

Socio-economic status

Overview

- 1 A person's socio-economic status encompasses their income, education, employment and occupational status. Collectively, these affect the resources and opportunities available to a person and their quality of life, directly affecting their health and other social outcomes.
- 2 The socio-economic status of its residents is a significant driver of state and territory (state) spending on services. States provide some services specifically for individuals with socio-economic disadvantage, such as housing and concessions. Other services, such as hospitals, are provided universally but are used more by people with lower socio-economic status.
- 3 The Commission measures the average socio-economic status of people living in a particular area and uses that as a reflection of the state's socio-economic status.¹ This approach is due to limitations on quality and availability of individual level data for the Commission's purposes. The Commission uses separate measures for First Nations and non-Indigenous socio-economic disadvantage. This recognises that the relative socio-economic status of First Nations people in a location is often different to that of non-Indigenous people living there.

Structure of assessment

- 4 Table 1 outlines the use of socio-economic status as a driver of need in expense assessments. Further details regarding the application of socio-economic status within these assessments are in the relevant chapters of the *Commission's Assessment Methodology*.

Table 1 Structure of the socio-economic status assessment

Category	Socio-economic measures	Method
Schools	SEA	Regression approach
Post-secondary education	NISEIFA, IRSEO	Average costs over sub-populations
Health	NISEIFA, IRSEO	Average costs over sub-populations
Housing	Household Income	Average costs over sub-populations
Welfare	NISEIFA, IRSEO	Average costs over sub-populations
Justice	NISEIFA, IRSEO	Average costs over sub-populations

Notes: SEA: Socio-Educational Advantage (Australian Curriculum Assessment Reporting Authority).

NISEIFA: Non-Indigenous Socio-Economic Index for Areas (CGC).

IRSEO: Indigenous Relative Socioeconomic Outcomes index (Australian National University).

¹ The socio-economic status driver is applied across several expense assessments.

Data

- 5 The data used in the calculation of socio-economic status within category assessments are outlined in Table 2.

Table 2 Data used in the socio-economic status assessment

Source	Data	Updated
Australian Bureau of Statistics (ABS) Census of Population and Housing	Socio-Economic Indexes for Areas Custom TableBuilder extracts	5-yearly following release of census data
Centre for Aboriginal Economic Policy Research (Australian National University)	Indigenous Relative Socioeconomic Outcomes index	

Assessment method

Area-based measures of socio-economic status

- 6 The Socio-Economic Indexes for Areas (SEIFA), produced by the ABS, are widely used to measure socio-economic status in Australia.²
- 7 The Commission uses a First Nations version and a non-Indigenous specific version of SEIFA. It does this for 2 reasons.
- In much of Australia, the First Nations population represents a relatively small proportion of the overall population. Consequently, the SEIFA score for a given area may not reflect the socio-economic conditions of the First Nations people there.
 - The propensity of people to identify as First Nations people changes over time. Less disadvantaged people with relatively low use of state services have increasingly identified as being First Nations people, particularly in the south-eastern states. This does not reduce the need for services among the more disadvantaged First Nations population. Having a First Nations-specific measure of socio-economic status enhances the Commission's capacity to reflect differences in need among different groups of First Nations people.
- 8 The First Nations version of SEIFA is the Indigenous Relative Socioeconomic Outcomes index (IRSEO). It was developed by the Centre for Aboriginal Economic Policy Research at the Australian National University and uses the same principles as SEIFA.³
- 9 Non-Indigenous SEIFA data is produced by the Commission. It follows the published methodology for SEIFA, but only includes non-Indigenous people in the census-based component indicators.⁴ The indicators are generated for all Statistical

² SEIFA includes 4 indexes. The Commission uses the Index of Relative Socio-Economic Disadvantage in this chapter unless otherwise specified.

³ Centre for Aboriginal Economic Policy Research, [Area-level socioeconomic outcomes for Aboriginal and Torres Strait Islander Australians in the 2016 and 2021 Censuses](#), Australian National University Website, 2023, accessed 16 September 2024.

⁴ Australian Bureau of Statistics, [Socio-Economic Indexes for Areas \(SEIFA\), Australia methodology](#), ABS, 2021, accessed 13 August 2024.

Areas Level 1 (SA1s) in Australia. Following the ABS published methodology, these indicators are combined to produce an index.⁵

- 10 The non-Indigenous SEIFA produces estimates of the socio-economic status of each of 57,602 SA1s, with an average non-Indigenous population of 415 in each SA1 at the 2021 Census.⁶ The Indigenous Relative Socioeconomic Outcomes index produces estimates of the socio-economic status for 405 Indigenous Areas, with an average First Nations population of 1,973 in each Indigenous area at the 2021 Census.
- 11 Each area is classified into one of 5 quintiles, from most to least disadvantaged, each with 20% of the respective population.
- 12 Several of the Commission's expense assessments measure the national average state spend on people in each quintile for each service and apply that to the population in each state in each quintile (Table 1). This forms part of a disaggregated matrix using additional socio-demographic variables.

Other measures of socio-economic status

- 13 Socio-economic status is measured in slightly different ways in the schools and housing assessments. The Australian Curriculum Assessment and Reporting Authority produces a measure of the socio-educational advantage of individual school students based primarily on parental attributes. This measure is used in the Commission's regressions for the schools assessment. In the housing assessment, the Commission uses census data on household equivalised income.⁷

GST distribution in the 2025 Review

- 14 Table 3 shows the GST impact of socio-economic status in the 2025 Review. Six expense assessments (and associated investment components) assess needs relating to socio-economic status. Three different approaches are used, isolating different elements of socio-economic status. This means that a state might have an above-average need in one assessment and a below-average need in another.
- 15 School students in New South Wales, Queensland, South Australia, Tasmania and the Northern Territory have on average, lower socio-educational advantage than otherwise similar students in other state, increasing their assessed GST needs.
- 16 The housing assessment uses household income. Similar households in Victoria, South Australia and the Northern Territory have lower average incomes than the other states, increasing their assessed GST needs.

⁵ The method uses principal components analysis to generate weights reflecting the relative importance of each indicator for the overall concept of socio-economic status.

⁶ SA1s are part of the Australian Standard Geographic Classification. Australia is divided into 61,844 SA1s.

⁷ This is household income adjusted according to the household composition. It reflects the economic resources available relative to a standardised household.

- 17 Other expense categories use Socio-economic Index for Area based measures, with different versions for First Nations and non-Indigenous populations. First Nations populations from areas with the same remoteness classification are on average more disadvantaged in New South Wales, Western Australia, South Australia and the Northern Territory than in the other states, increasing their assessed GST needs. Non-Indigenous populations from areas with the same remoteness classification are on average, more disadvantaged in Queensland, South Australia and Tasmania than in the other states, increasing their assessed GST needs.

Table 3 GST impact of the socio-economic status assessment, 2025–26

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total effect
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Schools	-46	-197	184	5	34	44	-66	41	308
Post-secondary education	-17	6	12	-2	18	1	-15	-4	37
Health	-121	-34	203	-68	265	53	-159	-139	521
Housing	-13	12	0	-7	27	3	-16	-6	42
Welfare	6	-29	31	-23	39	19	-35	-7	94
Justice	39	-34	29	-84	108	28	-65	-21	204
Total (\$m)	-152	-277	458	-177	492	147	-355	-136	1,097
Total (\$pc)	-18	-39	80	-58	258	254	-736	-529	39

Note: Magnitude and direction of GST impact can change from year to year.