

## DROPPING OFF THE EDGE 2015

**Dropping off the Edge 2015** examines 667 postcodes in Victoria across 22 different indicators of disadvantage. The indicators, based on statistics collected from a number of government agencies, reflect factors that may limit life opportunities in the broad areas of social wellbeing, health, community safety, access to housing, education and employment.

Postcodes were ranked on each indicator, with high rankings indicating the postcode area was significantly affected by the particular limiting factor (eg unemployment or disability). These simple rankings were then used in a more comprehensive analysis (incorporating performance on all indicators, whether positive or negative), to produce an overall ranking of disadvantage.

**Dropping off the Edge 2015** builds on similar reports released in 2007, 2004 and 1999.

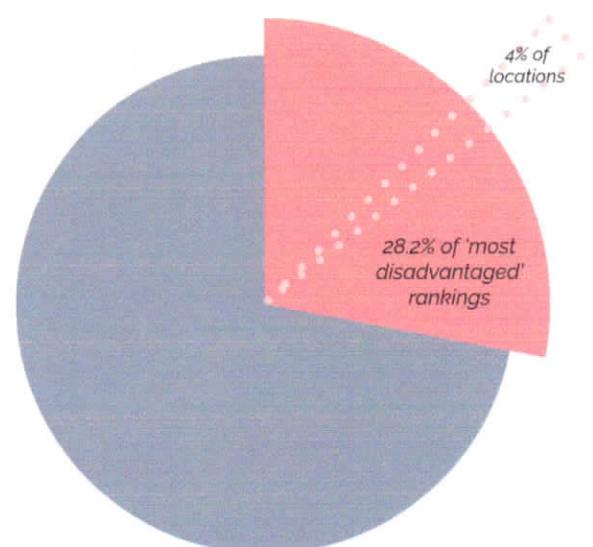
### Key findings

- Disadvantage is concentrated in a small number of communities within Victoria.
- These communities experience a complex web of disadvantage and bear a disproportionately high level of disadvantage within the state.
- A significant number of postcodes have remained depressed for long periods demonstrating the persistent, entrenched nature of the disadvantage experienced by these communities.

### Locational disadvantage is concentrated

A limited number of postcodes account for a disproportionate number of 'top ranked' (ie most disadvantaged) positions:

- **11 postcodes (1.6% of total) accounted for more than 13.7% of the most disadvantaged rank positions.** This is a nine-fold overrepresentation and similar to the 2007 result.
- **27 postcodes (4% of total) yielded more than a quarter (28.2%) of the most disadvantaged rank positions.** This is a seven-fold overrepresentation.
- **44 postcodes (6.6% of total) account for 35.3% of top rankings.** This is a five-fold overrepresentation.



The disproportionate distribution of disadvantage within the state is thrown into sharp relief when the incidence of particular factors such as unemployment, violence and contact with the justice system among those living in the 3% most disadvantaged postcodes is compared with the rest of the state. Those living in the 3% most disadvantaged postcodes in the state are:

- 3 times more likely to be experiencing long term unemployment or have been exposed to child maltreatment
- 2.6 times more likely to have experienced domestic violence
- 2.4 times more likely to be on disability support
- Twice as likely to have criminal convictions as the rest of the population.

## A complex web of disadvantage

The study examined postcodes which ranked in the 'most disadvantaged' group on more than five indicators, and found that these multiply-disadvantaged postcodes had a number of dominant features:

- **High unemployment** - around 70% of multiply-disadvantaged areas recorded unemployment levels in the highest band.
- **Interaction with the criminal justice system** - three in five of the multiply-disadvantaged localities showed criminal convictions in the highest band.
- Just under half of these multiply-disadvantaged postcodes:
  - had a population with **an overall level of education that was low**; and
  - recorded **significant levels of disability**.
- More than a third of the multiply-disadvantaged localities recorded high levels of child maltreatment, family violence and mental health problems.

## Dominant characteristics of Victoria's multiply-disadvantaged locations

Unemployment

Criminal convictions

Disability

Long-term unemployment,  
prison admissions

Child maltreatment, low family income,  
rental assistance

Family violence, psychiatric hospital  
admissions

## Locational disadvantage is entrenched

The persistent nature of locational disadvantage is further demonstrated when we compare findings of this 2015 study with previous studies undertaken in 2007, 2004 and 1999. Nearly half of the state's 40 most disadvantaged postcodes in **Dropping off the Edge 2015** were also found to be 'most disadvantaged' in the 2007 study (see table opposite), and many have been in a depressed state since the early studies were undertaken in 1999 and 2004.

This demonstrates the entrenched nature of disadvantage and the significant challenge faced in increasing the life opportunities of people living in Victoria's most disadvantaged communities. There is an immense social and economic cost to society as a result of this sustained social deprivation.

