



Australian Government

SOCIAL INCLUSION

A compendium of social inclusion indicators

How's Australia faring?

A compilation of comparative data undertaken by the Australian Social Inclusion Board to inform its advisory work



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May 2009

Acknowledgements

This compendium draws on a wide range of data from a variety of sources, principally data held by the Australian Bureau of Statistics and Eurostat.

Research and authorship of this compendium of comparative social inclusion indicators was undertaken by the Australian Social Inclusion Board indicators working group.

Special thanks go to the members of the working group for their generous contribution of expertise and time.

Australian Social Inclusion Board—indicators working group

Professor Tony Vinson (*lead author*)
Sydney University Faculty of Education and Social Work
Dr Ngiare Brown
Sydney University Poche Centre for Indigenous Health
Ms Kerry Graham
Inspire Foundation
Professor Fiona Stanley
Telethon Institute for Child Health Research

Social Inclusion Unit—Department of the Prime Minister and Cabinet

Joanne Hillermann, Australian Bureau of Statistics Outposted Officer
John Landt, Applied Research, Locational and Data Analysis
Jacqui Malins, Secretariat
Melanie Preuss, Secretariat

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FOREWORD

The Australian Social Inclusion Board (the Board) was established in May 2008 as the Australian Government's advisory body on social inclusion. One of our terms of reference is to 'provide views and input on social inclusion including how to measure disadvantage and social exclusion.' The Board has prepared a compendium of headline indicators of social inclusion as one means of consulting and providing input on the particular question of how to measure disadvantage and social exclusion.

The European Union (EU) began measuring social exclusion with an initial set of headline indicators in 2001, and have since added to and subtracted from their selection of indicators. This compendium collects Australian data for these indicators in one place for the first time, which will doubtless provide a resource for academics, researchers and analysts with an interest in social inclusion.

While providing an opportunity to compare and contrast the situation in Australia to countries in the EU, the compendium can also stimulate broader discussion of social inclusion issues and the best way to measure social inclusion in Australia where:

- > we can draw on international examples of performance measurement
- > we can add value and improve measurement
- > our particular circumstances might require a different approach.

The data in this compendium will contribute to the work of the Board across its terms of reference, not only in the area of measuring social inclusion.

The data it contains will support the development of our advice on how to improve social inclusion and will help to identify areas for attention—for example, an initial scan indicates that groups of people reflected in more than one indicator of exclusion include the aged, public sector housing tenants, Aboriginal and Torres Strait Islander peoples, sole parent families and people of non-English speaking backgrounds.

It will also provide a foundation for our report on social inclusion, which will be produced later in 2009 in response to another of our terms of reference.

While this compendium is a collection of data, which is allowed to speak for itself, our report will contain a set of indicators, further developed in light of the discussion and debate prompted by this compendium, and supplemented with the Board's commentary, analysis and recommendations.

A challenge for the Board has been to order and prioritise the wide-ranging information available. The Indicators Working Group of the Board has navigated through the data, to arrive at the most useful selection and comparisons, with assistance from the Social Inclusion Unit of the Department of the Prime Minister and Cabinet (PM&C).

The introductory Overview by Professor Vinson outlines the origins and development of the concept of social inclusion and ways in which some countries are systematically measuring progress, especially within the EU. The current global economic circumstances will impact upon the social domains assessed by many of these indicators.

Where Australia has seen a decade of increasing labour force participation and decreasing unemployment rates, that trend is expected to change. As the situation unfolds the Board will continue to closely monitor the financial and social impacts felt by Australians.

My thanks go to Professor Tony Vinson, Ms Kerry Graham, Dr Ngiare Brown, Professor Fiona Stanley and the staff of the Social Inclusion Unit.

This compendium can be found online at www.socialinclusion.gov.au along with more on the work of the Australian Social Inclusion Board.

If you want to comment on the compendium please use the comments section on the social inclusion website or email the Secretariat at socialinclusionunit@pmc.gov.au.

Patricia Faulkner, AO
Chair—Australian Social Inclusion Board
February 2009

ABBREVIATIONS

ABS	Australian Bureau of Statistics
ACER	Australian Council for Educational Research
ACT	Australian Capital Territory
AUST	Australia
DEEWR	Department of Education, Employment and Workplace Relations
DSP	Disability Support Pension
EU	European Union
EU15	15 member states of the EU
EU17	17 member states of the EU
EU19	19 member states of the EU
EU25	25 member states of the EU
EU27	27 member states of the EU
GDP	Gross Domestic Product
HALE	health adjusted life expectancy
HILDA	Household, Income and Labour Dynamics in Australia Survey
ILO	International Labour Organization
LBOTE	language background other than English
MCEETYA	Ministerial Council on Education, Employment, Training and Youth Affairs
NAPLAN	National Reporting Against Literacy and Numeracy Benchmarks
NSW	New South Wales
NT	Northern Territory
OECD	Organisation for Economic Co-operation and Development
PISA	Program for International Student Assessment
PM&C	Department of the Prime Minister and Cabinet
PPP	purchasing power parity
Qld	Queensland
SA	South Australia
SAAP	Supported Accommodation Assistance Program
SIH	Survey of Income and Housing
SIU	Social Inclusion Unit
SLA	Statistical Local Areas
Tas.	Tasmania
UN	United Nations
UK	United Kingdom
US	United States of America
Vic.	Victoria
WA	Western Australia
WHO	World Health Organization



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OVERVIEW

Following the development of the concept of social exclusion in France and an early emphasis on citizenship and social cohesion, the general European trend in recent decades has been to conceive of social exclusion as ‘a relational process of declining participation, solidarity and access’. (Silver & Miller 2002)¹

An emphasis has been placed on the social consequences of being in a deprived situation, especially the alienation or disenfranchisement of people caught in poor circumstances.² Income has continued to be an important consideration but it is argued that focusing on it alone can overstate the role of earnings in determining quality of life. Social exclusion focuses more on social relations and ‘... the extent to which people are able to participate in social affairs and attain power to influence decisions that affect them.’³

A variety of forces shape exclusion, including: barriers to the job market; limited support networks; special difficulties in negotiating social provisions; children not succeeding in the education system; alienation from one’s society (for example, ‘disaffected youth’); and residing in a locality marked by extreme social disadvantage with a social environment that helps to lock residents into an ‘outsider’ position. A hazard, however, is that the very breadth of application of the concepts ‘inclusion’ and ‘exclusion’ puts them in danger of losing clarity. According to one commentator: ‘This is because the terms’ power comes not from their analytical clarity, which is conspicuously lacking, but from their flexibility.’⁴ Another commentator⁵ has suggested that the proper question to ask about the idea of social exclusion is not what it means, but what we mean by it?

Much pioneering work has been done within the EU to provide an answer to the foregoing question and the EU has played a leading role in developing measures that capture significant dimensions of social inclusion. Obviously, similar work has taken place in non-EU states but the EU framework, particularly in its more compressed initial form, is employed wherever possible in the present exercise to bring coherence to, and enable comparisons with, the EU statistical analysis.

By the late 1990s the dominant discourse within the EU had shifted decisively towards a labour force attachment orientation. In Britain there has developed an emphasis on ‘opportunity’ with the practical clues to that term’s meaning embedded in the indicators used to monitor progress in tackling poverty and social exclusion. While member states of the EU differ to some extent in the qualities they emphasise, there is considerable common ground about the issues that need to be covered by indicators of social exclusion—poverty, deprivation, low educational qualifications, labour market disadvantage, joblessness, poor health, poor housing or homelessness, illiteracy and innumeracy, economic precariousness and incapacity to participate in society. There are advantages in Australia considering the EU indicators as foundational for its purposes and then supplementing them with additional measures that match the country’s

social and political priorities. It is advisable to cast the net more widely because EU indicators are somewhat better developed for material and labour market deprivation than for social, political or cultural dimensions of inclusion or exclusion.⁶

Naturally, a variety of definitions of wide and narrow scope has emerged to aid in the identification of social exclusion. In general, the varied definitions contain common elements of ‘lack of connectedness’, and the many-sided nature of exclusion as well as the fact that the social and physical environments in which people live are implicated.⁷ This is not the place for an extended review of the various definitions that have emerged but rather the place to distil their common elements as a basis for building a relevant indicator set.

Pierson’s (2001) definition is sensitive to the flexibility of the concept while offering practical guidance as to its identification:

Social exclusion is a process that deprives individuals and families, and groups and neighbourhoods, of the resources required for participation in the social, economic and political activity of society as a whole. This process is primarily a consequence of poverty and low income, but other factors such as discrimination, low educational attainment and depleted living environments also underpin it.

Through this process people are cut off for a significant period in their lives from institutions and services, social networks and developmental opportunities that the great majority of a society enjoys.⁸

Researchers and practitioners have been successful in identifying a set of indicators that reflect critical dimensions of social exclusion, such as those featured in Pierson’s definition. These dimensions can be measured within a nation or specified regions and groupings. For example, Australia’s Indigenous peoples should be the focus of particular attention within future social indicator systems intended to monitor the progress of specified groups and regions. The present Compendium exercise, being of a more general character, complements much more extensive reporting on Indigenous issues such as in the *Close the Gap* campaign and the *Overcoming Indigenous Disadvantage* indicators.

It should also be possible in future to compare where Indigenous people are and are not doing well, rather than comparing them to non-Indigenous populations, as is generally the case throughout this compendium.

The relevant indicators also need to take heed of key forces that, according to Pierson and a number of other authorities,⁹ drive the process of social exclusion. These five ‘drivers’, plus a category labelled simply ‘health’ and another called ‘contextual’, have been adopted as the framework for organising the indicators contained in this compendium. Briefly stated, Pierson’s drivers of social exclusion include:

- > **Poverty and low income**—This is still one of the most potent elements in the process. In a country like Australia this is a relative entity and refers to the lack of resources needed to participate in the activities, living conditions and amenities that are generally available to most people in society. People in these circumstances are, in effect, excluded from ordinary living patterns and social activities.
- > **Lack of access to the job market**—Most obviously those lacking work-related skills have difficulty entering or re-entering the job market, with implications for income. However, there is another perspective besides remuneration: work provides social interaction and networks for which there are few matching opportunities elsewhere as well as contact with relatively powerful institutions.¹⁰
- > **Limited social supports and networks**—‘Network poverty’ is a barrier to social support and informal help that people need to take part in community life. Some networks help people to get by on a day-to-day basis (filling gaps in childcare, looking after someone when that person is ill, providing small amounts of cash to make ends meet, or celebrating family or life landmarks). Other networks are important for getting ahead (providing information on jobs, education, training and opportunities for advancing one’s interests).¹¹ In summary, social networks can provide social support, social influence, opportunities for social engagement and meaningful social roles as well as access to resources.¹²

> **The effect of the local neighbourhood—**

When poor conditions persist over years, and even generations, the social climate of an area can exercise an influence over and beyond the sum of individual and household disadvantage.¹³ People can become resigned to their limited life opportunities, have limited identification with their local area, be preoccupied with simply getting through each day,¹⁴ and lack the confidence and will to try and improve their collective situation.¹⁵ Locality, then, can be an important and enduring locus of social exclusion.¹⁶

> **Exclusion from services—**In persistently disadvantaged neighbourhoods there are often barriers to obtaining a range of in-home and out-of-home services which are beyond the ability of individuals to overcome. These services range from developmentally vital education, to child care and health services, to home help and home care support, and to transport and financial services. Reduced services of these kinds can have a compounding effect upon other forms of exclusion.¹⁷

The Compendium includes many comparisons between Australian data and EU data, although in some instances precise comparisons have not proved possible at this stage. It should be noted that the measures employed by the EU are evolving and while priority is given here to an initial set of EU social inclusion indicators developed around 2001, some recent EU indicators are also included. In addition, a number of supplementary measures of potential importance to the Board's work are examined in the Compendium using Australia-only data. When comparing Australian findings to counterpart measures abroad, explicit reference is sometimes made to a small group of countries that are making particular contributions to the development of inclusive policies, namely Sweden, Finland, Denmark and the United Kingdom. In the final analysis, the indicators employed in the Compendium have been drawn from varied sources because they are thought to be helpful in gaining an understanding of the degree of social inclusion in Australian society.

The statistics reviewed in the Compendium are usually referred to as 'headline indicators' because, if repeated in a consistent way over

time, they act as signposts indicating whether change is occurring and the direction of that change. They invite the exploration, by formal research and disciplined reflection, of associations and patterns, and the interpretation of the significance of indicator findings by comparing them with equivalent measures in other societies. Of course, more is involved in judging a country's social performance than how well it fares in comparison with other countries on a series of indicators. All or a majority may be falling short of achieving goals to which they are committed. However, a body like the Australian Social Inclusion Board can be assisted in its work by considering the 33 indicators reviewed in this compendium. Using comparative international rates, the Board can be helped to identify fields in which Australia is travelling satisfactorily, others in which it has a middling standard of achievement and other fields in which it has ground to make up.

It is this comparative use of social indicators that forms the backbone of the Compendium. The international financial crisis, at least for its duration and possibly beyond, can be expected to impact upon the social domains assessed by many of the present indicators. However, as nations and their governments develop recovery plans and initiatives and contemplate the social arrangements they wish to reconstitute, they need to reflect on both the social achievements of the recent past and those aspects which, on a comparative basis, might warrant greater attention. The data contained in this compendium can contribute to those deliberations.

The main advantage to Australia in periodically auditing trends in key aspects of social inclusion is to see whether the chances for its citizens to enjoy opportunities and amenities considered essential by a majority of people are increasing or decreasing. Charting social progress in this way would encourage the more systematic appraisal of the actual outcomes of social policies.

Tony Vinson
Sydney University Faculty of Education and
Social Work
February 2009



THEMES

The statistics and discussions presented in this report are synoptic in character so that no real purpose would be achieved by prefacing them with a customary executive summary. However, certain categories of analysis—like the aged, public housing tenants and some family structures—are recurring themes in the unfolding account of factors related to social exclusion in Australia. Therefore, it would seem useful to invite readers in advance to consider some possible lines of convergence in the evidence presented of the vulnerability of certain groups to different aspects of social exclusion. Listed below are some categories of people that appeared at least twice among the groups highlighted by the indicator results, with details presented in the body of the compendium:

Aged persons

- > At-risk-of-poverty: 2.3 times the whole population rate
- > More stringent risk-of-poverty: similar degree of risk
- > High persistent (three years) poverty rates
- > Declining income for persons 65 and over: a ratio of 0.57 to income levels of younger people
- > Report limited ability to ‘be heard’

Public housing renters

- > At-risk-of-poverty: 60% below 60% of median income threshold
- > Among least likely to be supported by relatives or others in critical times
- > Fear of violence (inside and outside of home)
- > Less likely to benefit from small favours

Aboriginal and Torres Strait Islander peoples

- > Low rate of labour force participation
- > Low rate of home ownership
- > Experience of violence (particularly women)
- > School retention rising but still comparatively low
- > Lower proportion of students achieving literacy and numeracy benchmarks
- > High rate of homelessness
- > Reduced life expectancy at birth
- > Reduced healthy life expectancy at birth
- > Comparatively poor self-defined health status

One-parent families

- > Vulnerability to more stringent risk of poverty
- > Frequency of jobless households

People of non-English speaking backgrounds

- > Vulnerable on the more-stringent-risk-of-poverty assessment
- > Vulnerable on the 'persistent poverty' (three years) assessment

EU and supplementary indicators

Within the body of the compendium, indicators are identified as:

European Union indicator

EU

Supplementary indicator

S

SOCIAL INCLUSION INDICATORS AND SUPPLEMENTARY MEASURES

For the purposes of this compendium the inclusion indicators have been grouped in the following way:

(EU) = EU indicator (*includes initial EU indicators adopted in 2001 plus selected recent EU indicators*)

(S) = supplementary indicator

Poverty and low income

- 1 At-risk-of-poverty rate after social transfers (EU)
- 2 Depth (degree) of deficient income (EU)
- 3 Income distribution (EU)
- 4 Income inequality (EU)
- 5 Persistent risk-of-poverty rate (EU)
- 6 More stringent risk-of-poverty rate (EU)
- 7 Income of people 65 years and over as a ratio of income of people under 65 years (EU)
- 8 Housing affordability (S)

Lack of access to the job market

- 9 Participation in the labour market (EU)
- 10 Employment rates (EU)
- 11 Employment of older workers (EU)
- 12 Long-term unemployment (EU)
- 13 Persons living in jobless households (EU)
- 14 People with a mild or moderate disability who are working (S)
- 15 Regional disparity in employment rates (EU)

Limited social supports and networks

- 16 Assistance given and received (S)
- 17 Influencing decision makers (S)

Effect of the local neighbourhood

- 18 Fear, and actual experience of violence (S)
- 19 Neighbouring, community involvement and communal relations (S)

Exclusion from services

- 20 Early school leavers not in education or training (EU)
- 21 Persons (adults) with low educational attainment (EU)
- 22 Adult literacy (S)
- 23 Academic progress of Year 3 and Year 7 students in Australia (S)
- 24 Access to the Internet and information technology (S)
- 25 Homelessness (S)
- 26 Access to services (S)
- 27 Teenage mothers (S)

Health

- 28 Life expectancy at birth (EU)
- 29 Healthy life expectancy at birth (EU)
- 30 Self-defined health status (EU)
- 31 Risk of mental illness (S)

Contextual

- 32 Total health expenditure per capita (EU)
- 33 Total social expenditure per capita (EU)



POVERTY AND LOW INCOME INDICATORS

1 The at-risk-of-poverty rate after social transfers

EU

How can we determine if Australian households have enough income to get by?

The EU believes that more than money determines a state of poverty and exclusion; hence the emphasis in its indicator analyses is upon 'vulnerability' to being poor. Other offsets can affect the significance of income (assistance from family and friends, 'imputed' rent, the informal economy and benefits in kind). The EU has resorted to a relative income threshold, settling on a standard that enjoys considerable international support, namely, 'share of persons living in households with an income below 60% of the national median income'.¹⁸ In calculating household income, an adjustment known as 'equivalisation' is made for the number of adults and children a household contains.

MAIN FINDINGS

In 2005–06, one-in-five Australians (20%) lived in households with incomes below 60% of the national median income.

Persons over 65 years are in this position at 2.3 times the whole population rate, though this is ameliorated somewhat by the high levels of home ownership among older households. Public renters and those in receipt of government pensions and payments are also over-represented in this category.

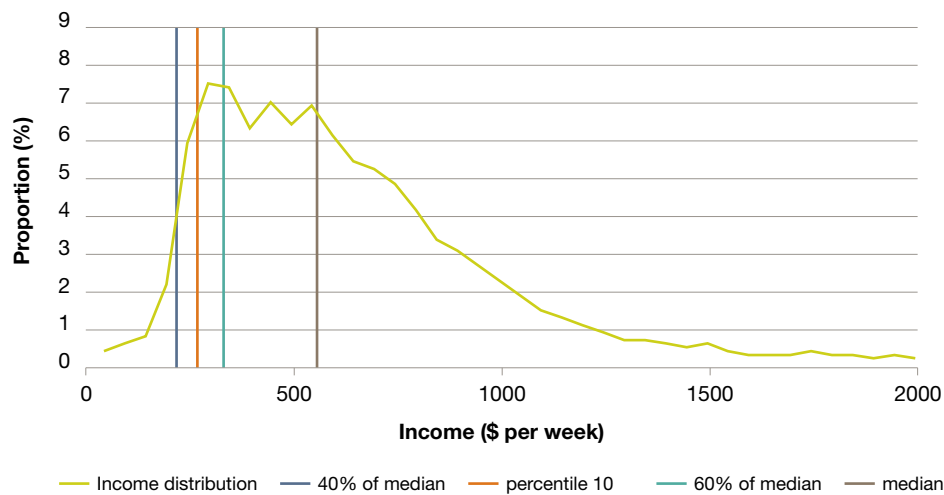
The percentage of Australians at-risk-of-poverty is greater than the EU25 average with only five member states matching or exceeding the Australian vulnerability rate.

Australia

Australian data is available to match the EU 60% of national median income approach and to include the more severe 50% and 40% of median income thresholds. For reasons of comparison, the primary emphasis here is upon the 60% threshold findings but note is also taken of the 50% and 40% levels.

Before considering the numbers of people below the specific thresholds it can be seen from the overall income distribution graph (Figure 1) that the 40%, 50% and 60% of median equivalised disposable household income cut-offs for 2005–06 fall around the 10 percentile level. The figure also shows that the distribution curve is very steep at this point and so very sensitive to changing thresholds.

Figure 1 Distribution of equivalised disposable household income (2005–06)



Note: Persons with income between \$25 and \$2025 are shown in \$50 ranges.

Source: Australian Bureau of Statistics (ABS) 'Income and Housing Survey' (2005–06), ABS cat. no. 6531.0.

The number and proportion of persons with an income below 60%, 50% and 40% of the national median income is shown in Table 1.

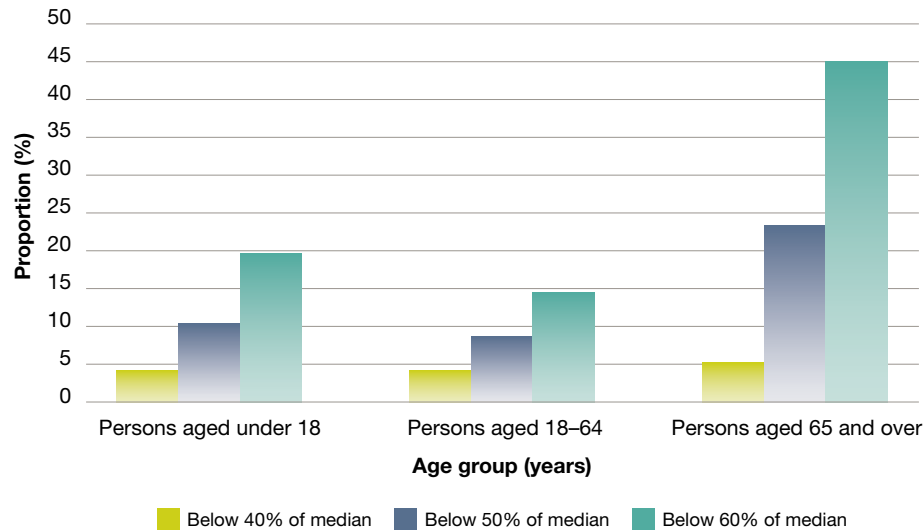
Table 1 All persons, specified equivalised disposable household income thresholds (2005–06)

Equivalised disposable income thresholds		
	Persons below threshold	
Income threshold	'000	Proportion %
Below 60% of median	3,888	19.5
Below 50% of median	2,178	10.9
Below 40% of median	855	4.3

Source: PM&C SIU analysis of ABS 'Income and Housing Survey' (2005–06), Basic Confidentialised Unit Record File, ABS cat. no. 6531.0.30.001.

As Figure 2 shows, the proportion of persons aged 65 and over with disposable household incomes below the 60% threshold was 45% or 2.3 times the whole population rate (20%). The picture was similar when the 50% threshold was employed.

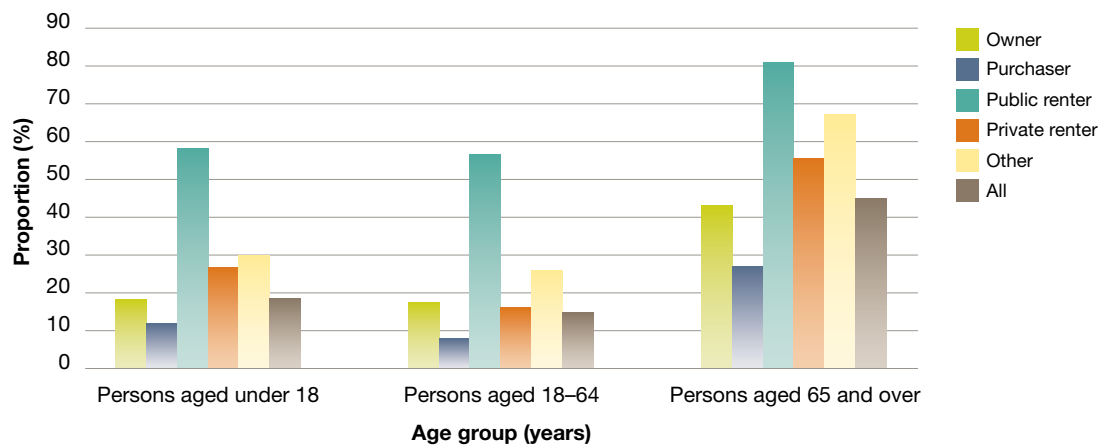
Figure 2 Persons under at-risk-of-poverty thresholds by age group (2005–06)



Source: PM&C SIU analysis of ABS 'Income and Housing Survey' (2005–06), Basic Confidentialised Unit Record File, ABS cat. no. 6531.0.30.001.

Single persons (43%), sole parents in one-parent families (39%) and couples without children (23%) were over-represented in the households below 60% of the national median income. The same pattern, but with lower percentages, was revealed when the threshold was set at 50%. In terms of housing tenure it was public renters (60%) who most decidedly had disposable incomes below the 60% threshold, a pattern most pronounced in the over 65 age group (Figure 3). Of the people who are public renters in Australia and aged 65 and over, more than 80% fell below the threshold.

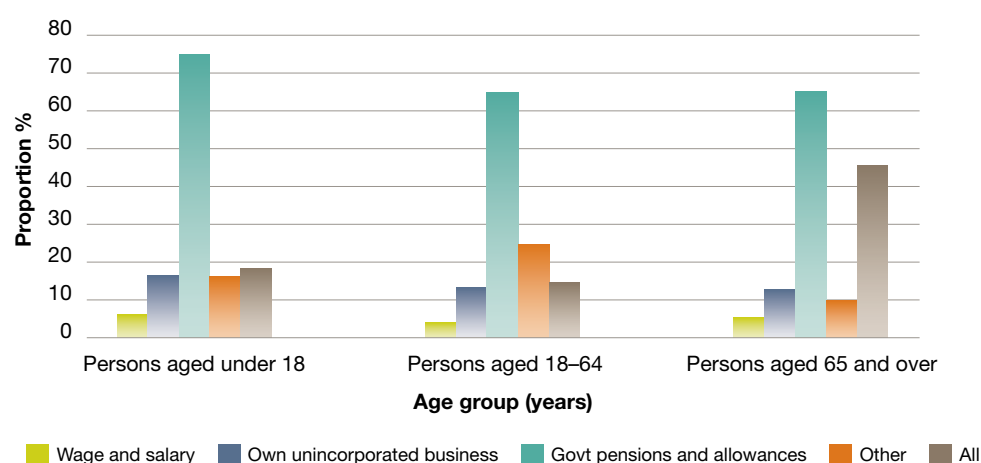
Figure 3 Proportion of people under 60% median equivalent income thresholds by housing tenure and age (2005–06)



Source: PM&C SIU analysis of ABS 'Income and Housing Survey' (2005–06), Basic Confidentialised Unit Record File, ABS cat. no. 6531.0.30.001.

