



EQUITY ECONOMICS
AND DEVELOPMENT PARTNERS PTY LTD

A WAVE OF DISADVANTAGE ACROSS NSW: IMPACT OF THE COVID-19 RECESSION



ABOUT THIS REPORT

This report was prepared by Equity Economics for the New South Wales Council of Social Service (NCOSS), with support from Community Housing Industry Association NSW; Domestic Violence NSW; Fams; Youth Action; Homelessness NSW; and Shelter NSW.

Equity Economics (2020), A Wave of Disadvantage Across NSW: Impact of the Covid-19 Recession, A Report Prepared for the New South Wales Council of Social Service, Sydney.



A WAVE OF DISADVANTAGE

COVID-19 has started an economic tsunami that threatens to overwhelm progress towards reducing disadvantage across New South Wales (NSW). This report provides estimates based on international, Australian and original research on the impact of rising unemployment on disadvantage across NSW's regions.

Already there is evidence the pandemic and associated lockdowns have increased rates of domestic violence, mental distress, housing stress and hurt the academic performance of disadvantaged children. Analysis undertaken for this report shows rates of reported domestic violence increased between May and June 2020 by up to 41 per cent in some regions of NSW compared to the same period in 2019.

But more challenges lie ahead, with Equity Economics forecasting unemployment to peak in NSW at 9.5 per cent in January 2021. Importantly, there will be large geographic variation in the increase in unemployment, with many regions across the state experiencing double digit unemployment.

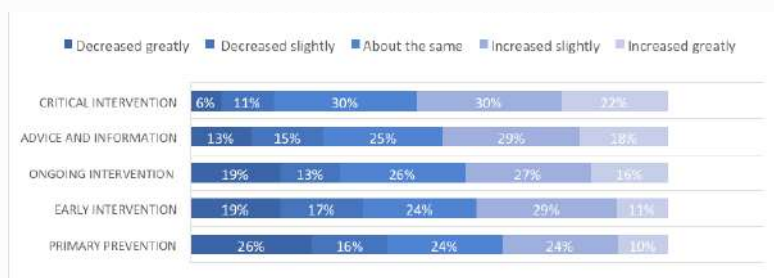
The report focuses on five key domains of disadvantage: housing, domestic violence, child protection, mental health and education. Equity Economics estimates that without interventions to strengthen the social safety net by June 2021:¹

- The number of 20-24 year olds in NSW experiencing high or very high mental distress will increase by up to 16.8 per cent.
- Further to the impacts of COVID-19, higher unemployment will lead to rates of domestic violence increasing by up to 5.5 per cent in some regions of NSW.
- Over 9,000 more people in NSW will be homeless – a rise of 24.0 per cent in the homeless population.
- Some regions in NSW will experience a 40.5 per cent increase in homelessness.
- The number of NSW families experiencing housing stress will increase by over 88,000 or 24.3 per cent.²
- There will be 27,447 more children at risk of neglect across NSW, a 24.5 per cent rise due to increased unemployment.
- Mean NAPLAN scores in Year 9 maths will fall by 23.6 points (3.5 per cent) in 2021 compared to 2019 results, with some areas improving and other areas, including those with a high proportion of Aboriginal and Torres Strait Islander students falling over 6 per cent.

Equity Economics also undertook a survey of the Community Sector in NSW to better understand how it was responding to the increase in demand for services. It shows the responsiveness of the sector with a shift away from preventative and early intervention services, which aim to stop people needing more intensive support, towards critical services such as food aid and emergency accommodation.

While this shift was necessary due to COVID-19 restrictions and to address urgent needs during the pandemic, the reduction in preventative and early intervention services risks increasing future demand for services. It points to a need for additional funding to ensure the sector can continue to invest in the early intervention services that have been shown to reduce disadvantage.

FIGURE 1: A SHIFT IN SERVICE PROVISION



Survey responses from 241 organisations. Please See Appendix for Categorisation.

[1] Modelling compares the impact of the rise in unemployment from December 2019-February 2020 to July 2021. This is to account for the high level of volatility in the SA4 level ABS statistics and low sample size in some smaller areas.

[2] Housing stress is defined as where households have only one or no income earner.



The results illustrate the Community Sector is resilient and, with support, will be able to rise to the challenge and work in partnership with government and local communities to keep vulnerable people safe and supported. The sector is also a major employer in NSW, making an important economic contribution in its own right. Approximately 85,000 people in NSW are employed by Community Service Organisations.⁴

The modelling in this report provides a warning of what might occur without further strengthening of social and family support services in NSW. Meeting the projected wave of disadvantage head on will require additional government support, services and collaboration. We identify key priority areas for investment: Aboriginal and Torres Strait Islander community controlled organisations to improve the wellbeing of Indigenous communities; services that address housing stress and homelessness including a social housing infrastructure program; early intervention and prevention services to support families and keep children and young people safe; crisis accommodation and other supports for women and children leaving violence; community based mental health services; and additional funding for low socio-economic children in schools.

Addressing disadvantage now, before it becomes entrenched, will be less costly and ensure that long term negative impacts on productivity and economic growth in NSW are minimised. Success will not only strengthen the immediate economic recovery but also lift the future productive capacity of the NSW economy.

[4] Equity Economics calculations based on Deloitte Access Economics (2017), Economic Contribution of the Australian Charity Sector, Australian Charities and Not-for-profits Commission

INTRODUCTION

The spread of COVID-19 and the resulting economic downturn is exacerbating entrenched disadvantage and placing millions of Australians on the precipice of disadvantage for the first time. The Australian Government's JobKeeper policy and the increased rate of JobSeeker have provided many people in NSW with additional support at this critical time.

Based on ANU estimates around 340,000 people relying on JobSeeker and Youth Allowance in NSW have avoided or been lifted out of income poverty due to the Australian Government's boost to income support.⁵

Notwithstanding this, the Community Sector is reporting increased demand across its services. A recent survey by ACOSS found that 67 per cent of Community Service Organisations in NSW had experienced an increase in demand.⁶

And as the Australian Government moves to reduce the rate of JobSeeker and phase out the JobKeeper policy, the true effect of a higher rate of unemployment will start to materialise.⁷

Equity Economics' forecasts for this report reveal that unemployment in NSW will peak at 9.5 per cent in January 2021 before falling to 8.3 per cent in June 2021.⁸ **These are the highest unemployment figures in NSW for a generation, and there is a risk that the economic fallout from COVID-19 will lead to increased disadvantage which, if not addressed, will dampen future potential economic growth.**

Of particular concern is the impact on groups that already experience disproportionately higher levels of disadvantage including Aboriginal and Torres Strait Islander Australians; lone parents; women; people with a long-term health condition or disability; young people; and people with low educational attainment.

[5] Equity Economics calculations based on Phillips, B., M. Gray, and N. Biddle, (2020) and DSS Demographics June 2020.

[6] Cortis, N & Blaxland, M (2020)

[7] Deloitte Access Economics (2020)

[8] See Appendix for methodology



This report looks forward to June 2021, when JobKeeper is scheduled to end, and the rate of JobSeeker has potentially been reduced to its previous level of \$40 a day. Unemployment will continue to be high, and the impacts of the economic downturn will be unevenly felt across different locations.

We have modelled how rising unemployment will impact a number of the areas in which disadvantage manifests, including: housing and homelessness; domestic violence; educational attainment; child protection; and mental health. These are also areas covered by the Premier's Priorities, which seek to enhance quality of life across NSW.⁹

In Table 1 we show how rising disadvantage will undermine the progress made against relevant Premier's Priorities, if no action is taken to ameliorate these impacts.

THESE ARE THE HIGHEST UNEMPLOYMENT FIGURES IN NSW FOR A GENERATION, AND THERE IS A RISK THAT THE ECONOMIC FALLOUT FROM COVID-19 WILL LEAD TO INCREASED DISADVANTAGE WHICH, IF NOT ADDRESSED, WILL DAMPEN FUTURE POTENTIAL ECONOMIC GROWTH.

[9] See Appendix

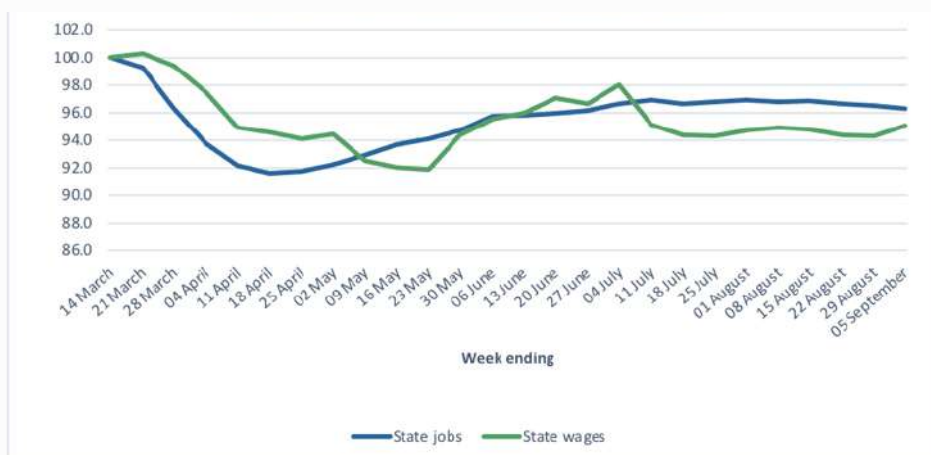
TABLE 1: IMPLICATIONS FOR PREMIER'S PRIORITIES

	Premier's Priority	Impact of Rising Unemployment
Housing Insecurity and Homelessness	Reduce street homelessness across NSW by 50 per cent by 2025.	20 per cent or 88,000 increase in the number of households experiencing housing stress, where they rely on one or less income earners to meet rent or mortgage payments. 24 per cent or 9027 increase in level of homelessness, including those sleeping rough and living in severely overcrowded accommodation.
Domestic Violence	Reduce the number of domestic violence reoffenders by 25 per cent by 2023.	A 1.8 per cent increase in level of police reported domestic violence, including up to 5.5 per cent in some NSW locations.
Educational Attainment	Increase the proportion of public school students in the top two NAPLAN bands (or equivalent) for literacy and numeracy by 15 per cent by 2023. Increase the proportion of ATSI students attaining year 12 by 50 per cent by 2023.	23.6 point reduction in average maths NAPLAN scores for year nine students across NSW, with major impacts on improving educational outcomes for Aboriginal and Torres Strait Islander students.
Child Protection	Decrease the proportion of children and young people re-reported at risk of significant harm by 20 per cent by 2023.	24.5 per cent or 27,447 increase in number of children at significant risk of harm in NSW.
Mental Health	Reduce the rate of suicide deaths in NSW by 20 per cent by 2023.	12 per cent increase in suicides, representing 105 extra suicides a year. 17 per cent or 36,085 increase in 20-24 year olds experiencing mental distress.

ECONOMIC IMPACT OF COVID-19

Australia is in recession for the first time in thirty years, and the ability of the economy to recover while the COVID-19 pandemic continues around the world is limited.¹⁰ Already we have witnessed the largest fall in employment on record, with early evidence the recovery in jobs is stalling.

FIGURE 2: NSW PAYROLL JOBS AND WAGES INDEX



Source: ABS, Weekly Payroll Job and Wages in Australia – State and Territory, 22 September 2020

While all levels of Government are rightly focused on the health response and the economic policies needed to increase economic growth and get people back to work, recent forecasts highlight the long term nature of the economic downturn. The RBA estimates that unemployment will peak in Australia at 10 per cent in December 2020, and will only fall to 9 per cent by June 2021.

This recession has once again hit young people hard, and we know the negative effects of entering the labour market during a recession or long periods of unemployment during the first years of work can have life-long consequences.¹¹ During previous recessions young people with lower levels of education experienced a trough in opportunities compared to their peers. Cohorts of young people who are more likely to struggle include Aboriginal and Torres Strait Islander Australians and those with a disability.^{12,13}

[10] Australian Bureau of Statistics (2020)

[11] The Australian Government the Treasury (2020)

[12] Duckworth, Kathryn, and Ingrid Schoon (2012)

[13] Hoynes, Hilary, Douglas L. Miller, and Jessamyn Schaller (2012).

Unlike previous recessions, women have been more affected by job losses than men. Comparing the peak trough job losses during the 1992-93 recession to the current downturn we understand how much more this recession will impact women.

FIGURE 3: NSW RECESSIONS - JOB LOSSES BY GENDER

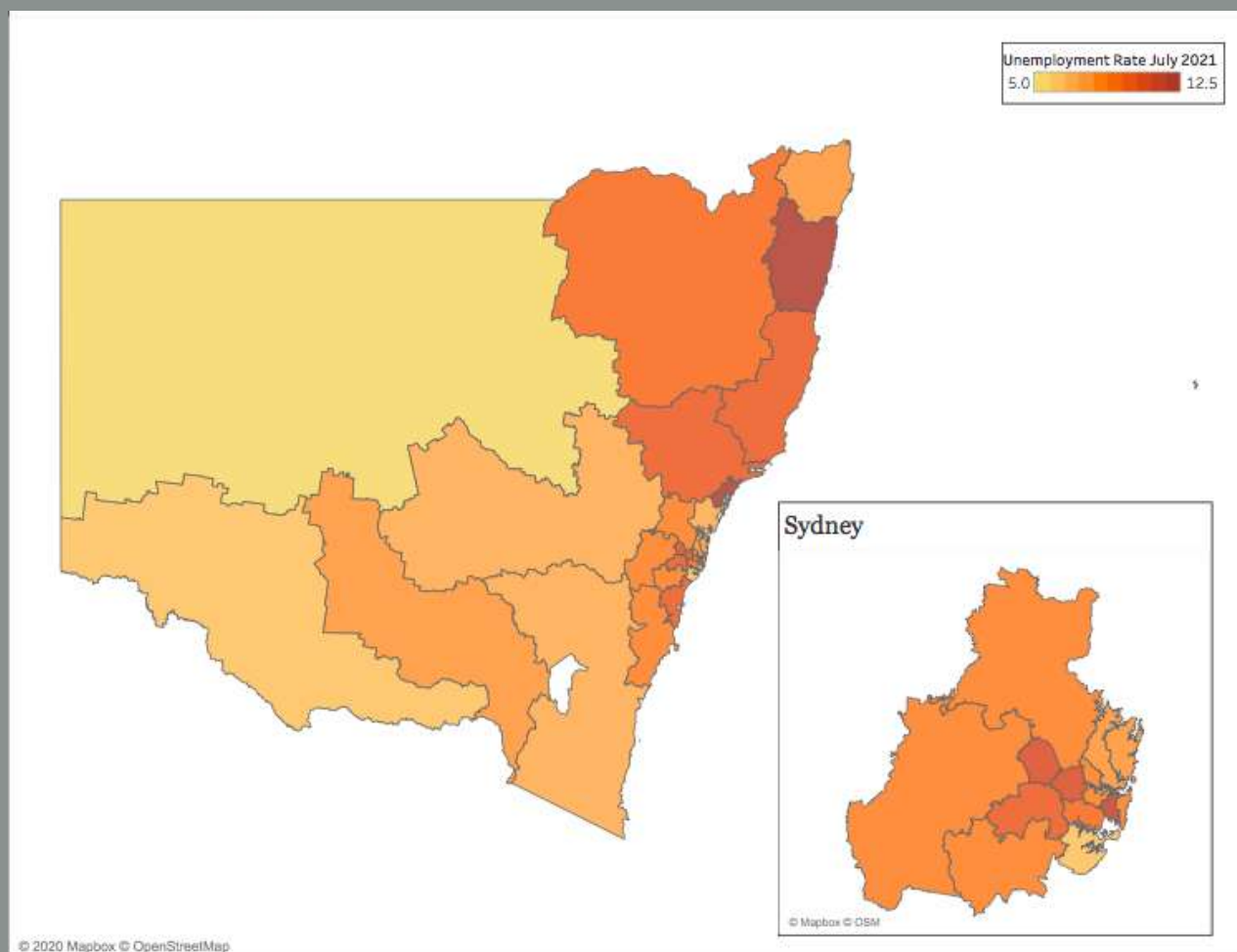


Source: ABS, 6202.0 Labour Force, Australia

Equity Economics has forecast unemployment for NSW peaking at 9.5 per cent in January 2021 and falling to 8.3 per cent by June 2021.¹⁴ This reflects stronger economic conditions in NSW than across Australia.

Moving forward, the unemployment rate will increase in some areas more than others due to local economic factors. Based on historical unemployment rates and underlying economic activity, Equity Economics has estimated the areas most impacted by rising unemployment.

FORECAST UNEMPLOYMENT JULY 2021 (%)



Areas with Lowest Unemployment June 2021

Far West and Orana	5.5
Sydney – Sutherland	6.2
Murray	6.3
Capital Region	6.5

Areas with Highest Unemployment June 2021

Newcastle and Lake Macquarie	12.3
Coffs Harbour – Grafton	12.2
Sydney – City and Inner South	11.0
Sydney – Parramatta and Sydney – Blacktown	10.6

This uneven distribution in unemployment is driven by prevailing economic conditions and demographic factors. It will result in an uneven distribution of rising disadvantage due to the combination of existing levels of disadvantage and the impact of higher unemployment. Left unaddressed, disadvantage will increase the long term impacts of the recession on productivity and therefore economic growth, slowing the recovery but also reducing prosperity for a generation.

Not only will particular locations across NSW bear the greatest brunt of higher unemployment but particular cohorts of Australians including young people, women and Aboriginal and Torres Strait Islander people will be most affected.



Usually, in periods of economic downturn, casual and low-skilled workers are at the front line of retrenchment. About 55 per cent of the Aboriginal and Torres Strait Islander workforce is employed in jobs that require a qualification of Certificate III or below, compared with 42 per cent of the non-Indigenous workforce.¹⁵

In the proceeding sections of the report we outline modelling using original data and analytics, alongside existing research which shows how this rising level of disadvantage will impact communities across NSW in terms of rates of housing stress and homelessness, domestic violence, child protection, mental health, and educational outcomes. The aim is to paint a picture of how rising unemployment will impact different communities and where the focus of enhanced support and effort should be directed.

[15] Markham, Smith and Morphy (2020)



RISING DISADVANTAGE

Disadvantage is a broad concept and can materialise across many aspects of life. It encompasses a lack of opportunities, marginalisation and social exclusion and not just low income.¹⁶ Disadvantage has many complex causes, but unemployment is one of the strongest predictors.¹⁷ Rising rates of unemployment are associated with higher rates of domestic violence, mental health issues, child protection, crime, lower educational outcomes and homelessness and housing stress.^{18, 19, 20, 21, 22}

The pandemic and its aftermath risks deepening long standing inequities in Australian society. The people across NSW who are more likely to experience deep and persistent disadvantage caused by not only unemployment but a wide range of other complex factors include: Aboriginal and Torres Strait Islander Australians; lone parents; people with a long-term health condition or disability; and people with low educational attainment. Many of these people are weakly attached to the labour market, rely heavily on government and community services and are at heightened risk during economic downturns.²³

[16] McLachlan, R., Gilfillan, G., & Gordon, J. (2013)

[17] Ibid.

