

Social exclusion monitor bulletin

September 2011

Michael Horn, Rosanna Scutella and Roger Wilkins

Until recently, the usual measure of disadvantage in Australia has been the level of income poverty. The Henderson poverty line has traditionally been the most widely used indicator, measuring the disposable income required to support the needs of a family comprising two adults and two children. Other measures have been developed both here and overseas, typically based on the lack of financial resources as the key indication of persistent poverty.

The concept of social exclusion takes the measurement of disadvantage a step further by considering the numerous, overlapping factors that may exclude a person from society. Poverty alleviation is still a central concern; however, social exclusion provides a multi-dimensional framework that points to a range of factors to be addressed in order to reduce the disadvantage that a person or household may experience.

Understanding the level of social exclusion is a key step towards developing a more socially inclusive society. If Australia is to substantially improve community wellbeing and strengthen economic productivity, it is essential that we have a rigorous measure of the number of people experiencing exclusion as a benchmark to monitor social progress and the effectiveness of government policies.

This bulletin is the first in a series of annual bulletins that will summarise the findings of our newly developed measure of social exclusion.

A new way to measure social exclusion

The Brotherhood of St Laurence commenced collaboration with the Melbourne Institute (MIAESR) in 2008 to develop a new way to measure social

exclusion in Australia. The results of this project are presented in our recently launched social exclusion monitor—<www.bsl.org.au/Social-exclusion-monitor>.

This collaborative project involved initial developmental research to consider the most appropriate approach to measuring exclusion in Australia using existing data collections. After consultation with a range of policy experts in 2009, a methodology was selected drawing on the capabilities framework articulated by Amartya Sen. Using this approach, we constructed a measure of exclusion incorporating seven life domains: material resources, employment, education and skills, health and disability, social connection, community and personal safety.

For each domain, key components of disadvantage or exclusion have been selected to form a basket of 25 components as shown in Table 1. For each component, specific measurable indicators are chosen as a basis for developing an aggregate measure of social exclusion.

Table 1 BSL–MIAESR framework for measuring social exclusion

Domain	Components
Material resources	Household income Household net worth Household consumption expenditure Financial hardship Homelessness*
Employment	Paid work Unpaid work
Education and skills	Basic skills (literacy and numeracy) Educational attainment Lifelong learning

Health and disability	Physical health Mental health Disability or long-term health condition
Social connection	Social support Participation in common social activities Institutionalisation/separation from family* Internet access*
Community	Neighbourhood quality Civic participation and voluntary activity/membership Access to transport* Access to health, utilities and financial services* Voter enrolment*
Personal safety	Victim of crime Subjective safety Victim of discrimination*

* Indicators for these components are not available in the HILDA survey used for the analysis.

There is no right or wrong basket of indicators to measure exclusion. However, it is critical that the basket covers the two key dimensions of participation and resources across the domains. The next challenge was to decide on the source of the data. We wanted to develop a single measure of social exclusion if possible. This would enable us to gain an understanding of the depth and persistence of exclusion experienced by individuals or households over time.

The main national data collections (for example, the Census or General Social Survey) have significant limitations for producing a useful measure of social exclusion. They do not collect the full range of indicators in our basket and most are point-in-time surveys with long intervals between data collections.

The federal government, through its Social Inclusion Unit, has acknowledged the limitations of current data collections by its compilation of data sourced from different surveys and census results (ASIB 2010). Even this compilation has the inherent limitation that it is unable to track individual experiences of the full range of factors that contribute to exclusion.

The best data set for our purpose is a longitudinal panel survey conducted at regular intervals with the same sample of individuals. This enables analysis of the data at the individual and household level over time to assess trends. This means we can examine the various dimensions of exclusion—its prevalence, depth and persistence—experienced by different population groups.

The project team decided to use the national Household, Income and Labour Dynamics in Australia Survey (HILDA) as our data source for the above reasons. HILDA is a nationally representative study of Australian households that commenced in 2001. It aims to interview the same 13,000 people (aged over 15 years) each year to collect information on a wide range of social and economic aspects of life.

Our final selection of indicators omitted several components (asterisked in Table 1) from the analysis because the relevant data is not collected by the HILDA survey: homelessness, institutionalisation, internet access, access to transport and access to health, utilities and financial services, voter enrolment and victim of discrimination. Despite a few limitations, we considered this to be the best available data source to measure social exclusion in Australia.

