

Jobless Households in Australia: Incidence, Characteristics and Financial Consequences

Rosanna Scutella and
Mark Wooden*

Abstract

An emerging trend in Australia, over the past twenty or so years, has been for employment to become increasingly polarised into households where either no adult is working (jobless households) or all adults are working (all-work households). Despite this, relatively little research has been undertaken in Australia which has focussed specifically on these households. This article seeks to go some way towards filling this gap. Specifically, data from the first wave of the Household, Income and Labour Dynamics Survey in Australia (HILDA) Survey are used to: (i) quantify the incidence of jobless households in Australia; (ii) identify the characteristics of individuals that are associated with membership of a jobless household; and (iii) examine some of the financial consequences of living in a jobless household. The analysis finds that household joblessness in 2001 remains pervasive with strong associations with factors generally thought to influence individual joblessness such as age, education, ethnicity, illness and family background. It is also found that poverty and financial stress are more a function of household joblessness than of individual joblessness.

* Melbourne Institute of Applied Economic and Social Research, The University of Melbourne

Introduction

An emerging trend in Australia during recent decades has been for employment to become increasingly polarised into households where either no adult is working (jobless households) or where all adults are working (see Dawkins 1996, Gregg and Wadsworth 1996a, 1996b, 2000, Miller, 1997, OECD 1998, Gregory 1999, Dawkins, Gregg and Scutella 2002a, 2002b). Similar trends have been documented in other OECD countries, though Australia does appear to have a comparatively high incidence of children living in jobless households (OECD 1998, Dawkins et al. 2002a, 2002b, Nevile 2002).

A major feature of this rise in the incidence of jobless households is that it does not mirror trends in unemployment and employment rates based on individual data. Most obviously, while the aggregate unemployment rate has been trending downwards since the recession of the early 1990s, the jobless household rate continued to rise, at least until 1996-97 (Dawkins et al. 2002b). These trends imply that a growing proportion of households are dependent on savings, transfers from other households or, more often, from government for income.

The policy significance of these trends has been given prominence in the recent McClure Report on Welfare Reform (Reference Group on Welfare Reform 2000). That report identified a growing divide between 'job rich' and 'job poor' households as one of the most significant and disturbing trends in contemporary Australian society. In particular, the view was expressed that unless this trend is reversed, 'significant concentrations of economic and social disadvantage might become entrenched' (p. 2).

But what do we actually know about jobless households? While there is a vast body of research evidence about unemployment and the unemployed, there has been relatively little serious research that has investigated the characteristics of jobless households in Australia (Miller 1997 and Dawkins et al. 2002b are notable exceptions) and almost nothing on the consequences of household (or family) joblessness. This paper seeks to add to this small literature. Specifically, it uses data from the first wave of the Household, Income and Labour Dynamics in Australia (HILDA) Survey to examine both characteristics of jobless households and some of the financial consequences that household joblessness gives rise to.¹ A key feature of the HILDA Survey which makes it well suited for this task is that unlike many other social surveys, interviews are conducted with all persons aged 15 years or over who are members of the selected households.

We begin first by briefly introducing the HILDA Survey data and explaining how jobless households are defined. In the section that fol-

lows, estimates of the incidence of jobless households are presented and compared with other estimates derived from Australian Bureau of Statistics (ABS) sources for earlier periods. We then move on to present information about the characteristics of jobless households and the individuals that live in these households. Finally, summary statistics on the financial situation of jobless households, as assessed by both income and financial stress measures, are presented.

The analysis finds that the incidence of household joblessness in 2001 remains quite high. It is found that the likelihood of living in a jobless household rises with age and falls with educational attainment, is relatively more pronounced for people without any children or people with large numbers of children (4 or more), and is more common among women, immigrants from a non-English-speaking background, persons living in regional Australia, and people living in public housing. There is also strong evidence of jobless households clustering together in neighbourhoods that score lowest on derived scales of socio-economic disadvantage. It is also found that household joblessness is associated with lower levels of financial wellbeing, with relative poverty and subjective measures of financial stress much more prevalent in jobless households than in other households.

Data and Definitions

Sample

As noted above, the data used in this analysis come from the first wave of the HILDA Survey, conducted in the second half of 2001. Described in more detail in Watson and Wooden (2002a), the HILDA Survey involved the selection of a large nationally representative sample of households and then seeking interviews with members of those households. Specifically, a household interview was sought with at least one adult member. Individual interviews were then sought with all household members over the age of 15 years on the 30th June 2001. In addition, all persons completing a personal interview were also given a self-completion questionnaire to complete.

Households were selected into the sample by a multi-stage process. First, a random sample of 488 Census Collection Districts (CDs), based on 1996 Census boundaries, was selected from across Australia. Second, within each of these CDs all dwellings were fully enumerated and a sample of 22 to 34 dwellings randomly selected. Third, since dwellings can contain more than one household, rules were devised for the selection of households within dwellings. These rules stipulated that where a dwelling contained three or fewer households, all such households

should be sampled. Where there were four or more households occupying one dwelling, all households had to be enumerated and a random sample of three households obtained (based on a predetermined pattern).

After adjusting for out-of-scope dwellings and households and for multiple households within dwellings, the total number of households identified as in-scope was 11,693. Interviews were completed with all eligible members at 6872 of these households and with at least one eligible member at a further 810 households. The total household response rate was, therefore, 66 per cent.