As Figure 4 illustrates, across all age groups, people living in households whose main source of income was 'Government pensions and allowances' had the highest percentage falling short of the thresholds (73% for persons aged under 18 and 65% for those aged 65 and over).

Figure 4 Proportion of people under 60% median equivalent household income thresholds by main source of income and age (2005–06)



Note: Zero or negative income category not included

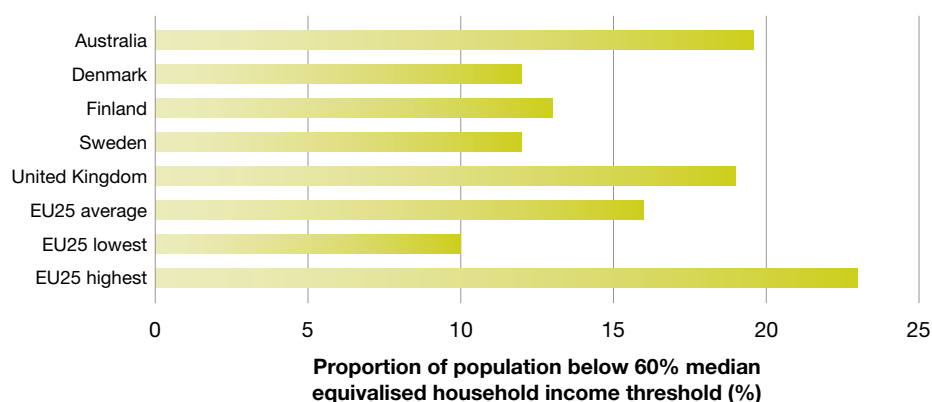
Source: PM&C SIU analysis of ABS 'Income and Housing Survey' (2005–06), Basic Confidentialised Unit Record File, ABS cat. no. 6531.0.30.001.

In 2006, the median equivalised household income for Indigenous people was \$362 per week, equal to 56% of the median equivalised household income for non-Indigenous people (\$642).¹⁹

Australia and EU compared

In 2006 Australia (20%) was at the high end of the at-risk-of-poverty scale, above the EU25 average of 16% (Figure 5). Only five countries (Latvia, Greece, Spain, Italy and Lithuania) matched or slightly exceeded the Australian vulnerability rate.

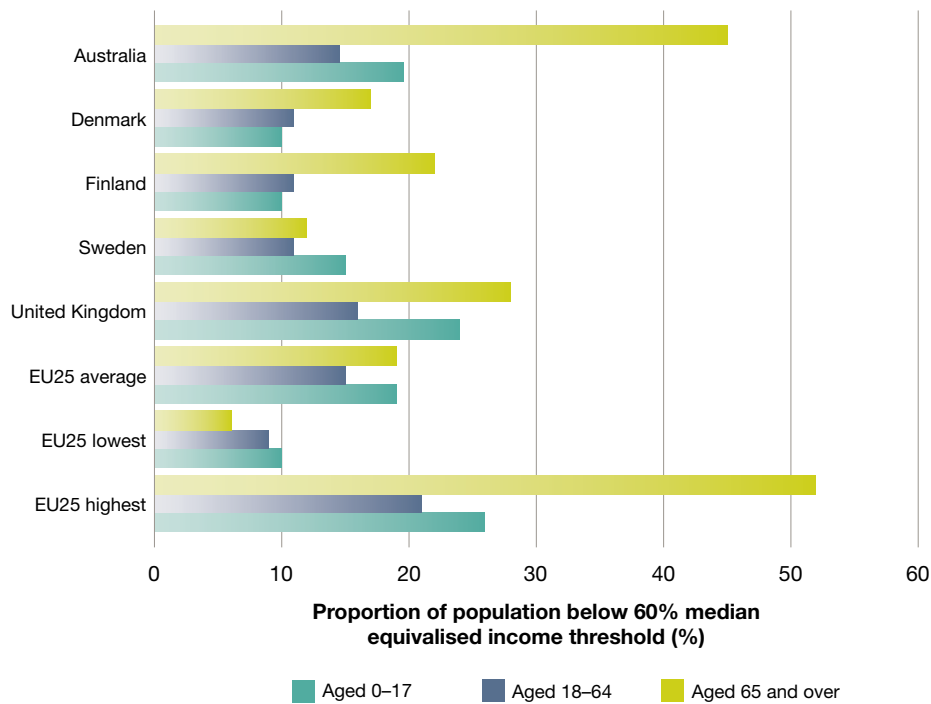
Figure 5 Population at-risk-of-poverty in selected countries (2006)



Sources: PM&C SIU analysis of ABS 'Income and Housing Survey' (2005–06), Basic Confidentialised Unit Record File, ABS cat. no. 6531.0.30.001; European Commission.

Figure 6 compares population at-risk-of-poverty by age group for 2006. It shows the international prominence of Australia within the 65 years and over comparisons indicating again the vulnerability of older Australians to living in income poverty. That vulnerability may be attenuated, but not expunged, by the comparatively high rate of home ownership among older Australians. In 2005–06, 79% of households with a reference person aged 65 years or over owned their house outright.

Figure 6 Population at-risk-of-poverty, by age group (2006)



Sources: PM&C SIU analysis of ABS 'Income and Housing Survey' (2005–06), Basic Confidentialised Unit Record File, ABS cat. no. 6531.0.30.001; European Commission.

2 Depth (degree) of deficient incomes

How far below the 60% median income threshold were those households whose incomes fell short of that mark?

To make that assessment the EU considers that another measure is necessary. This measure takes the form of 'the difference between the median income of persons below the 60% risk-of-poverty threshold and that threshold' and is referred to as the 'relative median poverty risk gap'.

MAIN FINDINGS

The median income of Australian households below the 60% median income threshold is 19% less than the threshold itself, a gap very similar to that which existed 10 years ago. Single person and home-purchase households are over-represented in this deficient income category.

The relative median poverty risk gap in Australia is similar to seven other EU25 states and is lower than the gap across the entire EU25.

Australia

The gap between the median income of Australians with an income below the 60% threshold and the threshold itself is \$64 or 19% of \$338 per week. The same calculations can be made when the threshold is set at 50% and 40% of the national median income (\$281 per week and \$225 per week, respectively). Table 2 shows that the range of incomes below the at-risk-of-poverty thresholds was substantial.

Focusing on the main indicator, the 60% threshold, the gap was slightly greater than average within single person and home purchaser households and slightly less than average within one-parent and wage and salary households. Ten years earlier a very similar percentage deficit was obtained.

Table 2 Relative median poverty risk gap (a) (2005–06)

Threshold	Difference between group median and national median	
	\$	%
Below 60%	\$64.10	19.1
Below 50%	\$38.20	13.6
Below 40%	\$54.90	24.5

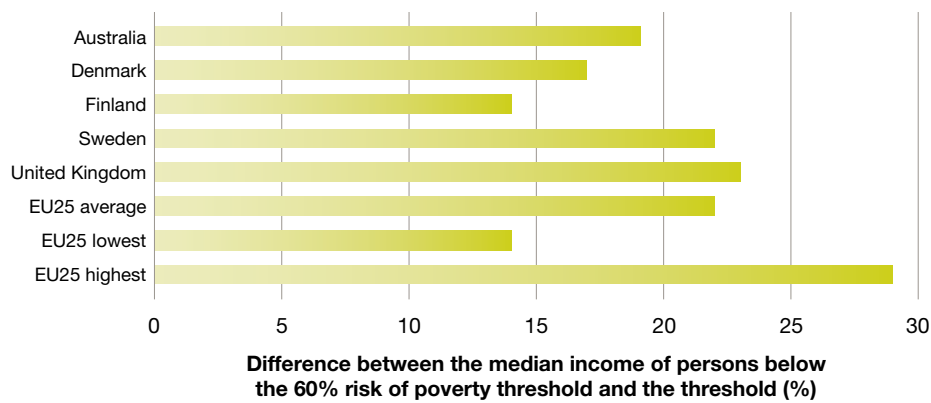
(a) Difference between the median equivalised disposable household income of persons below the percent of income threshold and the threshold itself.

Source: PM&C SIU analysis of ABS 'Income and Housing Survey' (2005–06), Basic Confidentialised Unit Record File, ABS cat. no. 6531.0.30.001.

Australia and EU compared

The Australian findings can be compared with EU25 data for 2006 using in each instance the percentage below the 60% threshold represented by the median income of households below the 60% mark. Figure 7 shows that in 2006, the 'poverty risk gap' for Australia was lower than the average risk gap across EU25 (22%). The poverty risk gap for Australia was similar to seven other countries (Belgium, France, Cyprus, Lithuania, Slovenia, Germany and Slovakia). The countries that fared better included Austria, Finland, Ireland, the Netherlands, Denmark, the Czech Republic and Bulgaria. Obviously the relative size of the gap needs to be weighed alongside the proportion of households encompassed by the 60% threshold. All of the countries with gap scores similar to Australia had smaller proportions of their households below the 60% mark.

Figure 7 Relative median poverty risk gap (2006)



Sources: PM&C SIU analysis of ABS 'Income and Housing Survey' (2005–06), Basic Confidentialised Unit Record File, ABS cat. no. 6531.0.30.001; European Commission.

EU 3 Income distribution

Is the gap between high and low income groups increasing, decreasing or remaining much the same in Australia?

The EU has devised a simple measure to keep track of any changes occurring in the distribution of income. It is the ratio of total income received by the 20% of the country's population with the highest income (top quintile) to that received by the 20% of the country's population with the lowest income (bottom quintile).

MAIN FINDINGS

The ratio of 'top' to 'bottom' income categories in Australia remained fairly constant between 1994–95 and 2005–06. The highest ratio occurred in the years 1999–2000 to 2002–03 but after nine years it was only one decimal point removed from what it had been at the outset.

The ratio in 2005–06 was similar to that for EU25.

The degree of income difference within some European states is less than in Australia (notably in Sweden, Finland, Slovenia, Denmark and the Czech Republic).

Australia

A calculation that matches the EU figures can be made for Australia using ABS published 'Household Income and Income Distribution' data,²⁰ which captures the spread of incomes across the population. Table 3 is based on equivalised disposable household income across nine years (for which data is available) within the 12-year period of 1994–95 to 2005–06.

Table 3 Equivalised disposable household income, ratio of total income of top quintile divided by total income of bottom quintile (1994–95 to 2005–06)

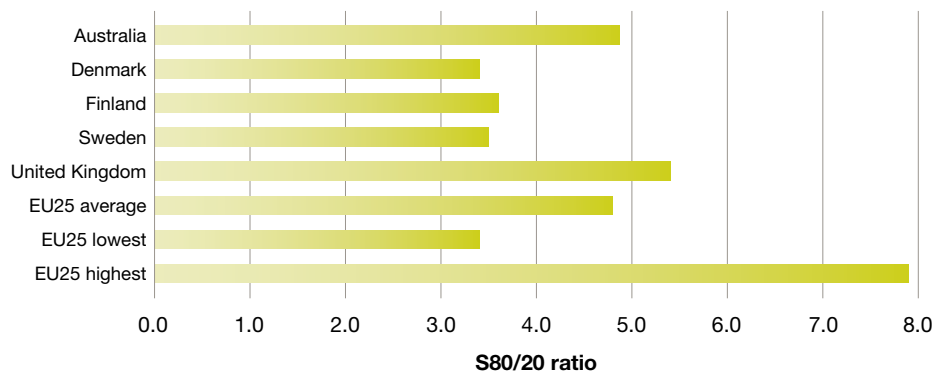
Year	Ratio of total income of top quintile to bottom quintile	
	Australia	EU15
1994–95	4.8	5.1
1995–96	4.6	4.8
1996–97	4.5	4.7
1997–98	4.7	4.5
1999–2000	5.0	4.5
2000–01	5.0	4.3
2002–03	5.0	4.4
2003–04	4.6	4.6
2005–06	4.9	4.8

Sources: ABS 'Income and Housing Survey' (2005–06), ABS cat. no. 6531.0.30.001; Eurostat; <http://www.eurofound.europa.eu/areas/quality of life>

Australia and EU compared

Within Australia there is no consistent trend in the 'top quintile' to 'bottom quintile' ratios during the observed period. However, Table 3 (above) reflects a picture of the top 20% income group attracting a constant 37% to 38% share of household income compared with 7.5% to 8.0% in the case of the lowest quintile. That was true in the most recent year for which data is available (2005–06) with a resultant ratio of 4.9—a figure close to that for the EU25 (4.8). However, as Figure 8 illustrates, the EU ratio was a composite of varying individual country results with Sweden and Finland having 'top to bottom' quintile ratios of 3.5 and 3.6 respectively, but the United Kingdom having a more marked degree of difference between the two extreme quintiles with a ratio of 5.4.

Figure 8 Ratio of total income of top quintile to bottom quintile (a) 2005–06



(a) Equivalised disposable household income. S80/20 ratio

Sources: ABS 'Income and Housing Survey' (2005–06), ABS cat. no. 6531.0.30.001; European Commission.

4 Income inequality

All incomes considered, is the general degree of income inequality in Australia changing over time?

The Gini coefficient is widely used as a summary income inequality measure. It is a coefficient that takes values between 0 and 1 and is a summary indicator of the degree of inequality. Complete inequality—where one person holds all of the income of a country—would result in a Gini coefficient of 1.00. If there were perfect equality the coefficient would be 0. Hence a Gini score is regarded as a valuable monitoring device for tracking income equality/inequality over time.²¹ Unlike the preceding top to bottom quintile ratio indicator it assesses the full income distribution.

MAIN FINDINGS

Australian income inequality has changed only slightly over the period 1994–95 to 2005–06 and the range of variation is similar to that of EU25 countries.

Australia and EU compared

Australia has a similar (slightly higher) income inequality (as measured by the Gini coefficient) to the EU average. The Gini coefficient is another element of the ABS publication 'Household Income and Income Distribution'²² and is available for the period 1994–95 to 2005–06 (Table 4). The values of the coefficient within Australia fell within the range 0.292 (in 1996–97) and 0.311 (in 2000–01). This is quite similar to the range of EU25 coefficients presented in Table 4 (0.296 to 0.313).

Table 4 Gini coefficients over a 12-year period (1994–95 to 2005–06)

Year	Income inequality coefficients	
	Australia	EU25
1994–95	0.302	--
1995–96	0.296	--
1996–97	0.292	--
1997–98	0.303	.313
1999–00	0.310	.302
2000–01	0.311	.303
2002–03	0.309	.296
2003–04	0.297	--
2005–06	0.307	0.300

Sources: ABS 'Income and Housing Survey' (2005–06), ABS cat. no. 6531.0.30.001; European Commission.

Before leaving the issue of income inequality it must be acknowledged that, while the measure just described conforms to EU practice, the distribution of wealth is an equally important perspective on people's financial capacity. In 2002, as part of the second wave of the Household, Income and Labour Dynamics in Australia (HILDA) Survey,²³ detailed data were collected on the assets and debts held by a large national sample of Australian households. There were sampling difficulties of a kind associated with wealth studies and because the figures are skewed up by the wealth of a relatively small number of very wealthy households the median is employed as a measure of average values. The 'typical' household had assets of approximately \$270 000 and a net worth of about \$218 000. Household wealth is strongly linked to the life-cycle, increasing up to age 55 years and declining thereafter.

In Australia, as in other Western countries, wealth is much more unequally distributed than income, and it varies substantially with age. Among the 10% of households that are the least wealthy, average net worth is actually negative, and the bottom half of the distribution owns less than 10% of total household wealth in Australia. At the other end of the distribution, the wealthiest 10% of households owns 45% of all household wealth. The wealthiest 5% of households accounts for 31% of total wealth. Analysis of the HILDA results shows that this inequality is not simply a function of the life cycle; even within age cohorts there is very pronounced concentration of wealth in the hands of relatively few, with the financial background and level of education of the parents (or household 'heads') being among the important correlates.²⁴

5 Persistent risk-of-poverty rate and

6 More stringent risk-of-poverty rate

To what extent is a deficient level of income in one year indicative of a household's sustained financial difficulties in Australia?

To overcome the possibility of short-run income deficiencies distorting the inclusion or exclusion picture, the EU uses two measures relating to 'persistent' income shortages. The first is based on the proportion of persons living in households with an 'income below the 60% threshold in a current year and in at least two of the preceding three years'. The second measure, called a 'more stringent persistent risk-of-poverty rate', calculates the equivalent proportion based on a 50% income threshold.

MAIN FINDINGS

Relative poverty is not necessarily an enduring status. Based on a relative poverty threshold of 60% of household income, between 2001 and 2005, while more than one-in-three (38%) Australians experienced poverty in at least one of the five years, 13% experienced poverty in one year, 7.9% in two years and 7.4% experienced poverty in all five years.

The households most vulnerable to persistent relative poverty included the elderly, people with disabilities, single mothers, non-aged singles and people of non-English speaking backgrounds.

Australia

Similar information for Australia has been collected in a continuous household panel survey, the HILDA survey. Researchers in Australia have analysed persistence of poverty using the HILDA data. Their findings relate to being poor (using both 50% and 60% thresholds) in one to five of the previous five years (in contrast to the EU measure of being poor in the current year and in two of the three previous years).

In interpreting the HILDA results certain limitations of the data need to be kept in mind. These include the fact that the poverty line used is quite low; the panel does not include a significant group within our society—the homeless—whose poverty is often persistent; and the data does not, at least as yet, reveal the extent to which relatively short-term poverty is intermittent.

Between 2001 and 2005, based on a 60% of household income threshold, more than a third of the population (38%) were 'poor' in at least one of the five years studied. However, 7.9% were poor in two of the five years and 7.4% were poor in all five years (Table 5).

Table 5 Relative poverty and persistence of poverty using the 60% and 50% thresholds—equivalised (size adjusted) disposable income for selected population groups (2001–05)

	Proportion of households below median income thresholds	
	50% threshold %	60% threshold %
2001	14.0	20.9
2002	13.1	20.6
2003	12.8	20.5
2004	12.7	20.5
2005	12.9	20.4
0 of 5 years	71.2	61.6
Poor in 1 year	12.6	12.9
Poor in 2 years	6.4	7.9
Poor in 3 years	3.7	5.1
Poor in 4 years	2.8	5.2
Poor in all 5 years	3.3	7.4

Note: Population weighted results. All longitudinal results are based on a five-year balanced panel of respondents for whom income data are available for all waves.

Source: Headey & Warren (2008). *Families, incomes and jobs*, vol. 3, 'A statistical report on Waves 1 to 5 of the HILDA Survey'.

In research covering the first three waves of HILDA data and using the more stringent 50% median income threshold, Headey (2005) reported that more than a fifth of the population (22%) were poor in at least one of the three years studied (Table 6). However, 6.0% were poor in two of the three years and 3.4% were poor in all three years. This last figure is referred to by Headey and Wooden (2005) as an estimate of 'medium term poverty' in Australia. They declare: 'The majority of Australians ... who become poor do not remain poor for long.' This statement has been contested because one-in-five of Australians experienced poverty in at least one of the three years 2001 to 2003 and could have experienced poverty for most of a year.²⁵ Moreover, the poverty line employed is quite low and omits certain other significant considerations.²⁶

In terms of the persistence of relative poverty for particular population groups, the highest three-year poverty rates were experienced by the elderly and people with disabilities, followed by single mothers, non-aged singles and people of a non-English speaking background. With the more 'stringent risk-of-poverty rate' (using the 50% threshold) the elderly, people with disabilities and non-aged singles were again prominent among those experiencing three-year poverty.

Table 6 Persistence of poverty using the 60% and 50% thresholds—equivalised (size adjusted) disposable income (2001–03)

Persistence of poverty based on equivalised disposable income						
	Total population %	Working age %	Elderly (65+) %	Single mothers %	People with disability %	Non-English speaking background %
60% threshold						
Poverty rates						
2001	21.8	13.9	46.6	34.5	35.2	31.2
2002	21.6	13.7	45.3	36.0	35.9	29.5
2003	21.0	13.9	46.6	34.5	35.2	31.2
Poverty persistence						
0 of 3 years	68.5	78.7	38.0	53.0	45.5	58.5
Poor in one year	12.5	9.7	18.1	14.6	15.1	13.3
Poor in two years	8.3	6.1	14.0	14.8	13.2	10.8
Poor in all three years	10.7	5.4	30.0	17.5	26.2	17.4
50% threshold						
Poverty rates						
2001	13.2	8.6	27.6	18.6	22.8	19.8
2002	12.2	7.6	24.7	17.5	21.0	17.7
2003	11.2	7.3	22.1	18.1	17.4	17.9
Poverty persistence						
0 of 3 years	78.6	85.8	57.7	67.5	59.9	68.5
Poor in one year	12.0	8.6	21.4	18.6	19.0	17.4
Poor in two years	6.0	3.9	10.9	11.1	11.2	8.8
Poor in all three years	3.4	1.7	10.1	2.8	9.9	5.4

Note: Population weighted results. All longitudinal results are based on a five-year balanced panel of respondents for whom income data are available for all waves.

Source: Headey (2005) 'A Framework for Assessing Poverty, Disadvantage and Low Capabilities in Australia'.

EU Data

Whereas the HILDA research reported earlier is based on three or five consecutive years of exposure to poverty, the available EU15 data is based on this definition:

Percentage of individuals below a poverty line defined as being below the 60% of median national equivalised income in the year in question and poor by the same measure in at least two of the previous three years.

Differences in the concepts and methodologies employed in the collections do not permit direct Australian and international comparisons with respect to these indicators. However, the EU15 'persistent poverty' assessment (poor in the current and at least two out of three previous years, which is essentially three out of four years) is arguably marginally less stringent than the HILDA poor in all five years appraisal.

Table 7 presents information for selected countries on the EU measure of persistent poverty. On average, over the EU15 countries that data is available for, 9% of the population had household incomes below the 60% income threshold in 2001 and in at least two of the preceding three years.

Table 7 EU15 Proportion of persons experiencing 'persistent poverty' (a) (2000–01)

Countries	Proportion of 'persistent poverty'	
	2000 %	2001 %
Austria	7	7
Belgium	8	7
Denmark	--	6
Finland	6	6
France	9	--
Germany	6	6
Greece	13	14
Ireland	13	13
Italy	11	13
Luxembourg	8	9
Netherlands	5	6
Portugal	14	15
Spain	11	10
United Kingdom	11	--
EU15	9	9

(a) Individuals below 60% of median national equivalised income in the current and at least two of the previous three years.

Source: Eurostat <http://www.eurofound.europa.eu/areas/qualityoflife/eurlife/>

7 Income of people aged 65 years and over as a ratio of income of people under 65 years

How do the financial resources available to Australians when they reach 65 years and beyond compare with those available to younger Australians?

Several of the indicators already cited testify to the financial vulnerability of many Australians over 65 years of age. Of course, when comparing incomes the changing nature and scope of financial demands needs to be kept in mind, as also does the availability of support services, both formal and informal. One general indicator used to assess the financial position of the elderly is to calculate the 'median equivalised income of people aged 65 years and over as a ratio of income of people aged under 65 years'. While this figure cannot be regarded as the final word on the subject it helps to set it in perspective when examined in the light of EU25 member state ratios calculated in the same way.

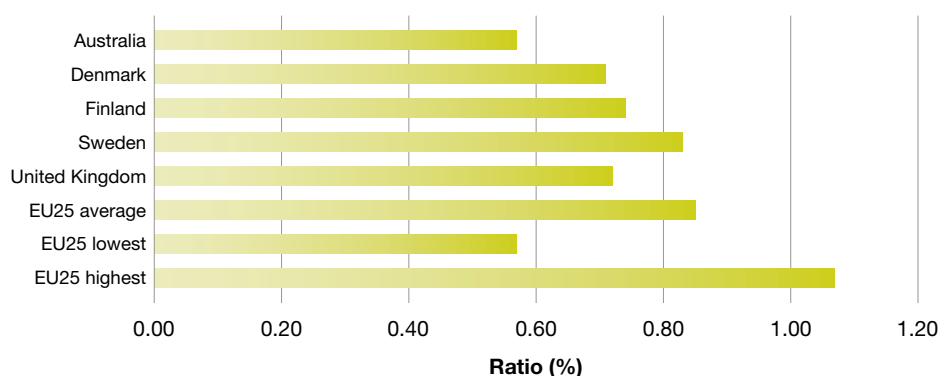
MAIN FINDINGS

Remembering the limitations of a single calculation of the financial resources available to older Australians, the ratio of their average (median) income to that of people under 65 years (0.57), indicates a much greater scale of reduction in income than occurs within the EU (0.85 on average).

Australia and EU compared

Baldly stated, the relative median income ratio of Australian people aged 65 years and over to the median income of fellow citizens below that age is 0.57. This ratio is well below the EU25 average of 0.85, which suggests a greater preservation in the latter case, of level of income beyond retirement age. Figure 9 shows that the Australian ratio equals the lowest ratio of all the EU25 countries.

Figure 9 Median equivalised household incomes of persons aged 65 years and over as a ratio of income of persons aged under 65 years (2005–06)



Sources: ABS 'Income and Housing Survey' (2005–06), ABS cat. no. 6531.0.30.001; European Commission.

8 Housing affordability

Is affordable housing available within Australia, especially among poorer households?

A widely used measure of housing affordability is known as the '30/40 rule of thumb'. Housing is deemed to be 'affordable' when a low income household (in the bottom 40% of the needs adjusted or equivalised disposable income distribution)²⁷ pays no more than 30% of its gross household income on housing costs.²⁸ Lower income households spending 30% or more of their gross equivalised disposable income on housing costs are sometimes defined to be in 'housing stress'.

MAIN FINDINGS

In 2005–06 approximately one-in-five (21%) lower income households spent more than 30% of their income on housing, with 4.9% spending more than 50%.

