



# Social inclusion and equity

## Chapter 7

### Introduction

The majority of Australians, whether they live in cities, regional or rural communities, enjoy a high standard living. This is the product of robust economic productivity, the provision of quality education, safeguards on wages and conditions of employment that enable many to have the financial capacity for home ownership, high standards of health care, and the supply and distribution of basic utilities and services such as water, energy, telecommunications and waste disposal.

However, inequalities persist for particular groups within the Australian population and between populations in different locations. The degree of difference between the quality of life of the most disadvantaged group of people and the most advantaged group, and the proportions of people who are each group (and in between), reflect the levels of inequality that exist in the our society.

Equality and opportunity, although most commonly measured in economic terms of income wealth and labour market participation, also relate to access to services and facilities, quality of housing and living environment, and the means to sustain health and wellbeing, including opportunities for social and civic participation.

Social inclusion means that people have the opportunities, the resources and the capabilities to participate in this way—to learn, work, engage, in the community and to influence decisions that affect them (Australian Social Inclusion Board 2010).

While many of the most disadvantaged households are in Australia's remote Indigenous communities, there are large concentrations of highly disadvantaged households within certain neighbourhoods in cities. These concentrations of disadvantage are often reinforced by the uneven distribution of access to employment, education, services and other opportunities across urban areas.

This chapter considers some aspects of inequality and social inclusion in the major cities.

## Summary indicators

Dimension	Indicators
Economic resources	Relative socio-economic disadvantage Relative income inequality - Gini coefficient
Employment	Employment rate Children in jobless families
Education	Young people not fully engaged in education or work
Disability	Number and employment rate of people with disability
Housing	Proportion of population who are homeless Proportion of low-income private renter households with housing costs exceeding 30% of household income
Accessibility	Public transport access to main centres of employment, education and health services

## Key findings

- Average disposable household incomes are 25 per cent higher in the capital cities than other areas but there is greater inequality within capital cities than other cities and regions.
- Concentrations of disadvantaged households in certain locations within cities are persistent.

## Distribution of economic prosperity and poverty

At an international scale, Australia is a wealthy country, ranked above average among the OECD countries (OECD 2009). During the decade 1997–98 to 2007–08 economic growth has improved Australia’s productivity and increased wealth. Real net worth per person increased by an average annual rate of 0.9 per cent during the same period. Gross Domestic Product (GDP), as an indicator of economic prosperity, grew in the 10 years to June 2008, from \$41,000 to \$51,000 per person (up 2.2 per cent a year) (ABS 2009a). The strength of the economy has provided Australia with a level of resilience to the economic downturn resulting from the global financial crisis of 2008 and real wages increased for all income groups.

However, during the same period of growth in economic prosperity, the degree of inequality within Australian society has increased. The Gini Coefficient is a measure of inequalities within economies, where a value of 1 represents the highest level of inequality and a value of 0 represents perfect equality. In 2007–08 Australia’s Gini Coefficient was 0.331 (ABS 2009a). At this level, Australia is considered to have a ‘moderate level of inequality’ (UN-HABITAT 2008), but there has been a gradual increase in the Gini Coefficient in Australia in the past decade, up from 0.303 in 1997–98 (ABS 2009a).

