

WORK AND WELFARE IN AUSTRALIA: THE CHANGING ROLE OF INCOME SUPPORT

John Landt and Jocelyn Pech

Welfare Review Team,
Department of Family and Community Services,
Canberra, Australia.

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1. Introduction

One of the roles of the income support system in Australia is to facilitate mobility in the labour market, by providing income support as people move out of some jobs and into others in accordance with changing economic circumstances.

This role has widened during the last two decades (a period of relatively high unemployment in Australia) to offer more employment-related support. As skills change, the transition between jobs is becoming more difficult for some, and the period on income support is often a period of acquiring new skills through training and/or education. For others, available jobs are mainly part-time and/or casual, and the income support system tops up their wages or offers a modest income between intermittent employment.

How well the transition between employment is managed is of great importance to the overall economy. If it is not managed well it imposes costs on individual workers, employers and the overall community through lost productivity and higher outlays on income support payments.

If people enter unsuitable employment, and consequently do not stay in the job for long, this imposes costs on employers (who have to find someone more suitable for the job), and on workers (who have to find a more suitable position elsewhere).

If people obtain suitable employment, but are unable to maintain this employment due to other reasons (for instance family commitments) then this may also impose costs on the respective parties. The community may also question the value of expenditure made to support the transition to employment (through training, counselling etc) if the transition founders due to a relative lack of support while in employment. It may also lead to recipients questioning the value of making significant efforts to enter the labour market.

If, on the other hand, the nature of employment is changing to increasingly short-term and/or casual arrangements, then the income support system can play a valuable role in smoothing the movement between jobs, and allow some people to better balance work and other priorities. It may, however, raise questions about the role of the income support system if people are choosing to work shorter hours than they otherwise might.

This paper examines the role of the income support system in supporting the employment of payment recipients. The first section examines changes in the overall labour market having an impact on income support recipients. The following section then focuses on the income support population and examines patterns of employment and education. The paper is a revised version of an earlier paper (Landt & Pech 2000), and much of the material presented was originally prepared for the Reference Group on Welfare Reform (FaCS 2000).

2. Patterns and distribution of employment

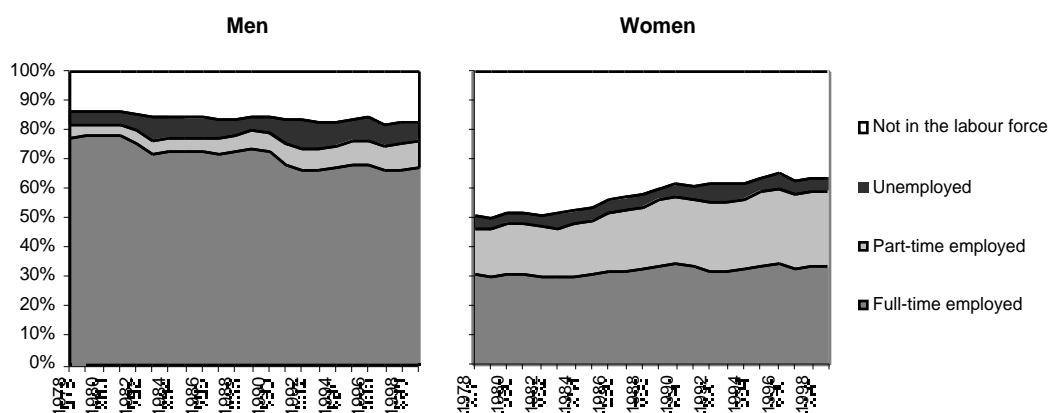
2.1 Men and women

To begin, we examine the labour force characteristics of the working age population in Australia, defined as men and women aged between 15 and 64 years. We examine men and women separately, as their trends are quite different.

The proportion of men aged 15 to 64 in full-time employment fell from 77% in 1978 to 67% in 1999, while the proportion in part-time employment doubled from 4% to 9%. There was a small net increase in the proportion unemployed (from 5% in 1978 to 6% in 1999), and a larger increase in the proportion not in the labour force (from 14% to 18%). [Figure 2.1](#) clearly shows the impact of the economic cycle on both full-time employment and unemployment, whereas part-time employment rose, and overall labour force participation fell, much more steadily.

In contrast, the overall participation of women aged 15 to 64 grew strongly (from 50% in 1978 to 64% in 1999), with most of the increase occurring in the 1980s. While women's labour force participation is still much lower than men's, the gap between the two has halved over this period. The increase in labour force participation was driven mainly by the increase in part-time employment (from 16% in 1978 to 26% in 1999). Full-time employment grew only slightly (from 30% in 1978 to 33% in 1999) and there was no change in the unemployment to population ratio (4% in both 1978 and 1999). The fluctuations of the economic cycle had much less effect on women's employment levels than on men's.

Figure 2.1: Labour force status of men and women aged 15 to 64, as ratios of population, 1978 to 1999.



Source: ABS, *Labour Force Australia* (Cat. Nos. 6203.0 & 6204.0), 1978 to 1999.

