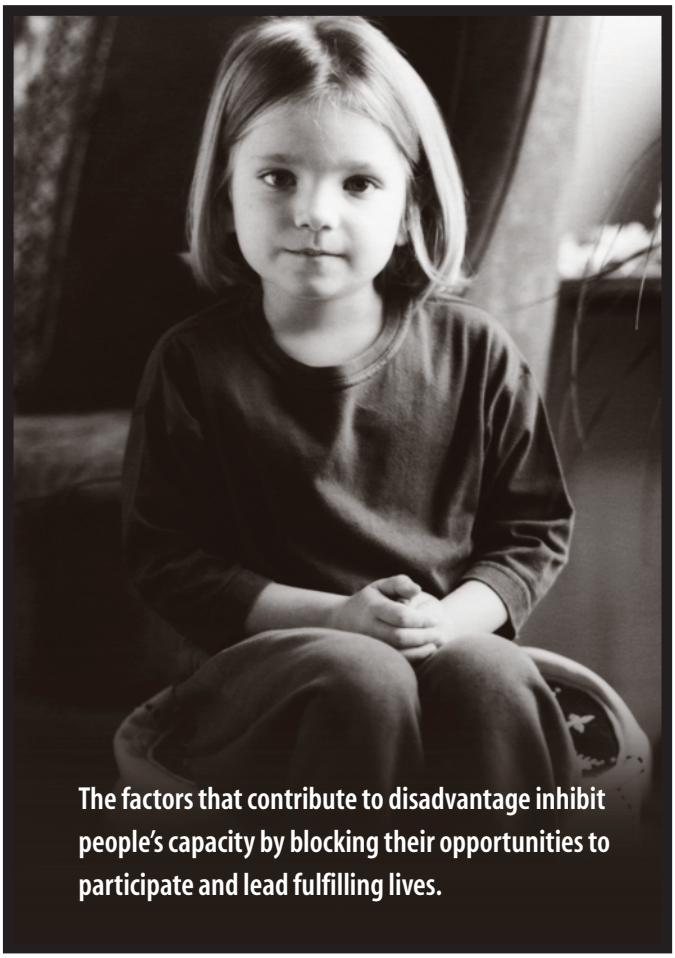
Table 3 Incidence of selected indicators of exclusion among vulnerable sub-groups (percentages)

	Sole parents		People with a disability		Public renters	
Exclusion indicator	**Community**	**Client**	**Community**	**Client**	**Community**	**Client**
Disengagement						
No regular social contact with others	18.1	37.6	23.8	33.9	19.6	28.7
No community participation[(a)]	27.7	37.8	44.0	40.4	42.7	40.0
Could not pay one's way when out with friends	43.8	65.8	28.5	65.5	41.3	54.4
Service exclusion						
No access to local doctor or hospital	7.6	7.3	4.8	11.8	6.3	9.9
No access to a bank or building society	8.1	16.5	9.2	13.2	11.5	13.3
No child care	62.6	72.1	76.4	73.1	65.4	68.3
Economic exclusion						
No emergency savings	46.8	87.4	31.5	82.4	64.1	83.7
No special treat of $100 or more	17.0	38.7	21.6	34.6	26.6	34.4
Jobless household	42.6	92.0	46.4	90.8	58.1	86.4
All households[(b)]	***31.2***	***52.2***	***30.4***	***49.4***	***36.2***	***47.0***

Notes: (a) The community activities referred to in the relevant question were: 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.
(b) Refers to the average for the full sample.

needed to overcome the deprivations and barriers to inclusion and participation that they face. Reflecting this observation, there is a need to shift the focus away from income when researching issues of poverty and disadvantage and when thinking about solutions.

The Left Out and Missing Out project has developed indicators that are capable of shedding new light on these issues in an Australian context. 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. However, it is clear that further development of indicators of deprivation and exclusion can contribute new insights and understandings of these important social issues, including how they affect families as a unit as well as adults and children as individuals.



The factors that contribute to disadvantage inhibit people's capacity by blocking their opportunities to participate and lead fulfilling lives.

The deprivation indicators have highlighted the fact that many in the community are unable to afford to meet 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 and exclusion from social and economic activities are common among large sections of the population. One constant theme to emerge from the findings is the very serious circumstances of those in the client sample, many of whom face a complex combination of deep-seated problems.

Governments at all levels have an important leadership role to play in acknowledging that these problems exist, identifying their nature, setting priorities for action and monitoring progress against agreed targets. In countries such as Britain and Ireland, strong partnerships have been forged between government and the research and community sectors to develop measures, collect data and produce 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. Addressing the different dimensions of social disadvantage will not emerge as an automatic spin-off of efforts to maximise 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. The factors that contribute to disadvantage inhibit people's capacity by blocking their opportunities to participate and lead fulfilling lives. Developing programs to combat the different forms of social disadvantage is an important challenge.