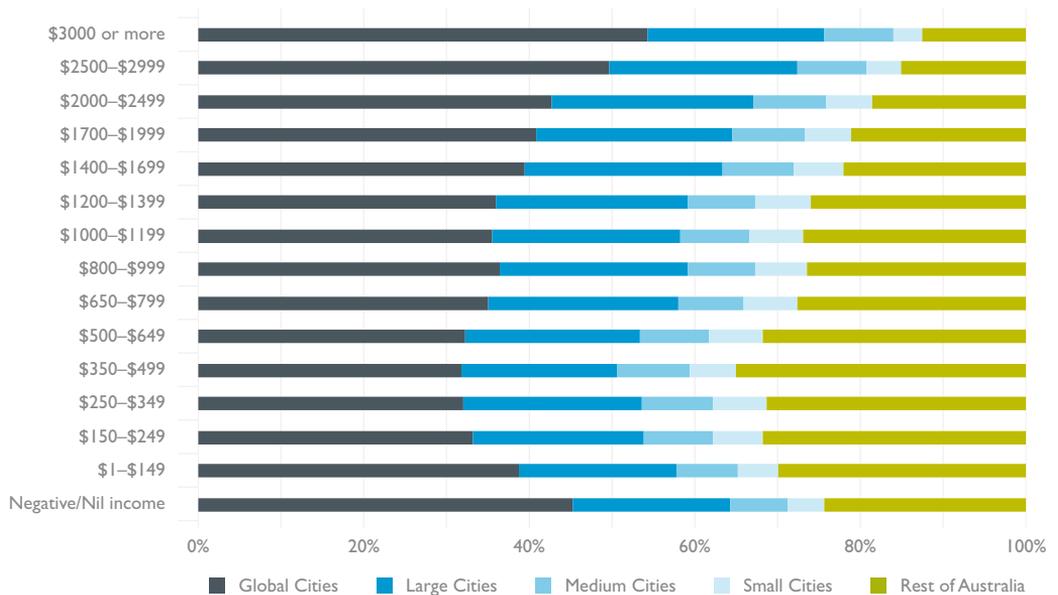
While lower-income earners have benefited from the past decade of economic growth along with higher-income earners, the rate of income growth for lower-income earners has been at lower rate than higher-income earners—thereby exacerbating the difference between average income levels.

Even more striking than disparities in income levels are the inequalities in wealth distribution in Australia. In 2005–06 the wealthiest 20 per cent of households had 61 per cent of the total Australian household wealth, while the poorest 20 per cent of households had just 1 per cent of

the total between them (ABS 2007a). The differences between wealth and income distribution partly reflect the common pattern of wealth being accumulated during a person's working life, and especially patterns of home ownership, such that older couple-only households who own their homes without a mortgage have the highest mean household net worth. In contrast, 92 per cent of households in the lowest net worth quintile were renters (ABS 2007a).

Our larger cities have a disproportionately greater share of higher-income households compared to smaller cities and the rest of Australia (Figure 1). The relative share of households across income deciles is more even in regional cities, while the rest of Australia has a greater share relative to population of lower-income households.

**Figure 7.1 Relative shares of households by weekly income**



Source: ABS 2006

## Inequality within cities

Australian cities have relatively low to moderate levels of inequality compared to many cities of developed nations. However inequalities are greater in our large cities than the rest of Australia (Miranti et al 2009). The pattern of inequality has seen the simultaneous suburbanisation of poverty in Australia's middle and old outer suburban areas, and movement of 'aspirational classes' toward new outer suburbs and inner city regeneration areas.

In relation to the degree of inequality in the major cities, the Gini Coefficient in Australia's urban areas ranges from 0.332 in major cities compared to 0.31 in small regional centres (UN-HABITAT 2008). Recent research by the National Centre for Social and Economic Modelling (2008) investigating inequality within Sydney and Melbourne found that there are distinct pockets of small areas with high income inequality in Sydney, Melbourne and the rest of New South Wales.

There are also substantial disparities between cities, where equivalised disposable household incomes in Adelaide and Hobart were below the national average (ABS 2009a). In addition, smaller, less diversified cities and sub-regions within larger metropolitan areas, particularly where the labour force relies on manufacturing, are likely to experience continued vulnerability to the changes in industry structure despite relative stability of industry structure across the cities (BITRE 2009a).

## Locational disadvantage

There is an uneven distribution of, and accessibility to, education, health and community services and facilities, employment, and social, cultural and recreational opportunities within cities. This contributes to socio-economic disparities between locations.

Access to education and employment is critical to levels of labour force participation with the flow-on effects for household income and wealth. For example, labour markets in greater western Sydney have long failed to provide both the range and number of jobs for the size and composition of the population in the region, which in 2006 was home to one in eight Australian children.