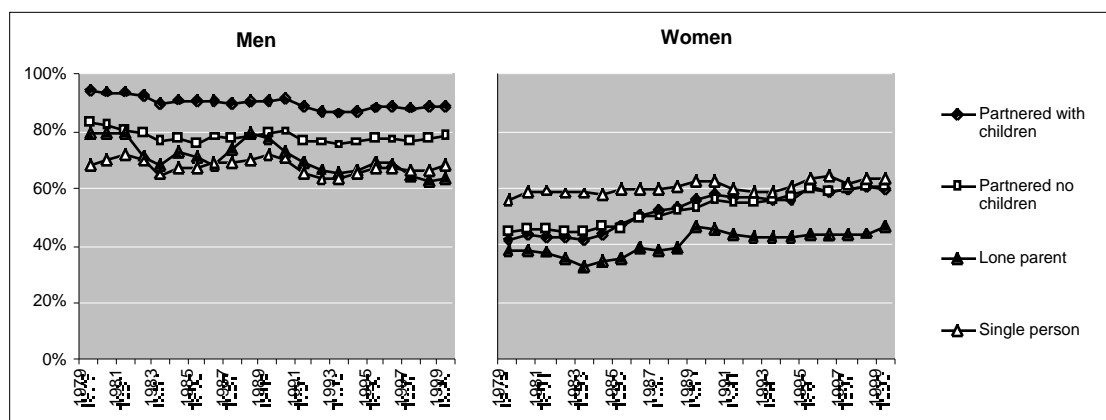
The overall picture is of an increased proportion of the working-age population in employment, but less in full-time and more in part-time employment. Much of the part-time work is also casual (Romeyn 1992), and is often low-paid (Dunlop 2000). The increase in part-time employment is partly due to increased under-employment, which increased over this period. Around one in three men and one in five women working part-time in 1997 wanted to work longer hours in 1997, compared with 23% and 15%, respectively, in 1985.

While the last twenty years has seen a relatively small overall increase in the prevalence of unemployment, the duration of unemployment has increased significantly. Between 1978 and 1999, the average duration of unemployment increased from 25 weeks to 59 weeks for men and from 27 weeks to 44 weeks for women. For men, in particular, it is probable that

some of the increase in labour force non-participation is due to hidden unemployment, including discouraged job-seekers and others marginally attached to the labour force.

Employment to population ratios for men and women aged 15 to 64 show different trends over the period 1979 to 1999 depending on their family status ([Figure 2.2](#)). Employment rates of partnered men (both with and without children) followed similar downward trajectories, but remained consistently higher for those with children. For both groups, most of the decline occurred in the recessions of the early 1980s and 1990s. There was little overall change in the proportion of single men employed (69% in 1979 and 68% in 1999), although this group was clearly responsive to changes in the economic cycle. Among men, the experience of male lone parents stands out – their employment rate fell by 15 percentage points from 79% in 1979 to 64% in 1999.

Figure 2.2: Employment to population ratios of men and women aged 15 to 64, by family status, 1979 to 1999.



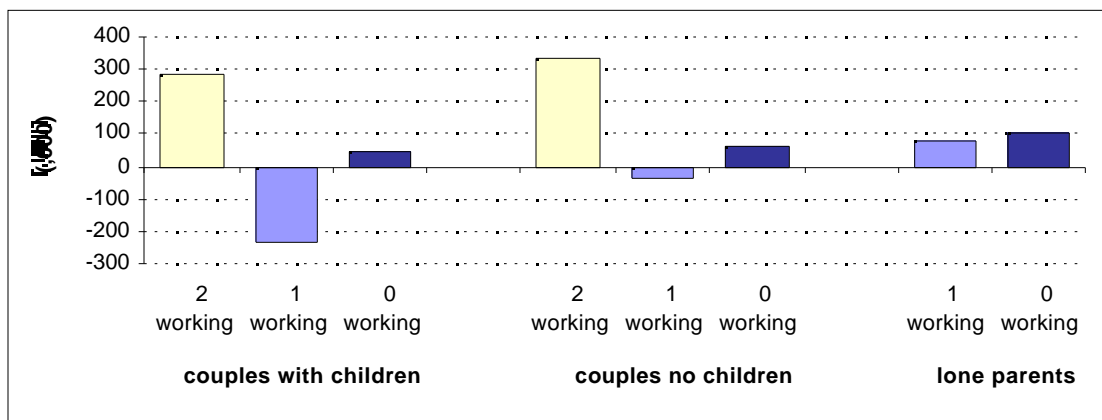
Source: ABS, *Labour Force Status and Other Characteristics of Families, Australia (Cat. No. 6224.0)*, 1979 to 1999.

The employment rates of partnered women with and without children showed similar trajectories and similar overall levels. Employment among those with children increased from 42% in 1979 to 60% in 1999, while employment among those without children increased from 45% to 61%. The rate of increase was most rapid for both groups in the 1980s, with smaller increases during the 1990s. Female lone parents also experienced rapid employment growth in the 1980s (from 38% in 1980 to 45% in 1990), but there has been little further improvement during the 1990s (47% in 1999). Employment rates of single women without children increased less than for the other groups of women, with some upward movement during the 1980s (from 56% in 1979 to 63% in 1990) and relative stability since. The employment to population ratio for this group is now only slightly above the ratios of partnered women.

2.2 Impacts on families and children

The impact of these trends on the employment patterns of family income units is summarised in [Figure 2.3](#) (over page). This shows that the number of couples with no paid work has increased alongside the significant increase in the number of couples with two incomes (Miller 1997). This is largely a consequence of increased joblessness among men and the tendency of their wives also to be jobless (Bradbury 1995). The proportion of working-age couple families with one earner fell from 45% in 1982 to 31% in 1996-97, the proportion with two earners increased from 45% to 57% over the same period, and the proportion with neither partner in employment increased from 10.6% to 12.2%. Consistent with the trends in partnered women's employment that we discussed earlier, the number of two earner couples grew rapidly in the 1980s and has changed little in the 1990s. Similarly, most of the decline in single-earner couples occurred in the 1980s. [Figure 2.3](#) also shows a large increase in the number of jobless lone parent families.