Measuring social exclusion

We developed and tested a methodology for calculating the aggregate prevalence of exclusion and for identifying the depth of exclusion. A final set of 29 measurable indicators (such as low income, unemployment, poor English, poor physical health) was chosen for analysis. The aggregate measure of exclusion was then based on a summation method that gives equal weight to the indicators within each domain. Each of the seven domains (such as health, education and skills, community) is therefore weighted equally.

Three-quarters of Australians score less than 1 (using the latest 2008 data). People scoring above a total of 1 on our scale are considered to experience some level of exclusion.

People's overall experiences of social exclusion can then be divided into three levels: marginal, deep and very deep exclusion.

- People scoring 1–2 on our scale are considered to be experiencing **marginal** exclusion.
- People scoring 2 or more on our scale are considered to be experiencing **deep** exclusion.
- People scoring 3 or more on our scale are considered to be experiencing **very deep** exclusion.

For further information about how we measure social exclusion see:

Scutella, R, Wilkins, R & Horn, M 2009, *Measuring poverty and social exclusion in Australia: a proposed*

[multi-dimensional framework for identifying socio-economic disadvantage](#) (PDF file, 494 KB).

Scutella, R, Wilkins, R & Kostenko, W 2009, *Estimates of poverty and social exclusion in Australia: a multi-dimensional approach for identifying social-economic disadvantage* (PDF file, 1.2 MB).

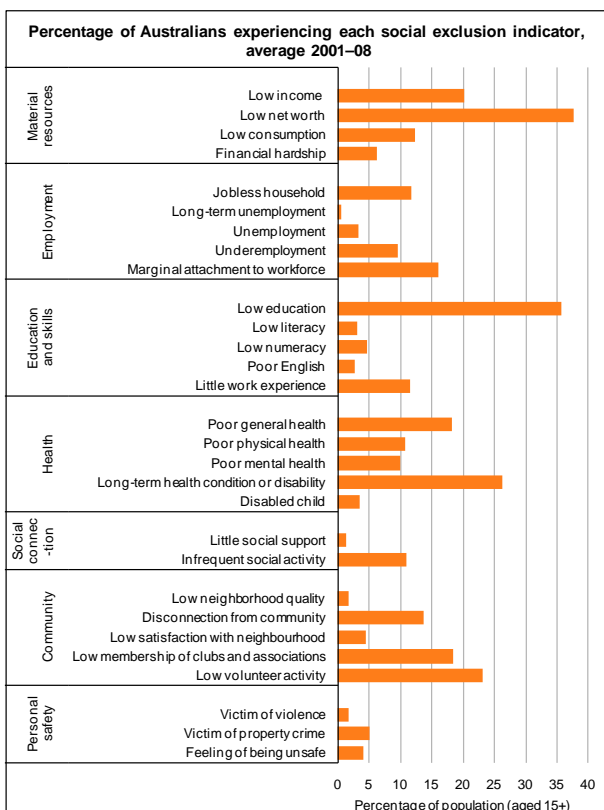
Prevalence of social exclusion

Figure 1 shows the percentage of the population (aged 15 years or over) who experience each of the 29 indicators of social exclusion averaged over the period from 2001 to 2008. The most prevalent indicators, experienced by at least 20% of people, are:

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

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

Figure 1 Percentage of people aged 15 years and over experiencing each social exclusion indicator, average 2001–08



It should be noted that not all the indicators are collected by HILDA every year, so we have reported literacy and numeracy data for 2005, and low wealth is the average of 2002 and 2006 data.

Depth of social exclusion

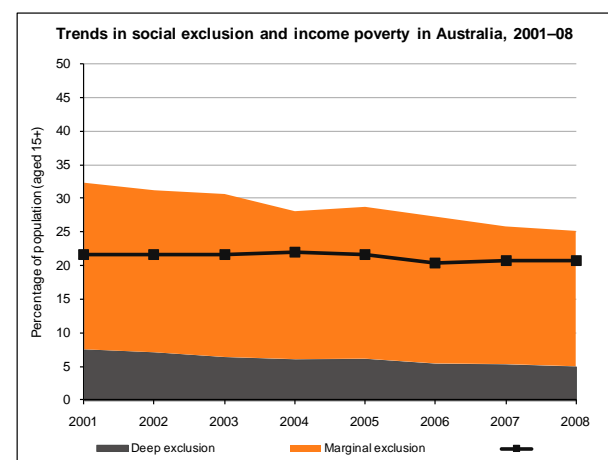
In the first year of the data collection, 2001, around 25% of the population was marginally excluded. During the decade the level of marginal exclusion dropped to about 20% in 2008. The main explanation for this is the strong economy and solid economic growth that led to record low levels of unemployment prior to the global financial crisis in 2008–09.