[18] Anderberg D, Rainer H, Wadsworth J & Tanya Wilson (2013)

[19] Karsten I. Paul, Klaus Moser (2009)

[20] Wood, J. N., Medina, S. P., Feudtner, C., Luan, X., Localio, R., Fieldston, E. S., & Rubin, D. M. (2012)

[21] Müller, S., Riphahn, R. T., & Schwientek, C. (2016)

[22] McClelland, A. (2000)

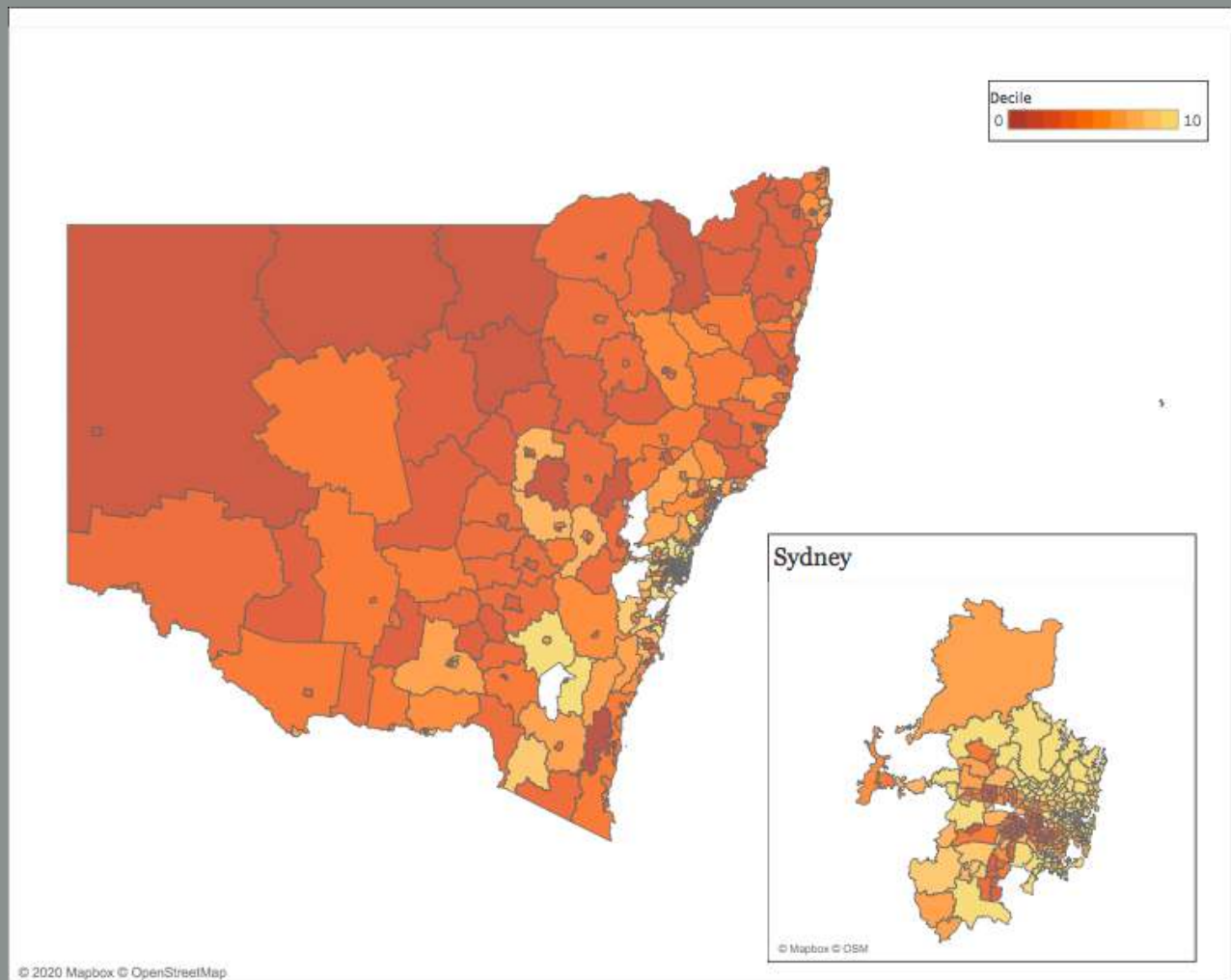
[23] McLachlan, R., Gilfillan, G., & Gordon, J. (2013)

Smaller communities particularly across parts of regional and remote NSW with high Aboriginal and Torres Strait Islander populations are at heightened risk of growing disadvantage. Many of these communities suffer low and intermittent labour force participation and have young population profiles and high levels of income support. They often operate with a smaller economic base reliant on specific industries, government support and community services, and are therefore more at risk from economic shocks.

Just as disadvantage is not evenly spread across individuals, it is also not evenly spread across areas. ABS data on the Index of Relative Socio-Economic Disadvantage from the 2016 Census shows that across NSW there were large differences in economic disadvantage prior to the current economic downturn.²⁴

Placed based disadvantage can exacerbate the individual impacts of unemployment, as whole communities can experience increased rates of crime, housing stress, domestic violence and mental stress. Understanding and responding to variations in local community needs across NSW will be critical in ensuring this disadvantage does not become entrenched for a generation.

NSW DECILES OF DISADVANTAGE



Note: 1 Represents High Levels of Socio-Economic Disadvantage and 10 Represents Low Levels of Socio-Economic Disadvantage

Source: ABS, Socio-Economic Indexes for Australia (SEIFA), 2016

While this measure is useful in understanding differences across geographic locations, it does not tell us about the exact nature of disadvantage across local areas or the services needed to meet the needs of local populations. In the proceeding analysis we look at five critical areas where disadvantage impacts people and increases demand on services: housing and homelessness; domestic violence; child protection; mental health and educational attainment. The aim is to foreshadow the scale and scope of the challenges ahead so the NSW Government and the Community Sector are better able to meet them.

Addressing disadvantage now, before it becomes entrenched, will be less costly and ensure that the long term negative impacts on productivity of the economic crisis are minimised. Protecting the productive capacity of the NSW economy will require greater investments across a range of services to support communities and individuals avoid falling into a cycle of disadvantage that can take generations to escape.

TABLE 2: SUMMARY OF FINDINGS

SA4 Region	Unemployment	Increase in Housing Stress (%)	Increase in Homelessness (%)	Increase in rate of suicides (%)	Increase in 20-24 year olds experiencing severe mental distress (%)	Increase in children at risk of serious harm (%)	Increase in Police Reports of Domestic Abuse (%)	Reduction Year Nine NAPLAN Scores (Maths)
Capital Region	6.5	17.0	17.5	8.5	16.6	17.8	1.3	-23.4
Central Coast	7.1	11.9	18.7	7.8	18.3	19.5	1.1	-25.5
Central West	7.1	19.4	23.8	7.7	20.8	22.2	12.9	-5
Coffs Harbour - Grafton	12.2	19.4	30.1	11.7	28.8	30.7	1.5	-4.9
Far West & Orana	5.5	15.1	29.0	16.4	28.4	30.2	0.6	-38.4
Hunter Valley exc Newcastle	9.7	23.8	36.8	16.8	36.3	38.6	2.5	-24.6
Illawarra	9.6	11.5	6.5	3.3	8.5	9.0	0.7	2.0
Mid North Coast	9.8	10.8	14.6	7.4	17.4	18.6	1.1	-28.4
Murray	6.3	16.6	24.6	14.7	20.2	21.5	0.9	-19.9
New England & North West	8.9	10.0	10.4	3.5	10.6	11.2	0.4	13.2
Newcastle & Lake Macquarie	12.3	33.8	40.5	20.4	42.3	44.9	4.2	-24.1
Richmond - Tweed	7.7	15.8	20.5	10.3	22.3	23.7	2.7	-45.2
Riverina	7.6	8.0	5.8	4.7	7.0	7.4	0.3	-11.8
Southern Highlands & Shoalhaven	8.4	12.9	23.8	9.1	24.5	26.1	1.0	-34.6
Sydney - Baulkham Hills & Hawkesbury	8.4	25.9	28.6	16.6	31.2	33.3	4.6	3.2
Sydney - Blacktown	10.6	13.3	18.2	14.5	22.9	24.4	1.3	-27.0
Sydney - City & Inner South	11.0	86.2	40.5	21.4	44.2	46.3	3.6	-23.6
Sydney - Eastern Suburbs	8.5	49.6	34.3	15.1	33.6	35.5	3.8	-43.3
Sydney - Inner South West	9.1	15.2	21.9	11.0	23.4	25.0	2.3	-25.0
Sydney - Inner West	8.7	31.3	27.8	14.5	30.2	32.1	5.5	-12.4
Sydney - North Sydney & Hornsby	7.3	20.4	20.3	12.8	22.4	23.7	5.5	-34.1
Sydney - Northern Beaches	7.4	23.3	15.6	10.6	18.8	20.0	4.4	-18.8
Sydney - Outer South West	8.4	15.2	21.2	14.6	23.6	25.1	1.5	-20.8
Sydney - Outer West & Blue Mountains	8.7	12.2	13.6	13.4	17.4	18.5	1.0	-13.3
Sydney - Parramatta	10.6	15.5	22.1	10.3	23.4	25.2	1.6	-23.2
Sydney - Ryde	8.1	19.0	12.1	7.2	15.6	16.5	2.0	-15.2
Sydney - South West	9.6	7.2	12.2	8.7	13.7	14.5	1.0	-10.8
Sydney - Sutherland	6.2	21.9	22.2	13.8	24.1	25.6	2.5	-21.1
NSW	8.3	24.3	24.0	11.5	16.8	24.5	1.8	-23.6

Green represents SA4 regions where change is 20 per cent below NSW average; Orange represents SA4 regions where change is 20 per cent above NSW average



HOUSING STRESS, OVERCROWDING AND HOMELESSNESS

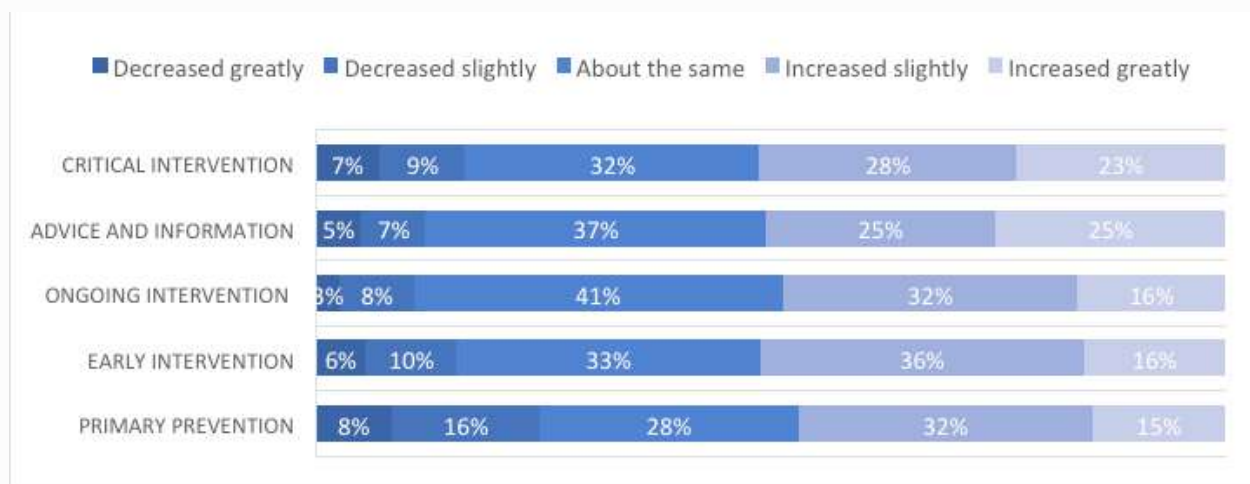
Households are currently shielded, to a large extent, from the economic impact of unemployment due to the Government's *JobSeeker* and *JobKeeper* policies. However, the Australian Government plans to bring these to an end in December 2020 and March 2021. Equity Economics estimates that by **July 2021 360,000 people in New South Wales will be unemployed** and as a result at an increased risk of housing stress and homelessness.

This will put at risk the Premier's Priority to halve street homelessness by 50 per cent by 2025.

IMPACT OF COVID-19 ON HOUSING AND HOMELESSNESS SERVICES

Since the onset of the pandemic housing and homelessness services across NSW have reported increased demand for services, particularly for critical interventions, which includes emergency housing with 51 per cent of organisations reporting an increase in client numbers.

FIGURE 4: HOUSING AND HOMELESSNESS



Survey responses: includes answers to 526 questions by 82 organisations.²⁵

Of all organisations surveyed providing medium and long term housing in NSW, 48 per cent have reported an increase in the number of clients while 12 per cent have reported a decline.

FIGURE 5: MEDIUM AND LONG TERM HOUSING



Survey responses: includes responses from 52 organisations providing medium term housing.

The largest increase in activity has been in clients seeking advice and information services. 57 per cent of organisations reported an increase in the number of clients seeking assistance to sustain tenancy or prevent tenancy failure or eviction in March-June 2020 compared to March-June 2019.

Domestic and family violence is also a major driver in demand for homelessness services, accounting for 34 per cent of the people in NSW seeking assistance for specialist homelessness services in 2018-2019. As reported below there has been a marked increase in domestic and family violence during the pandemic, which is adding further to demand for housing and homelessness services.

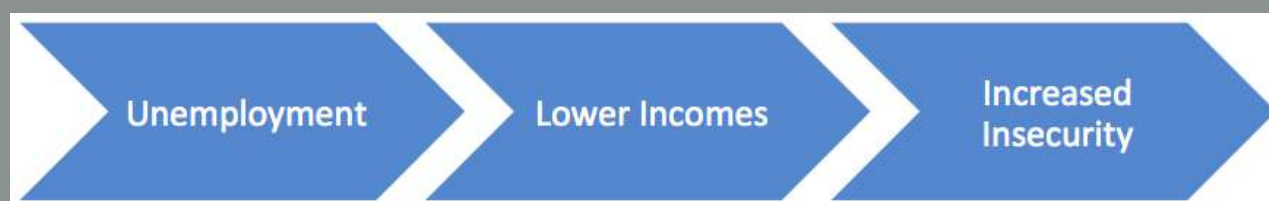
Below we analyse how increasing unemployment across NSW will further increase this demand for homelessness and housing services.

[25] See Appendix for definition of different service categories.

HOUSING STRESS

Rates of homelessness and housing stress are linked to levels of economic activity and unemployment.²⁶

Unemployment reduces household income which increases the number of households with insecure housing and experiencing household stress.



Using local area data on household composition, tenure type and employment status from the 2016 Census we estimate how an increase in the number of unemployed people in each area will impact the number of households with either no one employed or only one adult employed. While this measure differs from the widely used measure of housing insecurity defined as where a household spends more than 30 per cent of its income on housing, it reflects the heightened risk of households not being able to meet rent or mortgage payments when they fall due.^{27, 28}

Prior to COVID-19 and based on 2016 Census data approximately 440,000 NSW families had only one or no income earner.²⁹ **Equity Economics estimates that this will increase by 24.3 per cent or over 88,800 households by July 2021 when 528,800 families will have only one or no income earner.**

TABLE 3: INCREASE IN FAMILIES UNDER HOUSING STRESS

	Increase in Households with Only One Adult Working	Increase in Households with No Adult Working	Total Increase in Families Under Housing Stress
Mortgage	30,136	27,264	57,400
Renters	7,213	24,190	31,403
Total	37,349	51,454	88,803

Source: Equity Economics modelling based on ABS 2016 Census, and forecast increase in unemployment.

[26] Steen, Mackenzie et al (2012); Johnson, G., Scutella, R., Tseng, Y. P., & Wood, G. (2019) & Bramley and Fitzpatrick (2018)

[27] Steering Committee for the Review of Government Service Provision (2020)

[28] Bentley R & Barker E (2020)

[29] Australian Bureau of Statistics (2016)

These families will be at greater risk of not meeting rent or mortgage payments, and needing services from housing organisations. Without additional support services, many of these families will become at risk of moving in and out of homelessness.

Across NSW we see differences in the growth in the number of families experiencing housing stress, with the largest increases in the City and Inner South region of Sydney. This is driven by the high number of households in that region currently relying on two incomes to pay a mortgage or cover rent, making the risks of rising unemployment particularly high.

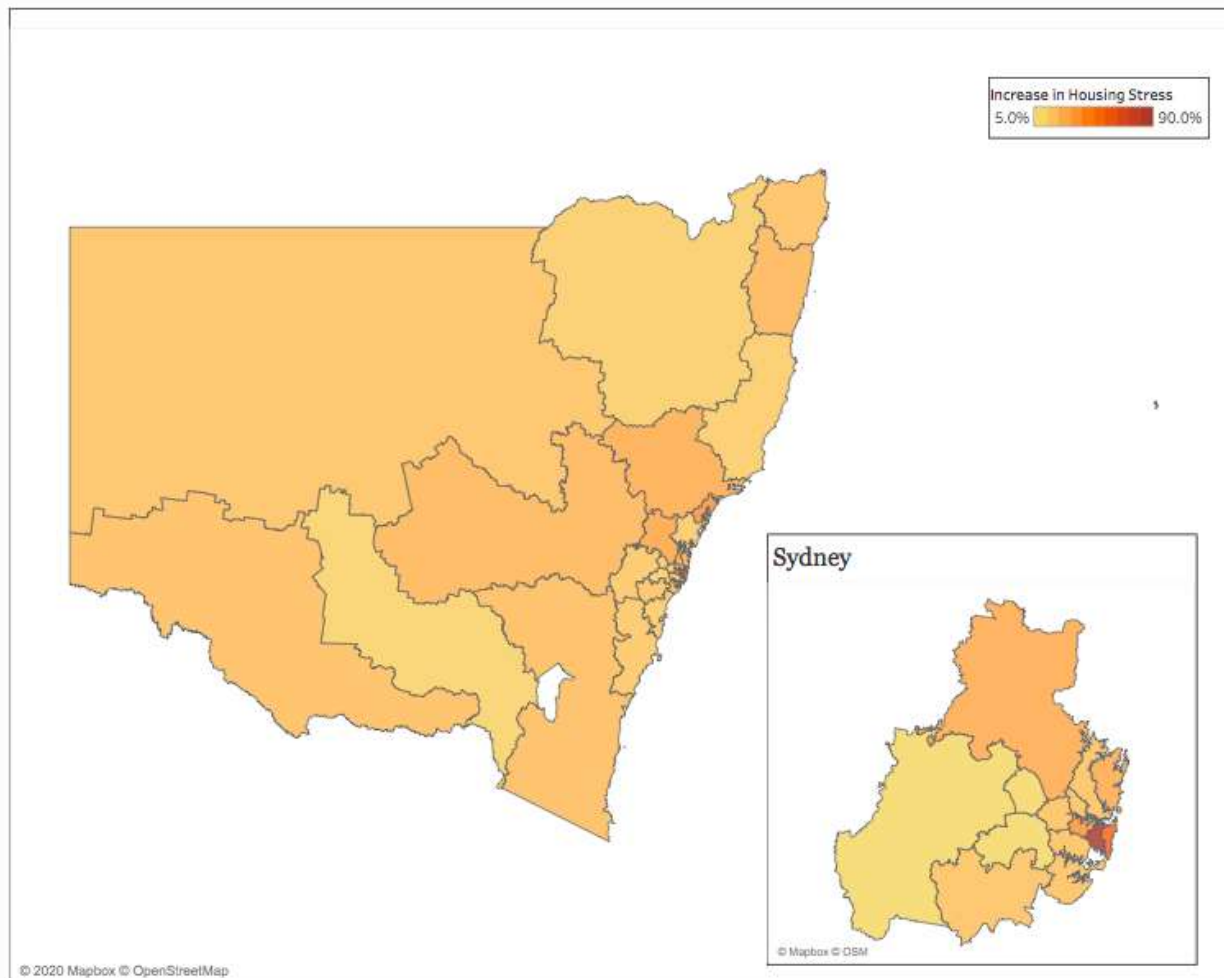
CASE STUDY 1

Support to avoid homelessness

Prior to the COVID-19 pandemic both Mali and Neda worked as Uber drivers, but they lost these jobs in April during the lockdown. With one young child under five, they found themselves without income and in financial hardship, unsure how they would make their rental payments.