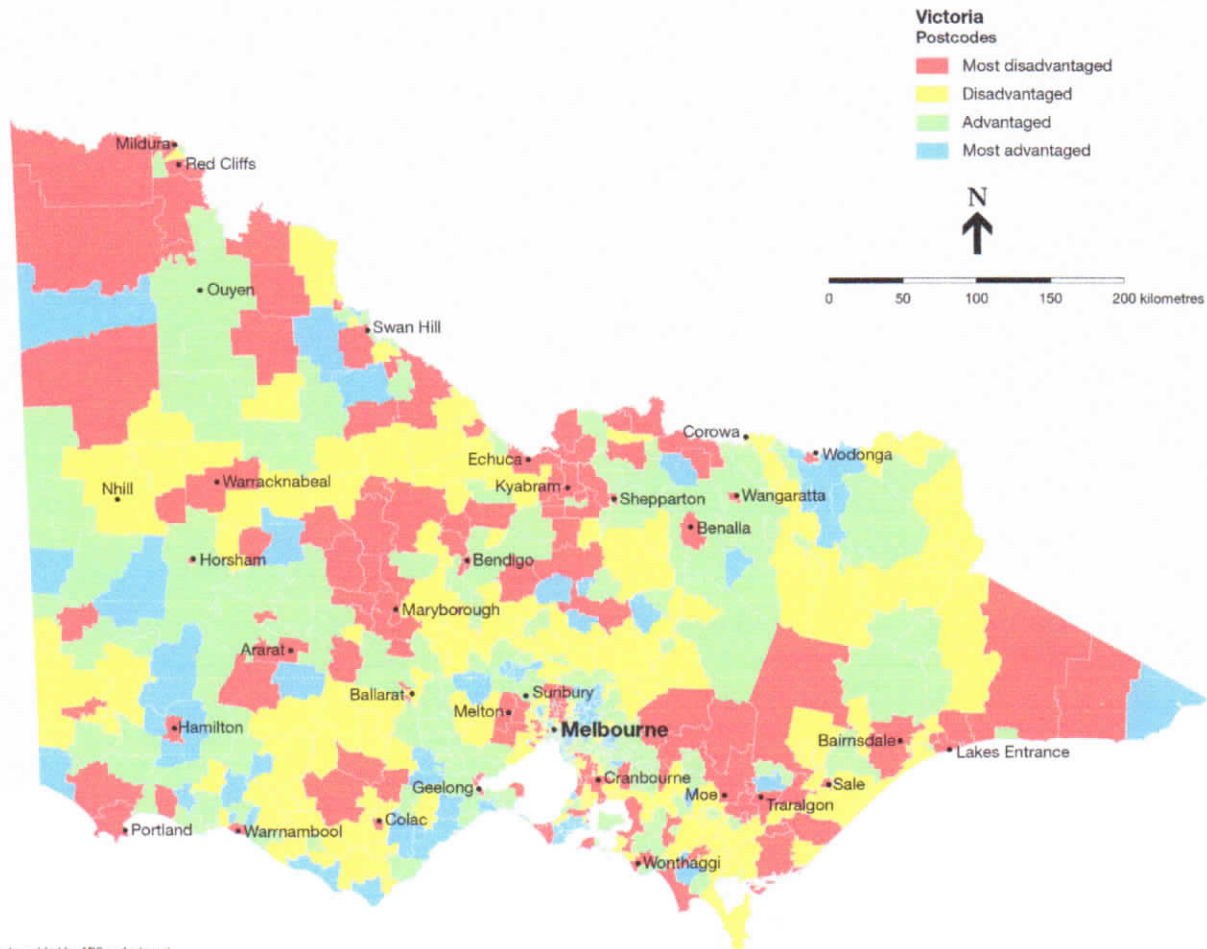
From the table, it can be seen that disadvantage is prominent around rural centres (Mildura, Shepparton, Morwell etc) as well as urban hubs such as Dandenong, Broadmeadows and around Sunshine.

## Most disadvantaged postcodes in Victoria – comparison with previous years

(Bands illustrate the severity of disadvantage experienced by a location with Band 1 being most severe. Locations listed alphabetically within bands.)

	2015	2007 <sup>1</sup>	2004	Estimated Population (2011)
	<b>Most disadvantaged</b>			
<b>BAND 1</b>	3047 Broadmeadows	✓ (B1)	✓ (B3)	10,578
	3214 Corio	✓ (B3)	✓ (B3)	15,072
	3177 Doveton	✓ (B2)	✓ (B1)	8,404
	3200 Frankston North		✓ (B6)	5,626
	3464 Maryborough	✓ (B1)	✓ (B4)	7,630
	3840 Morwell		✓ (B4)	13,691
	Supplementary: Special case 3520 Korong Vale	✓ (B1)	✓ (B1)	248
<b>BAND 2</b>	3022 Ardeer			2,823
	3019 Braybrook	✓ (B2)	✓ (B1)	8,180
	3048 Coolaroo			3,261
	3061 Campbellfield	✓ (B4)		5,467
	3940 Rosebud West	✓ (B1)		4,579
	3355 Wendouree			9,766
<b>BAND 3</b>	3523 Heathcote	✓ (B1)	✓ (B1)	2,776
	3825 Moe		✓ (B6)	15,292
	3556 Eaglehawk	✓ (B3)	✓ (B4)	4,811
	3075 Lalor			19,873
	3021 St Albans			35,091
	3478 St Arnaud			2,619
<b>BAND 4</b>	3175 Dandenong			24,919
	3505 Merbein			2,671
	3500 Mildura			30,650
	3549 Robinvale	✓ (B4)		2,134
	3660 Seymour			6,360
	3074 Thomastown			20,331
Supplementary: Special case 3594 Nyah	✓ (B4)	✓ (B1)	483	
<b>BAND 5</b>	3915 Hastings	✓ (B3)	✓ (B3)	8,685
	3909 Lakes Entrance	✓ (B6)	✓ (B5)	5,250
	3629 Mooroopna			7,813
	3335 Rockbank			1,349
	3630 Shepparton			29,553
	3995 Wonthaggi	✓ (B2)	✓ (B5)	4,354
<b>BAND 6</b>	3030 Albion			4,337
	3377 Ararat			8,076
	3672 Benalla	✓ (B6)		9,328
	3888 Orbost	✓ (B5)		2,900
	3842 Churchill			5,000
	3984 Corinella	✓ (B2)	✓ (B2)	630
	3356 Delacombe			4,932
	3496 Red Cliffs			4,600
	3939 Rosebud	✓ (B5)		12,502
	3380 Stawell	✓ (B6)		6,150
	Supplementary: Special case 3081 Heidelberg West	✓ (B4)	✓ (B2)	5327
Supplementary: Special case 3373 Beaufort	✓ (B6)		1004	

<sup>1</sup>✓ = included in 40 highest-ranking postcodes on general disadvantage factor. Brackets indicate which band. More information about Supplementary/Special case locations is available in the full report.



