Centre of Full Employment and Equity

Working Paper 23-03

The Australian Financial Resilience Barometer: An Index for Australian Localities

Scott Baum and William Mitchell

October 2023

Centre of Full Employment and Equity
The University of Newcastle, Callaghan NSW 2308, Australia
Home Page: http://www.fullemployment.net
Email: Bill.Mitchell@newcastle.edu.au

The Centre of Full Employment (CofFEE) is an official research centre at the University of Newcastle, NSW.

This is a joint research report by the Cities Research Institute, Griffith University and the Centre of Full Employment and Equity (CofFEE), University of Newcastle.

This research has been funded by an Australian Research Council (ARC) Discovery Program Grant: DP230101205 *Regional Resilience to Economic Shocks: Australia's COVID Economic Slowdown*.

William Mitchell is Professor of Economics and Director of Centre of Full Employment and Equity at the University of Newcastle, Australia and Docent Professor of Global Political Economy, University of Helsinki, Finland. He is also an International Fellow at Kyoto University, Japan.

Scott Baum is professor and researcher in the Cities Research Institute, the School of Engineering and Built Environment at Griffith University.

CofFEE Home Page: https://www.fullemployment.net

Email: Bill.Mitchell@newcastle.edu.au

1. Introduction

Concerns about cost-of-living pressures have become part of the daily conversation across many parts of Australia. Driven by COVID-19 supply pressures, unrest in Ukraine, zealous profit-taking by large corporations and the misguided interest rate hikes by the Reserve Bank of Australia, increasing financial pressures have meant that making ends meet has become a balancing act for many Australians.

The evidence is not difficult to find. Survey results across many platforms all communicate similar stories. Consider the findings from the Taking the Pulse of the Nation report (Payne, 2023) which finds that:

> Despite better employment, Australians continue to face increasing costs, resulting in a shortage of funding to cover basic needs such as food, housing, and health expenditures. Vulnerability has not decreased in the past six months. Treating eating enough, eating nutritious foods, ability to pay utility bills, and addressing health needs as four separate challenges that leads to financial vulnerability, 15 percent of the population reported one challenge and 34 percent of the population reported two or more of these challenges (para 1).

Similarly, a YouGov survey (Tan, 2023) reported that (emphasis added):

> close to half (47%) of all Australian residents say there has been **no change** in their household finances compared to one month ago. Three in ten (31%), however, report **worsening** household finances, while less than one in five (18%) say their financial situation has **improved** (**para 4**).

It is not just social surveys pointing to the financial malaise many individuals and families face. The popular media is awash with financial hardship stories and headlines calling for action. Financial hardship, it seems, has become the bread and butter of current affairs journalism with, it seems, new stories every week about battler families or individuals sitting on a knife-edge wondering which way things will go.

In response, government rhetoric tends to focus on piecemeal support without any real understanding of the true costs and mechanisms. Government ministers say that they acknowledge the financial pain, but in the same breath talk about the need for responsible fiscal measures. Support is seen as a short-term media sound bite until they can divert attention to some other new and seemingly more worthy crisis. In doing so, what they fail to see or acknowledge is that issues of financial insecurity aren't just about the here and now. Financial security and its antithesis, insecurity, impacts the potential of individuals and households, driving future decisions and outcomes and determining the ability to fully participate in society.

These issues are important social research concerns and have been taken up by researchers across several areas including discussions of financial literacy, financial capability, and financial well-being (Collins & Urban, 2021; Goyal & Kumar, 2021; Klapper & Lusardi, 2020; Rine & LaBarre, 2020; Rohde, Tang, Osberg, & Rao, 2015). Key amongst much of the literature is the detrimental impact that financial problems can have on those affected. The hurt associated with a lack of financial security is significant, impacting on individuals and households and extending to wider society (Prieto, 2022). Financial insecurity or the threat of financial insecurity can lead to increased stress and mental health problems, as individuals and families constantly worry about making ends meet, paying bills, and providing for basic needs

(Corman, Noonan, Reichman, & Schultz, 2012; Patel & Rietveld, 2020). Financial insecurity can also have profound intergenerational impacts that perpetuate cycles of hardship and inequality. When parents or caregivers struggle to make ends meet, it can directly affect their children's well-being, limiting access to quality education, healthcare, and essential resources. This, in turn, hampers the children's opportunities for upward mobility and can lead to a perpetuation of poverty across generations. Additionally, financial instability within a family can create a lack of financial literacy and coping skills, which are passed down to future generations (Cooper & Stewart, 2017; Destin & Oyserman, 2009; Gibson-Davis & Hill, 2021).