Among the different tenure groups the pattern between 2000–01 and 2005–06 remained fairly stable. The most vulnerable groups were private tenants and owners with a mortgage.

Australia

In 2005–06 approximately one-in-five (21%) of lower income households were classified as being in housing stress (that is, spending more than 30% of their gross equivalised income on housing costs) with 4.9% spending more than 50% of their income on housing costs (Table 8). Among lower income private renters, almost half (49%) spent more than 30% of their income on housing costs, including 8.0% who spent more than 50% of their income on housing. For lower income owners with a mortgage, while 40% spent more than 30% of their income on housing, 13.2% spent more than 50%.

Table 8 Lower income households (a) spending 30% or more of gross income on housing costs by tenure type (2005–06)

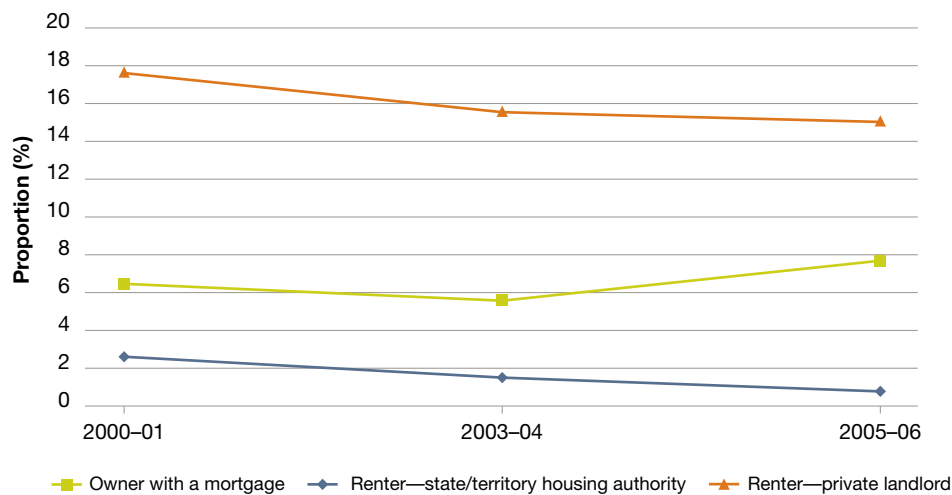
Tenure type	Proportion of gross income spent on housing costs	
	More than 30% to 50%	More than 50%
Owner with a mortgage	27.2%	13.2%
Renter—state or territory authority	2.1%	0.0%
Renter—private landlord	41.4%	8.0%
All tenure types	16.2%	4.9%
All tenure types (number)	376,700	113,900

(a) Lower income households are those containing the 30% of people with equivalised disposable household income between the 10th and 40th percentiles.

Source: ABS (2006) 'Housing Occupancy and Costs', Australia, 2005–06. cat. no. 4130.0.55.001.

Figure 10 shows that the relative levels of housing stress experienced by different tenure groups remained fairly constant between the financial years shown.

Figure 10 Proportion of all households by tenure type that are lower income (a) and paying 30% or more of their gross household income on housing costs (2000–01, 2003–04 and 2005–06)



(a) Lower income households are those containing the 30% of people with equivalised disposable household income between the 10th and 40th percentiles.

Source: ABS (2006) 'Housing Occupancy and Costs', Australia, 2005–06. cat. no. 4130.0.55.001 and earlier years.

The rate of home ownership for Indigenous households increased from 31% in 2001 to 34% in 2006. This means that the proportion of Indigenous households who owned or were purchasing their own homes in 2006 was half the rate of other Australian households. One in every two Indigenous households was receiving some form of government housing assistance, including living in public or community housing or receiving rent assistance.²⁹

LACK OF ACCESS TO THE JOB MARKET

It is noted that recent changes in economic and financial conditions over the second half of 2008 and early 2009 are likely to negatively affect labour market and employment figures globally.

9 Participation in the labour market

EU

What is the level of labour market participation in Australia and is it changing?

An important step prior to the examination of unemployment rates is consideration of the scale of 'participation' in the labour force. This is the number of those in employment or actively seeking employment as a percentage of the civilian population within specified age groups. More refined age and gender analyses of the Australian data are possible but this compendium begins with the overall situation between 1998 and 2008.

MAIN FINDINGS

During the period 1998 to 2008 the participation rate of Australians aged 15 to 64 years grew from 74% to 77% with a five percentage point narrowing of female: male rates as the proportion of women workers increased, especially in the age group 55 to 64 years.

Australia's overall labour force participation rate in 2007 was greater than the EU27 average and was exceeded only by Denmark, Sweden and the Netherlands.

Australia

The labour force participation rates of Australians aged 15 to 64 years ranged from 74% to 77% over the 11 years in question with the higher rates concentrated within the last four years (Table 9). The male participation rates were higher than for females but throughout the 11 years the gap progressively narrowed from an initial 17 to 18 percentage points to around 13 in 2008.

Initially the rate of participation among older workers (55 to 64 years) was approximately one-third less than for the general working population, but that fraction dropped to around one-quarter by the end of the 11 years. The gender profile of older workers certainly changed over the period with the participation rate of women a fraction over half that of men at the outset but approaching three-quarters by 2008 (Table 9).

Table 9 Labour force participation rates for specified Australian groups (1998–2008)

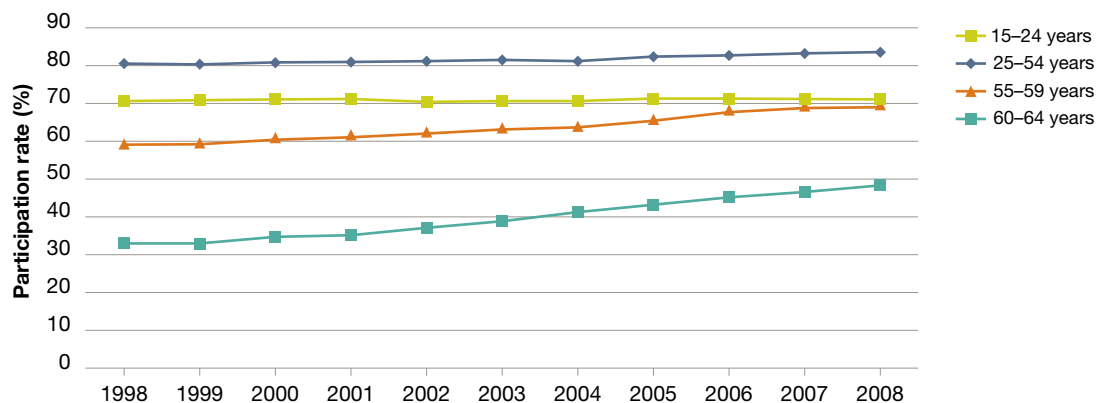
Year (a)	Labour force participation rates					
	15–64 years of age			55–64 years of age		
	Male %	Female %	Total %	Male %	Female %	Total %
1998	82.9	64.4	73.7	60.9	32.3	46.7
1999	82.6	64.4	73.5	60.8	32.5	46.8
2000	82.5	65.4	74.0	60.8	35.6	48.3
2001	82.2	66.0	74.1	60.7	37.1	49.0
2002	82.1	66.1	74.1	62.1	39.1	50.7
2003	82.0	67.0	74.5	63.5	40.8	52.3
2004	82.0	66.7	74.4	64.7	42.4	53.6
2005	82.6	68.2	75.4	66.2	44.5	55.4
2006	82.8	68.9	75.8	67.3	47.3	57.3
2007	83.0	69.5	76.2	67.7	48.7	58.2
2008	83.0	70.0	76.5	67.7	50.1	58.9

(a) annual averages

Source: Labour Force, Australia, Detailed–Electronic Delivery. ABS cat. no. 6291.0.55.001.

The labour force participation rate of Indigenous persons aged 15 to 64 years increased from 52% to 54% during the period 2001 and 2006.³⁰

Figure 11 Labour force participation rate of persons aged 15–64 years, 1998–2008



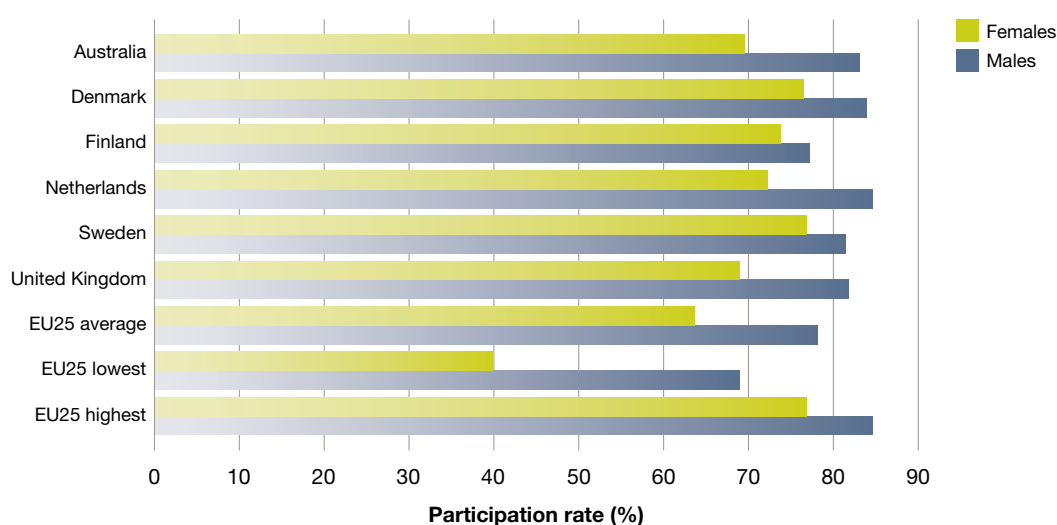
Source: Labour Force, Australia, Detailed–Electronic Delivery. ABS cat. no. 6291.0.55.001.

Australia and EU compared

In 2007 the overall labour force participation rate for persons aged 15 to 64 years in Australia (76%) was higher than the EU25 average rate (71%). Only four member states equalled or exceeded the Australian result (Denmark 80%; Netherlands 79%; Sweden 79%; and Germany, with the same result as Australia, at 76%). This pattern of participation between countries has remained similar since 1998.

Comparative participation rates for males and females are shown in Figure 12. A distinctive feature of Denmark and Sweden—and to some extent Finland and the Netherlands—is the relatively high rate of participation of women in the workforce.

Figure 12 Labour force participation rate of persons aged 15 to 64 years (2007)



Sources: Labour Force, Australia, Detailed—Electronic Delivery. ABS cat. no. 6291.0.55.001; European Commission.

Gender patterns in employment

As the participation rate of women has increased over the past decade, the proportion of women employed on a part-time basis also increased. As Table 10 shows, in 1998, 44% of employed women worked part-time, increasing to 45% in 2008. The proportion of men employed on a part-time basis has also increased, but from a much lower base (from 12% in 1998 to 15% in 2008).

The Australian Office for Women (2007)³¹ analysed trends in women's employment over the decade to December 2006. The report noted that women's concentration in part-time and casual employment has a number of pay equity implications, including:

- > lower access to training and more limited opportunities for advancement and career development than for those employed full time
- > no permanency of employment and few employment benefits in the case of those employed on a casual basis.

Table 10 Employed persons aged 15 years and over, full-time and part-time employment status by gender (December 1998 and December 2008)

	Employed persons				
	December 1998		December 2008		Difference
	'000	%	'000	%	'000
Women					
Employed full time	2,114	56.5	2,701	55.4	587
Employed part time	1,630	43.5	2,175	44.6	545
	3,744	100.0	4,876	100.0	1,132
Men					
Employed full time	4,277	87.7	5,013	84.9	737
Employed part time	597	12.3	888	15.1	291
	4,874	100.0	5,902	100.0	1,028

Source: Labour Force, Australia, Detailed–Electronic Delivery. ABS cat. no. 6291.0.55.001.

Gender gap in earnings

As at November 2006, using adult full-time seasonally adjusted average weekly ordinary time earnings, the ratio of female to male earnings was 0.84. In other words, women's average weekly earnings (\$941) were 84% of men's average weekly earnings (\$1125). This represents a gender earnings gap of 16%.

This gap stands independent of other considerations (which could include factors linked to availability and opportunity). However, as women, on average, work fewer hours per week than men, the ABS has incorporated a measure that adjusts for differences in the number of hours worked per week. The ABS provides estimates of the adult full-time average hourly ordinary time earnings using data derived from the Employee Earnings and Hours Survey.³² Using this measure to compare earnings accounts for a number of the differences between men's and women's work, but it cannot account for all differences (such as differences in occupations and industries that men and women work in, educational qualifications, skills and experience). In May 2004, among non-managerial employees, the ratio of female to male average adult full-time hourly ordinary time earnings was 0.92, resulting in a gender earnings gap of 8%. The gender gap in earnings has narrowed slightly since 1996, when the ratio of female to male average hourly ordinary full-time earnings among adult non-managerial employees was 0.91.

Australia and international comparisons

Between 1996 and 2004, the gender pay gap decreased in some industries and increased in others. Larger increases in the ratio of female to male average hourly ordinary full-time earnings were observed in the accommodation, cafe and restaurant, and mining industries. The largest increase in the gender pay gap occurred in the communication services industry. International comparisons of ratios of female to male earnings can most validly be made within the same industry. The United Nations Statistics Division has published comparisons across 71 countries of women's wages as a percentage of men's wages within manufacturing, based on data published by the International Labour Office (Table 11). The UN urges caution in the interpretation of the findings given some differences in the way the statistics were compiled in some countries and variations in the hours of work. With these limitations in mind, the

comparisons are based on average earnings per month per employee. Twelve of the 71 countries (17%) reported female earnings that are 90% or more of male earnings and in this category are found Sweden, Norway and Australia together with several Middle-Eastern, African and Asian countries. It is necessary to keep in mind the UN's caution about methodological inconsistencies. Perhaps the best that can be said of Australia's shortcomings in gender wage parity is that it is, nonetheless, among the countries which in the manufacturing field are most advanced along the path to achieving that goal.

Table 11 International summary of gender earnings gap in the manufacturing industry (a) (2004)

Percentage ratio of female to male earnings	Number of countries	
	Number	%
90% and above	12	17.0
80-89%	13	18.0
70-79%	22	31.0
60-69%	17	24.0
Below 60%	7	10.0

(a) Reports from 71 countries on the percentage ratio of female to male earnings in the manufacturing industry.

Source: The UN Statistics Division based on data published by the International Labour Office in Table 5B *Wages in manufacturing*, available from the International Labour Organization (ILO) LABORSTA website: <http://laborsta.ilo.org/> (accessed December 2007).

Women and underutilised workers

While the unemployment rate is a widely used measure of underutilised labour resources it does not capture everyone who wants to work or work more hours. The ABS's labour force underutilisation rate provides a wider view of labour underutilisation as it takes account of both the unemployed (i.e., people who were not working but who were actively looking and available for work) and the underemployed (i.e., people working less than 35 hours a week who wanted to, and were available to, work additional hours). As Table 12 shows, in 2008, the underutilisation rate of persons aged 15 to 64 years was 10.4%, with older people (55 to 64 years) having a lower rate of 7.0%.

Table 12 Labour force underutilisation rates, by age and sex (2003–08)

Year (a)	Labour force underutilisation rates					
	15–64 years of age			55–64 years of age		
	Male %	Female %	Total %	Male %	Female %	Total %
2003	11.3	15.8	13.3	8.5	9.4	8.8
2004	10.5	15.3	12.6	8.0	9.0	8.4
2005	10.0	14.3	12.0	7.8	8.8	8.2
2006	9.7	13.8	11.5	7.4	8.2	7.7
2007	8.9	13.3	10.9	6.9	8.2	7.5
2008	8.4	12.8	10.4	6.5	7.7	7.0

(a) Annual averages (quarterly data).

Source: ABS Labour Force Survey. Data available on request.

According to research by Cartwright (2004)³³ the groups that are most vulnerable to long-term joblessness or under-employment are lone parents, people over 50, Indigenous Australians, people with disabilities and migrants with English as a second language.

Renda (2003)³⁴ has explored the value of expanding the conventional definition of 'work-poor families' to include not only jobless families but also those with only one employed parent working short, part-time hours (less than 15 per week). For example, over the two decades following 1983 the proportion of lone mothers in paid work increased from approximately 12% to 27%. However, in the last quarter of the period in question, a higher proportion of lone mothers were in part-time employment. Lone mothers had the largest proportion working short hours and taking this information into account has the effect of substantially increasing the pool that Renda has redefined as work-poor families (63% in 2002).

10 Employment rates and

11 Employment of older workers

How does the rate of employment, including of older workers, in Australia compare to that in EU countries?

In the previous section dealing with participation rates, the number of people employed or actively seeking employment as a percentage of the civilian population within specified age groups was considered. The compendium now turns to the question of how many in the population are actually employed. Since the age-band accounting for the overwhelming number of workers is 15 to 64 years, this age category is used as the basis for gaining an overall picture of employment, and its obverse unemployment, in Australia. However, given the healthy life expectancy of many Australians (Indicator 29), the nation's need to take advantage of its skill and labour resources, and the advantages to individuals and families of sustaining an income or incomes, it is particularly important to consider the number and gender of workers in the age bracket 55 to 64 years.

MAIN FINDINGS

The employment rate (or employment to population ratio) for persons aged 15 to 64 years increased from 68% in 1998 to 73% in 2008. For older people aged 55 to 64 years, the employment rate increased substantially, from 44% to 57% over the same period.

Increases in Australian employment rates between 1998 and 2008 generally mirrored the modest progressive overall increase in participation rates over the period and the greater involvement of women in the labour market, especially women aged 55 to 64 years.

The Australian employment rate for persons aged 55 to 64 years (57%) was higher than the EU27 average (45%) in 2007, with three countries (Denmark, Sweden and Estonia) having higher rates than Australia.

Australia

The progressive increase in general labour force participation rates between 1998 and 2008 saw a parallel and slightly greater increase in employment rates in the range 68% to 73%. As Table 13 shows, a feature was the almost seven percentage points increase in the rate of women's paid employment. That trend was even more pronounced within the 55 to 64 years group where the 2008 level of women's employment was almost 18 percentage points higher than at the start of the 11 year period and double the percentage point increase for males in the 55 to 64 years group (Figure 13).

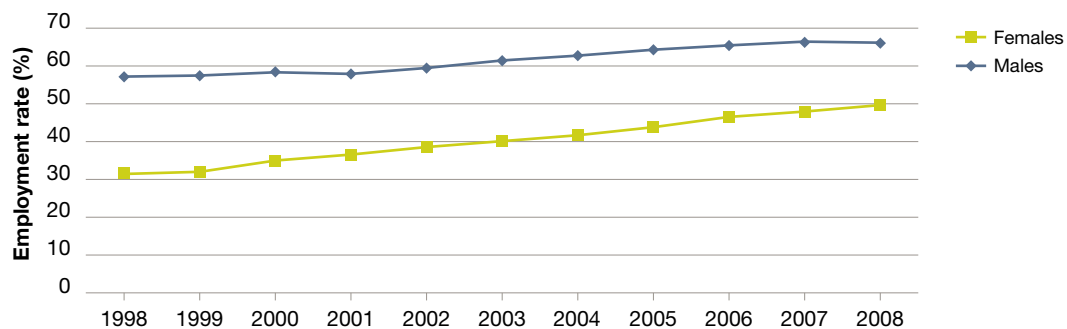
Table 13 Employment rates (a) by age and sex (1998–2008)

Year (b)	Employment rates					
	15–64 years of age			55–64 years of age		
	Male %	Female %	Total %	Male %	Female %	Total %
1998	76.2	59.6	67.9	56.6	30.9	43.9
1999	76.6	60.0	68.4	57.0	31.4	44.3
2000	77.1	61.4	69.3	57.7	34.5	46.2
2001	76.4	61.7	69.0	57.3	36.0	46.8
2002	76.7	62.0	69.4	58.9	38.0	48.6
2003	77.0	63.0	70.0	60.8	39.6	50.3
2004	77.6	63.0	70.3	62.1	41.1	51.7
2005	78.5	64.6	71.5	63.8	43.2	53.5
2006	78.8	65.5	72.2	64.9	46.0	55.5
2007	79.6	66.1	72.8	65.8	47.4	56.6
2008	79.6	66.7	73.2	65.7	49.1	57.4

(a) Employment-to-population ratio expressed as a percentage.

(b) Annual averages

Source: Labour Force, Australia, Detailed–Electronic Delivery. ABS cat. no. 6291.0.55.001.

Figure 13 Employment rate (a) of persons aged 55–64 years (1998–2008)

(a) Employment-to-population ratio expressed as a percentage.

Source: Labour Force, Australia, Detailed–Electronic Delivery. ABS cat. no. 6291.0.55.001.

The employment rate of Australians might be expected to continue to increase, as the average intended age of retirement is increasing and there are a significant number of people who expect to retire after 70 years of age, if at all. Based on information collected by the ABS on retirement intentions of middle-aged workers,³⁵ in 2007, of the 3.9 million employed people aged 45 years and over, 85% intend to eventually retire from the labour force while the remainder do not intend to retire. For those who intend to retire:

- > 24% intend to retire aged 70 years or over (30% of men and 17% of women)
- > 40% intend to retire aged 65 to 69 years (45% of men and 34% of women)
- > 24% intend to retire aged 60 to 64 years (18% of men and 31% of women)

- > 9% intend to retire aged 55 to 59 years (5% of men and 13% of women)
- > 1% intend to retire aged 45 to 54 years (less than 1% of men and 2% of women)
- > 2% were unsure at what age they intend to retire.

Australian, Indigenous and overseas born—employment rates

Within Australia there is a sustained difference in the employment rates of Australian born and overseas born people aged 15 to 64 years. In each year between 2001 and 2008 the percentage point difference was in the range 5 to 7 points. For example, in 2008 the Australian born employment to population ratio was 75% and the overseas born ratio 70%—a difference of 5%.

The employment rates of Indigenous people are also much lower than the equivalent rates for all Australians. In 2006, the employment rate for Indigenous people aged 15 to 64 years was 48%, and 38% for those aged 55 to 64 years.³⁶

Australia and EU compared

As Table 14 shows, in each of the eight years 2000 to 2007, the rate of unemployment in Australia was lower than the EU25 average. In 2007, just six member states had unemployment rates lower than, or equal to, that of Australia (4.3%)—namely, the Netherlands, Denmark, Lithuania, Cyprus, Luxembourg and Austria. Norway is not a conventional member of the EU but as a participant in the European Free Trade Association chooses to take part in some of the EU's programs. In 2007 Norway had the remarkably low unemployment rate of 2.6%.

Table 14 Unemployment rates: Australia and EU compared (2000–07)

	Unemployment rates comparison							
	2000 %	2001 %	2002 %	2003 %	2004 %	2005 %	2006 %	2007 %
Australia	6.8	6.5	6.0	5.5	5.1	4.9	4.4	4.3
Denmark	4.3	4.5	4.6	5.4	5.5	4.8	3.9	3.8
Finland	9.8	9.1	9.1	9.0	8.8	8.4	7.7	6.9
Sweden	5.6	4.9	4.9	5.6	6.3	7.4	7.0	6.1
United Kingdom	5.4	5.0	5.1	5.0	4.7	4.8	5.4	5.3
EU25 average	8.6	8.4	8.8	9.0	9.0	8.9	8.2	7.2
EU25 low (2007*)	2.8	2.2	2.8	3.7	4.6	4.7	3.9	3.2
EU25 high (2007**)	18.8	19.3	18.7	17.6	18.2	16.3	13.4	11.1

*Netherlands **Slovakia.

Sources: Labour Force, Australia, Detailed—Electronic Delivery. ABS cat. no. 6291.0.55.001; European Commission.

In 2007 the employment rate of 57% among 55 to 64 year old Australians was higher than the EU27 average (45%). Three EU countries had higher rates (Sweden 70%, Estonia 60% and Denmark 59%) and two others had approximately the same results as Australia (Latvia 58% and the United Kingdom 57%). These five countries represented all but one of the six states with higher female participation rates than Australia (the remaining country being Finland at 55%).

Persons not in labour force

In Australia a relatively large proportion of the population aged 15 years and over is not working or looking for work. In September 2007, there were 5.5 million people who were not in the labour force. The activities of this group varied significantly by age and for men and women (Table 15).

The most common activity reported by people aged 65 years and over who were not in the labour force was that they were retired or voluntarily inactive (reported by 69% of men and 53% of women). Being retired or voluntarily inactive was also the most common reason for those aged 55 to 64 years. Almost one in three (31%) men aged 55 to 64 who were not in the labour force reported that their main activity was their own long-term health condition or disability, compared with 12% of women in the same age range. For women in all age groups, home duties or caring for children was reported as the most common main activity when not in the labour force.

Table 15 Persons not in labour force, main activity by age and sex (2007)

Main activity when not in the labour force						
	Males			Females		
	15–54 yrs %	55–64 yrs %	65 yrs and over %	15–54 yrs %	55–64 yrs %	65 yrs and over %
Retired or voluntarily inactive	4.0	39.9	68.7	1.9	25.6	53.3
Home duties or caring for children	6.8	7.3	5.9	56.7	42.4	27.6
Attending an educational institution	55.2	0.6	0.1	26.5	1.0	0.0
Own long-term health condition or disability	20.9	31.4	9.3	7.0	12.0	5.9
Own short-term illness or injury	2.7	1.7	0.4	1.3	1.1	0.5
Looking after ill or disabled person	2.8	5.0	2.3	3.1	7.9	3.0
Travel, holiday or leisure activity	3.7	8.0	9.0	1.1	5.6	6.1
Other	3.8	6.2	4.3	2.2	4.4	3.5

Source: ABS persons not in the labour force, Australia, September 2007. ABS cat. no. 6220.0.

12 Long-term unemployment

Is there a connection between sustained unemployment and social exclusion?

People who are unemployed over the long term may lose confidence and motivation, may lack appropriate skills and may attract negative perceptions of some employers (ABS 2000).³⁷ In addition, their circumstances may cut them off from the connections that often help people to secure employment. The EU acknowledges long-term unemployment as a key cause of poverty and social exclusion. The most basic measure of its prevalence used by the EU is ‘the number unemployed for a year or more as a proportion of the total active population’.

MAIN FINDINGS

In 2008, the long-term unemployment rate in Australia was 0.6%, well below the EU25 average of 2.6%. Between 2000 and 2008, the long-term unemployment rate in Australia was below the average EU25 rate.