Source data used provided by ABS and relevant State Government Social Service agencies.  
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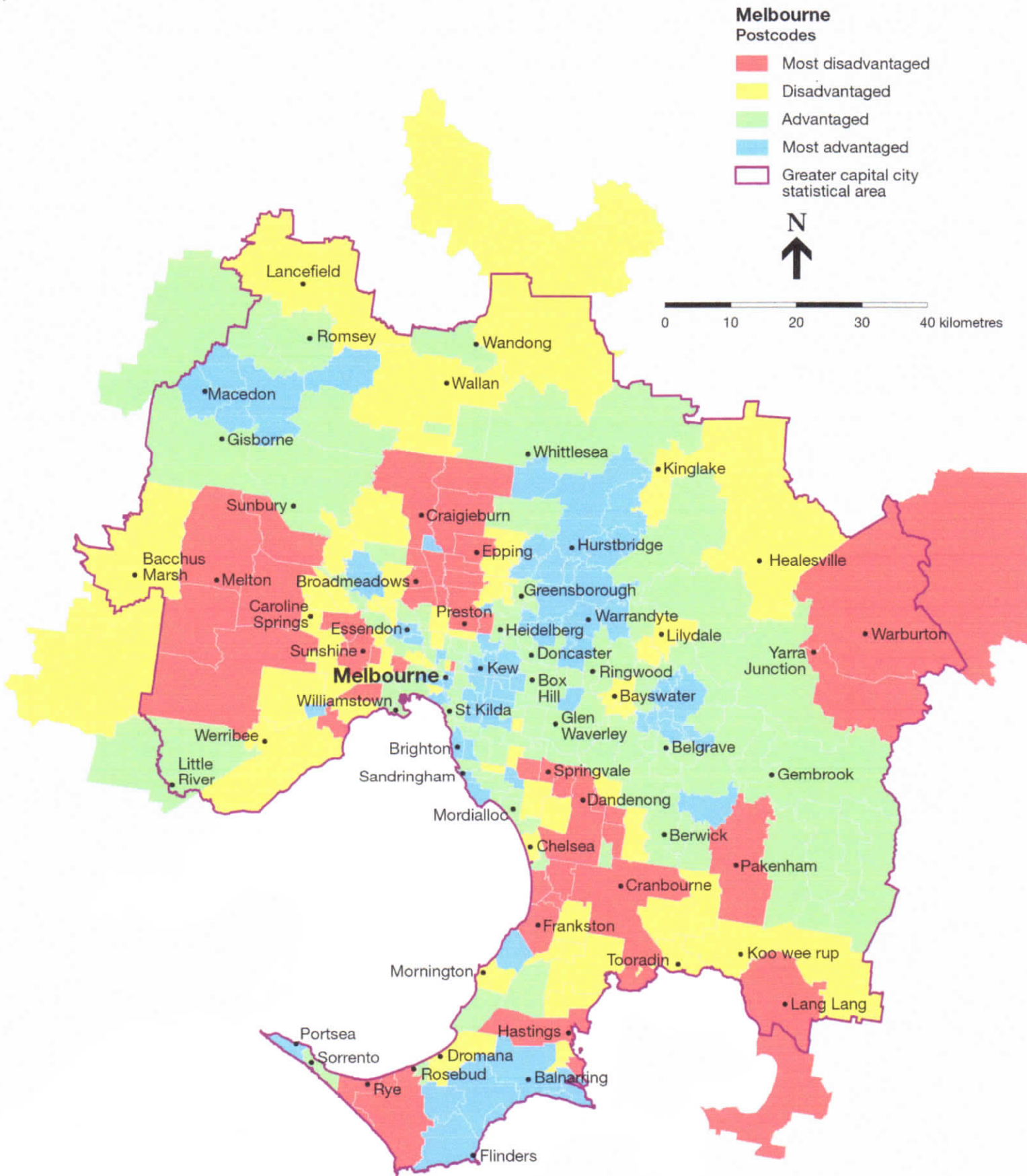
# #DOTE2015

**DROPPING OFF THE EDGE 2015**  
**Persistent communal disadvantage in Australia**

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For more information and interactive maps visit [dote.org.au](http://dote.org.au)





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## School success brings massive economic gain, says OECD | afr.com

URL: <http://www.afr.com/news/policy/education/school-success-brings-massive-econo...>



Eliminating underperformance in schools would pay for the entire school system, says the OECD. [JL McManus](#)

by **Tim Dodd**

A new ACED report says achieving a universal level of basic skills for every school child would produce massive economic gains, even in rich, developed countries.

The report, [Universal Basic Skills: What Countries Stand to Gain](#), says the key gains from education come when children achieve basic learning outcomes and cognitive skills in literacy and numeracy.

Using data from the OECD's Program for International Student Assessment (PISA), which tests basic skills of 15-year-olds across many countries, the report finds that eliminating extreme underperformance in schools would lead to an extraordinary economic benefit, worth an average 1302 per cent of current GDP, in the group of lower-middle-income countries such as Indonesia, Morocco, Ghana and Armenia.

Even in high-income OECD countries, such as Australia, the benefit would be worth an average 162 per cent of current GDP.