Alongside these established focus areas has been the embryonic development of literature which builds on earlier concepts by considering the ways in which vulnerable individuals move to positions of greater strength or lower vulnerability, and assessing the ways in which individuals cope with financial shocks or challenges (Salignac, Marjolin, Reeve, & Muir, 2019). This emerging area of concern borrows from wide ranging research from ecological and behavioural science, ecological economics and global climate change and disaster risk reduction and considers the idea that different individuals possess different levels of financial resilience which is their 'ability to access and draw on internal capabilities and appropriate, acceptable external resources and supports in times of financial adversity' (Salignac et al., 2019, p. 21). As such financial resilience refers to an individual's ability to withstand and recover from financial setbacks, challenges, or unexpected crises without experiencing a significant decline in their financial well-being. It encompasses the capacity to adapt to changing economic conditions, absorb financial shocks, and maintain financial stability over time. Financially resilient individuals often have diverse income sources, emergency funds, effective budgeting and financial planning strategies, and access to financial tools and resources that help them navigate financial turbulence. Ultimately, financial resilience empowers individuals to bounce back from financial adversity, minimize the long-term impact of economic disruptions, and secure a more stable and prosperous financial future.

Financial resilience is not an all-or-nothing concept but may be thought of as occurring along a continuum and as such is open to change. Individuals, depending on their circumstances, can be located within a range from highly financially vulnerable to highly financially resilient. An individual's position on the continuum is largely determined by a range of factors including economic resources and structures and broader social contexts. A substantial change in these factors will, all things equal, change any one individual's position along the continuum therefore either increasing or decreasing their relative financial resilience. Financial resilience is therefore a dynamic concept whereby the multiple interrelated dimensions fluctuate over time *(Salignac et al.*, 2019).

Financial resilience can be expressed and measured at multiple layers, with each layer bringing a different point of view to larger debates. While analysis at the level of the individual is important, an equally informative picture of financial resilience can be obtained via analysis at an aggregate social-spatial level. At an aggregate spatial or community level an understanding of financial resilience focuses on how the places where people live and work are placed along a continuum from severe financial vulnerability to financially resilient, how these are distributed within cities and across regions and what are the implications of the spatial distributions for other societal and economic functions. Focusing on the spatial patterns of financial resilience may provide important practice and policy input into debates about the impacts of regional

level economic shocks by providing insights into how different communities and the regions they are located in react and recover during turbulent economic times (Giannakis & Bruggeman, 2017; Martin & Sunley, 2015).

Measuring financial resilience at the community level also feeds into the long-standing and established research into the spatial distribution of socio-economic disadvantages and inequality. Understanding the associations between geography or space and well-being, social exclusion, inequality or poverty has been a part of the social science research landscape for many decades. This existing research, which has a focus on both the developed and less developed world, has noted the uneven distribution of social and economic outcomes across major cities, towns and urban areas and the implications of these unequal patterns on those caught up in the most disadvantaged places (Baum, O'Connor, & Stimson, 2005; Randolph & Tice, 2017; Springer, 2017). The general message from this collection of research is that living in a distressed community or neighbourhood is likely to come with a higher probability of witnessing disadvantages that either compound existing problems and adds a new layer of disadvantage for an individual or family. Financial resilience adds another important component to this research by acknowledging that existing disadvantages are likely to be worsened in some places as the ability to cope financially is put under strain.

Outside of the purely socio-economic sphere, understanding the community distribution of financial resilience is likely to be an important additional component in the long-running research endeavours that have looked at community or spatial-level vulnerability to climate change and natural disasters (Baum, Horton, & Choy, 2008; Stafford & Abramowitz, 2017; Zhu *et al.*, 2014). focusing on among other things the concept of adaptive capacity, of which financial resilience is likely to be a key component.

It is in this context that the current report is set. Utilising conceptual arguments from the existing literature, it establishes a methodology for measuring financial resilience at the community or spatial level. The measure developed—*the Financial Resilience Barometer*—is then applied to spatially aggregated communities across Australia's major cities and regions.

2. Methodology

The Financial Resilience Barometer is an index that rates areas across Australia in terms of their level of financial security or vulnerability. For the main analysis presented in this report, we utilise the Australian Bureau of Statistics (ABS) Statistical Areas Level 2 (SA2s) as our spatial unit of analysis. SA2s are a level of aggregation used by the ABS for census data output. Their purpose is to represent a community that interacts together socially and economically. In large cities, they can be thought of as largely representing one or a few small suburbs, while in rural areas they represent a town or a town's surrounds, or both combined (ABS, 2016).

Of the 2504 SA2s that cover the eight states and territories of Australia defined for the 2021 Census, the index was calculated for 2320 SA2s. 184 SA2s were excluded from the analysis for having a small or no population, or many missing values making the calculation of the index unreliable. The resulting rankings cover 99.5 per cent of the total Australian population.

The choice of indicators included in the index was informed by the Financial Resilience Framework proposed by Salignac et al. (2019). This multidimensional framework considers financial resilience across four axes:

- economic resources (savings, ability to meet costs, income, ability to raise money in an emergency)
- financial resources (access to and insurance banking services)
- financial knowledge and behaviour (knowledge of financial services, proactive financial actions, confidence in using financial products)
- social capital (social connections, access to social supports, access to community and government support).