Figure 2.3: Change in number of family income units aged 15 to 64, by number of employed adults, 1982 to 1996-97.



Source: ABS, *Income Distribution, Australia (Unit Record Data), 1982 and 1996-97.*

These changes in the distribution of employment have meant that more children now live in families with two parents working, and in jobless families (Gregory 1999). The data summarised in Table 2.1 show that in June 1999 more than two in every five Australian children were living with two employed parents, while more than one in six were living in jobless families. International comparisons show that joblessness affects a larger proportion of families with children in Australia than in most other industrial nations, although this is not the case for single parent and couples without children (Oxley, et al 1999).

Table 2.1: Dependent children by family type and parents' employment status, June 1999.

Family type and employment status	No of dependent* children	% of all dependent children
Two earner couple	2,204,500	44.7
One earner couple	1,451,900	29.4
Jobless couple	339,000	6.9
Employed lone parent	417,900	8.5
Jobless lone parent	518,500	10.5
All families	4,931,700	100.0
Jobless families	857,500	17.4

Source: ABS, *Labour Force Experience (Cat. No. 6206.0), February 1999.*

2.3 Dynamics of labour force experience

Point in time estimates of the number of people who are employed, jobless or unemployed do not however capture the full picture of people's attachment to the labour force. Data on labour force experience over a whole year provide a broader perspective. Table 2.2 compares people's labour force status in February 1999, with the proportions of the population who had experienced that same status for the whole of the previous year and at some time during the previous year. It shows that fewer than half the population had been employed for the whole of the previous year, but almost three in four had been employed at some time during the year. Similarly, unemployment for the whole year was uncommon, but about one in seven people had been looking for work at some time during the year. Moreover, almost 45 per cent had been outside the labour force (that is, neither in paid work nor looking for work) at some time. These data show that over time unemployment and joblessness affect far greater proportions of the population than is indicated by the

point-in-time unemployment rate. They also suggest considerable labour force turnover and diversity of labour force experience.

Table 2.2: Labour force status of 15-69 year olds, February 1999 and year to February 1999.

Labour Force Status (% of population)	In February 1999	During the year to February 1999	
		Whole year	At some time
Employed	65.4	48.1	72.2
Unemployed	6.0	2.0	13.6
Not in the labour force	28.6	22.8	44.6

Source: ABS, Labour Force Experience (Cat. No. 6206.0), February 1999.

Table 2.3 shows how annual labour force experience has varied over the past decade for men and for women. Consistent with the data presented in Table 2.2, it shows a decline in the proportion of men with full-year employment, while the proportion of women in this situation has increased. Conversely, the proportion of men who are not in the labour force for the whole year has increased slightly, whereas the proportion of women in this situation has declined. The figures also show the impact of the economic cycle on the proportions of men and women able to gain employment for only part of the year, as well as in the numbers who move in and out of the labour force in response to labour market conditions.

Table 2.3: Labour force experience of 15-69 year olds over previous year, February 1989 to February 1999.

Labour force experience, year to February	Proportion of population (%)					
	1989	1991	1993	1995	1997	1999
Men						
Worked whole year	60.6	59.5	55.9	56.5	56.7	57.4
Worked part year	21.4	22.4	22.7	24.0	23.5	22.9
Worked none of year, looked for work some of year	3.9	4.3	6.8	5.5	5.1	4.8
Not in labour force any time during year	14.2	13.7	14.6	13.9	14.7	14.9
Women						
Worked whole year	35.8	37.1	36.9	36.9	38.8	38.8
Worked part year	24.6	25.5	23.6	26.0	25.3	25.2
Worked none of year, looked for work some of year	4.9	4.7	6.5	6.0	5.6	5.3
Not in labour force any time during year	34.8	32.7	33.0	31.1	30.4	30.7

Source: ABS, Labour Force Experience (Cat. No. 6206.0), February 1999.

Table 2.4 (over page) shows that between July and August 1999 about 4 per cent of people who had been employed lost or left their jobs and over 5 per cent of people who had been jobless gained employment. There were significant movements of people from unemployment to employment (most often to part-time work) and from part-time work to full-time work.

Table 2.4: Changes in labour force status between July 1999 and August 1999, matched sample of population aged 15 and over.

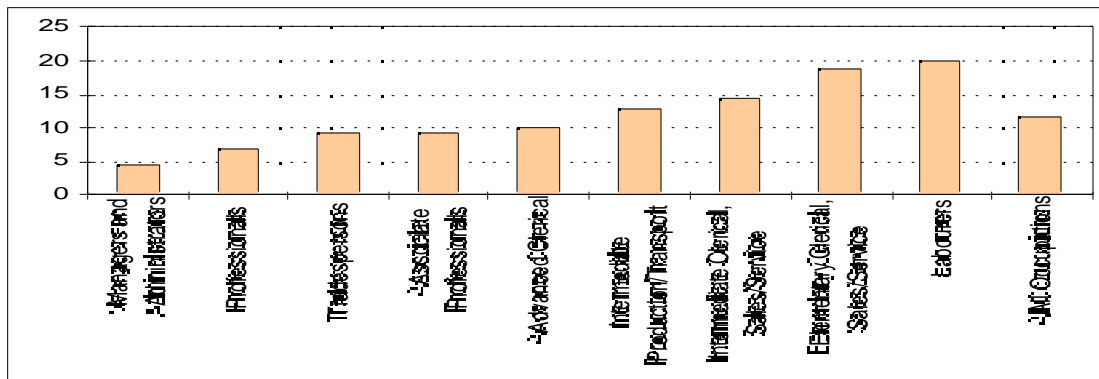
	Labour force status, August 1999 (%)