Land and housing prices reflect the differences in the relative accessibility of areas and concentrations of lower-income and disadvantaged households in particular neighbourhoods.

Studies using various indexes of disadvantage, such as the Socio-Economic Index for Areas (SEIFA) have shown that the differences between areas in the degree of cumulative disadvantage have remained very stable over the past ten years (Vinson 2009).

While Australia's most disadvantaged locations are remote areas, some localities within cities have similar degrees of disadvantage as indicated by measures of health, education, unemployment and interpersonal violence.

In many cities the changing nature of industry has left localities with fewer job opportunities. Continuing structural change is reducing job opportunities in manufacturing and increasing job opportunities in government and services. Concentrations of different types of employment and the variation in transport connections to these jobs can leave already disadvantaged communities marginalised from these job opportunities, or make other communities vulnerable to increasing rates of unemployment.

For example, Perth's employment is concentrated in the inner and middle suburbs, while population is concentrated in the outer suburbs. This outer region has 51 per cent of employed residents, but only 30 per cent of jobs. Roughly half of Perth's jobs lie more than 2 km from a railway station. Major concentrations of jobs in light industrial areas are difficult to access using Perth's rail system. In Perth, educational attainment is closely related to (and declines with) the level of access to jobs. The proportion of people with no post-school qualifications is comparatively low in areas with good access to jobs. Average income and average wealth tend to be highest in areas with good access to jobs and lowest in areas with very much below-average access (BITRE 2009b).

## Accessibility

Accessibility, in an urban context, refers to the ability to access opportunities, goods, services, and participate in the activities that support individual and community health, wellbeing and social cohesion. It relates to the ability of people of all ages, socio-economic status, backgrounds and physical abilities to participate in, and contribute to, all aspects of society. It encompasses the distribution of opportunities and facilities within cities in relation to where people live; the design of places and facilities; and the availability and suitability of the transportation connections. In relation to transportation, accessibility includes the degree to which people can access opportunities with reasonable ease and within a reasonable amount of time.

Over the past half-century, Australian cities have been designed primarily to provide accessibility by road. Accessibility for people without access to a motor vehicle can be limited unless supported by good public transport. In the 2006 General social survey, adults in the youngest age group (18 to 24 year olds) and the older age groups (75 years and over) were the least likely to have access to motor vehicles and more likely to experience difficulty getting to places they needed to go (ABS 2007b).

Low accessibility in the outer suburbs of many Australian cities coincides with low-income households. Many of these households decide that they have little alternative than to purchase and use a private motor vehicle to get to work or access goods and services (Currie et al. 2009; Gleeson & Randolph 2002). This 'forced' car ownership uses significant proportions of household income and exacerbates inequality by making the lower-income households the most vulnerable to imminent petrol price increases and other economic stress (Dodson & Sipe 2008).

Public transportation infrastructure, networks and services, which in the past have been designed to serve able-bodied commuters, can also hinder accessibility for particular groups, or to particular places. The distribution of public transport services is a major determinant of the variations within cities' levels of accessibility and contributes to inequality between locations.

## Vulnerable groups

Low income, locational disadvantage and lack of accessibility are aspects of inequality that can disadvantage individuals regardless of their background, age or sex. However, there are some groups that are more at risk of long term disadvantage and social exclusion than others. These groups include Aboriginal and Torres Strait Islander people, people with disabilities and people recently settled as a refugee or humanitarian entrants and children in jobless households. People who are homeless and long term unemployed people are among the groups of people who are already experiencing multiple disadvantage and social exclusion.

### *Urban Indigenous communities*

Indigenous people remain among the most disadvantaged groups of Australians. As a group they experience lower life expectancies, poorer health and higher rates of imprisonment and violence. Indigenous children have lower participation rates in preschool and consequently poorer results in literacy and numeracy, lower rates of school retention, and higher rates of unemployment than non-Indigenous people.

