DISTINCTIVE BY DESIGN

MAPPING ECONOMIC DISADVANTAGE IN NSW (2021)

REPORT

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LIST OF ABBREVIATIONS

ABS	Australian Bureau of Statistics
ACOSS	Australian Council of Social Service
CALD	Culturally and linguistically diverse
GCCSA	Greater Capital City Statistical Areas
GSYD	Greater Sydney
NATSEM	National Centre for Social and Economic Modelling
NCOSS	NSW Council of Social Service
NDIS	National Disability Insurance Scheme
NSW	New South Wales
RNSW	Rest of NSW
SA2	Statistical Areas Level Two
SEIFA	Socio-Economic Indexes for Areas
SIH	ABS Survey of Income and Housing

EXECUTIVE SUMMARY

Report Aims

The purpose of this project is to profile the demographic composition of people facing poverty in NSW in 2021 at a small-scale geography (SA2 small areas). The data generated by the project aims to highlight, via online interactive maps, the nature and extent of poverty in different regions of NSW, to inform local community and service planning, and to assist NCOSS in advocating for policies to address poverty and disadvantage in NSW.

Approach and Methods

The Report and the accompanying online maps provide estimates of significant economic disadvantage, measured as poverty rates, across NSW by local area (SA2) and demographic group. The composition of those in poverty, measured as the percentage of different demographic groups among those in poverty is also examined. The estimates of poverty are derived from two sets of ABS data: the 2019-20 Survey of Income and Housing (SIH); and the 2021 Census of Population and Housing. The threshold of 50% of median household disposable income is used as the poverty line. This threshold takes account of the number and age of people living in each household, with housing costs removed to allow for a fairer comparison of disposable income. The small area estimates of poverty rates were calculated using NATSEM's spatial microsimulation model and produced for SA2s in Greater Sydney and the rest of the NSW.

Because of data limitations in the SIH, estimating poverty rates for Aboriginal and Torres Strait Islander peoples, culturally and linguistically diverse (CALD) communities and people with a disability and carers by geographic area cannot be done using spatial microsimulation. Therefore, low-income household rates based on the Census income category are used to disaggregate significant economic disadvantage by Indigenous status, for CALD communities and by disability and caring status.

The poverty estimates presented in the Report are based on the ABS definition and recording of sex in the 2021 Census. As noted by the ABS, the terms sex and gender are interrelated and often used interchangeably but they are distinct concepts. The Census did include a category of non-binary in the sex question. However, the ABS is only reporting the data from this question as male and female, because it does not consider the non-binary data to be of high enough quality to be used. In the Report, the nomenclature of men and women is used interchangeably with males and females, but in keeping with the data, the terms men and women denote sex and should not be interpreted as representing gender.

The period since early 2020 has been subject to the unprecedented social and economic disruption of COVID-19. The 2021 Census was taken in the middle of the COVID pandemic (August 2021). A disadvantage of this data is that it is still too early to assess the long-term impact of COVID-19 on trends in household incomes. However, the third and fourth quarter data of the 2019-20 SIH do incorporate the early effects of COVID-19 and the introduction of the various Government income support schemes. Poverty rates estimated directly from the SIH third and fourth quarters are presented at an aggregated scale to illustrate reductions in poverty that occurred as a result of the COVID-19 income support measures. These measures had largely ended by the time the 2021 Census was undertaken.

Key Findings

In 2021, nearly a million NSW residents were living with significant economic disadvantage - that is, below the poverty line - with the state-wide poverty rate being 13.4%. Greater Sydney's poverty rate was 13.1% and for the rest of NSW, the rate was slightly higher at 13.7%. While poverty increased in Greater Sydney from 2016 to 2021, it declined in rural and regional NSW.

The prevalence of poverty differs significantly between demographic groups and by area of usual residence, imposing much lower standards of living on some individuals and families. Age, sex, housing tenure, household type and employment status all impact on the risk and likelihood of poverty.

The groups recording the highest poverty rates in 2021 were:

- those living in public rental housing (59.1%);
- people aged 15-64 years not in the labour force (32.5%);
- people who were unemployed (26.1%);
- single parent households (23.6%);
- lone person households (23.3%);
- those living in private rental properties (20.3%); and
- older people (aged 65 years and above) not in the labour force (15.6%).

The proportion of children (aged under 15 years) living below the poverty line in NSW in 2021 was 15.2%, the highest rate of poverty, state-wide, across all age groups.

Rates of poverty did decline for some groups between 2016 and 2021, with the largest falls occurring for:

- children living in households in rural and regional NSW;
- single parent households in rural and regional NSW (and to a lesser extent in Greater Sydney);
- unemployed people living in Greater Sydney;
- households renting privately in rural and regional NSW; as well as
- people living in homes owned outright in rural and regional NSW.

Of greater concern are the groups that experienced significant increases in poverty between 2016 and 2021. Rates increased the most for:

- the 65+ age group living in Greater Sydney;
- those not in the labour force living in both Greater Sydney and rural and regional NSW;
- lone person households in Greater Sydney;
- people who were employed part-time and living in Greater Sydney as well as rural and regional NSW;
- households paying off mortgages in rural and regional NSW; and
- people living in public rental accommodation in Greater Sydney.

Given these overall trends, it is perhaps not surprising that in 2021 Aboriginal and Torres Strait Islander people, those from a culturally and linguistically diverse background, and people with disability had rates of low income 1.5 to 3 times those of the general population.

While rates in rural and regional NSW are higher, low-income rates for Aboriginal and Torres Strait Islander people in Greater Sydney are almost double those of non-Indigenous people and have increased since 2016.

For people with disability, low-income rates increased significantly from 2016 to 2021, in both Greater Sydney and rural and regional NSW.

There was also an increase in low-income rates for people who 'did not speak English well or at all' but it was most significant in Greater Sydney.

Poverty rates also varied considerably by geographic area, tending to be more widespread in rural and regional NSW, but with deeper 'pockets' in parts of Sydney.

Within Greater Sydney:

- higher poverty rates were prevalent in suburbs in Western and South Western Sydney;
- the biggest increases in poverty, in the five years since 2016, were found also in these locations;
- suburbs with the lowest rates of poverty were in the City's east, the North Shore and Northern Beaches; and
- the biggest decreases in poverty since 2016 were found in inner and middle ring suburbs, closer to the CBD and along the coastline.

In rural and regional NSW:

- the areas with the highest poverty rates are concentrated along the Mid and Far North Coasts, in North Western NSW, and parts of New England and the Central West;
- the location that experienced the most significant worsening of poverty since 2016 was the Riverina with poverty rates also increasing over this time in pockets of New England and the Far North Coast;
- the areas with the lowest rates of poverty in 2021 were suburbs adjacent to some of the main regional centres such as Queanbeyan, Newcastle, Dubbo, Yass and Wagga Wagga; and
- the greatest reduction in poverty rates since 2016 occurred in areas in the North West of the state.

The data breakdown for the third (March 2020) and fourth (June 2020) quarters of the SIH revealed a rapid rise in poverty rates at the start of the COVID 19 lockdowns (Q3), and then a sharp fall in poverty rates with the introduction of various income support measures (Q4). For most demographic groups, those living in Greater Sydney appeared to benefit more from the additional payments compared to those living in rural and regional NSW.

Conclusions

The maps of significant economic disadvantage in NSW serve as a tool to help identify the geographical spread of poverty and pockets of deepest disadvantage across the state. The results presented in this Report are aimed at informing decision-making, policy development and program planning to facilitate better design and targeting of services and other measures to the right population groups in the right locations. It is also important to understand why some people are disproportionately exposed to significant economic disadvantage and why poverty clusters in some areas of the State and not others. The results in this Report will assist with building that knowledge to inform policy and advocacy efforts.

INTRODUCTION

The purpose of this research is to profile the demographic composition of people facing poverty in NSW in 2021 at a small-scale geography (SA2 small areas). The data generated by the project aims to highlight the nature and extent of poverty in different regions of NSW, to inform local community and service planning, and to assist NCOSS and its members in advocating for policies to address poverty and disadvantage in NSW.

The estimates of poverty provided in the Tables below are derived from two sets of ABS data: the 2019-20 Survey of Income and Housing (SIH); and the 2021 Census. Note the period between 2020 and now has been subject to the unprecedented social and economic disruption of COVID-19. The 2021 Census was taken in the middle of the COVID pandemic (August 2021). While the benefit of accessing this data is that it is the latest available, a disadvantage is that it is still too early to assess the long-term impact of COVID-19 on trends in household incomes. The third and fourth quarter data of the 2019-20 SIH do however incorporate the early effects of COVID-19 and the introduction of the various Government income support schemes. Poverty rates estimated directly from the SIH third and fourth quarters are provided at an aggregated state scale to illustrate reductions in poverty through the COVID-19 income support measures.

This Report provides a summary of the methods used in the estimation of poverty rates in NSW and an overview of key findings. The data and patterns that are revealed in each results table are discussed in some detail. With the benefit of some additional analysis, possible drivers underscoring the findings are investigated for children, as well as by employment status, housing tenure and household type. Further information on the methods is provided in the Technical Appendix.

METHODOLOGY

This Report and the accompanying maps provide estimates of significant economic disadvantage, or poverty rates, across NSW by local area and demographic group. The Report also provides the composition of those in poverty, measured as the percentage of different demographic groups making up the population of those living below the poverty line in different NSW locations.

The distinction between these two indicators is important. For example, an area may have a poverty rate for unemployed people of 56%, which means 56% of all unemployed people in the area are in poverty. However, there may only be 200 unemployed people in the area, with 112 (56%) below the poverty line; and there may be 2,000 people in poverty in the area. This means that only 5.6% (or 112/2,000) of those in poverty are unemployed – the composition of those in poverty. The composition is important for service providers, funders and policy makers as it gives an indication of how many from a particular demographic group are living in poverty in an area, rather than what proportion of the overall group is in poverty.

The ABS's Statistical Area 2 (SA2) has been used to identify small (local) areas in NSW, which broadly equates to suburbs in Sydney and towns or localities in regional NSW. In terms of the area Sydney spans, the ABS geography Greater Capital City Statistical Areas (GCCSA) is used to define Greater Sydney (GSYD). This is a standard geography designed to represent the spatial extent of the economic and social functioning of the state and territory capital cities. The area not defined as being part of Greater Sydney is referred to as the Rest of NSW (RNSW) and represents rural and regional NSW.

Calculating Poverty (Significant Economic Disadvantage)

People experience significant economic disadvantage when their household's disposable income (after paying tax) falls below a level considered adequate to achieve an acceptable standard of living.

For the purposes of this report, there are three elements to this calculation:

1. the threshold of middle or median incomes is used, with 50% below this threshold being the 'poverty line'. This method is widely used in national and international studies and measures living standards relative to those enjoyed by 'middle Australia'[1].
2. Adjustments are made to this threshold to account for the number and age of people living in each household, known as the equivalence scale, given the impact of household size on the level of disposable income required to meet living costs.
3. Housing costs (such as rent, mortgage payments and water and property rates) are removed to allow for a fairer comparison of disposable income. This is because housing costs can vary significantly depending on location, size and whether a household owns their own home or is renting.

This is the same definition of poverty used by ACOSS for national and state poverty rates, allowing comparisons between this Report and ACOSS-reported poverty rates at a national level.

The poverty thresholds that applied in 2021 and are used in this Report are provided below in Table 1 for different household types.

Table 1: Poverty lines (50% median income) by household type, 2021

	Poverty lines ($ per week in 2021*)
Single no children	$504
Couple no children	$757
Single 1 child	$656
Couple 1 child	$908
Single 2 children	$807
Couple 2 children	$1,059

*Dollar figures are after tax and housing costs are paid

[1] Davidson P., Saunders P., Bradbury B. & Wong, M., 2018. 'Poverty in Australia 2018'. ACOSS/UNSW Poverty and Inequality Partnership Report No.2, Sydney: ACOSS. p.18

Small Area Estimation

Estimates of poverty are not typically available at a small area level, particularly when cross-tabulated with other data. However, the National Centre for Social and Economic Modelling (NATSEM) at the University of Canberra has developed spatial synthetic estimates based on ABS survey and Census data using a technique called spatial microsimulation.

These estimates enable the calculation of rates of poverty, or significant economic disadvantage, by geographic location, by estimating the percentage of people in each area who live in households with incomes that fall below the poverty line.

The estimates have been calculated from the 2019-20 ABS Survey of Income and Housing (SIH) combined with the 2021 Census of Population and Housing. Small area estimates of poverty rates were calculated using NATSEM's spatial microsimulation model. They are available for SA2s across NSW using the online maps that accompany this Report. A detailed description of the small area estimation methodology is available in the Technical Appendix. Poverty estimates have been produced for 622 SA2s across NSW. Less populous areas have been excluded from the modelling as there are not enough people in these areas to derive a reliable estimate. This was the case for 20 of NSW's SA2s in 2021 (see the Appendix for a list of these areas).

Low Income Households

The research sought to disaggregate poverty rates by Indigenous status, for culturally and linguistically diverse communities (CALD) and by disability and caring status. However, estimating poverty rates for these groups by geographic area cannot be done using spatial microsimulation because of data limitations. Neither Indigenous status nor other cultural characteristics are included in the ABS Survey of Income and Housing. While disability is identified in the survey, the definition is different to the indicator for disability in the Census, so again, estimates cannot be derived from NATSEM's model.

To resolve these shortcomings, we have used low income household rates based on the Census low income category (as used in the SEIFA index of disadvantage), disaggregated for these groups. The income used for the calculation is the equivalised total household income (weekly). As with the poverty rate calculation, the household income is adjusted for household size by the application of the equivalence scale. However, the household income is total income before paying tax (gross income) and does not take housing cost into account. This was the same approach used in the 2019 NCOSS report. To produce a fair comparison to the 2016 data, the $400 per week equivalised household income threshold used in 2016 has been inflated by the increase in the median value of the low income category over the period 2016 to 2021 (23.5% in five years). This gave an income threshold in 2021 for low income households of $540 per week (which has to cover housing costs).

For Indigenous status, the Census indicator for Indigenous status has been used. Disability is based on those who identified in the Census that they needed assistance with core activities (also used in the ABS SEIFA index of Relative Socio-economic Disadvantage); and people belonging to CALD communities are identified as those who speak a language other than English at home. The CALD communities are intended to also capture migrant ethnic minorities.

The Report also provides several alternative measures for these groups to assist interpretation and decision-making:

- For CALD status, low fluency in speaking English (i.e. does not speak English well or at all) is used, being available from Census data.
- For disability status, the dominance of older people in estimating the poverty rates by disability is removed by restricting the target group to those aged under 70 years who identified in the Census that they needed assistance with core activities. This tries to distinguish those who need assistance due to old age and are more likely to receive the age pension as their main source of income. In addition, the prevalence of poverty among carers is also explored by examining poverty rates for those aged under 70 years who provided unpaid assistance.

These indicators provide a means of further interrogating poverty rates for these groups/sub-groups, while maintaining appropriate levels of methodological rigour. These measures do not fully align with the methodology used to calculate 'below the poverty line' because they use gross income, do not capture to the same extent the impact of the tax and transfer system in reducing inequality, and do not remove housing costs. However, they are a reasonable proxy for identifying those households, in the relevant demographic group, who are on the lowest incomes and whose quality of life is significantly impacted.

Reporting Poverty by Sex not Gender

The terms sex and gender are interrelated and often used interchangeably but they are distinct concepts when it comes to data collection and analysis[2]. The poverty estimates presented in the Report are based on the ABS definition and recording of sex (as opposed to gender) in the 2021 Census (see the Technical Appendix for more details). While the 2021 Census did for the first time allow respondents to select a non-binary sex category in answering the sex question[3], the ABS is of the view that the concept of non-binary was not interpreted in a consistent way, being perceived in different ways by different people[4]. The ABS has not publicly released this data because of their concerns with its quality. Therefore, it has not been possible to estimate poverty rates for people identifying as non-binary.

In the Report, the terms men and women are used for males and females aged 15 years and above. This nomenclature should not be read as representing gender, but in keeping with the data, refers to the sex of respondents as defined by the ABS. Poverty rates for children cannot be broken down for girls and boys as the SIH does not collect data on the sex of children aged under 15 years.

[2] ABS (2020). *Standard for Sex, Gender, Variations of Sex Characteristics and Sexual Orientation Variables, 2020*. https://www.abs.gov.au/statistics/standards/standard-sex-gender-variations-sex-characteristics-and-sexual-orientation-variables/latest-release

[3] ABS (2022). *Non-binary sex in the 2021 Census. Information on recording non-binary sex responses in the Census*. https://www.abs.gov.au/articles/non-binary-sex-2021-census

[4] ABS (2022). *Analysis of non-binary sex responses*. https://www.abs.gov.au/articles/analysis-non-binary-sex-responses.

FINDINGS

Poverty in NSW

In 2021, it is estimated that there were more than 995,000 people in NSW living with significant economic disadvantage – below the poverty line. The overall poverty rate for NSW was 13.4%, slightly lower than the overall rate for Australia (13.4%). Greater Sydney's poverty rate was 13.1% while the rate for the rest of NSW was 13.7%. The NSW rate is relatively similar to the 2016 estimate with an increase in poverty in Greater Sydney, but a decline in rural and regional NSW. Poverty rates for all groups considered in this Report are provided in Table 2, highlighting results for NSW as a whole, Greater Sydney and areas in the rest of NSW.

Reported poverty rates differ considerably between demographic groups and areas (Table 3 and Figure 1). Geographically, a higher concentration of poverty is found along the Mid and Far North Coasts, North West NSW and some connected New England local areas as well as parts of the Central West. Within Greater Sydney, high rates of poverty are prevalent in suburbs in Parramatta, the South West and the Inner South West around Bankstown, Canterbury and Hurstville.

Compared to 2016, the largest increase in poverty in Greater Sydney occurred in the Outer South West, Outer West and Blue Mountains, and South Western areas. Poverty rates declined the most in the City and Inner South and Eastern suburbs. In rural and regional NSW, there were significant increases in poverty rates in the Riverina (southern part of NSW near the Victoria border) while some areas in the North West of the state experienced major falls in poverty rates.

The highest rate of poverty for demographic groups is experienced by those living in public housing (59.1%) who also had the highest increase in poverty since 2016, especially those living in Greater Sydney. Poverty rates are lower for households whose home is owned outright (7.3%) with the rate lower still in areas in the rest of NSW.

Poverty rates are also higher among people aged 15-64 years, not actively looking for paid employment (i.e. who are not in the labour force) (32.5%). This group includes students, primary carers, retirees, and volunteers. Poverty rates for this group have increased since 2016, while there has been a drop in poverty for unemployed people, but only for those living in Greater Sydney. As expected, rates of poverty tend to be lower among those employed full-time (3.6%).

Economic disadvantage is high among 'single parent' households (26%), although the 2021 poverty rate is lower than that observed in 2016, particularly in rural and regional NSW where poverty rates for these households have decreased by 6.5 percentage points.