Labour force status, July 1999	Employed full-time	Employed part-time	Unemployed	Not in the labour force	Total
Employed full-time	93.7	4.1	0.7	1.4	100
Employed part-time	10.1	79.5	2.3	8.1	100
Employed	95.7		4.3		100
Unemployed	7.5	11.3	60.6	20.6	100
Not in the labour force	1.2	2.8	3.1	93.0	100
Jobless	5.5		94.5		100

Source: ABS, Labour Force Australia, Cat. No. 6203.0, August 1999.

The level of dynamism in the Australian labour market is high in international terms, and affects low skill occupations more than others. Australia is among the group of OECD countries that have the shortest average job tenure with the same employer (OECD 1997, Ch. 5). Figure 2.4 shows that job turnover is highest in lower-skilled white and blue-collar occupations (Le & Miller 1999). The incidence of retrenchment has also increased recently, being higher in the 1990s than in the 1980s for both males and females (Borland & McDonald 2000).

Figure 2.4: Job turnover by occupation (percentage per annum).



Source: DEWRSB, Job Futures, 1999.

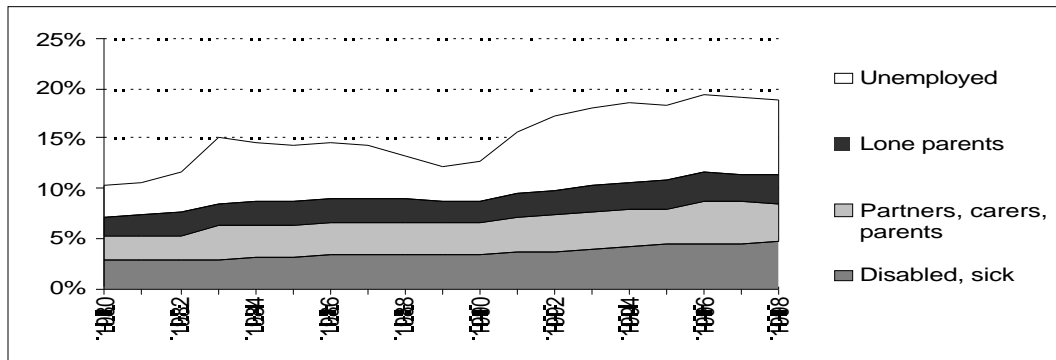
To conclude, a similar proportion of the working-age population is unemployed now as was unemployed twenty years ago. While a higher proportion of the working-age population is now employed, this employment growth has been distributed unevenly across families. The decline in male full-time employment has contributed to increased family joblessness. On the other hand, the increase in part-time employment is linked both to increased numbers of dual-income families and to higher levels of under-employment. It is probable also that the higher non-participation rate among men indicates an increase in hidden unemployment. Moreover, a dynamic view of the labour market shows that larger numbers experience both employment and unemployment over the course of a year than are shown at any single point in time, and that many people change their labour force status in the course of a year. Taken as a whole, these data suggest that the labour market has become a much more uncertain and changeable place for many people.

3. Income support recipients

3.1 Trends in recipient numbers

People who receive income support payments¹ can be divided into four main groups: unemployed people; lone parents; partners/carers/parents; and people with illness or disability. [Figure 3.1](#) shows how the proportion of working-age people receiving these forms of income support almost doubled between 1980 and 1998. Recipient numbers increased in each of these major groups over the 1980s and 1990s, with the largest overall increase occurring among people receiving unemployment payments.

Figure 3.1: Main groups of working-age income support recipients as proportions of the working-age population, 1980 to 1998.



Source: Department of Family and Community Services (formerly Department of Social Security) Annual Reports.
 Note: As partners of recipients only received payments in their own right from September 1994, the earlier data are adjusted to include partners of recipients in the Partners/Carers/Parents category.

Unemployment payments

The main unemployment payments currently are Newstart Allowance for people from 21 to 59 and Youth Allowance for people under the age of 21. Not everyone who would be classified by the ABS as unemployed receives an unemployment payment, while many people receiving unemployment payments would not be classified as unemployed by the ABS. The former group includes unemployed people, such as lone parents, who qualify for another payment and people (mainly partnered women) who are precluded from income support because of their partner's income. The latter group includes people who have part-time or casual employment, who are temporarily incapacitated for work because of illness and probably some of the 'hidden unemployed'.

The proportion of the working-age population receiving unemployment payments increased from 3.4% in 1980 to 7.3% in 1998. Three main factors have contributed to this: increases in aggregate unemployment during recent economic downturns; growth in part-time and casual work and underemployment; and changes to income support provisions. The increased availability of part-time and casual work and changes to income tests that allow recipients to keep more of their earnings have acted to substantially increase the proportion of unemployment payment recipients who declare earnings from employment. Changes to activity test provisions have increased the proportion of recipients undertaking activities other than job search (such as short-term training) and eligibility has been broadened to include large numbers of people who are temporarily unable to look for work because of illness. From time to time, eligibility for other payments has also been reduced, resulting in further shifts of the income support population into the unemployment payment category².

