

Low Socio-Economic Status

The purpose of this document is to inform the Court of published research, government reports and inquiries, and academic commentary in relation to low socio-economic status, and the effects this may have on a person's behaviour, development, and their physical, mental and social well-being.

This chapter was published in September 2020. It is anticipated that the Covid-19 pandemic will have substantial impacts on the prevalence and extent of low socio-economic status in the community.¹ Research relating to the impacts of Covid-19 on low socio-economic status will be included in this chapter as it becomes available.

Description

- 1 Socio-economic status ('**SES**') refers to the social and economic position of a given individual, or group of individuals, within the larger society.² The Australian Bureau of Statistics ('**ABS**') defines relative socio-economic advantage and disadvantage in terms of 'people's access to material and social resources, and their ability to participate in society'.³ Common measures of socio-economic status are associated with material markers such as income, consumption, wealth, education and employment.⁴ The notion of SES also introduces related concepts such as poverty, wellbeing, social exclusion and human development.⁵ This chapter draws upon research that is primarily focused on economic disadvantage.
- 2 The National Centre for Social and Economic Modelling ('**NATSEM**') defines 'economic disadvantage' as when a household's disposable income (after paying tax) falls below a level considered adequate to achieve an acceptable standard of living.⁶ NATSEM's 2019 report *Mapping Economic Disadvantage in New South Wales* adopted the benchmark of middle or median incomes across Australia, with the threshold of 50% below this benchmark being the 'poverty line'.⁷ This method is widely used in national research on poverty,⁸ however, variations exist. For example,

¹ See, eg, Penny Dorsch, '[New Research Highlights Risk of COVID Pandemic Increasing Inequality](#)', *Australian Council of Social Service* (Web Page, 2 September 2020).

² Australian Bureau of Statistics, *Measures of Socioeconomic Status* (Catalogue No 1244.0.55.001, 22 June 2011) 1.

³ Australian Bureau of Statistics, *Census of Population and Housing: Socio-Economic Indexes for Areas (SEIFA), Australia, 2016* (Catalogue No 2033.0.55.001, 28 March 2013) 3.

⁴ Australian Bureau of Statistics, *Measures of Socioeconomic Status* (n 2) 2.

⁵ *Ibid.*

⁶ Yogi Vidyattama, Robert Tanton and NSW Council of Social Service (NCOSS), *Mapping Economic Disadvantage in New South Wales* (Report, 24 October 2019) 11.

⁷ *Ibid.*

⁸ Australian Council of Social Service and University of New South Wales, *Poverty in Australia 2018* (Report, 2018) 18.

under some definitions, individuals may be considered to come from a low socio-economic background even though they do not meet this definition of economic disadvantage.⁹

Prevalence

3 The [Mapping Economic Disadvantage in New South Wales](#) report found that 13.3% of the total NSW population (more than 888,000 people) live in poverty:

- *age*: more than 1:6 children live below the poverty line;
- *gender*: women (53.6%) have higher poverty rates than men (46.4%);¹⁰
- *being single*: (with or without children) increases the likelihood of poverty;
- *geography*: regional locations as well as those living outside Sydney are more likely to be living in poverty than those in metropolitan areas;¹¹
- *housing status*: those living in social housing and those renting, particularly in the private market, are more likely to live in poverty, and also to live in the more affordable outer suburban and regional areas, however, '[h]omeowners without a mortgage still experience poverty at a rate of 7.4%';¹² and
- *joblessness*: being unemployed or not in the labour force makes a person more likely to suffer poverty, although having employment does not necessarily ensure economic security.¹³

4 The report notes that cumulative risk factors and socio-economic barriers result in Aboriginal and Torres Strait Islander people and people with disabilities experiencing double the rates of significant economic disadvantage of the general NSW population.¹⁴

5 The [Poverty in Australia 2020](#) report undertook an international comparison and found:

The Organisation for Economic and Social Development (OECD) estimate for the overall rate of poverty in Australia in 2016 is 12.1% (compared with our estimate for 2017 of 13.6%). This is slightly above the OECD average of 11.8%. Among wealthier OECD nations, Australia has relatively high poverty rates.¹⁵

⁹ Australian Bureau of Statistics, [Measures of Socioeconomic Status](#) (n 2) 2–3.

¹⁰ Based on those over the age of 15 years.

¹¹ Vidyattama, Tanton and NCOSS, [Mapping Economic Disadvantage in New South Wales](#) (n 6) 8–9.