A key difference between Greater Sydney and the rest of NSW is the increase in poverty among those aged 15-24 years, living in rural and regional NSW. Given a decrease in poverty rates for children aged under 15 years in rural and regional areas, the teenager-young adult group has become the cohort with the highest poverty rates in the rest of NSW. In Greater Sydney, however, it is children under 15 years who still have the highest rates of poverty across all age groups.

Another difference concerns housing tenure, with private renters in Greater Sydney experiencing an increase in poverty since 2016, whereas for those renting in rural and regional NSW, there was a lessening of poverty rates. This situation was reversed for households paying off a mortgage – in rural and regional NSW more households in this category fell below the poverty line, while in Greater Sydney there was a drop-off in poverty for this group.

Table 2: Poverty rates in NSW by different groups, 2021 and 2016

	Poverty estimate 2021			Poverty estimate 2016			Percentage point change		
	GSYD	RNSW	NSW	GSYD	RNSW	NSW	GSYD	RNSW	NSW
Overall	13.2	13.7	13.4	12.6	14.6	13.3	0.6	-0.8	0.1
Under 15 years	16.4	12.8	15.2	17.2	18.7	17.7	-0.8	-5.9	-2.5
15-24 years	12.1	15.1	13.1	13.2	13.8	13.4	-1.1	1.3	-0.3
25-64 years	11.9	13.7	12.5	11.3	14.1	12.2	0.7	-0.4	0.3
65+ years	14.2	14.0	14.1	10.4	12.2	11.2	3.7	1.8	2.9
Men (over 15 years)	11.6	14.7	12.6	10.8	13.0	11.6	0.8	1.6	1.0
Women (over 15 years)	13.1	13.4	13.2	12.0	14.1	12.7	1.0	-0.7	0.4
Couple only	9.1	11.1	9.9	6.3	8.8	7.4	2.8	2.3	2.5
Couple with dependent children	13.2	9.2	11.9	12.3	10.7	11.8	0.8	-1.6	0.1
Single parent	20.5	28.5	23.6	22.6	35.0	27.2	-2.1	-6.5	-3.6
Lone person	22.5	24.5	23.3	18.7	24.2	21.1	3.9	0.3	2.3
Other household type	9.6	4.3	8.3	9.5	6.9	9.0	0.1	-2.6	-0.7
Employed full-time	3.9	2.9	3.6	5.4	4.0	5.0	-1.5	-1.1	-1.3
Employed part-time	10.7	10.1	10.4	7.0	7.0	7.0	3.7	3.1	3.5
Unemployed	20.9	38.8	26.1	31.3	38.6	33.8	-10.4	0.2	-7.7
Aged 15-64 years not in labour force	30.6	37.1	32.5	26.7	34.2	29.3	3.9	2.8	3.2
Aged 65+ years not in labour force	14.7	16.7	15.6	10.7	13.5	11.9	4.0	3.3	3.7
Own home outright	6.3	8.6	7.3	5.4	10.3	7.4	1.0	-1.7	-0.1
Own home with mortgage	9.5	9.6	9.5	10.1	5.3	8.5	-0.7	4.3	1.0
Private rental	19.4	22.3	20.3	17.6	30.5	21.4	1.8	-8.2	-1.1
Public rental	59.7	58.1	59.1	52.6	54.9	53.4	7.1	3.3	5.7
Other household tenure	19.8	8.9	15.1	13.9	21.4	16.6	5.9	-12.5	-1.4
Low Income Household									
Overall	11.8	16.2	13.3	10.4	13.1	11.3	1.5	3.1	2.0
Aboriginal & Torres Strait Islander	22.0	26.4	25.0	21.1	29.1	26.5	1.0	-2.7	-1.5
Non Aboriginal & Torres Strait Islander	11.6	15.3	12.8	10.2	12.1	10.8	1.4	3.2	2.0
With disability	29.6	32.5	30.8	21.1	21.6	21.3	8.4	10.9	9.4
Without disability	10.9	14.9	12.2	9.8	12.5	10.7	1.0	2.4	1.5
Speaks language other than English	15.2	15.9	15.2	15.4	16.7	15.5	-0.3	-0.8	-0.3
Alternative measures of low Income Household									
With disability under 70 years	26.1	29.5	27.5	22.4	24.0	23.1	3.7	5.5	4.5
Without disability under 70 years	9.3	11.9	10.2	9.6	12.4	10.5	-0.3	-0.5	-0.4
Provided unpaid assistance under 70 years	11.3	14.8	12.7	11.3	14.2	12.4	0.0	0.6	0.3
No unpaid assistance provided under 70 years	8.7	11.4	9.6	8.7	11.2	9.5	0.0	0.2	0.0
Not speaks English well or at all	27.8	26.1	27.6	25.1	25.7	25.1	2.7	0.4	2.5
Speaks English well	10.7	16.0	12.6	9.4	13.1	10.7	1.3	2.9	1.8

Table 3: Number and proportion of people in different demographic groups living in poverty, 2021

	Estimated number of people living in poverty			Estimated composition		
	GSYD	RNSW	NSW	GSYD	RNSW	NSW
Overall	640900	354700	995600	100.0	100.0	100.0
Under 15 years	162200	67100	229200	25.3	18.9	23.0
15-24 years	71200	42500	113700	11.1	12.0	11.4
25-64 years	318000	170700	488700	49.6	48.1	49.1
65+ years	89500	74400	163900	14.0	21.0	16.5
Men (over 15 years)	224000	142600	366700	46.8	49.6	47.9
Women (over 15 years)	254600	145000	399600	53.2	50.4	52.1
Couple only	114800	93200	207900	17.9	26.3	20.9
Couple with dependent children	244900	76800	321700	38.2	21.7	32.3
Single parent	109000	98900	207900	17.0	27.9	20.9
Lone person	97600	74900	172500	15.2	21.1	17.3
Other household type	74700	10900	85600	11.7	3.1	8.6
Employed full-time	68600	20600	89300	14.3	7.2	11.6
Employed part-time	80600	52100	132700	16.8	18.1	17.3
Unemployed	23600	18000	41600	4.9	6.3	5.4
Aged 15-64 years not in labour force	229800	120000	349900	48.0	41.7	45.7
Aged 65+ years and not in labour force	76000	76800	152800	15.9	26.7	19.9
Own home outright	70200	67400	137600	11.0	19.0	13.8
Own home with mortgage	198000	98100	296100	30.9	27.6	29.7
Private rental	277600	135200	412800	43.3	38.1	41.5
Public rental	69800	45500	115400	10.9	12.8	11.6
Other household tenure	25300	8500	33800	3.9	2.4	3.4
Low Income Household						
Overall	542000	385900	927800	100.0	100.0	100.0
Aboriginal & Torres Strait Islander	17700	42400	60100	3.3	11.1	6.5
Non-Aboriginal & Torres Strait Islander	520200	339100	859300	96.7	88.9	93.5
With disability	66200	49800	116000	12.4	13.1	12.7
Without disability	468700	330000	798700	87.6	86.9	87.3
Speaks in language other than English	271100	26700	297800	50.9	7.0	32.6
Alternative measure of Low Income Household						
With disability under 70 years	31700	26400	58100	5.9	6.9	6.3
Without disability under 70 years	370500	228400	599000	68.9	59.9	65.1
Provided unpaid assistance under 70 years	41800	34400	76300	7.8	9.0	8.3
No unpaid assistance provided under 70 years	248000	153700	401700	46.1	40.3	43.7
Not speaks English well or at all	82400	5800	88200	15.3	1.5	9.6
Speaks English well	454200	375600	829800	84.4	98.5	90.2

Figure 1: Spatial distribution of poverty rates for NSW and the Greater Sydney region in 2021 and their changes from 2016

2021

Change (percentage point) 2016 to 2021

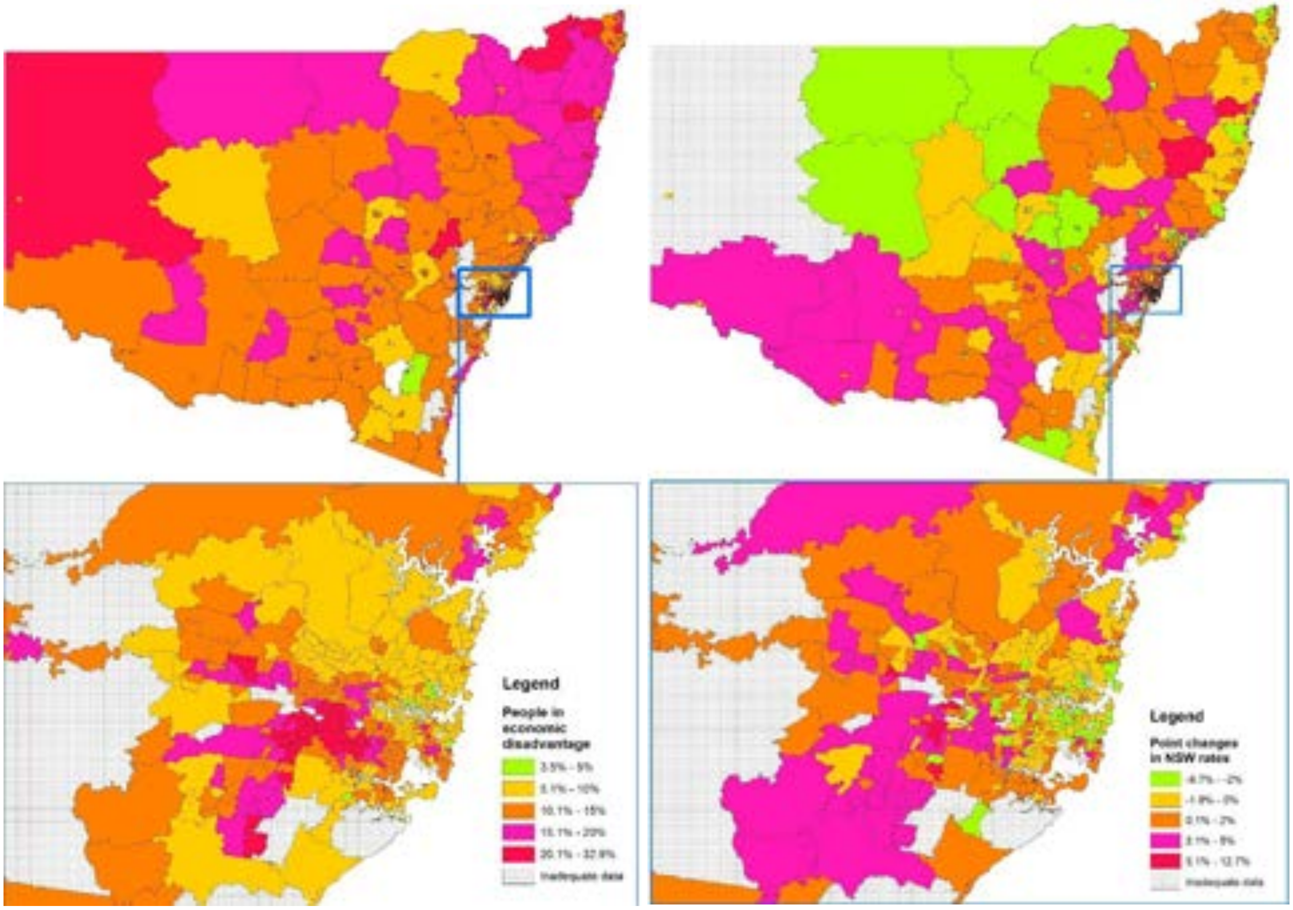


Figure 2 shows the spread of SA2s across NSW, Greater Sydney and the rest of NSW according to poverty rate ranges – from a low range (3.5%-5%) to a high range (25.1%-32.9%). In general, SA2s in Greater Sydney have lower poverty rates, with over a third (36.1%) being in the range of 5.1%-10%. For the rural and regional NSW, nearly half of the SA2s (49.6%) had a poverty rate in the range of 10.1%-15%, followed by 30.5% in the range of 15.1%-20%. Despite this, the percentage of SA2s with a poverty rate higher than 20% is greater in Greater Sydney (11.4%), than it is in the rest of NSW (5.7%). This suggests that while poverty is more widespread in rural and regional NSW, Greater Sydney has a larger number of 'pockets' where poverty is deeper.

The frequency distribution of poverty rates for SA2s across the whole of NSW is given in Figure 3. In 2021, the majority (70%) of SA2s in NSW had a poverty rate between 8% and 16%. The distribution does have a positive skew (longer tail on the right) indicating that some areas have poverty rates much higher than the majority of NSW SA2s. In 2021, 56 SA2s (9% of all SA2s) had poverty rates of 20% or higher. However, the prevalence of areas with very high poverty rates has decreased over the last five years. In 2016, 70 SA2s, or 13% of all SA2, had poverty rates of 20% or higher. The 10 areas (SA2) with the lowest and highest poverty rates in 2021 in both Greater Sydney and the rest of the State are listed in Table 4.

Figure 2 Percentage of SA2s in each poverty rate category for NSW, Greater Sydney and Rest of NSW, 2021

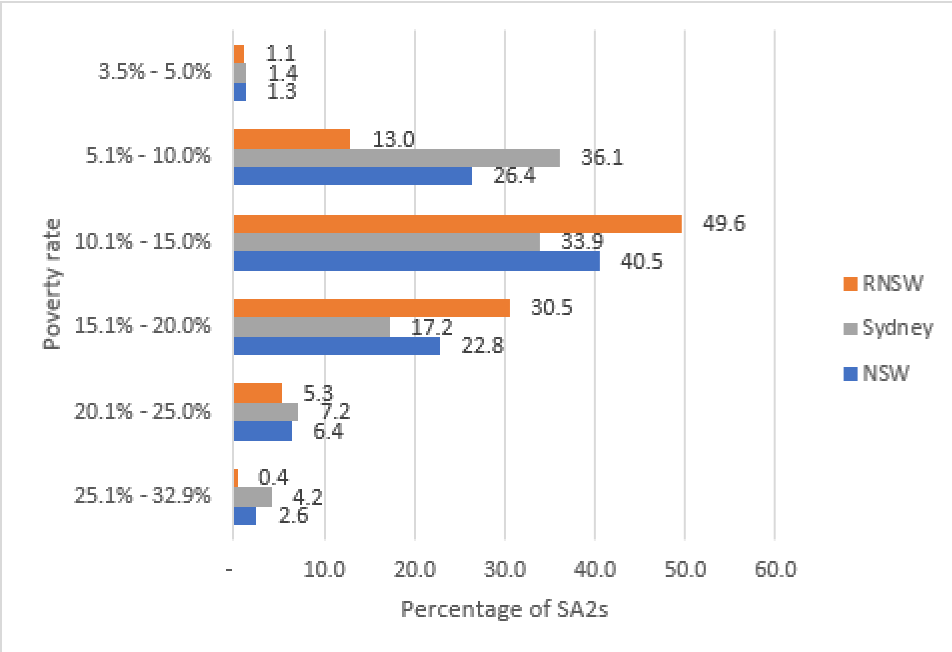


Figure 3: Frequency distribution of poverty rates across NSW SA2s in 2021

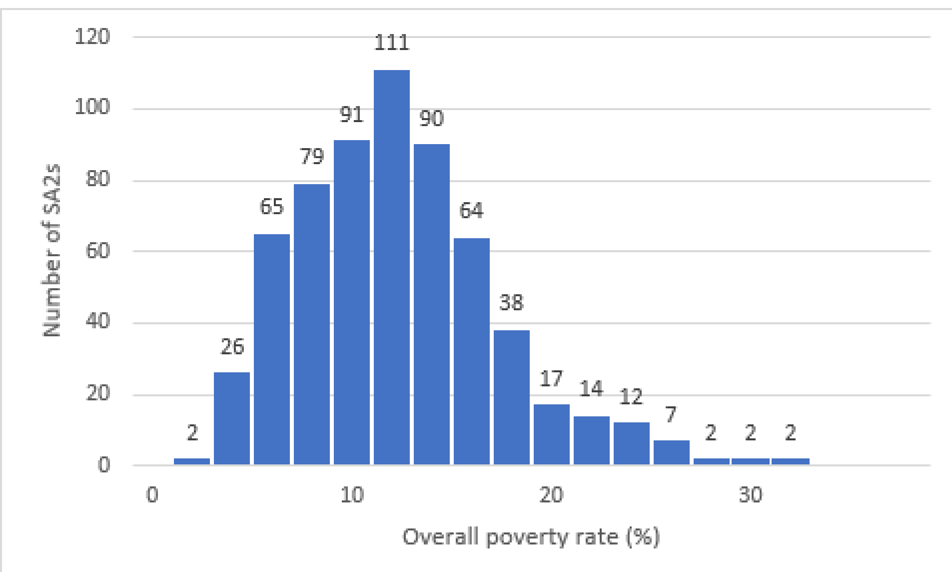


Table 4: The small areas (SA2) with the lowest and highest poverty rates in 2021

GSYD	%	RNSW	%
Greenwich - Riverview	3.7	Googong	3.5
Castle Cove - Northbridge	4.1	Queanbeyan Surrounds	4.0
Woollahra	4.4	Queanbeyan West – Jerrabomberra	4.5
Coogee - Clovelly	4.4	Valentine – Eleebana	5.6
Woronora Heights	5.0	Maitland – North	6.1
Mosman - North	5.0	Dubbo Surrounds	6.4
Mosman - South	5.1	Yass Surrounds	6.6
Manly - Fairlight	5.1	Helensburgh	6.6
Balgowlah - Clontarf - Seaforth	5.1	Redhead	6.8
Crows Nest - Waverton	5.3	Wagga Wagga – North	7.0
Greenacre - North	26.6	Kyogle	20.7
Fairfield	27.8	Tenterfield	21.1
Liverpool - West	27.9	Kempsey	21.8
Warwick Farm	27.9	Nambucca Heads	21.8
Bankstown - North	28.4	Port Kembla – Warrawong	22.7
Greenacre - South	29.0	Taree	22.8
Lurnea - Cartwright	30.2	Tamworth – West	22.9
Guildford - South Granville	31.4	Dorrigo	24.3
Regents Park	32.8	Far West	24.8
Ashcroft - Busby - Miller	32.9	Newcastle - Cooks Hill	25.1

In summary:

- The largest falls in poverty (i.e. improvements in household income) between 2016 and 2021 occurred for:
    - children living in households in rural and regional NSW,
    - single parent households in both rural and regional NSW and Greater Sydney,
    - unemployed people living in Greater Sydney,
    - households privately renting in rural and regional NSW, and
    - those living in homes owned outright in rural and regional NSW; and
- The greatest increases in poverty (i.e. declines in household income) between 2016 and 2021 occurred for:
    - the 65+ age group in Greater Sydney,
    - those not in the labour force living in both Greater Sydney and rural and regional NSW,
    - lone people in Greater Sydney,
    - people who are employed part-time and living in both Greater Sydney and rural and regional NSW,
    - those living in homes with a mortgage in rural and regional NSW, and
    - public housing tenants in Greater Sydney.