¹ We have defined income support payments as including all of the basic social security pensions and allowances. Low-income people who receive only some additional family assistance for their children are not defined as income support recipients.

² The most significant of these occurred in 1995, with the movement of people with temporary illness from Sickness Allowance to Newstart Allowance.

As a result of these trends and changes, people who are not strictly speaking unemployed now comprise a significant proportion of the people receiving unemployment payments. Table 3.1 shows that fewer than two-thirds of people receiving these payments in May 2000 were unemployed in the technical sense that they were not employed and were seeking work.

Table 3.1: Composition of the population receiving unemployment payments, May 2000.

Customer sub-group	No	% of total
Had earnings from employment	84,800	12.4
Did not receive a payment because of casual income	36,700	5.4
Other activities	34,600	5.1
Incapacitated	71,000	10.4
Other temporary exemption from activity test	14,400	2.1
Unemployed (ie not employed and seeking work)	441,000	64.6
Total	682,500	100.0

Source: Centrelink, *Labour Market and Related Payments Monthly Profile, May 2000*

Lone parents

Most lone parents on income support receive Parenting Payment Single (PPS). The principal factor behind the significant increase in lone parent recipients (from 1.7% of the working-age population in 1980 to 3.1% in 1998) has been the increased incidence of lone parenthood in the general population (from 13 per cent of families with children in 1980 to 21 per cent of families with children in 1998). This growth in lone parenthood has been a significant contributor to the overall growth in family joblessness discussed earlier.

Carers, partners and parents

The third group consists of people receiving payment because of their caring responsibilities and/or presumed financial dependency on a current or former partner. Relevant payments include Wife Pension, Partner Allowance, Parenting Payment (Partnered), Carer Payment, Widow B Pension and Widow Allowance. These payments are primarily designed for and received by women and, with the exception of Parenting and Carer Payments, most are aimed specifically at people in older age groups. Most people in these payment categories receive payment because of their relationship to people in other payment groups (for example, wives and carers of people with disabilities and partners of unemployed people)³. As these groups have grown in size, so has this one. The proportion of working-age people receiving these forms of payment increased from 2.4% in 1980 to 3.9% in 1998.

People with disabilities and illness

The primary payment now in this category is Disability Support Pension (DSP). The number of people receiving this payment rose steadily throughout the 1980s and 1990s. It is generally accepted that one factor behind the steady increase in DSP receipt during the 1980s was the overall increase in unemployment during that period and its selective impact on groups such as middle-aged and older men from blue-collar occupations. Recent increases appear to be primarily due to the combined impact of government policies and population ageing.

³ Prior to September 1994 many of these people did not receive payments in their own right. Both the administrative data shown in [Figure 3.1](#) and the analysis of data from the ABS Income Distribution Survey (see Section 3.3) have been adjusted to allocate partners of payment recipients to the Carers/Partners/Parents payment category.

The relationship between unemployment and DSP receipt is not direct. The increase in long-term unemployment and subsequent discouragement from job search may well have acted to increase levels of ill-health in the unemployed population. In addition, some unemployed people may seek to claim DSP rather than Newstart Allowance because of its higher payment rate, more lenient income test and lack of activity requirements.

Another important factor is the declining availability of alternative payments for people aged 50 and over, who make up the bulk of DSP recipients. Access to Veterans' Affairs pensions has declined significantly as the cohort of World War II veterans has passed age pension age. The age pension age for women is being progressively raised from 60 to 65 and other payments for older women (for example, Widow B and Wife Pensions) are being phased out. These developments have increased the demand for DSP among the older age group, at the same time that numbers in that age group are also increasing due to the ageing of the baby boomer cohort.

3.2 Patterns of income support receipt

Administrative longitudinal data suggest that there are a number of distinct patterns of income support receipt (FaCS 2000, Appendix 3). These tend to vary considerably both within and between payment categories.

Of the four main recipient categories discussed above, the most stable population is people receiving disability payments. People who come onto DSP tend to stay on that payment until they reach age pension or die. Very few ever leave payment for employment.

At the other extreme, there is considerable turnover in the population receiving unemployment payments. Many people receive this payment only for short periods of time, but many also alternate periods of employment with periods of income support receipt. As shown in [Table 3.1](#), about one in seven reports income from employment at any point in time. The long-term unemployed person who is entirely dependent on payment for many years is a relatively rare individual.

People who receive lone parent payments are likely to stay on payment for at least two years, and net population turnover is relatively low. Some leave payment because of re-partnering, others for employment and a substantial group simply moves onto another payment when their eligibility for Parenting Payment Single expires. This group is the most likely to combine employment and income support on an ongoing basis.

The last of the four main recipient groups is the most diverse. Some of the payments in this group (Wife Pension, widow payments) show patterns of receipt similar to those of DSP, others (Carer Payment, Partner Allowance) are more like Parenting Payment Single, while Parenting Payment Partnered is most like the unemployment payments.

This increasing diversity of income support receipt parallels the increasing diversity of labour market experience that we outlined in the first part of this paper. The increased availability of part-time employment has provided more opportunities for people to supplement their income support with earnings. On the other hand, widespread underemployment and casualisation have meant that many people who in previous times might have been independent of the income support system have had to rely on it to top up their inadequate earnings. In the next part of this paper, we examine this interaction in more detail.