In 2001 we found that 7.5% of the population was experiencing deep exclusion. By 2008 this level had fallen to 5%. Based on this data, more than 1 million Australians still experience deep exclusion.

We also measured the prevalence of very deep exclusion. In 2001, we found that 1.3% of the population was very deeply excluded, and in 2008 this had decreased to just 0.9%. More than 200,000 Australians still experience very deep exclusion.

Figure 2 shows the trend in social exclusion over the decade compared with a commonly used relative measure of income poverty (income less than 60% of median income).¹ In 2001, that rate of income poverty was just over 21.6%. In contrast to social exclusion, there has been little change in the rate of income poverty, which was 20.7% in 2008. This graph clearly shows that the two different measures give different information on the extent of disadvantage in society.

Figure 2 Social exclusion and poverty in Australia, 2001–08



¹ Note that all trend graphs are derived from the common indicators that are measured in all the waves of HILDA data. Not all the indicators are collected each year.

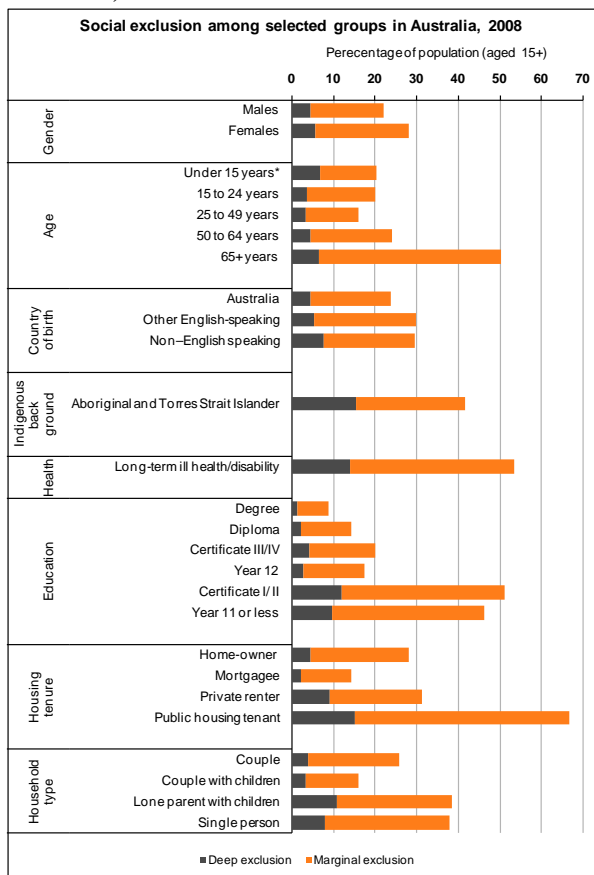
Who experiences social exclusion?

There are significant differences in the levels of social exclusion experienced by various groups in the community.

Using the latest data (2008), Figure 3 shows that:

- Women are more likely to be excluded than men.
- Half of people over 65 experience exclusion—more than any other age group.
- Social exclusion is more common among immigrants than native-born Australians.
- Among Indigenous Australians, 42% experience social exclusion.
- More than half of Australians who have a long-term health condition or disability experience social exclusion.
- Early school leavers are much more likely to experience exclusion than those with a diploma or degree.
- Nearly 40% of single people and lone parents experiences social exclusion.
- Public housing tenants experience social exclusion at more than twice the rate of people living elsewhere.

Figure 3 Social exclusion among selected groups in Australia, 2008



Key findings

The graphs that follow show the levels of social exclusion for different groups of Australians. The period measured in each graph is 2001–08. These will be updated on the [social exclusion monitor](#) with the findings from 2009 HILDA data once available.

Please note that in the graphs ‘all social exclusion’ refers to the total of marginal and deep exclusion.