Ten individual indicators were sourced to account for three of the four components in the financial resilience framework[1]:

1. **Can't afford a night out**: the percentage of the population in an SA2 who said they could not afford a night out (accessed from the Australian Urban Research Infrastructure Network).[2]
2. **Can't access emergency funds**: the percentage of the population in an SA2 who said they could not access emergency funds (accessed from the Australian Urban Research Infrastructure Network).[2]
3. **Mortgage stress:** the percentage of households suffering mortgage stress, calculated as households in the bottom 40% of the income distribution who are spending more than 30% of their income on repayments (accessed from ABS Census of Population and Housing).
4. **Rental stress:** the percentage of households suffering rental stress, calculated as households in the bottom 40% of the income distribution who are spending more than 30% of their income on rent (accessed from ABS Census of Population and Housing).
5. **Government income support**: the percentage of people whose main income source is government transfers (accessed from ABS Census of Population and Housing).
6. **Wage and salary:** the dollar value of wages and salaries earned per person (accessed from the Australian Taxation Office).
7. **Bank interest:** the dollar value of bank interest earned per person (accessed from the Australian Taxation Office).
8. **Dividends from investments**: the dollar value of share dividends received per person (accessed from the Australian Taxation Office).
9. **Banking services per 10,000 people:** Banking services including branches and ATMs in SA2 (accessed from the Australian Prudential Regulation Authority).
10. **Volunteering (social capital proxy):** the percentage of the population who volunteer on a regular basis (accessed from ABS Census of Population and Housing).

The SA2s are ranked on each of the ten indicators and a final rank score is calculated based on the average of the ten individual rank scores. This average rank score is then rescaled to range between a score of 0 (lowest financial resilience) to 100 (highest financial resilience). Hence, the lowest-ranked SA2, the least financially resilient or most financially insecure, has a score approaching zero and the highest-ranked SA2, the most financially resilient community has a score of 100. The SA2 with an Index score of 50 is the middle-ranked community in the country. All SA2s are then assigned to a grouping depending on the quintile they are in as per Table 1.

Table 1: Financial resilience barometer scoring

Financial Resilience Category		Score Range	Number of SA2s
Severe financial vulnerability		0-20	462
High financial vulnerability		20-40	465
Mid-range		40-60	464
Low financial vulnerability		60-80	464
Financially resilient		80-100	464

Table 2 presents the median value for each of the seven indicators used across each of the Financial Resilience Barometer quintiles. It can be expected that a community classified in the severe financial vulnerability group will overall be more financially vulnerable than a community in one of the other quintiles, however, they may not be worse off in every indicator.

It is also important to note that the underlying modelling used to compute the Financial Resilience Barometer includes individual and household characteristics measured at an aggregate level. Hence, any one person or household who resides in what may be a community with severe financial vulnerability may not themselves suffer financial insecurity. Similarly, a person or household who may reside in a relatively more financially resilient community may in fact be in high financial distress.

Table 2 Average performance of communities in the quintiles across the individual financial resilience barometer indicators, per cent

	Severe financial vulnerability	High financial vulnerability	Mid-range	Low financial vulnerability	Financially resilient	Total
Can't afford a night out (%)	25.32	21.02	17.65	14.06	11.08	17.87
No access to emergency funds (%)	19.75	16.54	13.28	10.14	7.80	13.54
Government income support (%)	28.63	24.33	21.28	17.58	12.32	20.83
Rental stress (%)	35.11	32.21	28.29	24.40	20.16	28.04
Mortgage stress (%)	12.09	9.17	7.93	6.79	4.95	8.19
Wages & salary ($)	45,769.42	47,618.14	49,405.50	52,973.48	62,466.59	51,643.50
Bank interest ($)	147.24	217.83	258.11	291.04	484.82	279.73
Dividends from investments ($)	579.98	1,065.10	1,317.98	1,536.67	3,442.10	1,587.66
Banking services per 10,000	0.38	0.59	0.64	0.71	0.79	0.62
Volunteering (%)	10.01	13.35	15.51	17.06	19.54	15.09

