Substantial social gradient in unemployment remains despite reports to the contrary

Update added post publication on 26 October

Findings

Background

The use of incorrect analysis by the ABC was presented to turn a long-held relationship, between those on unemployment benefits and socioeconomic disadvantage, on its head. The statement was:

"In December last year, 21 per cent of JobSeeker recipients came from the lowest socio-economic areas, with only 3 per cent from the more affluent suburbs. That relationship has almost completely broken down now, with people drawing on JobSeeker almost evenly from across the socio-economic spectrum."

Basic checking, or a critical appraisal of the data by experienced journalists, should have sounded a warning that this was not the case.

Discussion

The virtual flattening of the social gradient over the period seemed highly unlikely, despite the substantial increase in the total number of people on unemployment benefits. A check against similar data held by PHIDU, for imminent release, showed that although an increase in the number on unemployment benefits was evident in all deciles, the largest increase in the number of beneficiaries was in the most disadvantaged, and the smallest in the least disadvantaged, areas. More importantly, the PHIDU data show the retention of a strong, social gradient and the existence of a substantial, albeit smaller, differential between the most and least disadvantaged areas.

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Background

A report on the ABC 7.30 program on Wednesday 14 October 2020 (https://iview.abc.net.au/video/NC2001H163S00) and a follow-up news story on the ABC website (Unemployment surges in Australia's more affluent suburbs and inner-city areas due to coronavirus pandemic - https://www.abc.net.au/news/2020-10-16/data-analysis-reveals-jump-in-joblessness-in-affluent-areas/12774034) include an analysis of unemployment benefits data that is incorrect. The news story includes the statement that

"In December last year, 21 per cent of JobSeeker recipients came from the lowest socio-economic areas, with only 3 per cent from the more affluent suburbs. That relationship has almost completely broken down now, with people drawing on JobSeeker almost evenly from across the socio-economic spectrum".

In support of this contention, a chart was included showing a strong social gradient in the number of people receiving unemployment benefits in December 2019, yet an almost even distribution in August 2020; the data, provided to the ABC by a third party, were presented by decile based on the Index of Relative Socio-Economic Advantage/Disadvantage (IRSAD).
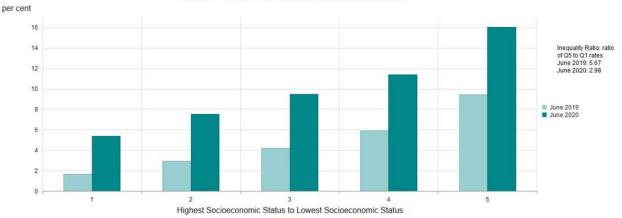
Discussion

The virtual flattening of the social gradient over this short period seemed highly unlikely, despite the substantial increase in the total number of people on unemployment benefits. In fact, a check with people who work in this field would have flagged the unlikely nature of such a change. A check against similar data held by PHIDU, for imminent release (26 October), showed that although an increase in the number on unemployment benefits was evident in all deciles, the largest increase in the number of beneficiaries was in the most disadvantaged, and the smallest in the least disadvantaged, areas. More importantly, the PHIDU data show the retention of a strong, social gradient and the existence of a substantial, albeit smaller, differential between the most and least disadvantaged areas.

So, how did this occur. It appears that whereas the 2019 deciles in the data published by the ABC were calculated correctly (each area allocated to its decile based on the IRSAD), for 2020 the areas seem to have been ranked by their IRSAD score, then divided into ten groups, each with approximately one tenth of the total of number of unemployment beneficiaries. Thus, an almost flat distribution was the inevitable outcome. We say 'seem to have been', as there are minor differences in the result when we try to replicate the data published by the ABC, but we cannot see in what other way the data could have been produced. Communication with the authors through the ABC website did not elicit a response. Communication directly with one author was responded to with a question as to what we thought might be the reason for the discrepancy, to which we replied. There has been no further communication and no change to the website article to correct the assertion (quoted above), or correction made to the chart.

The chart, below, for Australia shows the overall increase in the proportion of the population receiving an unemployment benefit, as we have calculated by quintile using the Index of Relative Socio-economic Disadvantage (IRSD – note that using the IRSD, rather than the IRSAD, makes little difference to the analysis or results). The chart also shows that, despite the drop in the ratio between the most and least disadvantaged areas, the equity gap in 2020 is still substantial, at 2.98 times (compared with 5.67 times in 2019).

Australia - People receiving an unemployment benefit

Inequality Ratio: ratio
of Q5 to Q1 rates
June 2019: 5.67
June 2020: 2.98

per cent

Highest Socioeconomic Status to Lowest Socioeconomic Status

June 2019
June 2020

Source: Compiled by PHIDU based on data from the Department of Social Services, June 2019 and June 2020; and
ABS Estimated Resident Population, 30 June 2019 and PHIDU estimated population 2020

At this link you can view the distribution of unemployment benefit data for 1996 – http://www.phidu.torrens.edu.au/current/graphs/sha-aust/quintiles-time-series/aust/income-support.html.

You can view these data for all States and Territories, together with separate data for Newstart and Youth Allowance (other) at http://phidu.torrens.edu.au/social-health-atlases/topic-atlas/unemployment

Conclusion

It is possible that, in a rush to shine a light on an important aspect of societal change being wrought by COVID-19, an analysis of unemployment benefit data by a group without a track record in this space was taken at face value, despite obvious inconsistencies in the data presented. Basic checking, or a critical appraisal of the data by experienced journalists, should have sounded a warning.

It is also of note that only persistent follow-up to the ABC resulted in the analysis being queried and a correction issued.

Update – post publication

Following the publication of this note, PHIDU made repeated attempts to have the record corrected. We were eventually advised (19 November) that the authors of the information provided to the ABC had made an error. The two websites with the incorrect data and story were updated on Friday 20 November, with a 'Correction' notice. They are:

730 website: https://www.abc.net.au/7.30/new-data-shows-where-the-newly-unemployed-can-be/12767860
News online: https://www.abc.net.au/news/2020-10-16/data-analysis-reveals-jump-in-joblessness-in-affluent-areas/12774034

The update notice stated:

Correction 20/11/2020: An earlier version of this article included a chart that purported to show people from across the socio-economic spectrum were now drawing on unemployment payments almost evenly. This is not the case. While there have been substantial increases in unemployment for those in higher brackets, those in lower brackets are still more likely to be unemployed.