

New material deprivation indicator

The European Union material deprivation rate is currently defined as the proportion of people living in households that cannot afford at least three of the following nine items:

- coping with unexpected expenses;
- one-week annual holiday away from home;
- avoiding arrears (in mortgage or rent, utility bills or hire purchase instalments);
- a meal with meat, chicken, fish or vegetarian equivalent every second day;
- keeping the home adequately warm;
- a washing machine;
- a colour TV;
- a telephone;
- a personal car.

The new deprivation items include five at personal level and one at household level. Previously, all items were asked about at household level, i.e. one household member answered for the whole household.

At personal level

A person cannot afford (but would like; i.e. the lack is an “enforced lack” and does not simply reflect a choice):

- to replace worn-out clothes with new ones;
- two pairs of outdoor shoes in good condition that are necessary in our climate;
- to spend a small amount of money each week on oneself;
- to get together with friends or family for a drink or meal at least once a month;
- to participate regularly in a leisure activity that costs money.

At household level

- The household cannot afford to replace worn-out furniture (but would like to).

Methodological challenges and children’s deprivation

The main methodological challenge is that all new deprivation items except “furniture” are measured at personal level. The personal questionnaire of the Estonian Social Survey is submitted only to people 16 years or over. Therefore, there is no information for children regarding these items.

In order to supply a deprivation indicator for the whole population, it is necessary to impute the deprivation rate for children.

Seven out of the 13 deprivation items included in the new indicator are collected at the household level and are thus assumed to apply equally to all household members. The remaining six items are collected at the individual level: they are collected only for people aged 16 or over and, therefore, have to be “distributed” to children below 16. If at least half of the adults in the household lack an item, then the children living in that household are considered as deprived of that item.

The same set of 13 items and the same threshold (at least 5 items) is used for both children and adults. However, when computing child deprivation, a lower weight is given to adult items, in order to avoid making the indicator of children too sensitive to adult deprivations. Therefore, when calculating deprivation for these items for children, at least half of the household members (16 and over) should be deprived with regard to these items. For a child under 16 to be considered a deprived, the household or adults living in the household (at least half of those 16 or over) cannot afford at least five of the 13 items, whereas at least three of these items are at household level.

When the 13-item indicator is broken down for children, it provides information on the proportion of children living in socially and materially deprived households.

Composition of the indicator

The deprivation items are based on an “enforced lack concept”, i.e. the person/household lacks the item for financial reasons, not by choice. They are collected in three different ways, depending on the item:

- 1) Using a yes/no formulation: “Can you afford...”:
 - keeping the home adequately warm;
 - going on holidays;
 - facing unexpected expenses;
 - having a meal with proteins every second day.
- 2) Using a three-answer categories question: “Can you tell me if...”:
 - you have the item;
 - you do not have the item because you cannot afford it;
 - you do not have the item for any other reason.

This three-answer option is used for all six personal items and for two household items (furniture and car). Only people lacking an item for affordability reason are considered as deprived of this item. Those lacking the item for any other reason are considered as not deprived of this item.

- 3) The item related to arrears is based on the combination of three questions, using a yes/no formulation: a) do you have arrears on mortgage or rent payments; b) on utility bills; and c) on hire purchase instalments or other loan payments. Households confronted with one arrear are “deprived” for this item.

The new indicator is based on the unweighted sum of the 13 items for each person. The scale ranges from 0 (no deprivation) to 13 (enforced lack of all items). On the basis of the deprivations count (ranging from 0 to 13), the deprivation rate is defined as the weighted proportion of people lacking at least five items in the whole population.

Name and use of the new indicator

Compared with the standard 9-item indicator of material deprivation adopted in 2009, the new deprivation indicator also includes items related to social activities (leisure, internet, getting together with friends or family, pocket money). It is therefore a measure of “material and social deprivation” (or in short “deprivation”). Its composition is different from that of “severe material deprivation” (based on the 9-item list) used in the Europe 2020 Social Inclusion target. In order to avoid confusion, the indicator used in the Europe 2020 target should always be referred to as “severe material deprivation” (or if space allows: “9-item severe material deprivation”), whereas the new indicator should be referred to as “deprivation” (or if space allows: “13-item material and social deprivation”).

Deprivation

Deprivation rate is the share of persons who cannot afford at least 5 of the 13 items: 1) to pay rent or utility bills, 2) to keep home adequately warm, 3) to face unexpected expenses, 4) to eat meat, fish or a protein equivalent every second day, 5) a one-week holiday away from home, 6) a car, 7) to replace furniture when worn out or damaged, 8) to replace worn-out clothes with new ones, 9) to have at least two pairs of outdoor shoes in good condition that are necessary in our climate, 10) to spend a small amount of money each week on oneself, 11) to participate regularly in a leisure activity that costs money, 12) to get together with friends or family for a drink or meal at least once a month or 13) to have internet connection at home for personal use when needed. In the Estonian Social Survey, items 8–13 are asked from persons aged 16 and over. Therefore, when calculating deprivation for these items for children, at least half of the household members (16 and over) should be deprived with regard to these items.

Children’s deprivation

Child deprivation rate is the share of children up to 16 years of age, who live in households where at least half of the members (aged 16 and older) cannot afford at least 5 items of the 13 (at least three of these five items must be from items 1–7): 1) to pay rent or utility bills, 2) keep home adequately warm, 3) face unexpected expenses, 4) eat meat, fish or a protein equivalent every second day, 5) a one-week holiday away from home, 6) a car, 7) to replace furniture when worn out or damaged, 8) to replace worn-out clothes with new ones, 9) to have at least two pairs of outdoor shoes in a good condition that are necessary in our climate, 10) to spend a small amount of money each week on him/herself, 11) to participate regularly in a leisure activity that costs money, 12) to get together with friends or family for a drink or meal at least once a month or 13) to have internet connection at home for personal use when needed. In the Estonian Social Survey, items 8–13 are asked from persons aged 16 and over. Therefore, when calculating deprivation for these items for children, at least half of the household members (16 and over) should be deprived with regard to these items.