3. Financial resilience across Australia

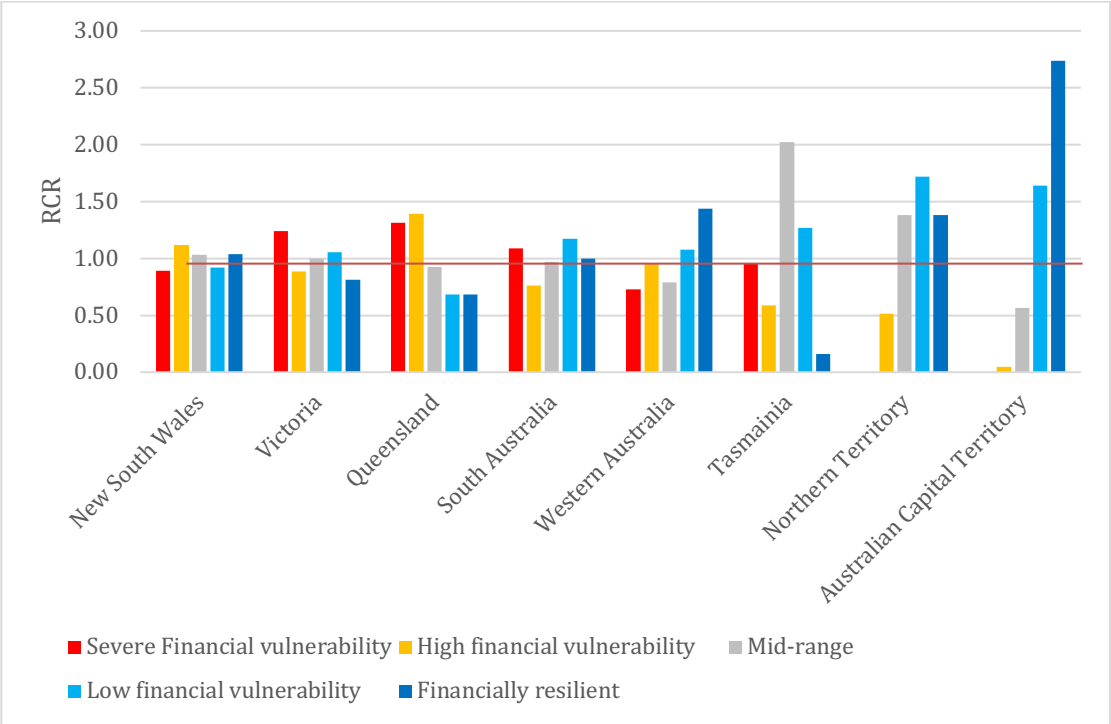
The Financial Resilience Barometer is designed to distinguish between communities along a continuum of financial resilience/ vulnerability. Communities are ranked depending on their performance on a range of indicators. Table 3 provides an indication of the distribution of the Financial Resilience Barometer categories across the States and Territories of Australia.

Table 3 Distribution of communities by Financial Resilience Barometer quintile, State/Territory, per cent of total

	Severe financial vulnerability	High financial vulnerability	Mid-range	Low financial vulnerability	Financially resilient
NSW	19.00	20.70	22.20	18.20	19.90
Vic	25.00	20.80	20.00	19.40	14.70
Qld	24.40	28.60	16.80	16.20	14.10
SA	21.80	14.50	23.60	20.00	20.00
WA	16.70	17.10	15.00	20.80	30.40
Tas	18.10	12.80	37.20	23.40	8.50
NT	-	-	15.50	46.60	37.90
ACT	-	1.90	16.00	32.10	50.00
Total	20.10	20.00	20.00	20.00	19.90

Figure 1 provides a visualisation of the concentration of the communities across the states and territories as reflected in table 2. The Regional Concentration Ratio (RCR) illustrates the relative distribution of communities and their groupings across each state/territory. The RCR is a version of a location quotient, which determines the extent to which a state/territory has an over (under) representation of localities in any of the groups. The RCR is calculated by considering the percentage distribution of communities in each of the groups in each state divided by the percentage distribution of that group's communities across all states. An RCR greater than 1 indicates that the number of communities in that grouping in a particular state is overrepresented. An RCR less than 1 indicates the opposite outcome. The 20 per cent of communities across the country with the lowest score on the financial resilience barometer are classified as being in severe financial vulnerability. Geographically, they are present in all states. In relative terms, these communities are over-represented in Queensland, South Australia, and Victoria. Almost 6 million Australians are residents of communities classified as being in severe financial vulnerability. In contrast, financially resilient communities are over-represented in the Australian Capital Territory, Northern Territory, and Western Australia, representing almost 4.9 million Australians.

Figure 1 Regional Concentration Ratio



The 20 most financially resilient and the 20 most financially vulnerable communities across Australia are listed in Table 4. The most financially resilient communities are all located in capital cities. Over half are located in either Canberra (8) or Sydney (6). Perth has three communities in the top 20, while Brisbane has two. No Melbourne communities are present in the top twenty, with the best ranked being Malvern-Glen Iris at 26. Adelaide's best-placed community is Aldgate-Stirling ranked 107th, while Sandy Bay in Hobart was 266th. Darwin's best-placed community was Woolner - Bayview – Winnellie at 47th. Like the top 20 financially resilient communities, the 20 most vulnerable communities are located in capital cities. Nine of the most financially vulnerable communities are in Sydney. Brisbane has five communities, Melbourne and Adelaide has two communities, while Perth and Hobart have one each.

Table 4 Top 20 financially resilient and financially vulnerable communities

Financially resilient		Financially vulnerable	
Deakin	Canberra	Meadow Heights	Melbourne
Forrest	Canberra	Wiley Park	Sydney
Floreat	Canberra	Woodridge	Brisbane
Barton	Canberra	Auburn - South	Sydney
Hall	Canberra	Kings Park (Vic.)	Melbourne
Griffith (ACT)	Canberra	Kingston (Qld)	Brisbane
Red Hill (ACT)	Canberra	Craigieburn - South	Melbourne
Balmain	Sydney	Ashcroft - Busby - Miller	Sydney
Greenwich - Riverview	Sydney	Crestmead	Brisbane
Yarralumla	Canberra	Fairfield - West	Sydney
Swanbourne - Mount Claremont	Perth	Fairfield - East	Sydney
Manly - Fairlight	Sydney	Davoren Park	Adelaide
Campbell	Canberra	Hackham West - Huntfield Heights	Adelaide
Bellevue Hill	Sydney	Bidwill - Hebersham - Emerton	Sydney
Brookfield - Kenmore Hills	Brisbane	Campbellfield - Coolaroo	Melbourne
City Beach	Perth	Doveton	Melbourne
Mosman - South	Sydney	Green Valley	Sydney
Castle Cove - Northbridge	Sydney	Bethania - Waterford	Brisbane
Chelmer - Graceville	Brisbane	Guildford West - Merrylands West	Sydney
Double Bay - Darling Point	Sydney	Guildford - South Granville	Sydney

