
Peter Saunders
Social Policy Research Centre
University of New South Wales

Presented to The Good Life Conference,
Griffith University 12 February 2009
Income is an incomplete measure of available economic resources

It follows that there is only a weak relationship between income and the standard of living

It makes sense to try to measure living standards directly

There are (possibly major) problems with the data on reported income

These insights have influenced recent thinking on the measurement of poverty, but have broader application

One component of a good life is to have basic needs met - freedom from poverty (or capability)
The Growing Influence of Deprivation Studies

"Indicators of material deprivation have swept the social policy world as a complement, or even as an alternative, to household income as the primary measure of living standards” (Berthoud and Bryan, Economic and Social Research Institute, University of Essex)

“Measures of material deprivation point to the importance of looking at factors that go beyond the income and earnings capacity of people, to other constituents of an acceptable standard of living” (OECD, Growing Unequal?)
The Deprivation Approach

- Deprivation exists when there is “an enforced lack of socially perceived necessities” (Mack and Lansley, *Poor Britain*)
- Allows the community to decide which items are essential or necessary rather than leaving this to “experts”
- Only those who cannot afford identified essentials face material deprivation
- **BUT**, deprivation is subject to its own limitations (different does not automatically mean better):
  - who develops the list of items?
  - what does “cannot afford” mean?
  - living standards are inferred, not observed
Defining Essentials and Identifying Material Deprivation

Is it essential?  
Yes  
No

Do you have it?  
Yes  
Do not want it  
Cannot afford it  
No
The CUPSE Survey - From Items to Essentials to Material Deprivation

- 61 items on original list – derived from focus groups and previous studies
- 47 regarded as essential ("things that no-one should have to go without") by at least 50% of respondents
- Of the 47 items:
  - 17 are not items that people can buy (non-material essentials)
  - 4 are items that relate to the needs of specific groups
  - 6 items relate specifically to the needs of children (distorting comparisons between family types)
  - one item (a TV) omitted after reliability and validity tests
- Remaining 19 items are material essentials
- The distinction between material and non-material essential items is not clear-cut, and is affected by policy
Satisfaction with Standard of Living (SoL) by Disadvantage Status for Sole Parents (% that rate SoL as “very low” or “fairly low”)
Happiness by Disadvantage Status for Sole Parents (% that are “very unhappy” or “fairly unhappy”)

- Not Poor/Poor
- Not Deprived/Deprived
- Included/Excluded (Social Life)
- Included/Excluded (Community Participation)
## Ownership of 19 Material Essential Items

<table>
<thead>
<tr>
<th>Item</th>
<th>Ownership rate (%)</th>
<th>Item</th>
<th>Ownership rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A decent &amp; secure home</td>
<td>92.8</td>
<td>Home contents insurance</td>
<td>83.2</td>
</tr>
<tr>
<td>A substantial daily meal</td>
<td>98.3</td>
<td>Roof and gutters don’t leak</td>
<td>91.0</td>
</tr>
<tr>
<td>Warm clothes &amp; bedding</td>
<td>99.8</td>
<td>Medical treatment if needed</td>
<td>97.8</td>
</tr>
<tr>
<td>Heating in at least 1 room</td>
<td>91.9</td>
<td>Able to buy prescribed medications</td>
<td>96.2</td>
</tr>
<tr>
<td>Furniture in reasonable condition</td>
<td>96.7</td>
<td>Dental treatment if needed</td>
<td>83.0</td>
</tr>
<tr>
<td>Comprehensive car insurance</td>
<td>81.5</td>
<td>Regular social contact with other people</td>
<td>86.4</td>
</tr>
<tr>
<td>Telephone</td>
<td>96.2</td>
<td>A week’s holiday away from home each year</td>
<td>57.0</td>
</tr>
<tr>
<td>Washing machine</td>
<td>97.4</td>
<td>Presents for family &amp; friends annually</td>
<td>87.2</td>
</tr>
<tr>
<td>Up to $500 in emergency savings</td>
<td>79.7</td>
<td>Computer skills</td>
<td>63.2</td>
</tr>
<tr>
<td>Secure locks on doors &amp; windows</td>
<td>87.5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## The 17 Non-Material Essential Items