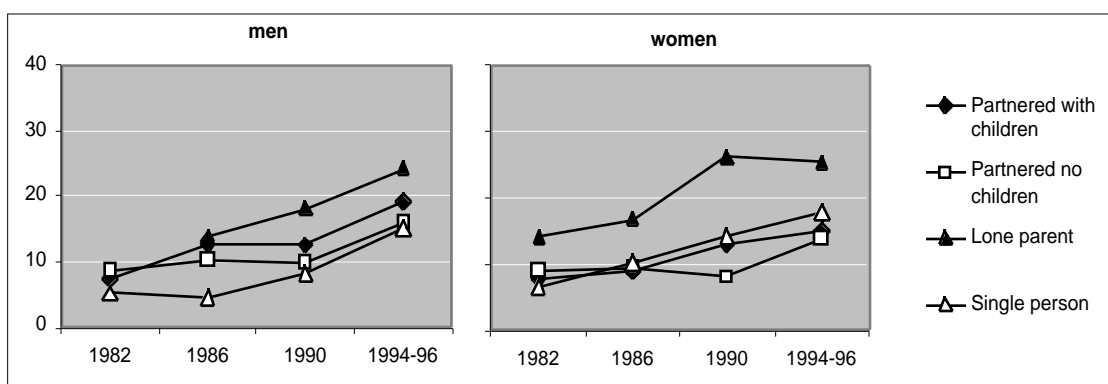
3.3 Participation in employment and education

Administrative data show that the proportion of income support recipients receiving a part-rate payment because of other income has increased significantly. At the beginning of the 1980s very few working-age income support recipients were on a part-rate payment. In June

1998 around 18% of recipients received a part-rate payment. In the great majority of cases, people receive a part-rate payment because of income from employment⁴.

Because there is no reliable time series of administrative data on the employment of income support recipients, we have used data from ABS income distribution surveys to examine trends over the 1980s and 1990s⁵. [Figure 3.2](#) shows significant increases between the 1982 survey and the 1994-96 surveys in employment among people receiving income support. Consistent with administrative data, lone parents had consistently the highest employment rates at each point in time. Employment rates of women in families increased strongly in the late 1980s, whereas employment rates have increased more strongly for men during the 1990s.

Figure 3.2: Proportions of working-age income support recipients in employment, by gender and family status, 1982, 1986, 1990 & 1994-96.



Source: ABS, *Income Distribution, Australia (Unit Record Data)*, 1982, 1986, 1990 and 1994-96.

Comparing these trends with those identified for the population as a whole ([Figure 2.2](#)) suggests that quite different processes were operating in the male and female income support populations. Among women, employment of income support recipients increased with the general increase in female employment, while the employment of male income support recipients increased as male employment was falling. The slower increase for female recipients in the 1990s is also matched by slower overall employment growth for women in the 1990s⁶. This suggests that the increased employment of female income support recipients represents an increase in aggregate labour supply, whereas for men it represents a decrease in aggregate labour supply (ie a net movement from full-time to part-time employment), of which at least part is underemployment.

[Figure 3.3](#) summarises the trends in employment within each of the main payment groups discussed earlier. It shows consistent increases in employment for people receiving unemployment payment between 1982 and 1994-96, steady growth since 1986 for disability payments, and a steep increase for lone parents during the late 1980s followed by little change in the 1990s.

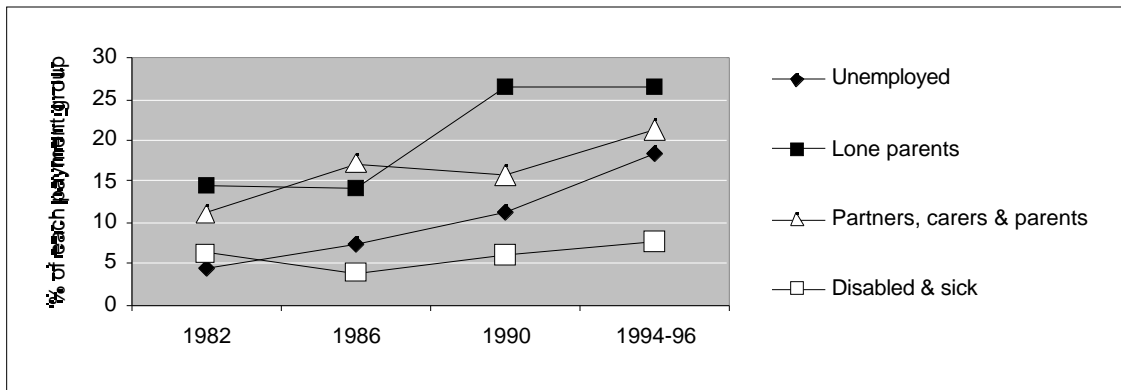
⁴ This figure captures only those people with earnings and other income of more than the relevant income test free area (currently \$31 a week for people on allowance payments, \$53 a week for single pensioners and \$94 a week for a pensioner couple).

⁵ One limitation of using these data is sample size. This results in incomplete coverage of some sub-groups in the income support population. For instance, in [Figure 3.2](#), there are insufficient records to show data for male lone parents in 1982. Further discussion of this data source is contained in the Technical Appendix to this paper.

⁶ Thus, the slower growth for female recipients does not appear to be attributable to compositional effects (such as employed recipients leaving the income support system totally).