They have received help from The Northern Centre, a community organisation based in West Ryde, to apply for payments from the Government and liaising with their real estate agent to receive a rental reduction. In addition, they have received referrals to financial counselling and emergency relief to ensure they have ongoing support and avoid requiring more intensive support services.

PROJECTED INCREASE IN HOUSING STRESS (%)



OVERCROWDING

Overcrowding is one way in which housing stress can manifest, and where it is extreme, families and individuals may be categorised as homeless. In NSW between 2011-2016 severe overcrowding increased by 74 per cent in mainly metropolitan areas and included families and extended families living in cramped conditions.³⁰ The impacts of overcrowding on the health and safety of individuals and families have not been well documented, but the COVID-19 pandemic has highlighted the health risks associated with severe overcrowding, particularly in terms of containing the spread of the virus.

Overcrowding particularly impacts Aboriginal and Torres Strait Islander people in remote locations of NSW. While there has been some improvements, Aboriginal and Torres Strait Islander overcrowding represents just under 20 per cent across the state with pockets of significantly higher levels of overcrowding in some remote communities.³¹

[30] Australian Bureau of Statistics (2016)

[31] Productivity Commission (2016)



Without further investment, the economic downturn could continue to worsen overcrowding in NSW as people are unable to maintain tenancies in any other way. This poses ongoing health and safety risks, not just for the families experiencing this, but amongst the broader community. It also may potentially undo the progress made in reducing the proportion of Aboriginal and Torres Strait Islander people who are living in overcrowded households, if people return to communities due to decreased employment opportunities in other locations and other social and cultural factors.

HOMELESSNESS

Individuals in insecure housing are at a greater risk of becoming homeless. Homelessness is not just people sleeping rough, but those living in severely overcrowded housing, substandard accommodation and temporary accommodation. Because individuals do not have security of tenure or adequate accommodation to meet their needs, they are at risk of other negative outcomes such as mental health, domestic violence and disengagement from education.³²

With rising unemployment more people will enter homelessness and less people will leave homelessness – increasing the overall stock of people without a home.³³ This will place additional pressure on community and housing services to deliver emergency accommodation and associated services.

Equity Economics estimates that across NSW homelessness will increase by 24.0 per cent, or over 9000 people, by June 2021 due to higher levels of unemployment. This is based on the conservative assumption of no increase in the number of people at risk of homelessness but due to more people entering and less people exiting homelessness across NSW.

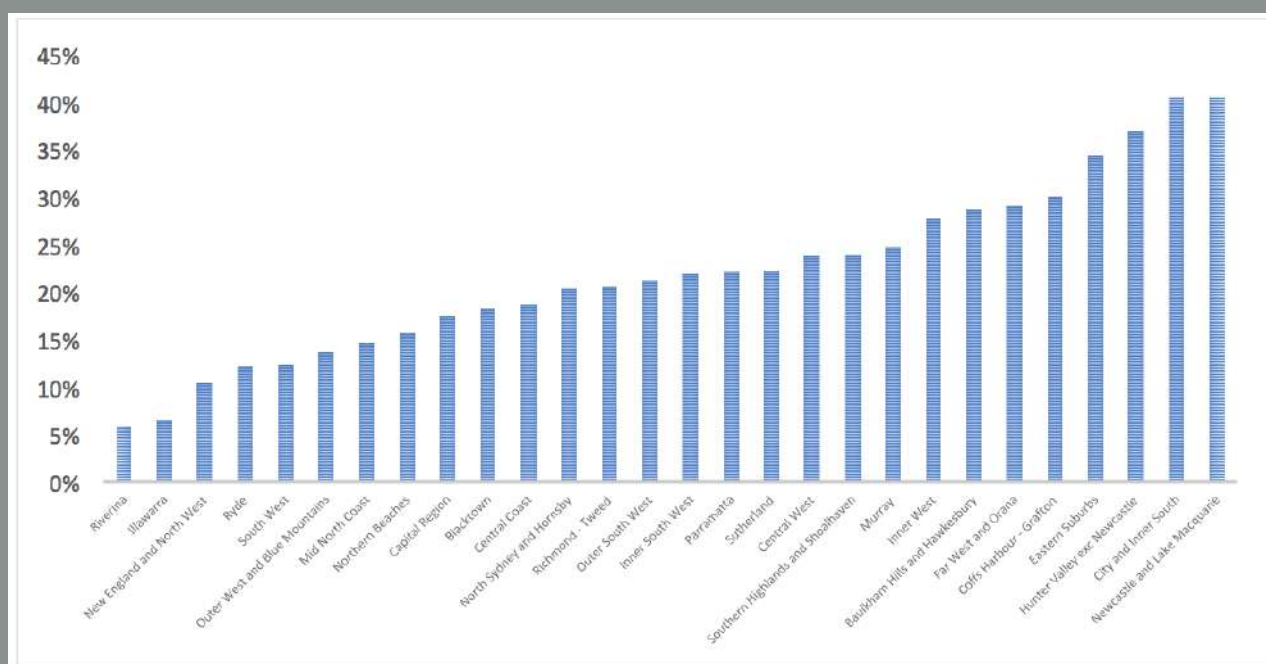
Importantly, these impacts will not be evenly spread with the largest percentage increases in the Hunter Valley, Newcastle and Lake Macquarie, and City and Inner South. This is due to higher levels of existing homelessness and differences in the forecast increase in unemployment across areas.

[32] Zaretzky, K., Flatau, P., & Brady, M. (2008)

[33] Johnson, G., Scutella, R., Tseng, Y. P., & Wood, G. (2019)



FIGURE 6: INCREASE IN HOMELESSNESS BY SA4 REGION (JUNE 2021)



In terms of the absolute increase in the number of people experiencing homelessness, the largest increases are expected to be in the Sydney area.

TABLE 4: INCREASE IN HOMELESSNESS

Areas	Forecast Increase in Homelessness
Sydney - City & Inner South	2465
Sydney - Parramatta	941
Sydney - Inner South West	799
Sydney - Eastern Suburbs	562
Newcastle & Lake Macquarie	468

This reflects the combination of larger populations of at risk individuals and local area increases in unemployment.

Aboriginal and Torres Strait Islander people make up 17 per cent of the homeless population in NSW, and represent up to 45 per cent in some areas of NSW. The overrepresentation of Aboriginal and Torres Strait Islander people in the homelessness and at risk of homelessness populations in some regions means that they are particularly at risk due to rising unemployment in these areas.

Across NSW Aboriginal and Torres Strait Islander people will account for 1,600 of the additional 9,000 that will experience homelessness in June 2021 due to rising unemployment.



DOMESTIC VIOLENCE

Domestic violence refers to any form of “physical violence, sexual violence and emotionally abusive, harassing or controlling behaviour” by an intimate partner or family member.³⁴

In NSW every month there are around 2,500 reports of domestic violence to the police, but it is estimated that this only represents 40 per cent of the actual crime levels due to under reporting.³⁵

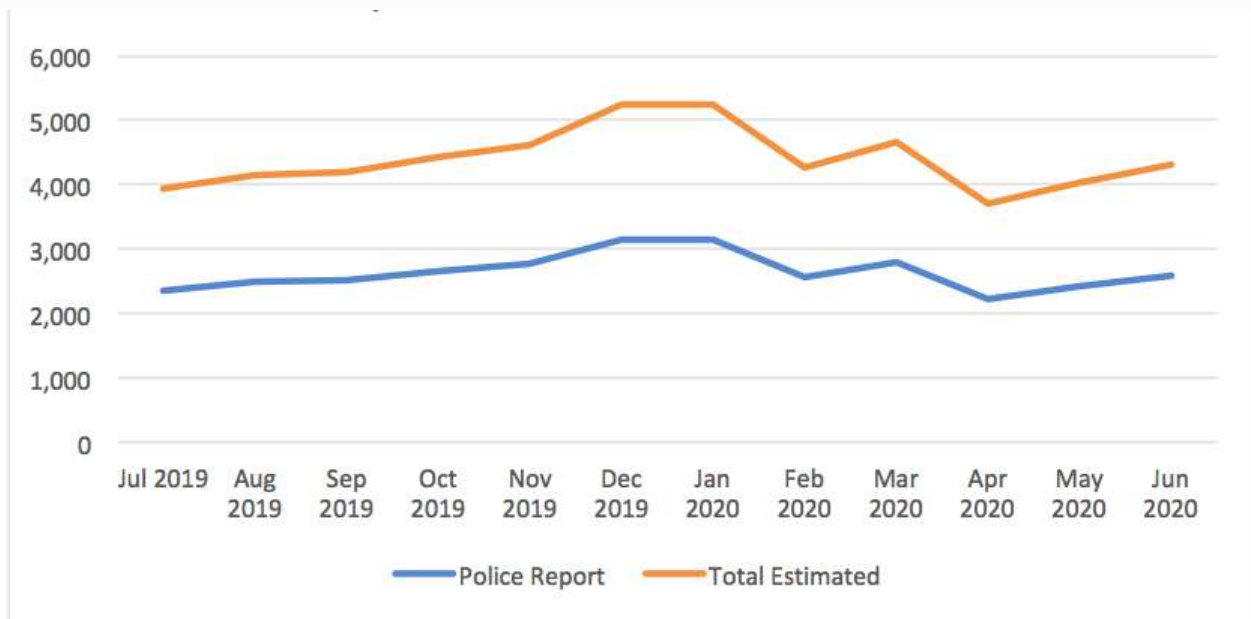
In 2017-2018 Aboriginal and Torres Strait Islander women were over three times more likely to be victims of domestic violence than non-Indigenous women, accounting for 12 per cent of all reports to police. However, underreporting by Aboriginal and Torres Strait Islander women is thought to be greater.³⁶

[34] Phillips and Vandenbroek (2014)

[35] Morgan et al. (2020)

[36] Wills M (2011)

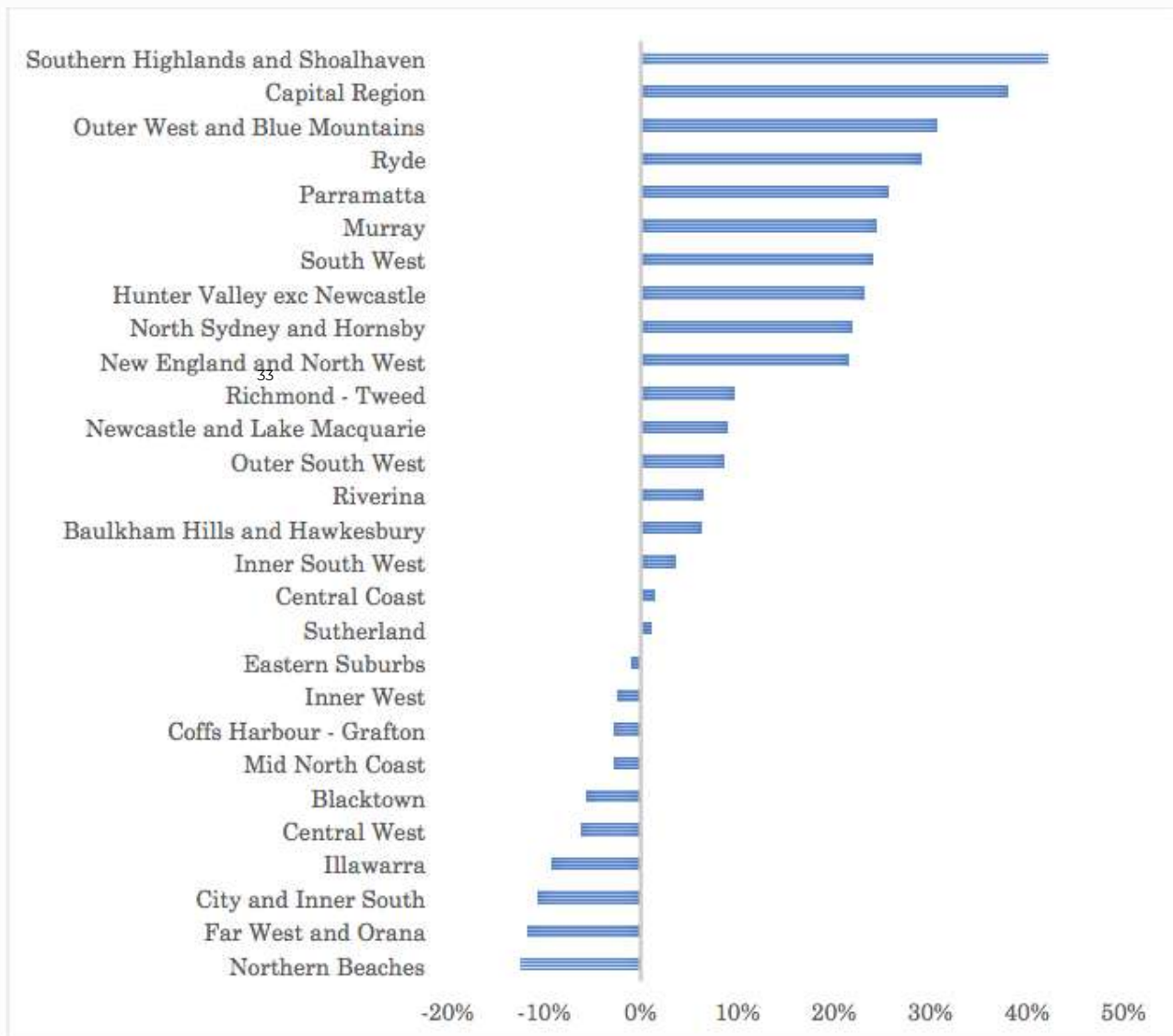
FIGURE 7: MONTHLY DOMESTIC VIOLENCE INCIDENCE IN NSW



IMPACT OF COVID-19

There are concerns that the COVID-19 lockdowns would lead to higher rates of domestic violence due to victims and offenders spending more time together and the decrease in social movement leading to less opportunities for victims to seek help. While initial figures from the NSW Police indicated no significant rise during the lockdown period, a comparison of the May-June period 2020 and the same period in 2019 reveals an alarming increase across many regions.³⁷

FIGURE 8: CHANGE IN DOMESTIC VIOLENCE REPORTS TO POLICE (MAY-JUNE 2019 AND MAY-JUNE 2020)



Other data sources also point to an alarming increase in domestic violence. A survey conducted on over 15,000 Australians by the Australian Institute of Criminology in May 2020 found a large increase in women reporting domestic abuse for the first time and also an increase in abuse.

Two-thirds of women that reported experiencing domestic violence in the previous three months, did so for the first time or experienced an escalation in the frequency and severity of prior violence.³⁸

In addition, the NCOSS Impact of COVID-19 in NSW Survey found that organisations have witnessed a large increase in the number of clients seeking support from domestic violence services in March-June 2020 compared to March-June 2019.

FIGURE 9: DOMESTIC VIOLENCE SERVICES



Number of NSW Organisations Responding: 40

There is also an urgent need to support community controlled organisations to particularly monitor and ensure the safety of Aboriginal and Torres Strait Islander women and children given high rates of family and community violence (around 22 per cent) and lower levels of support services, particularly in many regional and remote locations.³⁹ It is likely that some remote communities across NSW will only slowly emerge from restricted entry and exit arrangements and women being stuck and unable to access support services in regional towns creates a worst-case scenario for those experiencing violence.⁴⁰

LINK BETWEEN UNEMPLOYMENT AND DOMESTIC VIOLENCE

Economic downturns are linked to increases in domestic violence through an increase in stressors, which leads to increased:

- alcohol or drug use; and
- violence to create a sense of control.

Economic theory surrounding unemployment and domestic violence follows an “intra-household bargaining model”. It predicts that an increase in male unemployment or a decrease in female unemployment reduces violence against women because the relative bargaining power of females increases.⁴¹ This is supported by many studies internationally which show that when women within the household gain more wealth, or when the gender wage gap is reduced, domestic violence rates reduce.^{42, 43} For this reason, the impact of economic downturns can be muted due to men losing employment which tends to decrease rates of abuse.

[39] Productivity Commission, *Overcoming Indigenous Disadvantage* (2016)

[40] Markham, Smith and Morphy (eds) Centre for Aboriginal Economic Policy Research, *Indigenous Australians and the COVID-19 crisis: Perspectives on public policy*

[41] Aizer (2010)

[42] Either through earned or unearned income.

[43] Aizer (2010)



Based on original modelling by Equity Economics of the impact of unemployment on police reported cases of domestic violence in NSW, we forecast that domestic violence will increase by 1.8 per cent by June 2021.⁴⁴ Over the 12 months to June 2021 we estimate an additional 450 women will report violence to the police and a further 675 incidents will go unreported. However, this does not include the impact of COVID-19 and social isolation, with data already indicating that these factors are driving higher rates of domestic violence across NSW.

The figures also do not include domestic violence in the form of coercion and financial control, which while recognised as forms of domestic abuse are not included in the NSW Police reports.