Australia's comparative position strengthened between 2005 and 2007 and, apart from matching performances in two of those years by Denmark and Cyprus, Australia had the lowest rate of long-term unemployment of the EU25 countries.

Australia and EU compared

In Australia in 2008 there were 476 600 persons who were unemployed³⁸, representing 4.2% of the labour force (11.3 million). At that time 70 800 people were long-term unemployed, representing 0.6% of the active population. Table 16 summarises Australia and EU25 data for the period 2001 to 2008 and shows a lower long-term unemployment rate for Australia compared with the EU25 average. However, Table 16 also shows that, while the differences were sometimes small, in three of the eight EU comparison years, the United Kingdom and Sweden had lower long-term unemployment rates than Australia. Australia's comparative position strengthened in the last three years (2005 to 2007) and, apart from matching performances in two of those years by Denmark and Cyprus, Australia had the lowest rate of long-term unemployment with male and female rates in 2008 (the same at 0.6%). Countries achieving favourable overall results were characterised by gender balance in their rates of long-term unemployment. States with difficulties in this area include Greece, Italy, Portugal, Spain and the Czech Republic.

Table 16 Long-term unemployment rates (%): Australia and EU25 compared (2001–08)

Long-term unemployment rates									
Australia (a)	Year (b)	2001 (c)	2002	2003	2004	2005	2006	2007	2008
Males									
Unemployment rate %		6.9	6.5	5.9	5.3	4.9	4.7	4.0	4.0
Long-term unemployment rate %		1.7	1.7	1.5	1.2	1.0	1.0	0.7	0.6
Females									
Unemployment rate %		6.4	6.2	6.0	5.5	5.2	4.9	4.8	4.6
Long-term unemployment rate %		1.2	1.1	1.0	1.0	0.8	0.8	0.7	0.6
Persons									
Unemployment rate %		6.4	6.2	6.0	5.5	5.2	4.9	4.8	4.6
Long-term unemployment rate %		1.5	1.4	1.3	1.1	0.9	0.9	0.7	0.6
EU25 (a)		2001	2002	2003	2004	2005	2006	2007	2008
Long-term unemployment rate %		3.8	3.9	4.0	4.1	3.9	3.7	3.0	2.6
United Kingdom		1.3	1.1	1.1	1.0	1.0	1.2	1.3	1.4
Sweden		1.0	1.0	1.0	1.2	1.2	1.1	0.8	0.8
Finland		2.5	2.3	2.3	2.1	2.2	1.9	1.6	1.2
Denmark		0.9	0.9	1.1	1.2	1.1	0.8	0.6	0.5
Cyprus		0.8	0.8	1.0	1.2	1.2	0.9	0.7	0.5

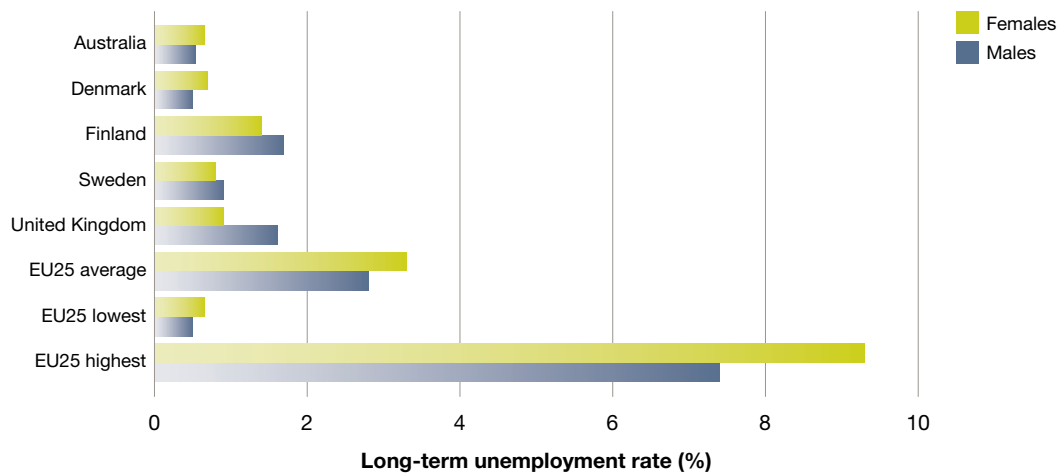
(a) Based on a new definition of duration of unemployment used from April 2001, where unemployment is the period of time from when an unemployed person began looking for work until the end of the reference week, or the period of time since an unemployed person last worked in any job for two weeks or more until the end of the reference week; whichever was the shorter period.

(b) annual averages

(c) 2001 for Australia based on nine months of data.

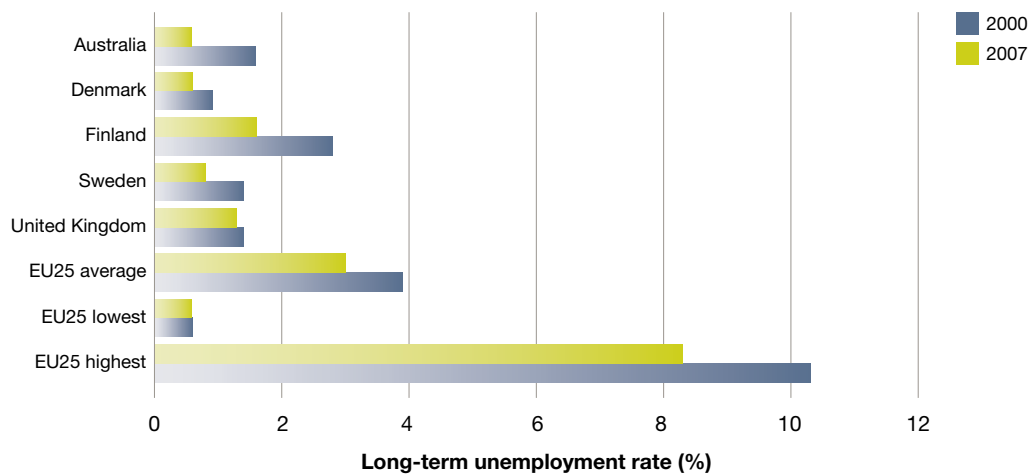
Sources: Labour Force, Australia, Detailed—Electronic Delivery. ABS cat. no. 6291.0.55.001; Eurostat 2008.

Figure 14 Long-term unemployment rate of persons aged 15 and over (2007)



Sources: Labour Force, Australia, Detailed–Electronic Delivery. ABS cat. no. 6291.0.55.001; European Commission.

Figure 15 Long-term unemployment rate of persons aged 15 and over (2000 and 2007)



Sources: Labour Force, Australia, Detailed–Electronic Delivery. ABS cat. no. 6291.0.55.001; European Commission.

Between 2001 and 2006 the unemployment rate for Indigenous people aged 15 to 64 years reduced from 20% to 16%.³⁹ In 2006, the unemployment rate for Indigenous people was three times the rate for non-Indigenous people (16% compared with 5%).

13 Persons living in jobless households

How many children in Australia are growing up in households where no one is working? Is this a comparatively severe problem compared with other countries?

Lack of involvement with the world of work entails poverty-related risks, but the importance of this indicator is thought to rest also on the disconnection of those involved from a primary set of relations in modern western societies. The EU social inclusion indicators include a 'count of persons aged 0 to 65 years living in eligible households where no one is working'. According to overseas research, the risk of a child living in income poverty depends pretty much on how much work is being done by their family.⁴⁰

MAIN FINDINGS

In 2005–06, 13% of children aged 0 to 18 years in Australia lived in a jobless household. Most (66%) of these children lived in one parent households.

The proportion of children living in jobless households is higher in Australia than in all but four of 27 EU member states and higher than the EU27 average of 9.7%.

In the same year, 9.2% of adults aged 18 to 59 years lived in a jobless household, similar to the EU27 average of 9.9% for this age group.

In 2001 to 2003, HILDA survey analysis—based on a measure of enduring joblessness—showed that 8.7% of children under 15 were in a jobless household in each of the three years and more than 70% of these children were in one parent households.⁴¹

Australian and overseas studies over the past two decades have shown that the burden of joblessness has increasingly become concentrated in certain households. At the same time there has been an increase in all-work households, that is, households with either both parents or the lone parent in one-parent households working.^{42,43} According to Organisation for Economic Co-operation and Development (OECD) calculations presented in Whiteford (2009)⁴⁴, while Australia has a lower proportion of households that are jobless than is common among most industrially developed nations the picture changes when the focus is upon children growing up in households with no adults working. Australia—in common with other English speaking countries other than the United States—has an unusually high incidence of children growing up in those circumstances.

Australia

Over the past decade the proportion of people living in jobless families with children aged under 15 years declined steadily, from 19% in 1998 to 12% in 2008. Joblessness rates are much higher in lone parent than couple families, 41% of lone parent families were jobless in 2008 compared to 4.3% of couple families.⁴⁵

HILDA panel survey data, with the caution warranted by the methodological characteristics noted in the earlier discussion of persistent risk-of-poverty rate, assists in gauging the scale of jobless households over time in Australia. The analysis by Headey and Verick (2006) reported⁴⁶ here was based on a definition of a 'jobless household' as one in which no household member has worked for 26 or more weeks during the preceding financial year. Their analysis of households with 'prime age' reference persons (25 to 54 years) who were not full-time students found that approximately 10% lived in jobless households, in any one year, and 86% were never in a jobless household in the three years under review. Lone parent households had higher rates of joblessness, with results for each year falling within the band 34% to 35% and with 24% remaining jobless across the three years. People with disability also had high three-year jobless rates and 28% remained in a jobless household throughout 2001 and 2003. They also found that joblessness is much more likely to be long-term in lone parent families, with 24% of lone parents aged 25-54 jobless over a 3 year period compared with 1.6% of couple families aged 25-54 (Table 17).

Table 17 Proportion of persons living in jobless households (2001–03)

	Persons living in jobless households						
	Working age (15-64 years)	Elderly (65 years and over)	Prime age (25-54 years)				
	All working age %	All elderly %	Lone parent families %	Couple families %	People with disability %	Non-English speaking background %	All prime age %
2001	14.2	79.9	34.2	4.5	30.5	14.2	10.5
2002	14.3	76.8	34.2	4.2	32.9	13.4	10.3
2003	14.0	77.2	34.9	3.9	27.2	14.8	10.0
0 of 3 years	80.7	11.6	55.6	94.8	52.4	81.3	85.5
1 of 3 years	6.0	4.9	7.3	2.3	7.3	4.2	4.9
2 of 3 years	5.2	5.9	13.2	1.4	11.9	7.9	4.3
3 of 3 years	8.2	77.6	23.8	1.6	28.3	6.7	5.4

Source: Headey & Verick (2006)

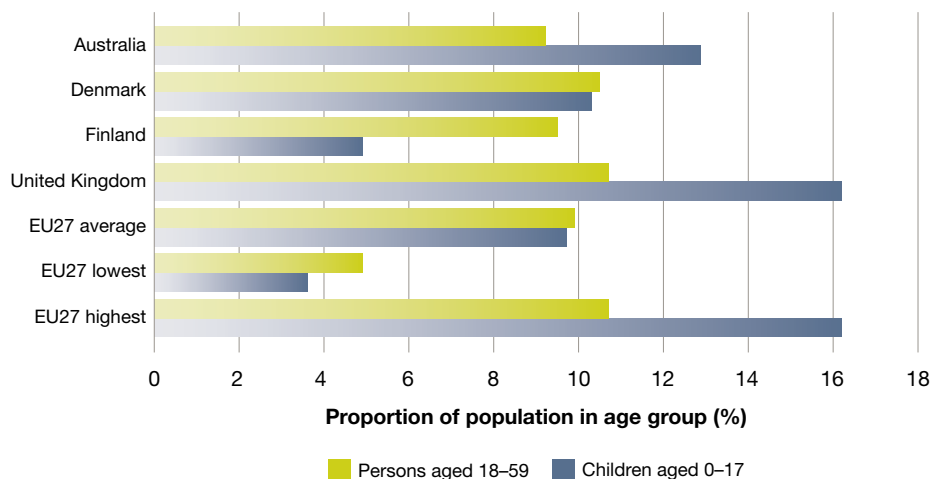
In 2001 to 2003 around 17% of children aged under 15 lived in a jobless family in one of those years and 8.7% lived in a jobless household in all three years. Of the children living in lone parent families, 45% lived in a jobless family in one year and 29% were living in families that had been jobless over a 3 year period. Around three-quarters (73%) of the children who lived in jobless households for three years running (between 2001-03) were in lone parent households.⁴⁷

Australia and EU compared

While the foregoing analysis helps to identify types of households with relatively high rates of joblessness over a period of time, how does the overall situation in Australia compare with that of EU countries? As Figure 16 illustrates, it is possible to make a direct comparison of the percentages of children aged 0 to 17 years and adults aged 18 to 59 years living in jobless households in Australia and the countries comprising EU27 (minus Sweden, for which this data was not available). Analysis by the SIU of data from the ABS Survey of Income and Housing (SIH) indicates that 13.0% of children aged 0 to 18 years in 2005–06 lived in a jobless household, with most (68%) of these children living in a one parent family. For adults aged 18 to 59 years, 9.9% lived in jobless households.

In 2006 the percentage of Australian children in jobless households (13.0%) exceeded the EU27 average (9.7%) and only four member states were at a rate higher than Australia—United Kingdom 16.2%, Bulgaria 14.5%, Belgium 13.5% and Hungary 13.3%. Consistent with the earlier mentioned OECD finding, Australia's rank position with respect to jobless households was less extreme when children were excluded; it ranked 15 out of 27 states when the comparisons were based on adults aged 18 to 59 years, with a rate of 9.2% compared with the EU27 average of 9.9%.

Figure 16 People living in jobless households (2006)



Source: PM&C SIU analysis of ABS 'Income and Housing Survey' (2005–06), Basic Confidentialised Unit Record File, ABS cat. no. 6531.0.30.001; European Commission.

14 Rate of employment among those with a mild or moderate disability

Are people with less severe disability, who want to work, able to do so?

According to the ABS (2004),⁴⁸ one in five people in Australia have a reported disability. This rate is similar for males and females. Disability is defined as any limitation, restriction or impairment, which has lasted, or is likely to last, for at least six months and restricts everyday activities. The ABS has reported information on five dimensions of hardship associated with disability—financial hardship, restricted social participation, severe financial stress, expressed need and lack of support.⁴⁹

The OECD has made many recommendations about the restoration of some disability payments beneficiaries to the labour force including more effective rehabilitation and employment supports, the reduction of work disincentives and making work more health-friendly.⁵⁰ However, the OECD emphasises that its main concern is ‘people with health conditions who could work and often want to work, but do not.’ In the light of national and international experience and with acceptance of the work limitations of severely disabled people, the focus should be upon beneficiaries who have been receiving assistance for less than two years and whose core activity restrictions are classified as ‘mild’ or ‘moderate’ rather than ‘severe’ or ‘profound’ and who are under the age of 50.⁵¹ For the moment the available ABS data is more general, but it enables consideration of the rate of employment among those whose activity restrictions are mild or moderate.

MAIN FINDINGS

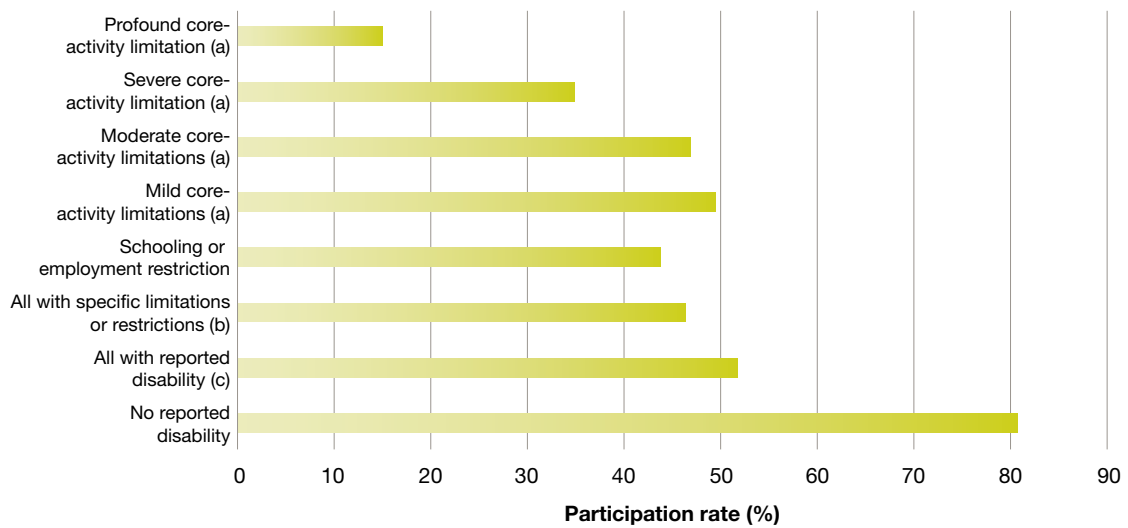
The rate of unemployment among people aged 15 to 64 years with mild or moderate disability (7.6%) was greater than the unemployment rate of people with ‘no reported disability’ (5.0%).

Australia

To understand the Australian findings, several degrees of disability need to be understood. There are four levels of core-activity limitation depending on whether a person needs help, has difficulty, or uses aids or equipment with any of the core activities (self-care, mobility and communication). The four levels are profound, severe, moderate and mild. The other broad categorisation that needs to be understood covers employment or schooling restrictions. Employment restrictions apply where people, because of their long-term health conditions, are restricted in the type of work or number of hours they can work, require a modified working environment or are not able to work. Schooling restrictions apply when a person, because of her or his disability, is unable to attend school or special classes, or needs at least one day a week off school on average.

The first of the accompanying figures based on 2003 data shows that the participation rate of people 15 to 64 years of age who have no reported disability was approximately 80% (Figure 17). The participation rate of people with disability generally decreases as the severity of disability increases. The level of participation of those with mild and moderate disability conditions without specific limitations or restrictions was approximately 50%. An aim of employment policy in a contemporary industrial society like Australia is to monitor and narrow the participation gap between the mild and moderate groups and those without reported disabilities. Meanwhile, the 2003 data on unemployment rates (Figure 18) appears to show some progress in building equitable policies and practices with scope for further improvements. The unemployment rate of the no reported disability group was 5.0% while the rate for the mild and moderate disability groups (without specific limitations or restrictions), stood at 7.6%.

Figure 17 Disability status and participation rate: persons 15 to 64 years (2003)



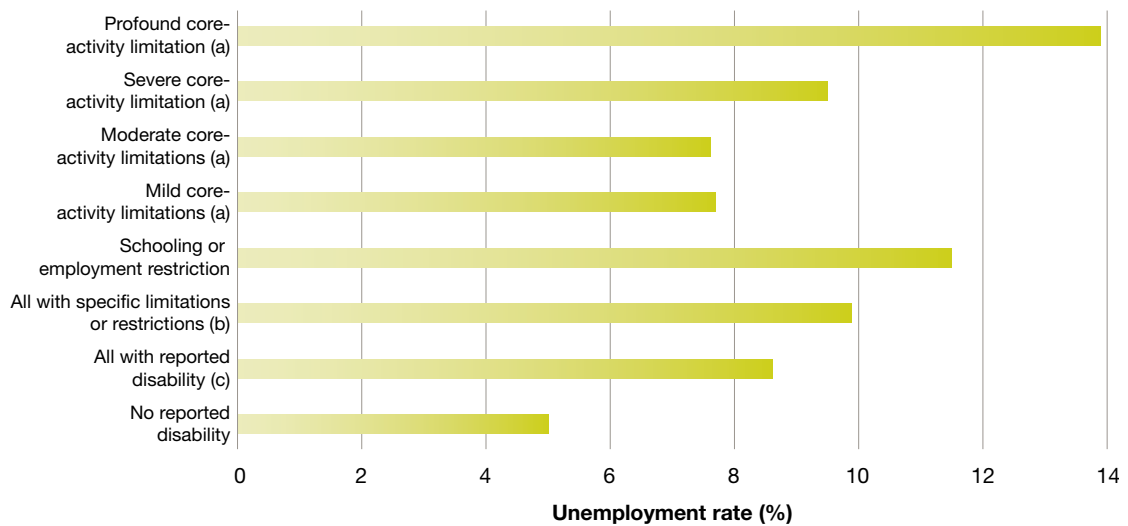
(a) core activities comprise communication, mobility and self care

(b) total may be less than the sum of the components

(c) includes those who do not have a specific limitation or restriction

Source: ABS 'Disability, Ageing and Carers', Australia: Summary of Findings, 2003. ABS cat. no. 4430.0.

Figure 18 Disability status and unemployment rate: persons 15 to 64 years (2003)



(a) core activities comprise communication, mobility and self care

(b) total may be less than the sum of the components

(c) includes those who do not have a specific limitation or restriction

Source: ABS 'Disability, Ageing and Carers', Australia: Summary of Findings, 2003. ABS cat. no. 4430.0.

15 Regional disparity in employment rates

How much difference is there in the prospect of gaining employment in different regions of Australia?

Regional variation is important in social outcomes, such as living standards, health, education and employment housing, and also for the labour market. The variation in unemployment rates across specified regions, as captured statistically by a coefficient of variation, is one of the initial EU social inclusion indicators. However, because of differences in the size of regions across countries, comparisons of this indicator of regional labour market disparity across countries are very difficult to interpret. For this reason, the international comparison of this indicator has not been presented in this compendium.

MAIN FINDINGS

In 2008, 10% of Statistical Local Areas (SLAs)—1334 small standard geographic areas across Australia—had unemployment rates of 1.5% or lower, while 10% had unemployment rates of 6.9% or higher.

There are identified labour force regions in Australia that experience persistent labour market disadvantage despite improvements in overall labour conditions. They account for approximately 10% of the total labour force.

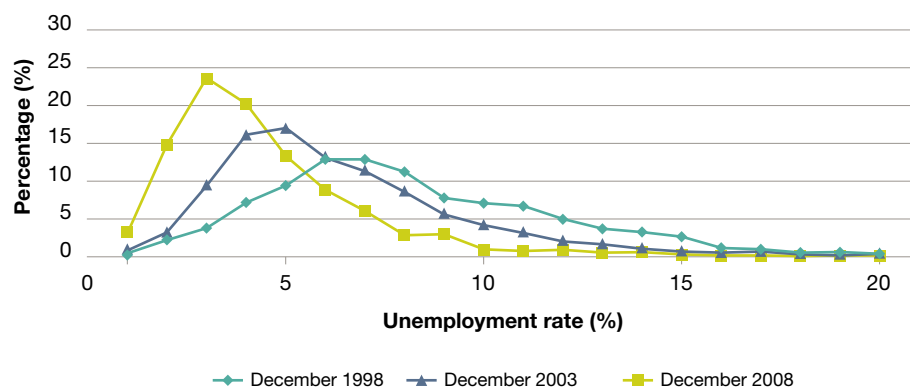
Australia

Studies of regional disparity in employment rates in Australia have been prompted by evidence that differentials in regional unemployment rates have been characteristic since the early 1990s despite levels of growth in the general economy that might have promoted convergence in regional labour markets.^{52,53,54}

The main emphasis in this section is upon illustrating the persistence of unemployment in some regions throughout Australia and presenting a broad picture of the degree of variation in employment between 1991 and 2005. An Australian Government analysis,⁵⁵ shows that there are specific labour force regions which appear to experience persistent labour market disadvantage, notwithstanding improvements in overall labour market conditions. These regions, which account for approximately 10% of the total labour force, include Wide Bay-Burnett in Queensland; Richmond-Tweed and Mid-North Coast, and Illawarra in New South Wales; North Western Melbourne in Victoria; Northern Adelaide in South Australia; and Greater Hobart-Southern and Mersey-Lyell in Tasmania. A similar pattern is also found in analyses of small area labour markets which have maintained a relatively high rate of unemployment in Mount Morgan in Queensland, Halls Creek in Western Australia, Elizabeth in Adelaide, Kingston in Southern Brisbane, Central Highlands in Tasmania and Broadmeadows in Melbourne.

Figure 19 illustrates the distribution of unemployment rates by SLAs across Australia. In 2008, 10% of SLAs had an unemployment rate of 1.5% or lower, while at the other end of the scale, 10% had an unemployment rate of 6.9% or higher. Compared with 1998 and 2003, unemployment rates in Australia in 2008 show less disparity by small area region.

Figure 19 Distribution of unemployment rate by Statistical Local Areas (a) across Australia (1998, 2003 and 2008)



(a) SLAs are small standard geographic areas in Australia. In 2008 there were 1334 such areas in Australia.
Source: Department of Education, Employment and Workplace Relations (DEEWR), small area estimates.

LIMITED SOCIAL SUPPORTS AND NETWORKS

16 Assistance given and received

S

Who provides support to others outside their own household?

The EU has stressed that the resources available to a person or household extend beyond income to include other forms of support received from friends, neighbours, relatives and work colleagues. These other forms of support received can reflect both a material aspect of inclusion/exclusion and also a reflection of engagement with others. In these respects there is an affinity between the concepts of social capital and social inclusion/exclusion. A leading writer in the field of social capital (Putnam 1993)⁵⁶ expressed the celebrated view that networks lay the groundwork for reciprocity, solidarity and participation, which in turn reinforce sentiments of trust in communities and the effectiveness of communication between individuals and organisations.⁵⁷

MAIN FINDINGS

A significant proportion of Australian women (29%) and Australian men (27%) provide support to a relative living outside their household.

A greater proportion of people in the highest income quintile (33%) provided support to relatives living outside their household than those with lowest incomes (21%).