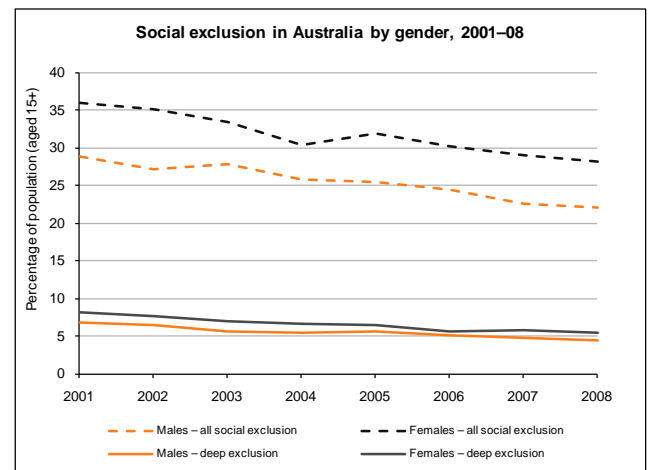
Gender

Some 28% of women experience social exclusion compared to 22% of men.

More women than men are socially excluded each year in Australia. The overall levels of exclusion are considerably higher for women (28%, compared to 22% for men). Although the levels of deep exclusion are more similar between genders, they are still higher for women at 5.5% compared to 4.4% for men.

Figure 4 shows that levels of exclusion decreased for both men and women. One contributing factor is likely to have been the strong economic and employment growth over the decade.

Figure 4 Social exclusion in Australia by gender, 2001–08



Age

Half of Australians aged over 65 years experience some level of social exclusion.

Older people, those aged over 65 years, experience very high levels of social exclusion. The overall level of exclusion for this age group is 50%, compared to 20–30% for other age groups.

The level of deep exclusion experienced by children (under-15 year olds) is also relatively high at nearly 7% in 2008.

Figures 5 and 6 show that levels of exclusion decreased for all age groups. While the level of deep exclusion has declined for most age groups, it appears that this has not been the trend for under-15 year olds.

Figure 5 All social exclusion in Australia by age group, 2001–08

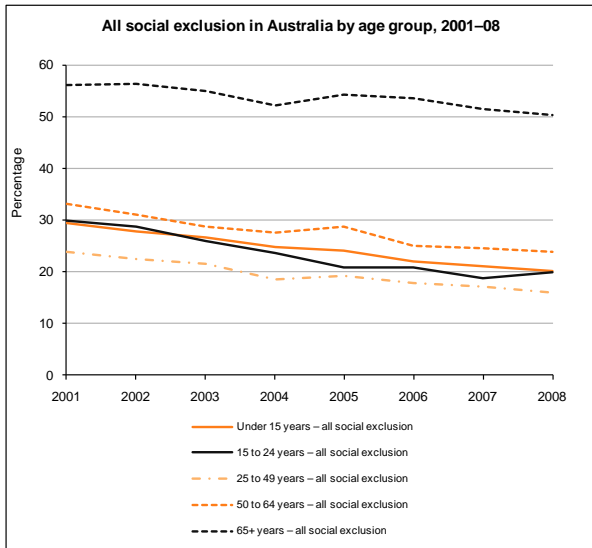
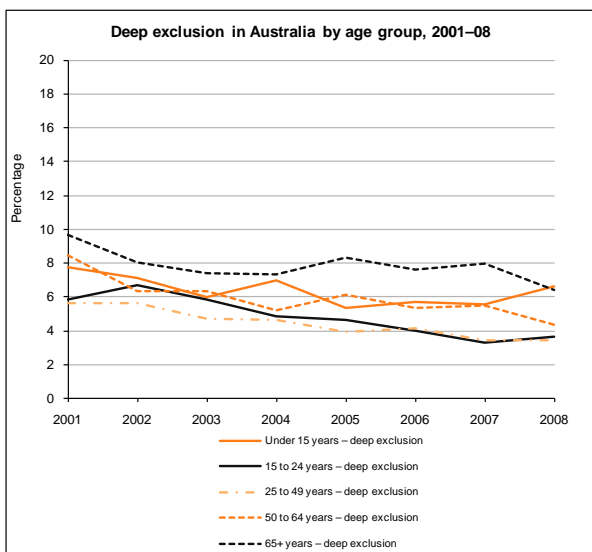