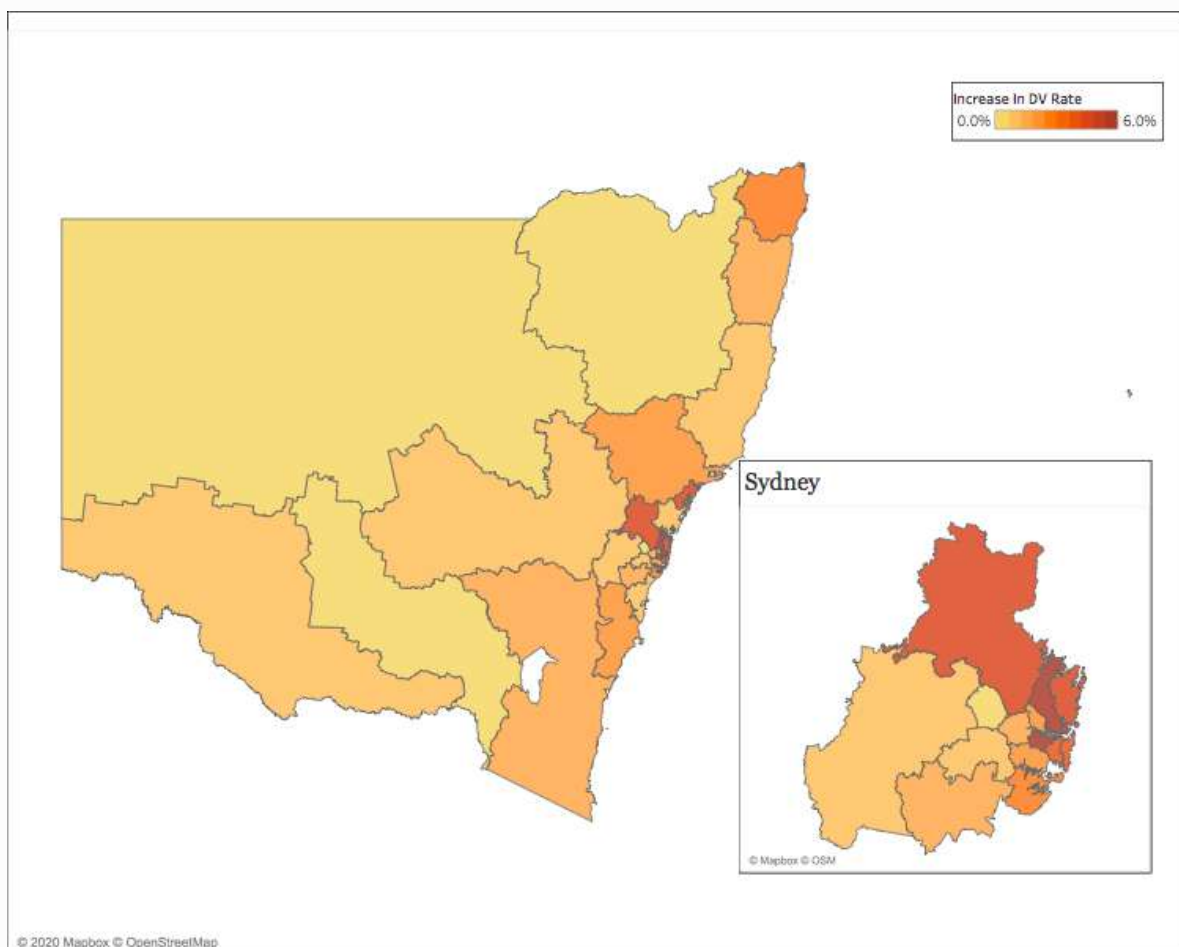
[44] See Appendix for Methodology and Full Model Results

This average impact also hides large variation across the state, with rates of domestic violence forecast to increase by over 5 per cent in some areas of NSW:

TABLE 5: INCREASING RATES OF DOMESTIC VIOLENCE DUE TO HIGHER UNEMPLOYMENT (%)

Newcastle & Lake Macquarie	4.2
Baulkham Hills & Hawkesbury	4.6
Sydney - Inner West	5.5
North Sydney & Hornsby	5.5
Northern Beaches	4.4

INCREASING INCIDENCE OF DOMESTIC VIOLENCE DUE TO RISING UNEMPLOYMENT (JUNE 2021)





CHILD PROTECTION

In the year ending 30 March 2020, over 105,000 children in NSW were categorised as being at risk of serious harm. This represents just over six per cent of children aged 0-17 living in NSW. Aboriginal and Torres Strait Islander children continue to be overrepresented in the NSW child protection system, accounting for 34.5 per cent of the substantiated reports in 2018-2019.⁴⁵

The NSW Government aims to decrease the proportion of children and young people re-reported at risk of significant harm within 12 months of closure of a case plan by 20 per cent by 2023. However, rising unemployment will significantly undermine this goal.

Alarmingly, over two thirds of cases reported are never provided support or followed up and their cases are closed.⁴⁶ The NSW Government has highlighted the need to provide more support and early intervention services to reduce the risks of harm, rather than the current focus on crisis cases which increases the risks to children of significant ongoing harm.⁴⁷

Unemployment and economic uncertainty can impact on the safety of living arrangements for children through:

- financial stress resulting in less investment in food, education and health; and
- psychological stress resulting in increases in marital conflict, mental health and substance abuse problems which in turn increase negative parenting practices.⁴⁸

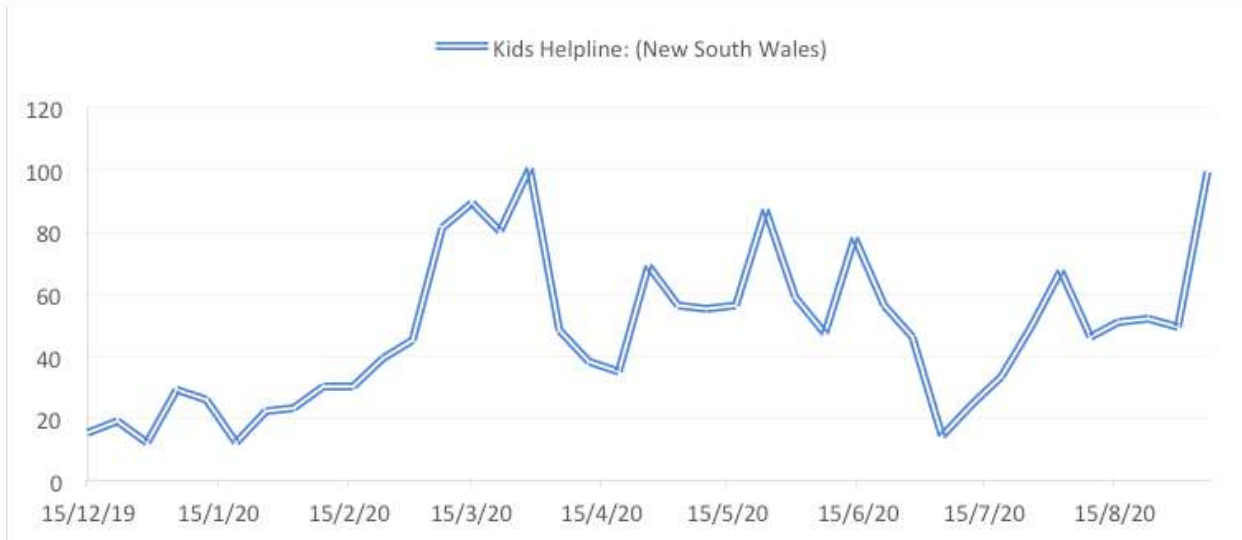
[45] AIHW (2019)

[46] NSW Government Department of Communities and Justice (2020)

[47] Taylor Fry (2018)

[48] Gray, Taylor et al (2011)

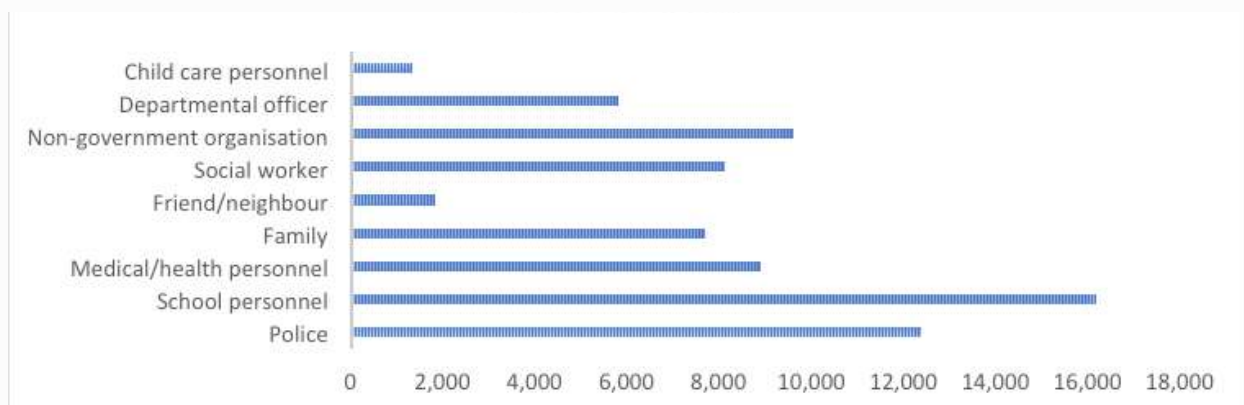
FIGURE 10: KIDS HELPLINE (NSW)



Evidence from previous large-scale disasters and crises suggest that family violence (including Intimate Partner Violence, child abuse and elder abuse) and sexual violence can escalate during and after the event.⁴⁹ There is some evidence already this is also the case for the pandemic. For example in the UK, one hospital reported a 1400 per cent increase in the incidence of abusive head trauma during the lockdown.⁵⁰

The risks to children from this crisis may be even more pronounced as the requirements to socially isolate resulted in many of the structures outside of the home that monitor the well-being of children, most notably schools, being disrupted.⁵¹ In 2018-2019 (the last year we have data for) school personnel in NSW were the largest single source of notifications of child protection.⁵²

FIGURE 11: SOURCE OF NOTIFICATION - NSW (2018 - 19)



[49] Parkinson (2019); Bradbury-Jones and Isham (2020)

[50] Sidpra, Abomeli et al (2020)

[51] Green (2020)

[52] AIHW (2020)

IMPACT OF RISING UNEMPLOYMENT

Higher levels of economic disadvantage, poor parental mental health and substance abuse have been found to be associated with the risk of child maltreatment. The best available studies come from the United States of America, which has a very different social safety net to Australia. As a consequence we have used estimates for U.S. states that have low levels of inequality to best approximate the impact in NSW.

Based on international evidence, Equity Economics estimates rising unemployment will significantly increase the number of children at risk of serious harm across NSW, and that by June 2021 there will be a 27,447 or 24.5 per cent rise⁵³. This is driven by an increase in the number of children at risk of neglect.

A number of areas including Newcastle and Lake Macquarie, the Hunter Valley and Sydney – Outer West and Blue Mountains have higher levels of children at risk of serious harm than the state average, and are forecast to experience levels of unemployment by June 2021 higher than the state average. This combination drives large increases in these local areas.

TABLE 6: INCREASE IN NUMBER OF CHILDREN

	Increase in Number of Children at Risk of Significant Harm Due to Rising Unemployment
Hunter Valley exc Newcastle	2255
Newcastle and Lake Macquarie	3536
Central West	1344
Sydney - Outer West and Blue Mountains	1395
Far West and Orana	1064

There will be other locational pockets of risk, including in some Aboriginal and Torres Strait Islander communities driven by longstanding poverty, marginalisation, high psychosocial stress and a lack of specific services that respond to needs of Indigenous families and children.



EDUCATIONAL ATTAINMENT

Educational attainment is the foundation on which a child's future is built.

The COVID-19 pandemic and subsequent economic recession has impacted educational engagement and attainment of children and young people through:

- disruption of face-to-face learning because of public health orders and increased absenteeism; and
- increased rates of parental and societal unemployment leading to increases in family stress and insecurity.

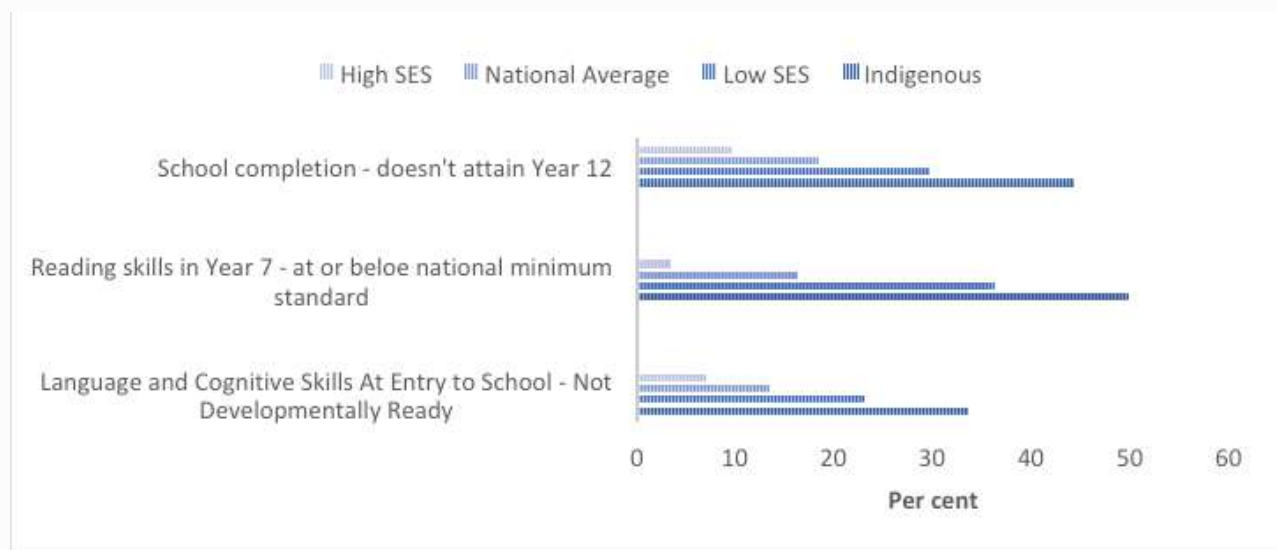
BECAUSE AT HOME I DON'T HAVE A PRINTER, I'M FALLING BEHIND AT SCHOOL - WHICH IS ANNOYING BECAUSE OTHER PEOPLE MY AGE HAVE ACCESS TO EVERYTHING AT HOME AND SO I HAVE A DISADVANTAGE AT SCHOOL NOW.

HSC Student, NSW

Evidence from previous recessions and analysis of the impact of COVID-19 and the public health response on education suggest that the effect on educational attainment and engagement will be greatest for disadvantaged students, who can least afford the additional negative impact.

Children from the most disadvantaged economic groups in Australia are 10 times more likely to not meet the minimum literacy standards in Year 7 than children from the most advantaged economic groups. Many Aboriginal and Torres Strait Islander children face even higher barriers to education with devastating lifelong impacts on participation in the workforce and broader health and wellbeing.

FIGURE 12: EDUCATIONAL DIVIDE



Source: Lamb et al (2020)

A survey of NSW teachers in May found that 35 per cent of teachers in high-SES schools were confident students were learning well during remote schooling. In low-SES schools, that number fell to 18 per cent of teachers.⁵⁴

Analysis of school closures in response to COVID-19 public health measures by the Grattan Institute found that the achievement gap widens at triple the rate in remote schooling compared to regular classes and that without extra support, disadvantaged students would not make up that lost ground.⁵⁵ Young people living in low SES communities face a range of barriers to remote learning:

- long-term educational disengagement;
- digital exclusion;
- poor technology management; and
- increased psychosocial challenges.⁵⁶

[54] Sonnemann (2020)

[55] Sonnemann (2020)

[56] Drane, C., Vernon, L., & O'Shea, S. (2020)



CASE STUDY

Teacher, Western Sydney

COVID-19 has highlighted the inequities happening in the schooling system. There's a lot of money being put into private schools at the moment and seeing the disparity between the public system and the private system as a teacher during the lockdowns was really disheartening.

I am teaching in a school that is considered more low-socioeconomic in Western Sydney where students don't have access to a device each. We couldn't even do online learning or virtual learning because not all the kids had [devices] and it would be unfair to have some kids that were and some kids not. And then seeing on TV them showcasing it like a glamorous thing like 'we're all doing virtual learning now, let's check the temperatures of all the children going in' and then seeing my school and thinking 'that's not happening at all like we don't even have enough hand sanitiser, let alone anything else'.

Seeing the inequality that was happening, and as someone who is stepping into my first year of teaching as well, this was a bit of a shock to me.

In addition, parental job loss and economic recessions have been shown to negatively impact on student attainment with students from disadvantaged families experiencing the largest learning losses. This is due to decreased investments by families in children during economic downturns and the negative impact of family stress on children's outcomes.⁵⁷

International examples from the Global Financial Crisis (GFC) found that increased unemployment was associated with decreases in eight-grade math scores and educational achievement.⁵⁸

IMPACT OF RISING UNEMPLOYMENT

Taking the available evidence from the GFC Equity Economics estimates that mean NAPLAN scores in Year 9 maths will fall by 23.6 points in 2021 compared to 2019 results, with some areas improving and other areas falling up to 45.5.⁵⁹

The below table shows clearly that regions hardest hit by estimated reduced NAPLAN scores have high proportions of Aboriginal and Torres Strait Islander students, including Far West and Orana, New England and North West and Coffs Harbour - Grafton.