Within the 7682 households at which interviews were conducted, there were 19,917 people. Of this group, 4790 were under 15 years of age on the preceding 30 June and hence were ineligible for an interview in wave 1. This left 15,127 persons eligible for a personal interview, 13,969 of whom completed the Person Questionnaire. Additionally, of this group, 13,159 (94%) completed and returned the Self-Completion Questionnaire (SCQ).

As discussed in Wooden et al. (2002), these response rates compare favourably with the rates achieved in the first waves of similar major household panel surveys conducted in other Western nations. They are also well in excess of the rates typically reported in other voluntary surveys conducted in Australia. More importantly, comparison with population benchmark data from ABS sources suggest that the sample has characteristics that are broadly in line with what would have been expected if the sample were truly random.

Definitional Issues

Following the ABS, a household in the HILDA Survey was defined as a group of people living at the same address who share meals. The simplest definition of a jobless household is thus one where no adult member of that group is in paid work. For this analysis, an adult is defined as anyone of working age (15 to 64 years of age) who is not a full-time student. Full-time students are excluded since their economic inactivity is a productive investment in their future and thus joblessness on their part will, in the longer-term at least, typically not be associated with significant levels of economic distress. Further, joblessness among students typically carries no social stigma nor is likely to be associated with any significant degree of social exclusion. For similar reasons, individuals of retirement age (65 years or older) are also excluded. Note that these exclusions mean that where a household contains a student or an individual aged 65 years or over, that household is effectively redefined so as to exclude that individual.

The choice of these age-based criteria for inclusion is somewhat arbitrary. For example, the definition employed in this analysis means that an older household where the male is of retirement age but his partner is below retirement age with no recent workforce experience will be treated as a single-adult jobless household. In contrast, this type of household would not be classified as jobless using the definition employed by Dawkins et al. (2002b). They only took into account the age of the nominated household reference person (often thought of as the household head), and omitted from their definition of jobless households all households where the nominated household reference person had reached age pension eligibility age, irrespective of the age of any other household members. The concept of household head, however, is not employed in the HILDA Survey and hence we do not make a similar exclusion in this analysis. This has obvious ramifications when making comparisons with the figures reported in Dawkins et al. (2002b), and is an issue that we will return to in the next section.

At the other end of the age distribution, and again following the ABS, dependent children are defined as comprising all children less than 15 years of age as well as full-time students between the ages of 15 and 24 years who are still living at home with their parents. This means that any household where there is a part-time student aged between 15 and 24 years who also has a job, but where all other members are out of work, will not be defined as a jobless household. This is potentially a problem given that such households are almost certainly 'job poor', and hence of interest to policy makers. However, estimates from the HILDA Survey reveal that only 41,900 households (just 0.7 per cent of working-age households) avoid falling into the jobless basket because of the presence of a young adult (under 25 years of age). Moreover, in only 6600 of these households was the young adult a part-time student. This would seem to be an issue, therefore, that can be safely ignored.

It is also important to be aware that the concept of joblessness employed in this analysis makes no distinction between persons who are actively seeking work, and hence would be classified by the ABS as unemployed, and those who are not, and hence would be classified as not in the labour force. In short, not every member of a jobless household has to be actively seeking work. However, when considering the financial consequences of joblessness we do distinguish between members of jobless households depending on whether or not they are looking for work.

Finally, it needs to be recognised that the analysis reported on here mostly involves static comparisons. This is an obvious weakness given the significance of joblessness is a function of how long households are

likely to remain jobless. Unfortunately, the cross-sectional nature of the wave 1 HILDA Survey data renders a detailed analysis of the dynamics of joblessness not possible at this time.

The Incidence of Jobless Households

Figures 1 and 2 provide breakdowns of the population-weighted estimates of households and individuals, respectively, by work status. Figure 1 indicates that in mid-2001 (when the HILDA sample was drawn) there were 7.4 million households living in private residences in (non-remote parts of) Australia which, in turn, were comprised of just over 15 million members aged 15 years or older. Over six million of these households (or almost 84 per cent) had at least one member of working-age (as defined above). We refer to these households as working-age households. Of these working-age households, close to 17 per cent (just over 1 million) had no working-age member in paid employment. These households are our jobless households. The remaining working-age households are either all-work households (63%) – that is households where all members of working age are in paid employment – or mixed-work households (21%) – that is, households where at least one adult member is employed and at least one other is not. Figure 2 reports a similar breakdown, but for individuals rather than households. Thus, once we focus on the working-age population who are not involved in full-time study, we find that almost 13 per cent are living in jobless households.

Table 1 represents a different way of presenting these same data. It provides summary information on the distribution of employment among households in Australia. As already noted, almost 17 per cent of working-age households are estimated to have no adult in paid employment. This is what we describe as the jobless household rate, and translates to 12.7 per cent of working-age adults living in households where no adult member is employed. Consistent with previous research, this table also reveals that joblessness is a relatively serious problem in households where there are dependent children present. While the rate of joblessness among households with children under 15 years of age is, at 13.6 per cent, less than that for all households, this converts into an individual rate for children of 14.7 per cent. That is, 1 in 7 children under 15 years are growing up in a home where no adult is employed and with no earned income.

