



Direct Measure of Income (DMI) Refinement Working Group

The Department of Education, Skills and Employment (the Department) established the DMI Refinement Working Group (Working Group) to undertake further work on the DMI methodology. As whole of government data is expected to become increasingly available, further work is being undertaken to explore how innovations in the use of additional Multi-Agency Data Integration Project (MADIP) data could be used to further refine the DMI. This will ensure that the DMI continues to be the most reliable and robust measure available to determine the Commonwealth's contribution to non-government school funding.

Meeting 5 – 17 March 2021 - Communique

The fifth meeting of the DMI Refinement Working Group was held via video conference.

Presentation from the University of Adelaide

The University of Adelaide presented its peer review of the Australian Bureau of Statistics (ABS) papers on linkage improvements and income data imputation as well as their literature review on family size.

Family Size

The ABS provided an overview on how family composition is typically taken into account in measures of income equivalisation. The ABS will analyse and investigate fitness-for-purpose of available family composition and income data and the impact of missingness on scores based on equivalised income. The ABS will present their findings at the April DMI Refinement Working Group meeting.

Alternative statistical measures

The ABS presented the second paper focusing on seven alternative statistical measures that could be used to derive a DMI score – median, first quartile, mid-hinge, tri-mean, mean, trimmed mean and winsorised mean. Using the framework developed by the ABS and the Working Group the presentation focused on the last four principles of accuracy, robustness to extreme income values, sensitivity to distributional differences and simplicity.

The Working Group discussed the alternative statistical measures and determined that additional analysis in relation to sensitivity to distributional differences will be undertaken for completeness. The Working Group recognised that based on the evidence provided to date, the median had performed well in relation to the principles considered.