Figure 6 Deep exclusion in Australia by age group, 2001–08



Country of birth

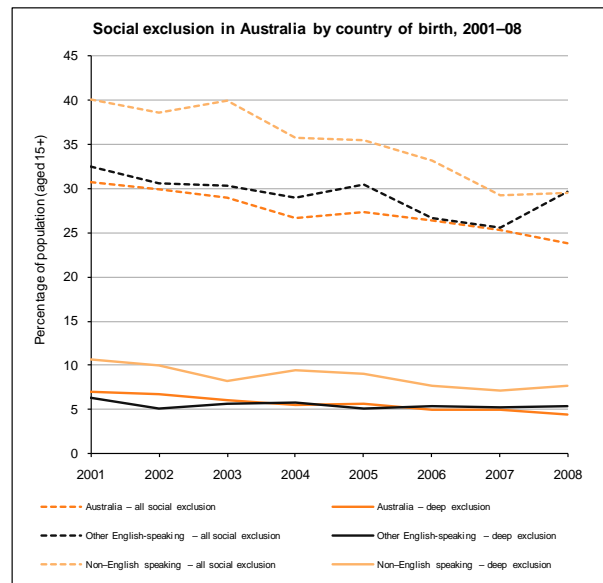
Social exclusion is experienced by 30% of immigrants from non-English speaking countries.

Immigrants experience higher levels of social exclusion than native-born Australians. Deep exclusion in the past decade was experienced by 8% of immigrants from non-English speaking countries, compared to 5% of those from the main English-speaking countries (United Kingdom, United States,

New Zealand and South Africa) and 4% of those born in Australia.

Figure 7 shows that overall levels of exclusion determined by country of birth decreased for most people. However, the level of deep exclusion experienced by immigrants from non-English speaking countries remained higher than that of the other groups.

Figure 7 Social exclusion in Australia by country of birth 2001–08



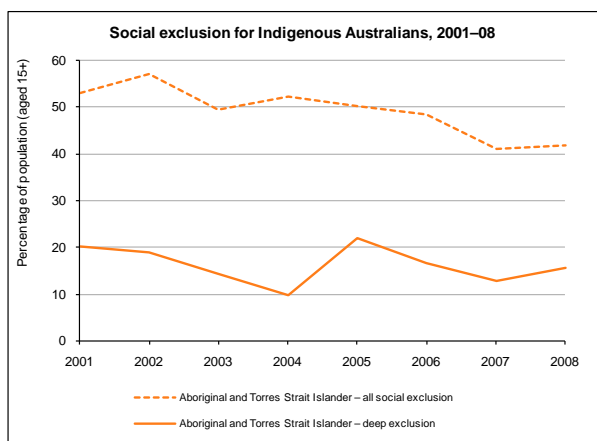
Indigenous background

Social exclusion is experienced by 42% of Indigenous Australians.

Indigenous Australians experience the highest level of social exclusion in Australia. We found, using the latest 2008 data, that nearly half (42%) of all Indigenous Australians experience some level of social exclusion compared to 25% of all Australians. In particular, one in six (16%) Indigenous Australians experiences deep exclusion annually. This is nearly 85,000 people each year.

Figure 8 shows that overall levels of exclusion decreased for Indigenous Australians from 53% in 2001 to 42% in 2008. The level of deep exclusion also fell during this time, from 20% to 16%.

Figure 8 Social exclusion for Indigenous Australians, 2001–08



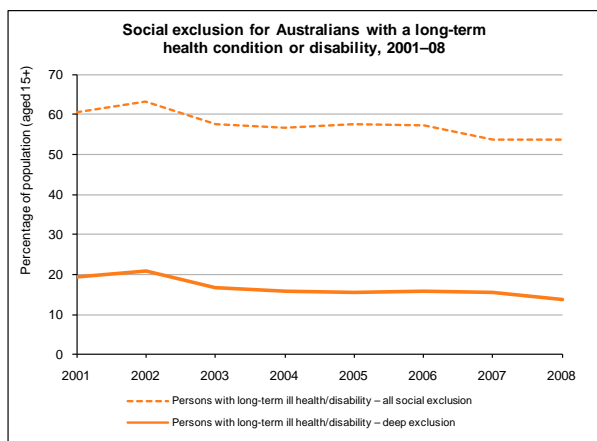
Health

One in two Australians who have a long-term health condition or disability experiences social exclusion each year.

Poor health and disability are strongly linked to social exclusion in Australia. We found, using the latest data (2008), that more than half (54%) of Australians who have a long-term health condition or disability experience some level of exclusion. One in seven (14%) experiences deep exclusion.

Figure 9 shows that levels of exclusion decreased for people with a long-term health condition or disability. They dropped from 61% to 54% for this group overall and the level of deep exclusion fell from 19% to 14%.

Figure 9 Social exclusion for Australians with a long-term health condition or disability, 2001–08



Education

Early school leavers experience social exclusion at three times the rate of those who have completed Year 12.