For Australia, which PISA data shows has about 17 per cent of youth not meeting basic educational skill levels, the economic benefit of every school student achieving basic skills is calculated as worth 130 per cent of current GDP.

The economic benefit is measured as the difference between GDP expected under the current

level of school educational achievement, compared with GDP from a workforce with universal basic skills, measured over the lifetime of a child born today.

The report says that even in rich countries, the return for eliminating extreme school underperformance is such that the economic benefit – 3.5 per cent higher discounted average GDP for the next 80 years – would pay for the entire school system.

This "is almost exactly the average percentage of GDP they devote to public primary and secondary school expenditure" in high-income OECD countries, the report said.

The report, by Eric Hanushek of the Hoover Institution at Stanford University and Ludger Woessman of the University of Munich, said experience has shown that focusing on education alone does not bring the expected economic benefits in developing countries.

"In many countries they have not secured the hoped-for improvements in economic well-being," the OECD report said.

"The simple explanation for this is that these policies did not sufficiently emphasise or appreciate the importance of learning outcomes or cognitive skills. History shows that it is these skills that drive economic growth.

"But these skills are not measured by simple school attainment; and access to schools, alone, turns out to be an incomplete and ineffective goal for development."

The reports says that it is possible for countries to make major improvements in reducing underperformance in schools.

It says Poland was able to reduce its proportion of underperforming students by one-third, from 22 per cent to 14 per cent, in less than a decade.

It argues that, if anything, the report understates the likely benefits of eliminating school underperformance because it does not include the positive impact that improving the achievements of low-performing students will have on the higher-achieving ones.

It says knowledge and skills are the new "global currency".

"There is no central bank that prints this currency. We cannot inherit this currency, and we cannot produce it through speculation; we can only develop it through sustained effort and investment in people." it says.



