Low paid workers in Australia: insights from HILDA

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A report for
IR Victoria

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Preface

This report examines three aspects of low paid employees in Australia during the last few years. It looks at their circumstances in the labour market, particularly patterns in their hours of work and issues of underemployment. Secondly, the report investigates labour flows over a four year period, attempting to track the labour market fortunes of unemployed people and low paid employees. Finally, the report provides a snapshot of the household circumstances of low paid employees, covering areas like income, expenditure, financial hardship and housing.

The report makes use of an important dataset, the Household, Income and Labour Dynamics in Australia Survey, called HILDA for short. This survey is unique in Australia: not only does it provide longitudinal data on a large number of respondents over a five year period (from 2001 to 2005), but it also provides household information on those respondents. It is thus ideally suited for the key tasks undertaken in this report: a labour flows analysis and a household analysis.

It is important to keep in mind that the 'unit of analysis' changes in this report. In the first two parts, the individual respondent is the unit of analysis. Part 1 provides a snapshot of their circumstances in 2005 while Part 2 looks at how they have fared during the period 2001 to 2005. In Part 3, on the other hand, the household in which these individuals live becomes the unit of analysis. The significance of this shift will be noted later in the report where some of its methodological implications will be discussed.

In the first two parts of the report the population of interest is employees. While the self-employed often report very low incomes (but surprisingly higher expenditure patterns!) they are outside the scope of this study. Thus in the first two parts of the report, the 'contrast' group against which low paid employees are contrasted are those employees on higher wages (the actual definitions of low paid will be discussed shortly). This contrast is based on the recognition that AFPC decisions are applicable only to employees.

Other populations are, however, included in the report where appropriate. The labour flows analysis, for example, looks at unemployed persons, self-employed workers and those who have exited the labour market. Similarly, in the household analysis, the 'contrast' households include all other households with an employed person present. This is reasonable, since all these households are dependent on earning an income in the labour market, and households often contain a combination of employees, self-employed and employers. What are ex-

cluded, however, are households where there is no connection to paid employment (such as households with only unemployed persons, or persons outside the labour market, such as retired persons).

There are also issues concerning sub-populations. In the household analysis, for example, adult employees are used to define low paid households. This is important because many teenagers are in low paid employment, while their parents may be in well-paid jobs. In the flows analysis, age and gender are considered, as are the kinds of jobs into which low paid employees transit (such as full-time and part-time, permanent and casual). When there are issues in this report concerning the appropriate sub-population to examine, sensitivity analysis is used, with additional tables provided to investigate the outcomes for different combinations of sub-population. Many of these tables can be found in the appendix, a strategy which avoids the main text becoming too cluttered.

Finally, the appendix also contains a discussion on methodology, particularly the important issue of how the low paid are defined. Moreover, all of the tables in the report contain detailed notes, providing important information on the assumptions behind the figures shown in the tables.

Part 1

Labour market characteristics

1.1 Introduction

The labour market characteristics of low paid employees are already well documented in the literature,[1] which paints a picture of a group of employees who are predominantly part-time casuals working in labouring and service occupations in retail and hospitality. In this section I concentrate on those characteristics which are less well documented. While a demographic profile and an industry and occupational overview is offered, the focus is mainly on issues of hours of work, particularly the variability in hours and, to some extent, earnings.

One of the main dilemmas in analysing the labour market characteristics of low paid employees is the strong overlap between casual employment and low paid jobs. While a multivariate analysis would be ideal, a reasonable way around this problem of confounding is to present a number of tables with their findings broken down by employment contract. This allows one to see the extent to which permanents also share the characteristics found among the FMW. Where they do, this suggests that the casual component is not the driving force and that lower earnings, in themselves, appear to be having some effect.

There are four main groups of employees discussed in this report, three of whom are regarded as low paid and a fourth which makes up the remainder of the employee workforce. In summary, the four earnings categories used, and their coverage, are as follows:

1. earning over $700 per week:

[1] Healy, J. and Richardson, S. (2006) *An Updated profile of the minimum wage workforce in Australia*, Adelaide: National Institute of Labour Studies. (Report Commissioned by the Australian Fair Pay Commission.). Richardson, S. & Harding, A. (1999) 'Poor Workers? The Link between Low Wages, Low Family Income and the Tax and Transfer Systems' in Richardson, S. (ed.) *Reshaping the Labour Market, Regulation, Efficiency and Equality in Australia*, Cambridge University Press. Dunlop, Y. (2001) 'Low-paid employment in the Australian labour market, 1995–97' in Borland, J.; Gregory, B. & Sheehan, P. (ed.) *Work Rich: Work Poor: Inequality and economic change in Australia*, Centre for Strategic Economic Studies, Victoria University. Eardley, T. (1998) *Working But Poor? Low Pay and Poverty in Australia* Social Policy Research Centre, University of NSW.

   - some 4.9 million employees;
   - about 60 per cent of all employees;
2. earning at or below $700 per week, but above C10:
   - some 890,000 employees;
   - about 11 per cent of all employees;
3. earning at or below C10 rates, but above FMW:
   - some 1.2 million employees;
   - about 15 per cent of all employees;
4. earning at or below FMW:
   - some 1.2 million employees;
   - about 15 per cent of all employees.

For ease of expression, the terms *FMW employee*, *C10 employee* and *sub-$700 employee* will be used for these three low paid categories throughout the report. The 'C10 rate' refers to the C10 classification level of the Federal Metal Industry Award, a wage level which provides a base general trade rate, and which is generally regarded as one benchmark for determining the cutpoint for low paid employees. Within tables, the following short-hand phrases are used for these four categories:

1. $700pw>
2. C10<=$700pw
3. FMW<=C10
4. <=FMW

These categories are derived from hourly rates of pay and throughout the five waves of data, the rates which are employed are those which applied during the second half of each year, coinciding with when HILDA interviews were held. The sub-$700 categories are based on CPI-adjusted cut-offs. Further details are available in the appendix.

1.2 Overview

1.2.1 Demographic profile

The basic demographic profile of employees is shown in Table 1.1 and the most striking feature of these data is the concentration of young people in the FMW category. They constitute 61 per cent of the employees in this group. However, the drop-off in the next two low paid earnings categories is dramatic: 34 per cent (C10) and 22 per cent (sub-$700) respectively. Not surprisingly, FMW employees are much more likely to be single and to be studying full-time. Some 30 per cent are full-time students, compared with an overall average of just 9 per cent. This table also suggests that FMW employees are more likely to have lower educational qualifications. This assessment is, however, confounded by the heavy concentration of students. For this reason, Table 1.2 shows the same data but with full-time students excluded.