Poverty Among Women and Men

Key Findings

There are almost 400,000 women aged 15 years and over living in poverty in NSW, compared with approximately 366,700 men. This is not only because women outnumber men in the population, but also because women have lower incomes and rates of home ownership, and are more likely to be outside the labour force, relative to men. This contributes to a poverty rate of 13.2% for NSW women, which is higher than the rate for men (12.6%). For both men and women, rates of poverty are higher in rural and regional NSW than in Greater Sydney (Figure 5). However, for men living in the rest of NSW rates of poverty are higher at 14.6% compared to women (13.4%). In Greater Sydney, where the majority of NSW's population resides, the rate of poverty for women is higher (13.1%) than it is for men (11.6%).

Compared to 2016, rates of poverty for both men and women have increased. The groups experiencing the largest increases are men residing in rural and regional NSW, followed by women living in Greater Sydney. In contrast, women living in rural and regional NSW experienced a slight decrease in poverty (Figure 5).

Figure 4: Sex of NSW people in poverty in 2021

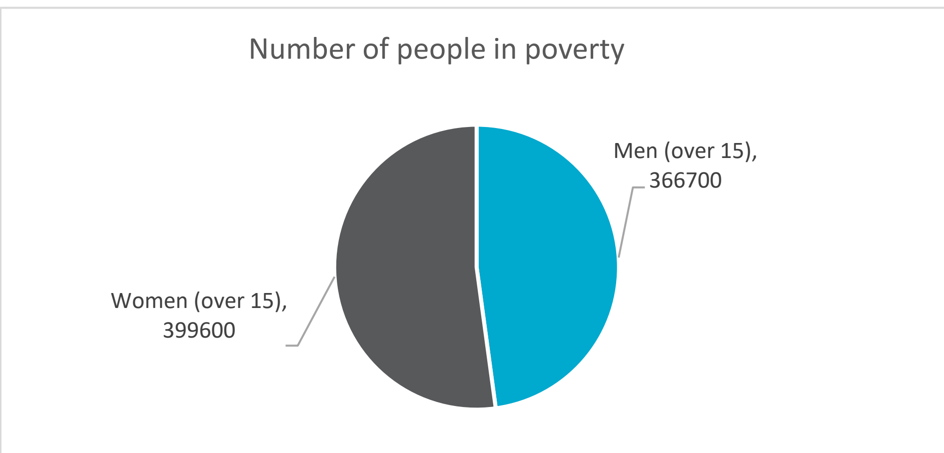
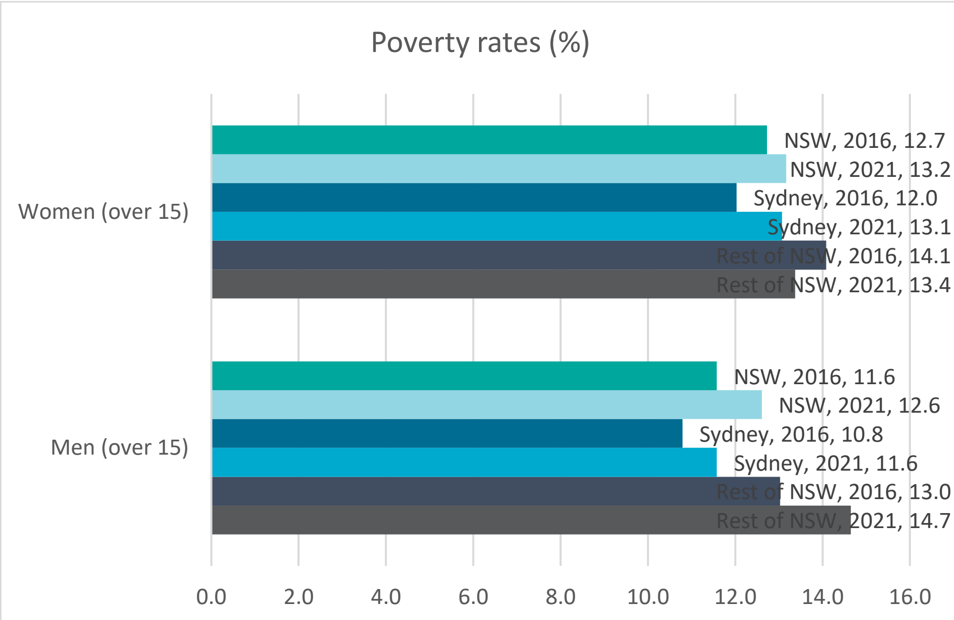


Figure 5: Poverty rates for men and women, 2021 and 2016



Comments and Insights

- Higher rates of poverty for women reflect the lower incomes and home ownership rates of female headed households, including sole parent households (the vast majority of which are headed by women) and older women living alone, many of whom are reliant on the age pension for income support. It also reflects their caring responsibilities which can mean they are more likely to not participate in the labour force, or to work part-time.
- In 2021, men living in regional and rural NSW had a higher rate of unemployment than women, particularly those men aged in their twenties. This is likely to have contributed to men in regional and rural NSW having a poverty rate higher than women.

Age and Poverty

Key Findings

Children under the age of 15 years make up just under one quarter of people living in poverty across NSW. Children have the highest rates of poverty across all age groups in NSW at 15.2%, although this has decreased from 17.7% in 2016. This decrease was particularly substantial in rural and regional NSW, with poverty rates dropping from 18.7% to 12.8% (Figure 7).

In rural and regional NSW, the proportion of children living in poverty is less than one fifth of all people in poverty, with people aged 65 years and above now outnumbering them.

Across the whole of NSW, people aged 65 years and above have the second highest rate of poverty of all age groups at 14.1%. In 2016, this group had the lowest rate of poverty at 11.2%, representing a significant increase in poverty across the five years for this group.

For both older people and children, poverty rates are higher for those living in Greater Sydney. In the rest of NSW, the highest rate of poverty is experienced by young people aged 15-24 years (Figure 7).

The highest poverty rates for children in Greater Sydney were found in suburbs in Parramatta, the South West and Inner South West (Figure 8). Poverty rates ranged from 36.5% to 40.7% in the 10 areas that had the highest rates of child poverty in Greater Sydney (Table 5). In the rest of NSW, child poverty rates were high in New England and the North West; Mid North Coast; Illawarra; Far West and Orana; Newcastle and Lake Macquarie; and Coffs Harbour – Grafton. There is also a geographical cluster of child poverty on the North Coast of NSW. In the rest of NSW, in the 10 areas that had the highest rates of child poverty, rates ranged from 22.3 to 38.1% (Table 5).

For older people living in Greater Sydney, poverty rates are particularly high in Sydney's Western and South Western suburbs (Figure 9). These are especially high when compared to rates five years ago and with rates for older people living in rural and regional NSW (Figure 7). However, high rates of poverty in the rest of NSW are found among older people living in the Hunter Valley; Illawarra; Newcastle and Lake Macquarie. Of the 10 SA2s that had the highest rates of poverty in older people, rates ranged from 27.7% to 37.3% in Greater Sydney and, in the rest of NSW, from 19.3% to 26.3% (Table 5).

Figure 6: Number of people in poverty by age group in 2021

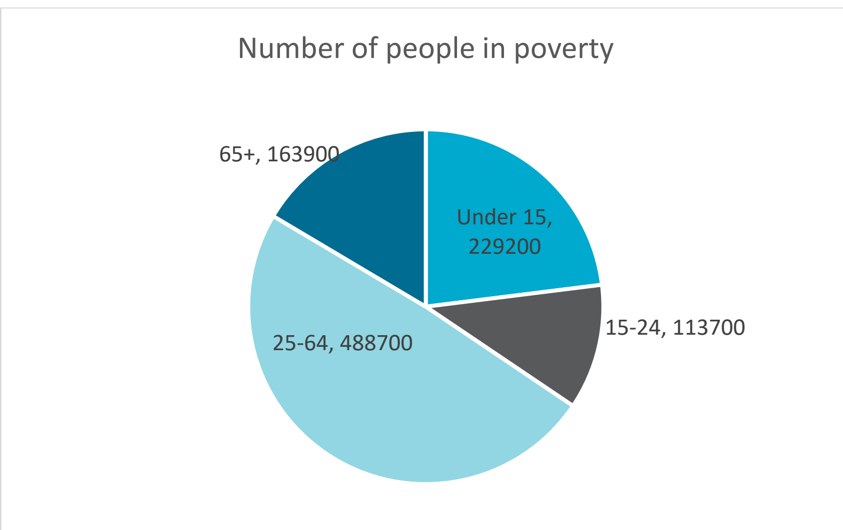


Figure 7: Poverty rates by age group, NSW, Greater Sydney and Rest of NSW, 2021 and 2016

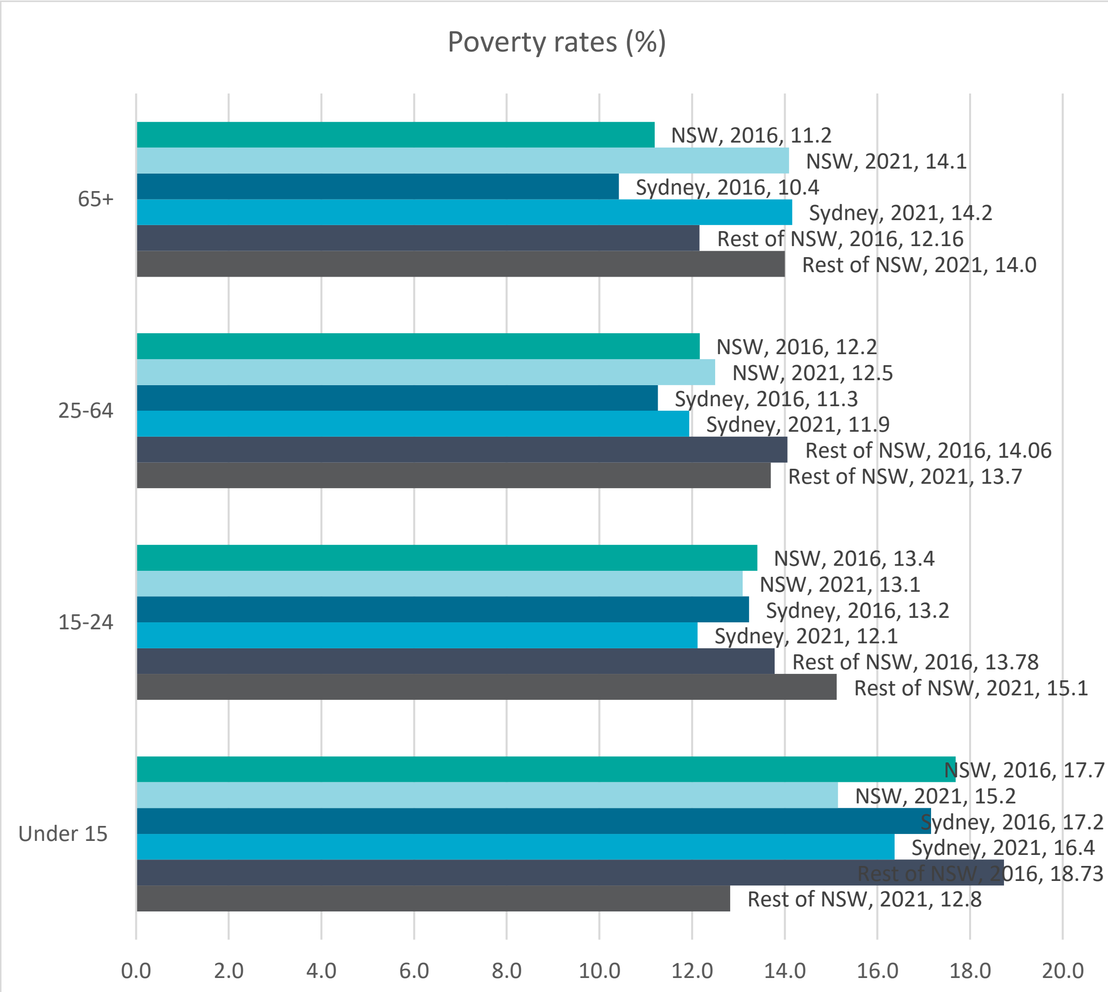


Figure 8: Distribution of poverty rates in children across NSW in 2021 and their changes from 2016

2021 | Percentage point change 2016 to 2021

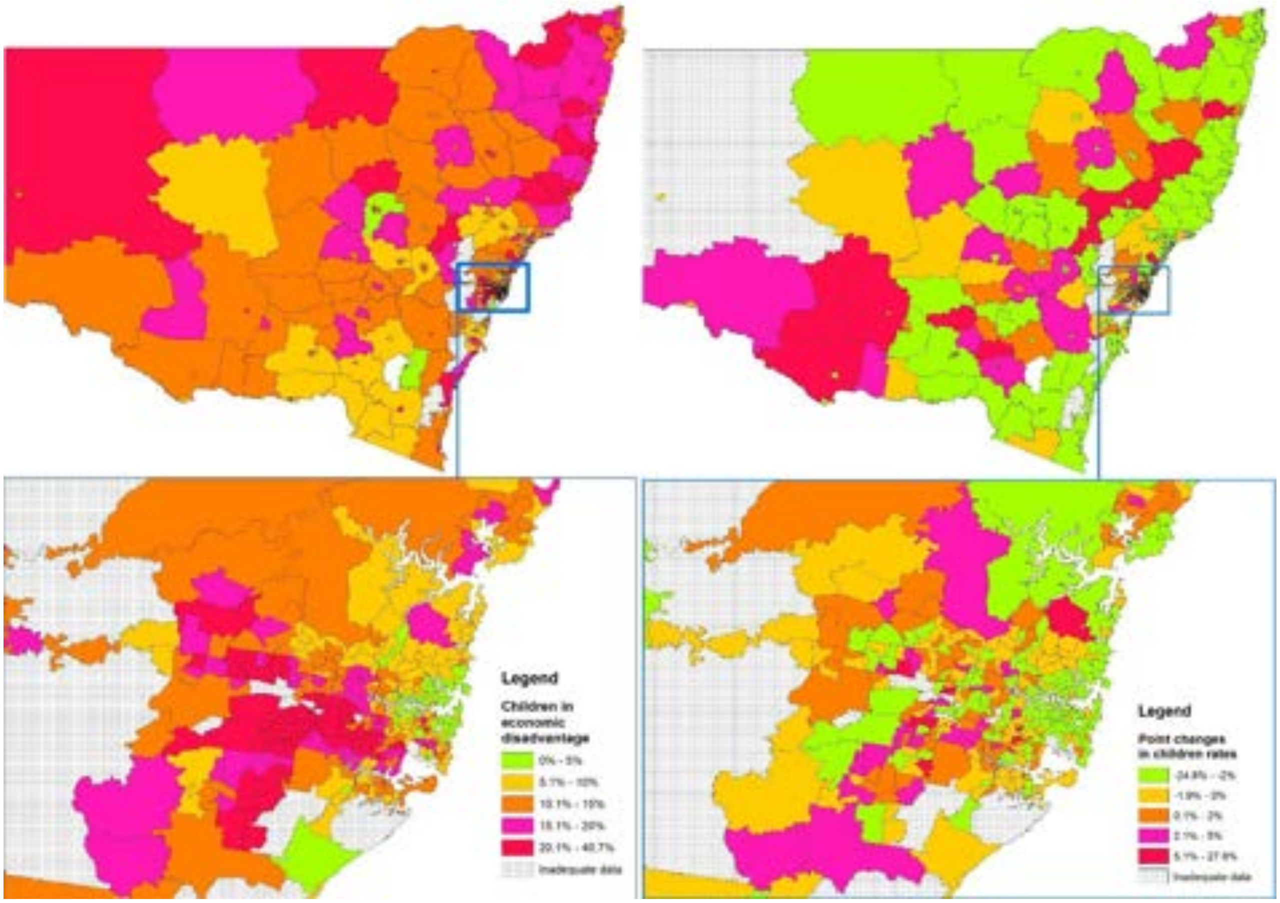


Figure 9: Distribution of poverty rates in older people across NSW in 2021 and their changes from 2016

2021 | Percentage point change 2016 to 2021

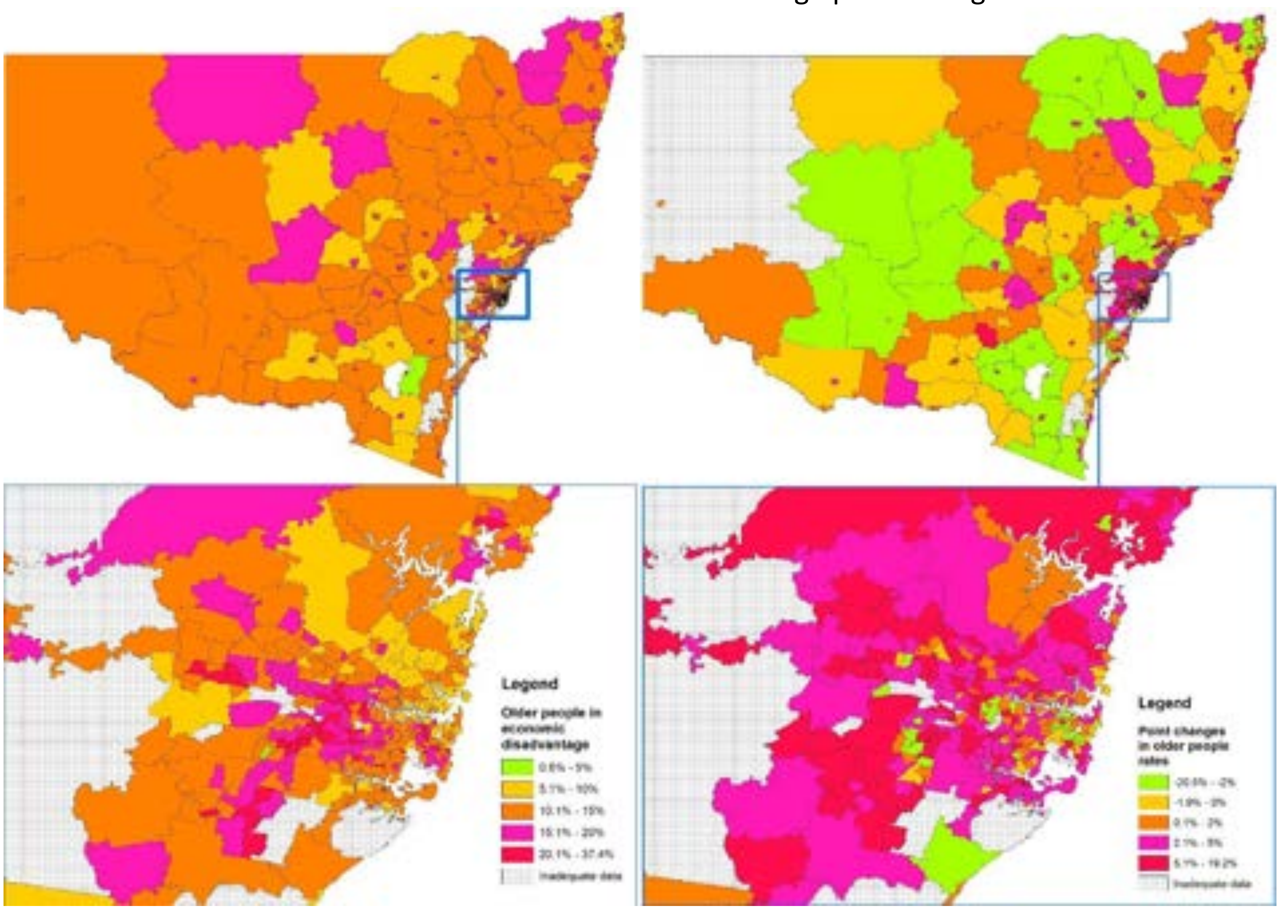


Table 5: The small areas (SA2) with the lowest and highest poverty rates for children and older people, 2021