Table 1 also provides summary information about the duration of joblessness within households. As noted earlier, wave 1 of the HILDA

Figure 1. The Composition of Australian Households by Household Employment Status, 2001

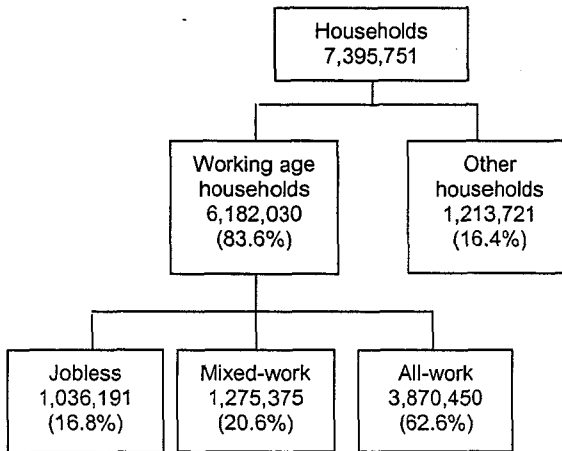


Figure 2. The Composition of the Australian Population by Household Employment Status, 2001

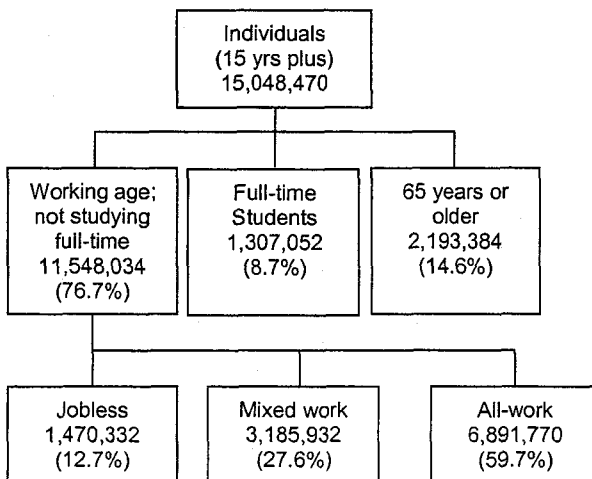


Table 1. Aggregate Statistics on the Distribution of Employment Across Households, HILDA Survey 2001

	%	Weighted population estimate
Jobless household rate (% of households)	16.8	1,036,191
All-work household rate	62.6	3,870,450
Mixed-work household rate	20.6	1,275,375
Adults in jobless households (% of individuals 15 yrs plus)	12.7	1,470,332
Jobless household rate – with kids (under 15 years)	13.6	295,436
Jobless household rate – with dependents (includes hh's with children under 15 years and full-time students aged 15-24 years)	13.0	333,858
Children under 15 years living in jobless households	14.7	607,500
Long-term jobless household rate – spent at least 12 months jobless (% of jobless households)	74.3	748,081

Table 2. The Changing Incidence of Jobless Households: The HILDA Survey and ABS Estimates Compared

	ABS		HILDA	
	1990	1996/97	2001 A	2001 B
Jobless household rate (% of households)	14.2	16.8	16.8	14.9
Adult in jobless households (% of individuals aged 15 years plus)	10.5	12.3	12.7	10.9
Children in jobless households (% of individuals aged less than 15 years)	11.4	15.6	14.7	14.6

Note: The series "A" estimates from the HILDA Survey are based on the definition of jobless household provided elsewhere in this paper. The series "B" estimates use a definition that is compatible with that used in Dawkins et al. (2002b).

Source: ABS data come from Dawkins et al. (2002b, Table 2, p. 137).

Survey does not provide complete data on duration, though such data will evolve as future waves of the panel are conducted. What is provided in the first wave, however, is retrospective data extending back to the start of the preceding financial year (1 July 2000). At any point in time around three-quarters of all households that were defined as jobless at

the time of interview were comprised of adult members who had not had any attachment to the labour force at any time during the preceding twelve months. If one compares this to unemployed individuals, only around 28 per cent were found to have had a jobless spell of at least twelve months. Thus, at least relative to unemployment, household joblessness appears to be more of a long-term phenomenon.²

Finally, these data can also be compared with estimates for earlier periods reported in Dawkins et al. (2002b), but based on data from the ABS Survey of Income and Housing Costs. A summary of such comparisons is provided in Table 2. Taken at face value, the HILDA Survey estimates suggest that the upward trend in the incidence of jobless households came to an end around 1996/97, with the rate of jobless households in the HILDA Survey being identical to that calculated from ABS data for the 1996/97 financial year. In fact, this is entirely coincidental, since the definition of a jobless household that is employed here is not the same as that employed by Dawkins et al. (2002b). Specifically, the latter excluded all households where the notional household head was of retirement age or older and defined the female retirement age to be 60 years of age. Table 2 thus provides two different sets of estimates from the HILDA Survey. The first set – series A – is based on the definition set out earlier, and used in the rest of this article. The second set – series B – is intended to produce estimates that are based on a definition which is very similar to that used by Dawkins et al. (2002b). We thus excluded all females aged between 60 and 64 years from our definition of working-age. Further, we also excluded from our definition of working-age households all couple households where the male was 65 years or older. The estimated rate of jobless households under this definition is much lower – 14.9 per cent – and hence suggests that the incidence of jobless households has actually been falling since the mid-1990s. That said, the level of joblessness had still yet to return to the levels experienced prior to the recession of the early 1990s. Further, the extent to which children are living in jobless households appears not to have declined by as much as the overall jobless household rate.