Excluding students see a large drop in numbers for FMW employees: from 1.2 million to 850,000 (Table 1.2). While they are still disproportionately young and single, the ranks of married persons amongst the FMW employees is now much greater, with 41 per cent being either married or in de facto relationships. Nevertheless, the low levels of educational attainment are still evident: some 66 per cent of FMW have only year 12 qualifications or lower, compared to an overall average of 40 per cent. Moreover, whereas about one fifth of all other earnings groups have Certificate III or IV qualifications, only 15 per cent of FMW employees do.

In summary, while the popular perception that most FMW employees are students is clearly inaccurate—they make us just 30 per cent of that category—the concentration of young and unskilled employees in the FMW category is reasonably correct. As the next section will show, it is FMW employees who also have the least access to training in the workplace, thereby compounding their lack of skills.

Table 1.1: Demographic characteristics by earnings, all employees

	$700pw>	C10<=$700pw	FMW<=C10	<=FMW	Total	$700pw>	C10<=$700pw	FMW<=C10	<=FMW	Total
	000's	000's	000's	000's	000's	%	%	%	%	%
Sex										
Male	2,859	405	524	554	4,343	58.0	45.7	42.8	45.7	52.6
Female	2,067	481	702	658	3,908	42.0	54.3	57.2	54.3	47.4
Total	4,926	886	1,226	1,212	8,250	100.0	100.0	100.0	100.0	100.0
Age group										
Under 25	484	193	416	736	1,829	9.8	21.8	33.9	60.8	22.2
25 to 34	1,342	269	247	138	1,995	27.2	30.3	20.1	11.4	24.2
35 to 44	1,353	187	229	137	1,907	27.5	21.1	18.7	11.3	23.1
45 to 54	1,203	146	235	127	1,711	24.4	16.5	19.2	10.5	20.7
55 to 64	498	84	90	54	727	10.1	9.4	7.4	4.5	8.8
65 or over	47	8	9	18	82	0.9	0.9	0.7	1.5	1.0
Total	4,926	886	1,226	1,212	8,250	100.0	100.0	100.0	100.0	100.0
Marital status										
Married	2,804	381	443	276	3,905	56.9	43.0	36.1	22.8	47.3
Separated	143	22	53	22	240	2.9	2.5	4.3	1.8	2.9
Divorced	362	71	82	41	556	7.4	8.0	6.7	3.4	6.7
Widowed	49	15	9	8	81	1.0	1.6	0.8	0.7	1.0
De facto	489	115	131	94	829	9.9	13.0	10.7	7.7	10.0
Never married	1,078	282	508	771	2,639	21.9	31.9	41.4	63.6	32.0
Total	4,926	886	1,226	1,212	8,250	100.0	100.0	100.0	100.0	100.0
Highest educ level										
Postgraduate	273	6	9	11	299	5.5	0.7	0.7	0.9	3.6
Grad diploma	412	26	24	15	476	8.4	2.9	1.9	1.2	5.8
Bachelor	1,013	87	91	61	1,253	20.6	9.8	7.4	5.1	15.2
Adv diploma, diploma	496	77	99	60	733	10.1	8.7	8.1	5.0	8.9
Cert III or IV	1,093	182	266	137	1,678	22.2	20.5	21.7	11.3	20.3
Cert I or II	61	22	36	40	160	1.2	2.5	3.0	3.3	1.9
Cert not defined	19	2	2	3	27	0.4	0.2	0.2	0.3	0.3
Year 12	719	173	278	253	1,423	14.6	19.5	22.6	20.9	17.2
Year 11 and below	839	311	421	632	2,203	17.0	35.1	34.3	52.1	26.7
Total	4,926	886	1,226	1,212	8,250	100.0	100.0	100.0	100.0	100.0
Full-time student										
Not studying full-time	4,762	834	1,092	846	7,533	96.7	94.1	89.0	69.8	91.3
Full-time student	164	53	135	366	717	3.3	5.9	11.0	30.2	8.7
Total	4,926	886	1,226	1,212	8,250	100.0	100.0	100.0	100.0	100.0
Sample size	4,040	702	1,019	1,002	6,763					

Notes: Weighted by cross-sectional weights. $700pw> = over $700 per week; C10<=$700pw = at or below $700 per week, but above C10; FMW<=C10 = at or below C10, but above FMW; <=FMW = at or below FMW. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year; $700 is discounted each year by CPI.
Population: All employees in Wave 5 (2005).
Source: HILDA Release 5.

Table 1.2: Demographic characteristics by earnings, excluding students

	\$700pw>	C10<=\$700pw	FMW<=C10	<=FMW	Total	\$700pw>	C10<=\$700pw	FMW<=C10	<=FMW	Total
	000's	000's	000's	000's	000's	%	%	%	%	%
Sex										
Male	2,774	378	463	391	4,006	58.3	45.3	42.4	46.3	53.2
Female	1,988	456	629	454	3,527	41.7	54.7	57.6	53.7	46.8
Total	4,762	834	1,092	846	7,533	100.0	100.0	100.0	100.0	100.0
Age group										
Under 25	379	147	290	387	1,204	8.0	17.7	26.6	45.8	16.0
25 to 34	1,313	264	241	125	1,942	27.6	31.6	22.0	14.7	25.8
35 to 44	1,331	186	228	136	1,881	28.0	22.3	20.9	16.1	25.0
45 to 54	1,195	146	234	125	1,700	25.1	17.5	21.4	14.8	22.6
55 to 64	496	83	90	54	724	10.4	9.9	8.3	6.4	9.6
65 or over	47	8	9	18	82	1.0	1.0	0.8	2.2	1.1
Total	4,762	834	1,092	846	7,533	100.0	100.0	100.0	100.0	100.0
Marital status										
Married	2,782	379	438	258	3,857	58.4	45.5	40.1	30.5	51.2
Separated	142	22	53	21	238	3.0	2.7	4.8	2.5	3.2
Divorced	360	70	82	41	552	7.6	8.3	7.5	4.9	7.3
Widowed	49	15	9	8	81	1.0	1.7	0.9	1.0	1.1
De facto	463	110	127	86	786	9.7	13.2	11.6	10.1	10.4
Never married	966	238	383	432	2,019	20.3	28.5	35.1	51.1	26.8
Total	4,762	834	1,092	846	7,533	100.0	100.0	100.0	100.0	100.0
Highest educ level										
Postgraduate	268	6	9	11	293	5.6	0.7	0.8	1.2	3.9
Grad diploma	407	25	24	14	469	8.5	3.0	2.2	1.6	6.2
Bachelor	989	82	88	47	1,206	20.8	9.8	8.1	5.5	16.0
Adv diploma, diploma	487	76	89	55	707	10.2	9.1	8.1	6.5	9.4
Cert III or IV	1,073	181	260	126	1,640	22.5	21.7	23.8	14.9	21.8
Cert I or II	61	21	36	36	155	1.3	2.6	3.3	4.3	2.1
Cert not defined	19	2	2	2	26	0.4	0.3	0.2	0.3	0.3
Year 12	646	147	219	185	1,198	13.6	17.7	20.1	21.9	15.9
Year 11 and below	811	293	364	369	1,838	17.0	35.2	33.4	43.7	24.4
Total	4,762	834	1,092	846	7,533	100.0	100.0	100.0	100.0	100.0
Sample size	3,911	651	912	686	6,160					

Notes: Weighted by cross-sectional weights. \$700pw> = over \$700 per week; C10<=\$700pw = at or below \$700 per week, but above C10; FMW<=C10 = at or below C10, but above FMW; <=FMW = at or below FMW. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year; \$700 is discounted each year by CPI.
Population: No full-time students, otherwise all employees in Wave 5 (2005).
Source: HILDA Release 5.

