



**ACOSS AND UNSW SYDNEY  
MATERIAL DEPRIVATION IN  
AUSTRALIA: THE ESSENTIALS OF LIFE  
A POVERTY AND INEQUALITY  
PARTNERSHIP REPORT**

NOVEMBER 2024





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**This report was written by** Dr Yuvisthi Naidoo, Dr Melissa Wong and Dr Ciara Smyth at the Social Policy Research Centre, UNSW Sydney and Dr Peter Davidson at the Australian Council of Social Service

For further information, contact the chief investigator Dr Yuvisthi Naidoo at [ynaidoo@unsw.edu.au](mailto:ynaidoo@unsw.edu.au)

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Locked Bag 4777  
Strawberry Hills  
NSW 2012 Australia  
Email: [info@acoss.org.au](mailto:info@acoss.org.au)

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# ACOSS Partners

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DAVID MORAWETZ  
SOCIAL JUSTICE FUND



JOHN MITCHELL

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# Glossary

<b>ABS</b>	Australian Bureau of Statistics
<b>ACOSS</b>	Australian Council of Social Service
<b>CSO</b>	Central Statistics Office (Ireland)
<b>CTT</b>	Classic Test Theory
<b>DSS</b>	Department of Social Security
<b>EU</b>	European Union
<b>GFC</b>	Global Financial Crisis
<b>HILDA</b>	Household, Income and Labour Dynamics in Australia
<b>IRT</b>	Item Response Theory
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>SPRC</b>	Social Policy Research Centre
<b>UNECE</b>	United Nations Economic Commission for Europe
<b>UNICEF</b>	United Nations International Children's Emergency Fund
<b>SDG</b>	Sustainable Development Goal
<b>UNSW Sydney</b>	University of New South Wales, Sydney



# Foreword

This is the latest report from the Poverty and Inequality Partnership between ACOSS and UNSW Sydney. The Partnership is committed to sharpening the national focus on poverty and inequality in Australia through a research and impact collaboration. This report contributes to the evidence base on furthering an understanding of the Australian experience of poverty and aims to guide the development of targeted and effective poverty alleviation, advocacy and policy.

This report uses data from three waves of the Household Income and Labour Dynamics in Australia (HILDA) survey to analyse changes in deprivation over the three time periods spanning eight years. It is the 24th report published by the Partnership. The new report complements the story of poverty and inequality provided in our previous reports, [Poverty in Australia 2022: A snapshot](#), [Poverty in Australia 2023: Who is affected](#) and our latest report, [Inequality in Australia 2024: Who is affected and how](#) to provide an account of the extent of material deprivation, low income, low wealth and subjective wellbeing, and how these overlap across the population and for specific groups of people experiencing poverty.

We express our great appreciation to the organisations that have generously supported this collaboration. The backing from 54 reasons (part of Save the Children Australia Group), ARACY, cohealth (a Victorian community health service), Foodbank Australia, Jesuit Social Services, Life Without Barriers, Mission Australia, SSI and The Smith Family has played a pivotal role in advancing the work of the PIP. Additionally, we are profoundly grateful for the support extended by philanthropic partners the Social Justice Fund, part of the Australian Communities Foundation, and John Mitchell.

Our sincere gratitude goes to UNSW President and Vice-Chancellor Professor Attila Brungs for championing the Partnership's work, alongside the ACOSS Board and Emeritus Professor Eileen Baldry.



*Cassandra Goldie,  
ACOSS*



*Carla Treloar, Social Policy  
Research Centre, UNSW Sydney*



# Executive summary

This research into material deprivation complements that published regularly by the Poverty and Inequality Partnership on monetary measures of poverty - the number of people with incomes below a poverty line (Davidson et al., 2023). It identifies a set of essentials - goods and services that people should not go without - and profiles the people who cannot afford them.

## **Poverty lines measure inadequate resources, material deprivation research measures inadequate living standards.**

People are in poverty when they lack the resources necessary to live within socially acceptable living standards. Since an adequate income is the main economic resource needed to reach a decent standard of living, and data are regularly published by the ABS and others on the distribution of incomes across the community, poverty lines are the 'headline measure' of poverty in Australia.

Another way to identify people in poverty is to measure the adequacy of living standards directly - the outcome of a lack of economic resources (including income). Material deprivation research asks people whether they lack essential goods and services because they can't afford them. Other 'direct' approaches to poverty research include measuring financial stress and asking people whether they perceive themselves to be living in poverty ('consensual' measures).

Monetary and material deprivation measures of poverty are complementary. As a direct measure of living standards, material deprivation adds depth to poverty research by painting a picture of life for people with very low economic resources - the things people must go without and whether they struggle to make ends meet. Monetary measures of poverty, on the other hand, provide a clear direction for policy responses (for example, to increase incomes or to decrease the cost of goods and services to meet living standard needs). Research into material deprivation can validate poverty research using monetary measures - if the same groups are living below a poverty line and missing out on life's essentials, we can be more confident of the people at acute risk of severe economic and social disadvantage.

The people identified as living in poverty and deprived of essentials are not necessarily the same, since income is not a fully comprehensive measure of economic resources. People with very low incomes may have other economic resources to draw upon to cover essential costs (such as wealth, family support or government-funded services).

Similarly, deprivation research relies on a list of 'key essentials' so cannot comprehensively capture the range of essential goods and services people in different circumstances need. The list of items needs regular updating to reflect community norms about current living standards and input by people experiencing poverty and those at risk of poverty. People may be deprived of essentials from a lack of resources (that is, constraint) or because they prioritise acquiring other items not on the list (that is, a choice). Or people may indicate that they do not want or have items they cannot afford (that is, preference adaptation) so their material deprivation is underestimated.

In this research, using data collected from 2014, 2018 and 2022 HILDA surveys, we identify 23 items - such as *a decent and secure home, dental treatment when needed* - which a majority of people regard as essential. We then report the results of the 2022 HILDA survey which asked respondents whether they lacked those items and if so whether this was because they couldn't afford them. Multiple deprivation refers to people who lack two or more essential items.

## Key findings

**1. People with low incomes and wealth, especially those belonging to eight groups - people relying on JobSeeker Payment, Parenting Payment, Disability Support Pension or Youth Allowance, sole parent families, First Nations peoples, those renting social housing or privately - face a much higher risk of experiencing material deprivation.**

This is our key finding which is outlined in more detail below. The high risk of material deprivation among these eight groups is consistent with the findings of our research on people living below the poverty line (Davidson et al, 2023).

**2. At least 10% of people do not have one or more of five out of 23 essential items.**

While some of the 23 essential items are almost universally owned (only 0.2% of people did not have *warm clothes and bedding if it's cold*), a much higher proportion of **people did not have** the following five items:

- *home contents insurance* (22% lacked this), *getting together with friends or relatives at least once a month for a drink or meal* (22%), *a yearly dental checkup for each child* (13%), *new school clothes for school-age children every year* (33%), or *a hobby or a regular leisure activity for children* (14%).

The most common items people said they lacked because they **couldn't afford them** are: *home contents insurance* (8%), *at least \$500 in savings for an emergency* (7%), *comprehensive motor vehicle insurance* (5%) and *dental treatment when needed* (4%).

These findings confirm previous Australian research that although at an aggregate level, there are few people in Australia unable to afford some items necessary to meet their basic needs, there are nevertheless many other items regarded as essential that people do not have. People living in poverty are unable to meet their basic needs and thus face an increased risk of poor health and social isolation and are unable to insure themselves against future risks - all of which reinforce the hardship associated with not having enough to make ends meet.

### **3. One in six people lack one or more essential item, one in 12 lacked two or more ('multiple deprivation') and one in 20 lacked three or more, because they couldn't afford them.**

One in six people (17%) lack one or more essential items because they couldn't afford them, dropping to one in 12 (9%) who are deprived of at least two items and one in 20 (5%) lacking at least three items.<sup>1</sup>

These rates are much higher in households with at least one person on an income support payment, with one in three deprived of one or more essential items, one in five lacking two or more items and one in eight deprived of at least three or more essential items.

### **4. People on working-age income support payments face a much higher risk of multiple deprivation:**

- The rates of deprivation are close to or exceed 10% for 30% (seven items) of the 23 essential items for people on a **JobSeeker Payment** and for around 26% (six items) for people receiving a **Parenting Payment** or a **Disability Support Pension**.
- People receiving **JobSeeker Payment** are five times more likely than all people (the population average rate) to lack two or more essential items (45% compared to 9% for the population). One in two are deprived of at least two items and one in three of at least three items.
- People receiving **Parenting Payment** are four times more likely than all people to lack two or more essential items (38% compared to 9% for the population). Approximately one in four are deprived of three or more items.
- People receiving **Disability Support Pension or Youth Allowance** are two to three times more likely than all people to lack two or more essential items (29% and 23% respectively). One in four people on these payments are deprived of at least two items.
- People on a **Carer Payment** are two times more likely to lack two or more essentials items (17%) or three or more items (10%).

The items which people on income support payments most often lack are protections against future risks including at least \$500 in emergency savings, home contents insurance or comprehensive car insurance; items for children including new school clothes or a hobby or leisure activity; health items including dental treatment when needed; and getting together with friends or relatives at least once a month for a drink or meal (see infographic below).

The lack of these essentials deprives them and their children of the ability to participate in normal social life (or search for employment where relevant), maintain good oral health, and the ability to cope with an emergency or financial crisis such as a sudden illness or car accident. These are core elements of a decent and socially acceptable standard of living in Australia.

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<sup>1</sup> To measure multiple deprivation the list of essential items was reduced from 23 to 18 items (so one or more, two or more, or three or more out of 18 items).

## 5. Unemployed households, sole parent families, households renting social housing, and First Nations people also faced a much higher risk of multiple deprivation.

- **Among unemployed households** (where no one is employed and at least one person is looking for paid work) and **households renting social housing**, around half lack two or more essential items (50% for unemployed households and 49% for households renting social housing). These households are five times more likely to lack two or more essentials compared to the population. Approximately 30% lack three or more items considered essential by the majority of people living in Australia.
- **Sole parents** (29%) and **First Nations people** (32%) have average rates of multiple deprivation at least three times the average. Almost one in three (30% of people in these groups) are deprived of two or more essential items, and around one in five lack three or more essential items.
- In **households of working age not in the labour force** and **households renting privately**, at least 20% are deprived of two or more items, twice the rate for the overall population. One in five lacks two or more essential items and one in eight lacks three or more.

## 6. People living below the poverty line are more likely to face multiple deprivation, especially those with limited wealth to draw upon.

People living below the main poverty line used in our research (50% of median household disposable income or approximately \$560 per week for a single adult, \$450 with housing costs deducted from income) are much more likely than the general population to experience material deprivation, though the overlap between having incomes below the poverty line (after housing costs) and material deprivation is far from complete:

- 37% of people below the poverty line (compared with 17% of the overall population) lack at least one essential item; and
- 23% of people below the poverty line (compared with 9% of the overall population) experience multiple deprivation (lacking two or more essential items).

People whose total *wealth holdings* is in the lowest 20% of people ranked by wealth (that is, those whose total wealth minus debt averaged is less than \$21,400) are also much more likely than the general population to experience material deprivation:

- 49% of people with low wealth (compared with 17% of the overall population) lack at least one essential item; and
- 30% of people with low wealth (compared with 9% of the overall population) experience multiple deprivation (lacking two or more essential items).

The proportion of people below the poverty line that also experience material deprivation is much higher where they *also* fall within the lowest 20% of people ranked by wealth:

- This rises from 37% to 77% for those below the poverty line lacking at least one essential item; and
- From 23% to 81% for those below the poverty line and experiencing multiple deprivation (lacking two or more essential items).

This underscores the need to consider wealth holdings when measuring poverty, and the critical role of wealth as an economic resource necessary to achieving an acceptable standard of living.

### **7. People receiving working-age income support payments face a much greater risk of living below the poverty line and multiple deprivation, and a greater risk of low wealth and multiple deprivation.**

Among people receiving a **JobSeeker Payment**:

- 44% are living below the poverty line, and of these people, 52% are lacking in two or more essential items.
- 59% have wealth in the lowest 20% of the wealth distribution and of these people, 56% are lacking in two or more essential items.

Among people receiving a **Parenting Payment**:

- 36% are living below the poverty line and of these people, 46% are lacking in two or more essential items.
- 67% have wealth in the lowest 20% of the wealth distribution and of these people, 54% are lacking in two or more essential items.

Among people receiving a **Disability Support Pension**:

- 36% are living below the poverty line and of these people, 36% are lacking in two or more essential items.
- 51% have wealth in the lowest 20% of the wealth distribution and of these people, 44% are lacking in two or more essential items.

Among people receiving a **Youth Allowance**:

- 26% are living below the poverty line and of these people, 41% are lacking in two or more essential items.
- 47% have wealth in the lowest 20% of the wealth distribution and of these people, 31% are lacking in two or more essential items.

Among people receiving a **Carer Payment**:

- 17% are living below the poverty line and of these people, 23% are lacking in two or more essential items.
- 33% have wealth in the lowest 20% of the wealth distribution and of these people, 36% are lacking in two or more essential items.

Among people receiving an **Age Pension**:

- 28% are living below the poverty line and of these people, 11% are lacking in two or more essential items.
- 15% have wealth in the lowest 20% of the wealth distribution and of these people, 23% are lacking in two or more essential items.

There is little doubt that those receiving JobSeeker Payment, Parenting Payment, Disability Support Pension or Youth Allowance face an acute risk of severe economic and social disadvantage.

For many people receiving the Age Pension, the risk of poverty and multiple deprivation is mitigated by ownership of assets, especially their homes – 82% of people aged over 65 own or are purchasing their homes and 15% belong to the lowest 20% of households ranked by overall wealth, compared with over half of people receiving JobSeeker Payment, Parenting Payment or Disability Support Pension and 47% of those on Youth Allowance:

- Poverty and multiple deprivation are more likely to be experienced by those people on Age Pension who don't own their home and have low wealth.

**8. Sole parent families, people in unemployed households, working-age households not in the labour force and households renting social housing also face a much greater risk of living below the poverty line and multiple deprivation, and a greater risk of having low wealth and multiple deprivation.**

Among **sole parent** families:

- 31% are living below the poverty line and of these people, 44% are lacking in two or more essential items.
- 54% have wealth in the lowest 20% of the wealth distribution and of these people, 48% are lacking in two or more essential items.

Among **unemployed households**:

- 42% are living below the poverty line and of these people, 67% are lacking in two or more essential items.
- 56% have wealth in the lowest 20% of the wealth distribution and of these people, 76% are lacking in two or more essential items.

Among **working-age households not in the labour force:**

- 45% are living below the poverty line and of these people, 36% are lacking in two or more essential items.
- 36% have wealth in the lowest 20% of the wealth distribution and of these people, 51% are lacking in two or more essential items.

Among **First Nations people:**

- 27% are living below the poverty line and, of these people, 47% are lacking in two or more essential items.
- 53% have wealth in the lowest 20% of the wealth distribution and, of these people, 53% are lacking in two or more essential items.

Among **households renting social housing:**

- 55% are living below the poverty line and of these people, 42% are lacking in two or more essential items.
- 92% have wealth in the lowest 20% of the wealth distribution and of these people, 51% are lacking in two or more essential items.

Among **households renting privately:**

- 22% are living below the poverty line and of these people, 36% are lacking in two or more essential items.
- 42% have wealth in the lowest 20% of the wealth distribution and of these people, 29% are lacking in two or more essential items.

## **9. Living below the poverty line, having low wealth or experiencing multiple deprivation are associated with low financial satisfaction and increased financial stress<sup>2</sup>**

Compared with the average financial satisfaction score of 7.15, the average score if materially deprived of one or more items is 5.59, 6.48 if living below the poverty line and 6.08 if a household is in the lowest 20% ranked by wealth.

People materially deprived are four times more likely to be financially stressed than those who are not (0.79 to 0.16), two times more likely to be financially stressed if living below the poverty line than those who are not (0.48 to 0.23) and more than three times more likely to be financially stressed if their net wealth is in the lowest 20% of people ranked by wealth compared with those who are not (0.61 to 0.18).

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<sup>2</sup> The financial satisfaction question was: 'How satisfied are you with your financial situation on a scale of 0 (totally dissatisfied) to 10 (totally satisfied).

The financial stress index was derived from seven separate indicators: could not pay electricity, gas or telephone bills on time; could not pay mortgage or rent on time; pawned or sold something; went without meals; unable to heat home; asked for financial help from family or friends; and asked for help from welfare or community organisations. These indicators are allocated a value of '1' if a person is experiencing that specific hardship, or '0' otherwise. The index of financial stress is constructed by summing across the indicators for each person.













## **10. People receiving JobSeeker Payment or Parenting Payment, First Nations people and those renting social housing report elevated levels of financial dissatisfaction and stress.**

On average people receiving a JobSeeker Payment report much lower levels of financial satisfaction compared to the general population (4.57 to 7.15) and almost 6 times an increase in levels of financial stress (1.54 to 0.27).










Compared with the average financial satisfaction score of 7.15, sole parent families (5.94), unemployed households (4.75), First Nations people (6.40) and households renting social housing (5.89) report elevated levels of financial dissatisfaction.

Compared with the average financial stress score of 0.27, sole parent families (0.49), unemployed households (0.92), First Nations people (0.79) and households renting social housing (0.63) report elevated levels of financial stress.

# Deprivation rate for people receiving income support payments

	JOBSEEKER PAYMENT	PARENTING PAYMENT	DISABILITY SUPPORT PENSION	YOUTH ALLOWANCE	CARER PAYMENT	AGE PENSION
	5	4	3	2	2	1
	times less likely than average to be able to afford to mitigate future risks					
	37%	39%	27%	16%	17%	5%
	could not afford \$500 in emergency savings					
	38%	32%	25%	22%	15%	6%
	could not afford home & contents insurance					
	22%	20%	16%	11%	5%	3%
	could not afford comprehensive car insurance (if they have a car)					
	5	4	3	3	2	1
	times less likely than average to be able to afford dental treatment when needed					
	19%	16%	11%	11%	8%	3%
	4	3	3	4	3	1
	times less likely than average to be able to afford to get together with friends or relatives for a drink or a meal once a month					
	10%	8%	8%	11%	7%	2%
	3	3	2		2	
	times less likely than average to be able to afford new school clothes for school-age children each year					
	8%	8%	6%		4%	
	8	5	5	10	2	
	times less likely than average to be able to afford children's participation in school trips or school events that cost money					
	4%	3%	3%	5%	1%	
	8	1	6	0.3	2	2
	times less likely than average to be able to afford access to the Internet at home					
	4%	1%	4%	0.1%	1%	1%
	5	5	6	8	3	1
	times less likely than average to be able to afford to keep at least one room of the house adequately warm					
	3%	3%	4%	5%	2%	1%
	4	2	3	1	1	1
	times less likely than average to be able to afford a roof and gutters that do not leak					
	6%	4%	6%	2%	2%	2%

# Deprivation rate for people in other at-risk groups

	UNEMPLOYED HOUSEHOLDS	SOLE PARENT FAMILIES	HOUSEHOLDS OF WORKING AGE NOT IN THE LABOUR FORCE	FIRST NATIONS PEOPLE	SOCIAL HOUSING RENTERS	PRIVATE RENTERS
	Over 10% are deprived of 30% of essential items	Over 10% are deprived of 20% of essential items	Over 10% are deprived of 20% of essential items	Over 10% are deprived of 20% of essential items	Over 10% are deprived of 26% of essential items	Over 10% are deprived of 26% of essential items
	6	4	3	4	6	1
	times less likely than average to be able to afford to mitigate future risks					
	44%	27%	23%	32%	43%	15%
	could not afford \$500 in emergency savings					
	43%	26%	21%	27%	47%	20%
	could not afford home & contents insurance					
	28%	13%	11%	16%	23%	10%
	could not afford comprehensive car insurance (if they have a car)					
	4	3	3	2	3	2
	times less likely than average to be able to afford dental treatment when needed					
	18%	13%	10%	8%	12%	10%
	10	3	7	2	5	2
	times less likely than average to be able to afford medicine when prescribed by a doctor					
	1%	3%	2%	1%	2%	1%
	4	3	2	3	4	2
	times less likely than average to be able to afford to get together with friends or relatives for a drink or a meal once a month					
	11%	8%	5%	8%	14%	5%
	12	4		4	7	1
	times less likely than average to be able to afford children's participation in school trips or school events that cost money					
	2%	6%		2%	4%	1%
	2	3		2		3
	times less likely than average to be able to afford a separate bed for each child					
	1%	1%		1%		1%
	10	4	7	5	9	2
	times less likely than average to be able to afford a car					
	15%	5%	9%	7%	13%	3%

## How we measure material deprivation

To measure material deprivation and compare its incidence with that of people living below the poverty and people's reported wellbeing, we have taken seven steps.

- (1) A list of items was drawn up by asking people in a series of national surveys whether they considered a range of goods and services 'essential'. Only those considered essential by a majority of the population (over 50%) are included.

Examples include 'a decent and secure home', 'dental treatment when needed' and 'at least \$500 in savings for an emergency'.

- (2) People were also asked whether they had each essential item, and if not whether this was because they could not afford it. People are considered 'materially deprived' of an essential item if they do not have it because they cannot afford it.<sup>3</sup>

- (3) Information on the number of different items of which people are materially deprived is converted into a multiple deprivation index to identify who is 'deprived of essentials' and to track material deprivation across the population over time.

The challenge here is how to convert information on many different item-based deprivation indicators (such as insecure housing and inadequate diet) into a measure that is understood by the public and relevant for policy development. Only items that passed a series of statistical tests (suitability, validity, reliability and additivity) are included in the multiple deprivation index.

The main measures used are the average number of items people are deprived of (which may be less than one) and the percentage of people deprived for different thresholds (one or more, two or more and so on).

- (4) We identify the number of people deprived of essentials on the above measures, who they are, which items they are deprived of and which groups face a high risk of multiple material deprivation.
- (5) We compare the incidence of material deprivation with that of poverty as measured using poverty lines, the extent of overlap between these measures, and which groups are both living under a poverty line and experiencing deprivation.
- (6) We extend the analysis to compare the incidence of multiple material deprivation with low wealth (in the lowest 20% to 40% of households ranked by wealth), and the extent of overlap between these measures.
- (7) We examine the extent to which these measures of material disadvantage are associated with lower subjective and financial wellbeing.

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<sup>3</sup> The 2022 HILDA survey undertaken by the Melbourne Institute of Applied Economic and Social Research



## Mallory's story

I began working when I was 13 years old, and with few exceptions I have worked my entire life. From starting at a bank I worked in finance, eventually managing budgets of more than \$90 million. I share this to make clear that the desperate situation my family and I are in is not a result of laziness or an inability to budget. It is very simply because the parenting payment does not cover our essential living costs.