GSYD	%	RNSW	%
a) Under 15 years			
Woollahra	0.9	Googong	1.4
Banksmeadow	1.4	Redhead	2.3
Coogee - Clovelly	2.2	Queanbeyan Surrounds	2.6
Greenwich - Riverview	2.6	Queanbeyan West - Jerrabomberra	2.9
Crows Nest - Waverton	2.6	Valentine - Eleebana	3.1
North Sydney - Lavender Bay	2.6	Maitland - North	3.2
Annandale (NSW)	2.8	Helensburgh	3.6
Double Bay - Darling Point	2.9	Horsley - Kembla Grange	3.9
Mosman - South	3.0	Merewether - The Junction	4.3
Lilyfield - Rozelle	3.2	Dubbo Surrounds	4.5
Cabramatta West - Mount Pritchard	36.5	Tamworth - West	22.3
Yagoona - Birrong	36.7	Kyogle	22.4
Lakemba	36.9	Berkeley - Lake Heights - Cringila	22.9
Fairfield	36.9	Tenterfield	23.6
Lurnea - Cartwright	37.3	Taree	23.9
Auburn - South	38.0	Port Kembla - Warrawong	24.8
Cabramatta - Lansvale	38.1	Kempsey	25.0
Ashcroft - Busby - Miller	39.4	Far West	29.3
Greenacre - South	39.8	Newcastle - Cooks Hill	35.6
Guildford - South Granville	40.7	Dorrigo	38.1
b) 65 years and above			
Hoxton Park - Carnes Hill - Horningsea Park	4.1	Googong	0.6
Greenwich - Riverview	6.2	Queanbeyan Surrounds	4.9
Mosman - North	7.0	Lennox Head - Skennars Head	7.2
Mosman - South	7.1	Yass Surrounds	7.5
Sydney (North) - Millers Point	7.3	Valentine - Eleebana	7.7
Lilli Pilli - Port Hacking - Dolans Bay	7.4	Maryland - Fletcher - Minmi	7.7
Woollahra	7.5	Kiama Downs - Minnamurra	7.8
Manly - Fairlight	7.6	Lismore Surrounds	7.8
Gordon - Killara	7.8	Bowral	7.8
Balgowlah - Clontarf - Seaforth	8.1	Queanbeyan West - Jerrabomberra	8.0
Parramatta - South	27.7	Nambucca Heads	19.3
Ashcroft - Busby - Miller	29.2	Coffs Harbour - South	19.3
Lurnea - Cartwright	29.9	Bathurst - South	19.5
Waterloo	30.0	Corrimal - Tarrawanna - Bellambi	19.6
Fairfield	30.4	Rutherford (South) - Telarah	19.8
Guildford - South Granville	31.0	Wollongong - East	20.0
Warwick Farm	32.2	Muswellbrook	20.3
Zetland	32.8	Raymond Terrace	21.2
Chippendale	35.3	Port Kembla - Warrawong	21.8
Liverpool - East	37.3	Mount Hutton - Windale	26.3

Comments and Insights

- Rates of poverty are no longer consistently higher in rural and regional NSW for all age groups because of changes in economic conditions since 2016, impacting different geographic areas and demographic groups differently.
- With respect to child poverty in Greater Sydney
    - **Household composition**: Although there has been a slight drop in the poverty rate among children living in single parent households, this appears not to have had a noticeable impact on the overall child poverty rate. The composition of households with children in Greater Sydney has changed very little between 2016 and 2021. The average number of children in single parent and couple households is also similar, at around one and 1.5 respectively.
    - **Housing Tenure:** There has been a decrease in the poverty rate for children living in homeowner (with or without a mortgage) households, compared to a slight increase for children in private renter households. In Greater Sydney, the number of children living in households that own their home outright or are in private rental properties has decreased, while the number living in households with a home mortgage has increased. The drop in the number of children living in homes owned outright has been particularly considerable.
- With respect to child poverty in the rest of NSW
    - **Household composition**: The decrease in child poverty in rural and regional NSW in single parent households is considerable. This may reflect the drop in the average number of children per household, especially among households that are living below the poverty line.
    - **Housing Tenure:** There has been a large reduction in poverty rates for children living in homes owned outright as well as for those whose families are in the private rental market in rural and regional NSW. The number of households privately renting increased more than other tenure groups, with the proportion of children in rural and regional NSW living in private rental properties increasing from 29% in 2016 to 36% in 2021. As discussed in the next section, there has been a reduction in poverty rates in general among privately renting households in rural and regional NSW. This reflects in the reduced poverty rates seen for children. The rates have also been impacted by a concurrent drop in the average number of children per household i.e. in rural and regional NSW compared to 2016 there are now fewer children per private rental household but more households are renting privately. The average number of children per household has also dropped for households where the family home is owned outright. Poverty among children living in public rental housing also dropped, but the proportion of children living in this housing type in rural and regional NSW is small (5%).

Housing and Poverty

Key Findings

The majority of people in NSW experiencing poverty live in private rental properties (41.5%) (Figure 10). This is closely followed by people living in homes with a mortgage (29.7%). The dominance of people in private rental housing among people in poverty is higher in Greater Sydney at 43.3% compared to the rest of NSW at 38.1%. While people living in public housing have the highest poverty rate of any group discussed in this Report, this group only accounts for around 11.6% of all people experiencing poverty, reflecting the relatively small number of public housing properties.

As housing costs (and their variation across rural, regional and metropolitan areas) are factored into the poverty rate calculations, it is clear, and not surprising, that owning a home without a mortgage means less risk of living in poverty. In 2021, the poverty rate for this group of households was 7.3%, being higher in the rest of NSW (8.6%) compared to Greater Sydney (6.3%) (Figure 11). There was a decline from 2016 rates for rural and regional households but an increase for those in Greater Sydney.

For households living in private rental properties, the 2021 poverty rate was 19.4% for those in Greater Sydney and 22.3% for those in the rest of NSW. While this represented an overall reduction in poverty rates for households privately renting in rural and regional NSW, very high rates were still found in Coffs Harbour – Grafton and the Mid North Coast, with the highest rates (above 50%) being experienced in the Far West and Inverell Surrounds – East (Table 6, Figure 12).

Poverty rates for households renting privately also intensified in parts of Greater Sydney, especially in suburbs in Parramatta, the South West and Inner South West (Table 6, Figure 12).

Across NSW 9.5% of people in households with a home mortgage were living below the poverty line in 2021. Rates of poverty increased substantially from those recorded in 2016 for these households in the rest of NSW, reaching a level of poverty similar to that for people living in homes owned with a mortgage in Greater Sydney (9.6%). The poverty rate for households with a home mortgage was particularly high around the Far West and Orana; New England and North West; Coffs Harbour – Grafton; Richmond – Tweed and Mid North Coast (Table 6, Figure 13).

In Greater Sydney and the rest of NSW, nearly three in every five (59.7% and 58.1% respectively) people living in public housing were living below the poverty line in 2021. The poverty rate has increased among this group in both Greater Sydney and rural and regional NSW since 2016, but particularly for those living in Greater Sydney (Figure 11).

Figure 10: Number of people in poverty by housing tenure in 2021

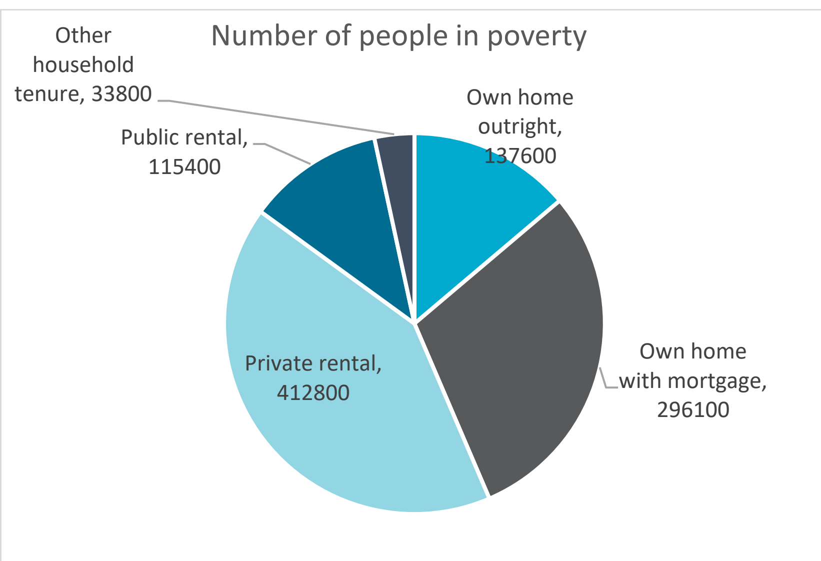


Figure 11: Poverty rates by housing tenure, 2021 and 2016

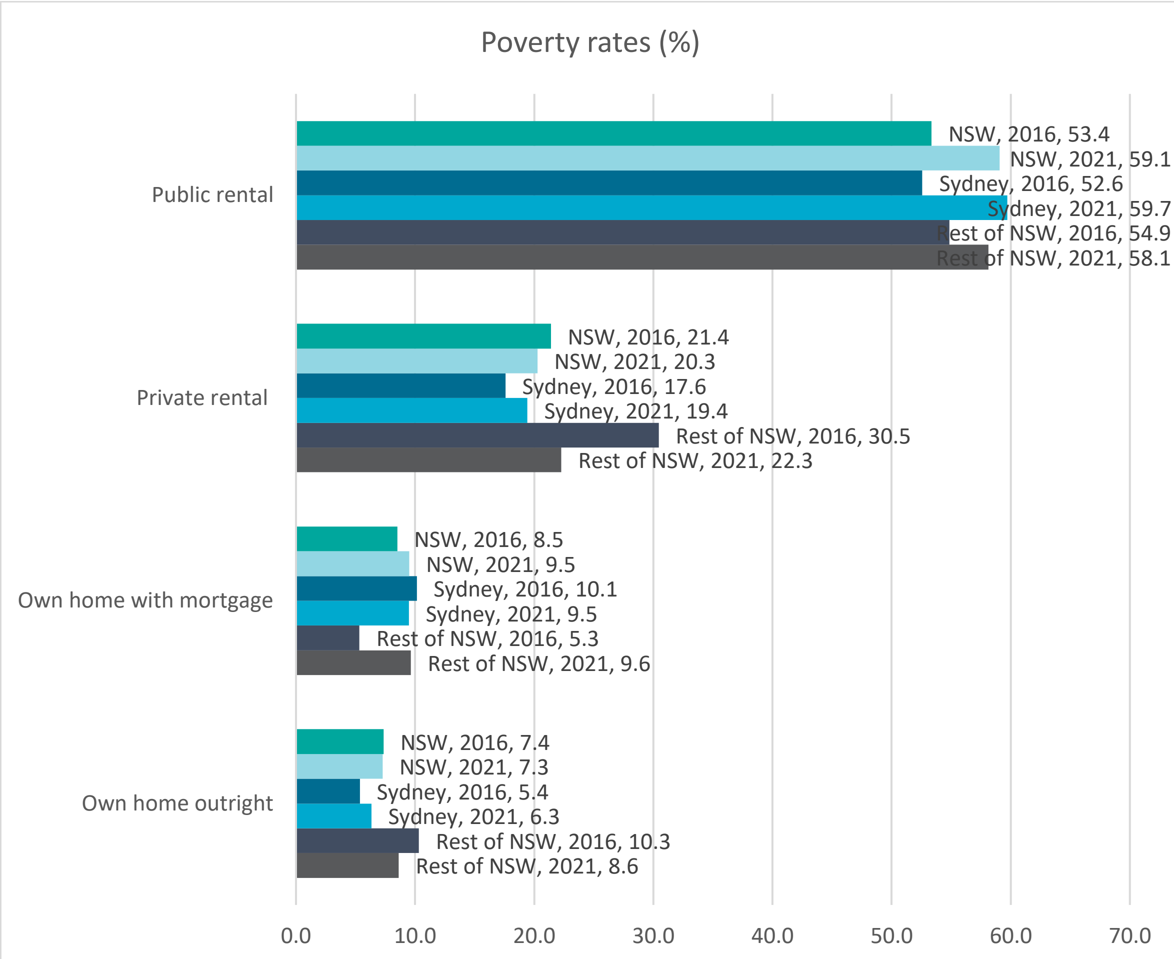


Table 6: The small areas (SA2) with the lowest and highest poverty rates for people living in homes owned with a mortgage or being privately rented, 2021

GSYD	%	RNSW	%
a) Homes owned with a mortgage			
Newtown (NSW)	3.0	Queanbeyan Surrounds	3.1
Balmain	3.0	Googong	3.1
Paddington - Moore Park	3.1	Queanbeyan West - Jerrabomberra	3.6
Annandale (NSW)	3.2	Narrabri	3.7
Greenwich - Riverview	3.3	Maitland - North	4.1
Mosman - South	3.3	Valentine - Eleebana	4.3
Petersham - Stanmore	3.4	Adamstown - Kotara	4.6
Leichhardt	3.5	Stockton - Fullerton Cove	4.7
Manly - Fairlight	3.5	Wagga Wagga - North	4.7
Castle Cove - Northbridge	3.6	Orange - North	4.9
Chester Hill - Sefton	18.3	Tenterfield	19.6
Bass Hill - Georges Hall	18.6	Inverell Surrounds - East	20.2
Greenacre - North	19.6	Tuncurry	21.2
Condell Park	20.2	Kyogle	21.5
Ashcroft - Busby - Miller	20.2	Mullumbimby	22.5
Lurnea - Cartwright	20.6	Woolgoolga - Arrawarra	24.6
Auburn - South	21.0	Dorrigo	25.5
Sydney (South) - Haymarket	21.4	Walgett - Lightning Ridge	29.6
Greenacre - South	24.3	Walcha	30.8
Guildford - South Granville	24.4	Far West	58.7
b) Privately rented			
South Coogee	2.1	Googong	4.0
Castle Hill - East	3.4	Queanbeyan West - Jerrabomberra	5.4
Banksmeadow	3.4	Helensburgh	5.8
Castle Hill - West	4.2	Redhead	6.5
Coogee - Clovelly	4.7	Bombala	7.6
North Sydney - Lavender Bay	4.9	Wagga Wagga - North	8.8
Woronora Heights	5.0	Cobar	8.9
Woollahra	5.1	Maitland - North	9.6
Crows Nest - Waverton	5.2	Kiama Downs - Minnamurra	9.7
Erskineville - Alexandria	5.2	Queanbeyan Surrounds	10.0
Condell Park	41.8	Port Macquarie Surrounds	37.6
Bilpin - Colo - St Albans	41.9	Forster-Tuncurry Surrounds	38.6
Yagoona - Birrong	42.7	Casino Surrounds	40.0
Ashcroft - Busby - Miller	42.8	Mudgee Surrounds - East	40.9
Greenacre - North	43.0	Kempsey	41.1
Lurnea - Cartwright	44.5	Grafton Surrounds	45.7
Bass Hill - Georges Hall	44.5	Dorrigo	45.9
Greenacre - South	46.3	Bulahdelah - Stroud	46.0
Guildford - South Granville	48.7	Inverell Surrounds - East	51.7
Regents Park	49.7	Far West	57.6

Figure 12: Distribution of poverty among people living in private rental properties across NSW in 2021 and change from 2016