1.2.2 Labour market profile

Table 1.3 shows the familiar pattern: a heavy concentration of FMW employees in elementary clerical, sales and service occupations (27 per cent), with sizeable proportions also in labouring and intermediate clerical, sales and service jobs. Tradespersons are also slightly over-represented. On the industry front, the largest concentration of FMW employees is found in wholesale and retail (37 per cent) followed by hospitality (17 per cent). Only 14 per cent of FMW employees are unionised, compared with an overall average of 27 per cent. Nearly half of all FMW employees are casuals, compared with an overall average of 23 per cent. Similarly, more than half of all FMW employees are part-time employees, whereas less than a third of other employees are part-timers.

An important finding in Table 1.3 is that only about 30 per cent of FMW employees accessed training at work in the last year. This figure only slightly improves for other lower paid employees: a figure of 34 per cent for C10 employees, and 36 per cent for those earning under $700 per week. By way of contrast, the figure is much higher for those earning over $700 per week (47 per cent).

Of course, the strong association between FMW rates and casual employment confounds many of the findings in Table 1.3. As noted earlier, additional tables are used to partly address this problem. Tables 1.4 and 1.5 re-present these data, with findings for permanent (grouped with fixed term)[2] and casual employees shown respectively.

Looking at Table 1.4, an obvious change in occupational characteristics is evident: permanent FMW employees are no longer as heavily concentrated in elementary clerical, sales and service occupations, but are now mainly found in the tradesperson and intermediate clerical, sales and service occupations. While the industry profile has moderated slightly, the overall pattern remains the same, with wholesale and retail still accounting for 28 per cent of all jobs. The hours profile does change considerably—with only 27 per cent of FMW employees working part-time—but the remaining characteristics do not change much. FMW employees are still much less likely to be in unions than higher paid employees. While their access to training is comparable to the other lower paid groups, they also still fall well behind the best paid employees. Some 38 per cent of permanent (and fixed term) FMW employees access training at work, compared to 51 per cent of employees earning above $700 per week.

The characteristics of casual FMW employees represent a more extreme version of the picture presented in Table 1.3. As Table 1.5 shows, their occupational concentration in elementary clerical, sales and service occupations is even deeper (41 per cent), and their presence in wholesale and retail is overwhelming (48 per cent). They almost exclusively work as part-time employees (87 per cent), and their low levels of unionisation (12 per cent) and access to training (22 per

[2] The grouping of permanents and fixed term employees is appropriate because the characteristics (in terms of occupation, skill level and earnings) of the latter are much closer to those of permanent employees than they are to those of casuals.

cent) are also not surprising.

This overview of FMW employees, and the breakdown by employment contract, shows that some of the characteristics of these employees appear to be related to their low level of earnings, rather than their mode of engagement. In particular, their low levels of unionisation and their poor access to training are quite distinctive. Their industry and occupational profiles are predictable, given that these lower skilled jobs, and these types of service industries, have always been associated with lower earnings.

Table 1.3: Labour market characteristics by earnings, all employees

	\$700pw>	C10<=\$700pw	FMW<=C10	<=FMW	Total	\$700pw>	C10<=\$700pw	FMW<=C10	<=FMW	Total
	000's	000's	000's	000's	000's	%	%	%	%	%
Occupation										
Managers	456	27	11	18	511	9.3	3.0	0.9	1.4	6.2
Professionals	1,413	83	84	58	1,638	28.7	9.3	6.8	4.8	19.9
Assoc Profs	661	95	100	67	923	13.4	10.7	8.1	5.5	11.2
Tradespersons	541	75	127	178	920	11.0	8.4	10.4	14.7	11.2
Adv Clerical etc	209	37	26	17	288	4.2	4.1	2.1	1.4	3.5
Interm Clerical etc	755	211	350	227	1,543	15.3	23.8	28.6	18.7	18.7
Interm Prodn etc	388	112	122	92	714	7.9	12.6	9.9	7.6	8.7
Elem Clerical etc	270	143	234	335	981	5.5	16.1	19.0	27.6	11.9
Labourers	233	105	173	221	732	4.7	11.8	14.1	18.3	8.9
Total	4,926	886	1,226	1,212	8,250	100.0	100.0	100.0	100.0	100.0
Industry										
Agriculture	61	17	19	50	147	1.3	1.9	1.6	4.1	1.8
Mining & constr	402	43	38	67	549	8.2	4.8	3.1	5.6	6.7
Manufacturing	643	126	161	82	1,011	13.1	14.2	13.2	6.8	12.3
Infrastructure	433	52	53	32	569	8.8	5.9	4.4	2.6	6.9
Wholesale & retail	530	230	397	447	1,603	10.8	26.0	32.6	37.2	19.6
Government	407	24	25	26	482	8.3	2.7	2.1	2.2	5.9
Fin, prop & bus	750	118	129	125	1,122	15.3	13.3	10.6	10.4	13.7
Edu, health & comm	1,223	182	240	165	1,810	25.0	20.6	19.7	13.7	22.1
Accom, cafes, cult, rec	449	93	156	209	907	9.2	10.5	12.8	17.4	11.1
Total	4,896	883	1,220	1,202	8,201	100.0	100.0	100.0	100.0	100.0
Union member										
Yes	1,670	196	219	170	2,256	34.0	22.5	18.1	14.3	27.6
No	3,236	678	990	1,020	5,924	66.0	77.5	81.9	85.7	72.4
Total	4,906	875	1,209	1,190	8,179	100.0	100.0	100.0	100.0	100.0
Access to training										
Yes	2,314	316	414	371	3,416	47.0	35.7	33.8	30.7	41.4
No	2,612	570	812	839	4,832	53.0	64.3	66.2	69.3	58.6
Total	4,926	886	1,226	1,210	8,249	100.0	100.0	100.0	100.0	100.0
Employment contract										
Fixed term	473	67	96	100	737	9.6	7.6	7.8	8.3	8.9
Casual	755	221	325	582	1,883	15.3	25.0	26.5	48.1	22.8
Permanent	3,695	598	805	528	5,626	75.1	67.4	65.7	43.6	68.2
Total	4,924	886	1,225	1,210	8,245	100.0	100.0	100.0	100.0	100.0
Usual hours										
Full-time	3,768	585	737	534	5,625	76.5	66.0	60.1	44.1	68.2
Part-time	1,158	301	489	678	2,625	23.5	34.0	39.9	55.9	31.8
Total	4,926	886	1,226	1,212	8,250	100.0	100.0	100.0	100.0	100.0
Sample size	4,040	702	1,019	1,002	6,763					

Notes: Weighted by cross-sectional weights. \$700pw> = over \$700 per week; C10<=\$700pw = at or below \$700 per week, but above C10; FMW<=C10 = at or below C10, but above FMW; <=FMW = at or below FMW. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year; \$700 is discounted each year by CPI.
Population: all employees in Wave 5 (2005).
Source: HILDA Release 5.