The Characteristics of Jobless Households

We now turn to an examination of the characteristics of jobless households. Simple descriptive statistics for selected household and individual characteristics are presented.³ Table 3 thus provides figures on the jobless household rate and the composition of jobless households by household type and the number of dependent children living in the household. This table reveals that jobless household rates are higher among single-

adult households than among couple households, an entirely expected result given that a household with one adult can only be a jobless household or an all-work household. Of greater interest, this table also reveals that the rate of joblessness is highest among lone parents with young dependent children, with around 44 per cent of lone parent households with dependent children under the age of 15 years being jobless. Further, such households are clearly over-represented among the jobless – they represent about 18 per cent of all jobless households but only account for around 7 per cent of all households. As might be expected, the rate of joblessness is much lower in lone-parent households where the children are older. Nevertheless, the rate of joblessness for lone parents where the youngest child is 15 years or older is still quite high, and certainly much higher than among comparable couple households.

Table 3. Jobless Household Rates by Household Type and Number of Children

	Jobless household rate (%)	% of jobless households
<i>Household type</i>		
Couple-no children	19.4	28.3
Couple-children under 15	5.8	9.4
Couple-dependent students	*	*
Couple-non dependent children	8.1	3.6
Lone parent – children under 15	43.8	17.7
Lone parent – dependent students	22.8	2.0
Lone parent – non-dependent children	18.0	3.8
Lone person	26.7	30.0
Other	11.1	3.5
<i>Number of dependent children</i>		
None	18.5	71.5
1 child	13.9	12.0
2 children	11.0	8.6
3 children	13.8	4.4
4 or more children	26.6	3.5
Total	16.8	100.0

Note: * Estimate is based on too small a sample (less than 20 observations) to be reliable.

In contrast to lone parents, the rate of joblessness among couple households with children is relatively low – just 5.8 per cent of couple households with children under the age of 15 years are classified as jobless. However, such households account for a large proportion of children, and combined with the high rates of joblessness among lone par-

ents, leads to the comparatively high rate of incidence of children living in jobless households in Australia (relative to other Western countries).

Despite this, it is not true that most jobless households have children present. Indeed, the reverse is very much the case – almost 72 per cent of all jobless households do not have any members under the age of 15 years. Furthermore, Table 3 reveals that the incidence of joblessness actually falls with the number of children until three children are reached. The rate of jobless households, however, is most pronounced in the largest households – those with 4 or more children.

In Table 4, the emphasis shifts to individual, rather than household, characteristics. Specifically, we report the proportion of individuals living in jobless households and their distribution by gender, age, place of birth, place of residence, home ownership status, educational attainment and labour force status. For example, this table shows that 57 per cent of all individuals living in jobless households are female. More importantly, females are more likely to be living in a jobless household than males, with almost 15 per cent of working-age females living in jobless households compared with 11 per cent of men. In part, this difference reflects the high incidence of joblessness among single-adult households, which are more likely to be female. In addition, this gender difference will also reflect age differences within couples, with many of the women in the oldest age group likely to be married to older retired men.

Jobless household rates also tend to rise markedly with age, particularly at the end of the age distribution. Indeed, individuals aged 55 years or over easily represent the largest group of those living in jobless households. This is not surprising, with the high rates of joblessness among older persons likely to reflect both voluntary early retirement decisions and forced redundancy. Further, many of these older jobless households are likely to be best described as quasi-retired. That is, while the individual may not have reached the age for eligibility to the age pension, their partner might have. In fact, around 10 per cent of males and 35 per cent of females living in jobless households live with at least one other person of retirement age. Such people are unlikely to be of the same level of concern to policy makers as other jobless households.

Another demographic factor that might be expected to be of importance is country of birth. It has, for example, been well established in previous research that immigrants from a non-English-speaking background are much more likely to experience spells of unemployment than individuals born in Australia or in English-speaking countries (see Wooden 1994). The data presented here are consistent with this finding, with immigrants from non-English-speaking countries at greatest risk of residing in jobless households. Almost 18 per cent of adults in this group

live in jobless households compared with only 12.5 per cent of the Australia-born and 12.8 per cent of immigrants born overseas in the main English-speaking countries.

Table 4. Individuals in Jobless Households by Selected Individual Characteristics

Characteristic	% in jobless hh's	% of jobless persons	Characteristic	% in jobless hh's	% of jobless persons
<i>Gender</i>			<i>Remoteness^a</i>		
Male	10.8	42.6	Major city	11.5	57.9
Female	14.8	57.4	Inner regional	14.7	28.4
<i>Age group</i>			Outer regional	17.0	13.2
15-19 years	8.5	2.8	Remote	*	*
20-24 years	7.9	5.6	<i>Home ownership</i>		
25-34	7.9	14.8	Own outright	16.7	44.7
35-44 years	8.6	16.8	Paying off mortgage	4.6	13.3
45-54 years	10.3	18.4	Rent – private landlord	14.3	26.5
55 years or older	34.0	41.7	Rent – public housing	45.5	13.9
<i>Country of birth</i>			Other	11.0	1.6
Australia	12.5	64.8	<i>Educational qualification</i>		
Main English-speaking	12.8	10.1	Postgraduate qual.	4.9	2.3
Other country	17.7	19.6	Undergraduate qual.	5.3	6.6
<i>Place of residence</i>			Certificate	8.3	4.6
Sydney	10.1	17.6	Cmpld secondary school	9.3	7.1
Rest of NSW	16.7	15.3	Cmpld at least Year 10	13.7	40.6
Melbourne	11.5	16.6	Did not complete Year 10	28.6	25.8
Rest of Victoria	13.9	7.0	Primary school or less	45.6	6.9
Brisbane	12.0	8.4	Education level unknown	7.6	6.2
Rest of Queensland	15.0	12.0	<i>Labour force status</i>		
Adelaide	17.0	7.5	Looking for work	50.2	18.0
Rest of South Australia	19.5	3.0	Retired	73.9	36.1
Perth	8.9	5.1	Home duties	33.7	28.6
Rest of WA	12.4	2.6	Non-working student	22.9	2.7
Tasmania	21.3	3.9	Other not in LF	68.5	14.6
Northern Territory	*	*			
ACT	*	*	TOTAL	12.7	100.0