2021 | Percentage point change 2016 to 2021

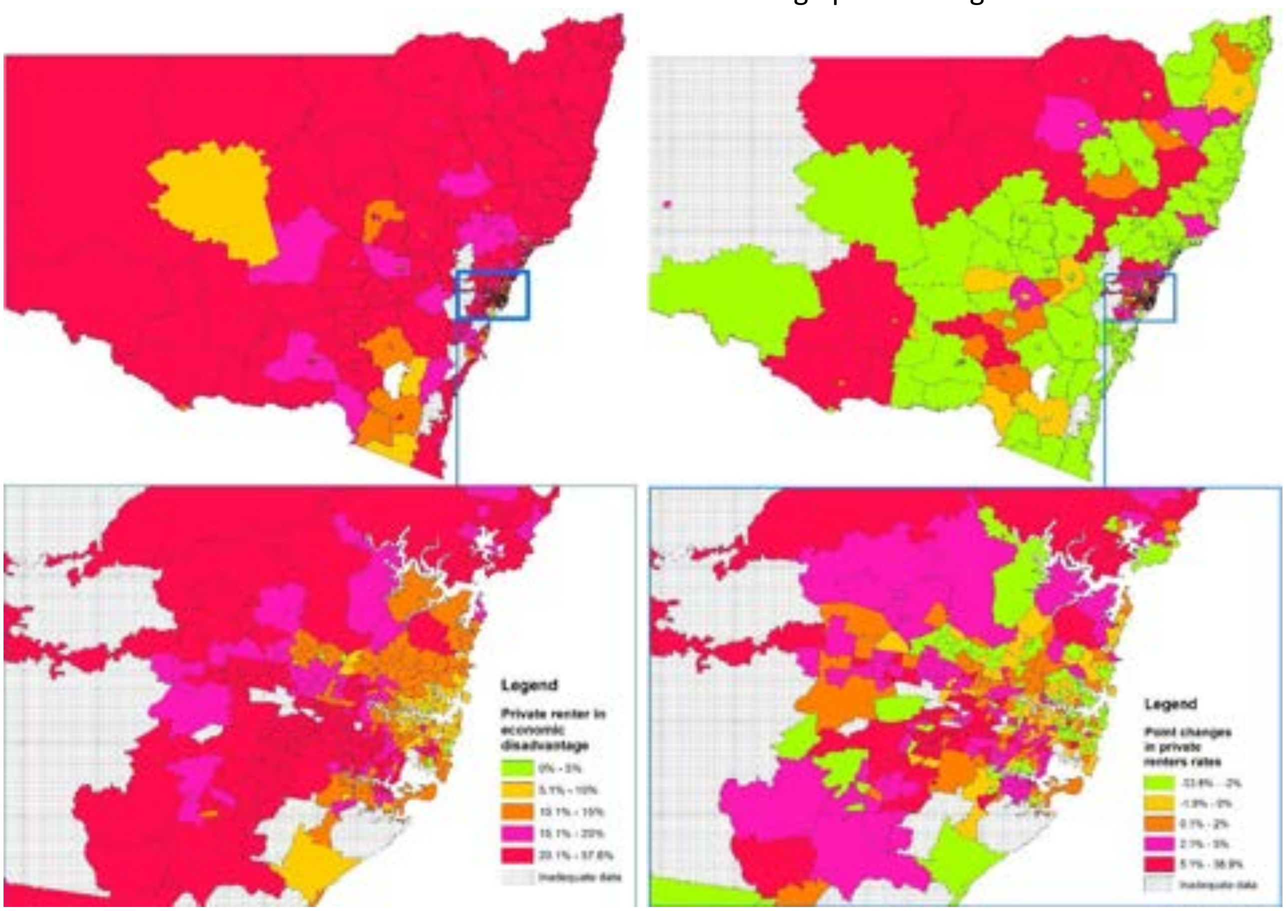
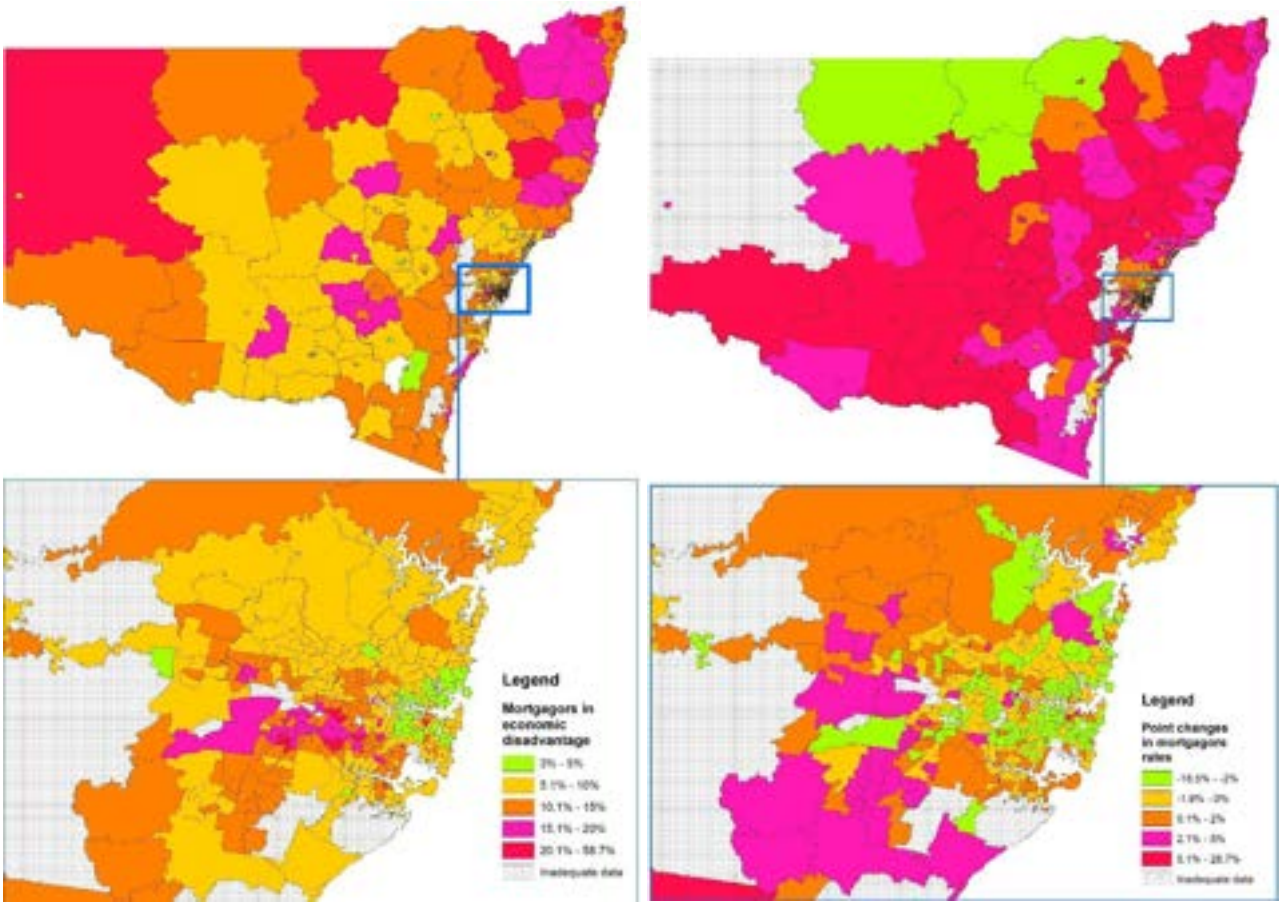


Figure 13: Distribution of poverty among people living in homes owned with a mortgage across NSW in 2021 and change from 2016

2021

Percentage point change 2016 to 2021



Comments and Insights

- Across all housing tenures, people living in public housing still experience the highest rates of poverty, although numerically there are more people in poverty living in private rental properties than in any other type of housing.
- Poverty rates in Greater Sydney are characterised by, on the one hand, the increasing poverty of households that are privately renting and, on the other, the reduction in poverty among households with home mortgages. This is likely to reflect the lack of affordability of home ownership in Greater Sydney, especially for younger people and those on lower incomes. Increasing numbers have become reliant on the private rental market to meet their housing needs rather than home ownership. The increased demand for private rental properties combined with a shortage of supply has pushed up rents, impacting heavily on the income households had available for non-housing expenses, with a consequent increasing number of households falling into poverty.
- In contrast, in rural and regional NSW a decrease in the poverty rate was observed among those who were living in private rental properties (or in households owning their home outright) while the poverty rate among households still paying off a mortgage increased. The increase in the latter

category mainly reflects increasing rates of poverty among those who are no longer in the labour force or who work part-time and have home mortgages.

- The proportion of people living in private rental properties in rural and regional NSW has increased from around 15% in 2016 to 23% in 2021. The proportion of full-time workers among this group has also increased from a third to almost half of people aged 15 years and over. This is reflected in the drop in poverty among households that rent privately in rural and regional NSW.
- These trends may reflect recent patterns of intrastate migration. Over the period 2016-2021, there has been significant intrastate migration to rural and regional NSW, with far more people moving from Greater Sydney to the rest of the state than people living in rural and regional NSW moving to Greater Sydney. This out-migration from Greater Sydney to the rest of the state intensified during COVID[5]. This may explain the increase in demand for private rental properties; it could be that those who migrated lifted the regional income of people in private rental housing for a period; and as people were able to work from home during COVID, increased the proportion of people privately renting working full time.
- This pattern does, however, obscure a large increase in the poverty rates of older people living in private rental housing in rural and regional NSW.

Household Type and Poverty

Key Findings

In NSW, nearly a third (32.2%) of those experiencing poverty live in 'couple with dependent children' households (Figure 14). While this number is large, over 36% of the NSW population live in this type of household, especially in Greater Sydney, indicating that poverty is in fact lower in 'couple with dependent children' households than other household types (Figure 15). In the rest of NSW, there are more people living below the poverty line in 'single parent' (27.9%) and 'couple only' (26.3%) households compared with 'couple with dependent children' households (21.7%).

The household type with the highest poverty rate is 'single parent' households. This is especially so in the rest of NSW, while in Greater Sydney the poverty rate for 'lone person' households is slightly higher. While more than a quarter (28.5%) of 'single parent' households in rural and regional NSW are in poverty, this rate has come down from more than a third in 2016. A reduction in poverty rates also occurred in Greater Sydney where the prevalence of poverty rates among 'single parent' households is now just above a fifth (20.5%). Despite this, the poverty rates for suburbs in Greater Sydney can still be above 40% such as in Guildford - South Granville (Parramatta) and Greenacre – South (Inner South West) (Table 7, Figure 16). In the rest of NSW, the poverty rate for 'single parent' households can be above 50%, such as in Woolgoolga - Arrawarra and Dorrigo (Coffs Harbour – Grafton) as well as Wentworth – Buronga (Murray) (Table 7).

'Lone person' households in Greater Sydney had a poverty rate of 22.5% in 2021 which is higher than 'single parent' households. In suburbs such as Ashcroft - Busby – Miller; Guildford - South Granville; Riverwood; South Coogee; and Fairfield, rates reached above 50% for this group (Figure 16). Although the poverty rate of 'lone person' households was higher in the rest of NSW (24.5%), only one of the local areas or SA2s (Mount Hutton – Windale in Lake Macquarie) had a lone person poverty rate above 40%.

[5]ABS (2021). *Regional internal migration estimates, provisional*. https://www.abs.gov.au/statistics/people/population/regional-internal-migration-estimates-provisional/latest-release

Figure 14: Number of people in poverty by household type in 2021

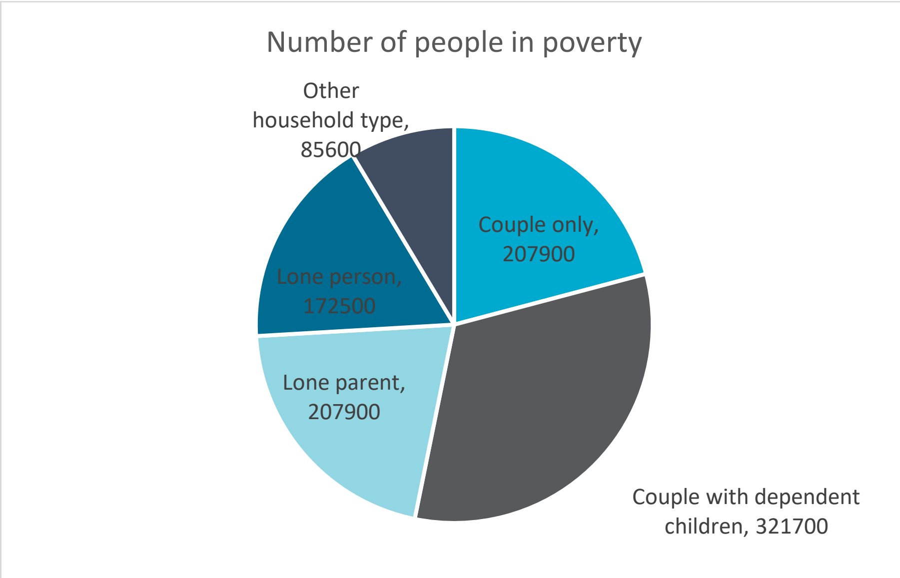


Figure 15: Poverty rates by household type in 2021 and 2016

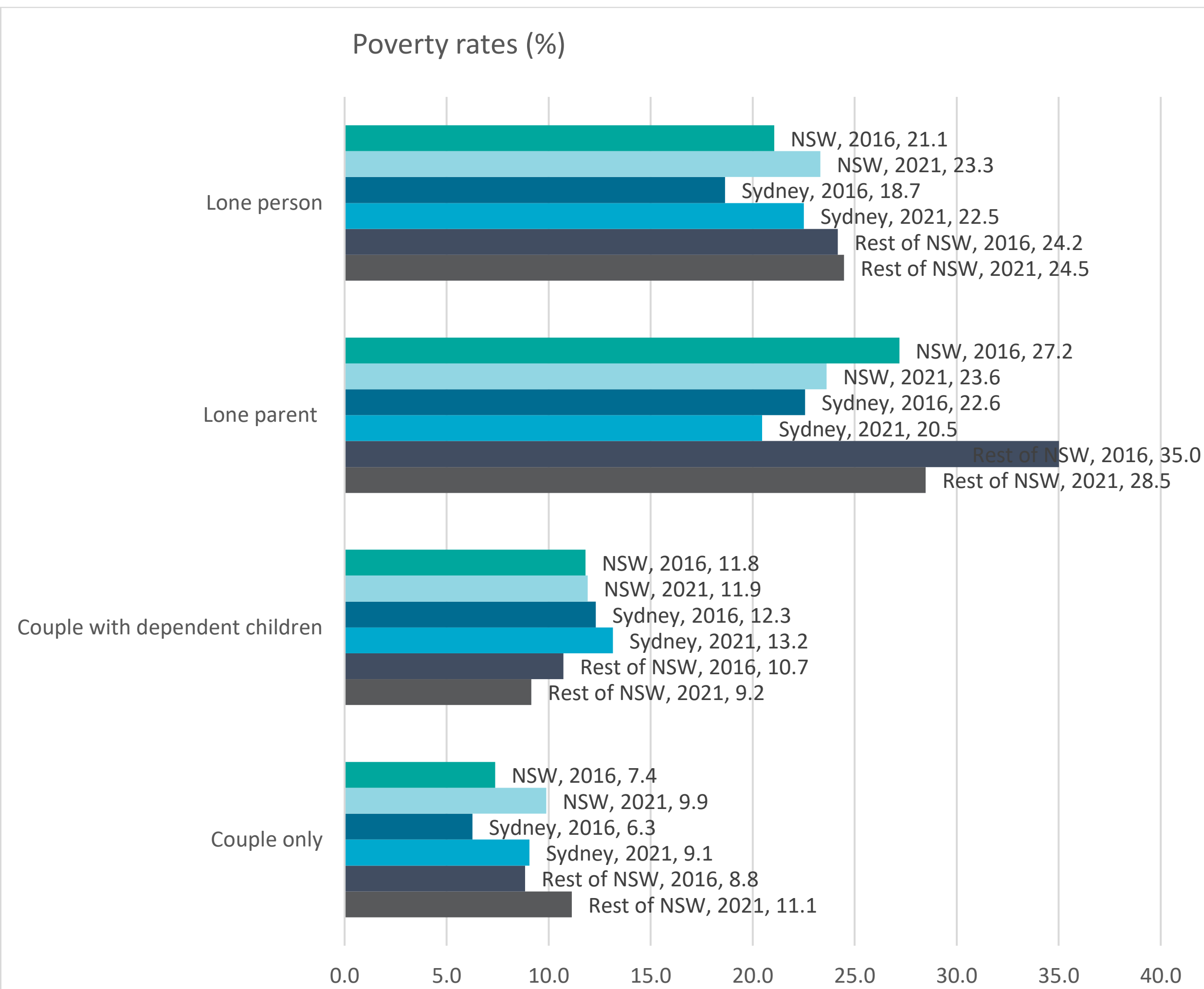


Figure 16: Spatial distribution of poverty rates among single parent and lone person households in 2021

Single Parent Households | Lone Person Households

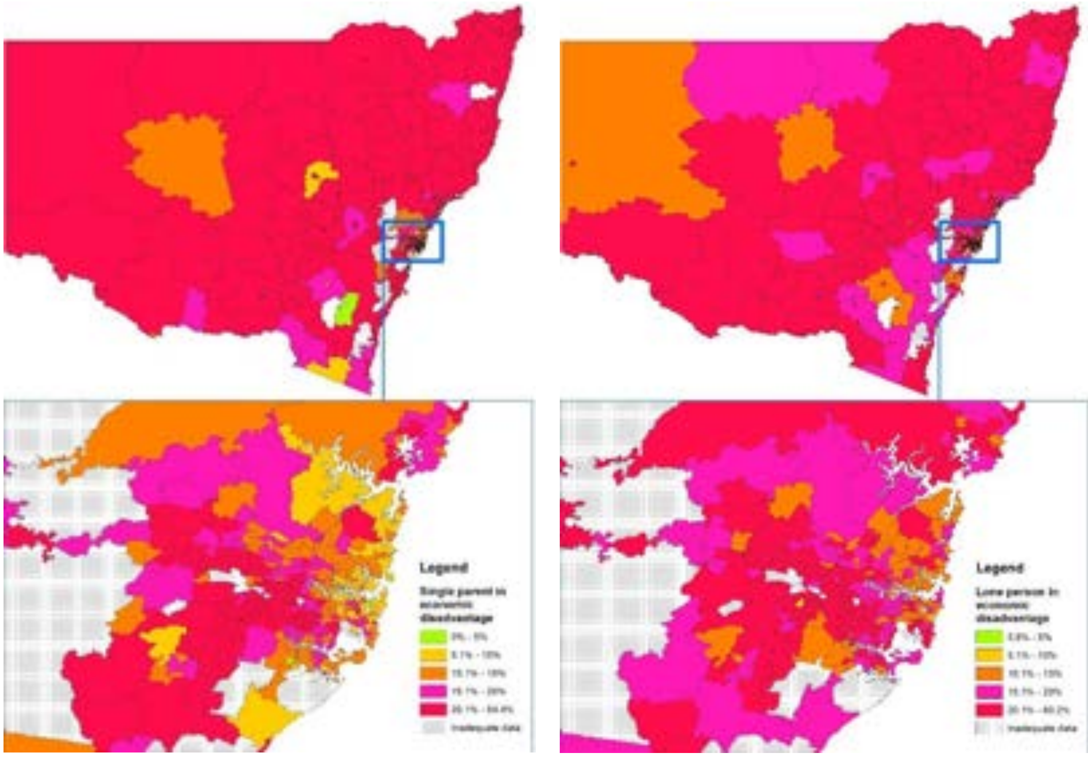


Table 7: The small areas (SA2) with the lowest and highest poverty rates for Single Parent Households, 2021

GSYD	%	RNSW	%
Woronora Heights	0.0	Googong	3.6
Woollahra	2.7	Queanbeyan Surrounds	4.6
Double Bay - Darling Point	4.8	Bombala	5.3
Coogee - Clovelly	5.3	Redhead	8.3
Paddington - Moore Park	6.1	Dubbo Surrounds	9.3
Crows Nest - Waverton	6.3	Helensburgh	9.8
Cromer	6.3	Southern Highlands	11.2
Bondi Beach - North Bondi	6.3	Queanbeyan - East	12.5
Annandale (NSW)	6.4	Kiama Downs - Minnamurra	12.7
Cremorne - Cammeray	6.6	Valentine - Eleebana	13.4
Greenacre - North	36.3	Taree	42.2
Fairfield	36.5	Hay	42.4
Lurnea - Cartwright	37.3	Mudgee Surrounds - East	44.1
Yagoona - Birrong	37.7	Bellingen	44.9
Wiley Park	37.8	Wentworth-Balranald Region	47.4
Terrey Hills - Duffys Forest	38.1	Kyogle	48.3
Lakemba	38.2	Gundagai	49.2
Auburn - South	39.5	Wentworth - Buronga	50.7
Guildford - South Granville	41.8	Woolgoolga - Arrawarra	54.0
Greenacre - South	46.1	Dorrigo	54.4

Comments and Insights

- In Greater Sydney, there is an obvious increase in the poverty of ‘couple only’ and ‘lone person’ households. The increase in both rates is dominated by the increase in poverty among part-time workers. For ‘lone person’ households this rise in poverty among part time workers is exacerbated by the fact that relatively more people who live alone are now working part-time compared to 2016.
- Poverty among ‘single parent’ households in Greater Sydney has declined, although not as much as occurred in rural and regional NSW. Importantly, the number of children living in single parent households experiencing poverty has gone down, although to a lesser extent in Greater Sydney than rural and regional NSW. This reflects not only the reduction in the poverty rate for ‘single parent’ households as a whole but also a decline in the average number of children per household (especially in rural and regional households and to a lesser extent in households in Greater Sydney), particularly those ‘single parent’ households living below the poverty line.
- The drop in poverty in ‘single parent’ households can be explained by the increase in the number of adults among this group working full-time and the decrease in the numbers working part-time. Poverty among full-time workers is lower and has been declining over time.
- It is important to note, however, that the cost of childcare is not included in the calculation of these poverty rates and that the reduction in poverty due to the movement from part-time to full-time work may be deceptive. Other factors may be operating, especially in rural and regional NSW, where the shift from part-time to full-time work among adults in ‘single parent’ households has been relatively small compared to people living in Greater Sydney.