In 2022, I became ill and spent months in and out of the hospital. I was working as a contractor and had used my savings to move house and buy a car, so with no income and no savings my only option was to apply for JobSeeker.

When payments did start coming through it was a terrible shock to discover that no matter what I did there was simply no way of stretching the payment to cover even our most basic necessities,

There were the big expenses like replacing my car after the engine failed, my daughter waiting over a year to have her braces removed because I owed \$2300 to the orthodontist or watching our family pet die a slow and painful death because I simply couldn't cover the cost of euthanasia.

But the frightening reality is that we literally can't afford daily essentials. Things like my diabetes medication, something that has already led to serious health complications and my hospitalisation, or the bus fare for my children to get to school - for a while, I kept them home on those days, but once their school contacted me about attendance, I began sending them and just hoping they wouldn't end up with a fine I couldn't pay.

It's having to swap out chicken and veg with 2-minute noodles for dinner because I had to pay \$16 to print my daughter's homework. It's having to replace my son's school socks and then not being able to afford toilet paper when we unexpectedly ran out before payday. Can you imagine not being able to afford \$6 for toilet paper?

These deeply humiliating and upsetting situations aren't occasional; they are daily occurrences. I am constantly worried about my family's expenses and how I am going to cover them.

But what truly terrifies me more than anything else is the toll that living on welfare has taken on my children's emotional well-being. They experience food insecurity, are known at school as the "poor kids," and are hesitant to tell me they've run out of school supplies or that their underwear doesn't fit because, as much as I have tried to hide our situation from them, there is just no escaping the reality that we are living in abject poverty on Centrelink.

# 1. Introduction

## 1.1 Background

People are in poverty when they lack the economic resources necessary to live within socially acceptable living standards. The British sociologist Peter Townsend described this state by writing:

*'Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged or approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary living patterns and activities.'* (Townsend, 1979: 31)

Since an adequate income is the main economic resource needed to reach a decent standard of living and data are regularly published by the ABS and others on the distribution of incomes across the community, poverty lines can be considered the 'headline measure' of poverty in Australia (Davidson, et al., 2023).

Material deprivation research measures the direct outcomes of a lack of economic resources that reflect the lived realities of people experiencing poverty. Material deprivation exists when people are unable to afford items regarded by a majority of the population as essential – that is, 'things that no-one in Australia should have to go without' (Saunders et al., 2008:180). Studies examine the incidence of deprivation for each item, levels of multiple material deprivation, and combine multiple deprivation measures with low-income measures to capture the intensity and incidence of socio-economic disadvantage. Other 'direct' approaches to poverty research include measuring financial stress and asking people whether they perceive themselves to be living in poverty ('consensual' measures).

As a direct measure of living standards, material deprivation research adds depth to poverty research by painting a picture of life for people with very low economic resources – the things people must go without and whether they struggle to make ends meet. Material deprivation also measures adequacy relative to prevailing community norms about acceptable living standards that are specific to a time and place. Monetary measures of poverty, on the other hand, provide a clear direction for policy responses (for example, to increase incomes or to decrease the cost of goods and services to meet living standard needs). Material deprivation can validate poverty research using monetary measures – if the same groups are living below a poverty line and missing out on life's essentials, we can be more confident of the people at acute risk of severe economic and social disadvantage.

The people identified as living in poverty and deprived of essentials are not necessarily the same, since income is not a fully comprehensive measure of economic resources (Saunders and Naidoo, 2009). People with very low incomes may have other economic resources to draw upon to cover essential costs (such as wealth, family support or government-funded services). Recent Australian evidence suggest that income dynamics and access to wealth are factors that allow people with incomes below the poverty line to not experience material deprivation (Saunders and Naidoo, 2020).



Similarly, deprivation research relies on a list of ‘key essentials’ so cannot comprehensively capture the range of essential goods and services people in different circumstances need. The list of items needs updating to reflect community norms about current living standards and input from people at risk of poverty. People may be deprived of essentials from a lack of resources (that is, constraint) or because they prioritise acquiring other items not on the list (that is, choice) (McKay, 2004). Or people may indicate that they do not want or have items they cannot afford (that is, preference adaptation) so their material deprivation is underestimated (Halleröd, 2006).

Material deprivation is now widely endorsed as providing a complementary perspective to monetary measures of poverty (UNECE, 2020; Productivity Commission, 2024).<sup>4</sup> Since 2007, a consistent body of research demonstrating the methodological robustness and policy relevance of using material deprivation to measure poverty in Australia has emerged (Saunders, Naidoo and Bedford, 2008; Saunders and Naidoo, 2009; Saunders and Wong, 2012, Saunders et al. 2018a). The quadrennial inclusion of a deprivation module in the Household, Income and Labour Dynamics in Australia (HILDA) survey represents an important (and much needed) advance in the readiness of Australian researchers, policy makers and poverty practitioners to build a national picture of social disadvantage by incorporating monetary measures of poverty (income and wealth) with material deprivation and subjective well-being indicators.

This report aims to add to the evidence base on the Australian experience of poverty, and guide development of targeted and effective poverty alleviation policy. This is especially critical if Australia intends to fulfill its commitment to the UN Sustainable Development Goal Target 1.3 to ‘reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions’ by 2030 (United Nations, 2015). Utilising three waves of HILDA deprivation data, this report examines the incidence of material deprivation, low income, low wealth and other non-monetary indicators of well-being within demographic groups known to be at risk of experiencing social and economic disadvantage.

The specific objectives are to:

- Examine the incidence of item-specific deprivation estimates in general and amongst groups identified as at risk of social and economic disadvantage.
- Examine the pattern of multiple material deprivation and the essential items people are deprived of when experiencing severe deprivation.
- Compare the incidence of material deprivation with that of poverty (as measured using poverty lines) and low wealth (as measured using quintile distributions), and the extent of overlap between these measures.
- Describe the impact of these measures of material disadvantage on subjective and financial wellbeing.

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<sup>4</sup> Material deprivation measures are part of a suite of multi-dimensional indicators to track EU progress towards poverty reduction (Eurostat, 2021). UNICEF (2023) includes a 13-item Child Deprivation Index to complement the regular monitoring of child income poverty in rich countries. In the UK and Ireland, poverty reduction targets have tracked a combined measure of material deprivation and low income or at risk of poverty (CSO, 2023; Maître et al., 2006; Francis-Devine, 2024).



The findings provide a valuable quantitative lens to complement monetary measures of poverty and support the established body of qualitative research on the lived experience of poverty (Ridge and Millar, 2007; Skattebol, 2011; Daly and Kelly, 2015; Lister, 2015; Naidoo et al., 2022).

## 1.2 Data

The HILDA survey collects longitudinal data on the lives of Australian residents. It is a household-based social and economic panel study following a nationally representative sample of more than 17,000 individuals across 7,700 households every year since 2001 (Summerfield et al., 2023).<sup>5</sup> Annual information (referred to as a 'wave') is collected on demographic and household characteristics for all household members. Personal information is collected on income and wealth, housing, employment and education for all household members aged 15 years and over. An extra self-completion survey collects more information on work-life balance, finances, social and community participation, general health and wellbeing (Watson and Wooden, 2012).

Each wave refers to information collected in the latter half of the wave year and during the first quarter of the following year. In addition to the core modules, rotating modules collect additional information on specific topics such as deprivation, wealth, retirement and fertility. The deprivation and wealth modules are included every 4 years, with the deprivation module commencing for the first time in wave 14. For the purposes of this report, wave 22 is referred to as 2022, wave 18 as 2018 and wave 14 as 2014.

Data collected at the household level (including deprivation and wealth) provides population-based statistics, while data collected at the person level provides statistics for the population aged 15 years and over. The population-based statistics are estimated by applying various weights to address the complex sample design and account for attrition and non-response (see Appendix B for technical details).

## 1.3 Report structure

In the remaining chapters, Chapter 2 outlines how material deprivation is measured in Australia, including how the list of potential essential items was identified. Essential results and item-specific deprivation rates are presented for the population, people on income support payments and other groups known to be at risk of experiencing social and economic disadvantage. Chapter 3 examines the pattern of multiple material deprivation and severe deprivation. Chapter 4 compares material deprivation with low income and low wealth. This is done using different deprivation thresholds, incomes below the poverty line, wealth distribution across quintiles 1 and 2 to assess demographic groups and to what extent incidence rates change. Chapter 5 examines the association between low economic resources (measured as material deprivation, low income or low wealth) and subjective wellbeing indicators (life satisfaction, financial satisfaction and financial stress).

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<sup>5</sup> HILDA is funded by the Australian Government Department of Social Services (DSS) and is managed by the Melbourne Institute of Applied Economic and Social Research at the University of Melbourne.

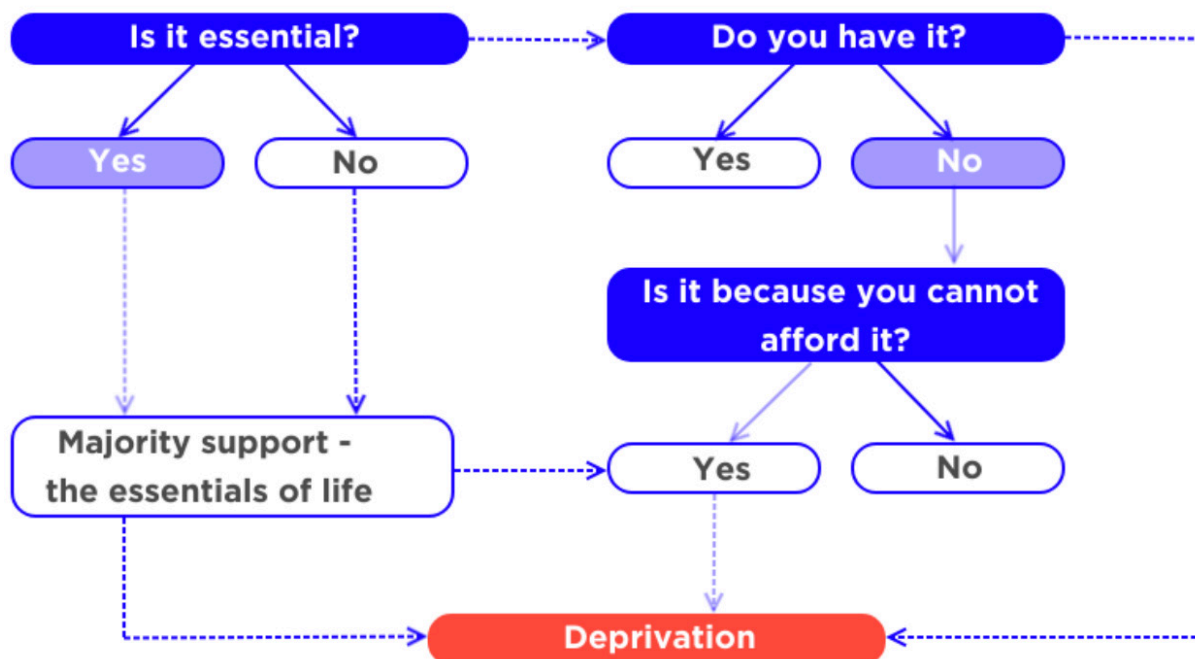
## 2. Identifying material deprivation

### 2.1 The Australian material deprivation approach

Material deprivation exists when people are unable to afford items regarded by a majority of the population as necessary or essential – that is, ‘things that no one in Australia should have to go without’ (Saunders et al., 2008: 180).<sup>6</sup> Time and place are important when considering what is regarded as essential as perceptions vary by context (for example, by place, age, circumstance) and can change over time. This is particularly evident in the light of rapid technological change where perceptions around items like internet access, owning a mobile phone and having a home computer are subject to changing perceptions of ‘essential-ness’ (Saunders and Naidoo, 2019).

The Australian material deprivation approach is built on the answers to three questions to establish whether a person (or household) is deprived. These questions asked sequentially as illustrated in Figure 1 (and shaded), seek to ensure credibility in measuring if people lack essential goods and services because they cannot afford them. The first question involves identifying items considered essential by a simple majority of the population (typically 50%). The second question identifies whether or not the person has the item, while the third question identifies if the lack of an item is because they cannot afford it. Of the list of items considered essential by a majority, a person is identified as deprived of that item if they do not have it because they cannot afford it.

Figure 1: Identifying deprivation



Source: Saunders and Naidoo (2019: 192)

<sup>6</sup> Appendix A provides more conceptual and methodological detail on the Australian approach to material deprivation.

The three key questions in Figure 1– i) is it essential? (something that no one in Australia should have to go without today) ii) do you have it? iii) If no, is that because you cannot afford it? – form the basis of the material deprivation module inserted into waves 14, 18 and 22 of the household questionnaire of the HILDA survey (Saunders & Wilkins, 2016).<sup>7</sup>

The original list of essential items included in the wave 14 HILDA survey was informed by a series of Australian-based studies by Saunders et al. (2008, 2009 and 2012). These studies developed the list of essential items from focus group findings with low-income people (Saunders and Sutherland, 2006), international research (Gordon and Pantazis, 1997; Pantazis, Gordon and Levitas, 2006; Lansley and Mack, 2015) and previous Australian research on deprivation and hardship (Saunders, Thomson and Evans, 2001; Travers and Robertson, 1996). There have been two modifications to the list of essential items in wave 2018 and wave 2022: a television was removed in wave 18 and wave 22, bringing the final list in those years down from 26 to 25 items; and a telephone (landline or mobile) in wave 14 and wave 18 was re-worded to a mobile phone in wave 22. This stable set of essential items in waves 14, 18 and 22 allows for consistent examination of patterns over time, and a demonstrated link between access or ownership of the item and affordability.

Once the list of items considered essential is determined, and if a person is materially deprived of that item, it is possible to measure the incidence of item-specific deprivation (that is, the deprivation rate). It is also possible to aggregate the number of items people are deprived of into an index of multiple material deprivation. This index can then be tracked across the population and over time. The incidence of multiple material deprivation can also be compared with low economic resources such as income and wealth and against other indicators of disadvantage or wellbeing. More details on how these measures are estimated is provided in the remaining sections of the report.

## 2.2 Items regarded as essentials

The full list of items included in the three HILDA deprivation modules and the percentage that regards each item as essential is listed in Table 1 (ranked from high to low for 2022). A distinction is drawn between all households (weighted to reflect the enumerated population) and households identified as including at least one person reliant on an income support payment, except for persons on an Age Pension.<sup>8</sup>

### Changes in items regarded as essential

Focusing on the pattern across waves for the general population (columns 3-5), there is remarkable consistency across the three waves in the items attracting majority support for being essential for all people residing in Australia (50% and over). The same 23 items are regarded as essential by a majority for 2022 and 2018, and 22 items for 2014 except for ‘access to the internet at home’ which was regarded as essential by 49.5%, just marginally below majority support. There is also consistency in the top six items with extremely high levels of support above 97% for items considered essential: warm clothes and bedding if it’s cold; medical treatment when needed; a substantial meal at least

<sup>7</sup> The list of items included in the HILDA survey includes items identified as essential in the SPRC surveys (Saunders et al. 2008, 2009, 2012) with some minor changes to the description of some items.

<sup>8</sup> Refer to Appendix B and Appendix C for definitions about weighting and demographic groups

once a day; medicines when prescribed by a doctor; a decent and secure home; and dental treatment when needed.

The items regarded as essential reflect basic necessities and relate to heating, food, shelter and access to medical treatment (including dental treatment and prescribed medications). They indicate stability across the Australian population over time regarding essential goods and services necessary to (at the very least), a minimum standard of living. Although lower in support, the additional three items identified as essential by over 90% of all Australians, and consistent across the three periods, also relate to home security, heating, and dental health: a home with doors and windows that are secure, when it is cold; able to keep at least one room of the house adequately warm; and a yearly dental checkup for each child. The two items without majority support in all three periods were: buying presents for immediate family or close friends at least once a year and a week's holiday away from home each year. For both of these items, perceptions of their 'essential-ness' fluctuated slightly over the waves, dropping slightly in 2018.

The largest increases in items regarded as essential in 2022 compared to 2014 are varied in nature: access to the internet at home (from 49.5% in 2014 to 74.3% in 2022); a roof and gutters that do not leak (from 85.3% in 2014 to 91.8% in 2022); furniture in reasonable condition (from 82.2% in 2014 to 88.4% in 2022); at least \$500 in savings for an emergency (from 77.9% in 2014 to 83.0% in 2022). In contrast to the increase in the perceived necessity of internet access at home, there was a surprising reduction in support for a mobile phone (76.1% in 2022 compared to 83.5% in 2014), despite the increasing use of technology for accessing goods and services.

However, between 2014 and 2018, very little changed in terms of which items were considered essential, especially for those items that received above 80% support. The only outlier was an increase in support for having access to the internet as being essential (49.5% in 2014 to 56.7% in 2018). As discussed further below, this trend increased in 2022, indicative of the increasing importance of technology in living standards. However, for the remaining items considered essential by less than 80% of Australians, there was a sizeable reduction in support greater than four percentage points in 2018 compared to 2014, for: a motor vehicle (56.6% in 2014 to 50.8% in 2018); comprehensive motor vehicle insurance (58.3% in 2014 to 53.7% in 2018); home contents insurance (61.2% in 2014 to 56.3% in 2018); and buying presents for immediate family or close friends at least once a year (47.2% in 2014 to 42.8% in 2018).

### **Items regarded as essential by people in households receiving income support**

Columns 6-8 show the results derived for households with at least one person on an income support payment (scatter plots comparing the essential rates for the general population to households receiving an income support payment for 2022, 2018 and 2014 are in Appendix E). Overall, there is very little difference in the ranking of which items are considered essential for these households compared to the general population (as confirmed by the statistical tests of association with correlation coefficients above 0.98). In 2022, support for the 'essential-ness' of some items was lower by more than five percentage points compared to the general population for at least \$500 in savings for an emergency (76.6% compared to 83.0%) and home contents insurance (56.7% compared to 64.5%). In contrast, in 2018 and 2014 a higher proportion of

households receiving an income support payment considered the following items to be essential than the general population: at least \$500 in savings for an emergency (76.6% compared to 83.0%) and home contents insurance (56.7% compared to 64.5%). Although both items across all groups and for all years were towards the bottom of the ranking of essentials in Table 1.

**Table 1: Support for items being essential in 2022, 2018 and 2014**

	General population			Income support households		
	2022	2018	2014	2022	2018	2014
1. Warm clothes and bedding, if it's cold	99.8	99.0	99.6	99.7	99.0	99.3
2. Medical treatment when needed	99.8	99.1	99.7	99.9	99.0	99.4
3. A substantial meal at least once a day	99.6	98.9	99.3	99.8	99.2	99.0
4. Medicines when prescribed by a doctor	99.5	98.6	99.0	99.5	98.8	98.7
5. A decent and secure home	98.6	97.2	96.8	98.8	98.3	97.2
6. Dental treatment when needed	98.0	97.0	97.5	97.6	97.4	97.2
7. A home with doors and windows that are secure	97.2	94.5	94.5	96.7	95.5	95.9
8. When it is cold, able to keep at least one room of the house adequately warm	97.1	95.4	95.8	96.7	95.6	95.1
9. A yearly dental check-up for each child (b)	94.9	93.5	93.9	94.5	94.3	94.3
10. A roof and gutters that do not leak	91.8	85.8	85.3	92.4	85.9	87.4
11. Furniture in reasonable condition	88.4	81.6	82.2	89.3	85.6	85.8
12. Children being able to participate in school trips and school events that cost money (c)	86.6	82.1	82.7	87.0	83.9	85.0
13. A hobby or a regular leisure activity for children (b)	83.3	80.4	82.6	83.6	81.1	84.5
14. At least \$500 in savings for an emergency	83.0	77.3	77.9	76.6	75.2	75.9
15. A washing machine	82.3	78.0	79.4	86.2	82.7	84.9
16. A separate bed for each child (b)	79.8	75.3	78.9	83.5	81.1	82.8
17. Getting together with friends or relatives for a drink or meal at least once a month	79.4	75.5	78.3	77.3	76.0	77.8
18. A mobile phone (asked as telephone-landline or mobile in Wave 14 & 18)	76.1	84.7	83.5	78.4	86.3	84.6
19. Access to the internet at home	74.3	56.7	49.5	73.2	57.2	50.8
20. Home contents insurance	64.5	56.3	61.2	56.7	52.9	60.1
21. New school clothes for school-age children every year (c)	59.3	52.6	56.0	63.8	60.9	63.5
22. Comprehensive motor vehicle insurance (a)	58.3	53.7	58.3	60.6	56.2	60.8
23. A motor vehicle	57.4	50.8	56.6	62.0	56.3	62.9
24. Buying presents for immediate family or close friends at least once a year	47.9	42.8	47.2	48.9	45.8	49.9
25. A week's holiday away from home each year	44.4	40.4	41.9	40.6	41.5	41.4
26. A television	n/a	n/a	43.5	n/a	n/a	47.2

Note: Percentage support of items being essential has been estimated using household population weights for all persons.

Note: a) Only asked of households that have a motor vehicle; (b) Only asked of households with children; (c) Only asked of households with school-aged children.

Note: Households with at least one person on an income support payment includes people receiving either Newstart- JobSeeker, DVA Service Pension, Disability Support Pension & DVA Disability Pension, Carer Payment/Allowance, Youth Allowance, ABSTUDY Payment, Parenting Payment or all other payment types including: Widow pension/allowance, partner allowance, DVA war widow, paid parental leave, overseas government, mobility allowance, bereavement allowance, other non-income supports, other allowances, double-orphan pension, community development programme, COVID payment (2022).



## 2.3 Item-specific material deprivation

In Table 2 for each year, the first column shows the percentage that regards the items as essential. The second column shows the percentage that does not have each item. The third column is the item-specific deprivation rate (i.e. the percentage who do not have the item because they cannot afford it).

The following discussion primarily focusses on the patterns for 2022. The list of essentials items is reduced from 25 to 23 as two items were not regarded as essential by a majority of the population - *buying presents for immediate family or close friends at least once a year* (47.9%) and *a week's holiday away from home each year* (44.4%).

There is considerable variation in the pattern of responses to the three questions that are used to identify deprivation: whether an item is considered essential, whether someone has it and, if they don't have it, whether that is because they cannot afford it. The four items that are considered universally essential (with rates of support above 99%) are also accessible to or owned by most people, with an almost negligible incidence of deprivation of 1.5 % or below. These four items are: *warm clothes and bedding, if it's cold* (99.8%), *medical treatment when needed* (99.8%), *a substantial meal at least once a day* (99.6%) and *medicines when prescribed by a doctor* (99.5%).<sup>9</sup>

However, for the remaining items with rates of support as essential above 80%, the percentage who do not have the item ranges from as low as 0.8% for durable items such as *a washing machine* (0.8%) or *furniture in reasonable condition* (0.8%) to above 10% for items relating to children (*a yearly dental checkup for each child* (12.0%) and *a hobby or a regular leisure activity for children* (14.3%)).

