

The Impact of the COVID-19 Recession on the Newcastle and Lake Macquarie Region

This is a summary of key information for the Newcastle and Lake Macquarie region taken from the report ***A Wave of Disadvantage Across NSW: Impact of the COVID-19 Recession***. The Report models the potential impact of rising unemployment on social disadvantage in NSW, by June 2021 and was prepared by Equity Economics for NCOSS and a coalition of NSW peak bodies.

A full copy of the report can be found [here](#).

Equity Economics has predicted that unemployment will peak in January 2021 at a state-wide average of 9.5 per cent, the highest level of unemployment in a generation.

Unemployment in the Newcastle and Lake Macquarie region is projected to rise from 5 per cent to 12.3 per cent by June 2021. The increase in unemployment is expected to contribute to increased rates of homelessness and housing stress.

By June homelessness is predicted to increase by 40.5 per cent. This would result in an additional 468 Newcastle and Lake Macquarie residents being homeless by June 2021, bringing the total number of people experiencing homelessness in the region to 1624.

The increase in unemployment in the Newcastle and Lake Macquarie region is also predicted to **increase housing stress by 33.8 per cent.**

Unemployment, and the associated harm impact negatively on mental health. **The Report predicted an increase of 42.3 per cent in rates of mental distress for 20-24 year olds in the Newcastle and Lake Macquarie region.** There is also potential for increases of 20.4 per cent in current suicide rates.

Across NSW the Impact of Unemployment is Predicted to Have the Following Outcomes by June

Homelessness rates will increase by 24 per cent – an additional 9,000 people homeless in NSW. Some regions in NSW are predicted to experience a 40.5 per cent increase in homelessness.

The number of NSW families experiencing housing stress will increase by over 88,000 or 24.3 per cent.

An increase of up to 16.8 per cent in the number of 20-24 year olds in NSW experiencing high or very high mental distress.

Rates of domestic violence increasing by up to 5.5 per cent in some regions of NSW.

There will be 27,447 more children at risk of neglect across NSW, a 24.5 per cent rise due to increased unemployment.

Mean NAPLAN scores in Year 9 maths will fall by 23.6 points (3.5 per cent) in 2021 compared to 2019 results. Some areas will see improved scores and other areas, including those with a high proportion of Aboriginal and Torres Strait Islander students, will see falls over 6 per cent.

Higher levels of economic disadvantage, poor parental mental health, and substance abuse are associated with the risk of child maltreatment.

The increase in unemployment in the Newcastle and Lake Macquarie region is predicted to increase the number of children at risk of harm by 44.9 per cent.

Economic downturns are linked to an increase in domestic violence. The modelling predicts a 4.2 per cent increase in reported domestic violence in the Newcastle and Lake Macquarie region.

Educational attainment and engagement have been disrupted in 2020 and the impact is greatest for disadvantaged students. The average NAPLAN score is predicted to fall across the state by 23.6 points. **In the Newcastle and Lake Macquarie region it is predicted that average NAPLAN scores will fall by 24.1 points.**

Young people living in low SES communities face additional barriers to learning, including digital exclusion, psychosocial challenges, and long term educational disengagement.¹

COVID-19 has revealed the agility and resilience of the Community Sector.

However, the additional demand on services, a changing operational environment and reduced income from a drop in philanthropic funding and fundraising activities has placed the Community Sector under considerable pressure.

To understand how COVID-19 has impacted services, 260 Community Sector Organisations in NSW were surveyed. **60 per cent of respondents require additional funding from the Government to meet increasing demand**, and 45 per cent require contract certainty.

A strong and adequately resourced Community Sector will be in a better position to meet the projected wave of disadvantage in NSW.

Limiting the Rise in Disadvantage Through Government Intervention

To address the impact of unemployment on people in NSW the Report makes the following recommendations:

Strengthening the Community Sector

Depleted balance sheets, reduced fundraising opportunities and increasing demand is putting the Community Sector in financial distress.

An innovation fund for non-profits to withstand the economic consequences of COVID-19 should be established.

Supporting Aboriginal and Torres Strait Islander Communities

The successful COVID-19 health response led by Aboriginal people should be adopted in the recovery stage across areas such as education, housing and mental health. Investment is needed in Aboriginal-led organisations to plan for recovery.

A Focus on Housing

Assisting those that become homeless requires much more intensive support. Investment is needed in tenancy sustainment for vulnerable tenants, Domestic Violence Victim Support and access to tenancy advice to keep tenants in existing housing.

Early Intervention across Domestic Violence, Child Protection and Mental Health Services

Increased funding is needed to meet the rising demand of domestic violence, community mental health services and child protection.

Fund Education for Disadvantaged Children and Young People

Loss in education has life-long impact on earning potential. Funding is needed for additional teachers, tutors and literacy support for disadvantaged children.

¹ Drane, C., Vernon, L., & O'Shea, S. (2020)