- As in Greater Sydney, poverty rates also increased for 'couple only' households in the rest of NSW. This increase reflects the substantial rise in poverty among part-time and unemployed individuals in 'couple only' households in rural and regional NSW.
- For lone person households in the rest of NSW, there has been a reduction in poverty among those who are working. However, poverty rates increased for older people living alone.

Employment and Poverty

Key Findings

People aged 15 years and above were split into five categories for the purposes of analysing poverty by labour force status: those employed full-time; employed part-time; unemployed; aged 15-64 years and not in the labour force; and aged 65 years and over and not in the labour force.

Those aged 15 to 64 years and not in the labour force represented the greatest proportion of people aged 15 years and above in poverty (45.7%) (Figure 17). This group includes people who aren't working because they have a disability or chronic health condition; are caring for children, older people or people with disability; are studying; are undertaking non-paid voluntary work; or have become discouraged from looking for employment.

However, more than one quarter of people aged 15 years and above living in poverty in 2021 had a job (29.0%). Of these, more worked part-time (17.3%) than had a full-time job (11.7%). Only 5.4% of people aged 15 years and above who were living in poverty were unemployed, meaning they were not in paid work but actively looking for work (Figure 17).

Those employed full-time had the lowest rates of poverty at 3.6%, with a higher rate for part-time workers at 10.4%. This highlights an increase in the poverty rate for part-time workers between 2016 and 2021, while full-time workers experienced a decrease over the same period. People in rural and regional NSW in full-time employment were less likely to be living below the poverty line (2.9%) compared to their counterparts in Greater Sydney (3.9%).

People aged 15-64 years and not in the labour force had the highest rates of poverty across NSW, at 32.5%. The poverty rate for this group has remained persistently high and increased even further from the 2016 rates, for both people living in Greater Sydney and the rest of NSW. Poverty is now more prevalent for this group than for unemployed people.

Although still high relative to other categories, there has been a large drop in the poverty rate among unemployed people living in Greater Sydney, reaching 20.9% in 2021 (Figure 18). Poverty rates among unemployed people in Greater Sydney were falling even before the introduction of the COVID income support measures. However, this reduction has not been observed in areas in the rest of NSW where those who are unemployed still have the highest poverty rate at 38.8%, slightly higher than the 37.1% for people aged 15-64 years and not in the labour force.

The areas in Greater Sydney with the highest rates of people in full-time employment living below the poverty line were primarily concentrated in suburbs in the South West, Inner South West and Parramatta. The geography of poverty rates among those working part-time is similar.

A slightly different geography is observed for those who are unemployed. Areas in Blacktown, the City and Inner South are included in the ten suburbs with the highest poverty rates among those who are unemployed, as well as the Inner South West and South West (Table 8). The poverty rate of unemployed people in these areas is around 40%. However, the worst poverty rates for unemployed people living in the rest of NSW are far higher than this – they are above 70% for areas such as the Mid North Coast; Southern Highlands and Shoalhaven; New England and North West and Richmond – Tweed.

Figure 17: Number of people in poverty by labour force status in 2021

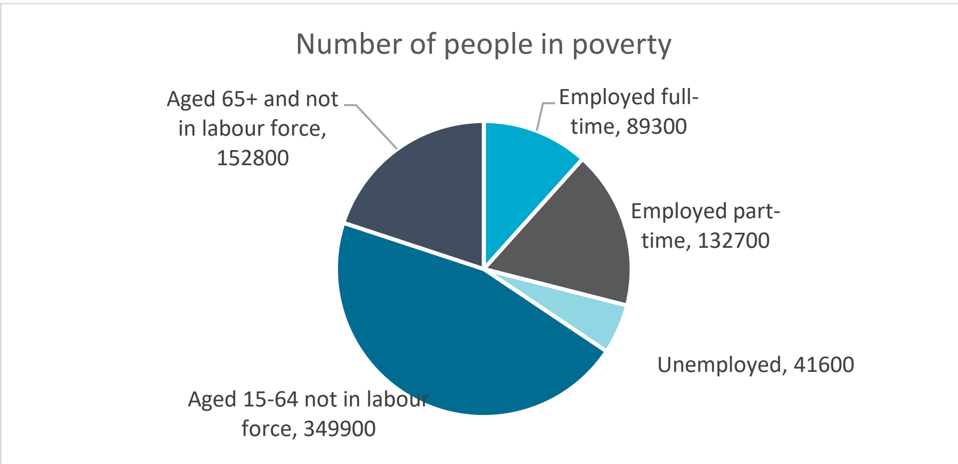


Figure 18: Poverty rates by labour force status in 2021 and 2016

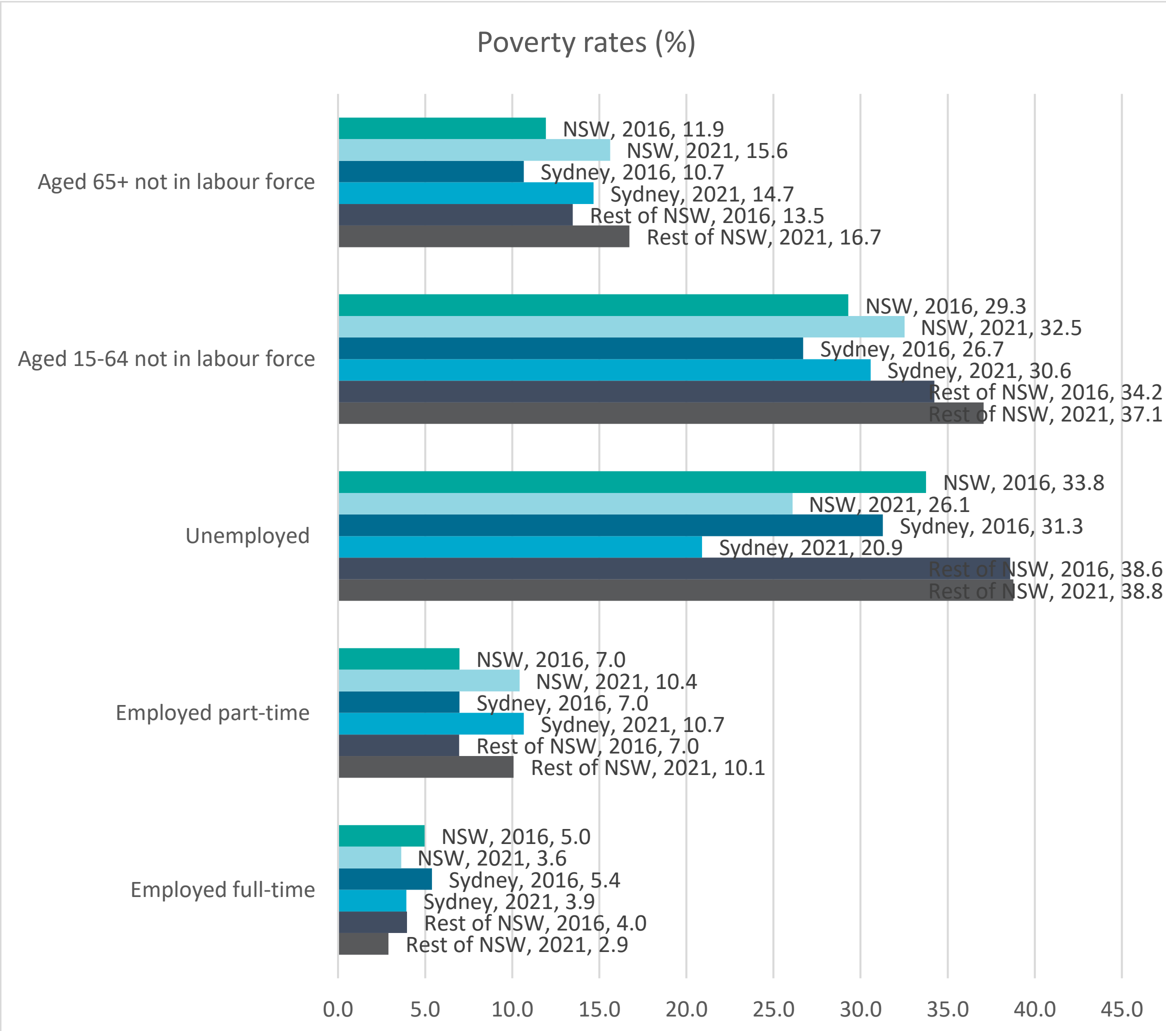


Table 8: The small areas (SA2) with the lowest and highest poverty rate by labour force status, 2021

GSYD	%	RNSW	%
a) Employed full-time			
Greenwich - Riverview	1.3	Waratah - North Lambton	0.5
Manly - Fairlight	1.3	Junee	0.6
Balmain	1.3	Queanbeyan Surrounds	0.7
Double Bay - Darling Point	1.3	Broken Hill	0.7
Paddington - Moore Park	1.4	Queanbeyan West - Jerrabomberra	0.9
North Sydney - Lavender Bay	1.4	Valentine - Eleebana	1.0
Castle Cove - Northbridge	1.4	Stockton - Fullerton Cove	1.0
Surry Hills	1.4	Lithgow Surrounds	1.0
Crows Nest - Waverton	1.5	Dubbo Surrounds	1.1
Coogee - Clovelly	1.5	Redhead	1.1
Bankstown - North	8.0	Grenfell	6.2
Guildford West - Merrylands West	8.1	Nambucca Heads	6.2
Green Valley	8.2	Pottsville	6.7
Bass Hill - Georges Hall	8.3	Tweed Heads South	6.8
South Wentworthville	8.4	Walcha	7.2
Condell Park	8.9	Coffs Harbour - South	7.3
Greenacre - South	9.2	Dorrigo	7.5
Lurnea - Cartwright	9.3	Inverell Surrounds - East	7.8
Greenacre - North	9.5	Newcastle - Cooks Hill	10.8
Guildford - South Granville	11.1	Far West	17.6
b) Employed part-time			
Woronora Heights	2.6	Queanbeyan Surrounds	4.0
Glenhaven	3.4	Queanbeyan West - Jerrabomberra	4.1
Lilli Pilli - Port Hacking - Dolans Bay	3.9	Maitland - North	4.4
Castle Hill - East	4.0	West Wyalong	4.5
Caringbah South	4.2	Valentine - Eleebana	4.9
Banksmeadow	4.3	Googong	5.0
Castle Cove - Northbridge	4.3	Karabar	5.0
Jilliby - Yarramalong	4.3	Dubbo Surrounds	5.1
Cobbitty - Bringelly	4.5	Yass	5.1
Heathcote - Waterfall	4.6	Wagga Wagga - North	5.2
Campsie - South	21.0	St Georges Basin - Erowal Bay	16.4
Canley Vale - Canley Heights	21.2	Bangalow	16.5
Wiley Park	22.1	Murwillumbah	16.6
Liverpool - West	24.0	Bellingen	17.6
Guildford - South Granville	24.0	Brunswick Heads - Ocean Shores	17.9
Cabramatta - Lansvale	24.1	Inverell Surrounds - East	18.3
Warwick Farm	24.1	Woolgoolga - Arrawarra	18.9
Lurnea - Cartwright	24.6	Newcastle - Cooks Hill	21.0
Bankstown - North	24.9	Mullumbimby	21.5
Liverpool - East	27.7	Far West	25.6

GSYD	%	RNSW	%
c) Unemployed			
Erskine Park	3.1	Moree Surrounds	5.3
Cobbitty - Bringelly	3.1	Queanbeyan Surrounds	8.1
Harrington Park	3.3	Redhead	13.6
Illawong - Alfords Point	4.1	Helensburgh	14.0
Cecil Hills	4.1	Queanbeyan West - Jerrabomberra	15.0
Kellyville Ridge - The Ponds	4.4	Yass Surrounds	15.3
Woronora Heights	4.4	Junee	16.2
Hoxton Park - Carnes Hill - Horningsea Park	4.7	Nyngan - Warren	17.4
Box Hill - Nelson	5.6	Cobar	17.5
Castle Hill - North	5.7	Narrabri Surrounds	18.0
Warwick Farm	35.5	Mudgee Surrounds - East	67.5
Umina - Booker Bay - Patonga	35.8	Newcastle - Cooks Hill	68.3
Riverwood	37.0	Hill Top - Colo Vale	68.8
Greenacre - South	37.1	Grafton Surrounds	69.6
Potts Point - Woolloomooloo	37.7	West Wyalong	69.8
The Entrance	37.7	Bulahdelah - Stroud	71.6
Ashcroft - Busby - Miller	39.8	Port Macquarie Surrounds	75.7
Lethbridge Park - Tregear	39.8	Robertson - Fitzroy Falls	77.8
Bidwill - Hebersham - Emerton	40.7	Inverell Surrounds - West	78.2
Greenacre - North	48.5	Casino Surrounds	79.2

Comments and Insights

- Employment does not always mitigate risk of poverty.
- In Greater Sydney, the most obvious pattern is the increase in the poverty rate among those not in the labour force and the decrease in poverty among those who are unemployed. The increase in poverty is greater among older people not in the labour force and this becomes even worse when the spouse or partner is also older and not in the labour force (indicative of the broader issues of the adequacy of the aged pension as an income support measure and the reduction in outright home ownership for those aged over 65 years).
- The proportion of older people not in the labour force increased only slightly from 2016 to 2021 and there has been no obvious increase in the proportion of people of working age moving out of the labour force. It appears that there is no major issue with people becoming discouraged from participating in work. While an explanation for the decrease in the poverty rate for people who are unemployed could have been because of people moving from ‘unemployed’ to ‘not participating in the labour force’, the statistics don’t bear this out.
- The significant decrease in the poverty rate of unemployed people in Greater Sydney could be explained by either people remaining to stay in or moving into other households (e.g. parents, other relatives or friends) or into other informal housing arrangements. There is a difference in the extent to which poverty rates declined between unemployed people who are the household reference (head of household) or the spouse, compared with those who are other members of the household. Poverty has decreased only slightly in the former group of unemployed people compared with the latter. Thus, the reduction in the poverty rate for unemployed people appears to reflect the relatively large increase in the number of other household members who are unemployed. Their proportion has doubled from

2016 and they have a poverty rate that is significantly lower than those unemployed who are household 'heads' (reference person in the SIH or Census).

- An increase in the proportion of people living in others' households also occurred among part-time workers. People working part-time who have stretched budgets may also have found it cheaper to stay living in or moving into others' households. These living arrangements may be masking what could have been an even larger increase in poverty among part-time workers.
- There was an increase in the poverty rate of older people not in the labour force in rural and regional NSW, although this was not as dramatic as the rise in poverty in this group in Greater Sydney, especially among those who identified as 'spouse'.

Poverty Among Diverse Communities in NSW

Key Findings

Using the income threshold of $540 per week, the overall prevalence of low income households in NSW in 2021 was 13.3%. The rate is higher in rural and regional NSW (16.2%) in comparison to Greater Sydney (11.8%). These rates represented an increase in the prevalence of low income households in both the rest of NSW and Greater Sydney since 2016 (when the rates were 13.1% and 10.4% respectively) (Table 2).

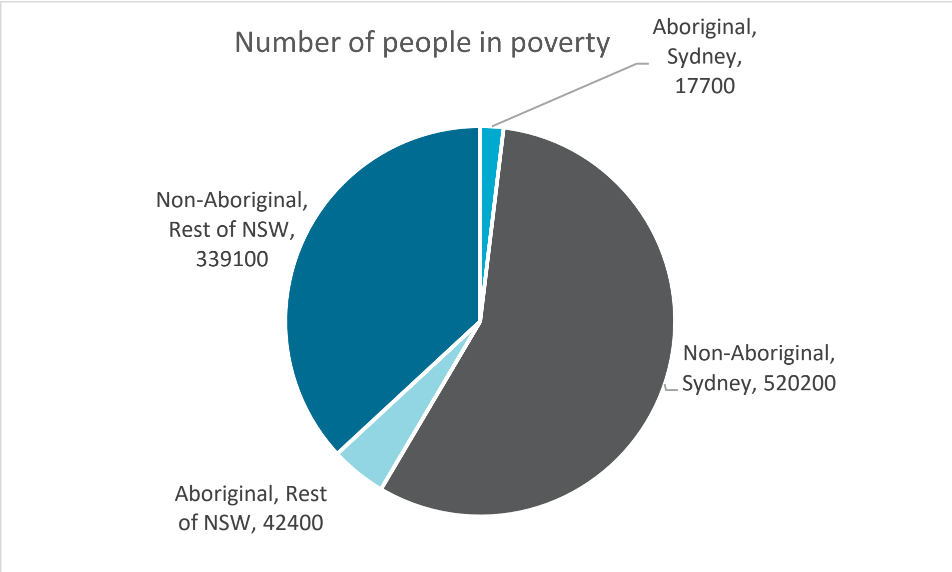
Aboriginal and Torres Strait Islander People

Of all people in low income households in NSW, 6.5% are Aboriginal and Torres Strait Islander (Figure 19). This is nearly double the proportion of Aboriginal and Torres Strait Islander people in the NSW population. The proportion is much higher in rural and regional NSW (11.2%) than in Greater Sydney (3.3%).

The low income rate for Aboriginal and Torres Strait Islander people in NSW is just below a quarter and is higher in rural and regional NSW (26.4%) than in Greater Sydney (22.0%). Nevertheless, the rate of low income in Greater Sydney among the Aboriginal and Torres Strait Islander community is almost double the rate for non-Aboriginal and Torres Strait Islander people (Figure 20) and has worsened since 2016. While rates in rural and regional NSW have lessened, they are still over 10 percentage points higher than for non-Indigenous households outside Greater Sydney.