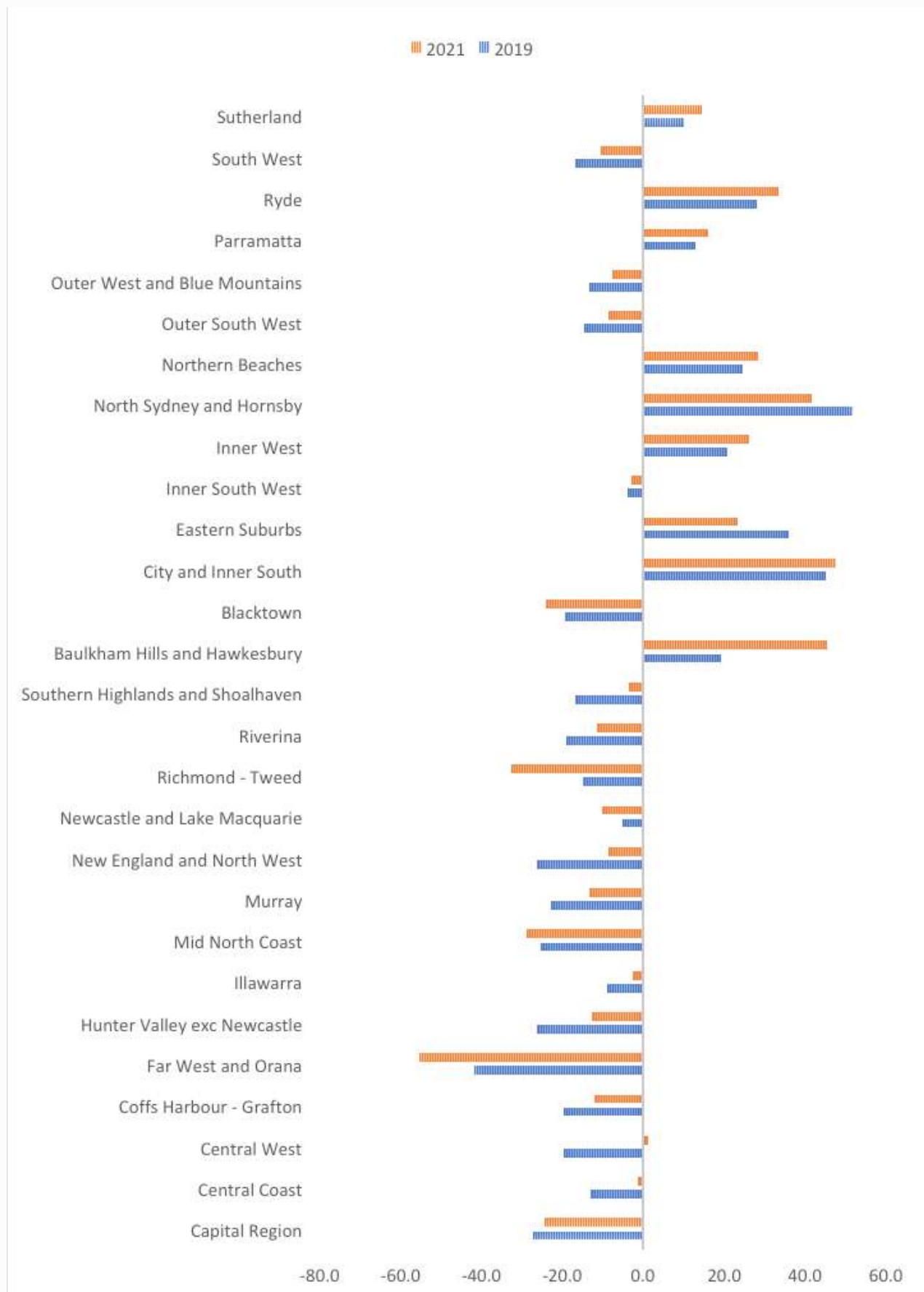
Rising unemployment will have similar impacts on absolute test scores across Government and Non-Government schools. The modelling does not take into account the impact of COVID-19 on test results. As a result without additional resources the Premier's Priority to increase the proportion of public students in the top two NAPLAN bands for literacy and numeracy by 15 points by 2023 is unlikely to be met. The goal of increasing the proportion of Aboriginal and Torres Strait Islander students attaining Year 12 by 50 points by 2023 will also remain unmet.

[57] UNICEF (2014)

[58] Jenifer, R. V. (2015)

[59] See Appendix for methodology

FIGURE 13: REGIONAL DIFFERENCES FROM MEAN NSW YEAR NINE NAPLAN SCORES



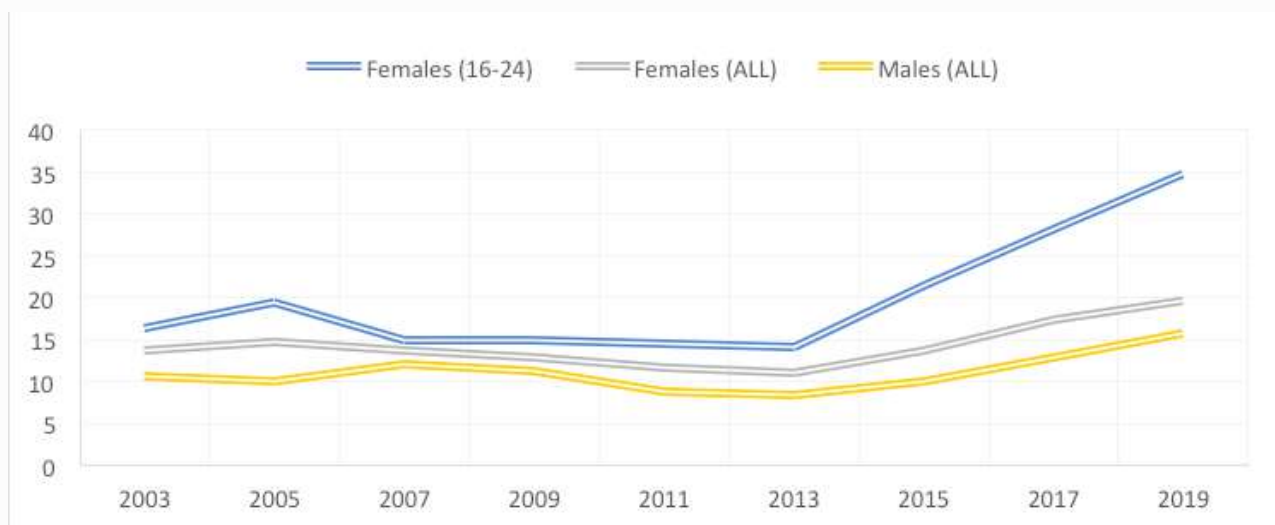


MENTAL HEALTH

1 in 5 Australians experience a mental illness each year, with Australians aged 18 to 24 having the highest prevalence.⁶⁰ Nationally, 1 in 3 Aboriginal and Torres Strait Islander young people reported experiencing a high level of psychological distress in 2014-2015, compared with 1 in 8 non-Aboriginal and Torres Strait Islander youth and there are concerns these statistics are further declining across the country for both Indigenous and non-Indigenous Australians.⁶¹

In NSW females aged 16-24 have the highest level of reported mental distress.

FIGURE 14: MENTAL DISTRESS NSW



[60] Lee, Chatterton et al (2017)

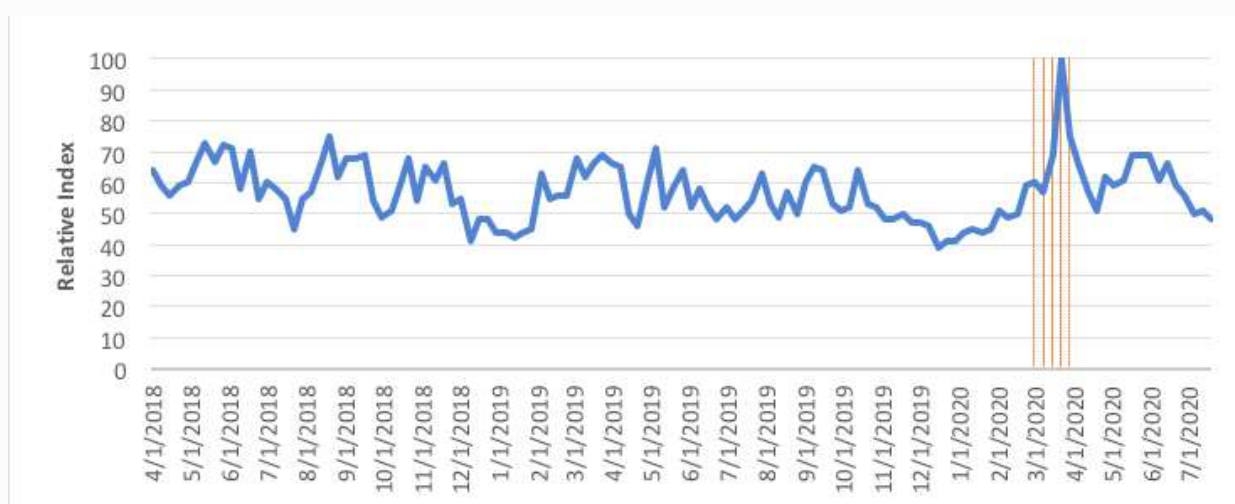
[61] AIHW (2020)

Evidence suggests that economic downturns lead to declines in mental health, with national and international research showing that the unemployed experience more stress, depressive symptoms and poorer life satisfaction and wellbeing than the employed.⁶²

The GFC was linked to an increase in depression and anxiety symptoms in Australians and, internationally, an increase in suicide rates.^{63,64} Further, individuals with poor mental health are most affected by unaffordable housing costs, suggesting that economic downturns likely exacerbate pre-existing inequalities in mental health.⁶⁵

During the onset of social distancing measures, NSW saw the largest spike in Google searches for depression within the past five years. This is consistent with previous research indicating that there is a positive relationship between unemployment and Google searches for depression, but above and beyond unemployment, suggests that the lock-down effects may be exacerbating mental health issues.⁶⁶

FIGURE 15: GOOGLE SEARCHES FOR DEPRESSION



[62] Batic-Mujanovic, Poric et al(2017); Aydic, de New et al (2020)

[63] Saregent-Cox, Butterworth et al (2011)

[64] Chang, Stuckler et al (2013)

[65] Baker, Pham et al (2020)

[66] Teft (2011)

IMPACT OF RISING UNEMPLOYMENT ON POOR MENTAL HEALTH

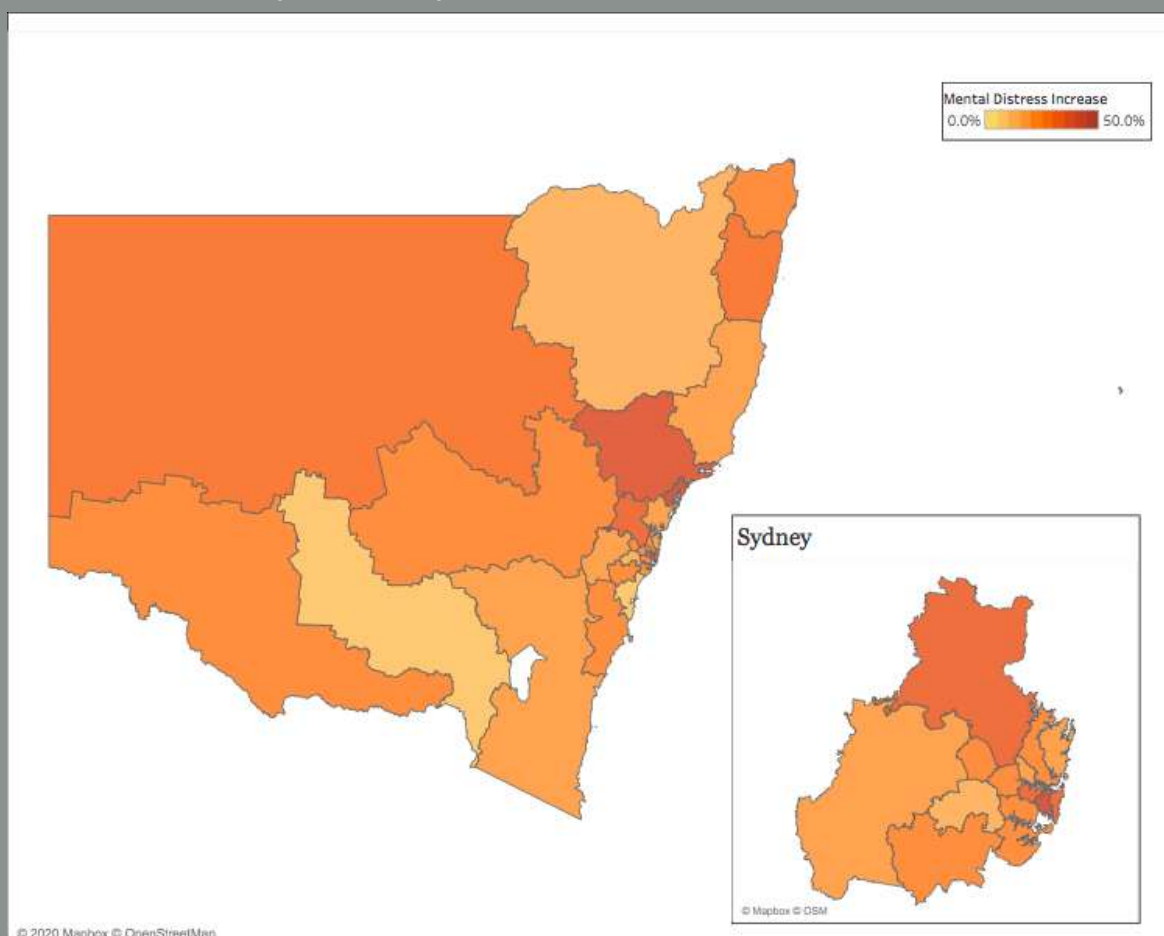
Recent research from Monash University using Australian data found larger impacts of rising unemployment on young female compared to young male mental health.⁶⁷ Using this research and data from NSW on the prevalence of poor mental health, Equity Economics estimates that the level of poor mental health will increase due to the rise in unemployment since February 2020 by up to 17 per cent by June 2021 amongst 20-24 year olds in NSW.⁶⁸

This represents an additional 36,085 young people experiencing poor mental health across NSW, with the largest increases in Sydney's City and Inner South region where an additional 5,355 young people are forecast to experience poor mental health.

The biggest impacts will be felt by young females, with a 22 per cent increase in those experiencing poor mental health compared to a 14 per cent increase in the number of young men experiencing poor mental health.

Across local areas in NSW there will be large variations in the impact of rising unemployment on mental health.

INCREASING INCIDENCE OF DOMESTIC VIOLENCE DUE TO RISING UNEMPLOYMENT (JUNE 2021)



CASE STUDY

Individuals in insecure housing are at a greater risk of becoming homeless. Homelessness is not just people sleeping rough, but those living in severely overcrowded housing, substandard accommodation and temporary accommodation. Because individuals do not have security of tenure or adequate accommodation to meet their needs, they are at risk of other negative outcomes such as mental health, domestic violence and disengagement from education.

Sam is a 19 year old woman living independently in a share house with friends in the southern suburbs of Sydney. Her parents live in regional NSW and she moved to Sydney after finishing school in 2018.

At the start of 2020 Sam was working in a casual job in a cafe. She had been trying to decide whether to go to university later in the year as she wanted to study child care, or to save up and travel before coming back to settle into a course.

Fairly soon after the pandemic hit Sam was laid off her cafe job. As she had been employed as a casual and had not worked at the cafe for more than 12 months she was not eligible for a JobKeeper payment.

Sam's mental health issues recurred at the start of COVID-19. She was anxious about her financial situation and worried about what would happen in the future. None of the plans she had were now possible. Sam became depressed and began drinking.

She knew she needed to do something about her drinking so went to see her GP. Her GP gave her a Mental Health Care Plan referral to a counsellor. Sam says this literally saved her life. She had known for a while she needed to do something about her drinking and her underlying mental health issues. The uncertainty brought on by the pandemic, loss of her work and her plans were making everything worse.

The increased rate of Jobseeker payment also made a huge difference as it allowed her to continue to live independently and the removal of the job search requirement allowed her time to focus on the things she needed to do to look after her wellbeing. She began seeing the counsellor weekly and set up a healthy routine with eating well and exercising and stopped drinking. She has now enrolled in a child-care course which she started in August and has started to pick up some more hours at the cafe. She knows the pandemic changed everything but she feels much more hopeful about the future.



SUICIDE

Specific to the Premier's Priority to reduce the rate of suicide by 20 per cent by 2023, unemployed Australians have shown to have between 4 to 8 times the suicide rates of employed Australians.⁶⁹

Suicide rates among Aboriginal and Torres Strait Islander people are double those of other Australians. Researchers and many working in Aboriginal and Torres Strait Islander community organisations are sounding the alarm indicating the impact of COVID-19 and its aftermath on mental health will be devastating if not managed appropriately.⁷⁰

Using local area data on suicides, and the number of projected employed and unemployed by area, Equity Economics estimates that the number of suicides in NSW could rise by over 11.5 per cent which would represent an additional 105 suicides a year.

Some areas in NSW will experience a larger increase due to the rise in the number of people unemployed and the historical relationship between employment status and suicide risk.

The City and Inner South and Newcastle and Lake Macquarie areas will experience the largest percentage increase, with the suicide rates forecast to increase by 20 per cent. This represents 7 more suicides in the City and Inner South and 12 more suicides in the Newcastle and Lake Macquarie areas. Again, there will be other pockets of risk, particularly across Aboriginal and Torres Strait Islander communities driven by longstanding poverty, marginalisation and a lack of specific services that respond to the health and wellbeing needs of Aboriginal and Torres Strait Islander peoples.

[69] Milner, Morrell et al (2014)

[70] Dudgeon, P., Derry, K. L. Wright, M. (2020)



IMPACT ON THE COMMUNITY SECTOR

The figures presented in this report paint a bleak picture of the impact of rising unemployment on key outcomes for NSW communities, with many parts of the state facing significant challenges in the years ahead.

A strong and adequately resourced Community Sector will be in a better position to support increasing demand due to rising unemployment and disadvantage. COVID-19 has revealed great agility and innovation across the sector, however the additional demand, changing operating environment and reduced income (through drop off in philanthropic funding, fundraising and other revenue generating activities) has placed it under significant pressure. This is impacting the Community Sector's ability to:

- Continue to deliver essential services to those most in need;
- Meet new areas of demand, including investing additional resources where required;
- Coordinate and deliver effective services; and
- Remain financially viable.

In order to better understand how COVID-19 has impacted the number and type of services provided by Community Service Organisations in NSW, a survey of 260 organisations operating across NSW was completed.⁷¹

LARGE DIFFERENCES ACROSS SERVICE TYPES

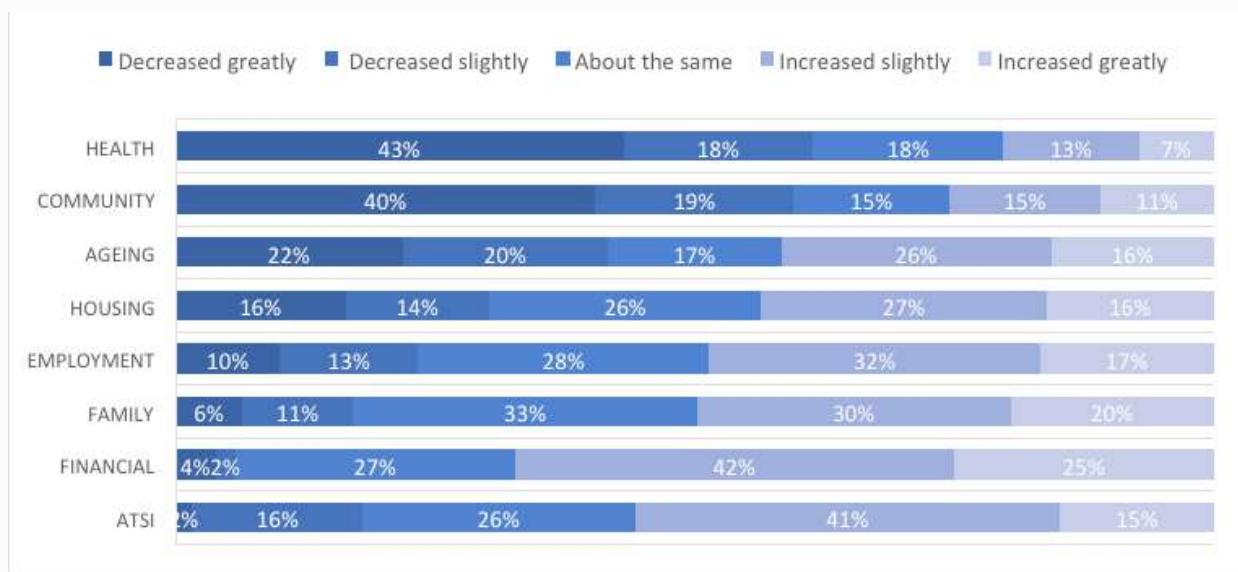
The survey revealed big differences in the impact of COVID-19 on the number of services provided across organisation types. Across all organisations surveyed, 43.6 per cent experienced an increase in service use between March-June 2019 and March-June 2020. At the same time 30.4 per cent experienced a decrease.