Table 1.4: Labour market characteristics by earnings, permanent employees

	$700pw>	C10<=$700pw	FMW<=C10	<=FMW	Total	$700pw>	C10<=$700pw	FMW<=C10	<=FMW	Total
	000's	000's	000's	000's	000's	%	%	%	%	%
Occupation										
Managers	452	27	10	16	505	10.8	4.0	1.1	2.6	7.9
Professionals	1,282	69	75	37	1,462	30.7	10.4	8.4	5.8	23.0
Assoc Profs	616	84	89	58	848	14.8	12.7	9.9	9.3	13.3
Tradespersons	452	66	109	143	771	10.9	9.9	12.2	22.8	12.1
Adv Clerical etc	172	27	24	10	233	4.1	4.1	2.6	1.6	3.7
Interm Clerical etc	576	168	255	126	1,125	13.8	25.3	28.4	20.0	17.7
Interm Prodn etc	325	86	100	49	560	7.8	13.0	11.1	7.8	8.8
Elem Clerical etc	157	79	141	97	474	3.8	11.9	15.6	15.5	7.5
Labourers	137	58	97	92	384	3.3	8.8	10.8	14.6	6.0
Total	4,168	665	901	628	6,362	100.0	100.0	100.0	100.0	100.0
Industry										
Agriculture	41	5	9	25	79	1.0	0.8	1.0	3.9	1.3
Mining & constr	341	38	28	55	461	8.2	5.7	3.1	8.8	7.3
Manufacturing	580	105	127	66	878	14.0	15.8	14.2	10.6	13.9
Infrastructure	374	41	42	17	473	9.0	6.2	4.7	2.7	7.5
Wholesale & retail	397	151	290	172	1,010	9.6	22.8	32.3	27.5	16.0
Government	385	22	21	25	452	9.3	3.2	2.3	4.0	7.1
Fin, prop & bus	678	90	95	74	937	16.3	13.6	10.7	11.8	14.8
Edu, health & comm	1,042	150	195	101	1,488	25.1	22.6	21.8	16.1	23.5
Accom, cafes, cult, rec	308	62	89	92	551	7.4	9.3	10.0	14.7	8.7
Total	4,146	663	896	625	6,330	100.0	100.0	100.0	100.0	100.0
Union member										
Yes	1,558	167	185	101	2,011	37.5	25.5	20.8	16.4	31.8
No	2,599	490	707	514	4,310	62.5	74.5	79.2	83.6	68.2
Total	4,157	657	892	615	6,321	100.0	100.0	100.0	100.0	100.0
Access to training										
Yes	2,141	262	333	241	2,977	51.4	39.3	37.0	38.4	46.8
No	2,027	403	568	387	3,385	48.6	60.7	63.0	61.6	53.2
Total	4,168	665	901	628	6,362	100.0	100.0	100.0	100.0	100.0
Employment contract										
Fixed term	473	67	96	100	737	11.3	10.1	10.7	16.0	11.6
Permanent	3,695	598	805	528	5,626	88.7	89.9	89.3	84.0	88.4
Total	4,168	665	901	628	6,362	100.0	100.0	100.0	100.0	100.0
Usual hours										
Full-time	3,548	523	660	457	5,189	85.1	78.7	73.3	72.8	81.6
Part-time	620	142	241	171	1,173	14.9	21.3	26.7	27.2	18.4
Total	4,168	665	901	628	6,362	100.0	100.0	100.0	100.0	100.0
Sample size	3,401	519	747	513	5,180					

Notes: Weighted by cross-sectional weights. $700pw> = over $700 per week; C10<=$700pw = at or below $700 per week, but above C10; FMW<=C10 = at or below C10, but above FMW; <=FMW = at or below FMW. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year; $700 is discounted each year by CPI.
Population: permanent employees in Wave 5 (2005).
Source: HILDA Release 5.

Table 1.5: Labour market characteristics by earnings, casual employees

	$700pw>	C10<=$700pw	FMW<=C10	<=FMW	Total	$700pw>	C10<=$700pw	FMW<=C10	<=FMW	Total
	000's	000's	000's	000's	000's	%	%	%	%	%
Occupation										
Managers	4	0	1	1	6	0.6	0.0	0.3	0.2	0.3
Professionals	131	14	9	21	174	17.3	6.2	2.6	3.7	9.3
Assoc Profs	45	11	11	9	74	5.9	4.8	3.2	1.5	3.9
Tradespersons	88	9	18	34	149	11.7	3.8	5.5	5.9	7.9
Adv Clerical etc	37	10	2	6	55	4.9	4.3	0.5	1.1	2.9
Interm Clerical etc	179	43	94	101	418	23.7	19.5	29.0	17.4	22.2
Interm Prodn etc	63	25	22	43	153	8.3	11.5	6.8	7.5	8.2
Elem Clerical etc	113	64	93	236	506	14.9	28.9	28.7	40.6	26.9
Labourers	96	47	76	129	348	12.7	21.0	23.4	22.2	18.5
Total	755	221	325	582	1,883	100.0	100.0	100.0	100.0	100.0
Industry										
Agriculture	20	11	11	25	68	2.7	5.2	3.4	4.3	3.6
Mining & constr	61	5	10	12	88	8.2	2.2	3.2	2.1	4.7
Manufacturing	63	21	33	16	133	8.4	9.5	10.4	2.8	7.1
Infrastructure	58	11	11	15	95	7.8	5.0	3.4	2.6	5.1
Wholesale & retail	132	79	107	274	592	17.6	35.8	33.3	47.5	31.7
Government	22	2	5	2	30	2.9	0.9	1.4	0.3	1.6
Fin, prop & bus	72	28	34	51	185	9.6	12.6	10.5	8.9	9.9
Edu, health & comm	180	32	45	64	321	24.0	14.8	13.9	11.1	17.2
Accom, cafes, cult, rec	140	31	66	118	355	18.8	14.0	20.5	20.4	19.0
Total	748	220	322	576	1,866	100.0	100.0	100.0	100.0	100.0
Union member										
Yes	112	29	33	69	243	14.9	13.4	10.6	12.1	13.1
No	635	188	282	504	1,610	85.1	86.6	89.4	87.9	86.9
Total	747	217	315	573	1,853	100.0	100.0	100.0	100.0	100.0
Access to training										
Yes	173	55	81	130	439	22.9	24.7	25.1	22.4	23.3
No	582	167	243	452	1,444	77.1	75.3	74.9	77.6	76.7
Total	755	221	325	582	1,883	100.0	100.0	100.0	100.0	100.0
Usual hours										
Full-time	218	62	78	76	434	28.9	28.0	23.9	13.1	23.0
Part-time	537	159	247	506	1,449	71.1	72.0	76.1	86.9	77.0
Total	755	221	325	582	1,883	100.0	100.0	100.0	100.0	100.0
Sample size	635	183	271	487	1,576					