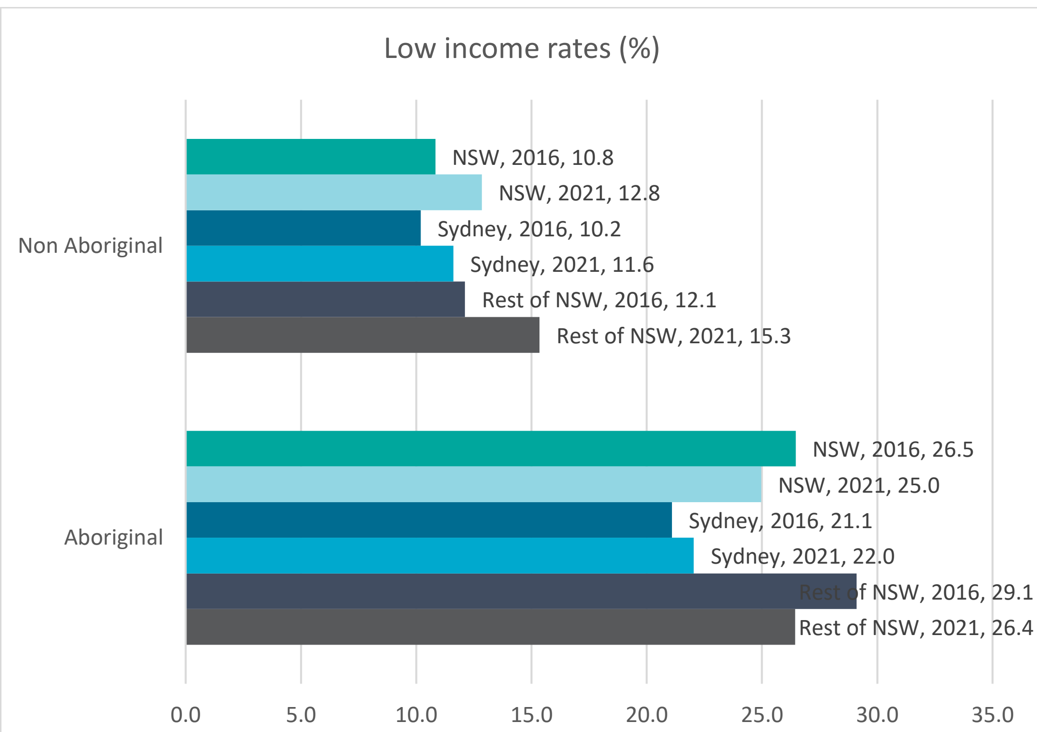
The suburbs where Aboriginal and Torres Strait Islander people have the highest rates of economic disadvantage in Greater Sydney are mostly in the South West, where around half of Aboriginal and Torres Strait Islander people live in low income households. In the rest of NSW, in Tenterfield (in New England and the North West) more than 60% of Aboriginal and Torres Strait Islander people live in low income households. Other areas spanning the Illawarra; Far West and Orana; Central West; Murray; Newcastle and Lake Macquarie have rates around 45%.

Figure 19: Number of people in low income household by Indigenous status in 2021



Note: the label Aboriginal is being used to represent all Aboriginal and Torres Strait Islander peoples

Figure 20: Low income rates by Indigenous status in 2021 and 2016



Note: the label Aboriginal is being used to represent all Aboriginal and Torres Strait Islander peoples

Culturally and linguistically diverse communities

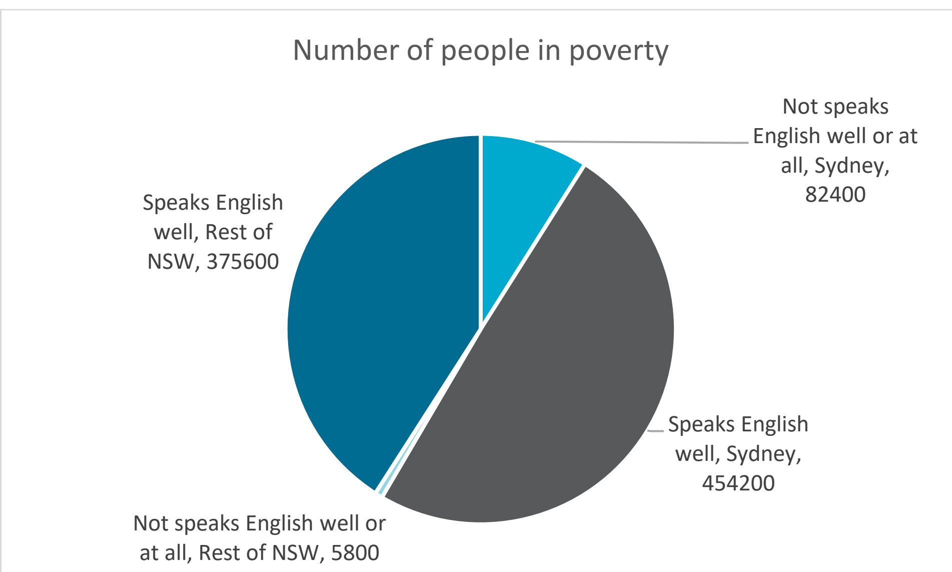
People belonging to CALD communities are commonly identified as those ‘who use a language other than English at home’[6]. In Greater Sydney the proportion of people ‘who use a language other than English at home’ is nearly 40%, although it is only 7% in the rest of NSW. The low income household rate among CALD communities for those ‘who use a language other than English at home’ is 15.2%. However, the prevalence of low income households increases substantially if people belonging to CALD communities are identified as those who ‘do not speak English well or at all’ (27.6%) (Figure 22).

The low income rate for those who ‘do not speak English well or at all’ is slightly higher in Greater Sydney (27.8%) than in the rest of NSW (26.1%). However, the number of people in low income households in rural and regional NSW who ‘do not speak English well or at all’ is very low, being 1.5% of all low income households in rural and regional NSW (Figure 21).

In Greater Sydney, the suburbs with relatively high rates of low income households who 'do not speak English well or at all’ are found in the City and Inner South, Inner South West and South West, although there are certain suburbs in the Eastern suburbs and Parramatta that also have a high rate. In rural and regional NSW, the local areas with higher rates of low income households in this category are concentrated in the Illawarra with others in New England and North West; Coffs Harbour – Grafton; Newcastle and Lake Macquarie and Riverina.

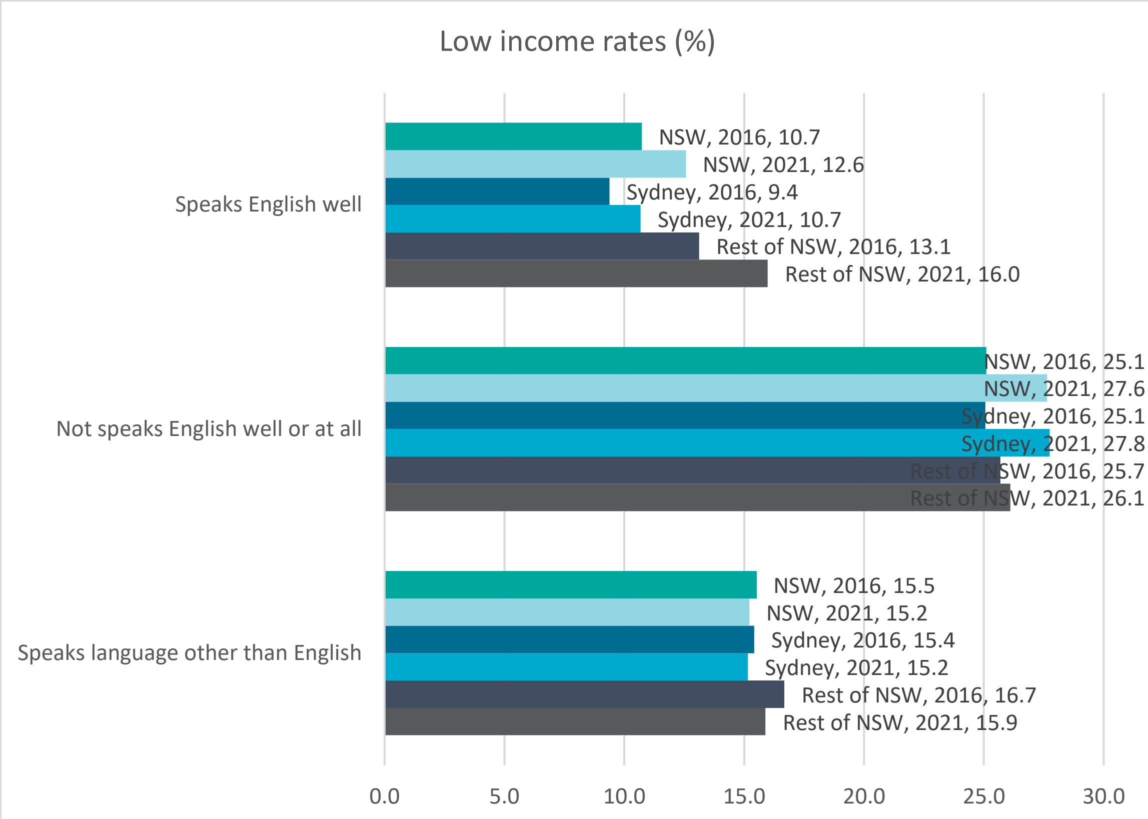
In both Greater Sydney and rural and regional NSW, low income rates for households that did not ‘speak English well or at all’ increased from 2016 to 2021, most significantly in Sydney.

Figure 21: Number of people in low income households by English proficiency in 2021



[6] Multicultural NSW. *GUIDE: What is CALD?* NSW Government. https://multicultural.nsw.gov.au/wp-content/uploads/2022/11/P3-GUIDE-What-is-CALD.pdf

Figure 22: Low income rates by language diversity in 2021 and 2016



People with disability

There were over 58,000 people who needed assistance with core activities and were aged under 70 years living in low income households in NSW in 2021 (Figure 23). Around 32,000 of these individuals lived in Greater Sydney. If there is no age restriction then the number of people with disability in low income households in NSW increases to be more than 116,000.

In NSW, 27.6%. of people with disability aged under 70 years are living in households with low incomes. The rate in Greater Sydney is 26.1%, lower than the 29.5% in the rest of NSW. For people with disability of all ages rates of living in low income households increased significantly from 2016 to 2021, up to 29.56% and 32.50% in Greater Sydney and the rest of NSW, respectively (Figure 24). In Greater Sydney, the rates are particularly high in South Coogee and Maroubra – South with other high rate areas being located in the City and Inner South, South West, Parramatta and Inner South West. In the rest of NSW higher rates of people with disability aged under 70 years and living in low income households are spread across the State and not concentrated in any particular locations.

Figure 23: Number of people in low income households by disability in 2021

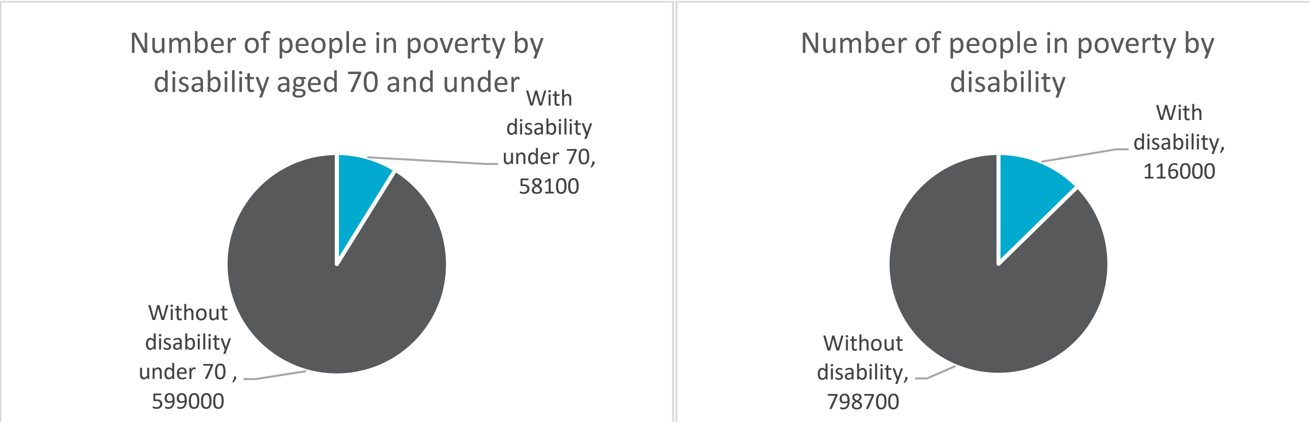
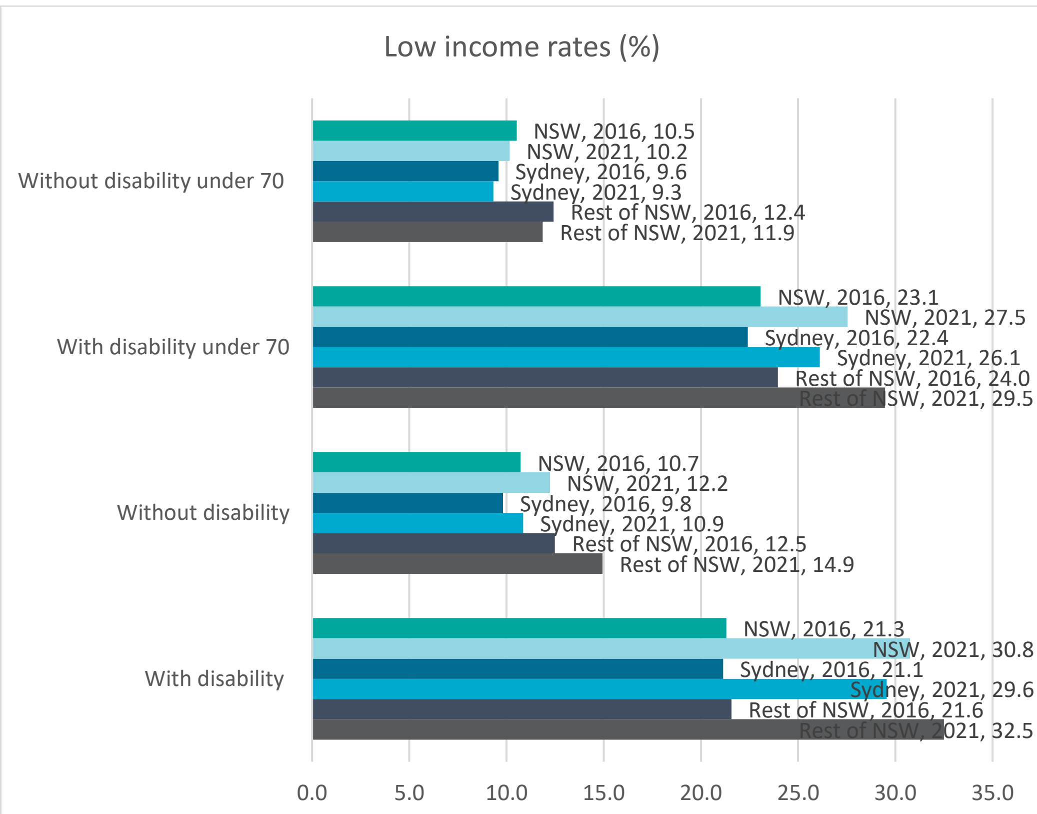


Figure 24: Low income rates by disability status in 2021 and 2016



Comments and Insights

- Low income rates are high among NSW Aboriginal and Torres Strait Islander people, CALD communities and people with disability, especially for those living in rural and regional NSW.
- In NSW in 2021 Aboriginal and Torres Strait Islander people were more than twice as likely as non-Indigenous people to live in a low income household. Widespread and structural socioeconomic disadvantage in terms of intergenerational poverty, racism, reduced options for income generation, employment and housing, as well as social and health inequalities all contribute to this ongoing experience of disadvantage.

- CALD communities, defined as those ‘who do not speak English well or at all’, were more than twice as likely to live in low income households if they lived in Greater Sydney and 60% more likely if they lived in the rest of NSW, compared with households who spoke English well. Barriers to employment, such as language and cultural difficulties, lack of recognition of skills and qualifications, and reliance on public transport are likely to be some of the major contributors to these patterns.
- People with a disability are almost three times as likely to live in a low income household compared to with people without disability. Factors contributing to this include their higher rates of unemployment and not being in the labour force; increased dependence on Government income support through, for example, the Disability Support Pension or the lower JobSeeker Allowance; and their greater reliance on public housing, supported accommodation and the private rental market.

Impact of Covid 19 and Income Support

One of the cautions in this analysis is the possible impact of COVID 19 Government income support measures on the SIH and Census data used for the small area estimations. This is because the Australian government announced several temporary taxation and welfare benefit changes in response to the COVID-induced economic shocks. These may have directly affected employment and the income level of households during the relevant period, and hence, the poverty estimates.

In March 2020, the Australian Government announced a one-off economic support payment of $1,500 to nearly all recipients of specific welfare payments, including pensions, unemployment benefits and Family Tax Benefit (FTB). The majority of recipients received the first payment ($750) by mid-April 2020, and the second payment ($750) was made starting from mid-July. Besides one-off payments, the Government also introduced a temporary payment of $550 per fortnight, known as the Coronavirus Supplement, to eligible welfare payment recipients. As a consequence, the unemployment benefit (Jobseeker) was doubled to $1,124.50 per fortnight (comprising the base rate, the Energy Supplement and Coronavirus Supplement) for a single JobSeeker Payment recipient with no children[7]. The eligibility criteria for Jobseeker were also relaxed with recipients no longer needing to fulfil their usual job searching obligations. The Government also announced a wage subsidy package called ‘JobKeeper’, providing eligible employers with a flat rate of $1,500 per fortnight per employee, irrespective of prior or current hours and earnings.

The start of these support payments means that some of the impact will have been captured in the fourth quarter of the 2019-20 SIH survey period. However, the impact on the calculation of the poverty rates may not be considerable given the data for the full year has been used in the estimation. Nevertheless, ACOSS[8] has noted that the gaps between social security payments and poverty lines narrowed for those on pensions and were eliminated for people receiving the JobSeeker payment where weekly payments rose from being well below the poverty line to well above it.

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[7] Parliamentary Library. *COVID-19 Economic response—social security measures part 1: temporary supplement and improved access to income support*. Posted 23/03/2020. https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/FlagPost/2020/March/New_coronavirus_supplement

[8] Davidson, P; Bradbury, B; and Wong, M (2022) *Poverty in Australia 2022: A snapshot*. Australian Council of Social Service (ACOSS) and UNSW Sydney

Despite the downturn in the economy, the COVID-19 income support payments reduced the financial stress of many households previously in poverty, particularly those with a connection to the labour market through the JobSeeker Payment, Youth Allowance and the Parenting Payment. However, these gains did not extend to people receiving the Age Pension, Disability Support Pension or Carer Payment. In terms of household composition, couple only households seemed to benefit the most, then singles followed by parents with one or two children.

For NSW, the data breakdown for the third (March 2020) and fourth (June 2020) quarters of the SIH shows the rapid rise in poverty with the start of the COVID 19 lockdowns (Q3) and then the sharp fall in poverty with the introduction of the income support payments (Q4) (see Table 9). For most demographic groups, those living in Greater Sydney seemed to benefit more from the additional payments than those in the rest of NSW. This reflects the different labour markets and people's attachment to the labour force pre-COVID between the two areas.

Children are the exception to this with the drop in child poverty in the fourth quarter in rural and regional NSW being more substantial than for children living in Greater Sydney. The likely explanation of this is the difference in household composition and the varying impacts of COVID 19 on employment and the income support measures on different household types. For example, in the rest of NSW, the poverty rate for 'couple with dependent children' households dropped to a low of 3.2% in the fourth quarter, considerably lower than the rate for these families in Greater Sydney (10.8%) (Table 9).