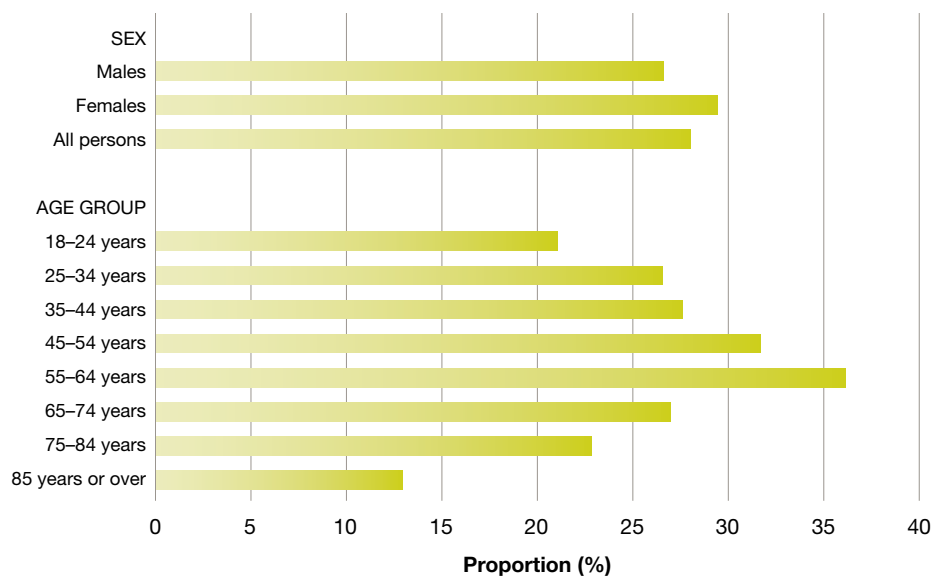
Australia

The ABS *General Social Survey* collects information on patterns of supportive exchanges between people. As Figure 20 illustrates, in 2006 a little over one-in-four (28%) of those interviewed said they provided support to one or more relatives living outside their household, with women (29%) slightly more likely than men (27%), to say they provided such support. There were virtually no differences in the forms of support provided, ranging from driving relatives to places (overall 15%) to monetary support such as giving them spending money (5%).

In popular discourse it is sometimes assumed that the camaraderie among those with the lowest level of financial resources results in stronger patterns of mutual assistance that help to off-set financial disadvantage. The ABS results show that members of the highest income quintile (33%) exceeded members of the lowest quintile (21%) in supporting relatives living outside the household. The variation in results was less marked but the highest quintile group (97%) was also the one most confident of being able to get support in a time of crisis from persons living outside

the household. The lowest quintile income group (89%) was less confident of gaining support. People renting with state or territory authorities (20%) were among the groups least likely to be supporting relatives, and were least likely among the tenure, gender, income, household structure and age groups to be confident of gaining support in critical times.

Figure 20 Proportion of persons providing support to relatives living outside the household (2006)



Source: ABS *General Social Survey: Summary Results Australia, 2006*. ABS cat. no. 4159.0.

17 Influencing decision makers

S

Do Australians feel that they have a say on issues of community importance?

A potential barrier to social participation is not having the means of conveying one's views to those making decisions on public matters. The assessment of this opportunity has long been a part of the celebrated Swedish *Levels of Living* Survey. The survey assesses people's capacity to be socially included by conveying their opposition to a decision made by a public authority. Their past ability to do that, and their belief that they could rise to the challenge in the future, either directly or with assistance from an available source, is a widely accepted indication of possessing capacity to influence decision makers.

The 2006 *General Social Survey* provides Australian data, but it is more restricted in scope than is ideal. The answers to three relevant questions are available for consideration:

- 1 'I feel able to have a say within the community on important issues all or most of the time.'
- 2 'I personally know someone in an organisation that I would feel comfortable to contact for information or advice.'
- 3 'I feel able to have a say among family and friends about important issues all or most of the time.'

MAIN FINDINGS

In 2006, just 29% of a representative sample of Australians aged 18 years and over said they felt able to have a say on communal issues of importance.

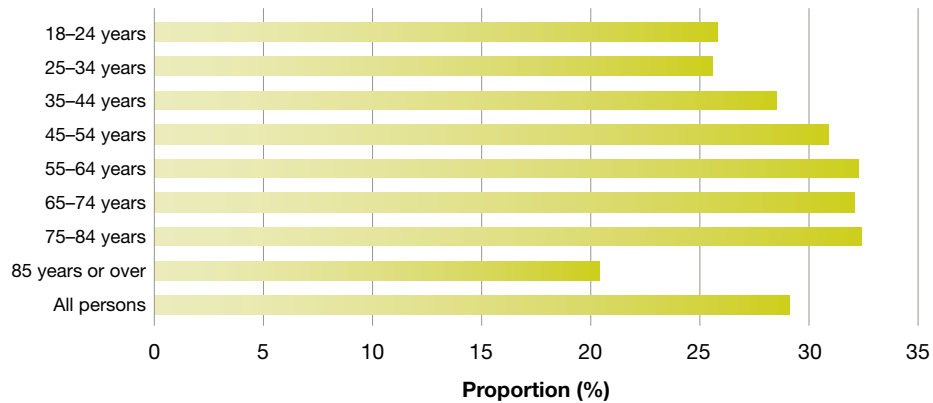
Lower proportions of the elderly (over 85 years) and younger people (less than 35 years) reported that they felt able to have a say on issues of community importance compared with other age groups.

The available item of information of most direct relevance to our purposes concerns influence within the community. As Figure 21a shows, just 29% of people aged over 18 years reported that they felt able to have a say on issues of importance. Up to an age (85 and over) where the shedding of roles generally tends to dominate over new interests and engagements, the feeling, at least, of exercising influence in the community is a function of advancing age, expanding from the mid-thirties to the mid-fifties and then plateauing at a relatively high level over the next three decades before declining decidedly from the mid-eighties onwards.

Having access to a source of information within an organisation was claimed by a much larger proportion of respondents (72%) than was the case with actually having a say on community issues of importance (29%). The profile of age groups with access to a source of information resembled that associated with communal influence but for the decline beginning slightly earlier in the mid-sixties. The results for women and men were identical but having been born in an English-speaking country (around 72% having the contact in question) was an advantage over being born in a non-English speaking country (65%), and especially where people are not proficient in English (48%).

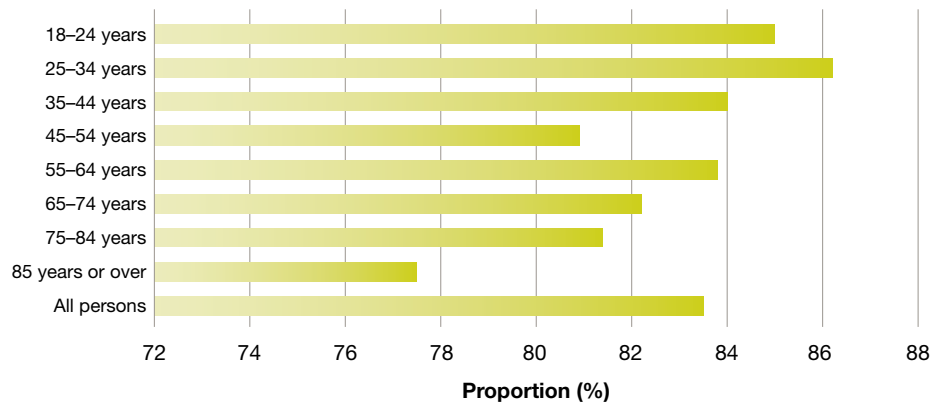
Of Australians aged 18 and over, 83% reported that they felt they had a say among family and friends on important issues (Figure 21b). The age pattern was similar in all but one respect. The point of difference was that people between 18 and 34 years were much more able to express their views in this sphere than was apparent in the community or in gaining access to a source of information.

Figure 21a Proportion of persons who feel able to have a say within the community on important issues all or most of the time (2006)



Source: ABS General Social Survey: Summary Results, Australia, 2006. ABS cat. no. 4159.0.

Figure 21b Proportion of persons who feel able to have a say among family and friends about important issues all or most of the time (2006)



Source: ABS General Social Survey: Summary Results, Australia, 2006. ABS cat. no. 4159.0.

EFFECT OF THE LOCAL NEIGHBOURHOOD

18 Fear and actual experience of violence

S

How much violence is experienced by Australian women and men and to what extent are Australians living in fear of violence?

The fear of violence and the experiencing of it are of major importance to social inclusion because they erode identification with one's community, the prospects of participating in it and the ability to utilise community services. So far as the perceptions of threat are concerned, the core assessment questions are ones that have been widely used in social research and they refer to whether people feel safe or unsafe when outside and/or inside their homes at night. The fear of crime generally exceeds the experiencing of it and many police authorities regard the improving of a sense of safety as a principal social goal of policing.

MAIN FINDINGS

In 2006, 26% of women aged 18 years or over felt unsafe walking alone outside their home at night, compared to 9% of men. This was particularly true of public housing tenants who also felt unsafe alone within their homes at night.

Young men aged 18 to 24 years were much more likely to experience physical violence than young women (32% of young men compared with 12% of young women).

In 2006, sexual violence was less common than physical violence for both women and men, but occurs at a higher rate for women than men (1.6% for women and 0.6% for men aged 18 years or over).

The survey evidence underlines the fact that Indigenous men and women experience double the rate of being a victim of physical violence during their lifetime compared to non-Indigenous Australians.

Climate of fear

The ABS *General Social Survey* publishes data on the percentage of Australian people who feel unsafe or very unsafe walking alone in their local area after dark. In 2006, of all females 18 years or over, 26% reported feeling unsafe or very unsafe but the percentage decreased with each ascending age group (Table 18).

Table 18 Proportion of women feeling unsafe/very unsafe walking alone at night (2006)

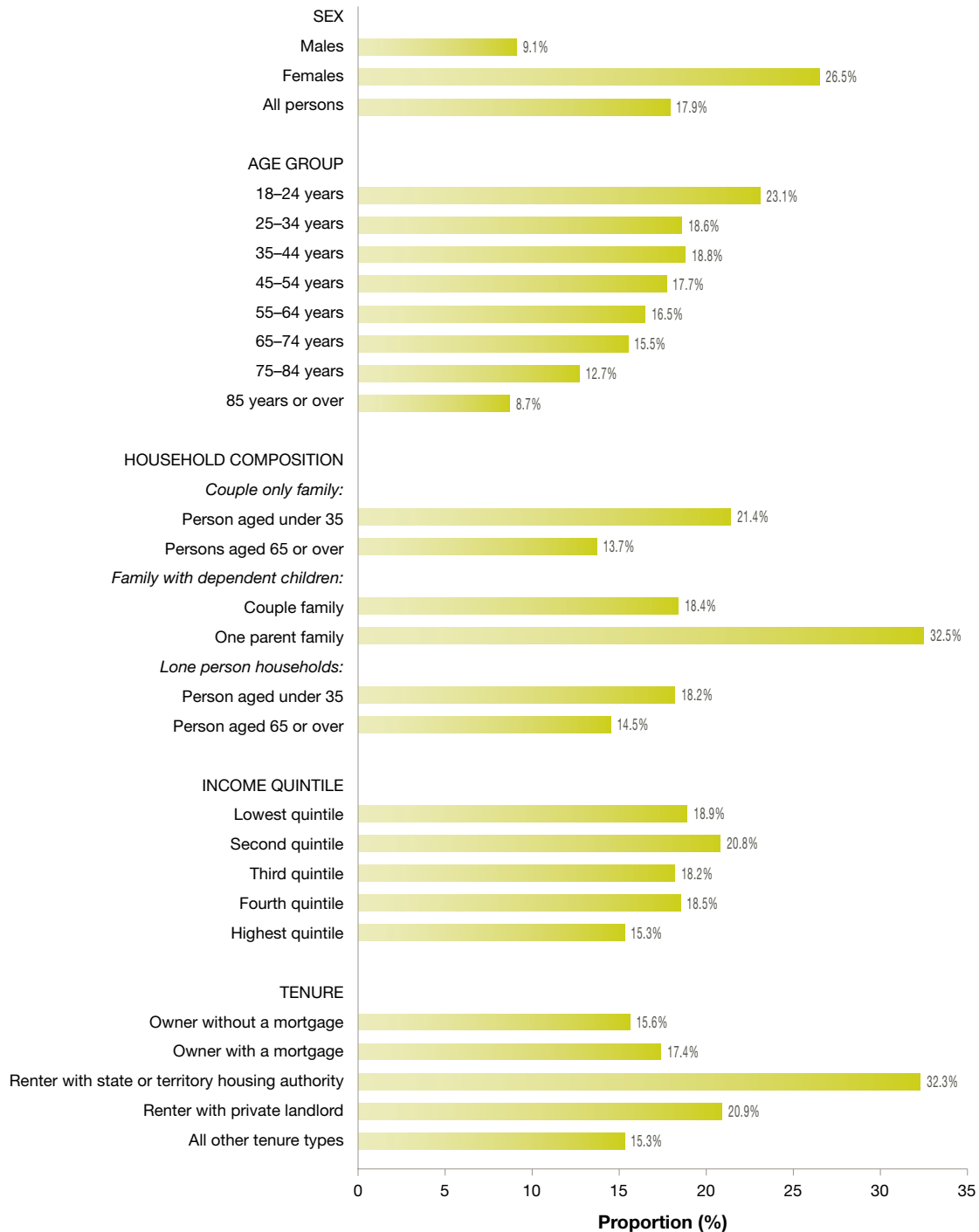
Proportion of people feeling unsafe/very unsafe walking alone at night									
	Age group								
	18–24 yrs	25–34 yrs	35–44 yrs	45–54 yrs	55–64 yrs	65–74 yrs	75–84 yrs	85 + yrs	18 and over yrs
	%	%	%	%	%	%	%	%	%
Females	38.7	29.6	28.4	25.6	23.7	19.5	13.6	8.2	26.5
Males	8.1	7.5	9.1	9.6	9.3	11.4	11.6	9.6	9.1

Source: ABS *General Social Survey: Summary Results*, Australia, 2006. ABS cat. no. 4159.0.

When the focus is on people generally (Figure 22), 18% of those aged 18 or over reporting feeling unsafe or very unsafe walking alone outside of their homes at night. Women (26%) were virtually three times more likely than males (9%) to feel this way. Even more widespread concern was expressed by state and territory tenants (32%) and people belonging to one-parent families (32%).

With regard to feeling unsafe or very unsafe 'within one's home alone after dark', the percentage overall (6.7%) is down compared with walking outside. Females again express higher proportions of feeling unsafe or very unsafe (10.9% compared with 2.4% for males), and young people 18 to 24 years (10.3%), one-parent families (9.7%) and people in the lowest income quintile (11%) also express higher levels of concern for their personal security and safety. However, the population group reporting the highest level of concern for their safety was public (state and territory) tenants (17%).

Figure 22 Proportion of persons feeling unsafe or very unsafe walking alone in local area after dark (2006)



Source: ABS General Social Survey: Summary Results, Australia, 2006. ABS cat. no. 4159.0.

Women's and men's experience of violence

There are two bodies of information which throw light on the national experience of violence. Brief reference is now made to both, starting with the Australian Institute of Criminology's participation in an *International Violence Against Women Survey* in 2002–03.⁵⁸

A total of 6677 women aged between 18 and 69 years participated in the survey and provided information on their experiences of physical and sexual violence.

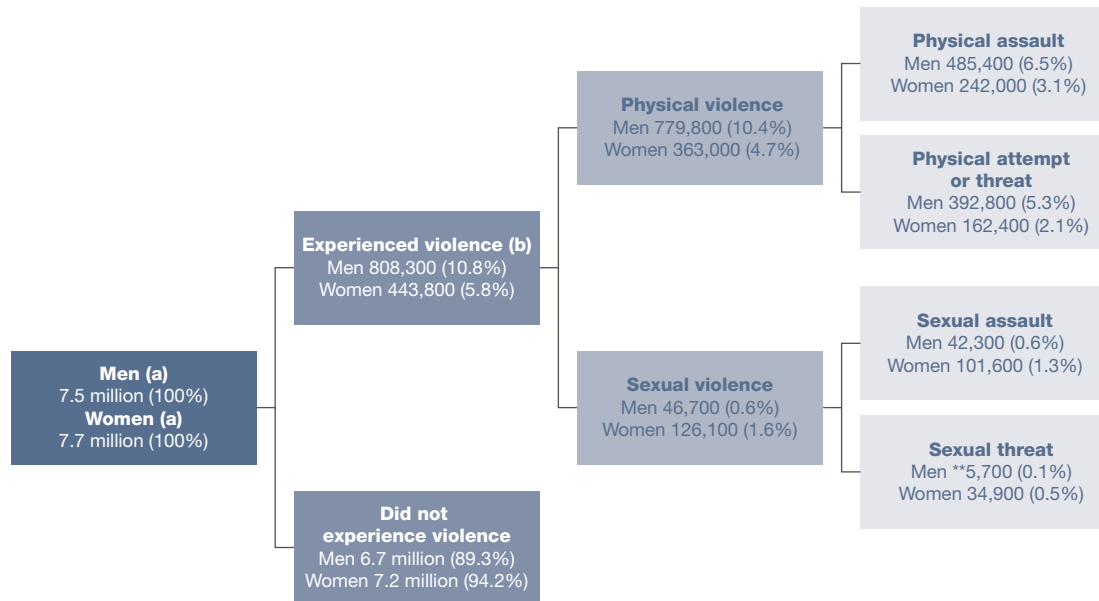
The findings cover the type of violence (including threats) by current and former intimate male partners, other known males (such as relatives, friends and acquaintances) and strangers. It was found that in the preceding 12 months, 10% of the women surveyed reported experiencing at least one incident of physical and/or sexual violence. They were more likely to report physical violence (8%) than sexual violence (4%). The risk of violence was found to vary based on a number of socio-demographic characteristics, including:

- > Younger women reported higher levels of physical and sexual violence than older women.
- > Indigenous women reported higher levels of physical violence during their lifetime compared to non-Indigenous women. Hospitalisations recorded for injury due to assault are seven and 31 times higher for Indigenous males and females respectively.⁵⁹ Assault is a significant cause of death for Indigenous males and females.

More recently the ABS (2005)⁶⁰ published the *Personal Safety Survey* which presented the findings of a 2005 study of women's and men's experience of violence over a 12-month period. The major findings are summarised in Chart 1. The ABS found that 5.8% of women had experienced violence during the period in question, including incidents involving the occurrence, attempt or threat of either physical or sexual assault. More instances of physical (4.7%) rather than sexual violence (1.6%) were recorded. Among men, 10.8% experienced violence, predominantly of a physical (10.4%) rather than of a sexual nature (0.6%).

For both men and women there was a close association between age and vulnerability to violence with that threat declining with increasing age, as shown in Figure 23. Young men aged 18 to 24 years were much more likely to experience physical violence than young women (32% of young men compared with 12% of young women). Associated with age is the factor of marital status with 17% of men not in a registered or de facto relationship experiencing violence over a 12-month period. Being unemployed is also shown to be associated with a greater likelihood to experience violence.

Chart 1 Experience of violence during the last 12 months (2005)



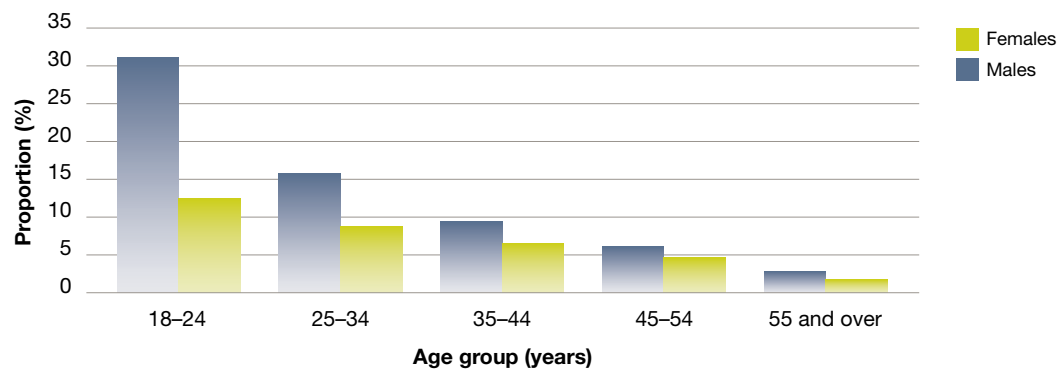
(a) aged 18 years and over

(b) components do not add to total as some respondents experienced more than one type of violence

** estimate has a relative standard error of 25% to 50% and should be used with caution

Source: *Personal Safety Survey, Australia 2005*. ABS cat. no. 4906.

Figure 23 Proportion of persons who experienced violence during the last 12 months, by sex and age group (2006)



Source: *ABS General Social Survey: Summary Results, Australia, 2006*. ABS cat. no. 4159.0.

19 Neighbouring, community involvement and communal relations

How actively do Australians participate in their community?

Because some of the most nurturing relationships occur within local neighbourhoods, people's experience of 'community togetherness and closeness' has an important bearing on both the sentiment and reality of community involvement and social inclusion. Special survey scales have been developed to measure people's identification with their community, the patterns of interaction with other members, and the experience of, and commitment to, mutually supportive relations. Not all of these dimensions are encompassed by official surveys but there are items of the *General Social Survey* that touch upon them.

MAIN FINDINGS

In 2006, 34% of Australians aged 18 years or over said they had undertaken voluntary work for an organisation or group in the past year, a rate that is fairly representative of western industrial societies.

In the same year, 64% of Australians aged 18 or over participated in a community event in the previous six months.

Around 93% of Australians are confident they can ask people outside their home for small favours.

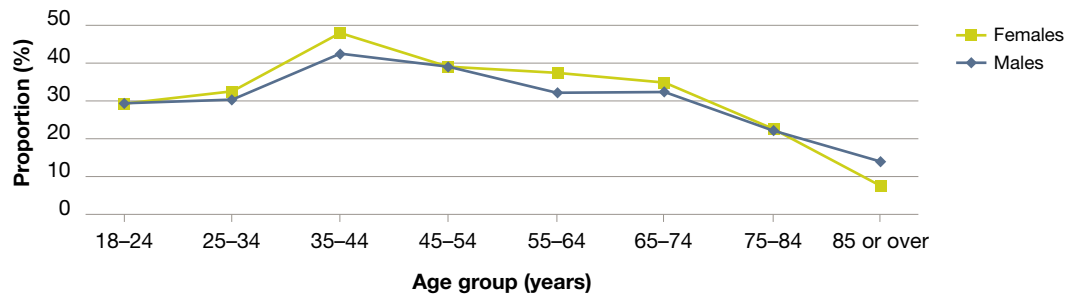
There was little variation by population groups, with public renters reporting the lowest proportion being able to ask for small favours, at 84%.

Volunteering

Assessing people's involvement in voluntary work 'in the last 12 months' illuminates their active practices of community engagement rather than their general attitudes and dispositions. In 2006, 34% of Australians 18 years or over said they had rendered such a service in the past year. Overall, 32% of men and 36% of women were volunteers. In gauging how this result compares with levels of volunteering in other countries it is difficult to come up with a representative figure—a great deal depends on the questions used. However, 34% is not far removed from the midpoint of the range 15% to 45% cited for the Netherlands,⁶¹ America (26.4% in 2008),⁶² Western Europe (28%) and then some countries like Switzerland, Iceland, Ireland, Luxembourg and Netherlands, where almost half of the population mentioned they have done voluntary work in the last year.⁶³ The Australian figure of 34%, while not optimum, could be regarded as representative of western industrial societies.

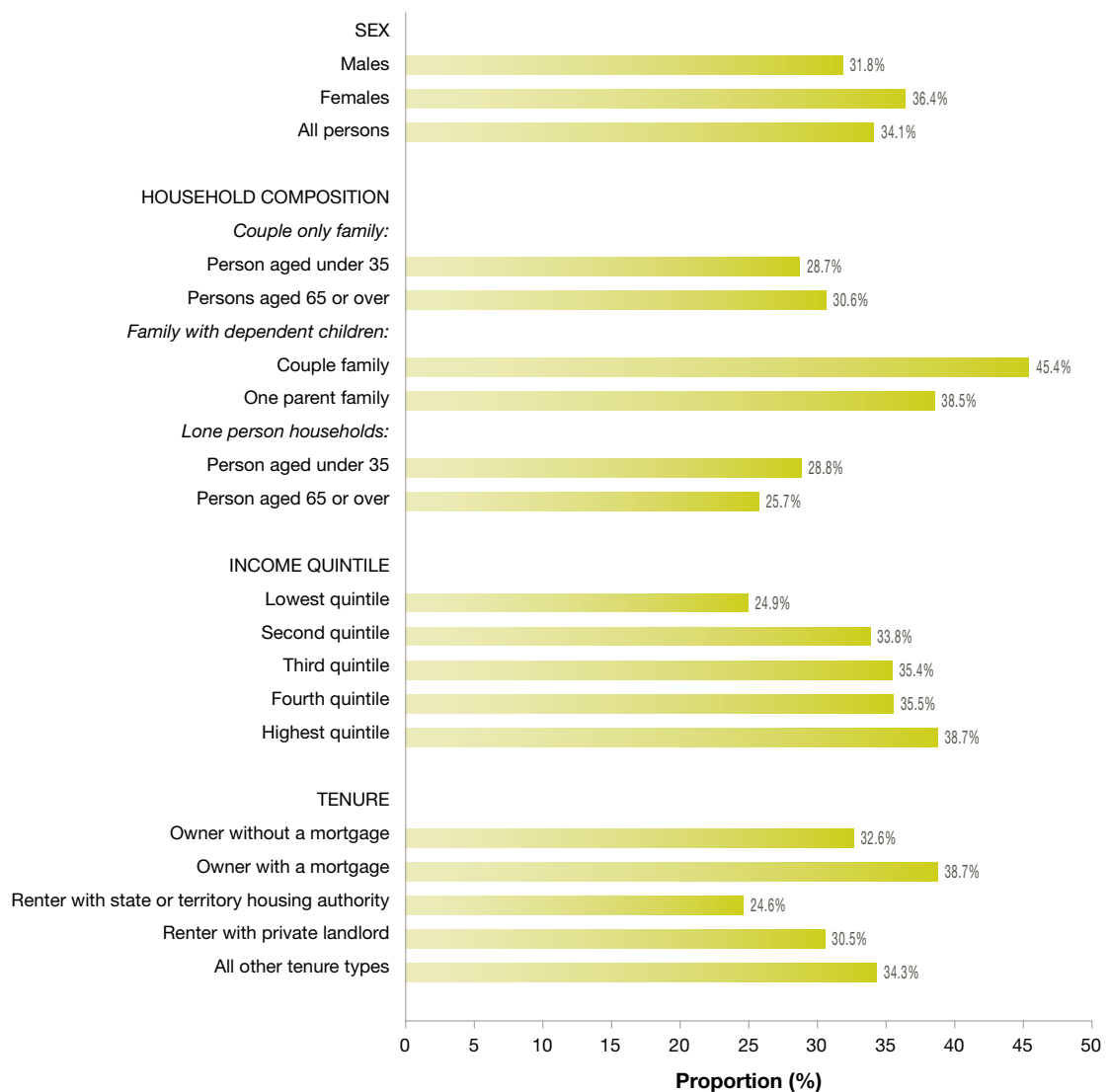
As can be seen in Figure 24, the peak age group for volunteering is 35 to 44 years with a gradual decline in proportions thereafter. Volunteering is likely to be highest in this age group as people often volunteer their help with activities relating to their children. Other groups with high levels of volunteers include 'owners with a mortgage' (partly reflecting the age of those in this situation), people in the highest income quintile, and couple and one-parent families (Figure 25).