The findings here confirm that over the last 15 to 20 years there has been a significant increase in the extent to which people in Australia combine employment and income support. Marsh (1997) found similar significant levels of employment amongst income support recipients in Britain. These Australian and UK data contrast with the proposition advanced by Mead (1997) that the welfare 'problem' in the US arises from poor work attachment among poor people. Our analysis also tends to support Marsh's (1997) finding that the income support system can and does play a significant role in supporting people already in employment, particularly those whose work is intermittent or poorly paid. Much of the increase in the employment rates of income support recipients, particularly men, appears to be due to people in employment falling back on the income support system to a greater extent than previously. This is also consistent with longitudinal research in Australia, covering the 1994 to 1997 period, which describes workers who cycle in and out of low-paid work (Dunlop 2000).

Figure 3.3: Proportions of working-age income support recipients in employment, by income support payment group, 1982, 1986, 1990 & 1994-96.



Source: ABS, *Income Distribution, Australia (Unit Record Data)*, 1982, 1986, 1990 and 1994-96.

Figure 3.4 (over page) shows that participation in education also increased among female income support recipients over the 1980s and 1990s, but not among men. This increased participation in education may help to explain why lone parent employment has remained relatively flat during the 1990s. Survey data (Pech & Pawagi 1999) show that female lone parents are the income support group with the highest rate of participation in education. Thus, it appears that increasing proportions of women on income support are deciding that time spent improving their skills is a worthwhile investment. Research from both the US and Canada has confirmed the value of education for the employment prospects of female income support recipients (Harris & Edin (2000) and Barrett (2000) respectively).

Figure 3.4: Proportions of working-age income support recipients in full and part-time education, by gender, 1986, 1990 & 1994-96.



Source: ABS, *Income Distribution, Australia (Unit Record Data)*, 1986, 1990 and 1994-96.

Some people might interpret the increased incidence of employment among income support recipients as indicating adoption of permanent part-time work supplemented by income support as a 'lifestyle' choice. Pension arrangements are more conducive to this than allowance arrangements. While the allowance income test ensures that eligibility is lost if a person takes a substantial part-time job, the pension income test may allow people in low-paid full-time work to continue to receive a partial income support payment. However, administrative data show conclusively that very few income support recipients adopt this pattern of income support reliance. Over the period from April 1996 to March 1999, an estimated 38,000 people (less than one per cent of the total recipient population) had a cumulative income support duration of more than five years and private income that averaged more than \$150 a week. Over half of this group were lone parents on Parenting Payment⁷. [Table 3.1](#) confirms that long-duration income support recipients are less likely than short-duration income support recipients to have significant private income. Parenting Payment Single recipients are much more likely than people on other payments to have these higher levels of private income, regardless of income support duration.

Table 3.1: Private income per week by cumulative duration category, selected payment types, all income support recipients April 1996 to March 1999.

Payment type	Private income* per week by cumulative duration# (%)					
	Less than \$50		\$50-150		More than \$150	
	Short	Long	Short	Long	Short	Long
Disability Support Pension	80	91	13	7	8	2
Carer Payment	74	85	15	14	11	1
Parenting Payment Single	60	67	17	18	24	15
Parenting Payment Partnered	80	87	14	10	6	3
Newstart Allowance	71	81	19	13	11	5
All payments	76	83	16	11	9	6

Source: Department of Family & Community Services, *Longitudinal Dataset*, 1% sample file.

* Income from employment, investments, etc. is averaged over the entire period of income support receipt, and does not include child support payments.

Short duration is defined as less than 2 years, long duration as 5 years or longer.

⁷ They comprised 4.5% of the total population of lone parents receiving Parenting Payment.

4. Conclusion

The Australian social security system plays a central role in facilitating employment mobility in Australia and in supporting people whose position in the labour market is insecure. It does this in a number of ways: by supplementing income from earnings, by providing income between short-term jobs, and by providing support to those who are undergoing training or education. Viewed from this perspective, it provides a comprehensive range of work-related supports.

Our analysis has shown that over the past twenty years increasing numbers of people have come to rely on income support to supplement their earnings. The data suggest that the proportion of working-age recipients combining employment and income support more than doubled between the early 1980s and mid 1990s. We have argued that this trend reflects both increased participation in employment by people on income support and a reduction in the availability of secure full-time jobs, especially for men. There has also been an increasing proportion of income support recipients, particularly women, undertaking full or part-time study.

It seems likely that the current trend to increasing diversity of labour market attachment and experience will continue into the future. If this is so, it will be crucial to ensure that the income support system and related programs continue to provide appropriate support for people who are doing their best to participate in a labour market that is increasingly insecure for many groups.