Notes: Weighted by cross-sectional weights. $700pw> = over $700 per week; C10<=$700pw = at or below $700 per week, but above C10; FMW<=C10 = at or below C10, but above FMW; <=FMW = at or below FMW. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year; $700 is discounted each year by CPI.
Population: casual employees in Wave 5 (2005).
Source: HILDA Release 5.

1.3 Hours of work

1.3.1 Variability

One of the most common perceptions of low paid work is its strong association with working in an unpredictable fashion. Low paid jobs are seen to have greater variability in terms of both time and money. Tables 1.6 to 1.8 explore this issue, by examining a range of items which reflect such variability. Again, because many of these items are also correlated with one's contract of employment, a permanent/casual breakdown is provided.

Looking at all employees first, the time dimension shows some interesting patterns. Table 1.6 shows that FMW employees are distinctive across each of these areas. They are more likely to being working in a second job, more likely to be working outside the standard Monday to Friday week, and are much more likely to have shorter employment tenure with their employer. Indeed 43 per cent of FMW employees have been in their jobs less than a year, compared with the overall average of 25 per cent. In terms of income, FMW employees are more dependent on government income to supplement their earnings, with 16 per cent in this category, compared with an overall average of 8 per cent. Finally, the instability in their earnings is evident in the greater proportion who indicate that their most recent pay was not their usual pay.

Given that many of these characteristics are typical of casual employment, how much of this variability still persists among when the focus is changed to just the permanent FMW workforce? Table 1.7 suggests that many of the items retain their distinctiveness for the FMW employees, while a few dissolve. For example, the likelihood of working in a second job is just as strong among permanent FMW employees, and the shorter employment tenure is also quite pronounced (with 38 per cent having been in their jobs less than a year). Similarly, while the tendency towards supplementing earnings with government benefits has diminished considerably, the FMW employees are still more likely to be in this category compared with the higher paid employees. In terms of work schedules and stability in earnings, the FMW permanents are no longer as distinctive as before, suggesting these items more strongly reflect casualisation among the workforce. This is confirmed by comparing the results for casuals with those for all employees (that is, comparing Tables 1.8 with 1.6).

Table 1.6: Aspects of variability in time and income, all employees

	\$700pw>	C10<=\$700pw	FMW<=C10	<=FMW	Total	\$700pw>	C10<=\$700pw	FMW<=C10	<=FMW	Total
	000's	000's	000's	000's	000's	%	%	%	%	%
Number of jobs										
More than one	433	73	106	134	747	8.8	8.2	8.7	11.1	9.0
Only one	4,493	814	1,120	1,077	7,504	91.2	91.8	91.3	88.9	91.0
Total	4,926	886	1,226	1,212	8,250	100.0	100.0	100.0	100.0	100.0
Work schedule										
Monday to Friday	2,906	464	604	412	4,387	59.0	52.4	49.3	34.0	53.2
Days vary wk to wk	632	94	126	163	1,016	12.8	10.6	10.3	13.5	12.3
Other	1,388	328	495	636	2,847	28.2	37.0	40.4	52.5	34.5
Total	4,926	886	1,226	1,212	8,250	100.0	100.0	100.0	100.0	100.0
Job tenure										
Less than 1 yr	947	234	332	517	2,030	19.3	26.4	27.1	42.8	24.6
1 yr < 2 yrs	387	113	167	174	841	7.9	12.7	13.6	14.4	10.2
2 yrs < 5 yrs	1,230	241	381	303	2,155	25.0	27.2	31.1	25.1	26.2
5 yrs < 10 yrs	1,010	174	210	125	1,519	20.5	19.6	17.1	10.3	18.4
10 yrs or more	1,343	126	135	89	1,693	27.3	14.2	11.0	7.4	20.6
Total	4,917	886	1,225	1,209	8,237	100.0	100.0	100.0	100.0	100.0
Receives govt income										
Yes	224	69	142	191	627	4.5	7.8	11.6	15.8	7.6
No	4,698	817	1,083	1,020	7,617	95.5	92.2	88.4	84.2	92.4
Total	4,921	886	1,225	1,211	8,244	100.0	100.0	100.0	100.0	100.0
Recent pay usual pay										
Yes	3,857	761	1,014	932	6,565	87.2	88.3	85.3	80.5	86.0
No	567	101	175	226	1,069	12.8	11.7	14.7	19.5	14.0
Total	4,424	862	1,190	1,158	7,634	100.0	100.0	100.0	100.0	100.0
Sample size	3,628	679	987	952	6,246					

Notes: Weighted by cross-sectional weights. \$700pw> = over \$700 per week; C10<=\$700pw = at or below \$700 per week, but above C10; FMW<=C10 = at or below C10, but above FMW; <=FMW = at or below FMW. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year; \$700 is discounted each year by CPI.
Population: all employees in Wave 5 (2005).
Source: HILDA Release 5.