Figure 24 Proportion of persons who had undertaken voluntary work in last 12 months, by sex and age group (2006)



Source: ABS General Social Survey: Summary Results, Australia, 2006. ABS cat. no. 4159.0.

Figure 25 Proportion of persons who had undertaken voluntary work in last 12 months (2006)



Source: ABS *General Social Survey: Summary Results*, Australia, 2006. ABS cat. no. 4159.0.

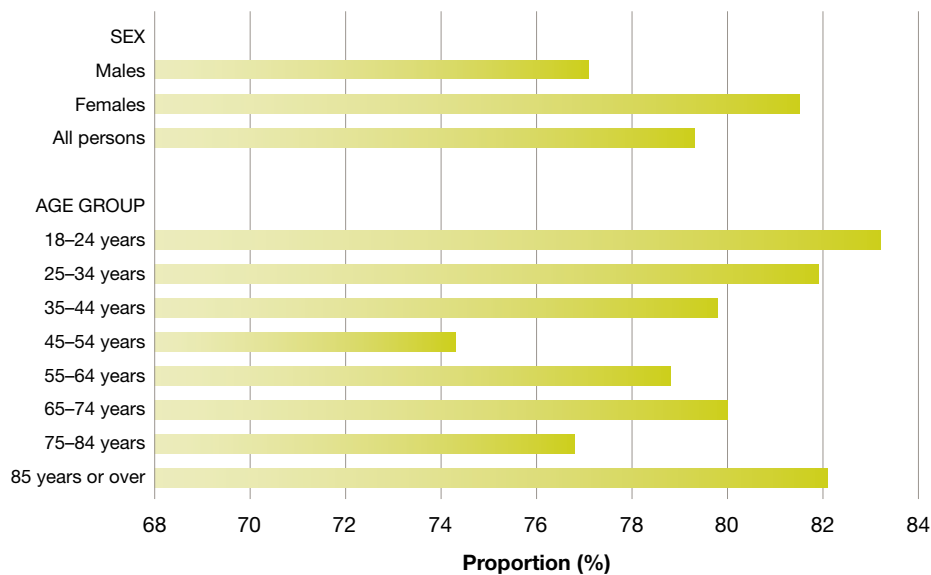
Community participation

Community participation is another active form of community practice. There is Australian evidence that ‘participating in a community event in the last six months’ correlates significantly across communities with volunteering and mutually supportive relations with neighbours.⁶⁴ In 2006, 64% of Australians 18 years or over said they had participated in a community event, such as a fête, show or festival, in the previous six months with peak rates extending from 18 to 54 years and then progressively reducing up to the 85 years and over category.

Sociability

One measure of sociability is the proportion of people in 2006 who ‘had face-to-face contact with family or friends living outside the household in the last week’ (Figure 26). Of Australians aged 18 or over, 79% had such a contact, with females (81%) slightly exceeding males (77%) in this regard. Sociability of this kind was greatest for younger and older age groups: 18 to 24 years (83%), 25 to 34 years (82%) and 85 years and over (82%) respectively.

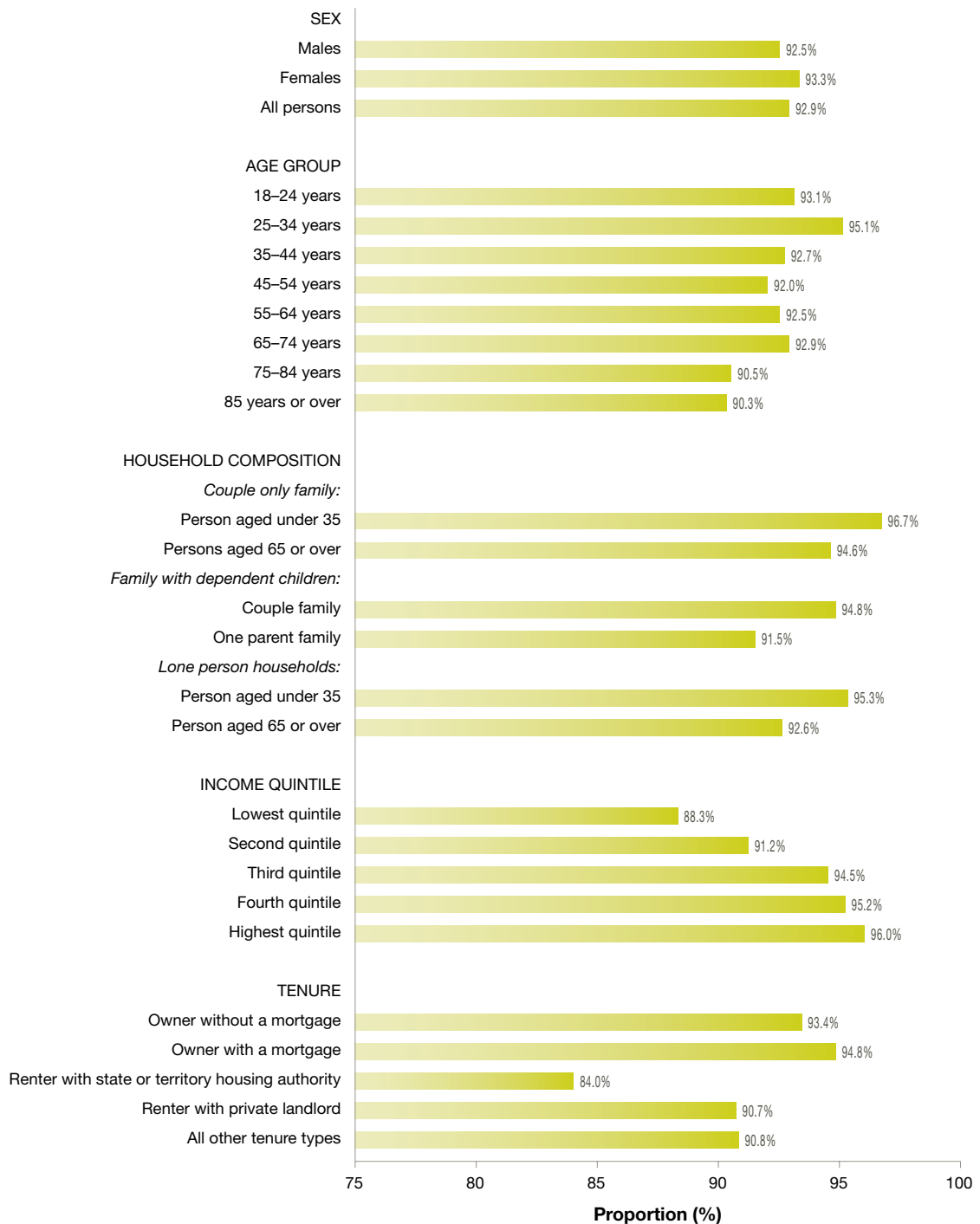
Figure 26 Proportion of persons who had face-to-face contact with family or friends living outside the household in last week (2006)



Source: ABS *General Social Survey: Summary Results*, Australia, 2006. ABS cat. no. 4159.0.

Another form of sociability is the capacity to exchange small favours from people living outside the household—a type of neighbourliness (Figure 27). Some 93% of people reported that they could ask for small favours with very little variation between different population groups. Greater proportions of people living in households in the highest income quintile reporting being able to ask for small favours than those in the lowest income quintile (96% compared with 88%). People renting from state or territory housing authorities reported the lowest level, at 84%.

Figure 27 Proportion of persons who felt they could ask for small favours from persons living outside the household (2006)



Source: ABS General Social Survey: Summary Results, Australia, 2006. ABS cat. no. 4159.0.

EXCLUSION FROM SERVICES

20 Young people not in education or training

EU

How does the educational and/or skill preparation of young Australian adults to participate in contemporary society compare with other countries?

In the initial EU indicators this assessment was made on the basis of ‘the proportion of 18 to 24 year olds not currently attending education or training or engaged in work’. The later EU indicators reported on early school leavers aged 18 to 24 who have at most lower secondary education and not in further education or training. This section contains similar information for young Australian people. However, in the interests of using comparable data, the international comparison is based on a related concept of those who are not in education and unemployed for the 15 to 24 years age group.

MAIN FINDINGS

In 2006, among 15 to 19 year olds, Australian young people rate relatively poorly in the international rankings of those engaged in education or training or employed—they are in 18th position among 24 countries ranked according to the proportion of young people not in education or training and unemployed.

Australians aged 20 to 24 years do much better than the younger group—they are in the 5th most favourable rank position among 25 countries.

Australia

Apart from the intrinsic value of education, it is increasingly recognised in Australian society that it is a major handicap to enter today’s world of work without credentials. A skilled workforce also impacts on the nation’s capacity for higher productivity. One frequently adopted way of capturing a community’s position in this regard is to examine the number of 18 to 24 year olds who are not engaged in either education or training.

ABS surveys on education and work have been conducted since 1964 and following the Australian Ministers for Education endorsement of a key performance indicator (Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA) (2002),⁶⁵ the ABS gathers statistics on the proportion of the population between the ages of 15 and 24 that is in:

- > full-time education (including formal learning of a 'training' nature)
- > full-time employment or
- > both part-time education and part-time employment.

The inverse proportion to full-time participation represents young people considered to be 'at risk' of being unemployed, under-employed or not acquiring the necessary skills to assist them in longer-term participation in the labour market (Dean 2006).⁶⁶ In July 2008, the ABS released a 'data cube' that is aligned with the MCEETYA policy. Table 19 is adapted from that source.⁶⁷

Table 19 Proportion of persons 18–24 years who are fully engaged (a) in education, training or in work, by age and state/territory (2007)

	Persons aged 15–24 fully engaged in education, training or in work										
	15 yrs	16 yrs	17 yrs	18 yrs	19 yrs	20 yrs	21 yrs	22 yrs	23 yrs	24 yrs	18–24 yrs
	%	%	%	%	%	%	%	%	%	%	%
NSW	96.4	91.6	87.9	73.6	75.2	81.1	76.5	82.8	79.9	79.6	78.4
Vic.	98.4	97.9	93.8	87.0	79.7	78.8	85.6	77.9	83.3	82.3	82.0
Qld	97.4	95.3	84.3	77.5	81.4	79.4	81.2	77.6	83.1	75.6	79.4
SA	95.2	97.3	89.0	69.5	80.5	74.5	78.3	73.9	76.4	75.1	75.5
WA	95.9	96.2	84.3	75.0	80.3	83.3	82.8	82.3	73.0	80.9	79.7
Tas.	100.0	93.0	90.8	65.4	73.6	82.2	79.8	77.3	71.4	61.6	73.3
NT	86.9	84.2	67.4	73.0	80.0	44.3	81.5	76.8	100.0	75.6	78.0
ACT	97.9	92.8	93.0	82.4	93.7	94.0	90.4	83.2	89.9	86.2	88.5
Australia											
In education, training or in work	97.0	94.8	88.3	77.5	78.8	80.0	80.9	79.7	80.7	79.0	79.5
Not in education, training or work	3.0	5.2	11.7	22.5	21.2	20.0	19.1	20.3	19.3	21.0	20.5

(a) In full-time work, full-time education, or both part-time work and part-time education.

Source: ABS 'Education and Work', Australia, May 2008. ABS cat. no. 6227.0.

Although at this stage comparable data concerning Indigenous or Aboriginal and Torres Strait Islander young adults is not available, it should be noted that retention rates for Indigenous students to Year 10 and beyond increased between 1998 and 2007. Between 2001 and 2006, Year 12 completion rates for Indigenous students aged 15 years and over increased from 20% to 23%.⁶⁸

Australia and international comparison

The OECD has prepared a ranking of young people's engagement in education, training or employment which has the advantage of incorporating Australia's position in the reference year 2006 (Table 20). This data shows the percentage of 15 to 19 and 20 to 24 year olds 'not in education' and unemployed. In Australia, 3.7% of 15 to 19 year olds were in the 'at risk' category defined in the above-mentioned way, compared with the OECD average of 3.0% and the EU19 average of 2.9%. In terms of the distribution of country scores, Australia was among those with higher rates. Six of the other 23 countries furnishing data on the 15 to 19 years group had rates higher than Australia and 17 had lower rates. That is, Australia occupied 18th rank position out of 24 countries in increasing order of 15 to 19 year olds being at risk. Table 20 illustrates the relatively small proportions of young people in some countries who are unemployed and not receiving education or training.

Australia (4.2%) fared better in the 20 to 24 years category, ranking 5th in terms of low rates and being well below the OECD average of 7.3% and below the EU19 average of 8.1%. Two countries that had lower rates than Australia in this category (Denmark at 2.4 and Netherlands at 2.1), also had lower rates in the 15 to 19 years category.

Table 20 Proportion of persons not in education and unemployed ('at risk'), by age group and selected countries (2006)

	Proportion of persons not in education and unemployed	
Country	15–19 years of age %	20–24 years of age %
Australia	3.7	4.2
Canada	2.9	5.9
Denmark	1.9	2.4
Finland	1.7	6.9
Netherlands	1.1	2.1
New Zealand	3.7	3.8
Sweden	2.0	8.2
Switzerland	2.8	5.3
United Kingdom	5.3	6.8
United States	2.1	5.2
OECD average	3.0	7.3
EU19 average	2.9	8.1

Source: OECD 2008. 'Education at a Glance 2008'—OECD, Indicator C4.

21 Persons (adults) with low educational attainment

How does the level of education attainment of Australians compare with other countries?

This EU indicator makes use of an educational scale for which there are international equivalents. In the case of Australia the specified level (ISCED level 2) refers to the lower secondary or second basic stage of education, programs designed to ready students for the next stage of preparing them for access to tertiary education.⁶⁹ The indicator is calculated on the basis of 'the educational attainment rate of ISCED level 2 or less'.

MAIN FINDINGS

Compared with OECD and EU countries, Australia has a greater proportion of adults with very basic education, as well as a greater proportion with a tertiary level of education.

Australia and international comparisons

In Australia, the ISCED level 2 equates to the completion of Year 10 or below. The percentage of all Australians between 25 and 64 years with an ISCED 2 level of education can be calculated from ABS statistics,⁷⁰ but in the interest of consistent overseas comparisons, Eurostat data has been used. As Table 21 shows, in 2005, the proportion of Australians aged 25 to 64 years with limited ISCED level 2 qualifications (that is, lower secondary level of education or below) (35%) was higher than the OECD and EU19 averages (both 29%)*. The percentage of Australians with a tertiary level of education (31%) also exceeds the averages across the OECD and EU19 countries (26% and 24% respectively). Australia's result in this regard is surpassed by the United States and Finland and matched by the United Kingdom, Sweden and the Netherlands, which also have relatively higher proportions of 25 to 64 year olds with a tertiary level of education:

Table 21 Educational attainments of populations aged 25–64 years (2005)

	Educational attainment of persons aged 25–64			
	Proportion with lower secondary level of education or below %	Proportion with upper or post-secondary level of education %	Proportion with tertiary level of education of education %	Total %
Australia	35	33	32	100
Finland	21	44	35	100
Netherlands	28	42	30	100
Sweden	16	54	30	100
United Kingdom	14	56	30	100
United States	12	49	39	100
OECD average	29	45	26	100
EU19 average	29	47	24	100

Sources: OECD 'Education at a Glance 2007'; *Growing Regions, Growing Europe*, fourth report on economic and social cohesion, May 2007; Eurostat.

22 Adult literacy

S

How do levels of literacy vary among population groups in Australia?

The ABS reminds us that technological innovation and labour force changes have led to major changes in the tasks and skills required of workers.⁷¹ Literacy is not only important in the labour market—it has a bearing on an individual's ability to participate fully in society. A literacy assessment has been used by the ABS to measure: 'prose literacy' (the ability to understand and use information from various kinds of narrative texts including newspapers, magazines and brochures); and 'document literacy' (the knowledge and skills required to locate and use information contained in various formats including job applications, payroll forms, transport schedules, maps, tables and charts). Individuals' capacities in relation to these two dimensions of literacy are scored at four levels, from 1 (the lowest level of literacy) to 4/5, with level 3 being the 'minimum required for individuals to meet the complex demands of everyday life and work in the emerging knowledge-based economy'.

MAIN FINDINGS

In 2006, slightly more than half (54%) of Australians operated at a level of prose literacy thought to be required to meet the demands of everyday life and work in contemporary society.

The level of literacy attainment generally declines with age and, as formally assessed, it is at a relatively lower level among those of non-English speaking backgrounds.

Australians' prose literacy was found to occupy a mid-range position when compared with six other countries.

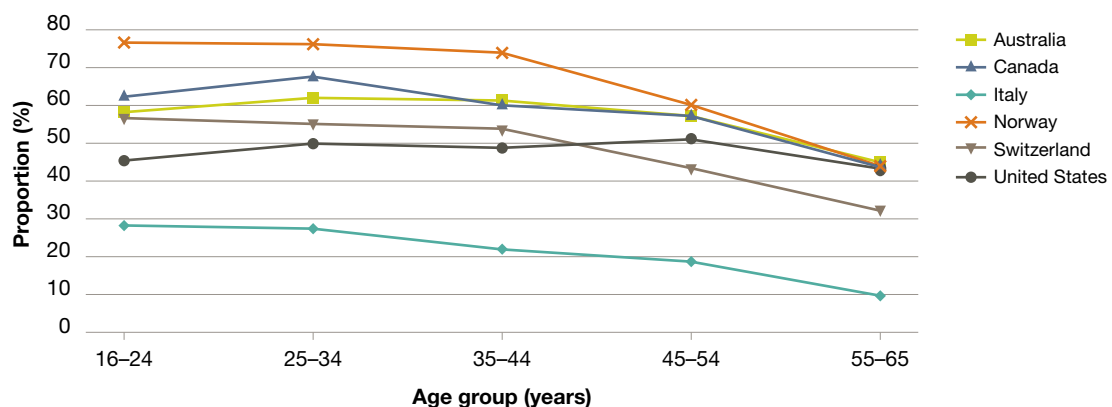
Australia

In 2006 approximately seven million (46%) Australians aged 15 to 74 years had scores at level 1 or 2 on the prose scale, 5.6 million (37%) were at level 3, and 2.5 million (16%) were at level 4/5. Results for document literacy were similar to those for prose. Compared with a similar survey conducted by the ABS in 1996 there were small reductions in the proportions of people at prose level 1 (from 20% to 17%) and document literacy level 1 (from 20% to 18%). The level 2 document literacy remained stable but prose literacy increased from 28% to 30%. The only other change was an increase on level 3 of the prose scale from 35% to 37%. Literacy levels tend to decrease with age—an exception being the 15 to 19 years group which has a lower literacy attainment than the 20 to 24 years group. Women do slightly better than men on the prose literacy scale and the reverse applies in the case of document literacy. There is a substantial gap between the scores attained by the general population and people of non-English speaking backgrounds.

Australia and international comparisons

The literacy attainments of Australian people aged 16 to 65 years can be compared with those of six other countries (Bermuda, Canada, Italy, Norway, Switzerland and United States). Using the achievement of level 3 as the benchmark, Australia ranked in the middle of each scale (57% achieving a literacy level of three or more on the prose scale and 57% on the document scale). For the prose group, Norway ranked highest across almost all age groups and, as can be seen in Figure 28, the percentages achieving Level 3 fell away with advancing age in all countries.

Figure 28 Proportion of persons' prose literacy at skill level 3 or above, selected countries (2006)



Source: ABS *Adult Literacy and Life Skills Survey*, 2006. cat. no. 4228.0.

The ABS 2006 *Adult Literacy and Life Skills Survey*⁷² goes some distance towards enabling a profile to be developed of those lacking functional literacy. Keeping in mind the categories or levels of literacy mentioned earlier in this section, people with 10 or fewer years of formal education had the highest proportion of scores at level 1 on the prose, document and numeracy scales (between 33% and 59%). Across the same scales, those not in the labour force had the highest proportion assessed at level 1 or 2 for the prose (63%) and document (67%) scales, while for numeracy, the unemployed had the highest proportion attaining level 1 or 2 (73%).

Practice in using literacy skills may help to preserve them or, perhaps, motivate people to strengthen them. On the document scale, 68% of employed people who read letters, memos or emails at least once a week attained scores at level 3 or above. Conversely, only 32% of employed people who never read letters, memos or emails had scores at level 3 or above. These results were similar for frequency of reading or using: reports, articles, magazines or journals; manuals or reference books, including catalogues and directions or instructions. On the numeracy scale, 60% of employed people who count or read numbers to keep track of things at least once a week attained scores of level 3 or above.

Not surprisingly, the possession or otherwise of functional literacy has a bearing on income. The median weekly gross income for those who attained literacy scores at level 3 on the prose scale was 16% above the median personal gross income reported in the survey (\$600). For those with scores lower than level 3 it was -16%, while for those at level 4/5 it was +48%.

23 Academic progress of Year 3 and Year 7 students in Australia

S

Are Australian students in the early stages of their education achieving basic competence in literacy and numeracy?

Benchmarks are agreed minimum acceptable standards for aspects of literacy and numeracy at particular year levels, below which students will have difficulty progressing satisfactorily at school. Benchmarks represent the essential elements of literacy and numeracy and their attainment can have a major bearing on a person's social inclusion in a society that emphasises knowledge and academic competence. Literacy focuses on reading and writing and numeracy focuses on number sense, measurement and data sense, and spatial awareness.

From 2008, the Australian Government has introduced standard national reporting against literacy and numeracy benchmarks, or NAPLAN. Data for earlier years is available for the period 1999 to 2007 through the *National Reports on Schooling in Australia*, but there is a break in series between the two data sources. This compendium reports on the academic progress of students in Australia using the *National Report on Schooling* data because it shows trends in the proportions of students in different population groups achieving the benchmarks over the past decade. In the future, the NAPLAN series will show changes in students' collective performance over time using standardised assessments.

MAIN FINDINGS

In both Year 3 and Year 7, generally the vast majority of students attain the benchmark standards for literacy and numeracy below which they will have difficulty progressing satisfactorily at school.

In both stages of education a higher proportion of girls than boys achieve the set benchmarks. Students with a language background other than English are roughly in the same performance category but a significantly smaller proportion of Indigenous students achieve the benchmarks.

International comparisons of the educational performance of 15-year-olds across 57 countries in 2006 show that Australian students overall are among the higher achievers, but a worrying percentage of our Indigenous students fail to attain the benchmarks of satisfactory progress.

Australia: Year 3 results

Figure 29 shows that over the nine-year period under review, the vast majority of non-Indigenous students (generally 90% and higher) attained the 'reading benchmark' with girls out-performing boys by a fairly consistent margin of 3% to 4%. The results for students with a language background other than English (LBOTE) were fairly inseparable from those for boys, but it was Indigenous students whose assessments were substantially below the aforementioned three groups. Over the nine-year period there was an improvement in the Indigenous students' results: they hovered around or below the 75% benchmark achievement level in the first three years, with the results generally improving in the following six years to finish just above the 80% achievement level in 2007 (compared with the 95% result for girls and the 92% result for boys and LBOTE students).

The 'writing benchmark' results took a similar form (Figure 30). By the mid-year point of the period under review girls' writing benchmark performance was consistently at or above the 90% level. With a somewhat greater degree of fluctuation between 1999 and 2003, boys attained a 90% achievement of the benchmark by 2002, an attainment matched by the LBOTE students whose results otherwise ran a course generally mid-way between that of the two gender groups. Once again it was a greater number of the Indigenous students whose foundational reading skills were assessed as falling below the benchmark. Starting around the 65% attainment level the results improved over the period in question to finish at around 77% attaining the benchmark—some 18 percentage points below the general girls' result and 13 percentage points below that of the general boys' group. The numeracy assessment results (Figure 31) were a little different in so far as the attainments of the girls, boys and LBOTE groups were much closer at around or just below the 95% benchmark level, but the Indigenous students varied between the 75% and 80% benchmark achievement levels.