Across the list of essential items, between 10% to 33% did not have one or more of five essential items: *a yearly dental checkup for each child* (12.0%); *a hobby or a regular leisure activity for children* (14.3%), *getting together with friends or relatives for a drink or meal at least once a month* (13.1%), *home contents insurance* (21.8%) or *new school clothes for school-aged children every year* (32.8%). It is concerning that three of these items relate to children. A smaller proportion of people indicated they lacked these items *because they couldn't afford them*, suggesting that either they lacked those items for non-financial reasons or that they had lowered their expectations and thus 'chosen' not to buy them (in which case deprivation would be under-reported).

These findings confirm previous Australian research that although at an aggregate level, there are few people in Australia unable to afford some items necessary to meet their basic needs, there are nevertheless many other items regarded as essential that people do not have. People living in poverty are unable to meet their basic needs and thus face an increased risk of poor health and social isolation and are unable to insure themselves against future risks - all of which reinforce the hardship associated with not having enough to make ends meet.

The four items with the highest rates of deprivation are *home contents insurance* (7.7%), *at least \$500 in savings for an emergency* (7.4%), *comprehensive motor vehicle insurance* (4.5%) and *dental treatment when*

<sup>9</sup> It is worth noting that as the HILDA sample excludes people who are rough sleeping, living in institutions (for example aged care and prisons) and non-resident visitors these percentages are likely to be higher amongst these groups.

needed (4.1%). All these items relate to the capacity to fund a large financial outlay to provide long-term security against unforeseen risks, such as a home maintenance repair, a car accident, a toothache or a personal emergency. The lack of these items due to affordability implies that it takes only one of these occurrences for deprivation to set in for a significant number of people.

It is also worth noting that of the ten items with the highest rates of deprivation, three items encapsulate forms of disadvantage experienced directly by children - *new school clothes for school-age children every year*, *a hobby or a regular leisure activity* and *a yearly dental check*. The lack of affordable dental care for children extends to the inadequacy of current dental care provision amongst adults, with a deprivation rate of 4.1%.

### **Changes in item-specific deprivation over time**

Turning attention to the pattern of responses over the 8-year period from 2014, 2018 and 2022, the results indicate that item-specific deprivation rates reduced, although item-specific ownership rates did not reduce as much. More investigative work is required to unpack possible explanations for this decline. These may include the possibility that economic events and changing financial circumstances can play a significant role in how people change their behaviour and regard what is only essential or necessary for a minimally acceptable standard of living.

The HILDA 2022 survey data collection was conducted from the end of July 2022 to the beginning of March 2023 (Summerfield et al. 2023). People around the world and those living in Australia were still reeling from the impacts of the economic, health and social shocks of the COVID-19 pandemic that caused major global upheaval from March 2020 until early 2022. Although the Australian government provided a range of economic and social supports during the pandemic to protect against job losses, lockdowns and restrictions, these temporary relief measures were short-lived (Ferlitsch, 2022). This was followed by rising costs of living as inflation significantly increased, interest rates rose and wage growth stagnated (O’Keefe, 2024). These unsettling economic conditions coincided with the wave 2022 data collection. There is evidence from the United Kingdom suggesting that in response to economic shocks (such as the 2008 GFC), there is the potential for adaptive preference as people become ‘less generous’, ‘re-evaluate necessities’ and modify their behaviour to reduce expectations about what they lack and cannot afford (McKnight et al. 2024, Fahmy, 2014). Analysis of future HILDA deprivation modules will help gauge whether the 2022 results are a short-term reaction to a cost-of-living crisis or a long-term behavioural change.

However, there is some consistency in the items people are deprived of. For each wave, the same ten items have amongst the highest ranked deprivation rates, although the order of the items shifted slightly, and their individual deprivation rates changed across the years. The only exception is the item children being able to participate in school trips and school events that cost money, with deprivation rates decreasing from 2.0% in 2014 to 0.5% in 2022. Many of these items cover basic necessities and relate to heating, food and shelter. Item-specific deprivation rates are also highest for items that require significant periodic financial outlays. The uniformity in the essential and deprivation rates over the three periods reinforce the notion that people have a collective and consistent understanding of the range of necessities required to meet their basic needs to function in Australian society and there are certain



items people routinely go without because of a lack of affordability. The remaining analysis in the report will focus on wave 22 (2022) results.

**Table 2: Essential, ownership and deprivation rates in 2022, 2018 and 2014**

	2022			2018			2014		
	Essential item	Don't have	Don't have & can't afford	Essential item	Don't have	Don't have & can't afford	Essential item	Don't have	Don't have & can't afford
1. Warm clothes and bedding, if it's cold	99.8	0.2	0.1	99.0	0.1	0.1	99.6	0.1	0.1
2. Medical treatment when needed	99.8	1.5	1.0	99.1	1.5	1.1	99.7	1.5	1.1
3. A substantial meal at least once a day	99.6	0.3	0.2	98.9	0.3	0.2	99.3	0.2	0.1
4. Medicines when prescribed by a doctor	99.5	0.7	0.3	98.6	0.8	0.6	99.0	1.0	0.5
5. A decent and secure home	98.6	0.7	0.3	97.2	0.6	0.4	96.8	0.5	0.3
6. Dental treatment when needed	98.0	5.2	4.1	97.0	6.3	5.3	97.5	6.2	5.2
7. A home with doors and windows that are secure	97.2	1.4	0.5	94.5	1.4	0.5	94.5	1.7	0.7
8. When it is cold, able to keep at least one room of the house adequately warm	97.1	1.1	0.7	95.4	1.1	0.6	95.8	1.2	0.6
9. A yearly dental check-up for each child (b)	94.9	12.0	1.1	93.5	14.0	2.8	93.9	16.9	3.2
10. A roof and gutters that do not leak	91.8	6.4	1.7	85.8	6.0	1.5	85.3	7.5	2.3
11. Furniture in reasonable condition	88.4	0.8	0.4	81.6	1.0	0.7	82.2	0.6	0.4
12. Children being able to participate in school trips and school events that cost money (c)	86.6	1.4	0.5	82.1	2.2	1.3	82.7	2.6	2.0
13. A hobby or a regular leisure activity for children (b)	83.3	14.3	2.3	80.4	14.3	3.5	82.6	13.6	3.6
14. At least \$500 in savings for an emergency	83.0	8.5	7.4	77.3	13.2	11.3	77.9	14.3	12.2
15. A washing machine	82.3	0.8	0.2	78.0	1.1	0.2	79.4	1.0	0.3
16. A separate bed for each child (b)	79.8	2.3	0.4	75.3	4.1	0.8	78.9	3.3	0.8
17. Getting together with friends or relatives for a drink or meal at least once a month	79.4	13.1	2.6	75.5	13.1	3.1	78.3	12.3	2.5
18. A mobile phone (asked as telephone-landline or mobile in Wave 14 & 18)	76.1	1.2	0.3	84.7	0.3	0.1	83.5	0.3	0.1
19. Access to the internet at home	74.3	2.5	0.6	56.7	4.6	1.0	49.5	7.8	1.7
20. Home contents insurance	64.5	21.8	7.7	56.3	23.5	8.1	61.2	22.8	8.3
21. New school clothes for school-age children every year (c)	59.3	32.8	2.8	52.6	39.6	5.0	56.0	37.6	6.8
22. Comprehensive motor vehicle insurance (a)	58.3	9.2	4.5	53.7	10.5	4.9	58.3	9.8	4.6
23. A motor vehicle	57.4	4.3	1.4	50.8	4.6	1.4	56.6	5.0	1.9
24. Buying presents for immediate family or close friends at least once a year	47.9	5.1	1.6	42.8	6.9	2.8	47.2	5.6	2.3
25. A week's holiday away from home each year	44.4	30.0	11.8	40.4	31.0	14.7	41.9	33.8	16.4
26. A television	n/a	n/a	n/a	n/a	n/a	n/a	43.5	1.5	0.1

Note: Incidence rates for essential items are estimated using cross-section household population weights, while the 'don't have the item' and "don't have and can't afford" (deprivation) rates are estimated using cross-section enumerated population weights.

Note: a) Only asked of households that have a motor vehicle; (b) Only asked of households with children; (c) Only asked of households with school-aged children.

Note: Results obscure that households with children automatically get a higher deprivation score because of the five extra items that apply only to them.



## 2.4 Identifying material deprivation amongst disadvantaged groups

Focus now changes to the pattern of item-specific deprivation amongst groups known to be at risk of experiencing social and economic disadvantage in 2022.

### Deprivation of essential items among people on income support payments

Table 3 compares the percentage of people deprived of each item for five groups of people on income support payments: JobSeeker, Parenting Payment, Disability Support Pension, Youth Allowance and Carer Payment, together with people on an Age Pension. The ratios (shown in the shaded columns) are the item-specific deprivation rates for each group relative to the rates for the population. For example, the ratio for *dental treatment when needed* for people on JobSeeker Payment is 4.5 (18.5/4.1). While the deprivation rates provide an absolute measure of the incidence of deprivation for essential items, the ratio estimates provide a relative measure of material deprivation for these groups compared to the general population.

In an absolute sense, the same four items where deprivation is most severe across the general population, are also highest for many people on income support payments. Deprivation rates for *dental treatment when needed* and *comprehensive motor vehicle insurance* range between 11% for people receiving Youth Allowance to around 20% or more for people on JobSeeker Payment. Deprivation rates for *home contents insurance* and *at least \$500 savings for an emergency* range between 15% for those on a Carer Payment and close to 40% for people receiving JobSeeker or Parenting Payments. It is further evidence of a lack of capacity to ensure a household's long-term security against unforeseen events and how an emergency or unexpected bill can push already disadvantaged families or individuals further into poverty.

In addition to these items, there are large proportions of people on income support payments who are missing out on many other items that are regarded as essential by everyone as 'things that no one in Australia should have to go without today'. The rates of deprivation are close to or exceed 10% for 30% (seven items) of the 23 essential items for people on a JobSeeker Payment and for around 26% (six items) for people receiving a Parenting Payment or a Disability Support Pension. They include items enabling social participation such as *getting together with friends or relatives for a drink or meal at least once a month* (JobSeeker Payment – 9.9%, Youth Allowance – 10.9%) and *motor vehicle* (JobSeeker Payment – 12.2%, Parenting Payment – 8.9%), and items specific to children such as *a hobby or a regular leisure activity for children* (Parenting Payment – 10.5%) and *new school clothes for school-age children every year* (JobSeeker Payment – 8.1%).

In a relative sense, ratios above one imply higher rates of deprivation for the different groups presented compared to the general population. The first thing to note is that ratios are above one for most items for *all* groups on income support payments. This is not unexpected as reliance on a payment, benefit or allowance is an identifiable indicator of economic and social disadvantage. However, the fact that most ratios in the shaded columns are much greater than one (for example, over five times for 16 essential items among people receiving JobSeeker Payment) shows how much more severely material deprivation affects those on income support compared to the general population.

## **Deprivation of essential items among people on income support compared with the overall population**

Of particular significance are the following essential items these groups of people on specific income support payments lack because they cannot afford them compared to the general population:

People receiving a **JobSeeker Payment** are:

- 14 times more likely to lack *a substantial meal at least once a day.*
- almost nine times more likely to lack *a mobile phone or a motor vehicle,* making it harder for them to search for employment, access services or connect with others.
- eight times more likely to lack *access to the internet at home or a washing machine or for children being able to participate in school related activities.*
- seven times more likely to lack a decent and secure home, medicines when prescribed by a doctor, a home with doors and windows that are secure and furniture in a reasonable condition.
- six times more likely to lack *warm clothes and bedding, if it's cold.*
- five times more likely to not be able to *adequately heat one room of the house, afford dental treatment when needed* and mitigate future risks through *emergency savings of at least \$500, home contents insurance or comprehensive car insurance.*
- four times more likely to lack *roof and gutters that don't leak* or afford *getting together with friends or relatives at least once a month for a drink or meal.*

People receiving a **Parenting Payment** are:

- five times more likely to lack basic necessities such as *medicines when prescribed by a doctor, a decent and secure home or adequately heat one room of the house when it is cold.*
- six times more likely not to be able to afford *a motor vehicle.*
- at least four times more likely than average to be unable to afford to mitigate future risks through *emergency savings of at least \$500, home contents insurance or comprehensive car insurance.*
- four times more likely to be unable to afford *dental treatment when needed or medical treatment when needed.*
- at least three times more likely to be unable to afford *new school clothes for school-age children each year or a hobby or leisure activity for children.*



People receiving a **Disability Support Pension** are:

- six times more likely to be unable to afford a *motor vehicle*.
- at least four times more likely to lack goods such as *furniture in a reasonable condition, and a washing machine* but extending to daily living conditions such as *keeping one room of the house adequately warm when it is cold and access to the internet*.
- five times more likely not to be able to afford a *yearly dental checkup for each child and for children to participate in school trips and school events that cost money*.
- at least three times more likely than average to be unable to afford to mitigate future risks through *emergency savings of at least \$500, home contents insurance or comprehensive car insurance*.
- three times more likely to be unable to afford *getting together with friends or relatives at least once a month for a drink or meal*.
- at least two times more likely to be unable to afford *dental treatment when needed, afford new school clothes for school-age children each year or a hobby or leisure activity for children*.

People receiving a **Youth Allowance** are:

- eight times more likely to lack a *home with doors and windows that are secure* and to be unable to *adequately heat one room of the house*.
- five times more likely not to be able to afford *medical treatment when needed, a substantial meal once a day and a washing machine*.
- four times more likely to be unable to afford *getting together with friends or relatives at least once a month for a drink or meal*.
- at least two times as likely to not afford to mitigate future risks through *emergency savings of at least \$500, home contents insurance or comprehensive car insurance*.
- three times as likely to be unable to afford *dental treatment when needed*.

People receiving a **Carer Payment** are:

- two times as likely to be unable to afford *dental treatment when needed*.
- two times as likely to be unable to afford to mitigate future risks through *emergency savings of at least \$500 or home contents insurance*.
- three times more likely to be unable to afford *getting together with friends or relatives at least once a month for a drink or meal*, adding to carers' risk of social isolation.

The final two columns also show that people on an Age Pension both in absolute and relative terms are materially less deprived across most essential items. They are less likely than the general population to be deprived of 12 out of the 23 items though twice as likely to be deprived of: warm clothes and bedding, if it's cold, a mobile phone or access to the internet at home. The rate of deprivation is highest for home contents insurance (5.9%) and at least \$500 in emergency savings (4.8%).

The low reported incidence of deprivation amongst a predominantly older population is consistent with previous Australian (Saunders and Naidoo, 2009, 2019), and international research (Halleröd, 2006; McKay, 2010) which finds that older people tend to have lower expectations of living standards. In other words, they identify items as being less relevant, adapt their preferences to not want or need items they lack, or are more reluctant to say they cannot afford items. Or it could be that older people may face lower deprivation than others because many are outright homeowners with reduced expenses and higher incomes (Age Pension plus superannuation compared with the lower JobSeeker, Youth Allowance and Parenting Payments).<sup>10</sup>

**Table 3: Deprivation rates among groups in receipt of payments, allowances or benefits**

	All	JobSeeker		Parenting payment		Disability Support Pension		Youth Allowance		Carer Payment		Age Pension	
		Rate	Rate	Ratio	Rate	Ratio	Rate	Ratio	Rate	Ratio	Rate	Ratio	Rate
1. Warm clothes and bedding, if it's cold	0.1	0.7	5.7	0.0	0.0	0.2	1.8	0.0	0.0	0.1	1.0	0.2	1.8
2. Medical treatment when needed	1.0	3.3	3.5	4.0	4.2	2.7	2.8	4.8	5.0	2.4	2.5	0.5	0.6
3. A substantial meal at least once a day	0.2	2.9	14.0	0.0	0.0	0.2	0.8	1.1	5.4	0.7	3.3	0.1	0.4
4. Medicines when prescribed by a doctor	0.3	2.2	7.0	1.5	4.8	0.7	2.2	0.0	0.0	0.1	0.4	0.1	0.2
5. A decent and secure home	0.3	2.3	7.2	1.7	5.2	1.2	3.8	0.6	1.8	0.3	0.9	0.1	0.4
6. Dental treatment when needed	4.1	18.5	4.5	16.1	3.9	11.1	2.7	10.6	2.6	7.7	1.9	2.6	0.6
7. A home with doors and windows that are secure	0.5	3.4	7.1	1.9	3.9	1.5	3.0	4.1	8.5	0.1	0.2	0.1	0.1
8. When it is cold, able to keep at least one room of the house adequately warm	0.7	3.3	5.0	3.1	4.6	3.9	5.8	5.4	8.0	1.7	2.5	0.5	0.8
9. A yearly dental check-up for each child (b)	1.1	3.5	3.1	3.2	2.9	5.9	5.3	1.8	1.6	2.4	2.2	-	-
10. A roof and gutters that do not leak	1.7	6.3	3.7	3.7	2.2	5.8	3.4	1.7	1.0	2.1	1.2	1.8	1.0
11. Furniture in reasonable condition	0.4	2.7	6.6	1.1	2.8	2.0	4.9	0.0	0.0	0.8	2.0	0.2	0.5
12. Children being able to participate in school trips and school events that cost money (c)	0.5	3.9	7.5	2.6	4.9	2.7	5.2	5.2	9.9	0.9	1.7	-	-
13. A hobby or a regular leisure activity for children (b)	2.3	7.7	3.3	10.5	4.5	7.2	3.1	0.4	0.2	2.8	1.2	4.5	1.9
14. At least \$500 in savings for an emergency	7.4	36.6	4.9	39.0	5.3	26.6	3.6	15.9	2.1	16.8	2.3	4.8	0.6
15. A washing machine	0.2	1.8	7.8	0.2	0.7	0.8	3.7	1.1	4.8	0.5	2.2	0.2	1.0
16. A separate bed for each child (b)	0.4	0.3	0.8	1.5	3.7	1.4	3.5	0.0	0.0	0.3	0.7	-	-
17. Getting together with friends or relatives for a drink or meal at least once a month	2.6	9.9	3.9	7.8	3.0	8.0	3.1	10.9	4.3	7.3	2.9	2.3	0.9
18. A mobile phone (asked as telephone-landline or mobile in Wave 14 & 18)	0.3	2.7	8.7	0.0	0.0	1.9	6.2	0.0	0.0	0.4	1.4	0.6	1.9
19. Access to the internet at home	0.6	4.4	7.9	0.8	1.4	3.5	6.4	0.1	0.3	0.8	1.5	1.1	1.9
20. Home contents insurance	7.7	38.3	5.0	31.6	4.1	24.9	3.2	22.2	2.9	15.4	2.0	5.9	0.8
21. New school clothes for school-age children every year (c)	2.8	8.1	2.9	7.5	2.7	5.8	2.1	0.0	0.0	4.4	1.6	-	-
22. Comprehensive motor vehicle insurance (a)	4.5	22.3	5.0	20.0	4.5	15.9	3.6	11.4	2.6	5.1	1.1	3.3	0.8
23. A motor vehicle	1.4	12.2	8.5	8.9	6.3	8.2	5.8	3.5	2.4	3.0	2.1	1.4	1.0

Note: Deprivation rates are estimated using cross-section enumerated population weights for the population and by cross-sectional responding person weights for people on income support payments and people on an Age Pension. a) Only asked of households that have a motor vehicle; (b) Only asked of households with children; (c) Only asked of households with school-aged children. Children related items are only asked for households who have children aged under 15 years. This excludes the majority of Age Pensioners.

<sup>10</sup> Our poverty research generally finds that the minority of older people who rent their homes face a much higher risk of poverty (Davidson et al. 2023).



## Deprivation of essential items among other groups at risk

Table 4 presents similar deprivation rates and ratios (relative to the population-based rates in column 2) for other groups (who may or may not be in receipt of income support) but also face an elevated risk of poverty, including:

- sole parent families,
- unemployed households (that is, households where no one is employed and at least one person is looking for paid work),
- households of working age not in the labour force (that is households where no one is in the labour market and at least one person in the household is under 65 years of age),
- First Nations people,
- households renting social housing,
- households renting privately.

Among these groups, deprivation rates are highest for *dental treatment when needed, comprehensive motor vehicle insurance, home contents insurance and at least \$500 savings for an emergency*. However, large proportions of people and households are lacking essential items because they cannot afford them. In unemployed households and households renting social housing over 10% are deprived of one or more of six of the 23 items (that is at least 25% of the items in the list). This increases to seven of the 23 items (35%) for households renting privately. For sole parent families, households of working age not in the labour force and First Nations people, deprivation rates are close to or exceed 10% for over five of the 23 items (that is 20% of the items in the list).

## Deprivation of essential items among other groups at risk compared with the overall population

Of particular significance are the following essential items the following groups lack because they cannot afford them compared to the general population:

**Sole parent families** are:

- More than three times as likely as the general population to be unable to afford to mitigate future risks through *emergency savings of at least \$500, home contents insurance or comprehensive car insurance*.
- At least two times more likely to be unable to afford *new school clothes for school-age children each year* and almost four times more likely to be unable to afford *a hobby or leisure activity for children*
- At least three times as likely to be unable to afford *dental treatment when needed or to afford getting together with friends or relatives at least once a month for a drink or meal*, adding to feelings of social isolation.

**Unemployed households** are:

- 10 to 15 times more likely than the general population to lack *warm clothes and bedding, if it's cold, a substantial meal at least once a day, a decent and secure home and a motor vehicle.*
- 12 times more likely to be unable to afford children's participation in *school trips and school events that cost money.*
- 10 times more likely to *lack a motor vehicle.*
- Six times as likely to be unable to afford to mitigate future risks through *emergency savings of at least \$500, home contents insurance or comprehensive car insurance.*
- At least five times more likely to lack one or more of 16 of the 23 essential items (that is, 70% of essential items). These include basic essentials such as *medical treatment when needed and dental treatment when needed.*

**Households of working age not in the labour force** are:

- Seven to eight times on average more likely to not be able to afford a mobile phone, a motor vehicle, access to the internet or medicines when prescribed by the doctor.
- Five to six times more likely to lack *a substantial meal at least once a day, a decent and secure home, the capacity to adequately heat one room of the house and a washing machine.*
- At least twice as likely to be unable to afford *dental treatment when needed* and at least three times as likely to be unable to afford *a roof and gutters that do not leak.*
- At least twice as likely to be unable to afford to mitigate future risks through *emergency savings of at least \$500, home contents insurance or comprehensive car insurance.*

### **First Nations people** are:

- At least four times more likely than the general population to lack one or more of 10 of the 23 essential items (that is, 43% of essential items). These include basic essentials such as *a substantial meal at least once a day*, goods such as *a motor vehicle* and *access to the internet at home*.
- At least four times as likely to be unable to afford to mitigate future risks through *emergency savings of at least \$500*, *home contents insurance* or *comprehensive car insurance*.