Endnotes

1 The author acknowledges the excellent statistical support provided by his colleague Yuvisthi Naidoo.

2 The arguments apply equally whether the family or the household is the unit of analysis, although the term "family" is used henceforth to cover both situations, unless otherwise indicated. The "equivalence scale" issue has been reviewed by Whiteford (1985) and more recently by Gray (2007).

3 The deprivation results presented here relate only to the incidence of various forms of deprivation and to a deprivation index, although work in progress is examining the relationship between deprivation and income poverty.

4 The research is funded by Australian Research Council Linkage Grant LP0560797.

5 The main findings from Stage I are reported in Saunders and Sutherland (2006), which can be downloaded from the SPRC website at www.sprc.unsw.edu.au/reports/FinalReport March06.pdf

6 Further information is provided in the full report of the project (Saunders, Naidoo, & Griffiths, 2007), which can be obtained from the SPRC or participating agencies, or downloaded from www.sprc.unsw.edu.au/reports/ARC_Exclusion_FinalReport.pdf

7 Both surveys were conducted between April and July 2006. The community survey received a response rate of 46.9% and produced a sample of 2,704 adult Australians. The client survey covered 673 service users, who were approached when they accessed services.

8 In practice, the third question was only asked of those items that people could buy with their own money.

9 For this purpose, the community sample was re-weighted using ABS population data so that it provided a good representation of the views of the general population.

10 Note that social exclusion does not relate to possessions, only to activities, services and capacities. While most of these items were only included if they were regarded as essential by a majority of respondents, there were some items for which the "Is it essential?" question was not asked, but nevertheless were still included as indicators of exclusion. Examples of the kinds of activities included in this latter category were: not having a social life, not participating in community activities, and not being able to pay one's way when out with friends.

11 These numbers refer to the community sample, since it is the views of the community at large that matter when it comes to identifying the essentials of life.

12 There were some differences in the views of the different groups about which items were essential. First, confirming the findings of overseas studies, those aged 65 and over tended to have firmer views about which items were essential than those aged under 30. Second, those in the client sample had somewhat stronger views than those in the community sample (see Saunders et al., 2007).

13 The lack of some items reflects the facilities available in the area where people live and this in turn reflects their ability to afford to live in certain areas. However, the link between affordability and actual possession is more tenuous and cannot be easily identified by asking a "Can you afford it?" question that is linked to specific items. Many of the items excluded from the deprivation

analysis appear in the analysis of social exclusion described later, where the affordability criterion is no longer directly relevant.

14 The list includes comprehensive motor vehicle insurance, but not a car, the latter just failing to exceed the 50% cut-off. This might seem paradoxical, even contradictory, but it indicates that a car is not regarded as essential but that if one does have a car, it is essential to have it covered by comprehensive insurance.

15 The other item where the incidence of deprivation was high—a week's holiday away from home—might be dismissed by some as having little to do with deprivation or disadvantage. However, it should be remembered that this item was only included in the analysis of deprivation because a majority of the community sample (around 53%) regarded it as being essential.

16 It is important to emphasise that, in both samples, those who did not have dependent children living with them indicated that they did not have the child-related items, but also that this was not because of a lack of affordability, so they were not included among those who were deprived in relation to those items.

17 An unweighted index has been used, although it is possible to use more complex weighting schemes in which items are weighted according to how much support they receive for being regarded as essential (so that an item that is regarded as essential by 90% is given greater weight than one that is regarded as essential by only 60%) or the ownership/participation rate for each item in the population (see Halleröd, 1994; Willitts, 2006).

18 This finding is consistent with the evidence from Britain, although it is possible that it reflects differences in the appropriateness of the essential items for different age groups, or in the willingness of younger and older people to acknowledge that they cannot afford certain items (see McKay, 2004).

19 It should also be noted that where exclusion took a form that affected only a subset of those in the sample (e.g. no aged care for frail older people or no child care for working-age parents), the exclusion incidence rates were expressed relative to the numbers in the relevant categories (people aged 70 and over; parents aged between 18 and 64). In all other cases, exclusion incidence was expressed as a percentage of the full sample. Two of the indicators (no regular social contact with other people, and no emergency savings) also appeared among the list of deprivation items in Table 1, although the affordability criterion no longer applied, so the exclusion and deprivation incidence rates differed.

20 These three groups are not mutually exclusive and some respondents appear in more than one group. Interested readers are referred to the full report for a comprehensive discussion that encompasses all 27 indicators and a broader range of socioeconomic groups (Saunders et al., 2007, chap. 6). The broad patterns revealed in the complete analysis are similar to those described here.

21 Some of the client sample estimates are based on small cell sizes and are thus subject to large sampling error.

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