Notes: (a) Derived from the Accessibility/Remoteness Index of Australia (ARIA) scores from the 1996 Census. See ABS, *Australian Standard Geographical Classification* (Cat. no. 1216.0, pp. 36-37).

* Estimate is based on too small a sample (less than 20 observations) to be reliable.

The distribution of employment across households by area of residence is also presented in Table 4. As a general rule, it is more common for those living outside capital cities to be in a jobless household. This is most clear when we focus on the relationship between joblessness and a measure of remoteness (i.e., distance from major centres). With the exception of the very remote parts of Australia, the likelihood of living in a jobless household appears to rise the further the distance from major cities. This appears to be yet another indicator of the higher levels of economic disadvantage associated with living in regional Australia. That said, we cannot dismiss the possibility that those classified as jobless, especially in rural locations, are participating in home production in which case this is not evidence of economic disadvantage but simply of less market intermediation in their consumption.⁴

We also might expect patterns of household joblessness to be associated with patterns in home ownership, with jobless households expected to be much less likely to own their home or to have a mortgage. The figures presented in Table 4, however, suggest that the situation is somewhat more complicated than this. First, it is important to distinguish between those with mortgages and those who own their home outright. Rates of household joblessness are less than 5 per cent among the former compared with close to 17 per cent among the latter. Persons who own their home outright, of course, will tend to be older and hence will be closer to retirement age. Further, such individuals will typically be under far less financial pressure to stay in paid employment. Second, when considering those in the rental market it is important to distinguish between those in the private rental market and those renting from public housing authorities. Among the former, the rate of household joblessness is around 14 per cent, compared with over 45 per cent for those living in public housing. No doubt these findings are a reflection of the two-way relationship between housing affordability and employment. Without income from employment, many households simply cannot afford quality housing without some level of public subsidy. Further, joblessness will almost certainly be associated with a greater likelihood of securing public housing. Finally, we expect a causal link running in the other direction, with living in lower-cost subsidised housing at least alleviating some of the pressure on households to secure employment incomes.

In line with the predictions of human capital theory, it has long been established that the likelihood of employment is sensitive to educational attainment. Combined with the impact of assortative mating, wherein individuals with similar socio-economic characteristics are more likely to enter relationships and hence form families, it is expected that education would be a significant factor in determining household joblessness.

This appears to be confirmed by the HILDA Survey data. Living in a jobless household is strongly associated with educational attainment, with the incidence of household joblessness much more pronounced among individuals who have relatively little formal education. Approximately 45 per cent of persons who have no formal education beyond primary school are living in jobless households, and for those with some secondary school education, but not up to or past Year 10, the rate is almost 30 per cent. In contrast, only around 5 per cent of individuals with degree-level qualifications live in jobless households (and, in fact, around 75 to 80 per cent live in all-work households).

Finally, Table 4 presents data on the labour force status of persons living in jobless households. The key result of interest here is not the rates of household joblessness, which obviously are high, but how jobless individuals are distributed across the different labour force status categories. Most persons living in jobless households (over 80 per cent) are not actively seeking work. They are instead much more likely to regard themselves as retired from the labour force, engaged in home duties or have some other reason for not participating in the labour force (e.g., ill health or disability).

Financial Consequences

The final issue examined in this paper concerns the financial aspects of joblessness. In particular, the analysis to follow will briefly examine the level of income of jobless households and the ways in which this contributes to financial stress. Particular attention is paid to differences between households where members are active job seekers and those where they are not.

We begin by first reporting data on after-tax disposable income. The construction of this variable was complicated. As set out in Headey (2003), income from a number of government benefit payments (e.g., Family Tax Benefits and Child Care Benefits) had to be imputed on the basis of other information collected in the survey. More importantly, the tax burden for each household had to be derived. Further, because of the relatively large number of cases where the necessary information required to construct total household income is incomplete (29 per cent of all households), values for all missing cases have been imputed using a nearest neighbour regression procedure (see Watson and Wooden 2003). Finally, we divided household disposable income by the square root of the household size, thus producing a measure of household income per 'equivalised' person.

As would be expected, jobless households have much lower incomes

than other households. The median equivalised annual disposable income for a jobless household was just \$10388, which is just 43 per cent that of a mixed-work household and only 34 per cent of an all-work household.