Over 40 per cent of Indigenous people live in major cities. Darwin has the highest proportion of Indigenous people among capital city populations at 11.1 per cent, but with 34,515 Indigenous people as at the 2006 Census, Sydney has the largest population of urban Indigenous Australians.

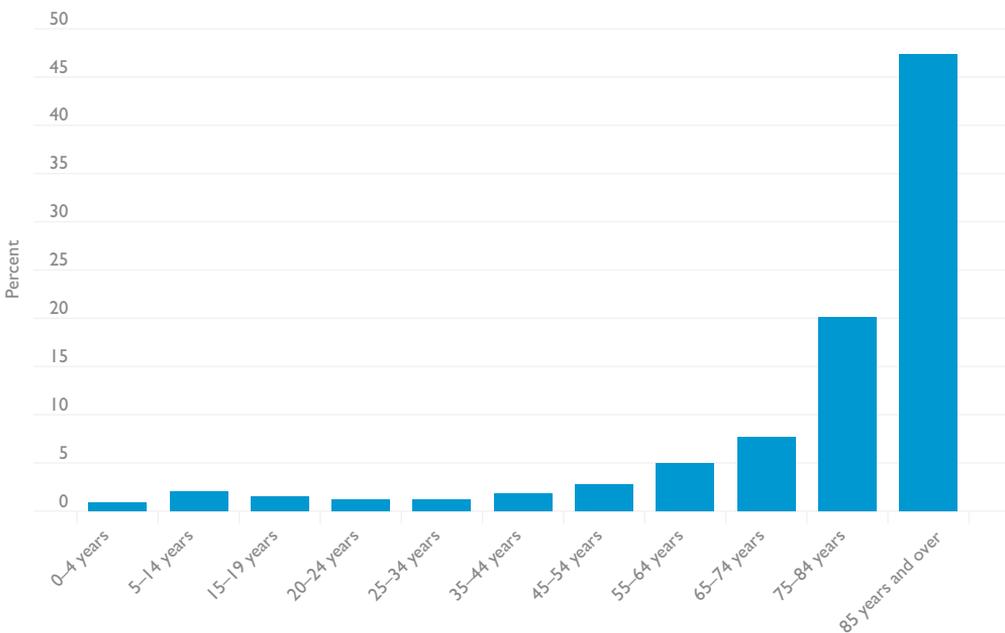
Generally Indigenous people in major cities have better outcomes than Indigenous people in remote areas for some housing, economic and education measures. However, even in major cities the rates for Indigenous people on completing Year 12 schooling, unemployment, income, violence, and physical and mental health compare poorly to non-Indigenous people. At the 2006 Census, a quarter of Indigenous people aged 15 to 64 years in major cities were not working and not studying, compared to 8 per cent of non-Indigenous people in the same age cohort (Productivity Commission 2009).

### Disability in urban populations

The underlying disability rate has risen steadily from 15 per cent in 1981 to 20 per cent in 2003 (3.9 million people) (AIHW 2009a).

The proportion of people in need of assistance with a core activity of self care, mobility or communication increases with age (Figure 7.2). The number of Australians who have disabilities has been estimated to increase through the first half of this century, largely due to the ageing of Australia’s population, with the number of people with severe and profound disabilities doubling to 2.1 million within 40 years (AIHW 2009a).

**Figure 7.2** Persons in need of assistance with a core activity as a proportion of age group



Source: ABS 2006

In addition, the number of people with disability under 65 years of age is projected to increase by 25 per cent over the same period, and the proportion of carers will decline.

There is a connection between disability and locational disadvantage, especially in cities. Some 3.1 per cent of people living in the most disadvantaged fifth of local areas within Australian capital cities have severe disability, compared to 1.3 per cent in the most advantaged fifth. The proportion of people with severe disability ranged from 1.9 per cent in Perth, Darwin and Canberra to 2.8 per cent in Hobart. This indicates a strong social gradient underlying the geographical distribution of severe disability in Australian cities (AIHW 2009).