There are stark differences in the number of financially resilient and financially vulnerable communities present in the capital cities compared to communities outside the capital cities. There is an over-representation of both financially resilient communities and communities classified as being in severe financial vulnerable in capital cities. This compares with areas outside the capitals where communities are underrepresented at the extremes, but over-represented in the middle of the distribution of scores. Tables 5 and 6 highlight the differences between the capital cities and the regions. In summary 24.5 per cent of communities in capital cities are classified as being severely financially vulnerable with 26.6 per cent being financially resilient. Outside the capitals only 13.4 per cent of communities are in the severe financially vulnerable category, with 9.8 per cent being classified as financially resilient.

Table 5 Distribution of communities by financial resilience barometer quintile, capital cities, per cent of total

	Severe financial vulnerability	High financial vulnerability	Mid-range	Low financial vulnerability	Financially resilient
Sydney	22.5	16.4	15	17.5	28.6
Melbourne	29.7	12.7	15.9	21	20.7
Brisbane	28.3	15.6	13.5	18.6	24.1
Adelaide	34.3	18.1	12.4	16.2	19
Perth	21.3	26.2	15.2	12.2	25
Hobart	47.1	5.9	23.5	20.6	2.9
Darwin	-	5.3	18.4	39.5	36.8
Canberra	-	0.9	11.3	33	54.7
All metro	24.3	14.9	14.8	19.7	26.3

Table 6 Distribution of communities by financial resilience barometer quintile, rest of state, per cent of total

Rest of	Severe financial vulnerability	High financial vulnerability	Mid-range	Low financial vulnerability	Financially resilient
NSW	11.5	30.5	28.2	19.8	9.9
VIC	13.5	28.8	29.5	21.8	6.4
QLD	24.7	37.8	22.6	9.7	5.2
SA	0	10	31.7	36.7	21.7
WA	0	3.9	17.1	42.1	36.8
TAS	3.3	15	50	28.3	3.3
NT	0	20	45	25	10
All non-metro	13.4	27.8	27.8	20.6	10.4

4. Do more socially disadvantaged communities suffer lower levels of financial resilience?

It is natural to assume that communities that suffer higher levels of social disadvantage will record lower levels of financial resilience. One readily available measure of socioeconomic disadvantage is the Index of Relative Socio-economic Advantage and Disadvantage produced by the Australian Bureau of Statistics. The index

> summarises information about the economic and social conditions of people and households within an area. This index includes both relative advantage and disadvantage measures. A low score indicates relatively greater disadvantage and a lack of advantage in general….A high score indicates a relative lack of disadvantage and greater advantage in general (Australian Bureau of Statistics, 2023).

It is clear from the comparison between the outcomes for the financial resilience barometer and the Australian Bureau of Statistics index of relative socio-economic disadvantage that there is a strong but not universal association between classifications on the two measures. Importantly, there are some communities that represent outliers in that they are either socially disadvantaged but have relatively strong financial resilience or are socially advantaged and have relatively low levels of financial resilience.

A review of the data presented in Table 7 shows the main patterns. While most of the SA2s characterised as having severe financial vulnerability are also more likely to be characterised as having high relative disadvantage (55.7%), there is another 29.6 per cent of communities classified as having severe financial vulnerability but only relative disadvantage and 11 per cent who are only mid-range on the SEIFA index. Similarly, financially resilient communities are most likely to also be classified as high relative advantage communities (69.4%), although this is not universal with 14.8 per cent of financially resilient communities being classified in the second tier of advantage (relative disadvantage) and a further 6.6 per cent being mid-range. Interestingly, 8.4 per cent of financially resilient communities are classified in the second tier of relative disadvantage. Also reflected in the patterns are some communities that while being characterised as being relatively disadvantaged by the SEIFA index are relatively financially resilient. Of the communities in the most disadvantaged quintile, 1.3 per cent were financially resilient, while a further 8.3 per cent were classified as having low financial vulnerability.