¹² Ibid 9.

¹³ '...poverty rates for people in full-time and part-time work across the state were 5.0% and 7.0% respectively. But those who are unemployed have a significantly higher poverty rate at 33.8%': ibid 8.

¹⁴ Ibid 9.

¹⁵ Peter Davidson et al, [Poverty in Australia 2020: Part 1, Overview](#) (ACOSS/UNSW Poverty and Inequality Partnership Report No 3, 2020) 17.

Impacts

Childhood development, education and employment

- 6 The 2014 Senate Community Affairs References Committee report, [Bridging Our Growing Divide](#), found a strong correlation between a student's level of socio-economic disadvantage and their educational performance, with students experiencing a higher level of disadvantage performing more poorly than those with fewer disadvantages:¹⁶

... a number of factors are entrenched in schools with more students from a low socio-economic status (SES) background. These include less material and social resources, more behavioural problems, less experienced teachers, lower student and family aspirations, less positive relationships between teachers and students, less homework and a less rigorous curriculum.¹⁷

- 7 The report also notes the impact of Year 12 completion rates on employment, finding that low Year 12 completion rates had

subsequent repercussions with 41.7 per cent from low SES and 60.6 per cent from Aboriginal and Torres Strait Islander backgrounds not engaged in post school work or study. This compares with 17.4 per cent from the most advantaged groups.

The consequences of failing to achieve in primary and secondary education is quite profound. Poor educational outcomes impact on an individual's capacity to engage in further training, and in turn, on employment. These employment opportunities will influence an individual's level of income and the certainty of that income.¹⁸

Health and disability

- 8 Generally, individuals who come from lower socio-economic groups are at greater risk of poor health; have higher rates of illness, disability and death; and live shorter lives than those from higher groups.¹⁹ The 2018 Australian Institute of Health and Welfare report, [Australia's Health 2018](#), states that the 'higher a person's socioeconomic position, the healthier they tend to be – a phenomenon often termed the 'social gradient of health'''.²⁰
- 9 The same report found that individuals from the lowest socio-economic group are more likely to suffer from chronic conditions such as chronic obstructive pulmonary

¹⁶ Senate Community Affairs References Committee, Parliament of Australia, [Bridging Our Growing Divide: Inequality in Australia](#) (Report, December 2014) 70 [3.38].

¹⁷ Ibid [3.39].

¹⁸ Ibid 75 [3.55]–[3.56]. The Inquiry found that 74% of disadvantaged youth and 54% of Aboriginal and Torres Strait Islander students complete Year 12, compared with a 93% completion rate in the most advantaged SES: 74–5 [3.54].

¹⁹ Australian Institute of Health and Welfare, [Australia's Health 2018](#) (Report, 2018) ch 5.1, 1.

²⁰ Ibid. See also Productivity Commission, Parliament of Australia, [Deep and Persistent Disadvantage in Australia](#) (Staff Working Paper, July 2013) 21; Social Determinants of Health Alliance, Submission No 43 to Senate Community Affairs References Committee, [Bridging Our Growing Divide: Inequality in Australia: The Extent of Income Inequality in Australia](#) (December 2014), which noted that 'low socioeconomic status determined by income will frequently give rise to exposure to a variety of stressors such as insecure housing and difficulties with managing household finances': 5.

disease and are 1.5 times more likely to die from all causes, in comparison to the highest socio-economic group.²¹ Furthermore, in comparison to those in the highest socio-economic group, those in the lowest socio-economic group are:

- 2.7 times as likely to smoke daily in 2016
- 1.6 times as likely to be obese in 2014-15
- 1.4 times as likely to be inactive or insufficiently active in 2014-15
- 1.2 times as likely to have high blood pressure in 2014-15
- At similar lifetime risk of harm from drinking alcohol in 2016.²²

10 The 2009 Australian Institute of Health and Welfare report, [*The Geography of Disability*](#), noted the following:

- on average, people with disability, and their carers, have lower income than people without disability;
- disability can impose extra costs on individuals and their families;
- a high proportion of public housing tenants have disability, and public housing in some cities is concentrated in disadvantaged areas;
- many risk factors for chronic disease and disability are higher among disadvantaged people;
- people working in lower status jobs can face greater occupational hazards that contribute to disability; and
- physical and psychosocial hazards can be higher in more disadvantaged communities.²³

Links to Contact with the Criminal Justice System

Economic determinants of crime

11 The 2013 Senate [*Inquiry into the Value of a Justice Reinvestment Approach to Criminal Justice in Australia*](#) drew on ‘numerous reports and academic journals’ to distil three drivers of increased imprisonment:

- socio-economic conditions such as poverty;
- low or under education; and
- lack of employment opportunities.²⁴

12 The Inquiry found that

²¹ Australian Institute of Health and Welfare, [*Australia's Health 2018*](#) (n 19) ch 5.1, 2.