Low levels of education and skills are strongly linked to social exclusion. In measuring social exclusion we found that nearly half (46%) of Australians in 2008 who had not completed Year 12 experienced some level of exclusion (see Figure 10) and one in 10 (10%) experienced deep exclusion (see Figure 11).

Early school leavers (those with Year 11 or below) experience social exclusion at three times the rate of those who have completed Year 12. This level has not improved much despite a decade of sustained economic growth, which reinforces the importance of education and training as a pathway out of social exclusion.

Figure 10 All social exclusion in Australia by education, 2001–08

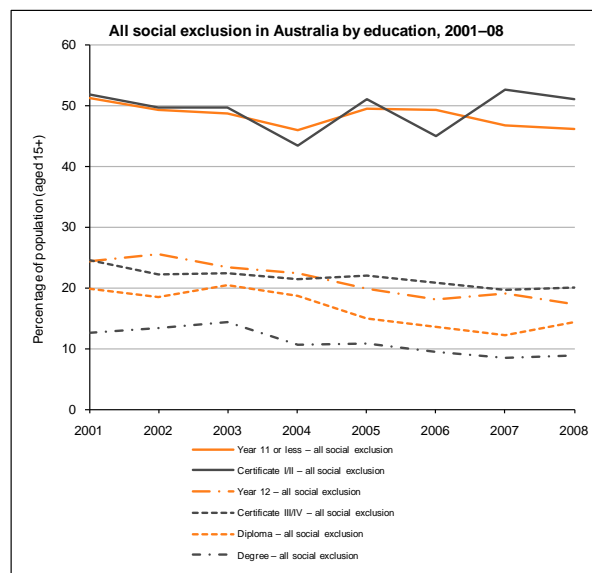
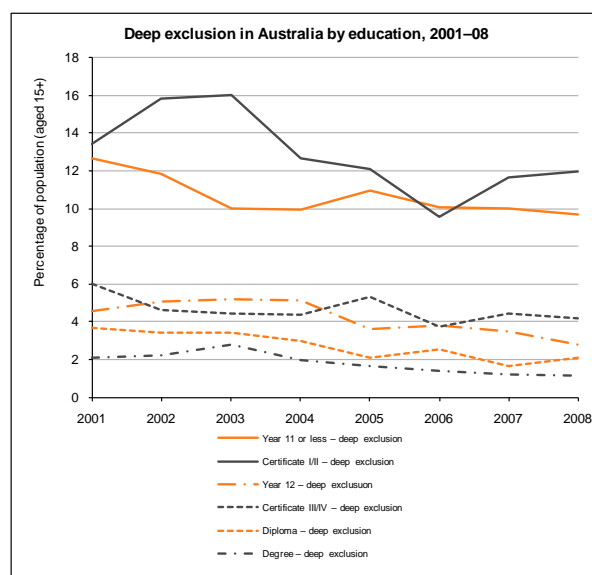


Figure 11 Deep exclusion in Australia by education, 2001–08



Household type

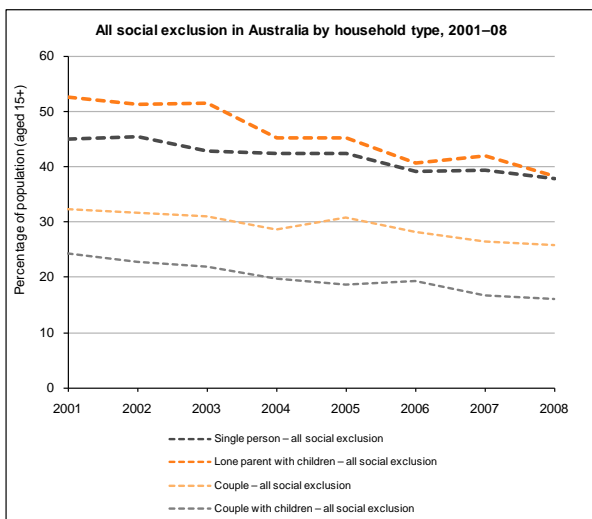
One in nine lone parents is deeply excluded.

Measuring social exclusion across household types reveals that lone-parent households and single persons experience high levels of social exclusion. One in nine (11%) lone parents and one in 13 (8%) single people experience deep exclusion.

On the positive side, couples experience relatively low levels of social exclusion overall, especially those with dependent children (16% in 2008).

Figure 12 shows that levels of exclusion decreased for people in all household types, reflecting in part the strong period of economic growth and increasing labour market participation of women. However, the decline in deep exclusion experienced by households of couples with children has been relatively low compared to other household types.