However, health organisations experienced a decrease in service use across 61 per cent of their service areas. This contrasts with Aboriginal and Torres Strait Islander organisations that experienced an increase in service use across over half of their service areas, and only a decline in 18 per cent of service areas.

SIGNIFICANT IMPACT ON CORPORATE AND PRIVATE DONATIONS WHICH HAVE TAKEN A 50 PER CENT HIT. THIS PUTS FINANCIAL PRESSURE ON THE DELIVERY OF OUR BROAD RANGE OF SERVICES AND MAINTAINING CURRENT STAFFING LEVELS DESPITE SEEING AN INCREASE IN DEMAND FOR OUR SERVICES.

Youth and specialist housing organisation operating across NSW

FIGURE 16: UNEVEN IMPACT



Survey responses: includes responses from 244 organisations.

CASE STUDY

PROVIDING ESSENTIAL EMPLOYMENT FOR THOSE WITH LIVED EXPERIENCE OF MENTAL HEALTH ISSUES

Flourish Australia is a community based mental health organisation. It supports people with mental health issues in their recovery through programs that assist with day to day living, making social connections, learning new skills, finding stable housing or getting a job. Over 50 per cent of the staff at Flourish Australia have their own experience of living with mental health issues so they understand what it's like and what support works best.

In recognition of the fact people with mental health issues have higher rates of unemployment, Flourish Australia has a number of social enterprises and community businesses that provide meaningful work and supports for people who might have been out of work for a long time. This includes packing and distribution work undertaken in Flourish Australia warehouses and lawn mowing, cleaning and maintenance work undertaken by community teams.

As a result of the pandemic there have been new opportunities for these enterprises including distributing PPE and hand sanitiser to more than 200 hospitals state-wide for NSW Health, packaging and distributing respirators and chemist supplies and undertaking specialised cleaning of the Coronavirus Operations Centre, housed at the Rural Fire Service headquarters at Sydney Olympic Park. Employees also benefit from access to support, flexible work arrangements and other measures to help them manage their mental health issues and maintain their employment.

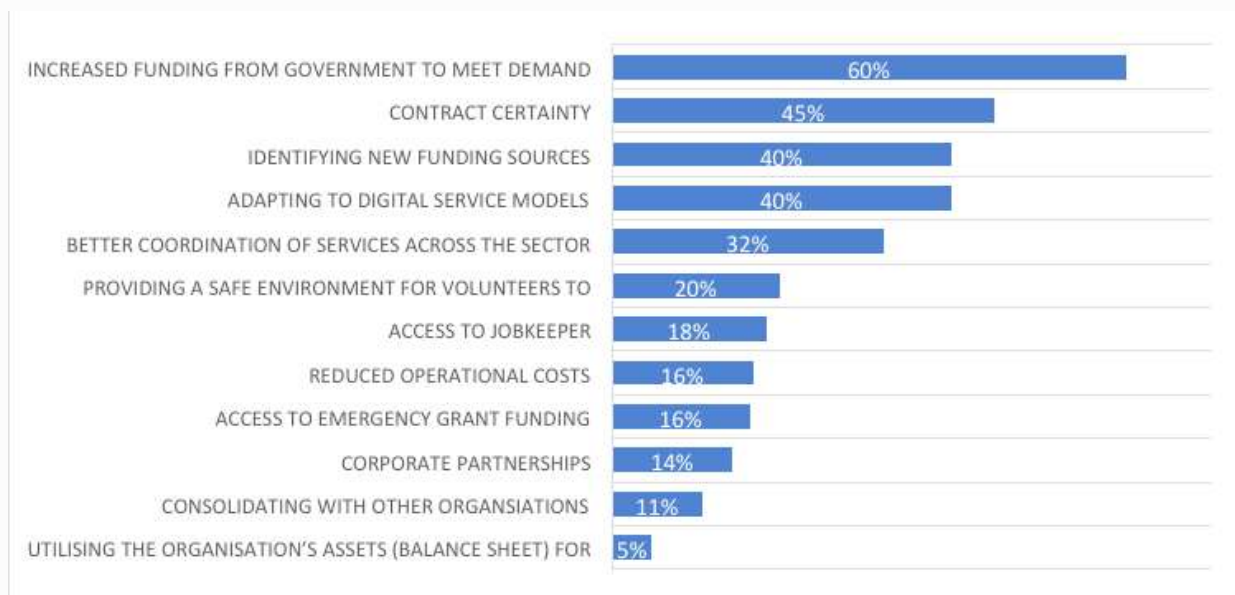
Not only does this provide participants with opportunities to earn an income, gain experience and engage with others, it also means they are playing an essential role in keeping people safe during the pandemic and contributing to NSW's economic recovery.

CERTAINTY OVER GOVERNMENT FUNDING IS CRITICAL

In terms of the additional support required, 60 per cent of respondents indicated increased funding from Government and 45 per cent required contract certainty.

Interestingly, 40 per cent of organisations said that adapting to digital service models would be an important factor in meeting demand in 12 months time.

FIGURE 17: ADDITIONAL SUPPORT REQUIRED



Survey responses: includes responses from 244 organisations.

The survey indicates that the Community Sector has adapted quickly to the challenges posed by COVID-19, and will continue to do so as the needs of communities change due to rising unemployment and reduced Government assistance. However, support from Government in the form of adequate funding, funding certainty and assistance in shifting to delivery of quality online services, will be important factors in the success of the sector to continue to meet the needs of the NSW community.



LIMITING THE RISE IN DISADVANTAGE

The modelling in this report should be viewed as what could occur without intervention. A number of studies point to important steps that can help alleviate rising disadvantage during economic recessions.⁷²

Income support is critical, and decisions made by the Australian Government on the ongoing level of support provided through the JobSeeker payment will influence the extent of rising disadvantage in NSW. But that does not diminish the role that the Community Sector and the NSW Government will play in limiting the impact on individuals, families and communities in the months and years ahead.

Rather than providing specific policy options, we explore the policy direction needed. Ultimately responding to this wave of disadvantage will require proactive and flexible responses from Government, as local pressure points emerge. But there is a solid evidence base from a number of settings on which to base action going forward:

- Strengthening the Community Sector so it is able to effectively partner with Government in responding quickly to rising disadvantage;
- Building on the success of community controlled responses for Aboriginal and Torres Strait Islander communities;
- Implementing a supportive housing strategy recognising that secure housing is the anchor on which other social supports can be effectively delivered;
- Investing in early intervention services across domestic violence, child protection and mental health services; and
- Increasing funding in education for disadvantaged children and young people negatively impacted by COVID-19 and rising unemployment to limit the long term impacts of the economic downturn.

STRENGTHENING THE COMMUNITY SECTOR

The Community Sector is a large employer and makes an important economic contribution to NSW in its own right.⁷³ As noted, its role in addressing disadvantage will be critical to the NSW economic recovery.

While it is not possible to determine the full impact of the pandemic on the Community Sector's finances, the phasing out of JobKeeper, depleted balance sheets, lower fundraising income alongside increased demand are likely to bring a wave of financial and operating distress over the next 12 months. Greater support from the NSW and Australian Governments will be needed, both in terms of contract certainty and adequate funding to meet demand and the rising cost of service delivery but also a collaborative approach to the delivery of services and supports.

As highlighted in the NCOSS Impact of COVID-19 in NSW Survey, 40 per cent of organisations nominated transforming to online delivery methods as a key component of being able to meet demand in 12 months time.⁷⁴ For many not-for-profits it is not possible to access the funds or credit to invest in new technology, service delivery models and capacity building that would improve efficiency and outcomes. In this space, an innovation fund for charities and non-profits has been proposed as a means to ensure services can withstand future disruptions due to COVID-19 and its economic consequences.

SUPPORTING ABORIGINAL AND TORRES STRAIT ISLANDER COMMUNITIES

The highly successful COVID-19 health response led by Aboriginal and Torres Strait Islander leaders at the outset of the pandemic provides a roadmap for future delivery of services. The Aboriginal Community-Controlled Health Sector (ACCHO), led by National Aboriginal Community Controlled Health Organisation (NAACHO) swiftly prepared communities for lockdown, developed effective communication strategies and united diverse sectors (health, education, land councils and government agencies). These Aboriginal and Torres Strait Islander-led actions demonstrated the importance and impact of self-determination in promoting the health and wellbeing of Indigenous people.^{75,76}

This model can now be followed to address the potentially devastating compounding of disadvantage experienced by Aboriginal and Torres Strait Islander people across NSW from rising unemployment and increasing social, health and economic stress. Aboriginal and Torres Strait Islander-led governance backed by dedicated resources will provide NSW with the best chance to plan for recovery and invest in tailored education, employment, training, physical and mental health, housing and safety initiatives that meet the needs of Indigenous people living in NSW.

[73] Deloitte Access Economics (2017)

[74] Social Ventures Australia (2020)

[75] Crooks, Casey and Ward (August 2020)

[76] Markham, Smith and Morphy (eds)

CASE STUDY

Jared grew up in foster care with his brother and didn't find out about his Indigenous background until he was 14 years old. Jared says that he didn't do well at school and he spent most of his high school years hanging out with kids on the streets in Redfern.

In the intervening years Jared had struggled to qualify for social housing and moved all over the place couch surfing and staying here and there. He also suffers from depression and anxiety that can be debilitating.

12 months ago, Jared got out of jail for an assault matter and had been living with his uncle in Marrickville when COVID-19 hit. Being couped up in close quarters with a large family meant everyone was getting pretty stressed out. He found himself homeless in the middle of the pandemic.

Emergency accommodation during this time was more available than usual because of COVID-19 and Jared was able to get himself into crisis accommodation quickly. He had an active application with Housing NSW and he received a support letter from his youth service case worker.

He stayed in the emergency accommodation for 3 weeks and Housing NSW allocated him a townhouse property in Glebe. With the increased COVID-19 payment he has been able to furnish his flat and buy some essentials like a bed, bed linen and a lounge. He said the extra payment from Centrelink has been a lifesaver. Jared has a partner and she stays with him at his new place most nights. They have both recently enrolled in an online small business course with TAFE and are hoping to set up their own food business.

Jared's mental health has never been better and he is now getting online support with a fortnightly psychologist appointment. Being offered secure housing has helped secure Jared's future and allow him the time he needs to study and find work.



A FOCUS ON HOUSING

Rising unemployment across NSW will place households at an increased risk of experiencing housing insecurity and homelessness, and prolonged disadvantage. Internationally a number of policies have been found to be important in addressing the impact of unemployment on housing stress and homelessness:

- Access to housing advice that is aimed at keeping tenants in existing housing, including through liaison with landlords;
- Family mediation aimed at reducing youth homelessness;
- Domestic Violence Victim support; and
- Tenancy sustainment to directly assist vulnerable tenants retain their tenancy.

Increasing these support services in NSW, targeted in areas with identified surges in demand will help individuals and families navigate their housing stress and assist more families to stay in suitable housing. Given the forecast rise in housing stress of 24 per cent, and the existing pressures facing housing and homelessness services there is a need for an urgent increase in funding for these organisations. Without such support, the predicted increase in homelessness of 9,000 people will be an underestimate.

Assisting those that do become homeless requires much more intensive support and services. Supportive housing policies have been shown to be effective at addressing disadvantage, through providing individuals and families with holistic support and cementing connections to local communities.⁷⁸ Social and affordable housing is at the centre of this approach.⁷⁹

Increasing the stock of social and affordable housing by 5,000 will provide an alternative for the 110,000 additional NSW families and individuals facing housing insecurity and homelessness. In addition, as highlighted in Equity Economics previous report Supporting Economic Recovery in NSW it would help generate up to 18,000 jobs in residential construction.⁸⁰

Addressing rising rates of domestic violence will also take pressure off housing and homelessness services, as victims represent the largest cohort of clients in specialist homelessness services in NSW.

DOMESTIC VIOLENCE

While there is a complex relationship between rising unemployment, COVID-19 and domestic violence, evidence from the Australian Institute of Criminology and from Equity Economics modelling indicates that meeting the Premier's Priority of reducing domestic violence re-offending by 25 per cent in 2023 is unlikely.

Policies that support female employment and reduce inequality will help counter the impacts of rising unemployment and poverty. Increased rates of female employment are linked to falling levels of domestic violence.⁸¹

Resources are also needed to meet rising demand and the significant levels of existing unmet demand for services. The NSW Government showed leadership in committing \$12.8 million in additional domestic violence funding to address the COVID-19 pandemic, and this funding should continue to address forecast increases in demand.

[78] Pleace, N. (2012)

[79] Ibid.

[80] Equity Economics (2020)

[81] Anderberg D, Rainer H, Wadsworth J & Tanya Wilson (2013)

PROTECTING CHILDREN

Research on the impact of the GFC on children by UNICEF highlighted the importance of a strong social safety net and the role of a coherent policy response in dampening the impact of economic downturns on children's outcomes.⁸² Through ensuring against the drop in income associated with job losses in a recession, a strong safety net helps maintain the household investment in children.

A decision from the Australian Government to continue the higher level of JobSeeker (and associated parenting payments) in aggregate would prevent more children becoming at risk of higher levels of abuse. A reduction in the supplement will put up to 340,000 people in New South Wales into poverty, and negatively impact the safety of children.

The 2018 Report Forecasting Future Outcomes highlighted the additional costs associated with children at risk of significant harm.⁸³ The future costs of vulnerable young children are between 1.7 and 2.1 times the future costs of the general population. Investing in early intervention services offers the best prospect of protecting children and avoiding higher future costs.

The NSW Government has recognised that expenditure to protect children and young people from harm has for too long been concentrated at the crisis end, not aligned with evidence and failing to deliver the desired outcomes.⁸⁴ Current statistics from the Department of Communities and Justice indicate that only 27 per cent of children at risk of harm were in contact with the Department during the previous 12 months.⁸⁵ Cross-portfolio leadership and increased investment in evidence-led, system-wide early intervention and place-based approaches are required to change the trajectory of the most vulnerable families and children in the state.

[82] Cantillon B, Chzhen Y, Handa S, Nolan B (2017)

[83] Taylor Fry (2018)

[84] Government commissioned Tune review: Tune, D (2015)

[85] NSW Department of Community and Justice (2020)



MENTAL HEALTH

Rising unemployment and existing high levels of mental distress, risk a mental health crisis for young people in NSW. Over 36,000 additional young people face high levels of mental distress and will require services and supports.

In 2017-2018, NSW spent \$10 less per capita on mental health services than the national average.⁸⁶ But it spent \$25 less on community mental health than any other state excluding Tasmania. As an important preventative measure, community mental health services are the first line in tackling rising mental health distress in the community.

While the 2018-2019 year saw a large increase in mental health funding of \$2.1 billion over ten years, there is a need for further investments to meet the forecast growth in demand, particularly amongst young people.

Increasing funding for community mental health to the average national figure would represent an additional investment of \$100 million per year.⁸⁷ To put NSW ahead as the best jurisdiction in Australia in terms of investment, an additional \$335 million per year would be required. This would help fund additional child and adolescent mental health services, 'step-up, step-down' places across NSW to reduce pressure on emergency departments and unnecessary hospitalisations, and the establishment of community hubs in which to co-locate services (including peer support) so people with mild to moderate mental health needs can access the right support in the right place.

EDUCATION

There is significant evidence that any losses in education will impact the productivity and earnings across an individual's lifetime and have broader economic implications.⁸⁸

There is an urgent need for additional resources to support students increased learning needs due to the losses during the COVID-19 lockdown and the impacts of rising unemployment on outcomes.

Through a temporary increase in the equity loading provided to schools for students from a low socio-economic background, the NSW Government could assist schools to meet these additional needs through additional teachers, literacy support and individual tutoring.⁸⁹ It is critical these students are not allowed to fall further behind. This funding would also generate thousands of jobs in the education sector.

[86] AIHW(2020)

[87] Based on latest AIHW figures and factoring in the increase in funding included in the 2018-19 Budget for Community Health.

[88] Day, J. C., & Newburger, E. C. (2002)

[89] Based on NSW figures on number of disadvantaged students



CONCLUSION

This report has treated the domains of disadvantage as independent, when in fact we know they are interrelated and are likely to be compounded by each other. Domestic violence often results in housing stress and homelessness. Housing stress and homelessness are linked to higher rates of mental distress and an inability to provide adequate care for dependents. These links make a holistic approach to supporting people during the economic downturn critical.

Greater support for families, children and young people is required, alongside a strong partnership approach between Government and the Community Sector. With the right investments it will be possible to mitigate the impacts of rising unemployment, and ensure that the long term economic and social costs of the recession are minimised. Success will not only strengthen the immediate economic recovery but also lift the future productive capacity of the NSW economy. NSW had already set a course to put its people onto a better path through reducing longstanding areas of disadvantage. Now is the time to strongly invest in ensuring people have the support needed to emerge from this difficult time and create good lives for themselves and their families.

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APPENDIX

PREMIER'S PRIORITIES

The Premier of NSW, Gladys Berejiklian, announced the 14 Premier's Priorities in June 2019. The priorities were always ambitious, aiming to put NSW and its people onto a better path through reducing longstanding areas of disadvantage. They were formulated at a time when the economic outlook was much more positive.

The impact of COVID-19 and rising levels of unemployment, mean that a number of these targets are now at risk. The rising tide of disadvantage will, without additional resources and efforts, overwhelm any progress.

Bumping up Education Results for Children

Increase the proportion of public school students in the top two NAPLAN bands (or equivalent) for literacy and numeracy by 15 per cent by 2023.

Increasing the number of Aboriginal young people reaching their learning potential

Increase the proportion of Aboriginal students attaining year 12 by 50 per cent by 2023, while maintaining their cultural identity.

Protecting our most vulnerable children

Decrease the proportion of children and young people re-reported at risk of significant harm by 20 per cent by 2023.