Table 7 Distribution of communities by financial resilience barometer and socio-economic disadvantage quintiles, per cent of total

	Severe financial vulnerability	High financial vulnerability	Mid-range	Low financial vulnerability	Financially resilient
High relative disadvantage	55.7	19.6	15.3	8.3	1.1
Relative disadvantage	30	29.2	16.6	15.6	8.6
Mid-range	10.5	35.5	31.8	15.6	6.6
Relative advantage	2.6	14.6	31.5	37	14.3
High relative advantage	0.4	0.9	4.4	24.2	70.1

5. Financial resilience across electoral boundaries

The Financial Resilience Barometer is based on the characteristics of SA2s. SA2s are typically a suburb or a few suburbs in cities, while in regional areas they typically represent a town or a town and its surrounds, or a few smaller towns. As an additional analysis, it is possible to obtain an index score for other spatially aggregated units including electoral boundaries. Given the national focus of the financial resilience barometer we have constructed the scores for Commonwealth Electoral Divisions (CEDs). CEDs are an Australian Bureau of Statistics approximation of the official electoral boundaries designated by the Australian Electoral Commission. They are based on Statistical Areas Level 1 (SA1s). Each SA1 has been allocated once to a Commonwealth Electoral Division based on the largest population contribution. For our purposes, each SA1 has been assigned the financial resilience barometer score of their SA2 and then for each CED we use population-weighted averages of the constituent SA1s. The resulting average is used to rank the CEDs against each other across Australia. As there are 151 CEDs, each of the five financial resilience categories consists of approximately 30 CEDs.

CEDs align with seats in the House of Representatives (the lower house of the Australian Parliament) and therefore they have somewhat similar populations. Therefore, the capital cities are comprised of many CEDs, while in regional areas a CED may cover a very large area. For example, in NT there are only two CEDs, one that covers the greater Darwin area and the other that covers the rest of the Territory.

Table 8 presents the 10 most financially resilient and financially vulnerable electorates across the country. Sydney electorates dominate the financially resilient, with five of the top ten located there. Independent members of parliament hold seven of the top ten financially resilient electorates (4 in New South Wales, 2 in Victoria and 1 in Western Australia). Of the remaining electorates, the Liberal Party has one classified as being in the top 10 financially resilient, with the Australian Labor Party also having a single electorate in this group.

Of the ten most financially vulnerable electorates, nine are held by the Australian Labor Party and one is held by an independent. Despite Sydney's dominance of the financially resilient electorates, it also has five electorates in the 10 most financially vulnerable. Contrasting with financially resilient electorates four of the five Sydney electorates designated as severely financially vulnerable are held by the Australian Labor Party with one held by an independent. Melbourne has three electorates designated in the 10 most financially vulnerable with Adelaide having one and the electorate held by the current Federal Treasurer (Rankin in Brisbane) also being on the list.

Table 8 Most financially vulnerable and financially resilient electorates

Most financially resilient electorates			
Electorate	State	Elected member	Party
Curtin	WA	Kate CHANEY	IND
Wentworth	NSW	Allegra SPENDER	IND
Warringah	NSW	Zali STEGGALL	IND
Kooyong	VIC	Monique RYAN	IND
North Sydney	NSW	Kylea Jane TINK	IND
Canberra	ACT	Alicia PAYNE	ALP
Goldstein	VIC	Zoe DANIEL	IND
Mackellar	NSW	Sophie SCAMPS	IND
Higgins	VIC	Michelle ANANDA-RAJAH	ALP
Bradfield	NSW	Paul FLETCHER	LP
Most financially vulnerable electorates			
Electorate	State	Elected member	Party
Calwell	VIC	Maria VAMVAKINOU	ALP
Fowler	NSW	Dai LE	IND
Spence	SA	Matt BURNELL	ALP
Blaxland	NSW	Jason CLARE	ALP
Chifley	NSW	Ed HUSIC	ALP
Scullin	VIC	Andrew GILES	ALP
Hinkler	QLD	Keith PITT	LNP
Rankin	QLD	Jim CHALMERS	ALP
McMahon	NSW	Chris BOWEN	ALP
Werriwa	NSW	Anne Maree STANLEY	ALP

Table 9 shows the breakdown of the seats held by the respective parties across the five financial resilience barometer categories. The issue of financial resilience is to some degree an issue for all parties. The two major parties (ALP and the Coalition) both have seats that are classified as severely financially vulnerable. However, the nature and appeal of the respective parties are reflected in the types of communities they are elected to represent. Seats facing severe financial vulnerability are generally held by the ALP, with a relatively smaller number held by members of the Coalition working under the Liberal National Party banner. Proportionately, independent members hold more seats classified as being financially resilient, with seven of the ten electorates held by independents being in the top category. Significantly, these seats represent electorates that, prior to the 2022 federal election, were held by the Liberal Party as part of the coalition and were subsequently lost to the so-called teal independent candidates.

Table 9 Distribution of federal electorates by quintile, political party

		Severe financial vulnerability	High financial vulnerability	Mid-range	Low financial vulnerability	Financially resilient
Australian Labor Party	N	23	14	13	15	12
	%	29.90	18.20	16.90	19.50	15.60
Coalition	N	6	16	15	13	7
	%	10.50	28.10	26.30	22.80	12.30
Greens	N	0	0	0	4	4
	%	0.00	0.00	0.00	100.00	100.00
Independent	N	1	1	1	0	7
	%	10.00	10.00	10.00	0.00	70.00
Katter Australia Party	N	0	0	1	0	0
	%	0.00	0.00	100.00	0.00	0.00
Centre Alliance	N	0	0	0	1	0
	%	0.00	0.00	0.00	100.00	0.00
Total	N	30	31	30	30	30
	%	19.90	20.50	19.90	19.90	19.90

6. Conclusion

This report has presented a picture of the unequal spatial distribution of financial resilience across Australia. The analysis presented focuses on a broad measure of financial resilience, one that accounts for the availability of financial assets, access to financial services and access to social networks. Consequently, the position of any one locality within the financial resilience barometer is a function of a range of factors. As with all indices, it is necessary to view the outputs within the context of the measures and the level of spatial aggregation used. It is true that had we used different indicators, then different outcomes may have been reported. Similarly, with more aggregated spatial data the picture of financial resilience may have changed. These issues aside, the outcomes provided in this report do raise several important matters for consideration.