Figure 29 Proportion of Year 3 students achieving reading benchmarks (1999–2007)

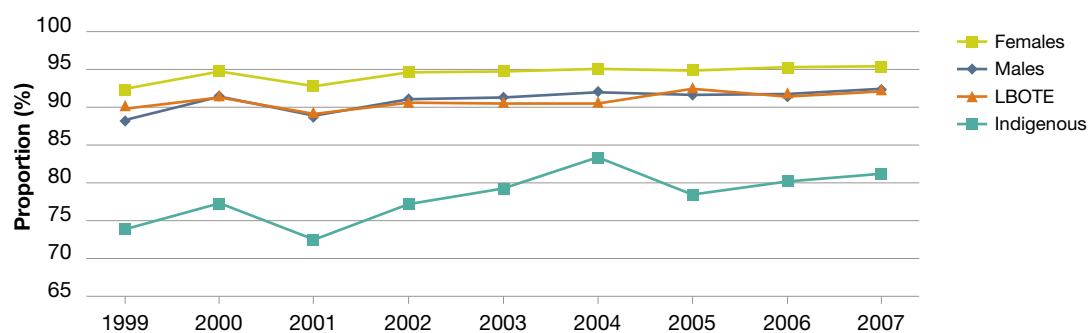


Figure 30 Proportion of Year 3 students achieving writing benchmarks (1999–2007)

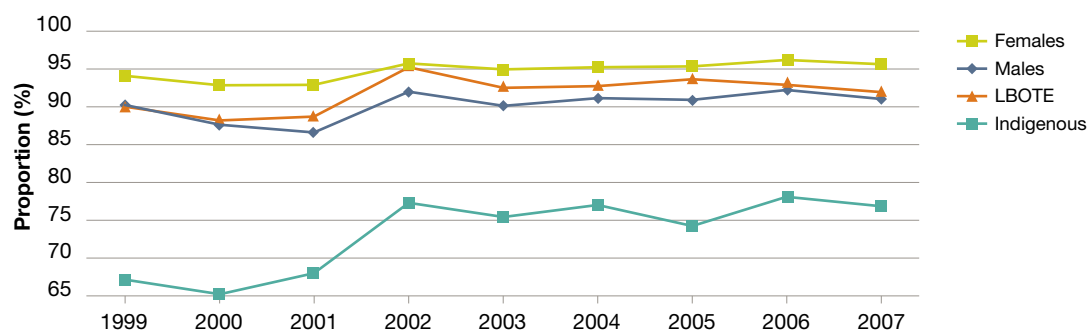
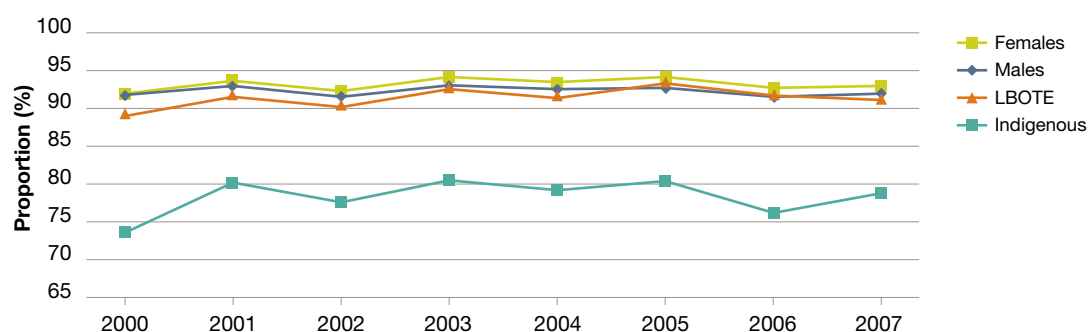


Figure 31 Proportion of Year 3 students achieving numeracy benchmarks (2000–2007)



Source for Figures 29, 30 and 31: MCEETYA, *National Report on Schooling in Australia*, 2007.

Australia: Year 7 results

The benchmark results for Year 7 were, in general, quite similar to those of the Year 3 students. Over the nine-year period, the proportion of girls attaining the 'reading benchmark' was 3% to 4% greater than for boys and LBOTE students, but the gap between these results and the proportion of Indigenous students achieving the benchmark was comparatively wider than was the case for Year 3 pupils. Figure 32 shows that the performance of the Indigenous students rose and fell, but even at its high point in 2004 it was 23 percentage points below that of the girls, 18 percentage points below that of the boys and 16 percentage points below that of the LBOTE pupils.

By 2007, as shown in Figure 33, the proportion of the Year 7 girl students attaining the 'writing benchmark' (95%) was approximately 4% to 5% higher than the boys (90%) and the LBOTE group (91%). The Indigenous students were, with the exception of one year (2004), 20 percentage points below the level of attainment of the girls (95%). The size of that gap was greater with respect to the 'numeracy benchmark' (Figure 34) with the three non-Indigenous groups just above or just below the 80% level and the Indigenous group fluctuating around the 50% level.

Figure 32 Proportion of Year 7 students achieving reading benchmarks (2001–07)

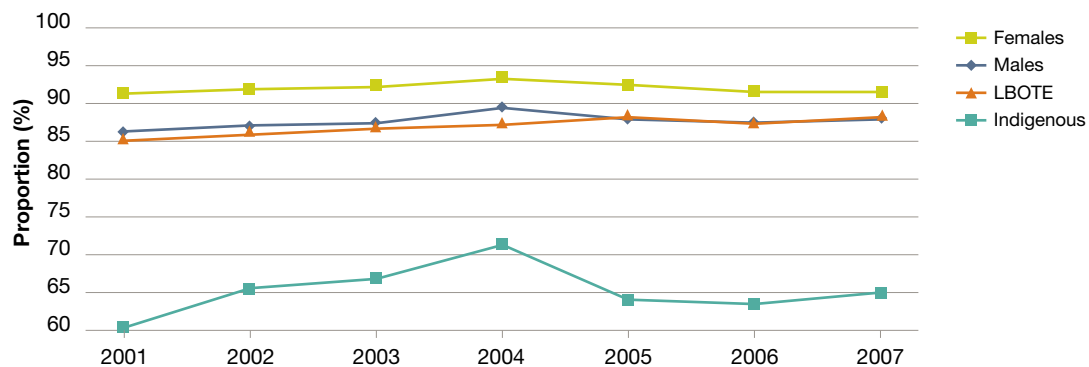


Figure 33 Proportion of Year 7 students achieving writing benchmarks (2001–07)

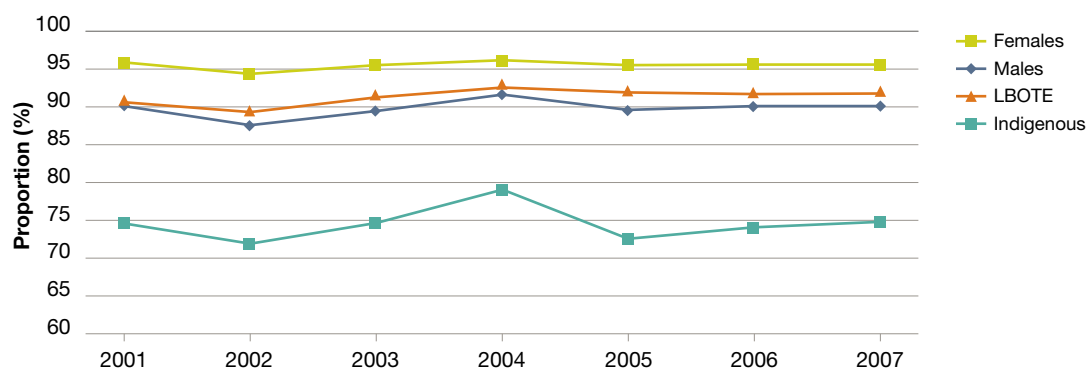
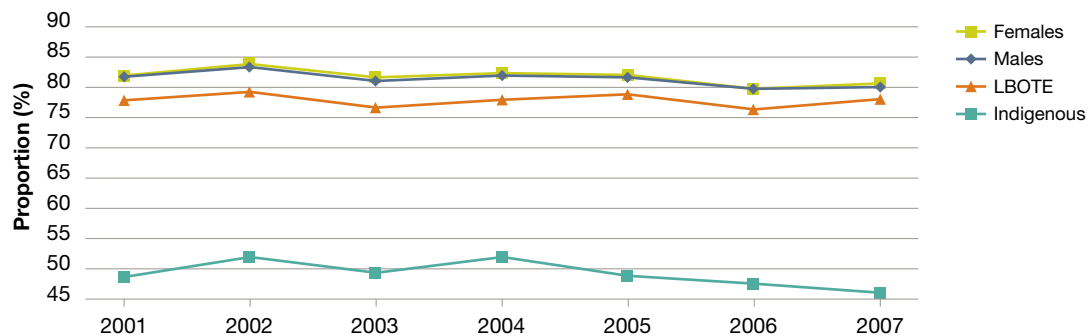


Figure 34 Proportion of Year 7 students achieving the numeracy benchmarks (2001–07)



Source for Figures 32, 33 and 34: MCEETYA, *National Report on Schooling in Australia*, 2007.

Australia and international comparisons

The Australian benchmark data cannot be compared directly with the performance of students in other countries. However, if comparisons are based on a separate assessment of the performance of 15 year-olds, findings are available on the attainments of more than 400 000 pupils in 57 countries. The OECD Program for International Student Assessment (PISA) assesses three domains of literacy. These three dimensions of student performance emphasise the ability to undertake fundamental processes in varied situations ‘backed by a broad understanding of key concepts, rather than the possession of specific knowledge. In all three domains PISA places the emphasis not primarily on the mastery of specific curriculum content but on the ability to reflect on and use reading, mathematical and scientific knowledge, understanding and skills to achieve personal goals and to participate effectively in society.’⁷³

In 2006 the average performance of Australian students in ‘scientific literacy’ was significantly below the average of only three other countries—Finland, Hong Kong – China and Canada.⁷⁴ A notion somewhat akin to the benchmark discussed in the previous section was employed by the OECD. This took the form of a scientific literacy ‘baseline’ with students performing below the prescribed level considered at risk of not being adequately prepared to participate in the 21st century workforce or to contribute as productive future citizens. The OECD found that 13% of Australian 15-year-olds fell below the scientific literacy baseline—a finding below the OECD average of 19% and comparable to the proportion in similar countries like New Zealand and Canada. The worrying feature of this result is that, mirroring the benchmark findings reported in the previous section, 40% of Australia’s Indigenous students performed below the baseline. This was also the outcome for 27% of students in remote schools and 23% of students from the lowest socioeconomic quartile. In mathematical literacy and reading literacy (discussed below), the corresponding percentages for Indigenous students were 39% and 38%. These findings are similar to the large gaps previously found in both PISA 2000 and 2003 and suggest there has been little improvement over time.

The ‘mathematics performance’ of Finland, Korea, Chinese Taipei and Hong Kong – China was superior to all other countries and economies in PISA 2006. Australia was among 15 other countries with mean performances significantly above the OECD average.⁷⁵ In Australia’s case the result was well above the OECD average. The Australian Council for Educational Research (ACER) notes there was no significant decline in Australian students’ overall mathematical literacy performances between 2003 and 2006, although there was a significant decline in the average performances of Australian girls. In ‘reading literacy’ in PISA 2006, Australia was outperformed by five countries: Korea, Finland, Hong Kong – China, Canada and New Zealand. In PISA 2003 Finland and Korea achieved significantly better results than Australia and in PISA 2000 only Finland achieved significantly better results than Australia in reading literacy. The change in Australia’s position has occurred because of a combination of Australia’s decline in score, improvements for Korea and Hong Kong – China, and the scores for Canada, Finland and New Zealand remaining the same.⁷⁶

24 Access to the Internet and information technology

S

How evenly spread is access to computers and the Internet in Australia and is access a marker of other socioeconomic divisions?

Australia is a rapid adopter of any new technology. Between 1998 and financial year 2007–08, household access to the Internet at home more than quadrupled (from 16% to 67%), while access to computers increased by 31 percentage points to 75%.⁷⁷ However, there remains a significant digital divide with important social consequences because the ability to use and access computers and the Internet today is vital to both schooling and education generally and the ability to participate effectively in the economy and many aspects of modern society (Vinson 2007).⁷⁸ Those lacking such access, in the words of Smith Family researchers, amount to the ‘usual suspects’ (McLaren and Zappala 2002),⁷⁹ described in the Caslon Analytics *The Digital Divides* profile as: ‘... those on low incomes, without tertiary education, living in rural/remote areas, of Aboriginal and Torres Strait Islanders heritage, with disabilities, with a language background other than English, and aged over 55.’⁸⁰

MAIN FINDINGS

A steep social gradient is operating. The vast majority (85%) of people living in households in the top equivalised household income quintile have access to the Internet compared with only 33% for those in the lowest quintile group.

Internet usage is age related—the younger the age group the more likely its members are to be users of new communication technologies.

Australia's level of computer use at home is towards the upper end of the international range.

According to the latest ABS findings,⁸¹ socioeconomic characteristics of households continue to influence the rate of computer, Internet and/or broadband connectivity across Australia. Households which have any of the following characteristics are less likely to be connected to a computer, the Internet and/or broadband: no children under 15 years; located in ex-metropolitan or remote areas of Australia; and/or have lower household incomes. The top quintile of household incomes has 85% with access to the Internet compared with only 33% for the lowest quintile household group. Those with post-graduate education are more likely to use the Internet at home than those with no post-school qualifications (83% compared with 52%). The status of ‘access to a computer and the Internet’ as an indicator of disadvantage is warranted because the lack of those opportunities adds to the burden of disadvantage besetting the aforementioned groups. As McLaren and Zappala (2002) have commented: ‘The existence of the digital divide is compounding disadvantage for some because having access to ICT [information and communications technology] is becoming so central to being able to fully participate in the economic, social, political and cultural spheres of society.’

Australia and international comparisons

The ABS (2008) suggests the need for caution in making international comparisons in this field because of differences in the reporting periods available for different countries. Nevertheless some broad conclusions can be drawn. In 2007, the percentage of households with access to a home computer ranged from 89% (Iceland) to 12% (Turkey), with Australia's level of computer use at home being towards the upper end of this range at 75%. During 2007, Korea reported the highest penetration of household Internet access (94%). For Australia the percentage of households with home Internet access was 67%, while the EU average was 56%.

In 2007, across OECD countries, the uptake of broadband Internet connections varied considerably, with Korea reporting the highest proportion of households with such a connection (94%) and Turkey recording the lowest (1.7%). For Australia, the percentage of households with broadband access at home was 52%, while the EU average was 43%.

Other forms of electronic communications

The Australian Government Information Management Office has, since 2004–05, conducted four studies of the means people use to contact the Government, the latest study being in 2008.⁸² This research, particularly the study conducted in 2008, provides supplementary information on the use of electronic communications by this particular group, namely, Australians over 18 years of age who had contact with government in the previous 12 months. The sample comprised 3650 subjects and the proportion found to be Internet users (but not necessarily for contact with government) was similar in 2006, 2007 and 2008: four in five (79%). That proportion was not constant across all age groups, however. In 2008, most people under 45 were found to use the Internet; three quarters (74%) of those aged between 55 and 64, and a little over two in five (44%) of those 65 years or older.

All 2008 respondents were asked about their use of newer communication technologies. More than four in five (84%) people undertake at least one of these activities at least monthly, if not more regularly:

- > email, used by 75%
- > text messaging using a mobile (SMS), used by 61%
- > news feeds (RSS), used by 39%
- > instant messaging, used by 29%
- > social networking sites (like Facebook or MySpace), used by 26%
- > blogs, read by 22%.

There is a strong correlation between use of newer communication technologies and age, with nearly all those under 35 involved in some form of activity at least once a month. This declines to 49% for those aged 65 or over. Newer phone technologies also play an important role for Internet users. One in five (21%) of those who have used the Internet to communicate with government make phone calls over the Internet and 15% access the web with a mobile phone at least monthly. Use of these technologies is lower among those who have not used the Internet to contact government.

25 Homelessness

S

Is the rate of recorded homelessness in Australia increasing or decreasing?

MAIN FINDINGS

Between 2001 and 2006 the rate of homelessness in Australia remained stable.

The rate of homelessness for Indigenous Australians was 3.5 times higher than the rate for non-Indigenous Australians.

Since residential identity facilitates many aspects of social inclusion, homelessness presents a particular risk of social exclusion. Homelessness affects more Australians than those 'sleeping rough' or residing in institutions for people without a home. Researchers in the field use a three-level definition of homelessness:⁸³

- > sleeping rough (primary homelessness)—people without conventional accommodation
- > stop-gap housing (secondary homelessness)—people moving frequently from one form of temporary shelter to another
- > boarding house residents (tertiary homelessness)—people living in boarding houses on a medium- to long-term basis.

In the 2006 census there were 104 676 homeless people, compared with 99 900 in 2001 (Table 22).⁸⁴ Based on the most recent census, the rate of homelessness is 53 per 10 000 people. This rate was virtually identical with that in 2001 and the number of people in different categories of the homeless population was also similar. As also demonstrated in Table 22, by far the biggest proportion on both occasions (45% in 2006) comprised people residing temporarily with relatives and friends but there was an increase in the percentage of homeless people residing in Supported Accommodation Assistance Program (SAAP) accommodation—from 14% in 2001 to 19% in 2006. At the same time there was a slight increase in the number and proportion (from 14% to 16%) of the homeless population that matched the popular stereotype of people sleeping rough in improvised shelters or in the open.

Table 22 People in different categories of the homeless population

	Census categories of the homeless population			
	2001		2006	
	Persons	%	Persons	%
Boarding houses	22,877	23	21,596	21
SAAP accommodation	14,251	14	19,849	19
Friends and relatives	48,614	49	46,856	45
Improvised dwellings, sleeping out	14,158	14	16,375	16
Total homeless persons	99,900	100	104,676	100

Source: ABS Australian Census Analytic Program: 'Counting the Homeless'. cat. no. 2050.0.

Given the emphasis placed by service providers on households, it is important to note the family structures of the individuals who are homeless. As Table 23 illustrates, the pattern changed little between 2001 and 2006—the vast majority of those affected by homelessness were single persons (76% in 2006) but importantly, one in 10 were families with children.

Table 23 Family structure of homeless persons (2001 and 2006)

Family Structure	Homeless persons			
	2001		2006	
	Persons	%	Persons	%
Single person	58 116	78	57 182	76
Couple only	9 420	13	(a) 10 160	14
Family with children	6 745	9	7 483	10
Total	74 281	100	74 825	100

(a) includes 384 adults accompanying the couple household

Sources: Census of Population and Housing, 2001 and 2006; SAAP Client Collection, 2001 and 2006; National Census of Homeless School Students, 2001 and 2006.

Contrary to impressions gained in earlier decades from the study of the ‘living rough’ and ‘doss house’ categories of homelessness, the sub-population contains a very significant proportion of young people. In 2006, 58% of the homeless were under 35 years; 12% were children under 12; another 21% were teenagers 12 to 18 years of age; and 10% were young adults aged 19 to 24 years. Approximately three-quarters (72%) of boarding house residents were male compared with 28% female. Sixty per cent of people living in improvised dwellings were male, but women outnumbered men in SAAP accommodation by 53% to 47%. Overall, there were more males in the homeless population (56% to 44%), but women comprised a substantial portion of that population.

Table 24 compares the number of people who were homeless (by age) in 2001 to 2006 and shows a significant percentage increase for children under 12 years (22%), for people ages 55 to 64 years (36%), and for people aged 65 years or older (23%).

Table 24 Change in homeless population by age (2001 and 2006)

Years of age	Homeless population		
	2001 Persons	2006 Persons	% change from 2001
Under 12	9,941	12,133	22
12–18	26,060	21,940	-16
19–24	10,113	10,504	4
25–34	16,567	15,804	-5
35–44	12,992	13,981	8
45–54	10,349	12,206	18
55–64	7,883	10,708	36
65 and over	5,995	7,400	23
Total	99,900	104,676	5

Source: ‘The Road Home’: Homelessness White Paper, Commonwealth of Australia, 2008.

Indigenous and Non-Indigenous comparisons

Indigenous people are more likely to experience homelessness than other Australians. At the 2006 Census, 2.4% of the population were identified as Indigenous, but 20% of SAAP clients were of Aboriginal and/or Torres Strait Islander origin. Indeed, Indigenous people were over-represented in all categories of the homeless population for which data is available. Indigenous people made up 3.8% of people staying with other households, 6% of those in boarding houses, 16% of people in improvised dwellings and, overall, represented 9% of homeless people. This was 3.5 times the rate of the non-Indigenous population.

Table 25 shows that the rate of homelessness for Indigenous Australians was 3.5 times higher than the rate for non-Indigenous Australians (176 per 10,000 population for Indigenous compared with 50 per 10,000 population for non-Indigenous).

Table 25 Rate of Indigenous and non-Indigenous homeless persons by state/territory (2004)

	Rate of homeless persons (per 10,000 population)								
	NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT	AUST
Indigenous rate	110	217	164	226	170	92	344	151	176
Non-Indigenous rate	40	42	66	48	60	50	266	38	50
Total rate	42	43	70	51	64	52	288	40	53
Rate ratio	2.7	5.1	2.5	4.7	2.8	1.8	1.3	4.0	3.5

Source: ABS and AIHW The Health and Welfare of Australia's Aboriginal and Torres Strait Islander Peoples (ABS cat. no. 4704.0).

S 26 Access to services

To what extent do Australians find it difficult to get to places they need to visit and how successful are they in accessing services they need?

Lacking access to services that most people regard as part of normal living can be an important part of the experience of social exclusion. The United Kingdom-based Rowntree Foundation (2007)⁸⁵ has studied this issue from the point of view of the ease or difficulty with which people can access various key local services and has found that a household's possession of a car is of special importance. The proportion of households that report (by way of a simple scale) that it is difficult to access essential local services is much higher for those without cars.⁸⁶ While it is not possible at this stage to replicate precisely the United Kingdom approach, existing ABS data does yield a general picture of the ease with which Australians: (i) 'can get to the places needed'; and (ii) whether or not they have difficulty in accessing service providers.

MAIN FINDINGS

The majority (84%) of Australians find it comparatively easy to get to places they need to visit but more difficulty is reported by people over 75 years (especially those in their mid-eighties and beyond), and people with very low incomes.

A little more than one-in-five (22%) Australians reported difficulty in accessing service providers, but in areas located beyond cities and major towns this problem was experienced twice as frequently (39%) as in major centres.

Getting to places

The majority (84%) of people 18 years and over interviewed in the 2006 *General Social Survey* said they can easily get to the places they need to visit; 12% felt they sometimes had difficulty getting to such places; 4% felt they either could not get to places where they needed to go or often had difficulties in doing so. A minimum of three out of four of the members of all age groups—except those 85 years or over (65%)—said they can easily get to the places where they needed to go. The ABS suggests that people's ease in getting to places 'may be explained by the large majority of people (86%) with access to a motor vehicle.'⁸⁷ The 4% experiencing greatest difficulty were fairly evenly distributed across the gender and place of residence variables but were, as previously noted, concentrated in the 85 and over years category and, to a slightly lesser extent, those in the 75 to 84 years bracket. Moreover, as the data in Table 26 illustrates, financial circumstances play a part, with people in the bottom income quintile much more likely to experience difficulty accessing transport (9.9%) compared with those in the top quintile (1.3%).

Table 26 Proportion of persons not able to or who experience frequent difficulty in accessing transport (2006)

Income level	Persons not able to, or who experience frequent difficulty in accessing transport %
Top quintile	1.3
4th quintile	2.2
3rd quintile	3.3
2nd quintile	5.6
Bottom quintile	9.9

Source: ABS *General Social Survey*: Summary Results, Australia, 2006. ABS cat. no. 4159.0.

Accessing service providers

A little more than one-in-five (22%) of participants in the 2006 *General Social Survey* said they had difficulty in accessing service providers. Geography plays a part: using a six-fold classification of regions that share common characteristics of remoteness,⁸⁸ the ABS has determined that a substantial proportion of residents of ‘major cities’ (18%) have difficulties in accessing service providers, but that a greater proportion (28%) are in ‘inner regional’ localities, and an even greater number still (39%) in ‘outer regional’, ‘remote’ or ‘very remote’ places experience the same difficulty. A third (34%) of one-parent families reported difficulty in accessing service providers and income level was again implicated in the rate at which ‘access difficulties’ were experienced (Table 27).

Table 27 Proportion of persons experiencing difficulty in accessing services (2006)

Income level	Persons experiencing difficulty in accessing services %
Top quintile	17.4
4th quintile	19.7
3rd quintile	21.6
2nd quintile	26.8
Bottom quintile	28.0

Source: ABS *General Social Survey*: Summary Results, Australia, 2006. ABS cat. no. 4159.0.

S 27 Teenage mothers

Are teenage mothers at risk of social exclusion?

MAIN FINDINGS

The rate of teenage births in Australia has declined steeply since peaking in 1975.

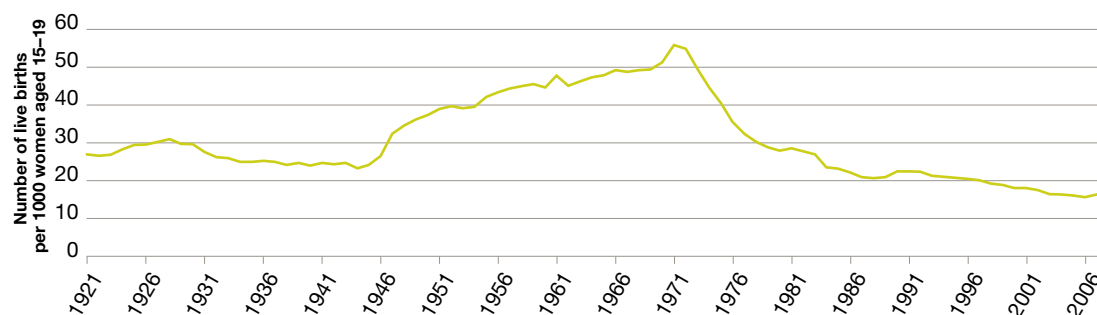
Australia's teenage fertility rate is lower than in some similar countries, but far from being the lowest.

Nevertheless, the health and social consequences of teenage motherhood are often severe.

Australia

In Australia, the rate of teenage births has been falling steadily over the past three decades—from a peak of 55.5 live births per thousand women aged 15 to 19 in 1971 to 16.0% in 2007 (up from 15.3 in 2006) (Figure 35). The Australian Institute of Health and Welfare (2003) attributes this reduction to a 'greater willingness of medical practitioners to prescribe contraceptives to young unmarried females and a reinterpretation of and changes in state laws governing elective abortions.'⁸⁹

Figure 35 Age specific fertility rates of 15–19 year old women, Australia (1921–2007)



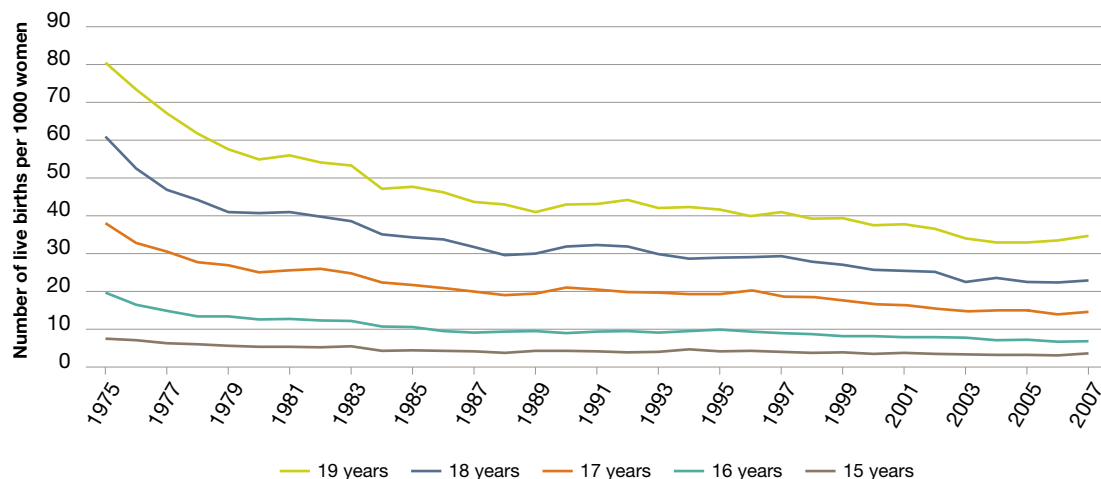
Sources: ABS, Australian Historical Population Statistics, 2008. cat.no. 3105.0.65.001; Births Australia, 2007. cat. no. 3301.0.