Increasing permanency for children in out-of-home care

Double the number of children in safe and permanent homes by 2023 for children in, or at risk of entering, out-of-home care.

Reducing domestic violence reoffending

Reduce the number of domestic violence reoffenders by 25 per cent by 2023.

Reducing recidivism in the prison population

Reduce adult reoffending following release from prison by five per cent by 2023.

Reducing homelessness

Reduce street homelessness across NSW by 50 per cent by 2025.

Improving service levels in hospitals

100 per cent of all triage category 1, 95 per cent of triage category 2 and 85 per cent of triage category 3 patients commencing treatment on time by 2023.

Improving outpatient and community care

Reduce preventable visits to hospital by five per cent through to 2023 by caring for people in the community.

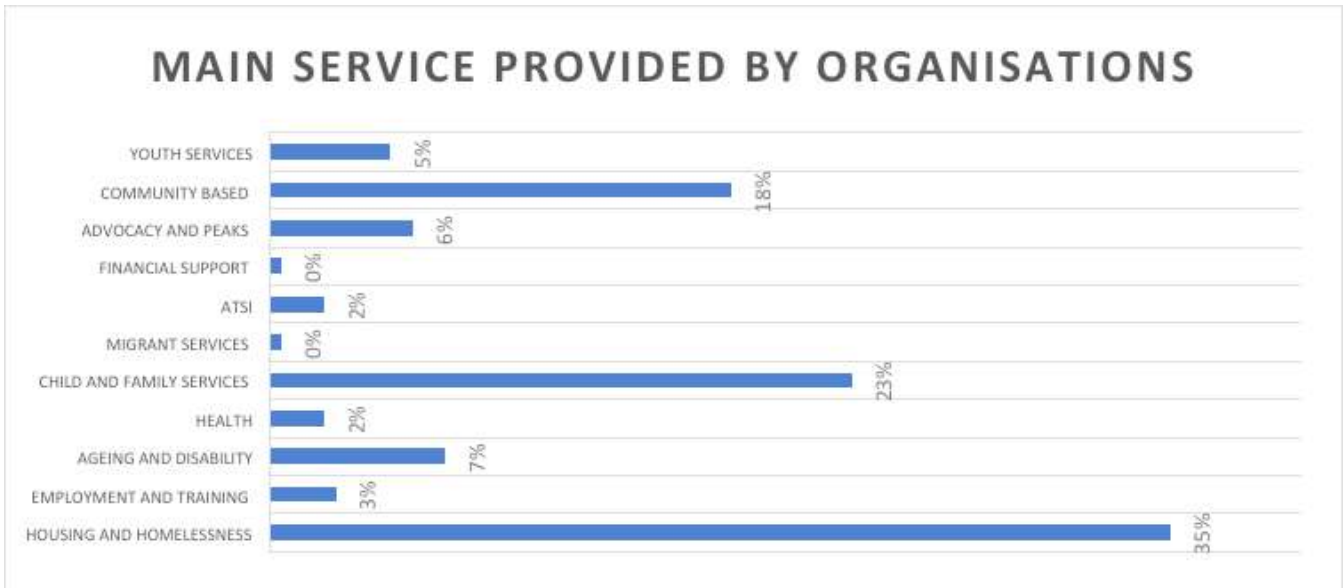
Towards zero suicides

Reduce the rate of suicide deaths in NSW by 20 per cent by 2023.

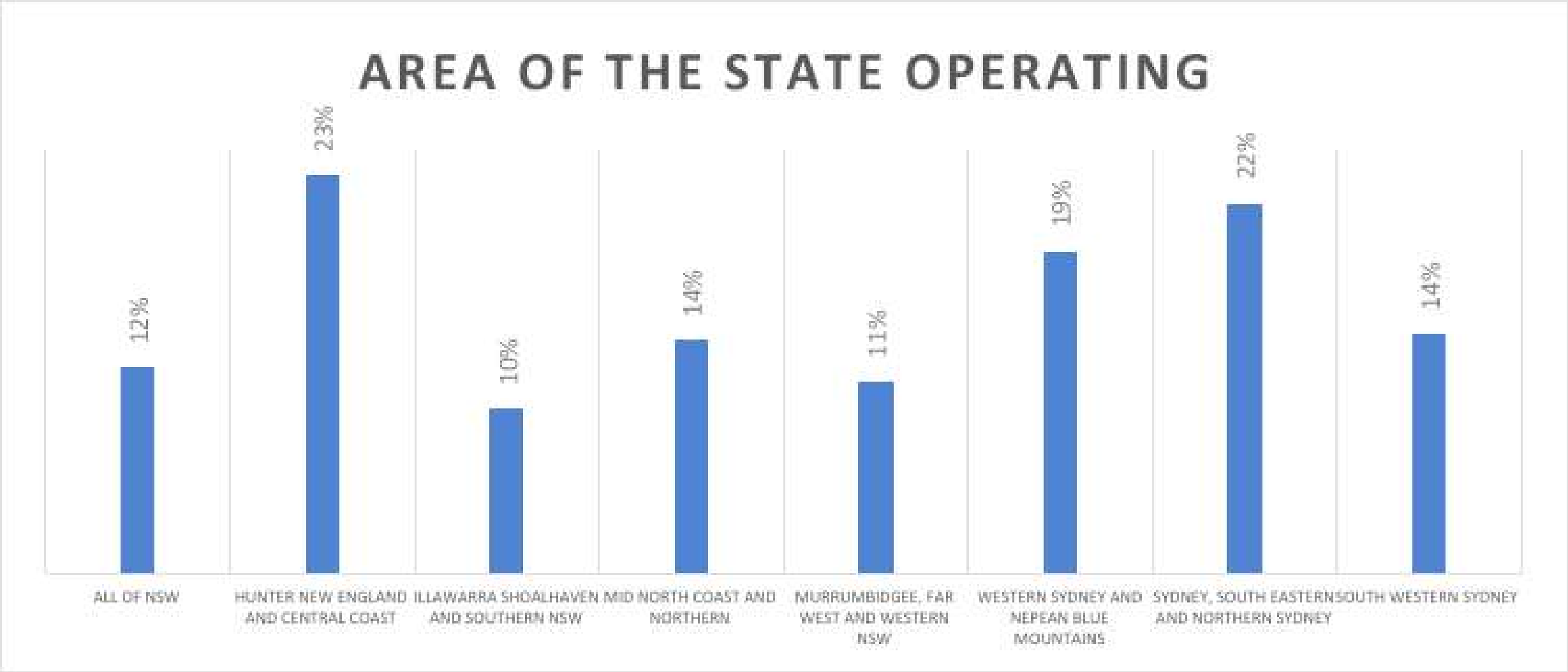
IMPACT OF COVID-19 IN NSW: RISING DISADVANTAGE AND DEMAND FOR SOCIAL SERVICES SURVEY RESULTS

The survey launched on 6 August 2020 and closed on 24 August 2020. There were 253 valid responses to the survey.

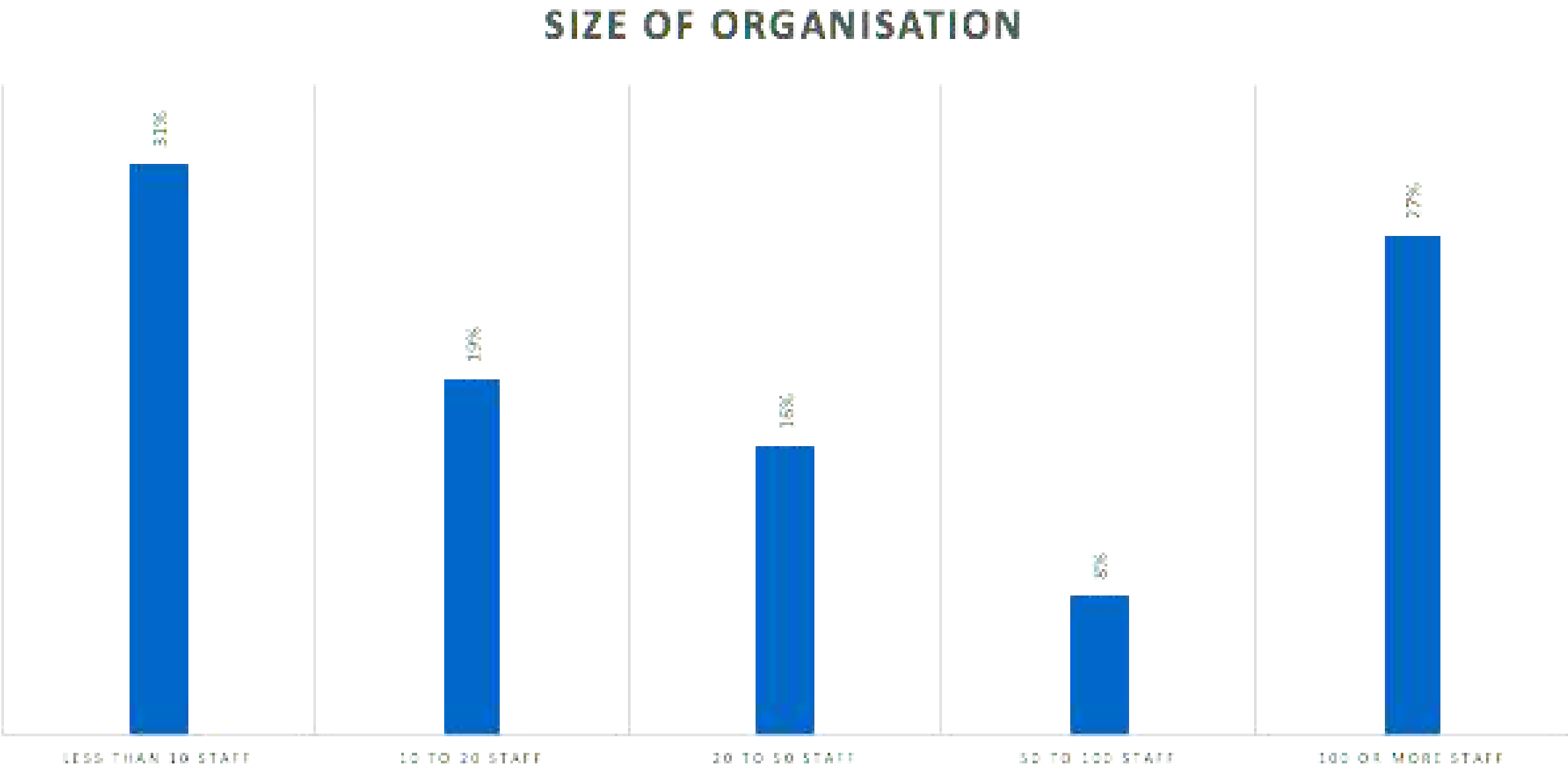
Housing and Homelessness services represented the largest group of responders (35%), followed by Child and Family Services (23%) and Community Based (18%).



The majority of providers reported operating in the Sydney area, but a number of organisations also operated in the central coast (35%) and other regional locations.



The largest group responding to the survey were organisations with less than 10 staff (31 per cent), followed by organisations with over 100 staff (27 per cent).



SURVEY CATEGORISATION

Primary Preventions	Early Intervention	Crisis Intervention	Ongoing Intervention	Advice and Information
Financial Information	Assistance to sustain tenancy or prevent tenancy failure or eviction	Short term or emergency accommodation	Medium term/ Long term housing	Advocacy/liaison on behalf of client
Legal information	Assistance to prevent foreclosures or for mortgage arrears	Assistance to obtain/maintain government allowance	Home visits	Information and referral
Living skills/personal development	Drop-in centre	Emergency relief	Employment Assistance	Volunteer coordination
Culturally Specific Services	Group programs	Material aid	Educational or Training Assistance	
Family planning services	School liaison	Assistance for incest/sexual assault	Meals	
Parenting skills education	Counselling	Child protection services	Personal Care Services	
Family/Relationship assistance		Assistance for trauma	Mental Health Services	
Structured play/skills development			Pregnancy Services	
Child care			Health Services	
Child specific specialist counselling			Case management/support coordination	
Culturally specific services			Transport assistance	
			Child contact and residence arrangements	
			Assistance with immigration services	

UNEMPLOYMENT METHODOLOGY

Working-age population data for New South Wales is from the Australian Bureau of Statistics (ABS) publication Australian Demographic Statistics: December 2019 (Cat. no. 3101.0).

Projections for the working-age population are based on ABS estimates of future population growth from the ABS publication Population Projections: 2017 to 2066 (Cat. no. 3222.0), with adjustments made for the impact of the current COVID crisis on immigration levels. Projections are checked for consistency against historical rates of death by age from the Australian Institute of Health and Welfare (Deaths in Australia: 2017), and expected additions to the working age population (from those turning 15 years of age).

Labour market data for New South Wales (and for Australia) are from the ABS publication Labour Force: July 2020 (Cat. no. 6202.0).

Projections for labour market variables (labour force participation rates, the number of employed persons, the number of unemployed and the unemployment rate) are calibrated to the most recent (Commonwealth) government labour market forecasts in the Economic and Fiscal Update: July 2020. Note, that the most recent labour market forecasts for New South Wales (from the New South Wales Government) were published prior to the COVID crisis (on 12 December 2019), and so are not useful for deriving projections.

Population and labour market data by labour market region (ASGS) and sex is taken from the ABS publication Labour Force, Detailed: July 2020 (Cat. no. 6291.0.55.001). For consistency, projections for labour market variables (labour force participation rates, the number of employed persons, the number of unemployed and the unemployment rate) are calibrated to the most recent most recent (Commonwealth) government labour market forecasts in the Economic and Fiscal Update: July 2020. Projections for each ASGS are derived to be consistent with the aggregate projections for New South Wales.

Due to the impact of the drought in three regions which increased unemployment in the pre-Pandemic period and small sample sizes making the unemployment series more volatile we used NSW wide rather than local area estimates. The three regions were: Far West and Orana, Murray and Southern Highlands and Shoalhaven.

HOUSING AND HOMELESSNESS METHODOLOGY

Housing Stress

We follow the methodology in Baker (2020), which used 2016 Census data on the number of households relying on two, one and no employment income and estimated the impact on the national increase in unemployment on these figures. Our analysis will be more accurate as it used local estimation of both household type and changes in unemployment. However, by not accounting for differences in the probability of losing jobs between household types we may underestimate the impact on certain groups (see below).

Households relying on only one income are categorised as being in housing stress.

In order to undertake such a calculation we make a number of simplifying assumptions:

- only one person per household loses their job during the period;
- the probability of losing your job is not impacted by tenure type.

As a result we may overestimate the number of households in the only relying on one income category and underestimate the number of households relying on no employment income. In addition we may underestimate the impact on renters, as they have a higher probability of losing their job.

Homelessness

The 2019 study How do housing and labour markets affect individual homelessness? , Johnson G et al found that a one percentage point increase in unemployment within a local area increased the probability of people at risk of homelessness becoming homeless by 0.9 percentage points to 8.9 per cent and reduced the probability of someone exiting homelessness by 0.8 percentage points to 40.5 per cent.

The study sample was randomly selected from Centrelink clients deemed at risk of homelessness and included 5503 housed and 1112 homeless observations across 6 waves. We assume from this ratio that given there were 37,715 people homeless in NSW at the 2016 Census, there are currently 149,464 people ‘at risk’ of homelessness. We use local area forecasts of unemployment at the SA4 level for June 2021 to estimate the likely increase in the number of people defined as homeless from February 2020. We first estimate the change from the 2016 Census to February 2020 at the local level, and then the change from February 2020 to June 2021.

Based on a steady state of homelessness there would be 186,000 people at risk in NSW meaning our calculations are conservative. We are also conservative in not assuming any increase in the number of people at risk due to worsening economic conditions.

	Mortgage			Rental		
	Two Adults Employed	One Adult Employed	All Adults Unemployed	Two Adults Employed	One Adult Employed	All Adults Unemployed
Capital Region	13,388	6,244	194	3,864	4,197	447
Central Coast	21,383	10,747	25	6,646	7,576	686
Central West	12,183	5,205	3	3,506	3,824	493
Coffs Harbour - Grafton	6,405	3,764	201	2,205	3,099	486
Far West & Orana	6,219	1,923	56	2,497	1,763	258
Hunter Valley exc Newcastle	17,587	8,435	191	5,392	6,277	706
Illawarra	18,031	9,770	25	4,963	6,571	904
Mid North Coast	9,688	5,469	168	3,036	4,427	553
Murray	6,879	2,975	54	1,909	2,277	259
New England & North West	9,271	4,239	113	3,263	3,744	561
Newcastle & Lake Macquarie	24,114	11,262	236	6,905	7,715	752
Richmond - Tweed	12,423	6,413	173	4,438	5,617	516
Riverina	8,213	4,314	415	2,764	3,186	590
Southern Highlands & Shoalhaven	8,178	3,795	74	2,644	2,795	214
Sydney - Baulkham Hills & Hawkesbury	20,868	8,677	146	4,502	3,308	112
Sydney - Blacktown	24,086	14,801	940	7,814	10,328	1,395
Sydney - City & Inner South	13,454	5,741	225	18,762	8,651	571
Sydney - Eastern Suburbs	12,270	5,405	63	13,123	6,483	255
Sydney - Inner South West	26,896	17,435	418	15,192	18,047	1,076
Sydney - Inner West	16,411	6,888	116	13,368	8,476	37
Sydney - North Sydney & Hornsby	25,723	11,923	186	16,383	10,698	316
Sydney - Northern Beaches	18,183	8,120	359	8,187	5,069	307
Sydney - Outer South West	20,733	12,132	316	5,016	6,928	718
Sydney - Outer West & Blue Mountains	21,256	12,833	1,017	6,069	7,784	1,120
Sydney - Parramatta	19,747	14,588	1,212	13,038	17,132	2,012
Sydney - Ryde	10,449	5,708	410	6,115	5,509	529
Sydney - South West	19,461	15,747	1,318	5,786	10,213	1,645
Sydney - Sutherland	18,110	7,054	61	4,910	3,645	154