Table 1.7: Aspects of variability in time and income, permanent employees

	\$700pw>	C10<=\$700pw	FMW<=C10	<=FMW	Total	\$700pw>	C10<=\$700pw	FMW<=C10	<=FMW	Total
	000's	000's	000's	000's	000's	%	%	%	%	%
Number of jobs										
More than one	287	48	61	73	470	6.9	7.2	6.8	11.6	7.4
Only one	3,881	617	839	555	5,892	93.1	92.8	93.2	88.4	92.6
Total	4,168	665	901	628	6,362	100.0	100.0	100.0	100.0	100.0
Work schedule										
Monday to Friday	2,690	407	518	321	3,936	64.5	61.2	57.6	51.0	61.9
Days vary wk to wk	470	60	77	66	673	11.3	9.0	8.5	10.5	10.6
Other	1,008	198	305	242	1,753	24.2	29.8	33.9	38.5	27.6
Total	4,168	665	901	628	6,362	100.0	100.0	100.0	100.0	100.0
Job tenure										
Less than 1 yr	630	140	187	236	1,194	15.2	21.0	20.9	37.7	18.8
1 yr < 2 yrs	307	84	117	81	589	7.4	12.6	13.0	12.9	9.3
2 yrs < 5 yrs	1,054	179	291	156	1,679	25.3	27.0	32.3	24.9	26.5
5 yrs < 10 yrs	913	147	180	80	1,320	22.0	22.1	20.0	12.8	20.8
10 yrs or more	1,254	115	125	73	1,567	30.2	17.3	13.9	11.7	24.7
Total	4,159	665	899	626	6,349	100.0	100.0	100.0	100.0	100.0
Receives govt income										
Yes	119	29	63	62	273	2.9	4.3	7.0	9.9	4.3
No	4,044	636	837	566	6,084	97.1	95.7	93.0	90.1	95.7
Total	4,163	665	901	628	6,357	100.0	100.0	100.0	100.0	100.0
Recent pay usual pay										
Yes	3,324	587	771	517	5,199	89.7	91.2	88.4	86.1	89.3
No	381	56	101	83	622	10.3	8.8	11.6	13.9	10.7
Total	3,705	643	872	600	5,820	100.0	100.0	100.0	100.0	100.0
Sample size	3,020	500	724	485	4,729					

Notes: Weighted by cross-sectional weights. \$700pw> = over \$700 per week; C10<=\$700pw = at or below \$700 per week, but above C10; FMW<=C10 = at or below C10, but above FMW; <=FMW = at or below FMW. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year; \$700 is discounted each year by CPI.
Population: permanent employees in Wave 5 (2005).
Source: HILDA Release 5.

Table 1.8: Aspects of variability in time and income, casual employees

	\$700pw>	C10<=\$700pw	FMW<=C10	<=FMW	Total	\$700pw>	C10<=\$700pw	FMW<=C10	<=FMW	Total
	000's	000's	000's	000's	000's	%	%	%	%	%
Number of jobs										
More than one	145	24	45	61	276	19.3	11.0	13.9	10.5	14.7
Only one	610	197	280	521	1,607	80.7	89.0	86.1	89.5	85.3
Total	755	221	325	582	1,883	100.0	100.0	100.0	100.0	100.0
Work schedule										
Monday to Friday	215	57	86	91	450	28.4	25.9	26.5	15.7	23.9
Days vary wk to wk	162	35	49	98	343	21.4	15.6	15.2	16.8	18.2
Other	379	129	189	393	1,090	50.1	58.5	58.3	67.5	57.9
Total	755	221	325	582	1,883	100.0	100.0	100.0	100.0	100.0
Job tenure										
Less than 1 yr	316	94	144	280	833	41.8	42.4	44.2	48.1	44.2
1 yr < 2 yrs	80	29	50	93	251	10.6	12.9	15.4	16.0	13.4
2 yrs < 5 yrs	176	62	90	148	475	23.3	27.8	27.8	25.4	25.2
5 yrs < 10 yrs	97	27	30	45	199	12.8	12.1	9.3	7.8	10.6
10 yrs or more	87	11	10	16	124	11.6	4.8	3.2	2.8	6.6
Total	755	221	325	581	1,883	100.0	100.0	100.0	100.0	100.0
Receives govt income										
Yes	104	40	79	129	353	13.7	18.3	24.4	22.3	18.7
No	652	181	245	452	1,530	86.3	81.7	75.6	77.7	81.3
Total	755	221	324	582	1,882	100.0	100.0	100.0	100.0	100.0
Recent pay usual pay										
Yes	531	174	242	415	1,363	74.1	79.6	76.6	74.5	75.3
No	186	45	74	142	446	25.9	20.4	23.4	25.5	24.7
Total	716	219	317	557	1,809	100.0	100.0	100.0	100.0	100.0
Sample size	604	179	262	465	1,510					

Notes: Weighted by cross-sectional weights. \$700pw> = over \$700 per week; C10<=\$700pw = at or below \$700 per week, but above C10; FMW<=C10 = at or below C10, but above FMW; <=FMW = at or below FMW. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year; \$700 is discounted each year by CPI.
Population: casual employees in Wave 5 (2005).
Source: HILDA Release 5.

1.3.2 Underemployment

Given the significance of part-time employment among FMW employees this section examines hours of work in more detail. One of the characteristics of low paid work has been its association with underemployment,[3] so a closer look at this issue is warranted.

Table 1.9 provides convincing evidence of the link between earnings and underemployment. Some 30 per cent of FMW employees would prefer more hours of work, compared with an overall figure of 16 per cent. Moreover, the figure drops steadily as earnings rise, with just 11 per cent of employees earnings over $700 being in this category. Not surprisingly, it is among well paid employees that the desire for shorter hours is evident: 30 per cent of them want fewer hours, compared with a figure of 12 per cent among FMW employees.[4] In absolute numbers, about 360,000 employees would prefer to be working more hours, and as Table 1.10 shows, the average number of hours they are seeking is about 11 hours per week. Interestingly, the average number of hours does not vary by earnings group, and this applies to both less hours and extra hours sought.

The additional panels in Table 1.9 show that these findings are consistent across age and gender. Even when the analysis is restricted to adults, as well as adults of both sexes, the relationship between earnings and underemployment is maintained.

[3] See, for example, Watson, I. (2002) 'Wage Inequality and Underemployment: Australia in the 1990s', *Journal of Industrial Relations*, **44**(1), pp.88–107.

[4] It is worth noting that 'overwork' is not just a problem for well-paid managers and professionals. This 12 per cent of FMW employees equates to 150,000 employees, and if one includes the C10 workforce as well, the total reaches 400,000. This is a group who, despite their low hourly rates of pay, would still prefer to being working fewer hours.