### **Households renting their homes** are:

- At least five times more likely than the general population to lack one or more of half of all the essential items (11 out of 23) for those renting social housing.
- Likely to have very high rates of deprivation for risk-protection items: *emergency savings*, *home contents insurance*, *comprehensive car insurance*.
- Likely to also lack many other essential items including *dental treatment when needed*, *the ability to afford getting together with friends or relatives at least once a month for a drink or meal* and *a motor vehicle*.
- At least two times more likely than the general population to lack one or more items of over half of all the essential items (13 out of 23 items) for those renting privately).

### **Items of which people on income support and other at-risk groups are most likely to be deprived**

The items which people on income support payments and other groups at risk of social and economic disadvantage are materially and substantively deprived relate to protections against future risks including at least \$500 in emergency savings, home contents insurance or comprehensive car insurance; items for children including new school clothes or a hobby or leisure activity; health items including dental treatment when needed; and getting together with friends or relatives at least once a month for a drink or meal.

The lack of these essentials deprives them and their children of the ability to participate in normal social life (or search for employment where relevant), maintain good oral health, and the ability to cope with an emergency or financial crisis such as a sudden illness or car accident. These are core elements of a decent and socially acceptable standard of living in Australia.

**Table 4: Deprivation rates among other demographic groups at risk of experiencing disadvantage**

	All	Sole parent family		Unemployed household		Working age, not in labour force		First nations people		Households renting social housing		Households renting privately	
	Rate	Rate	Ratio	Rate	Ratio	Rate	Ratio	Rate	Ratio	Rate	Ratio	Rate	Ratio
1. Warm clothes and bedding, if it's cold	0.1	0.0	0.0	1.9	14.7	0.0	0.0	0.6	4.4	0.6	4.8	0.1	0.8
2. Medical treatment when needed	1.0	3.7	3.9	5.6	5.9	3.1	3.3	1.3	1.4	3.8	4.0	2.6	2.7
3. A substantial meal at least once a day	0.2	0.1	0.6	2.3	10.7	1.0	4.7	1.7	8.1	0.8	3.9	0.4	3.2
4. Medicines when prescribed by a doctor	0.3	1.0	3.3	3.2	10.2	2.0	6.6	0.7	2.4	1.5	5.0	0.7	2.3
5. A decent and secure home	0.3	1.5	4.8	4.3	13.4	1.6	5.0	1.1	3.3	2.0	6.1	0.5	1.7
6. Dental treatment when needed	4.1	13.2	3.2	17.5	4.3	10.2	2.5	8.0	2.0	12.4	3.0	9.5	2.3
7. A home with doors and windows that are secure	0.5	1.4	3.0	4.3	8.9	1.5	3.0	1.6	3.4	0.8	1.6	0.9	1.8
8. When it is cold, able to keep at least one room of the house adequately warm	0.7	3.4	5.0	4.1	6.1	3.8	5.7	2.0	3.0	0.7	1.1	1.2	1.8
9. A yearly dental check-up for each child (b)	1.1	2.1	1.9	9.2	8.3	0.0	0.0	1.5	1.4	0.8	0.7	1.8	1.6
10. A roof and gutters that do not leak	1.7	4.0	2.3	6.7	3.9	5.1	3.0	4.0	2.4	0.9	0.5	2.1	1.2
11. Furniture in reasonable condition	0.4	1.2	3.0	3.2	7.7	1.6	3.9	1.6	3.8	1.8	4.5	0.8	2.0
12. Children being able to participate in school trips and school events that cost money (c)	0.5	2.0	3.9	6.1	11.7	0.0	0.0	2.0	3.9	3.9	7.4	0.7	1.4
13. A hobby or a regular leisure activity for children (b)	2.3	8.9	3.8	3.7	1.6	0.0	0.0	2.6	1.1	8.3	3.6	5.7	2.4
14. At least \$500 in savings for an emergency	7.4	27.4	3.7	44.2	6.0	23.4	3.2	32.0	4.3	42.7	5.8	15.2	2.1
15. A washing machine	0.2	0.4	1.8	0.8	3.5	1.2	5.4	0.1	0.6	0.8	3.3	0.5	2.1
16. A separate bed for each child (b)	0.4	1.4	3.4	0.7	1.7	0.0	0.0	0.7	1.7	0.0	0.0	1.3	3.2
17. Getting together with friends or relatives for a drink or meal at least once a month	2.6	7.6	3.0	10.8	4.2	5.0	1.9	8.0	3.1	13.9	5.4	5.2	2.1
18. A mobile phone (asked as telephone-landline or mobile in Wave 14 & 18)	0.3	0.0	0.0	1.5	4.9	2.6	8.5	1.2	3.8	2.3	7.5	0.2	0.5
19. Access to the internet at home	0.6	0.7	1.2	3.0	5.5	4.0	7.2	2.4	4.3	5.5	9.9	1.1	1.9
20. Home contents insurance	7.7	26.4	3.4	42.5	5.5	20.7	2.7	26.5	3.5	46.5	6.1	20.0	2.6
21. New school clothes for school-age children every year (c)	2.8	6.3	2.3	7.4	2.7	0.0	0.0	2.8	1.0	4.9	1.8	3.9	1.4
22. Comprehensive motor vehicle insurance (a)	4.5	13.3	3.0	27.5	6.2	11.1	2.5	16.1	3.6	23.0	5.2	10.0	2.3
23. A motor vehicle	1.4	5.3	3.7	14.5	10.2	9.4	6.6	6.7	4.7	13.3	9.3	3.1	2.1

Note: Deprivation rates are estimated using cross-section enumerated population weights for all and sole parent families, and by cross-sectional responding person weights for First Nations people. Cross-sectional household population weights are used for unemployed households and households renting social housing or privately.

Note: a) Only asked of households that have a motor vehicle; (b) Only asked of households with children; (c) Only asked of households with school-aged children.



## Julia's story

*"Poverty is grinding because it is a constant juggling act of what you can afford and what you have to go without and because there is no end in sight."*

I am on the disability support pension. I have no car and no insurance of any kind because I cannot afford them. My furniture is second hand and the only white good that I own is a second-hand fridge. None of my chairs match because they were found by the road or on hard rubbish collection day. I have a heater but no way to cool my flat down, so I will just have to suffer through summer and keep my fluids up. I haven't been able to afford new shoes for myself for five years.

I need to replace my computer soon and I have been saving up for most of this year to buy another one. It is essential for communication and most of my banking and bill payment is online (because branches are disappearing and ATMs charge fees). Mobile phones are also a regular expense because they need replacement every few years. And of course that means two more bills, internet and phone.

My social life is limited by my extremely tight budget. Costs of food and bills have risen so sharply that a social life or social activities are now a luxury that I can't afford. In a way that is not so bad because living below the poverty line leaves you with little in common with employed friends and relatives as the gap between my life experiences and theirs increases.

My world has become smaller and I am more and more alienated from what passes for a normal life.

My life is a daily struggle with income and survival, their life is about planning their next overseas holiday or home renovation. Living in long term poverty makes it hard to have positive things to say and good news to share. I have lost hope in any possibility of change in my future and I grieve for the loss of friends and normalcy. My future looks the same as my present - the grim reality is that there is nothing that I feel I can do to change it.



## 3. Multiple material deprivation

### 3.1 Multiple material deprivation

Creating a summary material deprivation index is helpful for assessing the overall severity of multiple material deprivation, as opposed to the incidence of deprivation of each essential item discussed in Chapter 2. This index can then be compared with other low levels of economic measures (discussed in Chapter 4).

#### Removing items not suited for combination into a material deprivation index

It is important to note that each individual deprivation item when combined into a multiple material deprivation index, must:

*'... collectively reflect basic living standards, and be appropriately sensitive to income variations at the lower end of the scale. The indicator's job is to tell us about the different experiences of households analysed by income, family composition, age and so on.'* (Berthoud and Bryan, 2011: 137)

To ensure that each individual deprivation item contributes effectively to measuring overall material deprivation, four statistical tests are applied to the original 25 items. The *suitability* test assesses the degree of importance of each essential item as reflecting an acceptable standard of living by a majority of the population. The *validity* test assesses if each deprivation item is strongly associated with other known indicators of a low standard of living. The *reliability* test assesses if each item is internally consistent in describing a single underlying 'latent' material deprivation measure. The *additivity* test requires that people with a greater number of multiple deprivations should be worse off economically than people with a fewer number of multiple deprivations.

A detailed description of these tests is provided in Appendix D. The results reduce the original 25 items to 18, with seven items failing to pass at least one of the tests: *warm clothes and bedding, if it's cold; a substantial meal at least once a day; a week's holiday away from home each year; a telephone (landline or mobile); a washing machine; buying presents for immediate family or close friends at least once a year; and a separate bed for each child*. The remaining 18 items can be grouped into six categories that broadly reflect the various needs people encounter in their daily lives: basic material needs; health-related needs; accommodation needs; children's needs; social functioning needs; and risk protection needs.<sup>11</sup>

#### Deprivation index

These 18 items are aggregated (summed) to a multiple material deprivation index, with zero representing no deprivation and 18 representing deprivation of all 18 essential items. For this report, each essential item is weighted equally, even though anecdotally, we might believe that some items are more important than others. For example, a decent and secure home compared to a motor vehicle especially given the unaffordability of housing for many and the availability of public transport. Alternately, items could be weighted by the degree of support for being essential (preference weighting) or weights may vary with the percentage in the population that has each item (prevalence weighting) (Saunders and Naidoo, 2009). However, equal weighting is applied here (as recommended by UNECE (2020)) because of the robustness of the

<sup>11</sup> Although the distinction between these categories is sometimes ambiguous. For instance, a dental check-up for children is both a health need and a child-specific need, while a home with secure doors and windows is both a risk protection need as well as a housing need (Saunders and Wong, 2012).



above statistical testing, and also because it is harder to discern if multiple material deprivation varies by a lack of affordability or the attached weight (McKnight et al., 2024).

In the first column of Table 5, the mean deprivation score is the average of the index for each group.

### **Deprivation thresholds**

The deprivation thresholds specify the number of essential items that people lack, that is, they are deprived of one or more essential items, 2 or more essential items and so on. Columns 3-5 of Table 5 shows estimates of the proportion of each group who fall below these thresholds.

### **Multiple deprivation among the whole population and at-risk groups**

One in six people are lacking one or more essential items because they cannot afford them (17.2%), with the number dropping to one in 12 who are deprived of at least two items (8.5%) and one in 20 deprived of at least three items (4.9%). The rates of multiple material deprivation (and the mean deprivation scores) are much higher for all other groups identified as at risk of social and economic disadvantage, except for people receiving an Age Pension.

- Households with at least one person on an income support payment have mean deprivation scores twice that of the general population (0.75 to 0.35). They are more than twice as likely to be deprived of at least 2 (18.9% compared to 8.5%) or three items (12.2% compared to 4.9%). Approximately one in three are deprived of at least one item, one in five of at least two items and one in eight of at least three or more essential items.
- People receiving JobSeeker Payments are five times more likely than all people (the population average rate) to lack two or more essential items (44.5% compared to 8.5% for the population). One in two are deprived of at least two items and one in three of at least three items.
- People receiving Parenting Payment are four times more likely than all people (the population average rate) to lack two or more essential items (37.5% compared to 8.5% for the population). Approximately one in four are deprived of three or more items.
- People receiving Disability Support Pension or Youth Allowance are two or three times more likely than all people (the population average rate) to lack two or more essential items (28.5% and 23.3% respectively). This equates to one in four people on these payments who are deprived of at least two items.
- People on a Carer Payment are two times more likely to lack two or more essentials items (16.9%) or three or more items (10.0%).

On average, the risk of lacking at least two essential items among people receiving the Age Pension is around one-third lower than the general population (5.6% compared to 8.5% for population). For three or more items, the risk is halved (2.4% compared to 4.9%).

In terms of the remaining groups identified as having high risk of social and economic disadvantage:

- Sole parent families and First Nations people are three times as likely to face multiple deprivation compared to the general population. Their mean deprivation scores of 1.22 and 1.12 are approximately three times the average rate of multiple deprivation experienced in the population (0.35). Approximately 30% of people in these groups are deprived of two or more items, and around one in five are lacking three or more essential items.
- Unemployed households and households renting social housing have the highest proportions of multiple deprivation. Nearly half of them are lacking two or more essential items. Approximately 30% are lacking three or more items considered essential by the majority of people living in Australia. These households are five times more likely to experience multiple deprivation compared to the population (with mean scores of 1.93 and 1.68 respectively).
- In households of working age not in the labour force and households renting privately, at least 20% are deprived of two or more items. These households are twice as likely to experience multiple deprivation compared to the population (with mean scores of 0.99 and 0.77 respectively compared to a population average of 0.35).

**Table 5: Incidence of multiple deprivation for different disadvantaged groups**

	Mean deprivation score	Deprived of 1 or more items (%)	Deprived of 2 or more items (%)	Deprived of 3 or more items (%)
Population	0.35	17.2	8.5	4.9
Income support household	0.75	32.2	18.9	12.2
JobSeeker Payment	1.65	61.9	44.5	32.7
Parenting payment	1.58	53.2	37.5	27.4
Disability Support Pension	1.15	50.1	28.5	19.0
Youth Allowance	0.9	45.7	23.2	14.3
Carer Payment	0.66	31.4	16.9	10.0
Age Pension	0.24	15.1	5.6	2.4
Sole parent	1.22	46.4	29.3	20.8
Unemployed household	1.93	72.7	50.0	36.0
Household of working age not in the labour force (<65)	0.99	38.5	25.1	18.2
First Nations people	1.12	46.2	31.8	19.8
Households renting social housing	1.68	68.8	48.7	27.4
Households renting privately	0.77	34.2	19.0	11.7

Note: Cross-section enumerated population weights are used for the population and sole parents. Cross-sectional responding person weights are used for people on an income support payment and people on an Age Pension.

Note: Cross-section enumerated population weights are used for all and sole parents. Cross-sectional responding person weights are used for people on an income support payment and people on an Age Pension, First Nations people. Cross-sectional household population weights are used for households with at least one person on an income support payment, unemployed households, households of working age not in the labour force and households renting social housing or privately.

Note: The mean deprivation score is the average of the multiple deprivation index.

### 3.2 Item-specific severe deprivation amongst groups deprived of three or more items

To provide more insights into the circumstances of those who are most severely deprived, and to get a better sense of the kinds of essential items that people who are most deprived are missing out on, Table 6 presents item-specific severe deprivation rates. These rates are derived by first identifying only those who lack at least three essential items (that is, with a multiple deprivation index threshold of three or more) and then deriving the individual item deprivation rates for this sub-sample. Severe deprivation rates are also estimated for specific groups at risk of disadvantage – people receiving a JobSeeker Payment, sole parent families, unemployed households, First Nations people, households renting social housing and households renting privately.

The very high severe deprivation rates, in excess of 30%, provide insights into the kinds of essential items people miss out on when faced with cumulative material deprivation. The six items with the highest severe deprivation rates at the population level are: *home contents insurance* (78.7%), *at least \$500 in savings for an emergency* (76.7%), *comprehensive motor vehicle insurance* (56.8%), *dental treatment when needed* (47.3%), *getting together with friends or relatives for a drink or meal at least once a month* (31.1%) and *a hobby or a regular leisure activity for children* (30.9%).

These are the same items that many disadvantaged groups facing severe deprivation lack. Two of these items relate to some form of social participation important for children’s and families’/adults’ wellbeing. Three of the items relate

to the capacity to protect against unforeseen risks (insurances and emergency savings), providing further evidence of the high risk of disadvantage many people have to contend with, as already discussed in Section 2.3 and 2.4. That nearly half of the population (47%) when faced with multiple deprivation, cannot afford dental treatment when needed, with similar rates for sole parent families and households renting privately is damning evidence of a failing health system.

**Table 6: Severe deprivation rates (people lacking at least three essential items)**

	Deprivation rate	Severe deprivation rate	Severe deprivation rates for specific groups					
			JobSeeker Payment	Sole parent family	Unemployed household	First Nations people	Renting social housing	Renting privately
Medical treatment when needed	1.0	15.7	9.7	15.2	15.5	5.8	11.4	19.0
Medicines when prescribed by a doctor	0.3	4.9	6.6	4.9	8.8	3.7	5.6	4.4
A decent and secure home	0.3	4.5	6.7	6.3	9.1	3.4	4.9	3.4
Dental treatment when needed	4.1	47.3	42.3	47.3	43.2	23.3	32.9	49.4
A home with doors and windows that are secure	0.5	7.5	10.4	6.5	11.8	8.2	2.8	6.5
When it is cold, able to keep at least one room of the house adequately warm	0.7	9.7	9.8	12.7	11.4	9.4	1.4	7.9
A yearly dental check-up for each child (b)	1.1	7.6	3.2	7.1	1.5	0.0	0.0	11.0
A roof and gutters that do not leak	1.7	13.9	18.2	13.5	14.7	16.5	3.3	9.2
Furniture in reasonable condition	0.4	4.7	5.1	4.6	8.8	1.0	3.4	4.9
Children being able to participate in school trips and school events that cost money (c)	0.5	6.1	7.7	7.3	11.9	8.9	11.4	4.0
A hobby or a regular leisure activity for children (b)	2.3	30.9	20.7	36.4	9.2	9.8	25.5	37.4
At least \$500 in savings for an emergency	7.4	76.7	78.9	86.1	78.4	89.4	87.2	74.4
Getting together with friends or relatives for a drink or meal at least once a month	2.6	31.1	22.1	25.9	17.5	32.8	33.9	31.7
Access to the internet at home	0.6	8.1	11.1	3.2	8.4	9.5	16.9	6.4
Home contents insurance	7.7	78.7	83.3	81.8	90.3	88.2	88.3	87.1
New school clothes for school-age children every year (c)	2.8	18.5	17.0	17.0	14.9	9.5	12.9	16.7
Comprehensive motor vehicle insurance (a)	4.5	56.8	63.0	53.8	55.6	62.2	58.9	56.8
A motor vehicle	1.4	17.8	24.5	19.5	20.5	16.2	29.7	15.8

Note: Deprivation rates are estimated using cross-section enumerated population weights for the population and sole parent families, and by cross-sectional responding person weights for people on JobSeeker Payment and First Nations people. Cross-sectional household population weights are used for unemployed households and households renting social housing or privately.

Note: a) Only asked of households that have a motor vehicle; (b) Only asked of households with children; (c) Only asked of households with school-aged children.



## Sam's story

Since I left home to study in Canberra I have lived in poverty. This was first as a student on Youth Allowance and later, when study became unaffordable, on JobSeeker.

The source of my poverty is my low income. It makes me financially vulnerable, never meets my needs, and shapes every decision I make. When my needs are greater than what I can afford, I can no longer choose what I get rather, I have to decide what I will go without.

My home, car and utilities are essential to my health, mobility and prospects as a student and as a worker. If I can't pay rent, I become homeless. If I can't drive, I can't work. If I can't pay bills, I become sick. So, to pay for them, I forgo savings, GP appointments and good clothes, and withdraw from my friends.

When the money runs out, I cut back on the one thing I have left: food. Without savings, one strike is all it takes to start starving: a broken-down car, an unexpectedly high bill or a medical emergency – it's permanent peril.

A life on just two cheap, low-quality meals a day is a recipe for stress, exhaustion and depression. My mental health, for which treatment is unaffordable, depletes my capacity and energy levels beneath what I need to find work and perform in the jobs that I have.

The price of surviving today is paid by selling the keys to my future. Long-term essentials, such as shoes, furniture, dental appointments and replacements for my out-of-date laptop, are sacrificed for what I need now. After five years of this, I have become surrounded by decay.

Deprivation is a symptom of poverty that in time becomes a driver. My body is struggling and my possessions too broken to meet the requirements of modern life. To escape poverty, it is no longer sufficient for my income to simply meet my needs, it now needs to cover the cost of everything I have been unable to replace.

A few months ago, life truly broke down in Canberra. My home became unsafe and I couldn't afford to move. I was lucky that Mum had capacity for me to move back in. Without her help I would be homeless. However, I cannot stay here forever. Mum cannot afford it, and I live without friends, jobs and opportunities. To succeed, I will have to move cities, return to expensive houses and again allow means to be overwhelmed by ends. I hope this time I'll make it.







## 4. Comparative economic measures of disadvantage

### 4.1 Low economic resources

Table 7 compares material deprivation against two measures of low economic resources – incomes below the poverty line and low wealth.<sup>12</sup>

Relative income poverty lines are the most widely used method for assessing poverty in Australia and developed countries. Income poverty lines are estimated as either 50% or 60% of the median or ‘middle’ household disposable income and are presented as a ‘before housing costs’ measure and ‘after housing costs’ measure. Deducting housing costs from income is consistent with Australian poverty research (Davidson, Bradbury and Wong, 2023; Saunders and Naidoo, 2020). Home ownership rates are high in Australia by international standards, and deducting housing costs from income takes account of the wide variety of housing costs faced by disadvantaged people in Australia.

Wealth is measured through assets held in the main home, superannuation, shares and other financial assets, investment real estate and other non-financial assets, minus debt (that is, net wealth). The population is divided into five ranked groups based on (equivalised) household net wealth, with each group (quintiles) representing 20% of the population. Quintile 1 represents those with net wealth that places them in the lowest 20% of the wealth distribution.<sup>13</sup> Quintile 2 represents the next lowest 20% in the distribution. Estimates are provided as proportions of people/households deprived of one or more, or two or more essential items; with incomes below the 50% poverty line before and after housing costs; and with net wealth in the lowest 40% of the wealth distribution (quintile 1 and quintile 2), for the population and for different demographic groups.

Across the population, one in 12 people are deprived of two or more essential items (8.5%); one in eight people live below the poverty line before housing costs (13.3%) and one in seven live below the poverty line after housing costs (14.6%). The poverty line before housing costs for a single adult is \$557 per week and \$446 per week after income is adjusted for housing costs. The median net wealth for the lowest 20% of people ranked by wealth is \$24,467, with a maximum amount of \$91,029.

In addition to the high rates of multiple material deprivation discussed already in Section 3.2, the high proportions of people on income support payments living below the poverty line and in the lowest 20% of people ranked by overall wealth points to the limited economic resources people have to draw on. More than 35% of people receiving a JobSeeker Payment (44.4%), Parenting Payment (36.1%) and Disability Support Pension (36.3%) have incomes below the after housing cost poverty line. For these groups more than 50% (and close to 70% for people on a Parenting Payment) also have net wealth in the lowest 20% of the wealth distribution. Among people receiving Youth Allowance, 26% are living below the poverty line and more than 45% are in quintile 1 of the wealth

<sup>12</sup> Appendix B has more details on the economic definitions used.