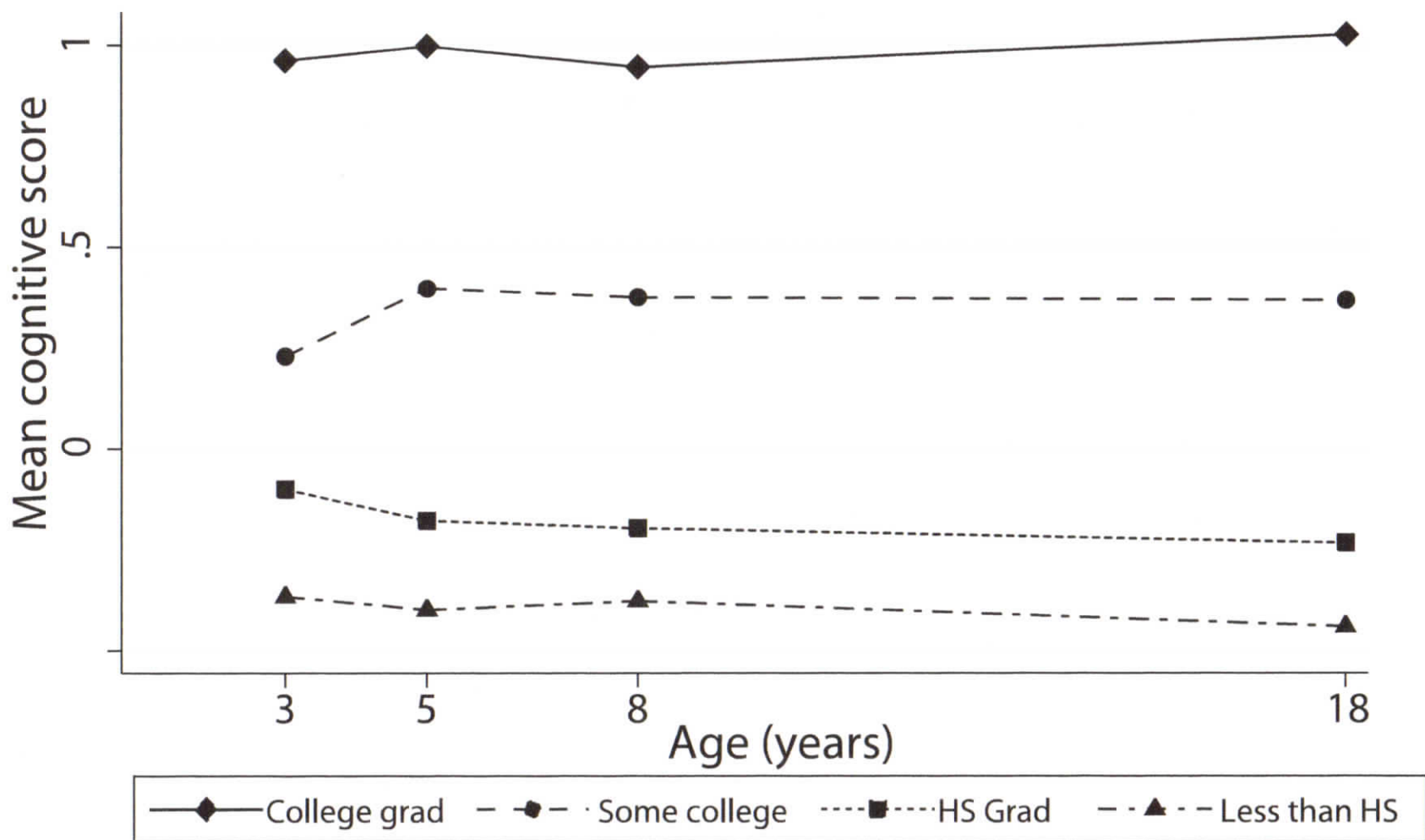
# Universal Basic Skills

WHAT COUNTRIES STAND TO GAIN





Figure 2: Mean Achievement Test Scores by Age by Maternal Education

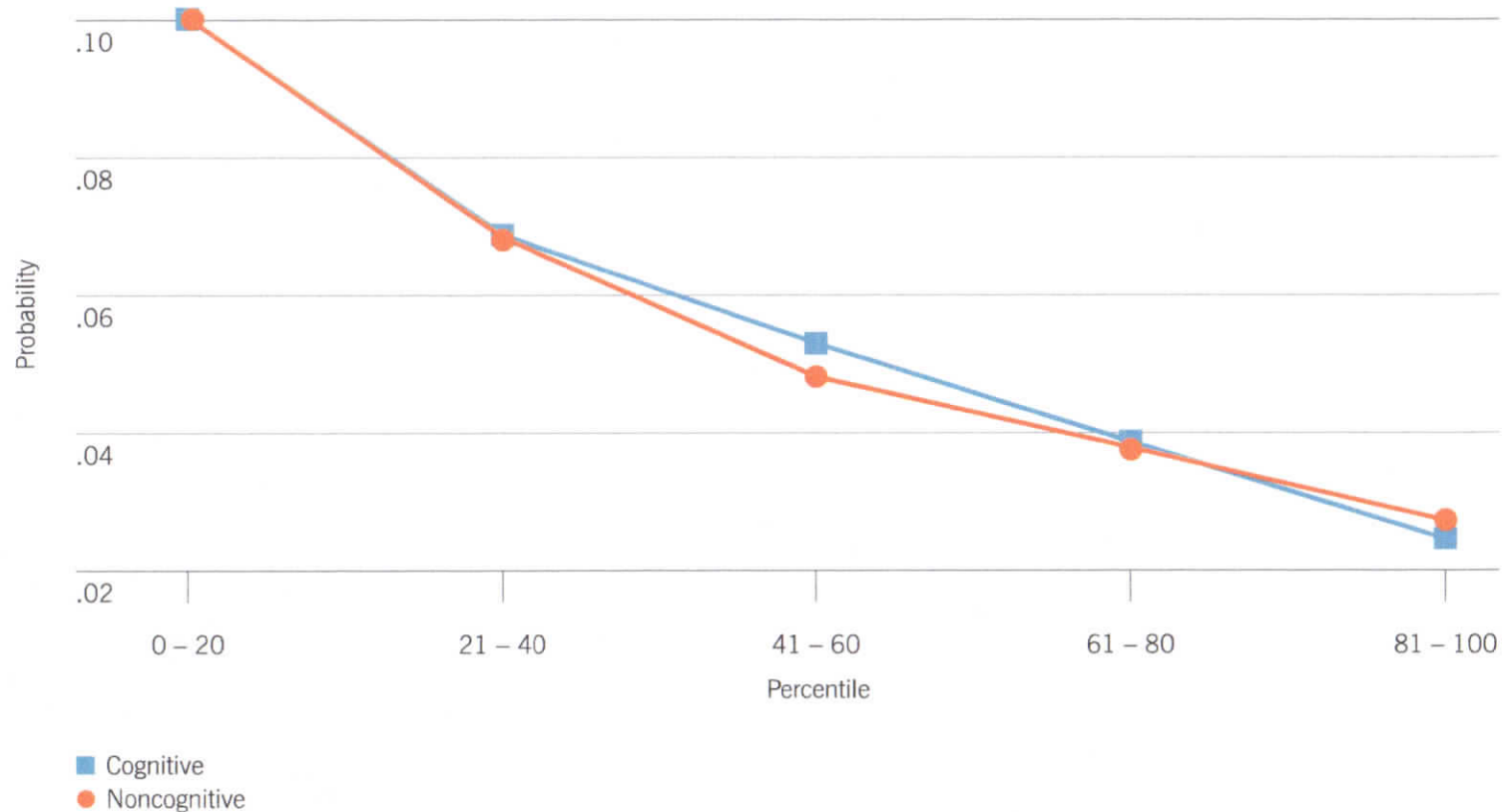


Each score standardized within observed sample. Using all observations and assuming data missing at random.

Source: Brooks-Gunn et al. (2006).