²² Ibid ch 5.1, 1.

²³ Australian Institute of Health and Welfare, [*The Geography of Disability and Economic Disadvantage in Australian Capital Cities*](#) (Report, 2009) v.

²⁴ Senate Standing Committees on Legal and Constitutional Affairs, Parliament of Australia, [*Value of a Justice Reinvestment Approach to Criminal Justice in Australia*](#) (Report, 20 June 2013) 13 [2.50].

criminal behaviour is closely associated with disadvantage in living standards, health, education, housing and employment, the 'failure to adequately address these issues in many urban and rural communities in Australia has ensured that people in these communities are more likely to offend and be put in prison.'²⁵

- 13 The impact of unstable housing arrangements may further impact on failure to obtain bail.²⁶

- 14 In its 2013 report, [Defining the Data Challenge](#), the ABS found:

Low socioeconomic status is a recurring factor in the incidence and prevalence of crime generally and the extent of violence in the community. It can also be a determining factor in the perpetration of family, domestic and sexual violence.

Low socioeconomic household status can place considerable strain on relationships and on communities, resulting in impaired functionality. Aspects of socioeconomic disadvantage which may affect the likelihood of an individual's propensity to use violence include unemployment, homelessness, poverty and marital relationship status. These aspects may be used as an indicator of 'connectedness' between individuals, their family and community.²⁷

Youth within juvenile justice systems

- 15 The [Australian Institute of Family Studies](#) has noted that there are differing views amongst researchers on the significant dynamics operating in the relationship between socio-economic disadvantage and offending:

Some have argued that socio-economic disadvantage weakens a community's ability to control anti-social behaviours in their neighbourhood, while others have argued that it weakens the capacity of parents to provide quality parenting (Weatherburn & Lind, 2006). In their analysis of New South Wales data, Weatherburn and Lind (2006) argue that socio-economic disadvantage weakens both community capacity and parenting quality in ways that increase the prevalence of child neglect, which in turn leads to greater offending behaviours.²⁸

- 16 In 2010, the [Australian Law Reform Commission](#) found:

Low socio-economic status may increase the risk of children becoming involved in the juvenile justice system. For example, one NSW study on juvenile theft offenders in detention found that the most common reasons for offending given by shoplifting offenders were to obtain clothes or money for clothes (20.6%) or food or money for food (17.6%). The most common reason for offending given by break and enter offenders was to obtain money (31.4%). Participation in juvenile crime has also been linked to unemployment and homelessness. In a study of 400 young

²⁵ Ibid 14 [2.52].

²⁶ Australian Law Reform Commission, [Social Determinants of Incarceration](#) (Report No 133, 9 January 2018) [2.65].

²⁷ Australian Bureau of Statistics, [Defining the Data Challenge for Family, Domestic and Sexual Violence, 2013](#) (Catalogue No 4529.0, 7 February 2013).

²⁸ Australian Institute of Family Studies, [The Intersection between the Child Protection and Youth Justice Systems](#) (CFCA Resource Sheet, July 2018).

people aged 14 to 17 in Melbourne, more than 30% thought that young people in their age group committed crimes to supplement their incomes or for survival purposes.²⁹

- 17 The Australian Institute of Health and Welfare report [Youth Justice in Australia 2017–18](#) found:

Young people under youth justice supervision in 2017–18 most commonly lived in lower socioeconomic areas before entering supervision. More than 1 in 3 young people (36%) under supervision on an average day were from the lowest socioeconomic area (level 1), compared with only 5% from the highest socioeconomic areas (level 5) (Table S23a).

On an average day in 2017–18, 37 per 10,000 young people aged 10–17 from the lowest socioeconomic areas were under supervision, compared with 6 per 10,000 from the highest socioeconomic areas (Figure 3.5). This means that young people from the lowest socioeconomic areas were about 6 times as likely to be under supervision as those from the highest socioeconomic areas. This was similar in both community-based supervision and detention.