Table 5. Distribution of Disposable Equivalised Household Income by Individual and Household Employment Status (%): Working-age Adults (excluding full-time students)

Labour force status by household employment status	<50% of median	50-75% of median	75-100% of median	>median	(% of population)
Unemployed in jobless household	56.2	18.2	11.9	11.7	(2.3)
Unemployed in other household	9.4	19.9	24.5	46.1	(2.7)
Not in labour force in jobless household	62.6	19.5	9.4	8.6	(10.2)
Not in labour force in other household	11.4	21.2	22.5	44.9	(11.5)
Employed	6.8	11.3	16.7	65.3	(73.3)

Table 5 provides details about the distribution of income of members of jobless households relative to median income for the entire population of working-age adults. Well over half of all members of jobless households have equivalised incomes that are less than half the population median, a threshold frequently used to define where the incidence of poverty falls. By comparison only 6.8 per cent of employed persons live in (relative) poverty. Perhaps of greater interest, the rate of relative poverty among unemployed persons is not much higher than among employed persons, provided that unemployed person lives in a household where someone else has a job. The clear message that emerges from this table is that joblessness is a major risk factor for living in poverty. Further, it is not individual joblessness that matters most but household joblessness.

As a measure of financial stress, current income is far from ideal. Alternative measures, however, are provided by responses to questions asked in the SCQ which attempted to identify whether households had experienced specific financially stressful experiences (such as not being able to pay bills on time) as a result of a shortage of money during the preceding year.⁵ Responses to these questions, cross-classified by both individual labour force status and household employment status, are presented in Table 6. Again as expected, individuals in jobless households

are more likely to report experiencing financial difficulties. However, we now see that the employment status of the individual appears to matter a lot. Unemployed persons in jobless households are far more likely to experience difficulties than other persons in jobless households. Nevertheless, it remains true that household joblessness appears to be a major risk factor for experiencing financial difficulties. With the exception of mortgage and rent payments, the unemployed in jobless households are more likely than the unemployed in other households to report financial difficulties.

Table 6. Incidence of Stressful Financial Events because of a Shortage of Money by Individual and Household Employment Status (%): Working-age Adults (excluding full-time students)

	Jobless households		Other households		
	Unem- ployed	Not in LF	Unem- ployed	Not in LF	Employed
Could not pay utilities bills on time	47.1	29.0	30.7	22.8	18.7
Could not pay mortgage / rent on time	21.7	12.4	18.8	10.5	9.2
Pawned or sold something	29.1	14.0	15.9	7.1	5.4
Went without meals	29.2	10.3	11.4	4.1	3.6
Unable to heat home	17.5	9.7	8.6	3.1	2.5
Asked for financial help from friends / family	43.9	24.8	35.8	18.5	15.9
Asked for help from welfare/ community group	29.7	13.8	13.0	6.2	3.5

Similarly, among persons without employment and not seeking employment, the incidence of stressful financial events, while far less common than for job seekers, are generally more widespread among those living in jobless households.

Conclusions

Few would challenge the claim that at the start of the 21st century, paid work in Australia, as in all other Western nations, is fundamental in defining social inclusion and exclusion. Indeed, some have gone so far as to argue that paid work is now 'the core value and mode of integration in

modern societies' (Beck 2000: 11). It thus follows that maintaining links with the labour market are more important today than ever before. Unemployment, of course, has long been high on political agendas, but until recently, much of the debate has conceptualised unemployment from the perspective of individuals. While the potential impact of unemployment on families and communities has long been recognised, researchers and policy-makers have, until quite recently, generally not conceived of employment status as a household- or family-level concept. This all changed with the release of the Report of the Reference Group on Welfare Reform (2000), which recommended that reductions in the incidence of jobless households should be one of the three major goals of Australia's social support system.

But what do we actually know about jobless households? This paper made use of recent survey data in an attempt to improve our knowledge of the jobless household problem. Specifically, it set out to quantify the extent of household joblessness, identify key risk factors associated with it, and ascertain the extent to which joblessness is associated with financial stress. Our major findings are fourfold.

First, household joblessness is pervasive, and in 2001 was characteristic of almost 17 per cent of all Australian households. Moreover, almost 13 per cent of all adults and almost 15 per cent of all children lived in these jobless households.

Second, comparisons with earlier ABS data suggest that the upward trend in household joblessness observed in the 1980s and early 1990s may have reversed in the latter half of the 1990s. Unfortunately, the confidence we attach to this very positive conclusion is relatively low given the differences between the HILDA data set used here and the ABS data sources.

Third, the types of factors associated with household joblessness are similar to those that have been found in studies of individual joblessness. Thus, we find strong associations with age, education, marital status, birthplace and ethnicity, illness and disability, family background and neighbourhood socio-economic status.

Finally, poverty and financial stress are much more a function of household joblessness than of individual joblessness. About 60 per cent of all working-age adults in jobless households live in households that we can think of as being poor in a relative sense. In contrast, for jobless individuals who live in households where someone else is in employment the comparable proportion is around 10 to 11 per cent.

Notes

- * The authors thank the Australian Commonwealth Department of Family and Community Services for funding the research reported in this article, for providing permission to release the findings and for providing access to the data in the confidentialised unit record file from the Department of Family and Community Services' (FaCS) Household, Income and Labour Dynamics in Australia Survey, which is managed by the Melbourne Institute of Applied Economic and Social Research, University of Melbourne. The findings and views reported in the paper, however, are those of the authors and should not be attributed to either the Minister for Family and Community Services, the Australian Department of Family and Community Services, the Australian Government or the Melbourne Institute of Applied Economic and Social Research. Thanks also go to two anonymous referees for their useful suggestions.
- 1 The implications for physical and psychological well-being have also been investigated as part of the wider research project from which the results reported here are drawn (see Scutella and Wooden 2004).
 - 2 Like the population of currently unemployed individuals, the population of currently jobless households is a length-biased sample since it will consist of a disproportionately large number of long-term jobless households.
 - 3 Estimation of a multinomial logit model distinguishing jobless households from all-work and mixed-work households did not lead us to alter any of the conclusions drawn below on the basis of the bivariate cross-tabulations that are presented. For details of, and results from, this multinomial logit estimation, see Scutella and Wooden (2004).
 - 4 We thank an anonymous referee for pointing this out to us.
 - 5 The time frame was actually the period since January 2001, meaning that in most cases the reference period was less than one year.