# Probability of being single with children

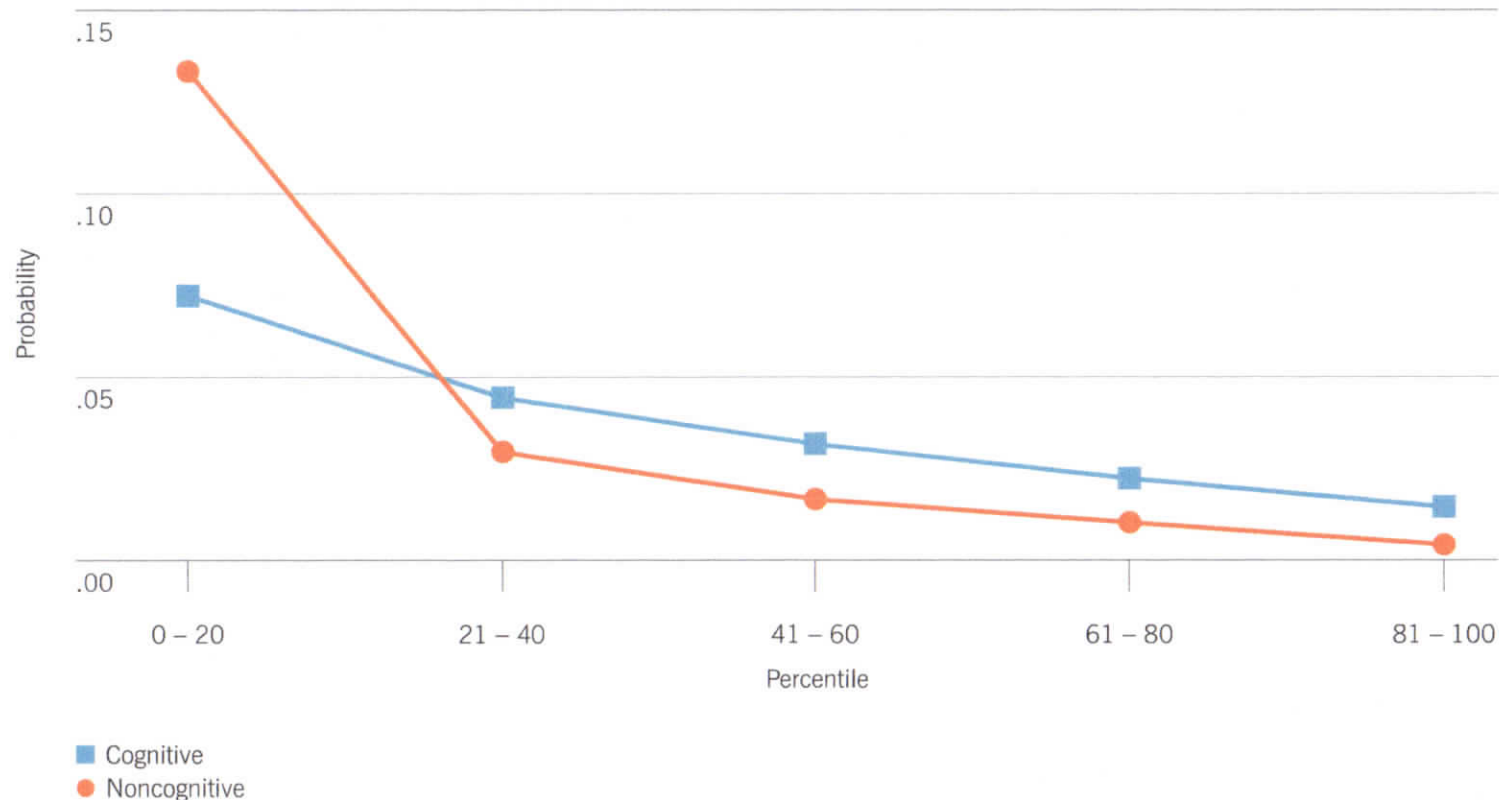


*Note:* This figure plots the probability of a given behavior associated with moving up in one ability distribution for someone after integrating out the other distribution. For example, the lines with markers show the effect of increasing noncognitive ability after integrating the cognitive ability.

*Source:* Heckman, Stixrud, and Urzua (2006).