The spatial distribution and patterns revealed by the financial resilience barometer provide an illustration of the spatial patchwork of socio-economic outcomes across Australia. Within the capital cities, distinct clusters of both vulnerable and resilient communities exist reflecting long-standing patterns of advantage and disadvantage (Baum et al., 2005; Randolph & Tice, 2017). Outside of the capitals many of the larger non-metropolitan cities display distinct clusters of resilience and vulnerability like that of the larger cities, while in more remote areas financial vulnerability appears to be less problematic.

While there are some similarities with the existing research into socio-spatial disadvantage, the index shows that there is not always a correlation between social disadvantage and financial resilience. In some cases, communities that were classified as socially disadvantaged were not highly financially vulnerable according to our measure. Likewise, some communities that have been identified elsewhere as being more socially advantaged recorded higher levels of financial vulnerability. By itself, this is an important finding as it raises possible questions about the potential for communities to deal with unexpected shocks that may not have been fully considered in the past.

These disparities also suggest a different typology of community performance than has been presented in previous work. At a base level communities could be divided across a socio-economic advantage/disadvantage axis and a financial resilience /vulnerability axis with each quadrant representing a different mic of socio-economic disadvantage and financial resilience. The membership of each quadrant could then be investigated to identify more nuanced community groups. Developing a typology such as this would provide an added input into the academic and policy debate and will be an extension of this current work.

In contributing to the broader literature on socio-spatial disadvantage and inequality, the findings outlined in this report point to the continued existence of social malaise across Australia's settlement geography and the potential wide-ranging impacts of such patterns. The is significant research literature pointing to the negative impacts that living in particular communities can have on life chances. through weaker social networks, poor role models and lack of opportunity and resilience, relative to living in more prosperous communities. In a collection of research papers, we have shown that where you live impacts significantly on your employment prospects (Baum, Bill, & Mitchell, 2008) and self-perceived levels of health (Baum, Kendall, & Parekh, 2016) and satisfaction and well-being (Baum, Arthurson, & Rickson, 2010). Others have shown that in the Australian context, neighbourhood socio-economic status is

important in childhood development (Edwards, 2005), educational attainment (Cardak & McDonald, 2004), youth labour market participation (Andrews, Green, & Mangan, 2002) and health and morbidity outcomes (Turrell, Kavanagh, Draper, & Subramanian, 2007). Severe financial vulnerability is very likely to worsen these outcomes.

The patterns identified here also raise questions regarding the ability and willingness of governments to deal with such uneven outcomes. The fact that for many communities entrenched social disadvantage is co-existing with poor financial resilience should be a concern. Given the wide-spread potential for negative impacts associated with spatially concentrated disadvantage, such issues should be viewed with some urgency by those in power.

But it is clearly the case that government responses to the types of issues we have outlined have not made significant inroads, especially since the neo-liberal policy trend took hold. There is either little real motivation to improve the situation of the most disadvantaged communities in our society, or there is a belief that problems are not as bad as we think. Worst still might be the possibility that those in positions to make real differences are so far removed from the realities of everyday life that they don't have the necessary grasp on what really needs to be done.

The clear take-home message is that society, and especially the politicians that are elected to govern, need to show more concern when it comes to the large gap between communities that has seemed to have become a settled pattern or be willing to live with the consequences. It should be clear that while local communities and their residents can, and often do, provide the impetus for positive social and economic change, a key priority for government should be to establish genuine bi-partisan responses that challenge policy approaches from the past, questions the inevitability of uneven community outcomes and engages the best and brightest thinkers to provide stewardship for the way forward.

7. References

ABS. (2016). Australian Statistical Geography Standard (ASGS): Volume 1 – Main Structure and Greater Capital City Statistical Areas, Australia, July 2016. Canberra: Australian Bureau of Statistics

Andrews, D., Green, C., & Mangan, J. (2002). Neighbourhood effects and community spillovers in the Australian youth labour market. LSAY Research Reports, 28.

Australian Bureau of Statistics. (2023). Socio-Economic Indexes for Areas (SEIFA), Australia. Retrieved from https://www.abs.gov.au/statistics/people/people-and-communities/socio-economic-indexes-areas-seifa-australia/latest-release#index-of-relative-socio-economic-advantage-and-disadvantage-irsad-

Baum, S., Arthurson, K., & Rickson, K. (2010). Happy people in mixed-up places: The association between the degree and type of local socioeconomic mix and expressions of neighbourhood satisfaction. Urban studies, 47(3), 467-485.