<sup>13</sup> This method is similar to that presented by Davidson et al. (2024) however, there are some technical differences in how wealth is treated. Refer to Appendix B.

distribution. For people receiving the Age Pension, there are higher proportions identified as living below the poverty line (before and after housing costs) compared to the general population, but relatively lower proportions in the bottom 40% of the wealth distribution, an indication that some people on an Age Pension have substantial assets but are income-poor (Yates and Bradbury, 2010), driven by high home ownership (Davidson, Bradbury and Wong, 2024).

There are much higher proportions of sole parent families compared to working-age couple families with children (that is, couples aged under 65 years of age with children) across all three types of economic disadvantage. The proportion of sole parent families deprived of two or more items is five times that of couples with children (29.3 to 5.9). Around a quarter of sole parent families live below the poverty line before accounting for housing costs and more than 30% live below the poverty line after housing costs. Irrespective of housing costs, the proportion of sole parent families living in poverty is more than three times that of working-age couple families with children. More than half of sole parents (53%) have net wealth that puts them in the lowest 20% of the wealth distribution compared to just 15% of working-age couple families with children.

Among people in unemployed households, 42.3% are living below the poverty line (after housing costs), 50% are deprived of two or more items and more than half are in the lowest wealth quintile (56%). In contrast, among people in fully employed households (households that have at least one person employed full-time), the risk of living below the poverty line is six times less (6.6% to 42.3%), the risk of having wealth in the lowest 20% of the wealth distribution is four times less (15.6% to 56%), and only 5.1% are at risk of lacking 2 or more essential items.

The comparative economic advantage of homeowners to renting households is also evident in Table 7. In contrast to 2.2% of homeowners lacking 2 or more essential items, almost 50% of households renting social housing and 20% of households renting privately are materially deprived. More than half of households renting social housing are living below the poverty line, using before and after housing costs poverty measures. The proportion of households renting privately living below the poverty line increases from 14.4% to 22% using the after housing cost measure - evidence of the important role housing costs play in living costs and increasing risks of disadvantage. Only 0.2% of homeowners are in the lowest wealth quintile. In contrast, a staggering 90% of households renting social housing and more than 40% of households renting privately have net wealth values that are in the lowest 20% of the wealth distribution.

**Table 7: Proportion materially deprived, with incomes below 50% poverty line, with low wealth**

	Deprived of 1 or more items	Deprived of 2 or more items	Income below 50% poverty line		% with wealth in the	
			Before housing costs	After housing costs	Lowest 20% wealth quintile	Second lowest 20% wealth quintile
<b>Population</b>	17.2	8.5	13.3	14.6	20.0	20.0
Jobseeker Payment	61.9	44.5	41.9	44.4	58.8	17.4
Parenting payment	53.2	37.5	28.2	36.1	67.0	17.6
Disability Support Pension	50.1	28.5	39.6	36.3	51.2	14.3
Youth Allowance	45.7	23.2	23.7	26.0	46.6	21.6
Carer Payment	31.4	16.9	20.9	17.4	33.0	23.1
Age Pension	15.1	5.6	44.5	28.4	15.2	16.0
Couples with children, under 65	13.6	5.9	6.2	10.6	15.6	23.2
Sole parent	46.4	29.3	24.7	31.2	53.8	20.1
Fully employed household	12.8	5.1	3.4	6.6	15.6	22.8
Unemployed household	72.7	50.0	47.3	42.3	56.0	16.2
Household of working age not in the labour force (<65)	38.5	25.1	45.1	44.8	36.4	12.6
Homeowner (outright)	7.1	2.2	22.5	12.4	0.2	7.7
Renting social housing	68.8	48.7	53.3	54.7	92.2	4.8
Renting privately	34.2	19.0	14.3	22.0	42.4	26.0
Thresholds*			\$557	\$446	\$91,029	\$306,771
Median dollar amounts			\$1,114	\$892	\$24,467	\$187,900

Note: The poverty line is set at 50% of the median equivalised household disposable income. Net wealth is equivalised household assets minus debt (see Appendix B).

Note: \* Thresholds are the upper limit values for poverty lines before and after housing costs, and the upper limit values for wealth quintile 1 and 2.

Note: Cross-section enumerated population weights are used for the population, working-age couple families with children and sole parent families. Cross-sectional responding person weights are used for people on an income support payment and people on an Age Pension. Cross-sectional household population weights are used for unemployed households, homeowners and households renting social housing or renting privately.

## 4.2 Material deprivation when living below the poverty line or living with low wealth

To understand better the extent of material deprivation experienced by people living with low income and/or low wealth, Table 8 shows the proportion of people with incomes below the poverty line after housing costs or with net wealth in the lowest 20% of people ranked by wealth, and who are also deprived of one or two essential items. The proportion of people with income below the poverty line or in quintile 1 of the wealth distribution are repeated from Table 7 and shown in grey.

The results indicate that people living with income below the poverty line or in the lowest 20% of the wealth distribution are much more likely to be lacking in essential items and be materially deprived. Across the population, 17.2% lack 1 or more essential items, however the corresponding proportion in terms of low income is two times higher (36.5%) and nearly three times higher for low wealth (49.3%). In relation to multiple deprivation of two or more essential items, while 8.5% are materially deprived, the proportion with incomes below the poverty line and lacking at least two essential items is nearly three times higher (22.8%)

and nearly four times higher for low wealth (30.3%). The results point to the important roles of income and wealth as economic resources necessary to achieving an acceptable standard of living.

People receiving working-age income support payments face a much greater risk of living below the poverty line (after housing costs) or living with very low wealth *and* experiencing multiple deprivation of two or more essential items.

Among people receiving a **JobSeeker Payment**:

- 44.4% are living below the poverty line and of these people, and more than half are lacking in two or more essential items (51.7%).
- Close to 60% have wealth in the lowest 20% of the wealth distribution (58.8%) and of these people, more than half are lacking in two or more essential items (56.0%).

Among people receiving a **Parenting Payment**:

- One in three are living below the poverty line (36.1%) and of these people, 45.8% are lacking in two or more essential items.
- Close to 70% have wealth in the lowest 20% of the wealth distribution (67.0%) and of these people, one in two are deprived of two or more essential items (53.7%).

Among people receiving a **Disability Support Pension**:

- More than one-third are living below the poverty line (36.3%), and of these people, more than one-third are also lacking in two or more essential items (36.2%).
- More than half have wealth in the lowest 20% of the wealth distribution (51.2%) and of these people, 44.1% are lacking in two or more essential items.

Among people receiving a **Youth Allowance**:

- More than a quarter are living below the poverty line (26.0%) and of these people, 40.7% are lacking in two or more essential items.
- Close to half have wealth in the lowest 20% of the wealth distribution (46.6%) and of these people, one in three are deprived of at least two essential items (30.7%).

Among people receiving a **Carer Payment**:

- 17.4% are living below the poverty line and of these people, 22.6% are lacking in two or more essential items.

- A third have wealth in the lowest 20% of the wealth distribution (33.0%) and of these people, 36.2% are lacking in two or more essential items.

Among people receiving an **Age Pension**:

- 28.4% are living below the poverty line and of these people, 11.2% are lacking in two or more essential items.
- 15.2% have wealth in the lowest 20% of the wealth distribution and of these people, 22.6% are lacking in two or more essential items.

The findings in Table 8 show that not all people receiving working-age income support payments live below the poverty line, nor do all have access to very low wealth holdings. Moreover, not all people on income support payments who have low income and/or low wealth, necessarily face multiple deprivation of two or more essential items. However, it is worth noting that due to the income/assets tests many people receiving working-age income support payments would have incomes only slightly above the poverty line and also have relatively low wealth. For example, a single adult with income above \$739.50 per week or assets above \$566,000 (non-homeowner) is no longer eligible for JobSeeker Payment. A single parent with one child can no longer receive Parenting Payment if their income exceeds \$1,393 per week or their assets are above \$566,000 (for a non-homeowner) (Services Australia, 2024).

The large overlaps in the proportion of people on a JobSeeker Payment, Parenting Payment, Disability Support Pension or Youth Allowance who live below the poverty line and/or live with very low wealth holdings and experience multiple deprivation leaves little doubt that many face a high risk of severe economic and social disadvantage that hinders their capacity to attain a decent standard of living.

For many people receiving the Age Pension, the risk of poverty and multiple deprivation is mitigated by ownership of assets, especially their homes – 82% of people aged over 65 own or are purchasing their homes (ABS, 2022) and 15% belong to the lowest 20% of households ranked by overall wealth, compared with over half of people on an income support payment, with the exception of those on Youth Allowance (46.6%). The comparatively low overlap in people on an Age Pension with incomes below the poverty line and materially deprived (of at least two essential items) is more likely experienced by those who don't own their home and very few other non-home assets.

In terms of the remaining groups in Table 8:

Among **sole parent families**:

- One in three are living below the poverty line (31.2%) and of these people, 43.5% are lacking in two or more essential items.
- More than half have wealth in the lowest 20% of the wealth distribution (53.8%) and of these people, nearly half are lacking in two or more essential items (48.0%).

Among **unemployed households**:

- 42.3% are living below the poverty line and of these people, two-thirds are lacking in two or more essential items (66.6%)
- More than half have wealth in the lowest 20% of the wealth distribution (56.0%) and of these people, more than three-quarters are lacking in two or more essential items (75.4%).

Among **working-age households not in the labour force**:

- 44.8% are living below the poverty line and of these people, 36.1% are lacking in two or more essential items.
- 36.4% have wealth in the lowest 20% of the wealth distribution and of these people, more than half are lacking in two or more essential items (51.4%).

Among **First Nations people**:

- More than a quarter are living below the poverty line (27.4%) and of these people, 47.0% are lacking in two or more essential items.
- More than half have wealth in the lowest 20% of the wealth distribution (53.0%) and of these people, 1 in 2 are lacking in two or more essential items (52.5%).

Among **households renting social housing**:

- One in two are living below the poverty line (54.7%) and of these people, 41.6% are lacking in two or more essential items.
- Nine of out ten have wealth holdings in the lowest 20% of the wealth distribution (92.0%) and of these people, half are lacking in two or more essential items (50.8%).

Among **households renting privately**:

- 22.0% are living below the poverty line and of these people, 35.7% are lacking in two or more essential items.
- 42.4% are living in the lowest 20% of the wealth distribution and of these people, 28.9% are lacking in two or more essential items.

The large overlaps in the proportion of sole parent families, unemployed households, working-age households not in the labour force and households renting social housing who live below the poverty line and/or have very low



wealth holdings and experience multiple deprivation is robust evidence that many also face an acute risk of poverty and material deprivation.

To investigate further the impact of wealth on poverty, Table 9 shows the proportion of people with incomes below the poverty line after housing costs and who are also deprived of 1 or 2 essential items, ranked by wealth. The results indicate that the proportion of people below the poverty line that also experience material deprivation is much higher where they also fall within the lowest 20% of people ranked by wealth. The proportion of people below the poverty line lacking at least one essential item rises from 36.5% for the general population to 76.9% if they have wealth holdings in the lowest 20% of the wealth distribution. The proportion of people with incomes below the poverty line and experiencing multiple deprivation of two or more essential item rises from 22.8% for the general population to 81.1% if in quintile 1. This underscores the need to consider wealth holdings when measuring poverty, and the critical role of wealth as an economic resource necessary to achieving an acceptable standard of living.

**Table 8: Overlap of low income and wealth economic resources with material deprivation**

	% with income below 50% poverty line	% with income below 50% poverty line who are materially deprived		% with wealth in the	% with wealth in the lowest 20% wealth quintile who are materially deprived	
	After housing costs	of 1 or more items	of 2 or more items	lowest 20% wealth quintile	of 1 or more items	of 2 or more items
<b>Population</b>	14.6	36.5	22.8	20.0	49.3	30.3
JobSeeker Payment	44.4	69.8	51.7	58.8	74.5	56.0
Parenting Payment	36.1	70.0	45.8	67.0	71.8	53.7
Disability Support Pension	36.3	58.3	36.2	51.2	70.6	44.1
Youth Allowance	26.0	61.4	40.7	46.6	59.9	30.7
Carer Payment	17.4	45.4	22.6	33.0	61.5	36.2
Age Pension	28.4	24.0	11.2	15.2	45.2	22.6
Sole parent family	31.2	63.4	43.5	53.8	70.6	48.0
Unemployed household	42.3	86.1	66.6	56.0	91.8	75.4
Household of working age not in the labour force (<65)	44.8	49.9	36.1	36.4	69.5	51.4
First Nations people	27.4	70.8	47.0	53.0	71.0	52.5
Renting social housing	54.7	66.2	41.6	92.2	72.2	50.8
Renting privately	22.0	54.4	35.7	42.4	48.0	28.9

Note: The poverty line is set at 50% of the median equivalised household disposable income, and after deducting housing costs. Net wealth is equivalised household assets minus debt (see Appendix B).

Note: Cross-section enumerated population weights are used for the population, working-age couple families with children and sole parent families. Cross-sectional responding person weights are used for people on an income support payment, people on an Age Pension and First Nations people. Cross-sectional household population weights are used for unemployed households, homeowners and households renting social housing or renting privately.

**Table 9: Comparing the wealth profile of households living below the poverty line and experiencing material deprivation**

	% deprived of 1 or more items	% deprived of 2 or more items	% with income below 50% poverty line who are materially deprived	
			of 1 or more items	of 2 or more items
<b>Population</b>	17.2	8.5	36.5	22.8
<b>Net wealth quintile</b>				
Quintile 1	57.4	71.9	76.9	81.1
Quintile 2	20.7	17.5	13.4	13.1
Quintile 3	11.2	6.6	5.1	3.2
Quintile 4	7.3	3.1	3.0	2.1
Quintile 5	3.3	0.9	1.6	0.5

Note: The poverty line is set at 50% of the median equivalised household disposable income, and after deducting housing costs. Net wealth is equivalised household assets minus debt (see Appendix B).

Notes: Cross-section enumerated population weights are used for the population.



## Michelle's story

I became a solo parent overnight last November after an incident of family violence endangered my eldest son's life. I ceased co-parenting with his father and had him move out. With no support network, no job or finished qualifications and mounting debt, I was left with barely enough to cover rent, and significant unpaid bills.

I had to withdraw the last of my superannuation to try and make ends meet.

In the year since, my physical health severely deteriorated due to untreated complications, and I underwent multiple urgent surgeries. I was placed on a feeding tube for months and had several lengthy stays in hospital, preventing me from working.

I've faced impossible choices, like deciding between essential lifesaving medication and supplements for myself or food for my children. Often, I have gone days without eating. The fact that being on a feeding tube was a financial relief, is devastating and appalling.

We rely on charity hampers, often eating food past its best, hoping to not get sick. My children ask why they can't have the things other kids take for granted. I often tell my children I forgot about their friend's birthday parties when the reality is, I couldn't afford the presents. This year we couldn't celebrate their own birthdays as usual.

I have lost track of the number of times someone has stood tutting in the supermarket line as I worked out what essentials we can do without until payday. I have missing teeth because I couldn't afford to go to the dentist quickly enough.

I cannot save for emergencies and can't even afford to fix my washing machine. We often now miss social and religious celebrations because we can't contribute.

My sons go to school in old and torn second-hand uniforms because I can't afford new ones.

In the next 12 months, there are over \$2000 worth of extra school costs including computers and uniforms, plus books, school fees, camps, and activities that I already struggle to afford.

The events of the past few years have severely affected my children's mental health, my eldest son gets suicidal and my youngest has developed a stutter and needs an ASD assessment, but we can't afford therapy.

Without sudden and rapid change to my financial situation I have no idea how I will provide for my children's mental and physical needs. I worry my children and I are months from homelessness. I desperately want to repair my situation and secure a safe and positive future for my children, however that is impossible when I am trapped spending all my time and energy in an effort just to survive.

## 5. Material disadvantage and subjective wellbeing

Subjective wellbeing indicators can be used as a measure of how people experience and evaluate their lives, and have been used increasingly in a range of policy settings (OECD, 2013). Table 10 shows the mean scores for three subjective wellbeing measures: life satisfaction, financial satisfaction and financial stress, differentiated according to whether people or households are materially deprived (of one or more essential items), have incomes below the poverty line or net wealth in quintile 1 (that is, the lowest 20% of the wealth distribution).

The first two measures are presented on a scale of '0' (totally dissatisfied) up to '10' (totally satisfied) and each person is asked to rate how they perceive where they stand in terms of their life as a whole and their financial situation. For a subjective assessment of financial stress, seven indicators are compiled into a financial stress index: could not pay electricity, gas or telephone bills on time; could not pay mortgage or rent on time; pawned or sold something; went without meals; unable to heat home; asked for financial help from family or friends; and asked for help from welfare or community organisations. Each indicator is allocated a value of '1' if a person is experiencing that specific hardship, or '0' otherwise. The index of financial stress is constructed by summing across the seven indicators for each responding person – ranging from '0' (not financially stressed) to '7' (financially stressed on all indicators). When interpreting the mean scores, a higher score reflects a better wellbeing outcome for life satisfaction and financial satisfaction; while a lower score reflects a better wellbeing outcome for financial stress.

Across the population, experiencing material deprivation, living below the poverty line or living with very low wealth is associated with lower life satisfaction, lower financial satisfaction and increased financial stress. The average person scored 7.15 for financial satisfaction compared with 5.59 if materially deprived, 6.48 if living below the poverty line and 6.08 if living with low wealth. In terms of financial stress, the average person scored 0.27 compared with 0.79 if materially deprived, 0.48 if living below the poverty line and 0.61 if living with low wealth. People materially deprived are four times more likely to be financially stressed than those who are not (0.79 to 0.16), nearly two times more likely to be financially stressed if living below the poverty line (0.48 to 0.23) and more than three times more likely to be financially stressed if their net wealth is in quintile 1 (0.61 to 0.18).

Households with at least one person on an income support payment report much higher levels of financial stress and lower levels of financial satisfaction and life satisfaction if they are materially deprived, living below the poverty line or living with low wealth. The mean score differences are all statistically significant. In particular, they are at least two times more likely to experience higher levels of financial stress if experiencing any of these kinds of economic disadvantage.

On average, people receiving a JobSeeker Payment report much lower levels of financial satisfaction compared to the general population (4.57 to 7.15), lower levels of life satisfaction (6.86 to 7.93) and almost 6 times an increase in levels of financial stress (1.54 to 0.27). Those who are materially deprived also

report statistically significant lower scores across all three subjective wellbeing indicators compared to those who are not.

While average mean scores for people on an Age Pension are not different to those of the population, those who are materially deprived or have low wealth, report lower levels of financial and life satisfaction. They are also six times more likely to have higher levels of financial stress if materially deprived (0.61 to 0.13) and two times more likely to have higher financial stress if in low wealth (0.39 to 0.17).

On average, sole parent families, unemployed households, First Nations people and households renting social housing report elevated levels of financial dissatisfaction (5.94, 4.75, 6.40 and 5.89 respectively) and elevated levels of financial stress (0.49, 0.92, 0.79 and 0.63) compared to the general population average. Those who are materially deprived also experience statistically significant differences across these subjective wellbeing indicators. Across all these groups, their wealth profile impacts their financial satisfaction more than if their incomes are below the poverty line.

**Table 10: Subjective wellbeing and financial stress across material deprivation, income poverty and low wealth**

Mean scores	All	NOT Deprived	Deprived (1 or more)	Income NOT below the poverty line (50%)	Income below the poverty line (50%)	NOT in wealth quintile 1 (lowest 20%)	In wealth quintile 1 (lowest 20%)
<b>Population</b>							
Financial satisfaction	7.15	7.45	5.59 ***	7.26	6.48 ***	7.39	6.08
Life satisfaction	7.93	8.05	7.36 ***	7.98	7.68 ***	8.01	7.62
Financial stress (7 indicators)	0.27	0.16	0.79 ***	0.23	0.48 ***	0.18	0.61
<b>Household with at least one person on an income support payment</b>							
Financial satisfaction	6.66	7.22	5.34 ***	6.83	6.18 ***	7.07	5.77
Life satisfaction	7.79	8.01	7.27 ***	7.87	7.57 ***	7.93	7.48
Financial stress (7 indicators)	0.47	0.26	0.91 ***	0.42	0.60 ***	0.33	0.73
<b>JobSeeker Payment</b>							
Financial satisfaction	4.57	5.67	3.89 ***	4.85	4.22 *	5.02	4.26
Life satisfaction	6.86	7.46	6.48 ***	6.91	6.79	6.77	6.92
Financial stress (7 indicators)	1.54	1.05	1.84 ***	1.45	1.64	1.30	1.70
<b>Age Pension</b>							
Financial satisfaction	7.45	7.69	6.09 ***	7.55	7.19 *	7.60	6.63
Life satisfaction	8.15	8.24	7.66 ***	8.23	7.95 *	8.21	7.86
Financial stress (7 indicators)	0.21	0.13	0.61 ***	0.19	0.24	0.17	0.39
<b>Sole parent family</b>							
Financial satisfaction	5.94	6.62	5.04 ***	6.17	5.31 ***	6.50	5.32
Life satisfaction	7.42	7.66	7.10 ***	7.49	7.24	7.55	7.28
Financial stress (7 indicators)	0.49	0.25	0.77 ***	0.42	0.65 ***	0.28	0.67
<b>Unemployed household</b>							
Financial satisfaction	4.75	6.36	4.13 ***	5.31	4.05 ***	5.59	4.07
Life satisfaction	7.14	7.51	7.00 ***	7.04	7.28	7.15	7.14
Financial stress (7 indicators)	0.92	0.38	1.13 ***	0.82	1.05	0.55	1.21
<b>First Nations people</b>							
Financial satisfaction	6.40	7.20	5.43 ***	6.69	5.64 ***	6.99	5.87
Life satisfaction	8.04	8.14	7.90 ***	8.04	8.02	7.89	8.17
Financial stress (7 indicators)	0.79	0.34	1.33 ***	0.61	1.29 **	0.39	1.15
<b>Renting social housing</b>							
Financial satisfaction	5.89	7.17	5.21 ***	5.90	5.88	7.08	5.77
Life satisfaction	7.58	8.07	7.32 ***	7.52	7.62	7.73	7.56
Financial stress (7 indicators)	0.63	0.22	0.81 ***	0.69	0.58	0.38	0.65

Note: The poverty line is set at 50% of the median equivalised household disposable income after deducting housing costs. Net wealth is equivalised household assets minus debt (see Appendix B). The multiple deprivation score is based on 18 deprivation items.

Note: 'How satisfied are you with your financial situation' and 'how satisfied are you with your life' is on a scale of 0 (totally dissatisfied) to 10 (totally satisfied).