## Ever been in jail by age 30, by ability (males)

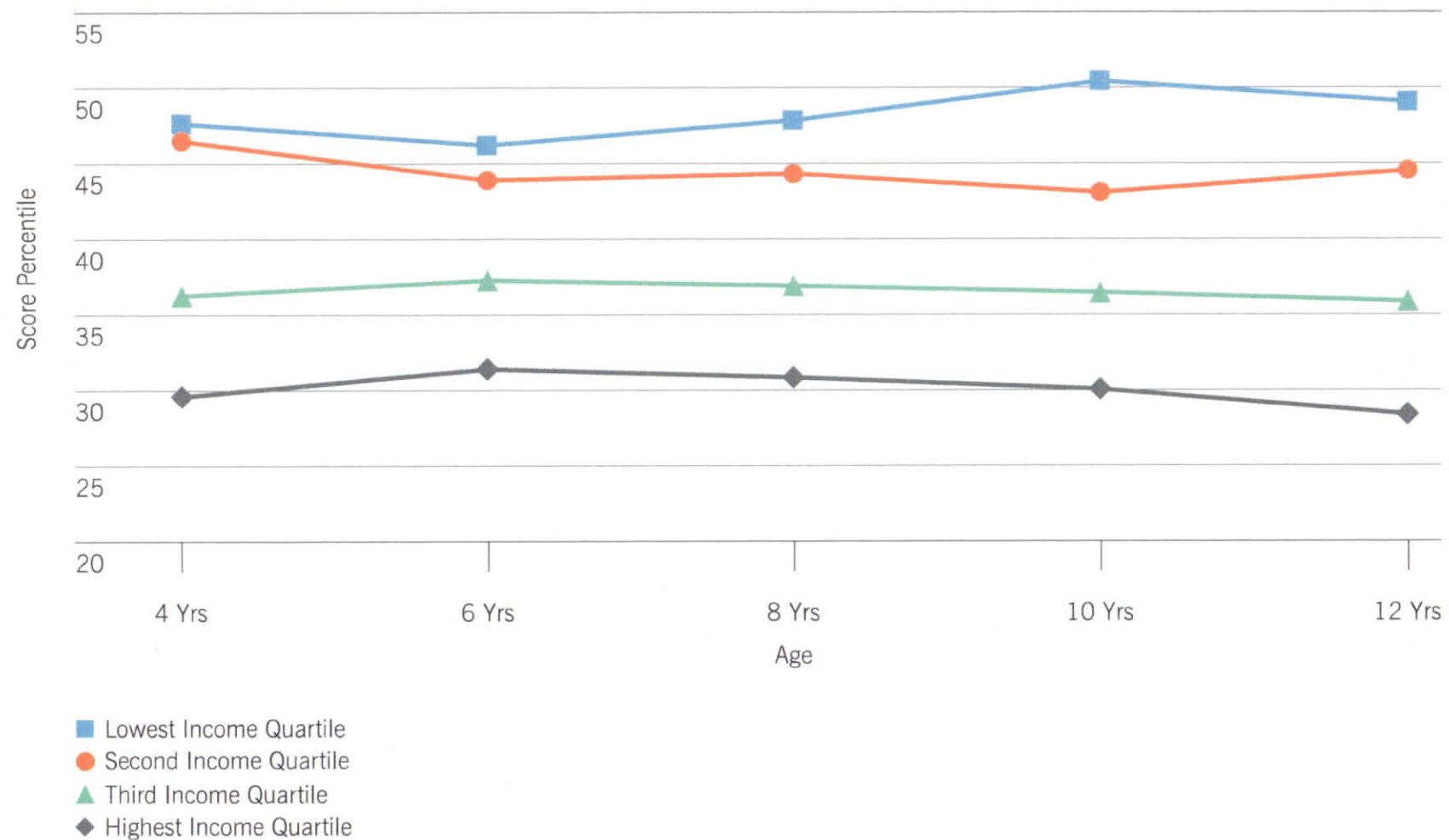


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# Average percentile rank on anti-social behavior score, by income quartile

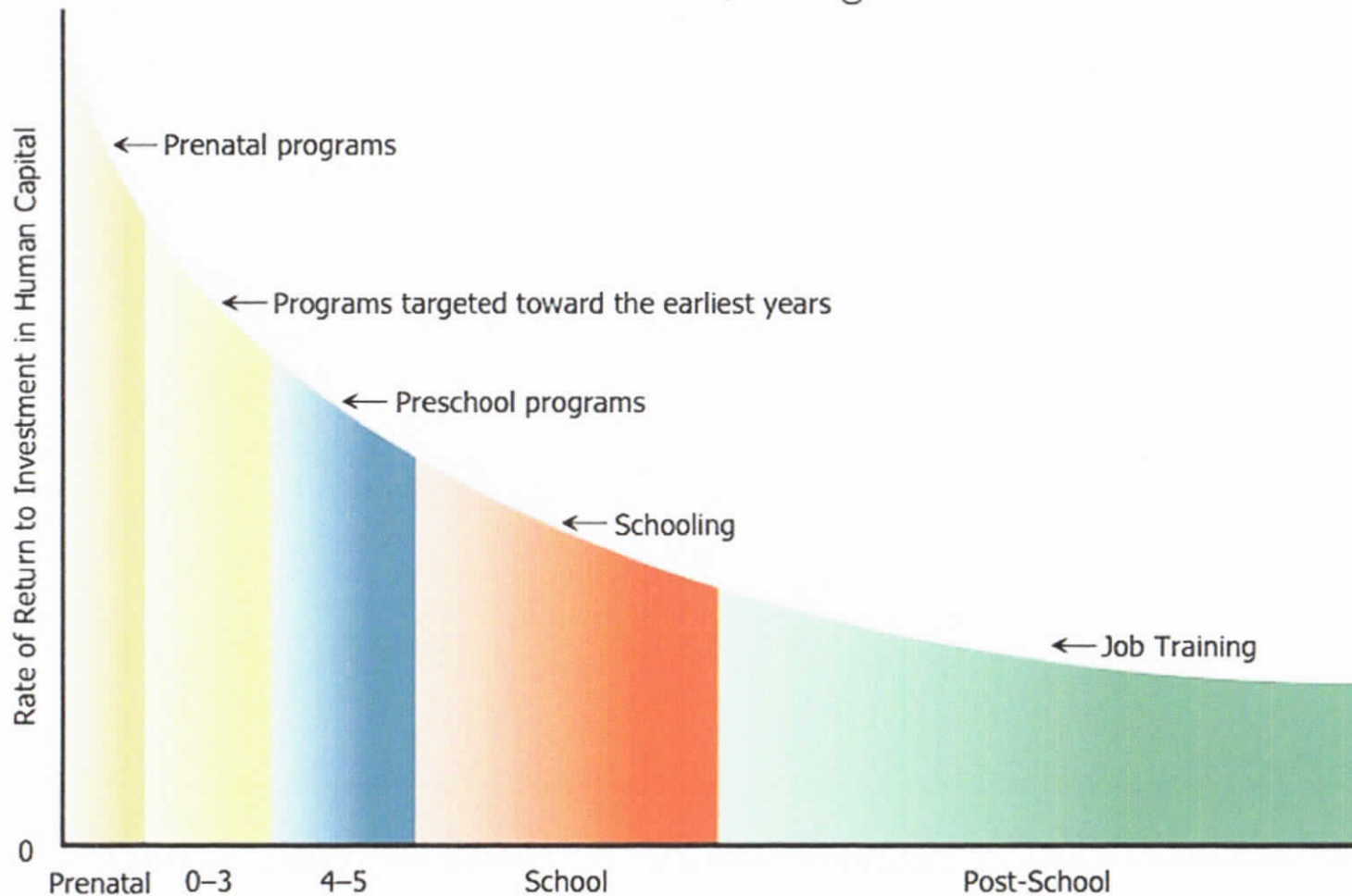


## Examples of Fragmented Solutions

- To promote skills, build more schools, hire better teachers, and spend more on textbooks.
- For crime, have more police.
- For health, have more doctors and medical facilities. Promote nutrition: micro- and macronutrients.
- For teenage pregnancy, conduct pregnancy prevention programs.
- To reduce inequality, give cash transfers and promote housing programs for the poor.