References

- Beck, U. (2000) *The Brave New World of Work*, Polity Press, Cambridge.
- Dawkins, P. (1996) 'The Distribution of Work in Australia', *The Economic Record*, 72 (218): 272-286.
- Dawkins, P., Gregg, P. and Scutella, R. (2002a) 'Employment Polarisation in Australia', Melbourne Institute Working Paper No. 9/02, The University of Melbourne, Australia.
- Dawkins, P., Gregg, P. and Scutella, R. (2002b) 'The Growth of Jobless Households in Australia', *The Australian Economic Review*, 35 (2): 133-154.
- Freidin, S., Watson, N. and Wooden, M. (2002) 'HILDA Survey Coding Framework: Confidentialised Data', HILDA Technical Paper Series No. 2/02, Melbourne Institute of Applied Economic and Social Research, University of Melbourne.
- Gregg, P. and Wadsworth, J. (1996a) 'More Work in Fewer Households?', in J. Hills (ed.), *New Inequalities: The Changing Distribution of Income and Wealth in the UK*, Cambridge University Press.
- Gregg, P. and Wadsworth, J. (1996b) 'It Takes Two: Employment Polarization in the OECD', Centre for Economic Performance Discussion Paper no. 304,

- London School of Economics and Political Science, London.
- Gregg, P. and Wadsworth, J. (2000) 'Two Sides to Every Story: Measuring Joblessness and Polarisation at Household Level', Centre for Economic Performance Working Paper No. 1099, London School of Economics and Political Science, London.
- Gregory, R. (1999) 'Children and the Changing Labour Market: Joblessness in Families with Dependent Children', Centre for Economic Policy Research Discussion Paper No. 406, Australian National University, Canberra.
- Headey, B. (2003) 'How Best to Impute Taxes and Measure Public Transfers?' HILDA Project Discussion Paper Series No. 2/03, October, Melbourne Institute of Applied Economic and Social Research, University of Melbourne.
- OECD (1998) *Employment Outlook, July 1998*, OECD, Paris.
- Miller, P. (1997) 'The Burden of Unemployment on Family Units: An Overview', *Australian Economic Review*, 30 (1): 16-30.
- Nevile, A. (2002) *State of the Family 2002*, Anglicare Australia, Melbourne.
- Reference Group on Welfare Reform (2000) *Participation Support for a More Equitable Society: Final Report of the Reference Group on Welfare Reform*, Department of Family and Community Services, Canberra.
- Scutella, R. and Wooden, M. (2004) *Jobless Households in Australia: Incidence, Characteristics and Consequences*, Report prepared for the Australian Government Department of Family and Community and Services. Melbourne Institute of Applied Economic and Social Research, University of Melbourne.
- Watson, N. and Wooden, M. (2002a) 'The Household, Income and Labour Dynamics in Australia (HILDA) Survey: Wave 1 Survey Methodology', HILDA Project Technical Paper Series No. 1/02, May (Revised September 2002), Melbourne Institute of Applied Economic and Social Research, University of Melbourne.
- Watson, N. and Wooden, M. (2002b) 'Assessing the Quality of the HILDA Survey: Wave 1 Data', HILDA Project Technical Paper Series No. 4/02, October, Melbourne Institute of Applied Economic and Social Research, University of Melbourne.
- Watson, N. and Wooden, M. (2003) 'Towards an Imputation Strategy for Wave 1 of the HILDA Survey', HILDA Project Technical Paper Series No. 1/03, March, Melbourne Institute of Applied Economic and Social Research, University of Melbourne.
- Wooden, M. (1994) 'The Labour-Market Experience of Immigrants', in M. Wooden, R. Holton, G. Hugo and J. Sloan, *Australian Immigration: A Survey of the Issues* (2nd ed.), Australian Government Publishing Service, Canberra, pp. 218-279.
- Wooden, M., Freidin, S. and Watson, N. (2002) 'The Household, Income and Labour Dynamics in Australia (HILDA) Survey: Wave 1', *Australian Economic Review*, 35 (3): 339-348.