Note: Financial stress index comprises seven indicators of financial stress (could not pay electricity, gas or telephone bills on time, could not pay the mortgage or rent on time, pawned or sold something, went without meals, was unable to heat home, asked for financial help from friends or family and asked for help from welfare/community organisations). A value of 1 for each indicator implies hardship.

Note: When interpreting the results - note that for satisfaction for financial stress and life situation, the higher the number implies that the group is better off whereas for the financial stress index a higher number implies worse off.

Note: Statistical testing for the difference in means is at  $p < 0.10^*$   $0.05^{**}$  and  $0.01^{***}$  (Adjusted Wald test).





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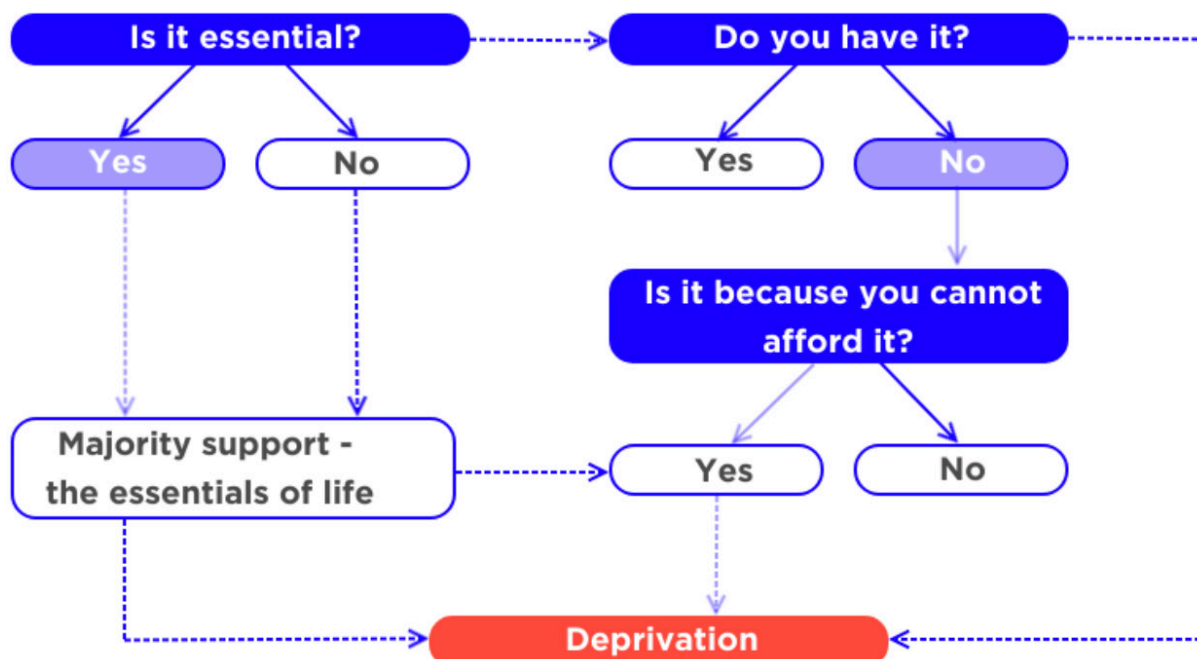
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## Appendix A: The Australian approach to material deprivation

Material deprivation exists when people are unable to afford items regarded by a majority of the population as necessary or essential – that is, ‘things that no one in Australia should have to go without’ (Saunders et al., 2008: 180).

The Australian material deprivation approach is built on the answers to three questions to establish whether a person (or household) is deprived. These questions asked sequentially as illustrated in Figure 2 (and shaded), seek to ensure credibility in producing estimates related to ‘an enforced lack of socially perceived necessities (or essentials)’. The first question involves identifying items considered essential by a simple majority of the population (typically 50%) (meeting the ‘socially perceived’ criteria). The second question identifies ‘whether or not the person has the item’ (meeting the ‘lack of’ criteria), while the third question identifies if the lack of an item is because they cannot afford it (meeting the ‘enforced’ criteria). Of the list of items considered essential by a majority, a person is identified as deprived of that item if they do not have it because they cannot afford it.

Figure 2: Identifying deprivation



Source: Saunders and Naidoo (2019: 192)

The three key questions in the figure above – i) is it essential? (something that no one in Australia should have to go without today) ii) do you have it? iii) If no, is that because you cannot afford it? – form the basis of the material deprivation module inserted into waves 14, 18 and 22 of the household questionnaire of the HILDA survey (Saunders & Wilkins, 2016).<sup>14</sup>

<sup>14</sup> The list of items included in the HILDA survey includes items identified as essential in the SPRC surveys (Saunders et al. 2008, 2009, 2012) with some minor changes to the description of some items



The original list of essential items included in the wave 14 HILDA survey was informed by a series of Australian-based studies by Saunders et al. (2007, 2009 and 2012). The initial 2006 study (Saunders et al. 2008) developed the list of essential items from focus groups with low income Australians (Saunders and Sutherland, 2006), international research (Gordon and Pantazis, 1997; Pantazis, Gordon and Levitas, 2006; Lansley and Mack, 2015) and previous Australian research on deprivation and hardship (Saunders, Thomson and Evans, 2001; Travers and Robertson, 1996). Respondents from the community and from a smaller sample of clients of community services indicated if 61 items were essential or not, if they did not have them, and whether it was because they could not afford them. A subsequent survey in 2010 following the same approach tested the robustness of deprivation for shedding new light on social disadvantage, who is most affected by it and in what ways (Saunders and Wong, 2012). Comparing the results of the two surveys showed a high degree of consistency, with Australian views on the 'essentials of life' remaining remarkably stable among the 2006 and 2010 samples.

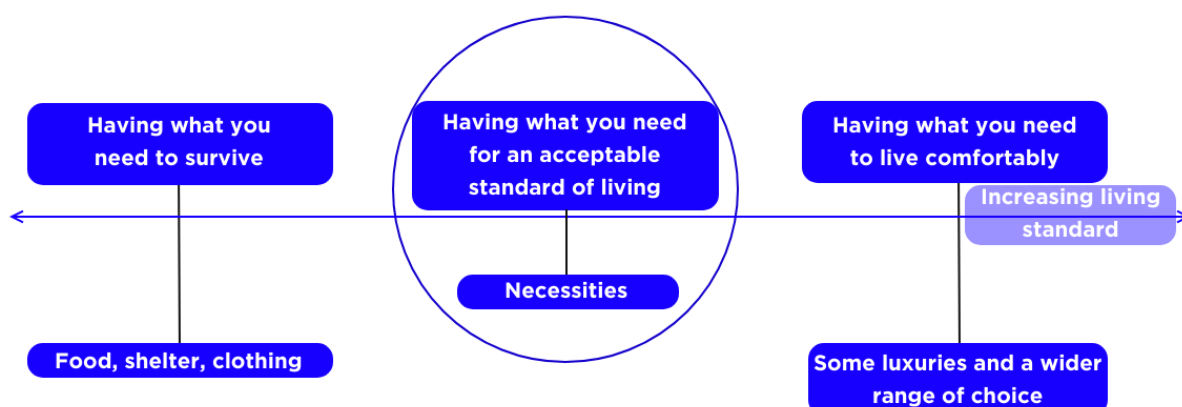
From these surveys, 26 items were included in HILDA wave 14 chosen to reflect the various needs people encounter in their daily lives. There have been two modifications to the list in subsequent modules: a television was removed in wave 18 and wave 22, and a telephone (landline or mobile) in wave 14 and wave 18 was re-worded to a mobile phone in wave 22. This stable set of essential items in waves 14, 18 and 22 allows for consistent examination of patterns over time, and a demonstrated link between access or ownership of the item and affordability.

Once the list of items considered essential is determined, and if a person is materially deprived of that item, it is possible to measure the incidence of item-specific deprivation (that is, the deprivation rate). It is also possible to aggregate the number of items people are deprived of into an index of multiple material deprivation. This index can be tracked across the population and over time. The incidence of multiple material deprivation can also be compared with low economic resources such as income and wealth and against other indicators of disadvantage or wellbeing.

There are three key features of material deprivation that are worth pointing out. The first is that the series of questions asked above aim to capture a set of 'direct' indicators of deprivation because they ask people directly how they live and what they do not have (McKnight et al., 2024). Measurement is focussed on identifying the 'lack of items that are missing rather than on the lack of economic resources itself' (Saunders and Wong, 2009: 1), even if the policy focus is on determining the economic resources needed to reach an acceptable standard of living.

Figure 3 adapts the representation from McKnight et al. (2024: 22) illustrating the relative position of material deprivation on a standard of living scale from low (destitution) to high (comfortable), as 'positioned somewhere between destitution where people lack very basic types of necessities such as food, clothing and shelter and a low but comfortable standard of living with sufficient resources to afford some luxuries.' Separating deprivation from destitution, Notten (2024) asserts that in wealthy countries, the term 'basic necessities' should not be interpreted as meaning items that are life-or-death necessities because 'when they are defined as necessities for the continuation of life, "basic necessities" cannot be the measure of an acceptable standard of living' (2024: 12).

**Figure 3: Material deprivation on a standard of living scale**



The second is that time and place are important when considering what is regarded as essential as perceptions vary by context and can change over time. This is particularly evident in the light of rapid technological change where perceptions around items like internet access, owning a mobile phone and having a home computer are subject to changing perceptions of 'essentialness' or necessity (Saunders and Naidoo, 2019). Hence, regularly updating and validating the list of essential items is an important component of material deprivation research.

Third, ideally deprivation measures are collected at the person-level. Measures thus reflect individual-based deprivation based on person-level ownership and affordability of essential items. This provides the capacity to test intra-household sharing and has been shown for example, to reveal 'some gender differences that otherwise are lost in the black box of the household.' (UNECE, 2020: 183), or differences in the deprivation status of adults and children in the same household (Main and Bradshaw, 2016). In HILDA however, the material deprivation module is collected at the household level, so although not ideal, the analysis in this report assumes an equivalency in the essential/don't have/can't afford questions between all household members.

# Appendix B: Statistical interference and other terms

## B.1 Inferences to the population (HILDA)

The HILDA survey utilises a complex sample design, with the wave one sample based on regional stratification, geographic ordering, household clustering, and unequal weighting (Summerfield et al., 2023: 109). However, the population that is “in scope” excludes those in very remote areas, non-private dwellings (for example, people rough sleeping or living in institutions such as hospitals, aged care facilities or prisons), non-resident visitors (Summerfield et al., 2023: 143). Immigrants arriving after 2011 are also underrepresented.

Various weights are available for quantitative analysis to address the complex sample design and account for participant attrition in the data. These weights include cross-sectional, longitudinal and replicate weights, which are applicable at the enumerated, responding household and responding person levels (Summerfield et al., 2023:100).

This report uses different types of weights to ensure accuracy of estimates. Household weights are used in the estimation of essential items as questions for support of essential items are presented in the household form and are assumed to be representative of the whole household. The weights are applied to each person in the sample following the same approach used in HILDA statistical reports (Saunders and Wilkins, 2016).

For analysis by demographic groups, the choice of weights is dependent upon the variables that are analysed. Cross-sectional household weights are used for variables where responses have been collected at the household level (main income source, region of residence, housing tenure) as well as variables which have been created at the household level (workforce participation and households with at least one person receiving an income support payment). Cross-sectional enumerated weights are applied for the whole sample as well as by age, gender and family type. Cross-sectional responding person weights are applied to estimation in which responses are only provided by responding persons (people on income support payments, labour force status and cultural background including First Nations people).

Wave 14 (2014) includes data on 9,538 households and 23,114 respondents, while wave 18 (2018) included 9,638 responding households and 23,267 responding persons. Wave 22 (2022) surveyed 9,003 responding households comprising 21,732 members. Of these, 15,954 people aged 15 and over were interviewed and 4,557 children under 15 were not interviewed. ABS population benchmarks show that this represents 25,508,591 people, comprising 20,709,090 individuals aged 15 and over and 4,799,417 children under 15 (Summerfield et al., 2023). The weighted population of responding persons is 20,791,740.

## B.2 Statistical tests

While data from the household form provides information on household and family formations for all members (including those under 15 years), data on

other topics is gathered through personal and self-completion questionnaires. Due to potential differences in response rates, the reliability of certain estimates may be impacted. Statistical tests of difference in means using the adjusted Wald test that are significant at the 10% level are marked with an \*, at the 5% level with \*\* and at the 1% level with \*\*\*.

### B.3 Economic terms

**Household disposable income** is the total income of all household members over 15 years old, including wages and salaries (with fringe benefits), self-employment earnings, investment income, other income sources, and income support payments, minus personal income tax deductions.

**Equivalised household disposable income** is determined by adjusting household income with an equivalence scale to account for the needs and economies of scale in differently sized households. Using the modified OECD equivalence scale, we divide household income by one for the first adult, 0.5 for each additional household member over 15 years, and 0.3 for each child under 15. This yields an equivalised income estimate, which is assumed to be the same for each household member, reflecting a shared similar standard of living across the household.

**The poverty rate** is the percentage of individuals with equivalised household incomes below 50% of the median equivalised household income in the population (that is, poverty lines). After housing costs poverty subtracts the costs of housing from disposable income, which include mortgage payments for homeowners and rent for renters (public and private) plus dwelling repairs, renovations and maintenance (all tenures).

**Household net wealth** is the sum of all financial and non-financial assets, minus the total debts of household members. **Financial assets** include liquid assets from bank accounts, superannuation, cash investments, equity investments, trust funds, and the cash value of life insurance policies. **Non-financial assets** cover the home, other real estate properties, business assets, collectibles, and vehicles. **Debt components** encompass home debt, other property debt, business debt, and additional debts such as credit card balances, HECS debt, car loans, personal loans, and hire purchase agreements.

**Equivalised household net wealth** is calculated by dividing household net wealth by the OECD equivalence scale (described above). Although there is no consensus on whether household wealth should be equivalised, given its potential to fund current and future consumption, we choose to equivalise it. This approach ensures that the needs of all members are factored into evaluating the households' capacity to access wealth for potential consumption, and that it should be pooled within the household, equivalised and treated in the same way as equivalising income (Saunders, Bradbury and Wong, 2018b; Saunders and Naidoo, 2020).

**Quintiles** are created by ranking the weighted sample of all enumerated individuals by their equivalised net wealth, then dividing them into five equal groups. The first quintile represents the lowest 20% of the wealth distribution, while the fifth quintile represents the highest 20%. This method is similarly applied to assess the income distribution (equivalised).

## Appendix C: Demographic profiles

Table 11 presents the demographic profile of the HILDA sample weighted to the population of people residing in Australia. Cross-sectional enumerated, housing and responding person weights are applied as per the weighting descriptions described in Appendix B for 2014, 2018 and 2022.

The following notes are useful to understand the demographic profiles:

**Cultural background** - Main English-speaking countries include the United Kingdom, New Zealand, Canada, USA, Ireland and South Africa.

**Income support payment** - The 'Other' category includes people in receipt of a widow pension/allowance, partner allowance, DVA war widow, paid parental leave, overseas government, mobility allowance, bereavement allowance, other non-income supports, other allowances, double-orphan pension, community development programme and Covid payment (2022).

**Housing tenure** - A homeowner has either paid off the loan or doesn't have one in the first instance across all three types of loans (bank loan, personal loan, second loan). A mortgagee is someone who has not paid off at least one of the three types of loans. A private renter includes those if renting or involved in rent-buy scheme or if landlord is private/caravan park/ employer. A public renter includes those if renting or involved in rent-buy scheme and if landlord is government housing authority/community or co-op housing. Other includes those who rent but the landlord is unknown.

**Workforce participation** - Households have been categorised into five groups (mutually exclusive) related to the workforce participation of their household members. These groups are 1) fully employed households - households that have at least one person employed full-time, 2) partially employed households - households where no one is employed full-time and at least one person is employed part-time, 3) unemployed households - household where no one is employed and at least one person is looking for work, 4) households not in the labour force <65 - households where no one is in the labour market and all members under 65 years of age and 5) households not in the labour force 65+ - households where no one is in the labour market and all members are 65 years and over.



**Table 11: Demographic composition of HILDA, 2022, 2018 and 2014**

	2022		2018		2014	
	Sample (n)	Weighted (%)	Sample (n)	Weighted (%)	Sample (n)	Weighted (%)
<b>Enumerated level variables</b>						
<b>Gender</b>						
Women	10,537	49.6	11,304	49.6	11,256	49.6
Men	11,195	50.4	11,963	50.4	11,858	50.4
Total	21,732	100.0	23,267	100.0	23,114	100.0
<b>Age group</b>						
Children under 15	4,557	18.8	4,845	19.4	4,671	19.5
Young people aged 15-24	2,527	12.4	2,948	12.9	3,417	13.3
Working age 25-64	10,987	52.6	11,947	52.9	11,820	53.3
Older people 65+	3,661	16.3	3,527	14.9	3,206	13.9
Total	21,732	100.0	23,267	100.0	23,114	100.0
<b>Family type</b>						
Couples, no children, under 65	3,506	15.3	3,964	15.5	4,014	15.7
Couples, children, under 65	9,021	40.6	9,762	41.6	9,815	42.6
Sole parent	1,617	7.0	1,776	7.4	1,849	8.1
Single man, under 65	1,957	10.9	2,128	10.9	2,155	10.4
Single woman, under 65	1,637	8.4	1,738	8.1	1,728	7.7
Couples, no children, 65+	2,684	12.2	2,582	11.3	2,328	10.5
Single man 65+	383	1.8	398	1.6	361	1.6
Single woman 65+	927	3.8	919	3.6	864	3.4
Total	21,732	100.0	23,267	100.0	23,114	100.0
<b>Household level variables</b>						
<b>Main source of income</b>						
Wages	15,552	72.9	16,316	71.8	15,912	70.6
Social security	3,566	15.6	4,149	16.6	4,589	18.8
Other	2,614	11.5	2,802	11.7	2,613	10.6
Total	21,732	100.0	23,267	100.0	23,114	100.0
<b>Region of residence</b>						
Capital city	13,009	66.0	14,094	67.6	14,394	67.8
Regional / rural	8,679	34.0	9,171	32.4	8,720	32.2
Total	21,688	100.0	23,265	100.0	23,114	100.0
<b>Housing tenure</b>						
Outright owner	5,237	24.9	5,355	23.7	5,358	24.1
Mortgagee	8,972	43.5	9,628	44.6	9,628	43.5
Private renter	5,931	26.1	6,530	26.1	6,181	25.8
Public renter	710	3.0	917	3.3	1,074	3.8
Other	646	2.5	642	2.3	684	2.9
Total	21,496	100.0	23,072	100.0	22,925	100.0
<b>Workforce participation</b>						
Fully employed household	14,330	71.6	15,333	72.0	15,171	71.1
Partially employed household	2,937	13.5	2,947	12.2	2,977	13.1
Unemployed household	376	1.2	599	2.3	719	3.1
Household of working age not in labour force	804	4.2	1002	4.5	1039	4.2
Other	2,163	9.5	2,178	9.0	2,058	8.5
Total	20,610	100.0	22,059	100.0	21,964	100.0
<b>Responding person variables</b>						
<b>Labour force status</b>						
Employed fulltime	6,975	44.0	7,392	42.3	7,206	41.2
Employed parttime	3,467	20.9	3,720	21.2	3,769	21.0
Unemployed	447	2.3	661	3.2	750	3.9
Not in labour force, aged under 65	2,146	15.4	2,765	17.1	3,113	18.7
Not in labour force, aged over 65	2,919	17.4	2,896	16.2	2,673.00	15.2
Total	15,954	100.0	17,434	100.0	17,511	100.0
<b>Cultural background</b>						
Immigrant from main English-speaking country	1,348	10.0	1,536	10.3	1,656	11.0
Immigrant from non English-speaking country	1,756	17.2	2,009	19.7	2,106	19.5
First Nations people	530	2.7	572	2.6	524	2.6
Non-Indigenous people born in Australia	12,303	70.1	13,302.00	67.4	13,211	66.9
Total	15,937	100.0	17,419	100.0	17,497	100.0
<b>Income Support Recipients</b>						
Age Pension	1,855	45.3	1,985	43.4	2,054	42.2
JobSeeker Payment	475	11.4	524	10.8	562	10.6
Parenting Payment	296	5.6	357	6.0	414	7.0
Disability Support Pension	561	15.0	625	14.4	738	15.9
Carer Payment	450	12.4	521	12.4	481	11.0
Youth Allowance	166	4.6	278	5.8	394	6.8
Other	228	5.6	300	7.2	349	6.6
Total	4,073	100.0	4,500	100.0	4,000	100.0

## Appendix D: Statistical tests for suitability, reliability, validity and additivity

To ensure the statistical robustness of each individual deprivation item to collectively measure overall material deprivation, four statistical tests are applied to the 23 items in HILDA wave 22. The suitability test assesses the degree of importance of each essential item as reflecting an acceptable standard of living' by a majority of the population. The validity test assesses if each deprivation item is strongly associated with other known indicators of a low standard of living. The reliability test assesses if each item is internally consistent in describing a single underlying 'latent' material deprivation measure. The additivity test requires that people with a greater number of multiple deprivations should be worse off economically than people with a smaller number of multiple deprivations.

This follows Recommendation 28 of the UNECE (2020) to apply these tests to ensure that deprivation indicators are 'based upon a clear and explicit theory or normative definition of poverty' (2020: 196). The tests draw on the analytical framework originally developed by Pantazis et al. (2006) as part of the deprivation indicator construction methodology for the UK 1999 Poverty and Social Exclusion Survey. They advocate for 'using standard scientific methods to ensure that all components [included in the deprivation index] were valid, reliable and added up' (ibid: 64). The methodology follows that of Guio et al. (2016; 2017) and applied by Saunders et al. (2018a, 2022) to measure child and adult deprivation in Australia. Given that the tests involve 'rules-of-thumb' or analysts' judgements', all four tests must be conducted before an item is excluded (McKnight et al, 2024: 36).

Table 12 summarises the results for each test, with a Yes (Y) or No (N) reflecting if the item passed that specific test leading to the overall decision. The results reduce the original 25 items to 18, with seven items failing to pass at least one of the tests: warm clothes and bedding, if it's cold; a substantial meal at least once a day; a week's holiday away from home each year; a telephone (landline or mobile); a washing machine; buying presents for immediate family or close friends at least once a year; and a separate bed for each child. These items are not included in the multiple material deprivation index.