Indigenous young people were more likely than their non-Indigenous counterparts to have lived in the lowest socioeconomic areas before entering supervision (41% compared with 32%). This reflects the geographical distribution of the Indigenous population in Australia.³⁰

Addressing Poverty

- 18 Serious disadvantage associated with low SES is caused by a number of factors, not income alone, indicating that ongoing individual, family, and community commitment and maximising individual empowerment are integral to improved outcomes.³¹
- 19 In its 2008 report [Reducing Recidivism through Vocational Education and Training Programs](#), the Australian Institute of Criminology noted the prevalence of poor skills and education among many offenders, and the correlation between these poor skills and the likelihood of unemployment, impacting on health and housing options:

The introduction of vocational education and training (VET) programs as part of prisoner rehabilitation offers opportunities for offenders to reduce this disadvantage, thereby increasing the likelihood of successful re-integration into the community and reducing the risk of reoffending. The programs include the provision of pre-release/transition and employment programs, the opportunity to be involved in meaningful prison work, the expansion of vocational training, and more access to advice about health services, education, training and housing prior to release.³²

²⁹ Australian Law Reform Commission, [Seen And Heard: Priority For Children In The Legal Process](#) (Report No 84, 28 July 2010) [4.40]. See also Australian Institute of Criminology, [Submission No 77](#) to Legal Affairs and Community Safety Committee, [Inquiry on Strategies to Prevent and Reduce Criminal Activity in Queensland](#) (4 August 2014), which noted that social and economic stress can have an impact on parenting practices, resulting in neglect, poor supervision and inconsistent disciplinary practices, which increase the risk of juvenile involvement in crime: 3.

³⁰ Australian Institute of Health and Welfare, [Youth Justice in Australia 2017–18](#) (Report, 2019) 12.

³¹ Senate Community Affairs Reference Committee, Parliament of Australia, [A Hand Up Not a Hand Out: Renewing the Fight against Poverty](#) (Report, 2004) 442.

³² Australian Institute of Criminology, [Reducing Recidivism through Vocational Education and Training Programs](#) (Report, 29 January 2008).

- 20 A 2013 [Productivity Commission Staff Working Paper](#) acknowledged that education is ‘a foundation capability. It improves a person’s employment prospects and earning capacity, and the evidence points to a relationship between education and better health and raised civic and social engagement.’³³
- 21 The Working Paper observes that ‘[t]he evidence also points to a relationship between education and ... reduced crime’.³⁴
- 22 The Report of the Senate Community Affairs Reference Committee’s 2004 [Inquiry into Poverty and Financial Hardship](#) acknowledged that ‘[e]ducation and training are critical pathways into employment and social participation and a means of escaping poverty’.³⁵ The Committee considered that there was an ‘urgent need to combat educational disadvantage’.³⁶

Low educational attainment is not only a major cause of poverty but also children from disadvantaged backgrounds face significant barriers to educational achievement.

Children from disadvantaged backgrounds often cannot fully take part in school. They may suffer from feelings of isolation and be disruptive. Lack of means results in exclusion from school activities and access to vital resources ... Schools in disadvantaged areas have fewer resources to provide already disadvantaged students. Student outcomes are poorer and these impact adversely on future employment prospects.

Policy initiatives that focus on the most disadvantaged students in our schools are important to breaking this cycle of social disadvantage and poverty.³⁷

- 23 Submissions to the Inquiry referred to the importance of education and training for young people, with vocational education and training and school-based apprenticeships linking young people with potential employers, providing mentoring and enhancing engagement in school.³⁸
- 24 Case management and early intervention and prevention programs were identified as significant for all age groups in improving long-term outcomes,³⁹ with numerous examples provided to the Inquiry including school assistance programs, occasional care for children and parenting programs, adult literacy and training programs and housing support.⁴⁰

³³ Rosalie McLachlan, Geoff Gilfillan and Jenny Gordon, [Deep and Persistent Disadvantage in Australia](#) (Productivity Commission Staff Working Paper, July 2013) 2.

³⁴ Ibid 17.

³⁵ Senate Community Affairs Reference Committee, Parliament of Australia, [A Hand Up Not a Hand Out: Renewing the Fight against Poverty](#) (n 31) 143.

³⁶ Ibid 167.

³⁷ Ibid 167 [7.97]–[7.100].

³⁸ Ibid 164.

³⁹ Ibid 401–2.

⁴⁰ See ibid 402–3.