The fertility rate of teenagers varies widely by jurisdiction. In 2007, the fertility rate of 15 to 19 year olds in the Northern Territory (58.6 per 1000 women in the age group) was more than three times that of the national figure (16 per 1000) while the rate in the ACT (10.3 per 1000) was around two thirds the national rate (ABS *Births Australia* 2007).

The high rate in the Northern Territory is primarily due to the much higher rate of teenage motherhood amongst Aboriginal and/or Torres Strait Islander women—the fertility rate for Indigenous teenagers in the territory is 110.8 per 1000 live births, 6.9 times the national rate (ABS *Births Australia* 2007).

Figure 36 shows the steep decline in fertility rates that has occurred since 1975 in each of the (single year) teenage age groups.

Figure 36 Age specific fertility rates of 15–19 year old women, by single year of age of mother, Australia (1975–2007)



Source: ABS, *Births Australia 2007* cat. no. 3301.0.

Australia and international comparisons

The World Health Organization (WHO) has compiled a number of international comparisons which show that Australia's 2004 teenage birth rate is lower than some comparable countries in the developed world, but still higher than the countries with the lowest rates (Table 28).

International efforts regarding maternal and infant health and development also acknowledge the central importance of maternal education to pregnancy outcomes and childhood development, and this is reflected in initiatives such as the Millennium Development Goals (Goals 4 and 5) and the UN Development Program Women's Empowerment, and Social Inclusion Indicators work.

Adverse social consequences

The medical and social consequences of under-age conceptions continue to pose challenges to a mother's social inclusion with possible adverse effects for her child.⁹⁰ Teenage mothers in Australia are more likely to be single, to smoke and to be living in an area of socioeconomic disadvantage.⁹¹ Teenage pregnancies are more likely to be associated with fewer antenatal visits and carry a higher risk of medical complications, including prematurity, low birth weight, the need for neonatal intensive care and neonatal death.

Young Indigenous women are overrepresented among teenagers giving birth, especially the youngest teenagers.⁹² In 2007, the ABS (*Births Australia 2007*) found the teenage fertility rate of Indigenous young women (70 babies per 1000 women) was more than four times the fertility rate of all teenage women (16 babies per 1000 women). While Indigenous teenagers are less likely to terminate their pregnancy, they are more likely to have multiple antenatal risk factors and to have poorer birth outcomes than non-Indigenous teenagers.

Table 28 Comparison of births per 1000 females, selected countries (2002–04)

Country	Adolescent fertility rate (a) 2002–04 (b) %
Australia	16
Austria	14
Canada	14
Denmark	6
Finland	11
France	8
Germany	11
Hungary	21
Ireland	19
Italy	7
Japan	6
Netherlands	7
New Zealand	27
Norway	8
Singapore	7
Sweden	7
Switzerland	5
United Kingdom	27
United States	43

(a) Annual number of live births to girls aged 15–19 years, per 1000 girls of that age.

(b) Rates for one year between 2002 and 2004.

Source: WHO: <http://www.who.int/whosis/>

On the side of social functioning, one of the most important long-term implications for teenage mothers is not completing their education. This lack of education can result in long-term unemployment or job options that are poorly paid and insecure.⁹³ While this risk has long been recognised, a recent study by the Melbourne Institute of Applied Economic and Social Research (Sung-Hee Jeon, Guyonne Kalb & Ha Vu 2008),⁹⁴ has underlined the apparent importance of young mothers' health in helping to explain the social disadvantage associated with teen pregnancies. Using data from the HILDA project the researchers note that many teenagers become pregnant after leaving school, and that in terms of health (mental and physical), teenage mothers are considerably worse off than older mothers. Data presented in their paper shows that women who had been teenage mothers were three times more likely than other mothers to be on Disability Support Pension (DSP) at the time of the survey (10.5% versus 3.3%). They were also more than twice as likely as other mothers to feel 'down' most or all the time (7.8% versus 3.8%), and twice as likely to be spending less time in work or other activity due to physical and emotional reasons (10.9% versus 5.4%). The researchers conclude that their evidence on teenage mothers' poor health and its link to welfare participation suggests that assistance to improve teenage mothers' health status may be equally (or more) important than improving their education in reducing their welfare participation over their lifetime.

HEALTH INDICATORS

28 Life expectancy at birth

EU

If life expectancy is a general reflection of health status which, in turn, has a bearing on social inclusion, how is Australia faring in this regard?

The relevant calculation is ‘the number of years a person may be expected to live, starting at age 0’. After comparing the average duration of life in different countries, the Compendium proceeds to compare the expected years of healthy living.

MAIN FINDINGS

The life expectancy at birth of Australian women and men exceeds that in almost all European countries and is among the longest in the world. However, Aboriginal and Torres Strait Islander peoples have life expectancies that compare very unfavourably with Indigenous men and women in Canada, New Zealand and the United States.

Australia and international comparisons

The life expectancy figures for 2005 for 25 countries tabulated by Eurostat, summarised in Table 29, show that the expected period of life at birth for Australian women (83.5 years) was only exceeded by three EU25 countries, Italy (83.8 years), and Spain and France (both 83.7 years). The anticipated period of life for Australian men (78.7 years) was greater than for any of the EU25 countries.

Another perspective on Australians’ general life expectancy is afforded by UN estimates for 2005–10.⁹⁵ Australia’s life expectancy at birth is ranked amongst the highest in the world. The estimated male life expectancy at birth (78.9 years) during the five-year period ranks fifth (preceded by Iceland, Hong Kong, Japan and Switzerland) while Australia’s female life expectancy at birth (83.6 years) is ranked sixth, below Japan, Hong Kong, Switzerland, Spain and France.

An exception to this favourable picture is the life expectancy of Indigenous peoples. Indigenous males’ life expectancy is estimated to be 59 years, while female life expectancy is estimated to be 65 years. International comparisons need to be made with caution, but the evidence suggests Indigenous males in Australia live between 8.8 and 13.5 years less than Indigenous males in Canada, New Zealand and the United States. Indigenous females in Australia live between 10.9 and 12.6 years less than Indigenous females in those countries.⁹⁶

Table 29 Life expectancy at birth (2005 compilation) and health adjusted life expectancy at birth (2003 compilation)

	Life expectancy		Health adjusted life expectancy	
	Females yrs	Males yrs	Females yrs	Males yrs
EU25	81.9	75.8	--	--
EU15 (2003)	--	--	66.0	64.5
Australia	83.5	78.7	75.2	70.6
Italy	83.8	77.9	67.0	65.8
Spain	83.7	77.0	63.1	63.2
France	83.7	76.7	64.3	62.0
Sweden	82.9	78.5	63.1	64.2
Finland	82.5	75.6	52.4	51.7
Austria	82.3	76.7	59.6	57.8
Luxembourg	82.3	76.7	62.1	62.2
Germany	82.0	76.7	55.1	55.0
United Kingdom	81.1	77.1	65.0	63.2
Ireland	81.7	77.3	64.1	62.9
Malta	81.4	77.3	70.1	68.5
Netherlands	81.7	77.2	63.1	65.0
Denmark	80.5	76.0	68.2	68.4
Greece	81.6	76.8	67.2	65.7
Poland	79.3	70.8	66.6	61.0

Sources: ABS Deaths Australia (2005) cat. no. 3302.0; Eurostat.

29 Healthy life expectancy at birth

Whether or not people live longer lives in reasonable health is assessed by ‘health adjusted life expectancy’, an estimate of the number of years free from disability or disease that a person born in a particular year can expect to live.

MAIN FINDINGS

Australians, on average, not only enjoy a relatively long life but also one of extended freedom from ill health. Again, the exception is Indigenous Australians who experience much greater ill health.

Australia and international comparisons

The estimated ‘health adjusted life expectancy’ (HALE) for Australia in 2003 was 75.2 years for females and 70.6 years for males⁹⁷ (Table 29). The available matching EU15 figures for females are for 2003 and the HALE average for women (66.0 years) was substantially below the Australian result. If a HALE of 65 years demarcates the states with relatively high durations of disability-free life for women then just seven countries fall within the 65.0 to 75.2 years range—Malta (70.1), Denmark (68.2), Greece (67.2), Italy (67.0), Poland (66.6), and the United Kingdom (65.0 years) with Australia clearly elevated at 75.2 years.

The healthy life expectations of Australian men (70.6 years) were similarly superior to both the EU15 average (64.5 years) and those of the 15 member states, all of which had average healthy life expectations below those of Australian men. If a HALE of 62 years demarcates the states with comparatively high durations of disability-free life for men then the inclusion in the range 70.6 to 62.0 of Australia, Malta, Denmark, Italy, Greece, the Netherlands, Sweden, Spain, the United Kingdom, Ireland, Luxembourg and France confirms a general pattern: there are exceptions (like Finland) but longer life expectancy in countries tends to be accompanied by relatively extended average periods of disability free living. An outstanding example is Australia—its non-Indigenous citizens, on average, not only enjoy a relatively long life but also one of extended freedom from ill health.

Despite having relatively high standards of health, Australia, over many decades, has experienced marked differences in health status between population groups as defined by gender, geography, ethnicity and socioeconomic status. Of course, the country is not alone in this regard: health inequalities have been found in all developed countries for almost all diseases.⁹⁸ These inequalities exist on a range of measures (including rates of death, illness and injury; life expectancy and self-rated health) as well as in factors known to influence health (such as smoking and high blood pressure; the use of health and illness prevention services; and health knowledge, attitudes and behaviours).^{99,100}

The most disadvantaged have the poorest health, with health status generally improving along the social gradient.¹⁰¹ While a range of factors has been found to be associated with inequalities, the most significant and persistent include level of education, occupation, income, employment status and area of residence,¹⁰² disability,¹⁰³ and refugee background.¹⁰⁴ A range of health problems (e.g., communicable diseases, nutritional deficiencies and mental health problems) are relatively prevalent in refugee communities. Indigenous Australians experience high levels and relatively early onset of circulatory diseases, diabetes, respiratory diseases, musculoskeletal conditions, kidney disease and eye and ear problems.^{105,106}

How consistent are Australians' perceptions of their state of health with the evidence already considered regarding average life expectancy and the duration of freedom from disabilities?

The original EU indicator involved comparisons of the extent to which different income groups classify themselves as being in 'a bad or very bad state of health'. It has not been possible at this stage to include the income variable so the emphasis here is on simply comparing the self-defined health status of Australians and EU residents.

MAIN FINDINGS

In 2004–05, a little more than half (56%) of Australians aged 15 years and over described their health as being 'very good' or 'excellent' and 16% as 'fair' or 'poor'.

Although not directly comparable, related information for EU countries shows that two-thirds (64%) of EU25 residents described their health as 'good' or 'very good' and 11% as 'bad' or 'very bad'.

The more objective indications of long life expectancy and freedom from disabilities enjoyed by Australians are not matched by their subjective impressions of their state of health.

Australia

Evidence gathered over the past decade¹⁰⁷ provides an overview of people's perceptions of their health—an indicator which research has shown is of real value in gauging actual states of good, indifferent or poor health.¹⁰⁸ In 2004–05, more than half (56%) of Australians 15 years of age or over considered their overall health to be very good or excellent. Less than a third as many (16%) described their health as fair or poor.

Indigenous people's self-assessed health status in 2004–05 was twice as likely as that of non-Indigenous people to be fair or poor (29% compared with 15%). Over the longer period of 1994–2002, the percentage of Indigenous respondents assessing their health as fair or poor rose from 18% to 23%. Correspondingly, there was no statistically significant increase in the number who assessed their health as excellent or very good or who reported reductions in smoking or alcohol consumption.¹⁰⁹

Australia and EU comparisons

The labelling of negative response categories in the corresponding EU surveys (bad or very bad) is more severe than that used in Australia. The extreme connotations of the EU terminology make direct comparison between it and Australian results questionable. The two sets of information need therefore to be seen as related but distinct. That said, the overall impression is that the rather more objective indications of long-life expectancy and freedom from disabilities enjoyed by Australians are not matched by their subjective impressions of their state of health (Table 30).

In 2005, a little over 1-in-10 EU25 residents considered their health to be bad/very bad while a little under 1-in-6 Australians described themselves as being of fair/poor health. On the positive side almost two-thirds (64%) of the EU25 respondents said their health was good/very good compared to 56% of Australians who thought their health was excellent/very good. There were some EU states in which quite small percentages of people described their health as bad or very bad: Ireland (3.6%), the Netherlands (5.2%), Malta (5.7%), Iceland (6%), Sweden (6.1%), Denmark (7%), and the United Kingdom (7.1%). Six of the foregoing seven countries were on the list of the seven countries with the highest good/very good ratings (the exception being the replacement of Malta by Greece).

Table 30 Self assessed health status, Australia and selected EU countries

Self-assessed health		
Australia	Fair/Poor %	Excellent/ Very good %
1995	17.2	54.3
2001	18.2	51.5
2004–05	15.7	56.4
Selected countries	Bad/Very bad %	Good/Very good %
(all 2005)	10.9	64.2
Ireland	3.6	82.9
Netherlands	5.2	76.4
Malta	5.7	69.1
Iceland	6.0	79.8
Sweden	6.1	75.6
Denmark	7.0	76.7
United Kingdom	7.1	74.9
Greece	---	77.5

Sources: ABS National Health Surveys; Eurostat, online at:
http://ec.europa.eu/health/ph_information/dissemination/echi/echi_en.htm

S 31 Risk of mental illness

Which age levels are liable to experience and report psychological distress?

Good mental health is important to the wellbeing of individuals, their families and the whole population. Conversely, mental illness and mental health problems can cause disability, diminished quality of life and reduced productivity.

MAIN FINDINGS

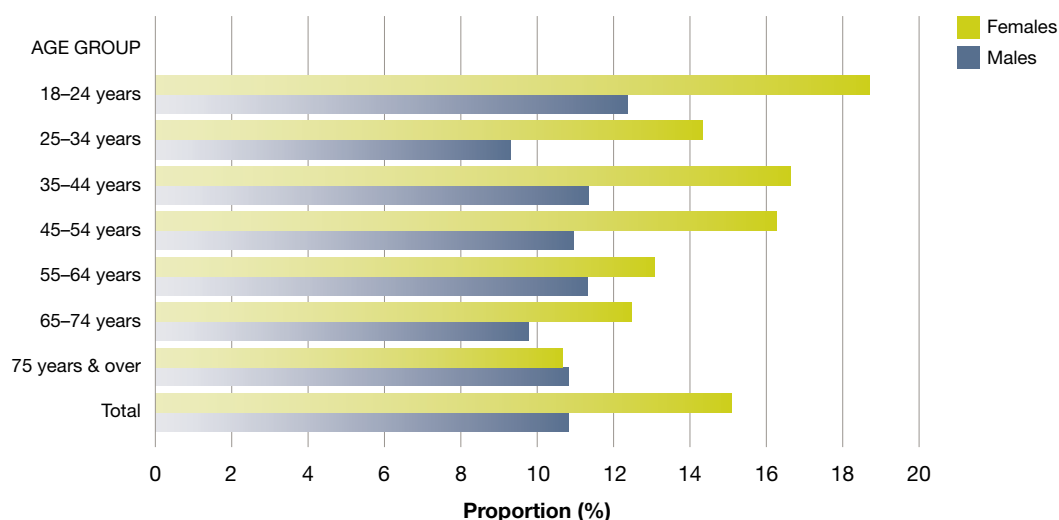
In 2005, 13% of Australian men and women reported experiencing high levels of psychological distress, with women below their mid-fifties reporting higher rates of distress than women in older age groups and men.

Australia

Poor mental health can limit social engagement and participation in society and its institutions. To assess the nation's mental health the ABS administers a ten-item scale (known as the Kessler Ten Scale). The scale gathers information about negative emotional states in the four weeks prior to interview. The results are classified by 'low' (little or no psychological stress), 'moderate', 'high', and 'very high' (likely to have a severe mental disorder) levels of psychological distress.

Figure 37 shows the proportion of men and women with high or very high levels of psychological distress. In 2004–05 just 4% of those surveyed were found to be in the very high category. A little under two-thirds (63%) of adults were classified as having low levels of distress, 24% moderate levels and 9% high levels. In each age category, except for people over 75 years, the proportion of women experiencing high or very high psychological distress was greater than for men. This was particularly true of the younger age groups—women below the mid-fifties were approximately half as likely again as men to report high or very high psychological distress levels.

Figure 37 Proportion of persons with high or very high psychological distress levels (2004–05)



Source: ABS National Health Survey: Summary of Results, Australia, 2004–05. ABS cat. no. 4364.0.

CONTEXTUAL INDICATORS

32 Total health expenditure per capita

EU

How has Australia's expenditure on health changed over time, and how does it compare to other countries?

Apart from the subjective enjoyment of good health, the quality of human capital depends not only on the educational attainment of a population but also on its standard of health. The latter is affected by a range of economic and social factors, but also by health policy and the resources available in health care.¹¹⁰

MAIN FINDINGS

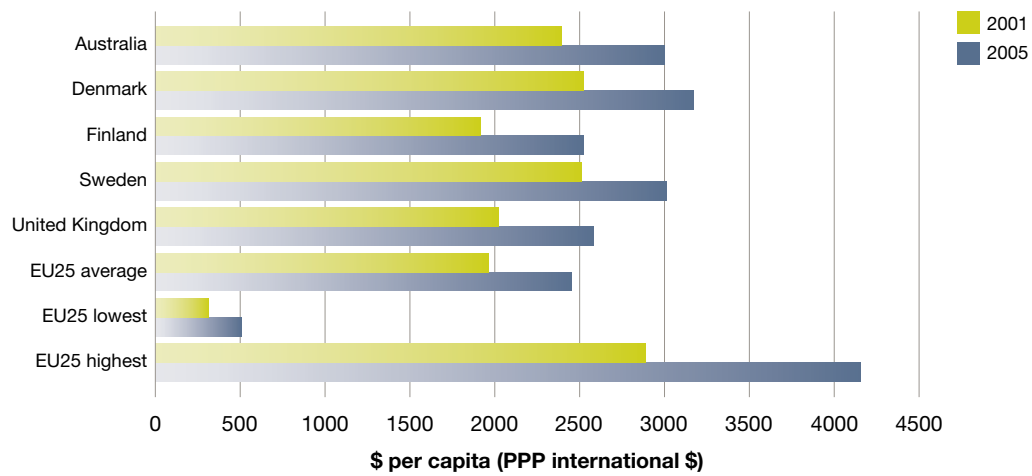
Australia's level of per capita expenditure on health care in 2005 exceeded the EU27 average and fell a little above the mid point in the range of member state results.

The ABS has reported that in 2004–05, on a per capita basis, \$1.17 was spent on Aboriginal and Torres Strait Islander health for every dollar spent on the health of non-Indigenous Australians, 'only 17% higher despite the poorer health of the Indigenous population'.¹¹¹

Increases in health expenditure can be traced to many factors including changes in the demography of states, economic growth, health care resources, new medical technologies and changes in health care systems.¹¹² In order to compare the per capita expenditure on these and other health costs there is first a need to institute a basis for inter-country comparisons that recognises variations in the relative purchasing power of different currencies. Hence the PPP (purchasing power parity) or equivalence in the purchasing power of the money expended has been adopted for this purpose. Examined from that perspective, Australia's expenditure in 2005 (\$3001–PPP international \$) exceeded the EU27 average level (\$2454 PPP) but was headed by nine other countries, most notably Luxembourg (\$4153 PPP), Austria (\$3507 PPP), Belgium (\$3421 PPP), France (\$3306 PPP) and Germany (\$3251 PPP). The expenditures of the remaining four countries (Denmark, Ireland, the Netherlands and Sweden) all fell within \$190 PPP of Australia's outlay. As can be seen in Figure 38, every country increased its per capita level of expenditure between 2001 and 2005.

The ABS reports that in 2004–05, \$1.17 was spent on Indigenous peoples' health for every dollar spent on the health of non-Indigenous Australians, 'only 17% higher despite the poorer health of the Indigenous population'.¹¹³

Figure 38 Per capita total expenditure on health (2001 and 2005)



Sources: WHO Selected National Accounts Indicators: measured levels of expenditure on health, 2001–05; European Commission.

33 Total social expenditure per capita

Does Australia's level of social expenditure underwrite the social investments necessary for an inclusive society?

This is a question for which there is no conclusive answer. One's position is affected by changing national aspirations, altered circumstances and differences in the efficiency with which social expenditures are made. However, the whole point of making international comparisons is, without foregoing a nation's independent judgement, to see what other countries have found it necessary to do to achieve their social goals. The clarity of the insights gained from such comparisons will, in large part, depend on the scale of the differences uncovered.

When comparing the rate of social expenditure in different countries the most commonly used indicator is based on social spending as a share of Gross Domestic Product (GDP). To facilitate cross-country comparisons the OECD defines social expenditure as:

The provision by private and public institutions of benefits to, and financial contributions targetted at, households and individuals in order to provide support during circumstances that adversely affect their welfare.¹¹⁴

Social benefits include cash benefits, social services and tax breaks with a social purpose. Across the OECD the three largest categories of public social spending are pensions (around 7% of GDP), health (around 6% of GDP) and income transfers to the working-age population.¹¹⁵

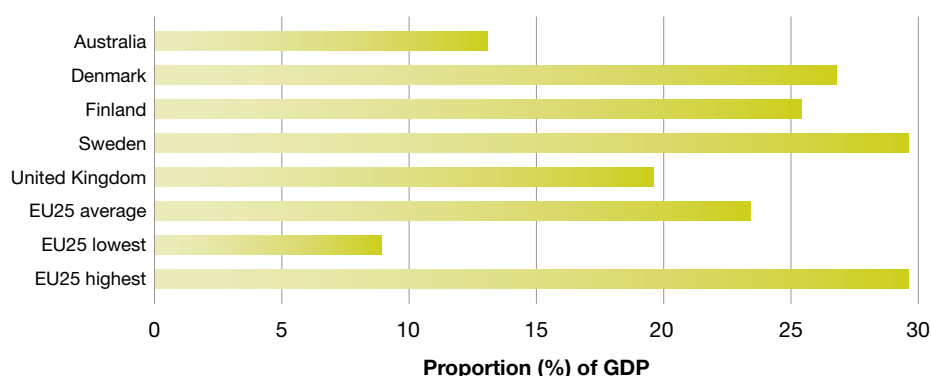
MAIN FINDINGS

Even after allowing for difficulties in harmonising different accounting systems, the conclusion is inevitable that Australia stands near the bottom of the list of relative social expenditures.

Australia and international comparisons

As Figure 39 shows, of 27 EU countries assessed over 2004–06 all but one (Greece) invested a higher proportion of GDP in social expenditure than Australia. In six instances individual countries (Sweden, Finland, Denmark, Austria, Italy and France) had a rate of expenditure that was double or near double that of Australia (13.1%). The EU25 average (23.4%) was almost twice that of Australia.

Figure 39 Total public social expenditure, selected countries (2004–06)



Sources: Australian Treasury, *Intergenerational Report 2007*, Appendix A; European Commission.



OVERALL PICTURE

Decisions about societal goals necessarily turn on many considerations. One relevant consideration is the goals that other countries have attained, particularly countries considered to be of comparable socioeconomic development or that exemplify progressive social inclusion policies. Of course, as stated earlier in this compendium, more is involved in judging a country's social performance than how well it fares in comparison with other countries on a series of indicators. However, looking back upon the 33 indicators reviewed in this compendium and where international comparisons were possible, it can be seen that, by the single standard of comparative international rates, Australia is travelling satisfactorily in some fields, has a middling standard of achievement in others, and has ground to make up in still others.

Where Australia is doing well

- > Life expectancy and health expectancy at birth are among the world's best.
- > Work participation rates surpass EU27—only four countries equalled or exceeded Australia's performance.
- > Employment rates were higher than the EU27 average with just three EU states having higher rates.
- > Employment rates for 55 to 64 year olds are higher than the EU27 average—only three EU states had higher rates.
- > Low rates of long-term unemployment.
- > Low rates of 20 to 24 year olds not engaged in education or training or employment.
- > Gender wage parity has not been attained but Australia is within the group of countries nearest to achieving such parity.

Where Australia has a 'middling' standard of achievement

- > The degree of income inequality is similar to that in EU25.
- > After allowing for differences in methodology, the persistence of poverty in Australian households resembles that in EU15.
- > The rate of voluntary service is representative of western industrial societies.
- > Similar proportions of Australian and EU adults have had tertiary level education.
- > Prose literacy occupies a mid-range position compared with six other countries.
- > The ratio of top-to-bottom income categories similar to that for EU25.
- > Teenage birth rate is lower than some comparable countries in the developed world, but still higher than those countries with the lowest rates.
- > The level of per capita expenditure on health care in 2005 exceeded the EU27 average and fell a little above the mid point in the range of member state results.

Where Australia has ground to make up

- > A higher proportion of Australian households than the EU25 average are 'at-risk-of-poverty'.
- > The depth of deficient income is marginally greater than in EU25.
- > The percentage of Australian children in jobless households exceeded the rate in all but four of EU27 states in 2006.
- > High rates of 15 to 19 year old Australians are not engaged in education or training or employment.
- > High rates of Australian adults have had a very basic education.
- > The ratio of the income of Australians aged 65 years and over to those below that age is well below the EU25 average.
- > While 15-year-old Australian students generally compare well in international education assessments, Indigenous students and students from the lowest socioeconomic backgrounds, and from remote areas, have much ground to make up.
- > Australia stands near the bottom of the OECD countries on social expenditures.

This compendium has pulled together information from a range of sources to help in understanding how Australia is faring in relation to social inclusion and who is missing out. Apart from assisting the Australian Social Inclusion Board in its deliberations, it is hoped that the Compendium will generate much interest and discussion about social inclusion and what it means to be excluded in a relatively prosperous country such as Australia.

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