Baum, S., Bill, A., & Mitchell, W. (2008). Labour underutilisation in metropolitan labour markets in Australia: individual characteristics, personal circumstances and local labour markets. Urban studies, 45(5-6), 1193-1216.

Baum, S., Horton, S., & Choy, D. L. (2008). Local urban communities and extreme weather events: mapping social vulnerability to flood. Australasian Journal of Regional Studies, The, 14(3), 251-273.

Baum, S., Kendall, E., & Parekh, S. (2016). Self-assessed health status and neighborhood context. Journal of prevention & intervention in the community, 44(4), 283-295.

Baum, S., O'Connor, K., & Stimson, R. (2005). Fault lines exposed: Advantage and disadvantage across Australia's settlement system: Monash University ePress.

Cardak, B. A., & McDonald, J. T. (2004). Neighbourhood effects, preference heterogeneity and immigrant educational attainment. Applied Economics, 36(6), 559-572.

Collins, J. M., & Urban, C. (2021). Measuring financial well-being over the lifecourse. In Financial Literacy and Responsible Finance in the FinTech Era (pp. 45-63): Routledge.

Cooper, K., & Stewart, K. (2017). Does money affect children's outcomes? An update.

Corman, H., Noonan, K., Reichman, N. E., & Schultz, J. (2012). Effects of financial insecurity on social interactions. The Journal of Socio-Economics, 41(5), 574-583.

Destin, M., & Oyserman, D. (2009). From assets to school outcomes: How finances shape children's perceived possibilities and intentions. Psychological Science, 20(4), 414-418.

Edwards, B. (2005). Does it take a village? An investigation of neighbourhood effects on Australian children. Family Matters(72), 36.

Giannakis, E., & Bruggeman, A. (2017). Determinants of regional resilience to economic crisis: a European perspective. European Planning Studies, 25(8), 1394-1415.

Gibson-Davis, C., & Hill, H. D. (2021). Childhood wealth inequality in the United States: implications for social stratification and well-being. RSF: The Russell Sage Foundation Journal of the Social Sciences, 7(3), 1-26.

Goyal, K., & Kumar, S. (2021). Financial literacy: A systematic review and bibliometric analysis. International Journal of Consumer Studies, 45(1), 80-105.

Klapper, L., & Lusardi, A. (2020). Financial literacy and financial resilience: Evidence from around the world. Financial Management, 49(3), 589-614.

Martin, R., & Sunley, P. (2015). On the notion of regional economic resilience: conceptualization and explanation. Journal of Economic Geography, 15(1), 1-42.

Patel, P. C., & Rietveld, C. A. (2020). The impact of financial insecurity on the self-employed's short-term psychological distress: Evidence from the COVID-19 pandemic. Journal of Business Venturing Insights, 14, e00206.

Payne, A. (2023). Australians continue to face budgetary constraints in housing, food, energy and healthcare. Retrieved from https://melbourneinstitute.unimelb.edu.au/data/taking-the-pulse-of-the-nation-2022/2023/australians-face-challenging-budgetary-constraints

Prieto, J. (2022). A multidimensional approach to measuring economic insecurity: the case of Chile. Social Indicators Research, 163(2), 823-855.

Randolph, B., & Tice, A. (2017). Relocating disadvantage in five australian cities: socio-spatial polarisation under neo-liberalism. Urban Policy and Research, 35(2), 103-121.

Rine, C. M., & LaBarre, C. (2020). Research, practice, and policy strategies to build financial capability for all. In (Vol. 45, pp. 73-76): Oxford University Press.

Rohde, N., Tang, K. K., Osberg, L., & Rao, D. P. (2015). Economic insecurity in Australia: who is feeling the pinch and how? Economic Record, 91(292), 1-15.

Salignac, F., Marjolin, A., Reeve, R., & Muir, K. (2019). Conceptualizing and measuring financial resilience: A multidimensional framework. Social Indicators Research, 145, 17-38.

Springer, M. B. (2017). Titanic Inequality and the Drowning of the Working Class.

Stafford, S., & Abramowitz, J. (2017). An analysis of methods for identifying social vulnerability to climate change and sea level rise: a case study of Hampton Roads, Virginia. Natural Hazards, 85, 1089-1117.

Tan, s. (2023). Australia: do households expect finances to improve or worsen in 2023? Retrieved from https://au.yougov.com/topics/economy/articles-reports/2023/02/28/australia-household-finances-improve-worsen-2023

Turrell, G., Kavanagh, A., Draper, G., & Subramanian, S. (2007). Do places affect the probability of death in Australia? A multilevel study of area-level disadvantage, individual-level socioeconomic position and all-cause mortality, 1998–2000. Journal of Epidemiology & Community Health, 61(1), 13-19.

Zhu, Q., Liu, T., Lin, H., Xiao, J., Luo, Y., Zeng, W., Baum, S. (2014). The spatial distribution of health vulnerability to heat waves in Guangdong Province, China. Global health action, 7(1), 25051.

[1] Data was not available to measure the financial knowledge and behaviour component.

[2] 33 SA2s included in the analysis did not have data for this variable. In this case the index ranking excluded this variable.