Appendix Table A: Variable Definitions and Sample Summary Statistics

Variable	Definition	Mean	S.D.
Female	Equals 1 if female and 0 if male.	0.507	0.500
Age/10	Age (years) at last birthday, divided by 10.	4.016	1.242
(Age/10) ²	The squared transformation of Age/10.	17.670	10.154
Married	Equals 1 if legally married, and 0 if otherwise.	0.583	0.493
De facto	Equals 1 if living with someone in a relationship but not legally married, and 0 if otherwise.	0.118	0.323
Separated	Equals 1 if separated from a marriage and not living with someone in a relationship, and 0 if otherwise.	0.036	0.187
Divorced	Equals 1 if divorced and not living with someone in a relationship, and 0 if otherwise.	0.057	0.232
Widowed	Equals 1 if widowed and not living with someone in a relationship, and 0 if otherwise.	0.013	0.114
Never married	Equals 1 if never legally married and not living with someone in a relationship, and 0 if otherwise.	0.192	0.394
Presence of elderly individuals	Equals 1 if household includes a member of retired age, and 0 otherwise.	0.047	0.211
Presence of children	Equals 1 if any dependent children aged under 15 years present in household, and 0 otherwise.	0.409	0.492
Number of children	Number of dependent children aged under 15 years in household.	0.778	1.096
Number of working age adults	Number of adults not studying full-time aged 15 to 64 years in household.	2.133	0.858
Lone parent	Equals 1 if in a lone parent household, and 0 otherwise. A lone parent family consists of a parent and a child, though the child cannot have a child or partner of their own. Dependent children are defined as all children under the age of 15 years, and all full-time students aged 15 to 24 years resident in the home.	0.092	0.288
Australia-born	Equals 1 if born in Australia, and 0 if otherwise.	0.749	0.434
Born O/S – English speaking	Equals 1 if born overseas in the UK, Ireland, New Zealand, Canada, the USA or South Africa, and 0 if otherwise.	0.109	0.312
Born O/S – Non-English speaking	Equals 1 if born overseas a country other than the main English-speaking countries, and 0 if otherwise.	0.142	0.349
English speaking immigrant – years in Australia	Born O/S – English speaking x number of years since came to live in Australia.	2.421	8.487
Non-English speaking immigrant – years in Australia	Born O/S – Non-English speaking x number of years since came to live in Australia.	2.717	8.721
Aboriginal or Torres Strait Islander	Equals 1 if of Aboriginal or Torres Strait Islander origin, and 0 if otherwise.	0.018	0.132
English speaking ability poor	Equals 1 if English ability as self assessed is poor to not being able to speak English at all, and 0 otherwise.	0.022	0.148
Severe illness or disability	Equals 1 if has long-term health condition or disability that prevents work, and 0 if otherwise.	0.004	0.067
Moderate illness or disability	Equals 1 if has long-term health condition or disability that partially limits type or amount of work, and 0 if otherwise.	0.097	0.296

Appendix Table A (cont'd)

Variable	Definition	Mean	S.D.
Minor illness or disability	Equals 1 if has long-term health condition or disability that does not limit type or amount of work, and 0 if otherwise.	0.031	0.175
Postgraduate qual.	Equals 1 if has a post-graduate qualification, and 0 if otherwise.	0.067	0.250
Undergraduate qual.	Equals 1 if has a bachelor degree or undergraduate diploma, and 0 if otherwise.	0.172	0.377
Certificate	Equals 1 if has a certificate level qualification, and 0 if otherwise.	0.076	0.265
Completed Year 12	Equals 1 if completed Year 12 but does not have post-school qualifications, and 0 if otherwise.	0.104	0.305
Completed Year 10/11	Equals 1 if only completed Year 10 or 11, and 0 if otherwise.	0.429	0.495
Secondary school – <Year 10	Equals 1 if left secondary school without completing Year 10, and 0 if otherwise.	0.132	0.338
Primary school / No formal education	Equals 1 if has no formal education or only attended primary school, and 0 if otherwise.	0.020	0.141
Major city	Equals 1 if lives in a major city, as defined by ARIA, and 0 if otherwise.	0.597	0.490
Inner regional	Equals 1 if lives in inner regional Australia, as defined by ARIA, and 0 if otherwise.	0.270	0.444
Outer regional	Equals 1 if lives in outer regional Australia, as defined by ARIA, and 0 if otherwise.	0.116	0.320
Remote	Equals 1 if lives in a remote part of Australia, as defined by ARIA, and 0 if otherwise.	0.017	0.130
New South Wales	Equals 1 if lives in New South Wales, and 0 if otherwise.	0.314	0.464
Victoria	Equals 1 if lives in Victoria, and 0 if otherwise.	0.252	0.434
Queensland	Equals 1 if lives in Queensland, and 0 if otherwise.	0.197	0.398
South Australia	Equals 1 if lives in South Australia, and 0 if otherwise.	0.087	0.281
Western Australia	Equals 1 if lives in Western Australia, and 0 if otherwise.	0.100	0.300
Tasmania	Equals 1 if lives in Tasmania, and 0 if otherwise.	0.027	0.163
Northern Territory	Equals 1 if lives in the Northern Territory, and 0 if otherwise.	0.006	0.076
ACT	Equals 1 if lives in the ACT, and 0 if otherwise.	0.017	0.131
Not living with both parents at age 14	Equals 1 if did not live with both 'own' parents at age 14 years, and 0 if otherwise.	0.258	0.438
Father not employed at age 14	Equals 1 if father not employed when respondent aged 14 years, and 0 if otherwise.	0.027	0.163
Father unemployed for >6 mths	Equals 1 if father unemployed for 6 months when respondent was growing up, and 0 if otherwise.	0.093	0.290
Mother not employed at age 14	Equals 1 if mother not employed when respondent aged 14 years, and 0 if otherwise.	0.435	0.496
Relative socio-economic disadvantage	ABS SEIFA Index of relative socio-economic disadvantage sorted and ranked by decile resulting in a 10-point scale. Relatively disadvantaged areas have low scores.	5.704	2.830