Table 1.9: Preferences for hours by earnings

All employees	**Fewer hours**	**Same hours**	**More hours**	**Total**	**Fewer hours**	**Same hours**	**More hours**	**Total**	**N**
	'000s	'000s	'000s	'000s	%	%	%	%	
$700pw>	1,503	2,865	557	4,925	30.5	58.2	11.3	100.0	4,039
C10<=$700pw	201	541	142	884	22.8	61.1	16.1	100.0	700
FMW<=C10	254	717	256	1,226	20.7	58.5	20.8	100.0	1,019
<=FMW	148	699	359	1,206	12.2	58.0	29.8	100.0	999
Total	2,106	4,821	1,314	8,241	25.6	58.5	15.9	100.0	6,757
Adults	**Fewer hours**	**Same hours**	**More hours**	**Total**	**Fewer hours**	**Same hours**	**More hours**	**Total**	**N**
	'000s	'000s	'000s	'000s	%	%	%	%	
$700pw>	1,497	2,792	516	4,805	31.2	58.1	10.7	100.0	3,928
C10<=$700pw	198	496	121	815	24.3	60.8	14.8	100.0	635
FMW<=C10	243	595	180	1,018	23.9	58.4	17.7	100.0	839
<=FMW	104	343	155	602	17.3	56.9	25.7	100.0	474
Total	2,042	4,225	971	7,239	28.2	58.4	13.4	100.0	5,876
Adult males	**Fewer hours**	**Same hours**	**More hours**	**Total**	**Fewer hours**	**Same hours**	**More hours**	**Total**	**N**
	'000s	'000s	'000s	'000s	%	%	%	%	
$700pw>	861	1,666	266	2,793	30.8	59.6	9.5	100.0	2,143
C10<=$700pw	86	232	50	368	23.3	63.0	13.7	100.0	266
FMW<=C10	86	257	81	424	20.3	60.6	19.1	100.0	338
<=FMW	48	153	58	259	18.4	59.0	22.6	100.0	186
Total	1,081	2,307	456	3,844	28.1	60.0	11.9	100.0	2,933
Adult females	**Fewer hours**	**Same hours**	**More hours**	**Total**	**Fewer hours**	**Same hours**	**More hours**	**Total**	**N**
	'000s	'000s	'000s	'000s	%	%	%	%	
$700pw>	636	1,127	250	2,012	31.6	56.0	12.4	100.0	1,785
C10<=$700pw	113	264	70	447	25.2	59.0	15.7	100.0	369
FMW<=C10	157	338	99	594	26.4	56.9	16.7	100.0	501
<=FMW	56	190	97	343	16.5	55.4	28.1	100.0	288
Total	962	1,918	516	3,396	28.3	56.5	15.2	100.0	2,943

Notes: Weighted by cross-sectional weights. $700pw> = over $700 per week; C10<=$700pw = at or below $700 per week, but above C10; FMW<=C10 = at or below C10, but above FMW; <=FMW = at or below FMW. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year; $700 is discounted each year by CPI.
Population: Employees in Wave 5 (2005).
Source: HILDA Release 5.

Table 1.10: Preferences for hours by earnings (net hours per week)

All employees	**Fewer hours**	**Same hours**	**More hours**	**Total**	**N**
$700pw>	12.3	0.0	-10.8	2.5	4,039
C10<=$700pw	11.8	0.0	-12.0	0.8	700
FMW<=C10	12.6	0.0	-11.0	0.3	1,019
<=FMW	13.2	0.0	-10.6	-1.5	999
Total	12.4	0.0	-10.9	1.4	6,757
Adults	**Fewer hours**	**Same hours**	**More hours**	**Total**	**N**
$700pw>	12.3	0.0	-10.6	2.7	3,928
C10<=$700pw	11.8	0.0	-11.9	1.1	635
FMW<=C10	12.7	0.0	-11.0	1.1	839
<=FMW	15.3	0.0	-12.2	-0.5	474
Total	12.5	0.0	-11.1	2.0	5,876
Adult males	**Fewer hours**	**Same hours**	**More hours**	**Total**	**N**
$700pw>	12.3	0.0	-10.6	2.8	2,143
C10<=$700pw	10.9	0.0	-13.5	0.7	266
FMW<=C10	13.4	0.0	-11.1	0.6	338
<=FMW	16.3	0.0	-12.1	0.3	186
Total	12.4	0.0	-11.2	2.2	2,933
Adult females	**Fewer hours**	**Same hours**	**More hours**	**Total**	**N**
$700pw>	12.4	0.0	-10.6	2.6	1,785
C10<=$700pw	12.6	0.0	-10.8	1.5	369
FMW<=C10	12.2	0.0	-10.9	1.4	501
<=FMW	14.5	0.0	-12.2	-1.1	288
Total	12.5	0.0	-11.0	1.9	2,943

Notes: Weighted by cross-sectional weights. $700pw> = over $700 per week; C10<=$700pw = at or below $700 per week, but above C10; FMW<=C10 = at or below C10, but above FMW; <=FMW = at or below FMW. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year; $700 is discounted each year by CPI.
Population: Employees in Wave 5 (2005).
Source: HILDA Release 5.

1.3.3 An industry perspective

The low paid workforce is concentrated in a small number of industries, particularly retail trade and hospitality. In this section, some of the issues examined above are reconsidered from an industry perspective. A threefold industry breakdown is used in this section:

1. retail trade;
2. hospitality (defined as accommodation, cafes and restaurants, as well as cultural and recreational services);
3. all other industries (a residual category),

Table 1.11 shows both the overall earnings breakdown for these industries, as well as a set of characteristics of just the FMW employees within these industries. As the top panel shows, there are some 1.2 million employees in retail trade, with the largest group (one third) earning at or below the FMW. Another quarter earn between the FMW and the C10 rate. Hospitality—with half a million employees—is more inclined to have well paid employees: some 47 per cent earn over $700 per week. Nevertheless about one quarter of hospitality employees are at or below the FMW and another 17 per cent are between the FMW and the C10 rate.

Looking at just the FMW employees the sample sizes are considerably reduced. Nevertheless, some reasonably clear-cut findings are evident: casualisation in these two industries is very high: over 63 per cent. This compares with just 33 per cent in other industries. The problem of underemployment is also evident in these industries, but the sample sizes warrant caution. Multiple job holding does not appear to be strongly influenced by industry for these FMW employees. Not surprisingly, working the standard Monday to Friday schedule is much less common in these two industries, particularly hospitality, but instability in earnings appears less sensitive to industry location. Finally, retail seems more strongly associated with shorter job tenure, with 67 per cent of employees employed for less than 2 years, compared with a figure of 51 per cent for the residual industry category.

Table 1.11: An industry perspective

All employees	Retail trade	Hospitality	Other	Total	Retail trade	Hospitality	Other	Total
	'000s	'000s	'000s	'000s	%	%	%	%
$700pw>	323	302	4,272	4,896	26.3	47.0	67.5	59.7
C10<=$700pw	176	75	633	883	14.3	11.6	10.0	10.8
FMW<=C10	319	107	794	1,220	25.9	16.6	12.5	14.9
<=FMW	411	159	633	1,202	33.4	24.8	10.0	14.7
Total	1,228	642	6,331	8,201	100.0	100.0	100.0	100.0
Sample size	939	543	5,234	6,716				
Only employees at or below FMW								
	'000s	'000s	'000s	'000s	%	%	%	%
Employment contract								
Fixed term	16	6	76	98	3.9	3.7	12.0	8.1
Casual	265	100	211	576	64.7	63.1	33.4	48.0
Permanent	129	53	346	527	31.4	33.2	54.6	43.9
Prefer to work								
Fewer hours	35	21	90	146	8.5	13.1	14.4	12.2
Same hours	249	83	364	696	60.5	52.4	58.0	58.2
More hours	127	55	173	355	30.9	34.5	27.6	29.7
Number of jobs								
More than one	34	21	78	133	8.2	13.4	12.3	11.0
Only one	377	138	555	1,070	91.8	86.6	87.7	89.0
Work schedule								
Monday to Friday	81	18	308	408	19.8	11.6	48.7	33.9
Days vary wk to wk	56	29	77	162	13.6	18.3	12.2	13.5
Other	273	112	247	632	66.6	70.2	39.1	52.6
Job tenure								
Less than 1 yr	202	66	244	512	49.2	41.8	38.7	42.7
1 yr < 2 yrs	72	24	76	172	17.6	15.4	12.0	14.4
2 yrs < 5 yrs	100	50	151	301	24.3	31.7	24.0	25.1
5 yrs < 10 yrs	31	14	79	124	7.5	9.0	12.6	10.4
10 yrs or more	6	3	80	89	1.3	2.1	12.8	7.4
Receives govt income								
Yes	72	29	90	191	17.5	18.2	14.3	15.9
No	339	130	542	1,011	82.5	81.8	85.7	84.1
Recent pay usual pay								
Yes	326	115	484	925	81.2	74.6	81.6	80.5
No	75	39	109	224	18.8	25.4	18.4	19.5
Total	411	159	633	1,202	100.0	100.0	100.0	100.0
Sample size	329	144	519	992				