There is also a connection between disability and social isolation and a causal link between social isolation and transport and infrastructure. People with disabilities are less able to get easily to the places they need to go; less likely to have been involved in a community-based social or recreational activity; less likely to feel safe at home alone after dark; less likely to have non-school qualifications or to be employed and, consequently, more likely to be economically disadvantaged than people without disabilities (ABS 2004).

The ABS estimates that 15 per cent of people with disabilities aged 15 to 59 (or 287,500 individuals) live alone compared to 6.8 per cent of people without disabilities (ABS 2003).

Responses on the mainstream issues including in the design and functioning of the city will be important on a practical level irrespective of their key justice and social inclusion context—these responses will increasingly be geared towards sustainability and keeping people paying taxes up to retirement age and not moving onto income support prematurely.

The National Disability Strategy Shut Out (FaHCSIA 2009) draws directly from extensive consultations and hundreds of submissions. It presents the implications of disability in terms of widespread disadvantage, workforce issues, service fragmentation and community access barriers. The report concludes that while people with disabilities are no longer institutionalised, they are effectively shut out of the economy and community.

## *Unemployed people*

Unemployment levels are highly concentrated in particular localities in our cities, to the degree that some suburbs have unemployment rates up to three times that of the metropolitan, state or federal rates for various age groups. These localities are mostly at some distance from the central business districts and other major centres of employment. In general, areas with high proportions of unemployed people also contain high proportions of low-income households, one-parent families with dependent children and people aged 15 to 64 years not in the labour force.

Providing access to opportunities for individuals and families in these areas to improve their livelihoods through employment and social participation remains a long-term challenge for governments.

## *Children in jobless families*

Since the mid-1990s, the proportion of children aged younger than 15 years living without an employed parent in the same household has varied from 15 per cent to 19 per cent, and

has been 16 per cent or less since 2002–03. In 2005–06, 607,000 children lived without an employed co-resident parent, and around 69 per cent of these lived in one-parent families (ABS 2009b).

## Homelessness

The Australian Bureau of Statistics *Counting the homeless report* (ABS 2008) found that 105,000 people were homeless in Australia on Census night in 2006, including 16,800 people in absolute homelessness, such as sleeping out or in an improvised shelter. While there has been a decrease in youth homelessness since 2001, there was a 17 per cent increase in the number of homeless people in families in the same period. The report stated that:

there has been minimal early intervention to assist homeless families and they have been badly affected by a declining supply of affordable housing. Vacancy rates in the private rental market declined from 3 per cent in 2001 to 2 per cent in 2006. The private rental market has deteriorated further since 2006 (ABS 2008).

In general, the larger the city population the higher the number of homeless people. The exception is Darwin where the rate of homelessness at 276 people per 10,000 population is substantially higher than all other cities. Other smaller cities with high rates of homelessness are Townsville (124) and Cairns (113) as shown in Table 7.1

**Table 7.1 Homelessness in the major cities (a), 2006**

	Number of people experiencing primary homelessness (b)	
	Persons	Rate of homelessness (c)
	Persons	Rate per 10,000
Sydney	1182	39
Melbourne	845	41
Perth	767	47
Brisbane	591	45
Darwin	488	276
Sunshine Coast	270	60
Adelaide	251	47
Gold Coast	216	47
Newcastle	133	32
Hobart	125	53
Cairns	79	113
Canberra	78	42
Townsville	74	124
Wollongong	48	36
Geelong	41	29
Launceston	13	49
Toowoomba	7	46

Notes:

- a. Capital cities refers to statistical division and other cities are statistical subdivision.
- b. Primary homelessness refers to the number of people sleeping in improvised homes, tents and sleepers out.
- c. The rate of homelessness refers to the number of people experiencing primary homelessness as well as those sleeping at friends or relatives, in Supported Accommodation Assistance Program funded services such as hostels for the homeless, night shelters and refuges; and in boarding houses as a proportion of the total population

Source: AIHW 2009b

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