**Table 12: Summary of suitability, validity, reliability and additivity tests**

Items	Suitability	Validity	Reliability (Classical test theory)	Reliability (Item response theory)	Additivity	Overall Decision
1. Getting together with friends or relatives for a drink or meal at least once a month	Y	Y	Y	Y	Y	Y
2. Medical treatment when needed	Y	Y	Y	Y	Y	Y
3. Furniture in reasonable condition	Y	Y	Y	Y	Y	Y
4. A decent and secure home	Y	Y	Y	Y	Y	Y
5. Medicines when prescribed by a doctor	Y	Y	Y	Y	Y	Y
6. Warm clothes and bedding, if it's cold	Y	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>
7. A substantial meal at least once a day	Y	Y	<b>N</b>	Y	Y	<b>N</b>
8. A week's holiday away from home each year	<b>N</b>	Removed from validity, reliability and additivity				<b>N</b>
9. A roof and gutters that do not leak	Y	Y	Y	<b>N</b>	Y	Y
10. A mobile phone	Y	Y	<b>N</b>	<b>N</b>	Y	<b>N</b>
11. Home contents insurance	Y	Y	Y	Y	Y	Y
12. A washing machine	Y	Y	<b>N</b>	Y	Y	<b>N</b>
13. Access to the internet at home	Y	Y	Y	Y	Y	Y
14. A motor vehicle	Y	Y	Y	Y	Y	Y
15. Comprehensive motor vehicle insurance (a)	Y	Y	Y	Y	Y	Y
16. At least \$500 in savings for an emergency	Y	Y	Y	Y	Y	Y
17. A home with doors and windows that are secure	Y	Y	Y	Y	Y	Y
18. Dental treatment when needed	Y	Y	Y	Y	Y	Y
19. Buying presents for immediate family or close friends at least once a year	<b>N</b>	Removed from validity, reliability and additivity				<b>N</b>
20. When it is cold, able to keep at least one room of the house adequately warm	Y	Y	Y	Y	Y	Y
21. A separate bed for each child (b)	Y	<b>N</b>	Y	Y	Y	<b>N</b>
22. A yearly dental check-up for each child (b)	Y	Y	Y	<b>N</b>	Y	<b>N</b>
23. A hobby or a regular leisure activity for children (b)	Y	Y	Y	Y	Y	Y
24. New school clothes for school-age children every year (c)	Y	Y	Y	Y	Y	Y
25. Children being able to participate in school trips and school events that cost money (c)	Y	Y	Y	Y	Y	Y

Notes: Most of the results are estimated using enumerated/household weights, with the exception of some of the socio-economic indicators for the validity tests which rely on cross-section responding population weights.

Notes: a) Only asked of households that have a motor vehicle; (b) Only asked of households with children; (c) Only asked of households with school-aged children.

## D.1 Suitability

Two criteria are applied to tests of suitability (Table 13). First, a threshold of at least 50% of the population is set to ensure a simple majority of the items considered 'essential for people living in Australia'. However, to ensure consensus across different groups of the population that takes into account age and socio-economic circumstance, the 50% threshold is applied separately to those under 30 years, those aged between 30-64 years and those aged 65 years and above, as well as households with at least one person receiving an income support payment.

Only two items (a week's holiday away from home each year and buying presents for immediate family or close friends at least once a year) do not receive 50 per cent support for being essential across the population, by income support payment recipient and by age group.

Second, a distinction is made between respondents considering items as essential for all people (that is, establishing a simple majority consensus as above) and considering items to be essential for themselves (that is, establishing the degree of importance) (Guio et al. 2016; 2017). This is achieved by measuring the proportion of people assumed to 'want' an item (defined as the sum of the proportion who have it and the proportion who would like it but cannot afford it). A 70 per cent threshold is then applied to exclude items as failing this test of importance. To adapt this test to fit within the question parameters of the HILDA survey, the approach was modified slightly.<sup>15</sup> The test now measures the proportion of people who have the item and the proportion who lack the item due to financial constraints, operating under the assumption that those who can afford it would have it.

No items fail to meet the 70% suitability threshold, although new school clothes for school-age children every year sits on the dividing line. Considering that over 67% of the relevant sample of households with children have the item and the role of other constraints beyond a lack of affordability (Guio et al., 2016), this item is well within acceptability as meeting the suitability criteria.

The two items: *a week's holiday away from home each year* and *buying presents for immediate family or close friends at least once a year* are not included in the remaining validity, reliability and additivity tests reducing the number of items in the multiple deprivation index from 25 to 23.

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<sup>15</sup> The HILDA questionnaire asks if the respondent has the item ('Do you have that?'), and if the response is no, a second question is asked about affordability ('Is that because you cannot afford it?')

**Table 13: Consensus results**

Essential Items	Population	Households with at least one person on an income support payment	<30	30-64	65+	Overall Consensus Outcome	Degree of Importance	Overall Suitability Outcome
1. Getting together with friends or relatives for a drink or meal at least once a month	79.4	77.3	78.4	79.8	80.4	Y	89.7	Y
2. Medical treatment when needed	99.8	99.9	99.9	99.7	99.8	Y	99.4	Y
3. Furniture in reasonable condition	88.4	89.3	88.2	88.2	89.7	Y	99.7	Y
4. A decent and secure home	98.6	98.8	98.7	98.6	98.5	Y	99.7	Y
5. Medicines when prescribed by a doctor	99.5	99.5	99.5	99.4	99.7	Y	99.7	Y
6. Warm clothes and bedding, if it's cold	99.8	99.7	99.8	99.8	99.8	Y	99.9	Y
7. A substantial meal at least once a day	99.6	99.8	99.7	99.6	99.4	Y	99.9	Y
8. A week's holiday away from home each year	44.4	40.6	42.9	44.4	48.3	N	Removed	N
9. A roof and gutters that do not leak	91.8	92.4	91.8	91.1	93.5	Y	95.4	Y
10. A mobile phone	76.1	78.4	77.1	75.8	74.8	Y	99.1	Y
11. Home contents insurance	64.5	56.7	60.9	63.4	76.2	Y	86.3	Y
12. A washing machine	82.3	86.2	81.6	80.7	88.0	Y	99.5	Y
13. Access to the internet at home	74.3	73.2	74.8	74.9	71.2	Y	98.1	Y
14. A motor vehicle	57.4	62.0	56.4	55.2	65.8	Y	97.2	Y
15. Comprehensive motor vehicle insurance (a)	58.3	60.6	56.3	55.6	70.3	Y	95.3	Y
16. At least \$500 in savings for an emergency	83.0	76.6	81.5	82.0	89.1	Y	99.0	Y
17. A home with doors and windows that are secure	97.2	96.7	97.3	97.1	97.0	Y	99.1	Y
18. Dental treatment when needed	98.0	97.6	98.0	98.0	97.8	Y	99.0	Y
19. Buying presents for immediate family or close friends at least once a year	47.9	48.9	45.3	46.6	57.7	N	Removed	N
20. When it is cold, able to keep at least one room of the house adequately warm	97.1	96.7	97.1	97.1	96.8	Y	99.6	Y
21. A separate bed for each child (b)	79.8	83.5	78.6	79.7	83.2	Y	98.2	Y
22. A yearly dental check-up for each child (b)	94.9	94.5	94.5	95.1	95.5	Y	89.3	Y
23. A hobby or a regular leisure activity for children (b)	83.3	83.6	82.0	82.7	87.8	Y	88.4	Y
24. New school clothes for school-age children every year (c)	59.3	63.8	56.9	59.5	64.3	Y	70.0	Y
25. Children being able to participate in school trips and school events that cost money (c)	86.6	87.0	87.1	86.4	85.9	Y	99.1	Y

Note: Results are estimated using household/enumerated weights.

Note: a) Only asked of households that have a motor vehicle; (b) Only asked of households with children; (c) Only asked of households with school-aged children.



## D.2 Validity of the items

Validity tests ensure that each item exhibits statistically significant relative risk ratios with a set of independent variables known to be correlated with the latent construct of deprivation (Guio et al., 2016; 2017). This is tested by running binary logistic regressions for each deprivation item against three socio-economic indicators (coded in binary form) known a priori to be correlated with multiple deprivation: at risk of poverty with the poverty line set at 50% of median equivalised household disposable income and respondents categorised as in poverty versus not in poverty; subjective poverty defined as ‘prosperity given current needs and financial responsibilities’ with respondents identified as economically strained versus getting along to prosperous (that is, just getting along, reasonably comfortable, very comfortable, prosperous); and self-reported ill-health with respondents identified as having a limiting long-term health condition versus none (that is, no non-limiting or long-term health condition).<sup>16</sup>

In Table 14 there is a large variation in odds ratios across the deprivation items and socio-economic indicators. The odds ratios show that those who are deprived of a substantial meal at least once a day are 30.5 times more likely to report that their prosperity given current needs and financial responsibility is poor or very poor; 7.7 times more likely to be at risk of poverty; and 4.9 times more likely to report that they suffer from a limiting long-term health condition respectively. In contrast, although statistically significant, those who are deprived of a home with doors and windows that are secure are only 3.5 times more likely to report that their prosperity given current needs and financial responsibility is poor or very poor; 2.5 times more likely to be at risk of poverty; and 2.9 times more likely to report that they suffer from a limiting long-term health condition respectively.

The decision rule applied to the wave 22 HILDA data and following Guio et al. (2016) is that an item has validity problems if the results of the logistic regressions are insignificant in two of the three validity tests. After conducting 69 tests of validity and using a five per cent significance level, two items failed the validity test: *warm clothes and bedding, if it's cold* was not significant against all three indicators; and *a separate bed for each child* was not significant in relation to the subjective poverty and the self-reported health status indicators.

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<sup>16</sup> The regression with ill health control for age and gender demographic characteristics.

**Table 14: Validity results based on logistic regressions**

Deprivation items	Income below the poverty line (50%)			Prosperity given current needs & financial responsibility			Limiting long-term health condition			Overall Validity outcome (based on 2 out of 3)
	Odds Ratio	Coef	Sig	Odds Ratio	Coef	Sig	Odds Ratio	Coef	Sig	
1. Getting together with friends or relatives for a drink or meal at least once a month	2.5	0.9	Y	7.0	2.0	Y	5.0	1.6	Y	Y
2. Medical treatment when needed	1.7	0.6	Y	12.6	2.5	Y	6.7	1.9	Y	Y
3. Furniture in reasonable condition	5.6	1.7	Y	9.9	2.3	Y	3.5	1.2	Y	Y
4. A decent and secure home	6.9	1.9	Y	9.8	2.3	Y	4.9	1.6	Y	Y
5. Medicines when prescribed by a doctor	1.4	0.3	N	11.5	2.4	Y	3.9	1.4	Y	Y
6. Warm clothes and bedding, if it's cold	2.0	0.7	N	1.0	0.0	N	1.9	0.6	N	N
7. A substantial meal at least once a day	7.7	2.0	Y	30.5	3.4	Y	4.9	1.6	Y	Y
8. A roof and gutters that do not leak	2.3	0.8	Y	6.5	1.9	Y	3.4	1.2	Y	Y
9. A mobile phone	2.4	0.9	Y	0.6	-0.5	N	3.4	1.2	Y	Y
10. Home contents insurance	3.4	1.2	Y	10.5	2.4	Y	3.9	1.4	Y	Y
11. A washing machine	3.5	1.2	Y	21.4	3.1	Y	7.2	2.0	Y	Y
12. Access to the internet at home	5.4	1.7	Y	8.8	2.2	Y	8.0	2.1	Y	Y
13. A motor vehicle	7.7	2.0	Y	7.8	2.1	Y	4.0	1.4	Y	Y
14. Comprehensive motor vehicle insurance (a)	4.1	1.4	Y	8.6	2.2	Y	3.2	1.2	Y	Y
15. At least \$500 in savings for an emergency	4.1	1.4	Y	13.8	2.6	Y	4.9	1.6	Y	Y
16. A home with doors and windows that are secure	2.5	0.9	Y	3.5	1.2	Y	2.9	1.1	Y	Y
17. Dental treatment when needed	2.3	0.8	Y	10.2	2.3	Y	4.9	1.6	Y	Y
18. When it is cold, able to keep at least one room of the house adequately warm	3.8	1.3	Y	12.1	2.5	Y	8.2	2.1	Y	Y
19. A separate bed for each child (b)	13.3	2.6	Y	2.2	0.8	N	1.9	0.6	N	N
20. A yearly dental check-up for each child (b)	3.1	1.1	Y	4.0	1.4	Y	3.8	1.3	Y	Y
21. A hobby or a regular leisure activity for children (b)	5.2	1.7	Y	7.1	2.0	Y	5.4	1.7	Y	Y
22. New school clothes for school-age children every year (c)	3.1	1.1	Y	5.9	1.8	Y	3.1	1.1	Y	Y
23. Children being able to participate in school trips and school events that cost money (c)	3.1	1.1	Y	3.8	1.3	Y	3.2	1.2	Y	Y

Note: Most of the results are estimated using household/enumerated weights, with the exception of some of the socio-economic indicators for the validity tests which rely on cross-section responding population weights.

Note: Dependent variable = the deprivation item, independent regressor = ill-health/poverty variable is the independent regressor. The poverty line is set at 50% of median income before housing costs. Regressions with ill-health variables control for age and gender (benchmark group is a 45.98 year old male). Statistically significant at  $p < 0.05$ .

Notes: a) Only asked of households that have a motor vehicle; (b) Only asked of households with children; (c) Only asked of households with school-aged children.

### D.3 Reliability of the items

The reliability of each item is tested using Classic Test Theory (CTT) and complemented by Item Response Theory (IRT) models. CTT uses Cronbach's Alpha to measure the internal consistency of a scale/index, assessing how closely the 23 items are related as a group. The alpha is calculated for the entire scale/index and then recalculated after removing each item individually. If removing an item increases the alpha, it indicates that the item may not contribute to the overall consistency and can be considered unreliable and removed without loss of explanatory power (Cronbach, 1951).

The overall test scale Cronbach's Alpha statistic for the 23 deprivation items is 0.7241 which is higher than the 0.70 generally regarded as 'satisfactory' in most social science research studies (Nunnally, 1978) (Table 15). Four items failed the classic test of reliability: *warm clothes and bedding, if it's cold* (alpha = 0.7288); a telephone (landline or mobile) (alpha = 0.7308); *a substantial meal at least once a day* (alpha = 0.7247); and *a washing machine* (alpha = 0.7244), however the increase in the alpha statistic in the latter two items is minimal.

**Table 15: Cronbach's Alpha (CTT)**

Deprivation items	Obs	Sign	Item-test correlation	Item-rest correlation	Average interitem correlation	Alpha	CTT Reliability outcome
1. Getting together with friends or relatives for a drink or meal at least once a month	21633	+	0.4741	0.3509	0.0018	0.7063	Y
2. Medical treatment when needed	21669	+	0.3956	0.3114	0.0019	0.7130	Y
3. Furniture in reasonable condition	21658	+	0.2972	0.2327	0.0020	0.7195	Y
4. A decent and secure home	21659	+	0.2865	0.2273	0.0020	0.7200	Y
5. Medicines when prescribed by a doctor	21670	+	0.2901	0.2359	0.0020	0.7201	Y
6. Warm clothes and bedding, if it's cold	21674	-	-0.0086	-0.0460	0.0021	0.7288	<b>N</b>
7. A substantial meal at least once a day	21668	+	0.1775	0.1337	0.0021	0.7247	<b>N</b>
8. A roof and gutters that do not leak	21625	+	0.3024	0.1833	0.0020	0.7219	Y
9. A mobile phone	21672	-	-0.0245	-0.0783	0.0021	0.7308	<b>N</b>
10. Home contents insurance	21489	+	0.7021	0.5263	0.0014	0.6812	Y
11. A washing machine	21673	+	0.1960	0.1490	0.0021	0.7244	<b>N</b>
12. Access to the internet at home	21665	+	0.2719	0.1980	0.0020	0.7215	Y
13. A motor vehicle	21653	+	0.3779	0.2608	0.0019	0.7167	Y
14. Comprehensive motor vehicle insurance (a)	20593	+	0.6022	0.4256	0.0017	0.7050	Y
15. At least \$500 in savings for an emergency	21625	+	0.7014	0.5185	0.0014	0.6819	Y
16. A home with doors and windows that are secure	21660	+	0.2733	0.2108	0.0020	0.7207	Y
17. Dental treatment when needed	21632	+	0.5862	0.4317	0.0016	0.6954	Y
18. When it is cold, able to keep at least one room of the house adequately warm	21673	+	0.2883	0.2183	0.0020	0.7201	Y
19. A separate bed for each child (b)	9734	+	0.2601	0.1999	0.0020	0.7182	Y
20. A yearly dental check-up for each child (b)	9657	+	0.2876	0.2018	0.0019	0.7178	Y
21. A hobby or a regular leisure activity for children (b)	9689	+	0.4997	0.3939	0.0018	0.7078	Y
22. New school clothes for school-age children every year (c)	7567	+	0.4323	0.3000	0.0018	0.7129	Y
23. Children being able to participate in school trips and school events that cost money (c)	7554	+	0.3813	0.3200	0.0019	0.7145	Y
<b>Average item correlation</b>						<b>0.0019</b>	
<b>Overall test scale</b>						<b>0.7241</b>	

Note: Cronbach's alpha does not support weighting. \* Increase in alpha statistic is minimal.  
 Note: a) Only asked of households that have a motor vehicle; (b) Only asked of households with children; (c) Only asked of households with school-aged children.

To complement CTT, IRT models provide information on the reliability of each item in the index/scale. The models study the relationship between a respondent's response to questionnaire items and an unobservable latent trait, in this case individual responses to the deprivation items and the latent construct of multiple deprivation (Guio et al., 2016).<sup>17</sup> IRT models assume: uni-dimensionality – the deprivation items measure a single latent trait; local independence – item responses do not depend on other test item responses given the underlying trait; and monotonicity – the probability of a respondent endorsing an item as disadvantaged increases as the respondent's latent trait of overall deprivation increases (Szeles and Fusco, 2013).

A two-parameter severity and discrimination IRT test is applied to each of the 23 deprivation items (Table 16). The severity parameter measures the 'likelihood that the person/household will lack/not be able to afford that item' (Guio et al., 2016: 226) ("enforced lack"), as measured in units of standard deviation from the population average. The discrimination parameter, on the other hand, measures 'how well each item discriminates between deprived and non-deprived respondents' (Guio et al., 2017: 35), hence larger discrimination parameter values are preferred. As a rule of thumb, Guio et al. (2017) suggests that for deprivation analysis, the most desirable outcome is to include items with a range of deprivation severity scores (from low to high) but to exclude those with very high scores (at least above three standard deviations from the mean). Furthermore, to include items that exhibit a fairly vertical 'S' shaped curve with respect to the y-axis in the Item Characteristic Curve (ICC)<sup>18</sup> – the more vertical the curve the higher the ability of each item to discriminate between deprived and non-deprived people/households (see Figure 4).

Applying these guidelines to HILDA wave 22, there are four items that exhibit a combination of high severity scores with low discriminator parameters (i.e. low S-shaped slope gradients) respectively: *warm clothes and bedding, if it's cold* (5.7/1.3); *a roof and gutters that do not leak* (3.6/1.3); *a telephone (landline or mobile)* (4.0/1.8); and *a yearly dental checkup for each child* (3.5/1.6). Only two items, however, do not satisfy both tests for CTT and IRT: *warm clothes and bedding, if it's cold* and *a telephone (landline or mobile)*.

<sup>17</sup> IRT techniques are traditionally employed to determine the selection of items for inclusion in psychological testing and educational assessment questionnaires, with increasing application to the development of poverty measures (Cappellari and Jenkins (2007) and Szeles and Fusco (2013)).

<sup>18</sup> Item Characteristic Curves (ICC) (Figure 4) are graphical representations of the relationship between the latent concept of deprivation and the probability of being deprived of an item. The severity of each item is shown by the position of each asymptotic ('S' shaped) curve along the x-axis – the further to the right, the more severe the deprivation, while the discrimination of each item is shown by how vertical the curve is with respect to the y-axis. Following Guio et al. (2016 and 2017), a 'good' MD [multiple deprivation] index would be illustrated by a series of fairly vertical 'S' shaped curves spread out along the X-axis'.