Figure 12 All social exclusion in Australia by household type, 2001–08



Housing

Two-thirds of Australians living in public housing experience social exclusion.

Using the latest data (2008), two-thirds (67%) of public housing tenants are socially excluded. One in seven (15%) of Australians living in public housing experiences deep exclusion.

This does not imply that public housing causes social exclusion. With limited public housing stock, those with the highest needs are allocated housing first.

Nearly one-third (31%) of private renters are socially excluded, with one in eleven (9%) experiencing deep exclusion. This incidence of deep exclusion is almost

double that for all Australians, which poses questions for government about how social policies affect disadvantaged people who are renters, who are a larger group than public housing tenants.

On the positive side, home owners with mortgages have a considerably lower rate of social exclusion overall (14%) than people in other housing situations.

Figures 13 and 14 show that levels of exclusion decreased slightly for people in most housing situations. A substantial decline in the level of deep exclusion is reported for those in public housing in 2008. It is unclear why this has occurred.

Figure 13 All social exclusion in Australia by housing type, 2001–08

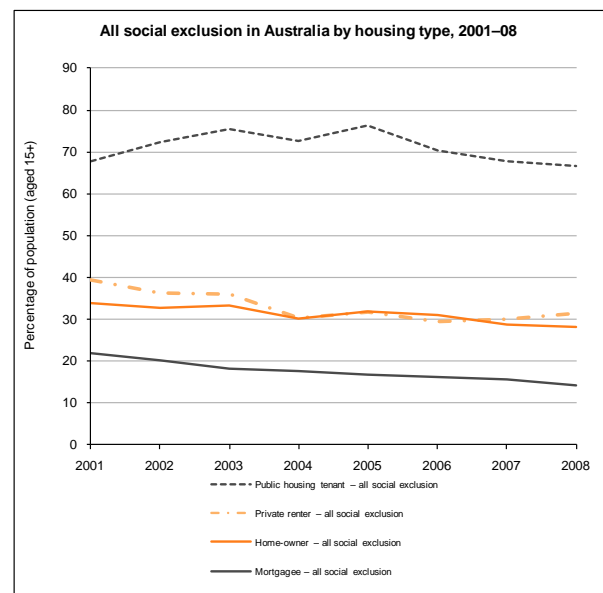
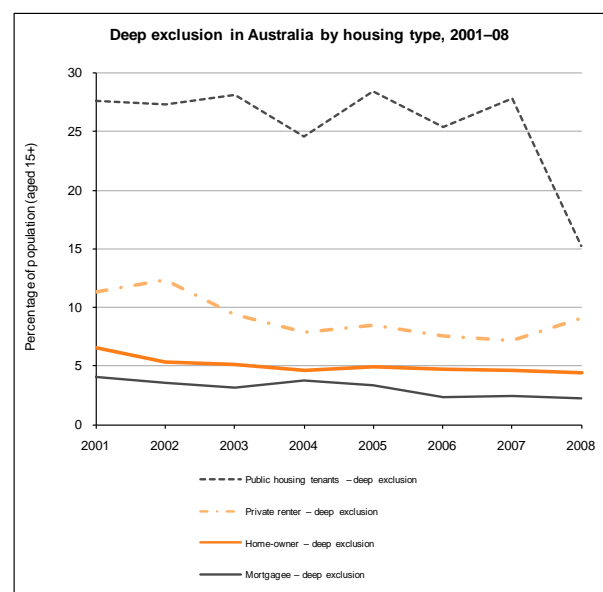


Figure 14 Deep exclusion in Australia by housing type, 2001–08



How persistent is social exclusion?

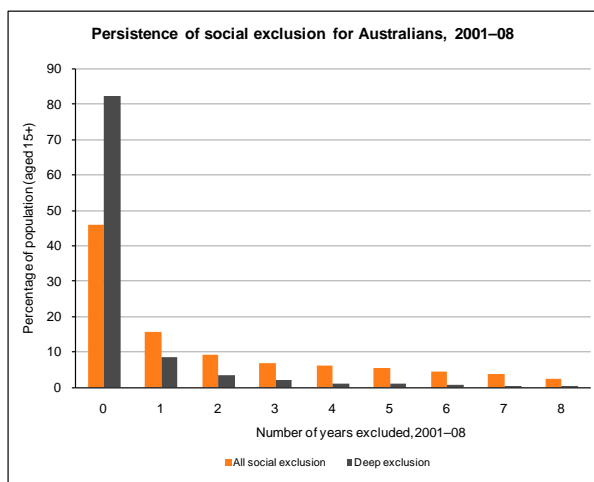
The HILDA Survey interviews the same people each year. This enables examination of the extent to which social exclusion persists over time. Is social exclusion a temporary or continuing situation?