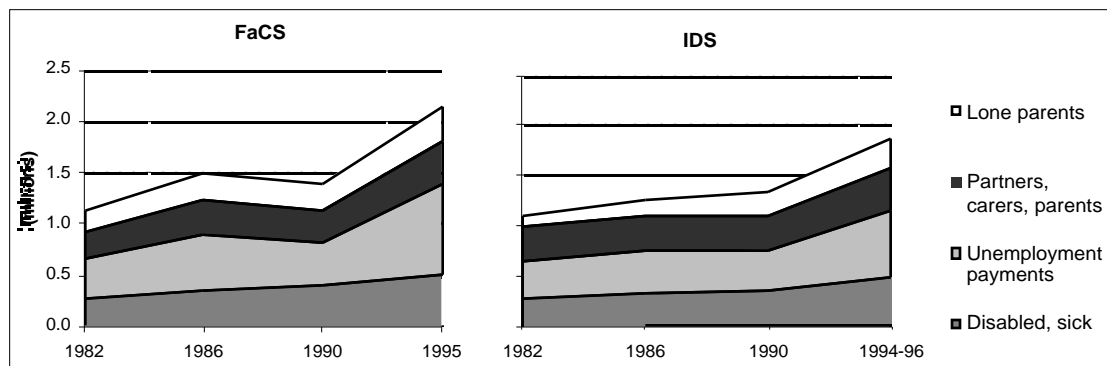
Technical appendix

We use published ABS Labour Force Survey (LFS) data, unit record ABS Income Distribution Survey (IDS) data for 1982, 1986, 1990 and 1994-96, administrative data and sample surveys of income support recipients. The advantage of using IDS data is that, unlike LFS data, they identify payment types of income support recipients. In addition, they have a wide range of demographic and employment variables, and are able to be analysed on an individual, family or household basis. The main disadvantage is that the aggregate number of income support recipients is systematically under-represented in comparison to administrative data ([Figure A.1](#)).

Also, the scope of the IDS differs from the LFS. The IDS excludes residents of non-private dwellings, whereas the LFS excludes military personnel. Comparing the working-age populations of the IDS and LFS surveys according to labour force status shows broadly similar profiles and trends ([Figure A.2](#) over page). The number not in the labour force is lower in the IDS due to the exclusion of non-private dwellings.

The employment to population ratios of working-age men and women ([Figure A.3](#) over page) also resemble those based on Labour Force Survey data (see [Figure 2.1](#)). One apparent difference in the graphs is explained by the different time periods of the data series. The income survey data capture the increase in employment of male sole parents in the first half of the 1990s, but do not capture the decline after 1996.

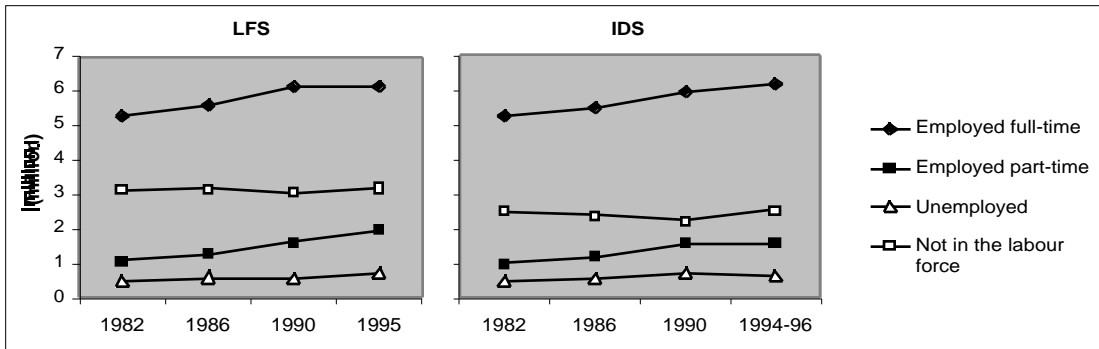
Figure A.1: Numbers of workforce-age income support recipients, by income support group, FaCS and ABS Income Distribution Survey data, 1982 to 1994-96.



Sources: Department of Family and Community Services (formerly Department of Social Security) Annual Reports, ABS, Income Distribution, Australia (Unit Record Data), 1982, 1986, 1990 and 1994-96.

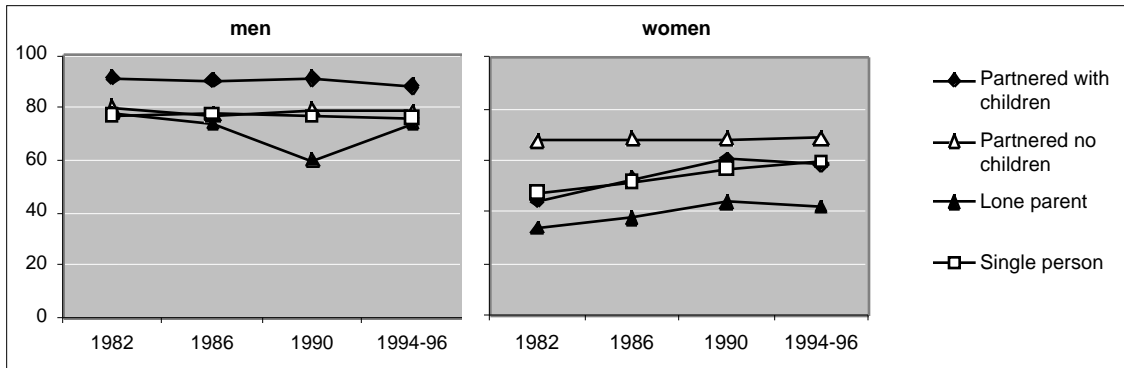
Note: As partners of recipients only received payments in their own right from September 1994, the earlier data are adjusted to include partners of recipients in the Partners/Carers/Parents category.

Figure A.2: Labour force status of workforce-age population, ABS Labour Force Survey and ABS Income Distribution Survey data, 1982 to 1994-96.



Sources: ABS, *Labour Force Status and Other Characteristics of Families, Australia (Cat. No. 6224.0)*, 1979 to 1999, ABS, *Income Distribution, Australia (Unit Record Data)*, 1982, 1986, 1990 and 1994-96.

Figure A.3: Employment to population ratios of men and women aged 15 to 64, by family type, ABS Income Distribution Survey data, 1982 to 1994-96.



Source: ABS, *Income Distribution, Australia (Unit Record Data)*, 1982, 1986, 1990 and 1994-96.

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