**Table 16: IRT parameters**

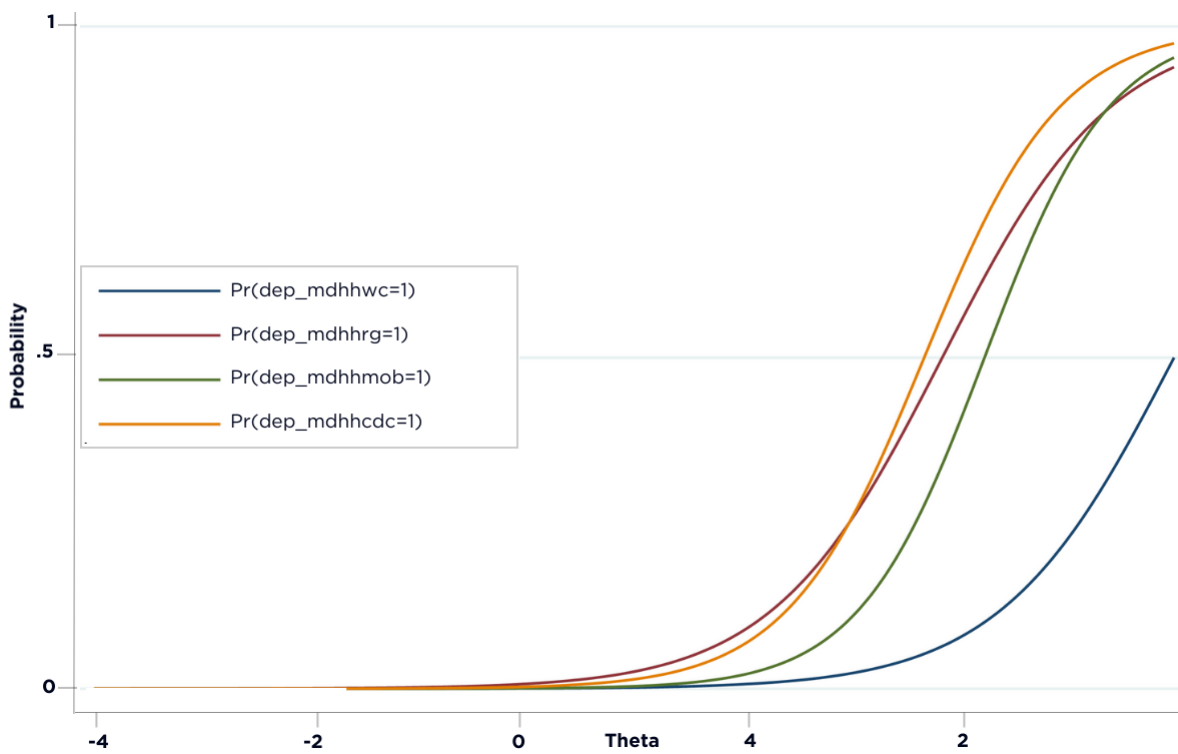
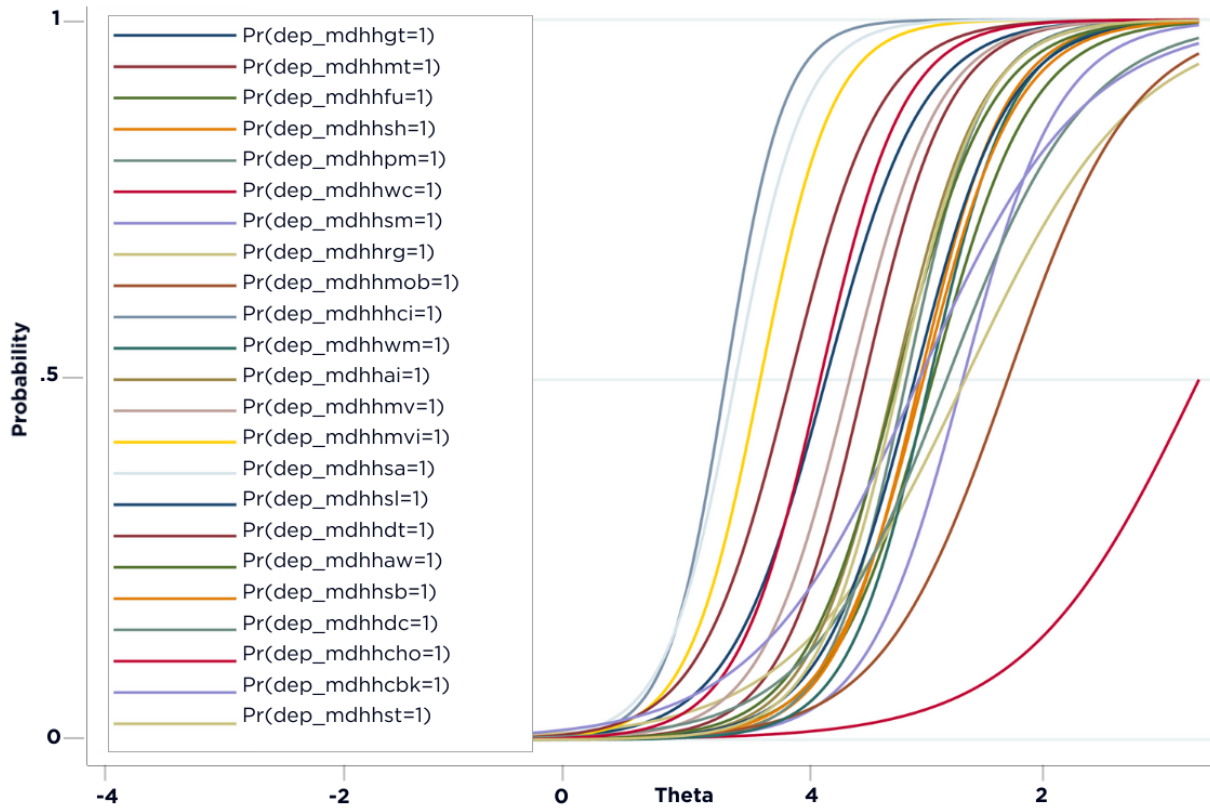
<b>Deprivation items</b>	<b>Severity parameter</b>	<b>Discrimination parameter</b>	<b>IRT Reliability outcome</b>
1. Getting together with friends or relatives for a drink or meal at least once a month	2.4	2.3	Y
2. Medical treatment when needed	2.7	2.7	Y
3. Furniture in reasonable condition	3.3	2.3	Y
4. A decent and secure home	3.2	2.6	Y
5. Medicines when prescribed by a doctor	3.1	2.9	Y
6. Warm clothes and bedding, if it's cold	5.7	1.3	<b>N</b>
7. A substantial meal at least once a day	3.6	2.3	Y
8. A roof and gutters that do not leak	3.6	1.3	<b>N</b>
9. A mobile phone	4.0	1.8	<b>N</b>
10. Home contents insurance	1.5	3.9	Y
11. A washing machine	3.3	2.7	Y
12. Access to the internet at home	3.0	2.6	Y
13. A motor vehicle	2.6	2.5	Y
14. Comprehensive motor vehicle insurance (a)	1.8	3.1	Y
15. At least \$500 in savings for an emergency	1.6	3.2	Y
16. A home with doors and windows that are secure	3.2	2.4	Y
17. Dental treatment when needed	2.1	2.5	Y
18. When it is cold, able to keep at least one room of the house adequately warm	3.0	2.4	Y
19. A separate bed for each child (b)	3.2	2.4	Y
20. A yearly dental check-up for each child (b)	3.5	1.6	<b>N</b>
21. A hobby or a regular leisure activity for children (b)	2.3	2.7	Y
22. New school clothes for school-age children every year (c)	3.2	1.4	Y
23. Children being able to participate in school trips and school events that cost money (c)	3.0	2.7	Y

Notes: Results are estimated using household/enumerated weights.

Notes: a) Only asked of households that have a motor vehicle; (b) Only asked of households with children; (c) Only asked of households with school-aged children.



Figure 4: Item characteristic curves



## D.4 Additivity of the items

The additivity test checks that when individual deprivation items are aggregated, the resulting index score actually implies a higher level of overall deprivation for those experiencing economic disadvantage compared to those who are not. As described by Guio et al. (2017: 73), ‘that, say, someone with a MD [multiple deprivation] indicator score of ‘2’ is in reality suffering more from severe MD than someone with a score of ‘1’ or a score of ‘0’.’

The additivity test is applied to the HILDA data by examining if the incidence of deprivation for each item decreases as the position along the equivalised disposable income quintile moves up (Table 17). Five items (*a roof and gutters that do not leak; a telephone (landline or mobile); a washing machine; access to the internet at home and a home with doors and windows that are secure*) do not systematically decrease in the proportion deprived as the level of income increases, however these discrepancies only occur towards the lower end, quintile 1 and 2, of the income distribution. However, it is only one item, *warm clothes and bedding, if it’s cold* that the proportion deprived fluctuates across the entire income distribution and associated with an insignificant correlation across quintiles.

**Table 17: Additivity results**

Deprivation items	% deprived of that item (with reference to each person according to their quintile position on the equivalised disposable income distribution)					Correlation Coefficient	Additivity outcome
	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5		
1. Getting together with friends or relatives for a drink or meal at least once a month	5.11	4.02	1.94	1.20	0.5	-0.1082*	Y
2. Medical treatment when needed	1.90	1.43	0.74	0.12	0.5	-0.0593*	Y
3. Furniture in reasonable condition	1.16	0.31	0.29	0.26	0.01	-0.0520*	Y
4. A decent and secure home	1.03	0.21	0.18	0.02	0.15	-0.0492*	Y
5. Medicines when prescribed by a doctor	0.68	0.33	0.32	0.12	0.1	-0.0349*	Y
6. Warm clothes and bedding, if it's cold	0.24	0.07	0.09	0.22	0.03	-0.0112	<b>N</b>
7. A substantial meal at least once a day	0.73	0.19	0.05	0.00	0.1	-0.0484*	Y
8. A roof and gutters that do not leak	2.50	1.96	2.33	1.31	0.4	-0.0535*	Y
9. A mobile phone	0.75	0.15	0.42	0.18	0.1	-0.0347*	Y
10. Home contents insurance	17.94	11.13	5.90	2.24	1.2	-0.2257*	Y
11. A washing machine	0.43	0.21	0.41	0.08	0.0	-0.0295*	Y
12. Access to the internet at home	1.56	0.34	0.65	0.10	0.1	-0.0616*	Y
13. A motor vehicle	5.00	1.52	0.32	0.24	0.1	-0.1323*	Y
14. Comprehensive motor vehicle insurance (a)	12.22	5.72	3.31	0.94	1.0	-0.1813*	Y
15. At least \$500 in savings for an emergency	17.70	12.05	5.29	1.65	0.4	-0.2429*	Y
16. A home with doors and windows that are secure	0.72	0.87	0.61	0.06	0.11	-0.0416*	Y
17. Dental treatment when needed	7.65	6.64	4.28	1.49	0.5	-0.1387*	Y
18. When it is cold, able to keep at least one room of the house adequately warm	1.82	0.88	0.63	0.00	0.0	-0.0787*	Y
19. A separate bed for each child (b)	1.51	0.55	0.13	0.00	0.0	-0.0714*	Y
20. A yearly dental check-up for each child (b)	1.99	1.88	0.37	0.88	0.2	-0.0586*	Y
21. A hobby or a regular leisure activity for children (b)	5.39	3.65	2.13	0.15	0.2	-0.1223*	Y
22. New school clothes for school-age children every year (c)	5.49	3.96	1.61	1.24	1.1	-0.0950*	Y
23. Children being able to participate in school trips and school events that cost money (c)	1.74	0.53	0.15	0.14	0.0	-0.0708*	Y

Notes: Results are estimated using household/enumerated weights. Note: Statistically significant at  $p < 0.05$ .

Notes: a) Only asked of households that have a motor vehicle; (b) Only asked of households with children; (c) Only asked of households with school-aged children.

## Appendix E: Additional figures

The following scatterplots provide a visual representation of the extent of differences in support for an item being essential between years. The closer the dots are to the 45-degree line, the less the difference in community views over time. Comparisons are made between 2022 and 2018 (Figure 5), 2022 and 2014 (Figure 6), and 2018 and 2014 (Figure 7) for the general population. While scatter plots in Figure 8 compare the essential rates for the general population to households with at least one person on an income support payment for 2022, Figure 9 for 2018 and Figure 10 for 2014.

**Figure 5: Comparison of support for items being essential between 2018 to 2022**

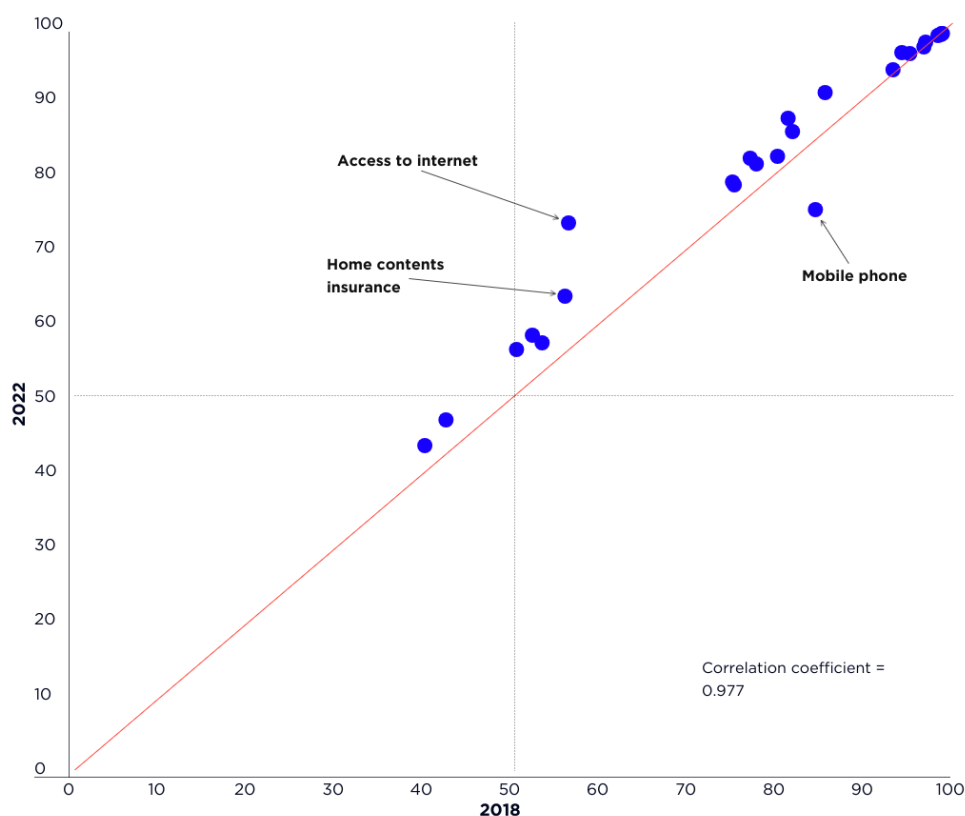


Figure 6: Comparison of support for items being essential between 2014 and 2022

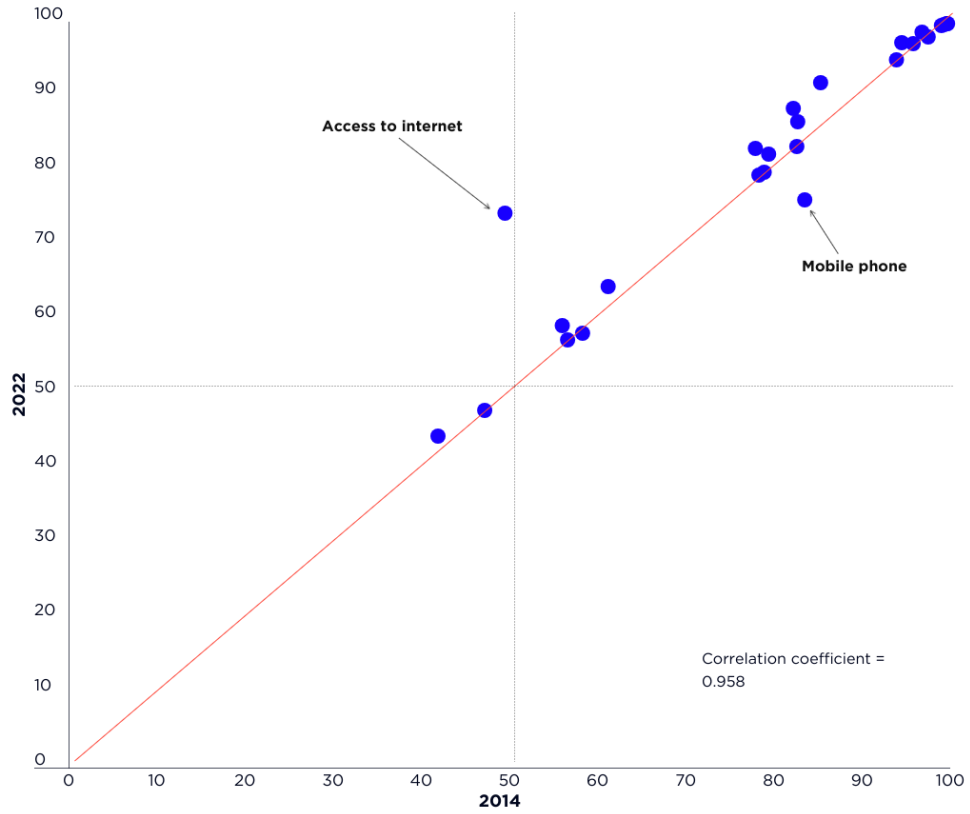
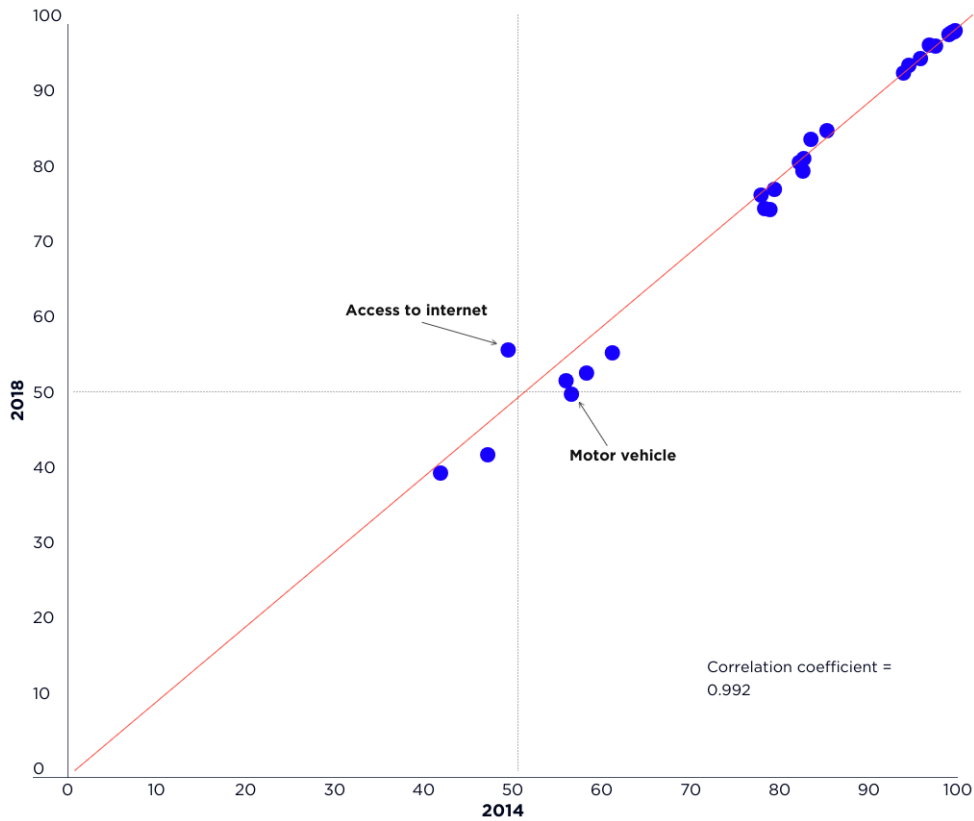
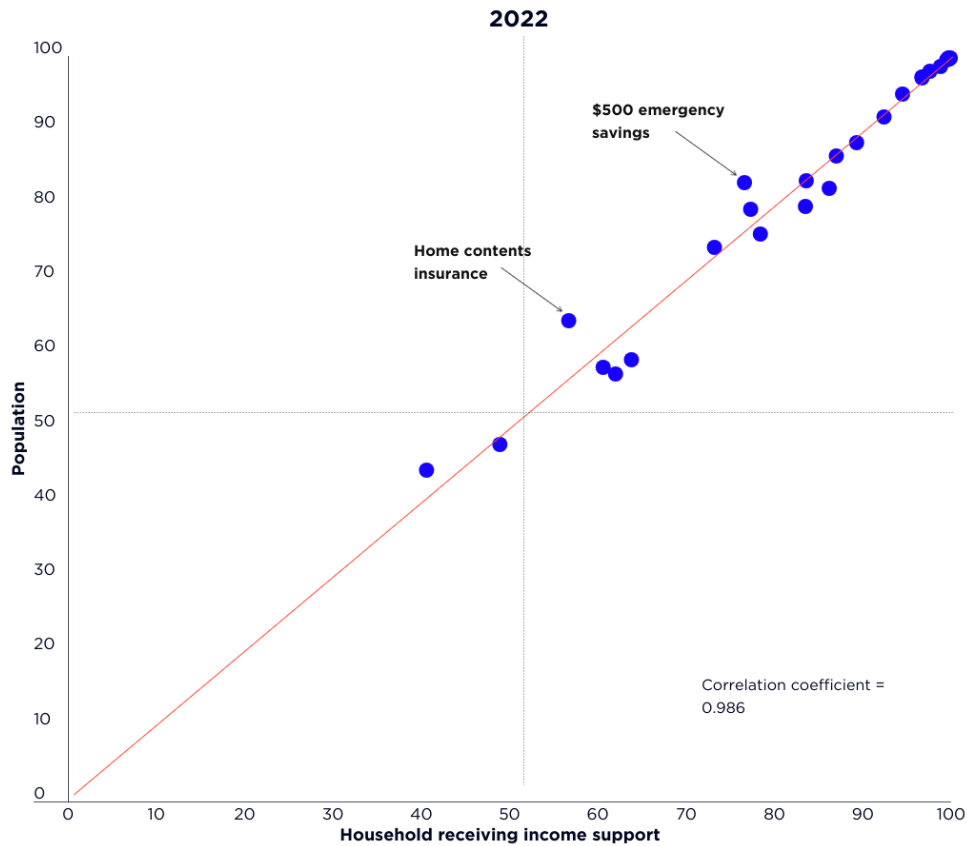


Figure 7: Comparison of support for items being essential between 2014 and 2018



**Figure 8: Comparison of support for items being essential for 2022: General population to households with at least one person on an income support payment**



**Figure 9: Comparison of support for items being essential for 2018: General population to households with at least one person on an income support payment**

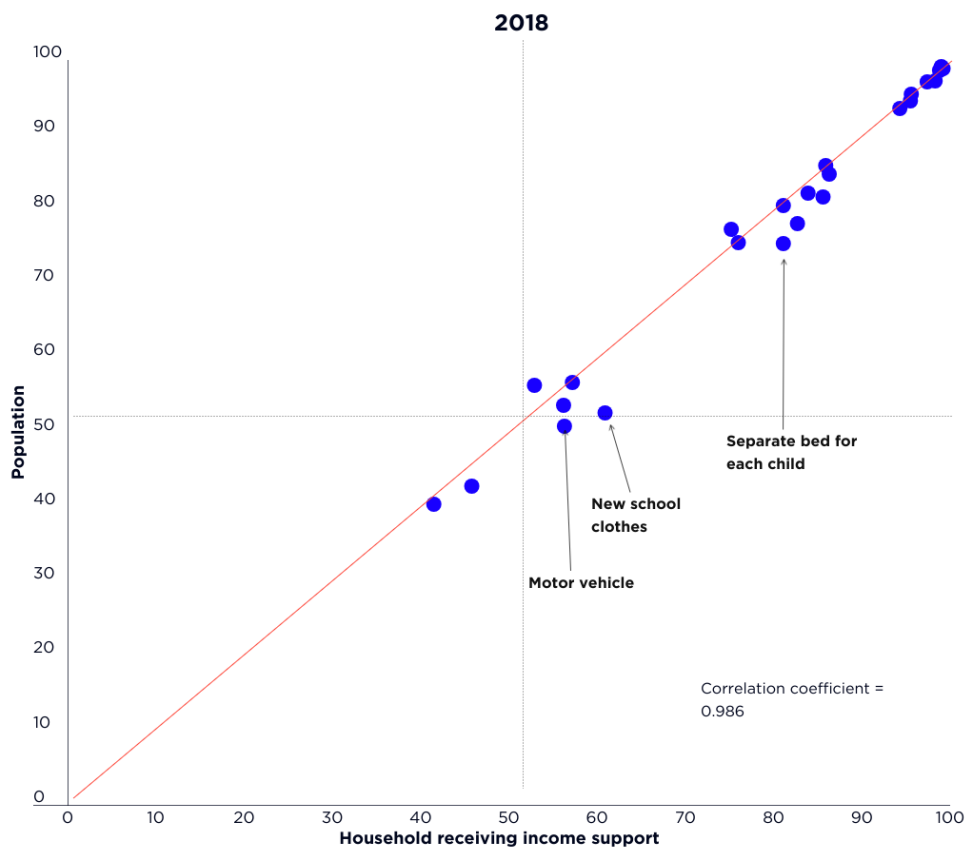




Figure 10: Comparison of support for items being essential for 2014: General population to households with at least one person on an income support payment