Post COVID Housing Stress by SA4

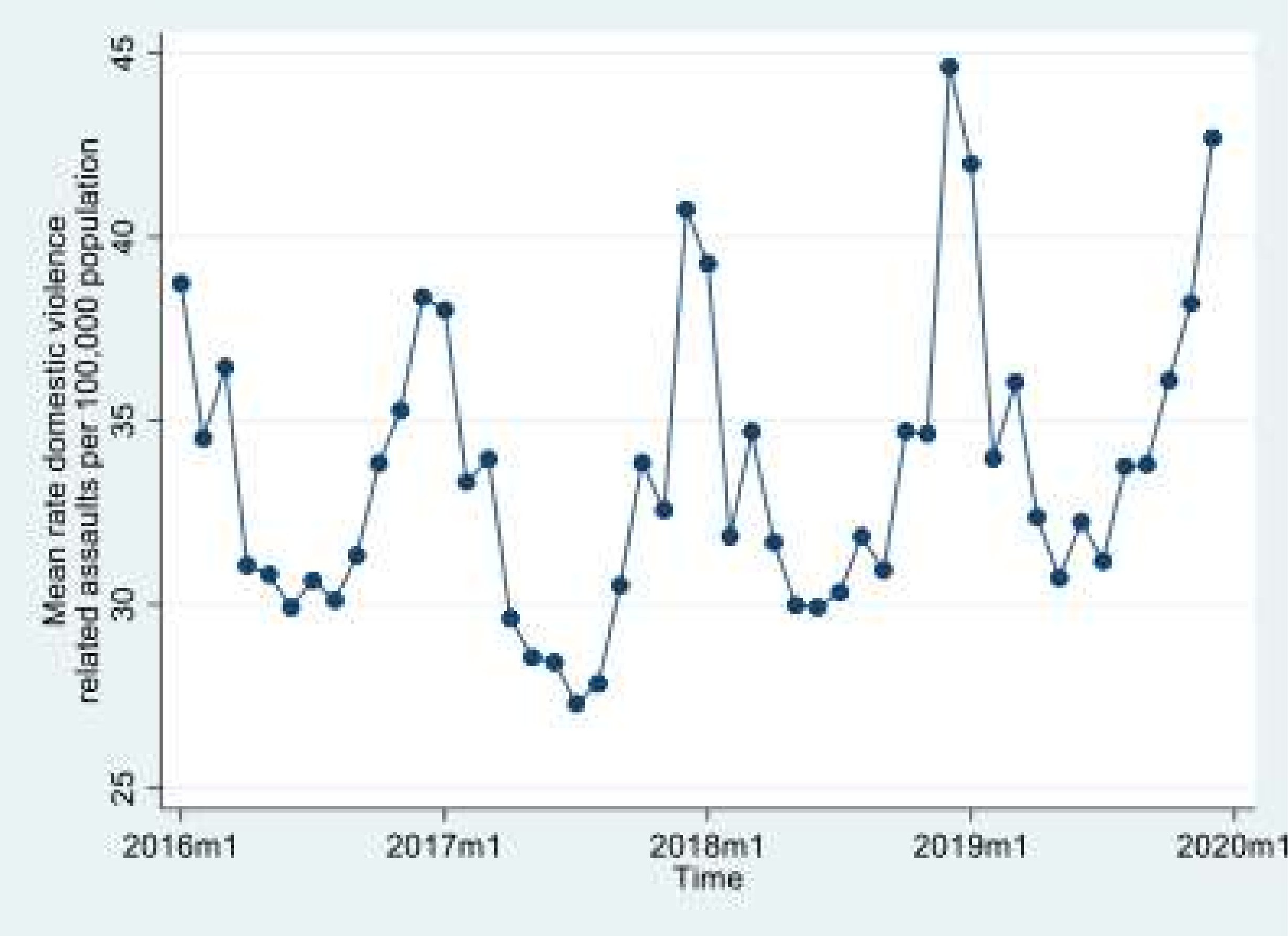
	Mortgage			Rental		
	Two Adults Employed	One Adult Employed	All Adults Unemployed	Two Adults Employed	One Adult Employed	All Adults Unemployed
Capital Region	11,965	7,031	831	3,454	4,169	886
Central Coast	19,725	11,831	799	5,895	7,893	1,120
Central West	10,748	6,091	643	2,999	3,910	914
Coffs Harbour - Grafton	5,357	4,231	782	1,844	2,964	981
Far West & Orana	5,802	2,328	69	2,130	2,074	314
Hunter Valley exc Newcastle	14,726	10,041	1,446	4,341	6,367	1,666
Illawarra	16,519	10,527	1,280	4,547	6,454	1,437
Mid North Coast	8,818	5,853	655	2,763	4,304	950
Murray	6,162	3,392	354	1,694	2,260	491
New England & North West	8,638	4,588	397	3,040	3,713	815
Newcastle & Lake Macquarie	18,826	14,103	2,681	5,337	7,600	2,435
Richmond - Tweed	10,953	7,156	900	3,867	5,546	1,157
Riverina	7,770	4,569	604	2,615	3,178	747
Southern Highlands & Shoalhaven	7,546	4,247	254	2,324	2,970	358
Sydney - Baulkham Hills & Hawkesbury	18,186	10,354	1,150	3,857	3,567	497
Sydney - Blacktown	21,490	15,929	2,408	6,972	10,098	2,467
Sydney - City & Inner South	8,255	8,840	2,325	11,512	2,724	3,748
Sydney - Eastern Suburbs	9,323	7,058	1,357	9,966	8,086	1,808
Sydney - Inner South West	23,313	18,791	2,646	13,075	17,851	3,389
Sydney - Inner West	13,620	8,573	1,222	10,973	9,502	1,707
Sydney - North Sydney & Hornsby	22,824	13,554	1,453	14,477	11,463	1,456
Sydney - Northern Beaches	16,108	9,343	1,211	7,253	5,459	852
Sydney - Outer South West	18,292	13,165	1,724	4,425	6,708	1,529
Sydney - Outer West & Blue Mountains	19,290	13,758	2,057	5,508	7,667	1,798
Sydney - Parramatta	16,688	15,592	3,266	11,018	16,634	4,530
Sydney - Ryde	9,116	6,394	1,056	5,336	5,634	1,194
Sydney - South West	17,938	16,127	2,461	5,334	9,893	2,418
Sydney - Sutherland	16,211	8,277	738	4,340	3,862	507

SA4 Region	2016 Census Homeless	At Risk of Homelessness	February 2020 Unemployment*	February 2020 Homelessness Estimates	June 2021 Unemployment	June 2021 Homelessness Estimates	Increase in Homelessness	Percentage Rise (From February 2020)
Capital Region	664	3,289	3.6	583	3.6	684	102	17%
Central Coast	1,034	5,122	3.9	926	3.9	1,099	173	19%
Central West	459	2,274	3.4	368	3.4	455	87	24%
Coffs Harbour - Grafton	616	3,052	7.2	541	7.2	704	163	30%
Far West & Orana	497	2,462	0.6	444	0.6	573	129	29%
Hunter Valley exc Newcastle	543	2,690	3.4	490	3.4	670	180	37%
Illawarra	1,021	5,058	8.1	1,223	8.1	1,302	79	6%
Mid North Coast	691	3,423	6.8	758	6.8	869	111	15%
Murray	231	1,144	2.8	173	2.8	216	43	25%
New England & North West	772	3,824	7.1	713	7.1	787	74	10%
Newcastle & Lake Macquarie	1,212	6,004	5.0	1,156	5.0	1,624	468	40%
Richmond - Tweed	1,263	6,257	3.8	1,254	3.8	1,512	258	21%
Riverina	396	1,962	6.4	435	6.4	460	25	6%
Southern Highlands & Shoalhaven	375	1,858	4.2	252	4.2	437	84	24%
Sydney - Baulkham Hills & Hawkesbury	388	1,922	2.9	288	2.9	499	111	29%
Sydney - Blacktown	1,549	7,673	6.6	1,792	6.6	2,118	326	28%
Sydney - City & Inner South	6,189	30,659	3.4	6,090	3.4	8,555	2,465	40%
Sydney - Eastern Suburbs	1,483	7,346	2.7	1,320	2.7	1,773	452	34%
Sydney - Inner South West	3,715	18,403	5.1	3,658	5.1	4,458	800	22%
Sydney - Inner West	2,569	12,726	3.4	2,554	3.4	3,263	709	28%
Sydney - North Sydney & Hornsby	1,040	5,152	3.4	1,042	3.4	1,254	212	20%
Sydney - Northern Beaches	605	2,997	4.1	666	4.1	770	104	16%
Sydney - Outer South West	1,042	5,162	4.3	1,061	4.3	1,286	225	21%
Sydney - Outer West & Blue Mountains	1,224	6,063	5.6	1,429	5.6	1,623	195	14%
Sydney - Parramatta	4,348	21,539	6.5	4,260	6.5	5,202	941	22%
Sydney - Ryde	480	2,378	5.4	564	5.4	632	68	12%
Sydney - South West	3,079	15,253	7.2	3,147	7.2	3,532	385	12%
Sydney - Sutherland	266	1,318	2.0	264	2.0	322	59	22%
Total (NSW)	37,751	186,736				46,679	9,028	24%

DOMESTIC VIOLENCE

Data used in this analysis is sourced from the NSW Bureau of Crime Statistics and Research (BOCSAR) which provides all police reported cases of “Domestic violence related assaults” across NSW at the postcode level from January 1995 to March 2020. As we are linking this to unemployment data at the SA4 level, the number of domestic violence related assaults was aggregated up to the SA4 level using population weighted Australian Statistical Geography Standard correspondences (ABS 2020). Across the year 2019, there was, on average, 35.3 domestic violence cases reported per 100,000 population. Figure 1 below shows the average rate of domestic violence cases by month across all of NSW and highlights that there is substantial seasonality in reporting, with cases increasing each year around December and January.

FIGURE 7 – AVERAGE RATE OF DOMESTIC VIOLENCE ASSAULTS REPORTED BY MONTH ACROSS ALL NSW



Model

We estimate the rate of domestic violence (per 100,000 population) y in region r at time t using OLS regression replicating Anderberg, Rainer et al. (2016):

$$y_{rt} = [\beta_1 u]_{rt} + \lambda_t + \alpha_r + \epsilon_{rt}$$

where u_{rt} is the percentage of the population that is unemployed in region r and month t . We control for unobservable time-invariant regional characteristics, such as remoteness and regional differences in reporting rates, with region fixed effects (α_r) (WESNET 2000, Livingston 2010), as well as national trends in the incidence of abuse through the inclusion of year fixed effects (λ_t). Using this model, we then estimate, within regions, the extent to which a 1% increase in unemployment is associated with the reported rate of domestic violence assaults. We also perform different modelling assumptions and estimate how this effect changes if we include both male and female unemployment separately, as well as month fixed effects and region specific linear time trends. All analyses were performed in Stata version 16.0.

Results

Using our baseline specification model, we find that a 1% increase in unemployment is associated with 0.17 (95%CI 0.07; 0.26) more domestic violence cases per 100,000 population. This effect remains positive and significant when controlling for month fixed effects (Model 2) and region specific linear time trends (Model 3) respectively. We find that both male and female unemployment rates are positively associated with increases in the reported rates of domestic violence, with the effect mainly being driven by male unemployment.

Regression results showing the extent to which a 10% increase in unemployment is associated with police reported rates domestic violence using region and year fixed effects (1);

	(Model 1)		(Model 2)		(Model 3)		(Model 4)	
	Reported rate 100,000 population [95 %CI]	DV per	Reported rate 100,000 population [95 %CI]	DV per	Reported rate 100,000 population [95 %CI]	DV per	Reported rate 100,000 population [95 %CI]	DV per
1% absolute increase in total unemployment	0.168*** [0.072,0.264]		0.084 [-0.001,0.170]		0.132** [0.037,0.227]			
1% absolute increase in female unemployment							0.050 [-0.024,0.124]	
1% absolute increase in male unemployment							0.119** [0.039,0.199]	
Region fixed effects	☑		☑		☑		☑	
Year fixed effects	☑		☑		☑		☑	
Month fixed effects			☑					
Region-specific linear time trends			☑		☑		☑	
r2	0.839		0.874		0.848		0.839	
N	6720.000		6720.000		6720.000		6720.000	
Mean of outcome	33.375		33.375		33.375		33.375	

Forecasts

We then use our baseline specification results to predict changes in the incidence of domestic violence across SA4 areas in NSW.

EDUCATIONAL ATTAINMENT

NAPLAN results were provided for NSW from the Australian Curriculum, Assessment and Reporting Authority and converted from Local Health Area to SA4 using population weights from the ABS.

We forecast average changes NAPLAN scores by geographic area and/or ICSEA for year 9 mathematics based on forecast unemployment using the reported association from overseas studies between societal job losses and student achievement.

Change in maths scores per 1% increase in unemployment		0.076*
Average NSW year 9 maths score		596.5
Standard deviation year 9 maths score NSW		67.2
Change in score per 1% increase in unemployment		5.1072
As % of average score		0.008562

*Standard deviation

The drawback is that this research comes from the USA, therefore it is not necessarily representative of the Australian context given the differences in school funding and social safety net. However, because this approach does not include in the impact of on-line learning (making it more conservative) it will underestimate the impact on NAPLAN scores and by using international data the impact of a major economic downturn on society is considered as part of the analysis.

	Year 9 Maths NAPLAN totals 2019	Estimate Based on February 2020 Unemployment	Forecast Based on 2021 Unemployment	Change in Score
	Mean	Mean	Mean	Mean
Captial Region	572.2	573.6	550.2	-23.4
Central Coast	586.5	599.0	573.5	-25.5
Central West	579.8	580.8	575.8	-5.0
Coffs Harbour - Grafton	579.8	567.5	562.6	-4.9
Far West and Orana	557.7	557.7	519.3	-38.4
Hunter Valley exc Newcastle	573.3	586.6	562.0	-24.6
Illawarra	590.7	570.0	572.0	2.0
Mid North Coast	574.1	574.4	546.0	-28.4
Murray	576.7	581.2	561.3	-19.9
New England and North West	573.2	552.9	566.1	13.2
Newcastle and Lake Macquarie	594.3	588.7	564.6	-24.1
Richmond - Tweed	584.7	587.3	542.1	-45.2
Riverina	580.7	575.2	563.4	-11.8
Southern Highlands/Shoalhaven	582.9	605.7	571.1	-34.6
Sydney - Baulkham Hills/Hawkesbury	618.8	617.1	620.2	3.2
Sydney - Blacktown	580.3	577.6	550.6	-27.0
Sydney - City/Inner South	644.7	645.9	622.2	-23.6
Sydney - Eastern Suburbs	635.4	641.4	598.1	-43.3
Sydney - Inner South West	595.6	596.8	571.8	-25.0
Sydney - Inner West	620.4	613.5	601.0	-12.4
Sydney - Nth Sydney/Hornsby	651.3	650.6	616.5	-34.1
Sydney - Nthn Beaches	624.3	621.9	603.1	-18.8
Sydney - Outer South West	584.8	586.7	566.0	-20.8
Sydney - Outer West/Blue Mts	586.3	580.4	567.1	-13.3
Sydney - Parramatta	612.3	614.1	590.8	-23.2
Sydney - Ryde	627.7	623.5	608.2	-15.2
Sydney - South West	582.6	575.0	564.1	-10.8
Sydney - Sutherland	609.5	610.2	589.1	-21.1
NSW Total	599.5	598.2	574.6	-23.6

MENTAL HEALTH

In order to estimate the impact of unemployment on mental health we estimate the local impacts of unemployment on key mental health outcomes in NSW. We used publicly available data from HealthStats NSW (NSW Government 2020) which contains information on:

- Psychological distress in adults; and
- Suicide rates.

Using Australian research we then estimated the projected increases across SA4 region based on estimated unemployment in June 2021.

Suicides

Suicide is higher among economically inactive and unemployed persons than employed persons. Milner et al (2014) investigated differences in this relationship by sex and age over the period 2001 to 2010 in Australia . While these figures may underestimate the true impact of the upcoming recession, they provide local evidence of the link between unemployment and suicide.

In order to estimate we used the estimates of the suicide rate ratio for unemployed and employed males and females published in the paper and statistics from the NSW HealthStats on the number of male and female suicides in NSW:

	Male	Female
Unemployed (RR)	4.62 [95% CI: 4.1- 5.19]	8.44 [95% CI: 7.38 - 9.67]
Suicides NSW (2018)	682	213

As this data is inconsistently recorded across areas (e.g. by LHD, PHN, LGA), we have first aggregated the information up to SA4 level areas. SA4s have been specifically designed by the Australian Bureau of Statistics (ABS) to reflect labour markets across Australia (ABS, 2020). SA4s in regional areas contain around 100,000 to 300,000 people whereas SA4s in metropolitan area contain around 300,000 to 500,000 people.

We then made simplifying assumptions due to the lack of local breakdown of the number of suicides by gender:

- It was assumed the ratio of male to female suicides was consistent across SA4s, this may have introduced bias into our results for example in areas with lower female suicide as the impact of unemployment will be greater for this group.
- The number of suicides in a SA4 area were allocated into the employed and unemployed groups, based on the total suicide rate and numbers of people in employed and unemployed groups – this was done using the suicide rate ratios in Milner et al (2014).

MENTAL DISTRESS

The NSW Population Health Survey classifies respondents based on their Kessler 10 Plus (K10) responses which is designed to measure psychological distress in people aged 16 years and over. They report the responses which have been classified as high (score is 22-29), and very high (score is 30) or higher . The Household Income Labour Dynamics in Australia (HILDA) is a large panel survey which includes detailed questions on mental health. Analysis of HILDA recently published controlling for local area fixed effects found that for every percentage point increase in local unemployment the rate of women aged 20-24 reporting poor mental health increased by 6.7 per cent and for men aged 20-24 it increased by 4 per cent .

We use these estimates alongside data from HealthStats on the percentage of women aged 16-24 with high or very high distress and the percentage of people in each SA4 with high or very high distress . This approach does not allow for us to account for difference in the age and gender distribution of people with poor mental health across local areas.

Using detailed age and gender regional population statistics at the SA4 level from the ABS we are able to estimate the number of young men and women with high and very high mental distress in NSW by SA4 region. We forecast the increase using the projected level of unemployment by SA4 region.

CHILD WELFARE

Child neglect and abuse is not caused by any single factor, but by a multitude of interrelated factors. There is evidence that during economic downturns local neighbourhood characteristics, including unemployment are associated with rates of child neglect and abuse . However, no relevant research was identified in the Australian context, resulting in a reliance on United States studies.

International research of the impact of the global financial crisis has found that in the US during the last recession:

- A one percentage point increase in the unemployment rate leads to a 20 percent increase in neglect (Brown and De Cao 2018).
- A one-point increase in the unemployment rate is associated with a 15% increase in the odds (p < 0.05) of frequent physical aggression by parents towards their children (Schneider, Waldfogel et al. 2017).
- The overall rate of abusive head trauma recorded for children increased from 8.9 in 100 000 (95% confidence interval [CI]: 7.8–10.0) before the recession to 14.7 in 100 000 (95% CI: 12.5–16.9) during the recession (P < .001) (Berger, Fromkin et al. 2011).

Using the Brown and De Cao study, we estimate both the increase in overall levels of child neglect and abuse (1 per centage point increase leads to a 9.6% increase) and child neglect (1 percentage point increase leads to a 20% increase).

The NSW Government publishes detailed data on the number of children at risk of serious harm and on the nature of notifications made regarding children at risk .

We use these figures to approximate the number of children currently at risk in NSW of serious harm within each category, which shows 25.5 per cent are assumed neglect.

The latest statistics available are for March 2020 and we assume population growth over 0.012 per cent per month over the period.