<table>
<thead>
<tr>
<th>Item</th>
<th>Is it essential (%)</th>
<th>Item</th>
<th>Is it essential (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to a local doctor or hospital</td>
<td>99.3</td>
<td>A local park or play area for children</td>
<td>92.9</td>
</tr>
<tr>
<td>To be treated with respect by other people</td>
<td>98.4</td>
<td>Good public transport in the area</td>
<td>92.2</td>
</tr>
<tr>
<td>To be accepted by others for who you are</td>
<td>98.0</td>
<td>Access to a bulk-billing doctor</td>
<td>91.9</td>
</tr>
<tr>
<td>Ability to speak and read English</td>
<td>97.9</td>
<td>Access to a bank or building society</td>
<td>91.1</td>
</tr>
<tr>
<td>Streets that are safe to walk in at night</td>
<td>97.7</td>
<td>Damp and mould free walls and floors</td>
<td>90.7</td>
</tr>
<tr>
<td>Safe outdoor space for children to play near home</td>
<td>96.4</td>
<td>A public telephone</td>
<td>88.1</td>
</tr>
<tr>
<td>Supportive family relationships</td>
<td>94.9</td>
<td>Someone to give advice about an important decision</td>
<td>85.0</td>
</tr>
<tr>
<td>Someone to look after you if you are sick &amp; need help</td>
<td>93.7</td>
<td>Attended school until at least Year 12</td>
<td>64.6</td>
</tr>
<tr>
<td>Good budgeting skills</td>
<td>93.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Ownership of Material and Non-Material Essentials

<table>
<thead>
<tr>
<th>Number of items owned</th>
<th>% of sample</th>
<th>Assigned score</th>
<th>Number of items owned</th>
<th>% of sample</th>
<th>Assigned score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10</td>
<td>8.9</td>
<td>1</td>
<td>0-8</td>
<td>8.1</td>
<td>1</td>
</tr>
<tr>
<td>11-15</td>
<td>23.1</td>
<td>2</td>
<td>9-12</td>
<td>22.5</td>
<td>2</td>
</tr>
<tr>
<td>16-17</td>
<td>27.2</td>
<td>3</td>
<td>13-14</td>
<td>27.5</td>
<td>3</td>
</tr>
<tr>
<td>18-19</td>
<td>40.8</td>
<td>4</td>
<td>15-17</td>
<td>41.9</td>
<td>4</td>
</tr>
</tbody>
</table>
Other Indicators

Gross Income:
- mean reported value (provided in ranges)

Satisfaction with Standard of Living:
- mean score on a range from “very dissatisfied” (=1) to “very satisfied” (=5)

Choice and Control:
- mean score on a 10-point scale from “none at all” (1-2) to “a great deal” (8-10) of control “over your own life and the things that happen to you”
Weekly Gross Income by Ownership of Material and Non-Material Essential Items

$ per week

Ownership of essential items

Score=1  Score=2  Score=3  Score=4

Material
Non-material
Ownership of Material and Non-Material Essential Items by Weekly Gross Income
Satisfaction with Standard of Living (Mean Score) by Ownership of Material and Non-Material Essential Items
Choice and Control (mean score on 10-point scale) by Ownership of Material and Non-Material Essential Items
The Age Composition of Lowest and Highest Groups, Ranked by Alternative Indicators
Conclusions (So Far)

- The conventional economic approach to measuring well-being has limited relevance to The Good Life
- The deprivation approach can be used to examine living standards generally, not just to identify poverty
- The CUPSE survey allows individual necessities to be identified in Australia for the first time
- One important ingredient of the good life is the freedom to own identified essential items
- Classifying people by ownership of essential material and non-material items correlates well (but differently) with other indicators of well-being
- The age profiles of advantage and disadvantage vary across different indicators