As expected the impact on older people, especially those not in the labour force, was less than other age groups. The 15-24 year age group living in rural and regional NSW had a noticeably higher poverty rate in the fourth quarter than the third. This may have reflected a delay in accessing JobSeeker or JobKeeper, or ineligibility for income support – at the time of the 2021 Census, 62% of this age group were employed part or full-time in the rest of NSW compared to 47% in Greater Sydney.

The impact of COVID on poverty rates was particularly evident in the fourth quarter in already disadvantaged households living in rural and regional NSW - namely households in public housing, people living alone, single parent households and to a lesser extent people working part-time. These households would be more likely to be reliant on Government pensions and benefits and be less attached to the labour force, and therefore may not have benefitted from Jobseeker or Jobkeeper. It is possible that people in Greater Sydney felt the effects of COVID and the associated restrictions earlier in the first quarter of 2020 (Q3), especially older people.

Table 9: Poverty rates by different groups in 2021 and for SIH 3rd and 4th quarters 2020 with COVID and impact of jobseeker payments

	Poverty estimate 2021			SIH Q3. March quarter			SIH Q4. June quarter		
	GSYD	RNSW	NSW	GSYD	RNSW	NSW	GSYD	RNSW	NSW
Overall	13.2	13.7	13.4	15.6	16.1	15.7	11.7	13.4	12.3
Under 15 years	16.4	12.8	15.2	20.1	24.1	21.5	14.4	6.3	12.3
15-24 years	12.1	15.1	13.1	12.7	15.6	13.6	7.3	22.3	12.5
25-64 years	11.9	13.7	12.5	13.6	13.8	13.7	10.8	13.1	11.5
65+ years	14.2	14.0	14.1	20.7	14.0	17.2	15.4	13.6	14.5
Men (over 15)	11.6	14.7	12.6	14.1	14.4	14.2	9.7	15.0	11.4
Women (over 15)	13.1	13.4	13.2	15.1	13.9	14.6	12.3	14.1	13.0
Couple only	9.1	11.1	9.9	9.1	10.4	9.6	9.0	12.1	10.3
Couple with dependent children	13.2	9.2	11.9	16.6	14.6	16.0	10.8	3.2	8.9
Single parent	20.5	28.5	23.6	20.4	36.2	30.0	19.9	42.5	27.2
Lone person	22.5	24.5	23.3	24.0	20.8	22.4	28.1	31.7	29.6
Other household type	9.6	4.3	8.3	16.7	4.8	14.2	5.5	4.4	5.1
Employed full-time	3.9	2.9	3.6	6.2	2.2	5.0	3.0	3.4	3.1
Employed part-time	10.7	10.1	10.4	11.0	7.3	9.6	10.3	11.1	10.6
Unemployed	20.9	38.8	26.1	20.5	54.0	34.5	15.1	17.4	15.8
Aged 15-64 years not in labour force	30.6	37.1	32.5	31.0	39.3	33.5	26.6	36.6	29.8
Aged 65+ years and not in labour force	14.7	16.7	15.6	22.5	16.1	19.2	15.4	14.9	15.1
Own home outright	6.3	8.6	7.3	7.1	6.2	6.6	8.0	8.8	8.3
Own home with mortgage	9.5	9.6	9.5	12.4	7.8	11.1	8.3	12.4	9.5
Private rental	19.4	22.3	20.3	19.6	44.1	27.4	16.6	26.2	18.6
Public rental	59.7	58.1	59.1	49.5	20.5	41.3	46.5	68.9	53.2
Other household tenure	19.8	8.9	15.1	26.0	6.8	17.7	22.1	8.7	15.3

CONCLUSIONS

In 2021, nearly a million NSW residents were living with significant economic disadvantage i.e. below the poverty line, with the state-wide poverty rate being 13.3%. Greater Sydney's poverty rate was 13.1% and for the rest of NSW, the rate was slightly higher at 13.7%. While poverty increased in Greater Sydney from 2016 to 2021, it declined in rural and regional NSW.

As set out in this Report, the prevalence of poverty differs significantly between different demographic groups and by area of usual residence, imposing much lower standards of living on some individuals and families. Age, sex, housing tenure, household type and employment status all impact on the risk and likelihood of poverty.

Between 2016 and 2021, there have also been substantial shifts in the impact of poverty on different groups and locations across NSW. The maps of significant economic disadvantage in NSW serve as an important tool to help identify the geographical spread of poverty and pockets of deepest disadvantage across the state. The results presented in this Report are aimed at informing decision-making, policy development and program planning to facilitate better design and targeting of services and supports to the right population groups in the right locations. It is also important to understand why some people are disproportionately exposed to significant economic disadvantage and why poverty clusters in some areas of the State and not others. The results in this Report will assist with building that knowledge to inform policy, planning and advocacy efforts.

TECHNICAL APPENDIX

Analysis by Sex and Gender

The poverty estimates presented in the Report are based on the ABS definition and recording of sex in the 2021 Census. As noted by the ABS, the terms sex and gender are interrelated and often used interchangeably but they are distinct concepts[9]. The ABS 2020 standard provides the following nominal definitions of sex and gender:

- A person's sex is based upon their sex characteristics, such as their chromosomes, hormones and reproductive organs. While typically based upon the sex characteristics observed and recorded at birth or infancy, a person's reported sex can change over the course of their lifetime and may differ from their sex recorded at birth; and
- Gender is a social and cultural concept. It is about social and cultural differences in identity, expression and experience as a man, woman or non-binary person. Non-binary is an umbrella term describing gender identities that are not exclusively male or female.

The 2021 Census did not have a question on gender or variations in sex characteristics but did for the first time allow respondents to select from the three options of male, female and non-binary for the sex question. The ABS notes that this question and the new category of non-binary were not intended or designed to collect data on gender, and the number of people who reported a sex of non-binary on the Census cannot be used as a measure of gender diversity, non-binary gender or transgender communities[10]. The purpose of the addition of the non-binary sex option was to allow respondents to participate in the Census when the male or female sex categories did not accurately describe their sex[11].

Currently, the data released on the sex question from the 2021 Census is only reported as male and female. The ABS is of the view that the results from the non-binary sex category do not provide data of high enough quality to be used[12]. Responses indicated that the concept of non-binary sex was not consistently understood and was perceived in different ways by different people.

However, the male and female categorisation used by the ABS does incorporate the data collected from those responding as non-binary. Following consultation with representatives from the LGBTIQ+ communities, the ABS used the male or female response to assign a binary sex value where a respondent provided a male or

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[9] ABS (2020). Standard for Sex, Gender, Variations of Sex Characteristics and Sexual Orientation Variables, 2020. https://www.abs.gov.au/statistics/standards/standard-sex-gender-variations-sex-characteristics-and-sexual-orientation-variables/latest-release

[10] ABS (2022). Non-binary sex in the 2021 Census. Information on recording non-binary sex responses in the Census. https://www.abs.gov.au/articles/non-binary-sex-2021-census

[11] ABS (2022). Analysis of non-binary sex responses. https://www.abs.gov.au/articles/analysis-non-binary-sex-responses.

[12] ibid

female response in combination with a non-binary sex response, and in cases where only the non-binary sex category was selected, sex was assigned using a random allocation process[13].

In the Report, the nomenclature of men and women is used interchangeably with males and females, but in keeping with the data, the terms men and women denote sex and should not be interpreted as representing gender.

Modelling Method

The small area estimation at SA2 level followed the reweighting process of Tanton et al (2011)[14]. This approach requires a Census (in this case the 2021 Census) for small area benchmarks and the unit record data from the ABS 2019-20 Survey of Income and Housing (SIH). The reason for using this survey was threefold:

1. The existence of variables that are required to calculate the poverty rate. The SIH contains the data of household income before and after tax-transfer, household composition including the number of persons and children in the household, and the various housing costs. This is the reason that the survey has been used as the main data for calculating the poverty rate in Australia by ACOSS.
2. A large number of households are included in the survey, and it has been proven that the survey sample is able to be reweighted to produce reliable population estimates.
3. The benchmarked variables needed to be available on both the population Census and the survey, using the same definitions and the same categories.

The benchmarks also needed to be related to the final variable that is required from the spatial microsimulation model – in this case, poverty rates. This means benchmarks like income and number of people in the household by age (so that the income can be equivalised to consider the number of people in the household), and housing costs for after housing poverty, were required. The model used for this Report uses 9 benchmarks from the 2021 Census as indicated in Table 10.

In addition, in this Report we:

- Used households from the Greater Capital City Statistical Area (GCCSA) to populate the SA2s in that GCCSA. This means only households from Greater Sydney were used to populate SA2s in Greater Sydney.
- Reduced the number of benchmarks if the model failed for an area. This is done according to the sequence in the table. The lower number of benchmarks means fewer constraints and a higher possibility of achieving an acceptable result. If the estimate is produced with less than 6 benchmarks, then the estimate is excluded from the overall database as being unreliable.

The flowchart of this process is shown in Figure 25.

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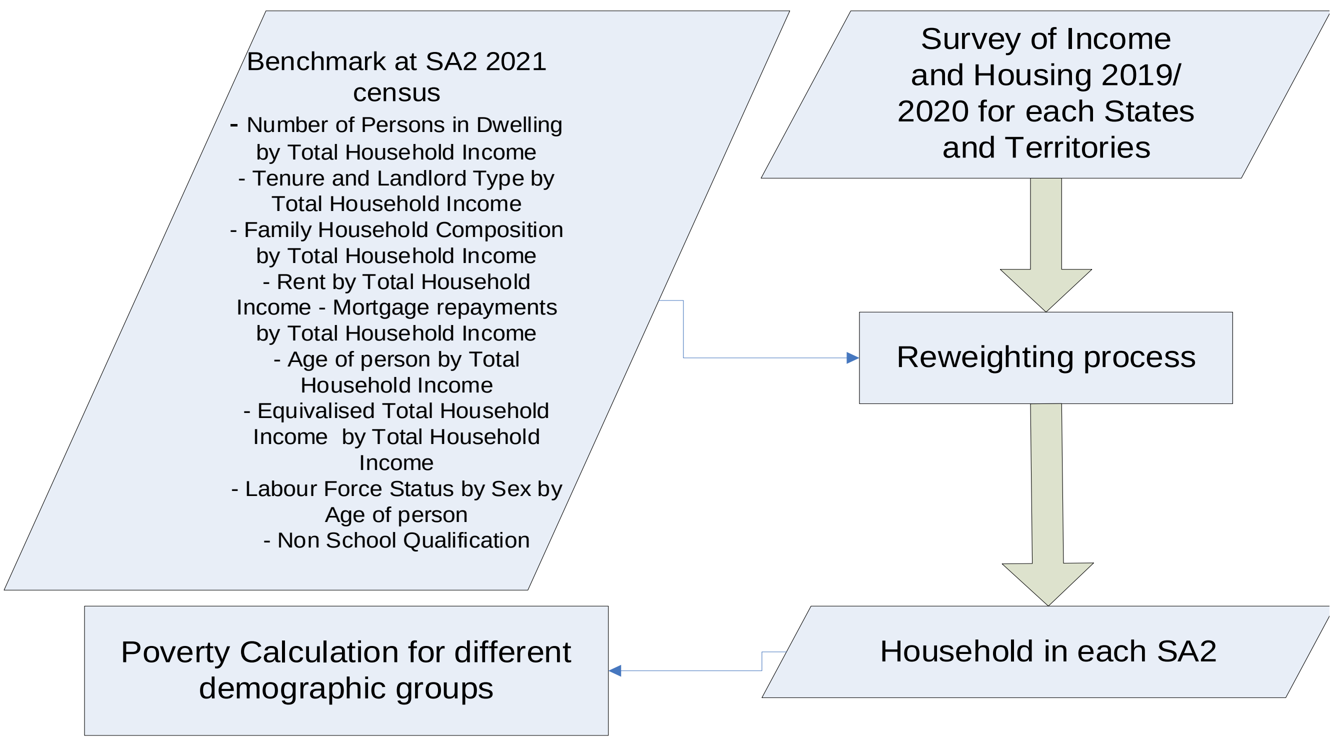
[13] ABS (2022). Non-binary sex in the 2021 Census. Information on recording non-binary sex responses in the Census. https://www.abs.gov.au/articles/non-binary-sex-2021-census
[14] Tanton, R., Vidyattama, Y., Nepal, B., & McNamara, J. (2011). Small area estimation using a reweighting algorithm. *Journal of the Royal Statistical Society: Series A (Statistics in Society)*, 174(4), 931-951. https://doi.org/10.1111/j.1467-985X.2011.00690.x)

Table 10: Benchmarks for the modelling

	Benchmark	Description
1	NPRD_2*HIND_2	Number of Persons Usually Resident in Dwelling by Total Household Income (weekly)
2	TENLLD_2*HIND_2	Tenure and Landlord Type by Total Household Income (weekly)
3	HCFMD_2*HIND_2	Family Household Composition by Total Household Income (weekly)
4	RNTRD_2*HIND_2	Rent (weekly) by Total Household Income (weekly)
5	MRERD_2*HIND_2	Mortgage repayments by Total Household Income (weekly)
6	AGE_2*HIND_2	Age of person (15+) by Total Household Income (weekly)
7	HIED_2*HIND_2	Equivalised Total Household Income (weekly) by Total Household Income (weekly)
8	LFSP_2*AGE_2*SEX_2	Labour Force Status by Age of person (15+)
9	QALLP_2	Non School Qualification

Figure 25: The SA2 poverty estimation process



Validation

Validation of the modelling is essential. The validation of the small area estimates was carried out in two ways:

1. Looking at the proportion of areas for which convergence is achieved; and
2. Comparing estimates from the spatial microsimulation model for low income with estimates from the Census to identify how close the model predicts incomes from the Census. If reasonable estimates of low income are produced from the model, then reasonable estimates of poverty rates would also be expected.

The first method of testing the reliability of the model is to look at the percentage of areas that provided estimates given a number of benchmarks. Reducing the number of benchmarks means that the model works (converges), but the estimates are not as good as when fewer benchmarks are used. At some point, the estimate is deemed not to be good enough to be published. Areas without reliable estimates are usually remote areas; or areas with very low population (e.g. industrial areas or national parks). The proportion of areas that have converged in this model are shown in Table 11. It can be seen that 9 benchmarks have been typically used to get estimates for small areas in Australia.

Table 11: Number of Benchmarks Used (% of population)

	Number of Benchmarks used						
GCCSA	**3 or 4**	**5**	**6**	**7**	**8**	**9**	**8 or more**
1GSYD	0.0%	0.0%	0.3%	1.8%	3.1%	94.8%	97.8%
1RNSW	0.0%	0.3%	2.6%	2.7%	10.0%	84.5%	94.5%
2GMEL	0.0%	0.0%	1.5%	1.0%	1.4%	96.1%	97.6%
2RVIC	0.0%	0.2%	0.0%	2.7%	6.3%	90.7%	97.0%
3GBRI	0.0%	0.4%	2.1%	6.5%	8.3%	82.6%	90.9%
3RQLD	0.0%	0.6%	2.3%	5.3%	5.0%	86.7%	91.7%
4GADE	0.0%	0.0%	1.3%	2.1%	6.9%	89.7%	96.6%
4RSAU	0.0%	1.4%	0.4%	1.7%	22.6%	74.0%	96.5%
5GPER	0.0%	0.0%	0.6%	2.3%	2.0%	95.1%	97.1%
5RWAU	0.7%	1.3%	9.2%	5.0%	5.4%	78.4%	83.9%
6GHOB	0.0%	0.0%	0.0%	25.8%	14.2%	60.0%	74.2%
6RTAS	0.0%	0.0%	1.3%	10.1%	4.5%	84.1%	88.6%
7GDAR	0.0%	0.0%	7.8%	20.0%	6.5%	65.7%	72.2%
7RNTE	10.2%	34.4%	15.3%	14.8%	0.0%	25.2%	25.2%
8ACTE	0.1%	0.0%	5.5%	4.0%	4.7%	85.8%	90.5%
Australia	0.0%	0.3%	1.6%	3.2%	5.0%	89.8%	94.8%

Note: G means Greater (Capital Cities Areas); R means the Remainder (of the State/Territory)

Based on this result, estimates were produced using 6, 7, 8 or 9 benchmarks. Poverty estimates were produced for a total of 622 SA2s in NSW in 2021. Areas where results could not be derived using 6 or more benchmarks were removed. Reliable estimates were not able to be produced for 20 SA2s in 2021. These areas are listed below:

- Greater Sydney: Prospect Reservoir, Port Botany Industrial, Sydney Airport, Centennial Park, Holsworthy Military Area, Blue Mountains – North, Blue Mountains – South, Rookwood Cemetery, Smithfield Industrial, Yennora Industrial, Badgerys Creek, Wetherill Park Industrial, Royal National Park
- Rest of NSW: Deua – Wadbilliga, Wollangambe – Wollemi, Port Kembla Industrial, Illawarra Catchment Reserve, Lord Howe Island, Newcastle Port – Kooragang, Ettrema - Sassafras – Budawang.

Another method to validate estimates at the small area level is to use the standard error around identity (SEI)[15]. To validate the small area estimates, the proportion of people living in a household with income less than $800/week as well as household with equivalised income less than $300 a week from both the Census and from the model (which based on the time of the project, was SpatialMSM22B) are calculated. The two income thresholds are chosen based on the closest half median income measured available directly from Census.

Figure 26 indicates a very close estimate was achieved (0.9959 R squared and 0.9638 SEI). In Figure 26, the vertical axis is the estimate from Census and the horizontal axis is the estimate from the model for each SA2. If the Census and the model gave exactly the same result for all areas, all points would fall on the 45 degree line (shown as a solid line in Figure 26). The SEI is the variability of the estimates around this 45 degree line (the line of identity). Achieving a good result using Household equivalised income is more difficult for this model since it is only being used partially as benchmark number 7. Nevertheless, the SEI shows an acceptable result of 0.70. The R squared is the correlation between the Census and model estimates and is much higher at 0.98.

These results also show that all the estimates provided in this Report are modelled, and that the modelling process introduces errors. While all efforts have been made by NATSEM to produce reasonable estimates, including validation of the estimates, as shown in this section, no estimate should be treated as perfect. All estimates suffer from model error, and survey error from the original ABS survey data. Other methods may produce different estimates, due to different assumptions and methods. The method used here is deterministic, meaning the estimates can be reproduced using the same method, data, benchmarks and assumptions that have been used – there is no probabilistic (random) element in the model. The authors are happy to be contacted to discuss the method further.

[15] Edwards, K. L., & Tanton, R. (2013). *Validation of spatial microsimulation models. Spatial microsimulation: A reference guide for users*, 249-258. https://link.springer.com/chapter/10.1007/978-94-007-4623-7_15

Figure 26: Validation of proportion of persons living with household income less than $800/week (Spatial MSM and Census data)