# EARLY CHILDHOOD DEVELOPMENT IS A SMART INVESTMENT

The earlier the investment, the greater the return



Source: James Heckman, Nobel Laureate in Economics

# The Heckman Equation



## Invest in early childhood development: Reduce deficits, strengthen the economy.

**James J. Heckman** is the Henry Schultz Distinguished Service Professor of Economics at The University of Chicago, a Nobel Laureate in Economics and an expert in the economics of human development.

*"The highest rate of return in early childhood development comes from investing as early as possible, from birth through age five, in disadvantaged families. Starting at age three or four is too little too late, as it fails to recognize that skills beget skills in a complementary and dynamic way. Efforts should focus on the first years for the greatest efficiency and effectiveness. The best investment is in quality early childhood development from birth to five for disadvantaged children and their families."*

James J. Heckman  
December 7, 2012

### Those seeking to reduce deficits and strengthen the economy should make significant investments in early childhood education.

Professor Heckman's ground-breaking work with a consortium of economists, psychologists, statisticians and neuroscientists shows that early childhood development directly influences economic, health and social outcomes for individuals and society. Adverse early environments create deficits in skills and abilities that drive down productivity and increase social costs—thereby adding to financial deficits borne by the public.

### Early childhood development drives success in school and life.

A critical time to shape productivity is from birth to age five, when the brain develops rapidly to build the foundation of cognitive and character skills necessary for success in school, health, career and life. Early childhood education fosters cognitive skills along with attentiveness, motivation, self-control and sociability—the character skills that turn knowledge into know-how and people into productive citizens.

### Investing in early childhood education for at-risk children is an effective strategy for reducing social costs.

Every child needs effective early childhood supports—and at-risk children from disadvantaged environments are least likely to get them. They come from families who lack the education, social and economic resources to provide the early developmental stimulation that is so helpful for success in school, college, career and life. Poor health, dropout rates, poverty and crime—we can address these problems and substantially reduce their costs to taxpayers by investing in developmental opportunities for at-risk children.

### Investing in early childhood education is a cost-effective strategy for promoting economic growth.

Our economic future depends on providing the tools for upward mobility and building a highly educated, skilled workforce. Early childhood education is the most efficient way to accomplish these goals:

- Professor Heckman's analysis of the Perry Preschool program shows a 7% to 10% per year return on investment based on increased school and career achievement as well as reduced costs in remedial education, health and criminal justice system expenditures.
- It is very likely that many other early childhood programs are equally effective. Analysts of the Chicago Child-Parent Center study estimated \$48,000 in benefits to the public per child from a half-day public preschool for at-risk children. Participants at age 20 were estimated to be more likely to have finished high school—and were less likely to have been held back, need remedial help or have been arrested. The estimated return on investment was \$7 for every dollar invested.<sup>1</sup>

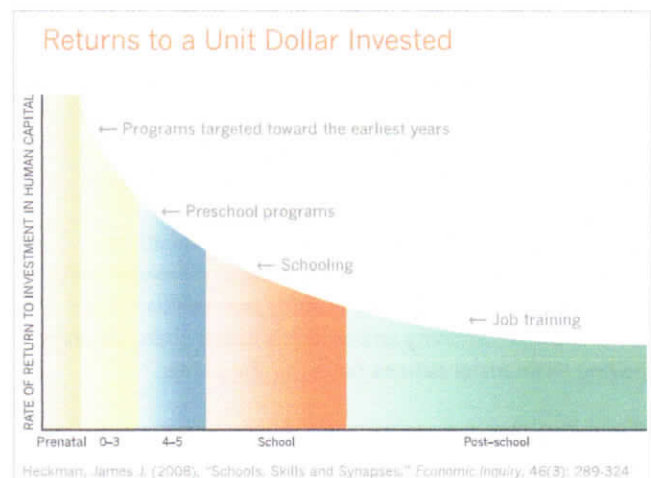
# The Heckman Equation

## Make greater investments in young children to see greater returns in education, health and productivity.

Keep these principles in mind to make efficient and effective public investments that reduce deficits and strengthen the economy:

- **Investing in early childhood education is a cost-effective strategy—even during a budget crisis.** Deficit reduction will only come from wiser investment of public and private dollars. Data show that one of the most effective strategies for economic growth is investing in the developmental growth of at-risk young children. Short-term costs are more than offset by the immediate and long-term benefits through reduction in the need for special education and remediation, better health outcomes, reduced need for social services, lower criminal justice costs and increased self-sufficiency and productivity among families.
- **Prioritize investment in quality early childhood education for at-risk children.** All families are under increasing strain; disadvantaged families are strained to the limit. They have fewer resources to invest in effective early development. Without resources such as “parent-coaching” and early childhood education programs, many at-risk children miss the developmental growth that is the foundation for success. They will suffer for the rest of their lives—and all of us will pay the price in higher social costs and declining economic fortunes.
- **Develop cognitive AND character skills early. Invest in the “whole child.”** Effective early childhood education packages cognitive skills with character skills such as attentiveness, impulse control, persistence and teamwork. Together, cognition and character drive education, career and life success—with character development often being the most important factor.

- **Provide developmental resources to children AND their families.** Direct investment in the child's early development is complemented by investment in parents and family environments. Quality early childhood education from birth to age five, coupled with parent-coaching, such as home visitation programs for parents and teen mothers, has proven to be effective and warrants more investment.
- **Invest, develop and sustain to produce gain.** Invest in developmental resources for at-risk children. Develop their cognitive and character skills from birth to age five, when it matters most. Sustain gains in early development with effective education through to adulthood. Gain more capable, productive and valuable citizens who pay dividends for generations to come.



Early childhood education is an efficient and effective investment for economic and workforce development. The earlier the investment, the greater the return on investment.