Figure 15 answers this question for the first time using the data collected over eight years from 2001 to 2008. It should be noted that this covers a period of sustained economic growth culminating in record low levels of unemployment before the onset of the global financial crisis in 2008–09.

The analysis shows that for many people their experience of social exclusion is temporary. While nearly half (46%) did not experience any exclusion in this period, 54% were excluded in at least one year. On our measure, marginal social exclusion is highly persistent for a significant proportion of the population: 29% of all people (15 years plus) were excluded for at least three years of the eight-year period. But, only 2.4% were experienced marginal exclusion for all eight years.

Figure 15 also shows the proportion of the population who were deeply excluded over this period. Just below 18% were deeply excluded for one or more years. However, only 6% were deeply excluded for three or more years of the eight year period.

Figure 15 Persistence of social exclusion for Australians, 2001–08



What have we learnt so far?

Our analysis for the first time provides benchmark data on the prevalence, depth and persistence of social exclusion in Australia during the first decade of this century.

We have found that one in four (25%) Australians experiences social exclusion at some level (using the latest 2008 data). For most people this experience is of short duration and not too severe—in many ways this is consistent with what income poverty data tells us.

However, more importantly for social policy, there is a significant level of deep exclusion in Australia, with some individuals and households experiencing multiple barriers to social and economic participation. Almost 5% of Australians experience deep social exclusion. For many this exclusion will also be persistent, lasting for three years or more. This reinforces the importance of targeting policies to address the highest rates of exclusion experienced by different population groups, such as those with disabilities, Indigenous persons, those in public housing and older persons.

Measuring exclusion is a critical first step towards strengthening social inclusion for all Australians.

Future research

The research partners plan to undertake this analysis on an annual basis using the HILDA Survey data and report the findings on our [social exclusion monitor](#).

The regular reporting of the prevalence of social exclusion will provide an independent monitor of the progress achieved by Australian governments to build social inclusion over the coming years.

We shall also report on emerging themes from the analysis such as trends over time and particular clusters of barriers faced by specific groups at different stages over the life course.

The social exclusion monitor will be updated with 2009 data later this year.

Sources and links

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

Headey, B 2006, [A framework for assessing poverty, disadvantage and low capabilities in Australia](#) (PDF file, 182 KB), Melbourne Institute report no. 6, Melbourne Institute of Applied Economic and Social Research, Melbourne.

Levitas, R, Pantazis, C, Fahmy, E, Gordon, D, Lloyd, E & Patsios, D 2007, [The multi-dimensional analysis of social exclusion](#) (PDF file, 1.7 MB), for Department for

Communities and Local Government (DCLG), Social Exclusion Task Force, Cabinet Office, London.

Saunders, P, Naidoo, Y & Griffiths, M 2007, *Towards new indicators of disadvantage: deprivation and social exclusion in Australia* (PDF file, 826 KB), Social Policy Research Centre, University of New South Wales, Sydney.

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

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

Vinson, T, Brown, N, Graham, K, Stanley, F 2009, *A compendium of social inclusion indicators: how's Australia faring?* (PDF file, 2.6 MB), Social Inclusion Unit, Department of the Prime Minister and Cabinet, Canberra.

Useful links

Melbourne Institute (MIAESR):
www.melbourneinstitute.com

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

Social Policy Research Centre, University of New South Wales: www.sprc.unsw.edu.au

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

About the project

The Brotherhood of St Laurence acknowledges the collaboration and support of the Melbourne Institute, in particular Roger Wilkins and Rosanna Scutella. We are grateful for the advice and expertise of Guy Palmer.

For further information

Visit the [social exclusion monitor](#) to keep track of the levels of social exclusion experienced by Australians based on the latest annual data.

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

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

Bulletin published in September 2011 by

Brotherhood of St Laurence
67 Brunswick Street
Fitzroy, Victoria 3065
Australia
ABN 24 603 467 024
Phone: (03) 9483 1183
www.bsl.org.au

and

Melbourne Institute of Applied Economic and Social Research
The University of Melbourne
Victoria 3010
Australia
Phone: (03) 8344 2100
www.melbourneinstitute.com