Notes: Weighted by cross-sectional weights. $700pw> = over $700 per week; C10<=$700pw = at or below $700 per week, but above C10; FMW<=C10 = at or below C10, but above FMW; <=FMW = at or below FMW. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year; $700 is discounted each year by CPI.
Population: All employees in Wave 5 (2005).
Source: HILDA Release 5.

Part 2

Labour flows analysis

2.1 Introduction

How do labour market destinations relate to low paid employment? While a more sophisticated modeling exercise is needed to fully pursue this question, the following discussion offers some useful conclusions. In the first section, the destinations of unemployed persons are examined, with an eye to the role of low paid jobs in these transitions. In the second section, the labour market flows of low paid persons are themselves the focus. Finally, the third section looks at the issue of labour market churning, the problem of cycling through low paid jobs, unemployment and exits from the labour market.

There are several methodological complexities in conducting labour flows analysis with these data. Restricting the analysis to adults, or excluding students, is not a viable strategy for a panel analysis spanning five waves of data. Over time, individuals move in and out of study, and non-adults become adults. It is worth noting, however, that a separate sensitivity analysis—in which non-adults were excluded—largely confirmed the results discussed in this part of the report. Secondly, the FMW and the C10 rates changed over time, and this makes the cutpoints across waves somewhat erratic. While some of the flows analysis in this part of the report uses these cutpoints, the majority of the analysis makes use of earnings quintiles.

2.2 Destinations of the unemployed

The first two tables, Tables 2.1 and 2.2 look at the destinations of unemployed persons in each subsequent wave of the HILDA data. This essentially presents a picture of where unemployed people are about a year later, across each of the four waves of data. In Table 2.1, for example, we see that about 87,000 people who were unemployed in Wave 1 were subsequently working in low paid jobs in Wave 2 (with low paid defined as the bottom quintile of hourly rates of pay). Another 55,000 were working in jobs in the second quintile. In percentage terms, about 25 per cent of unemployed persons from Wave 1 were working in one of these two quintiles the following year (Table 2.2). This figure continues to grow

across the four waves, such that by Wave 5 some 31 per cent of people who were unemployed in Wave 4 were working in these two quintiles.

While it is true that a considerable proportion (varying from 33 per cent to 21 per cent) of each Wave's unemployed group are unemployed the following year, there is strong evidence in these tables for the argument that low paid jobs provide a bridge into employment for the unemployed. In each wave, the proportion entering the bottom quintile is greater than the wave before.[1] Moreover, the median and maximum rates of pay prevailing in the bottom quintile continued to grow over this period at the same time that entry into this quintile expanded. Indeed the highest increases in rates coincided with the best rates of entry into employment for the unemployed.

Table 2.1: Mobility patterns for unemployed persons: quintiles ('000s)

					Wave 2				
Wave 1	**Self** '000s	**Top** '000s	**4th** '000s	**3rd** '000s	**2nd** '000s	**Bottom** '000s	**Unemp** '000s	**NILF** '000s	**Total** '000s
Unemp	12	19	14	31	55	87	189	162	568
					Wave 3				
Wave 2	**Self** '000s	**Top** '000s	**4th** '000s	**3rd** '000s	**2nd** '000s	**Bottom** '000s	**Unemp** '000s	**NILF** '000s	**Total** '000s
Unemp	25	22	13	32	60	79	136	134	501
					Wave 4				
Wave 3	**Self** '000s	**Top** '000s	**4th** '000s	**3rd** '000s	**2nd** '000s	**Bottom** '000s	**Unemp** '000s	**NILF** '000s	**Total** '000s
Unemp	9	18	20	30	48	80	129	107	441
					Wave 5				
Wave 4	**Self** '000s	**Top** '000s	**4th** '000s	**3rd** '000s	**2nd** '000s	**Bottom** '000s	**Unemp** '000s	**NILF** '000s	**Total** '000s
Unemp	8	11	19	52	45	99	99	131	464

Notes: Weighted by longitudinal weights for each subsequent wave. Self = self-employed, employers, unpaid helpers; Top through to Bottom = quintiles of hourly rates of pay, employees; Unemp = unemployed; NILF = not in the labour force.
Population: All those persons who were unemployed in each prior wave.
Source: HILDA Release 5.

[1] These results are not due to attrition in the sample, with the least employable persons dropping out early. Weights which take account of attrition have been used to estimate these results.

Table 2.2: Mobility patterns for unemployed persons: quintiles (percentages)

	Wave 2									
Wave 1	**Self** %	**Top** %	**4th** %	**3rd** %	**2nd** %	**Bottom** %	**Unemp** %	**NILF** %	**Total** %	**N**
Unemp	2	3	2	5	10	15	33	29	100	482
	Wave 3									
Wave 2	**Self** %	**Top** %	**4th** %	**3rd** %	**2nd** %	**Bottom** %	**Unemp** %	**NILF** %	**Total** %	**N**
Unemp	5	4	3	6	12	16	27	27	100	414
	Wave 4									
Wave 3	**Self** %	**Top** %	**4th** %	**3rd** %	**2nd** %	**Bottom** %	**Unemp** %	**NILF** %	**Total** %	**N**
Unemp	2	4	5	7	11	18	29	24	100	367
	Wave 5									
Wave 4	**Self** %	**Top** %	**4th** %	**3rd** %	**2nd** %	**Bottom** %	**Unemp** %	**NILF** %	**Total** %	**N**
Unemp	2	2	4	11	10	21	21	28	100	350

Notes: Weighted by longitudinal weights for each subsequent wave. Self = self-employed, employers, unpaid helpers; Top through to Bottom = quintiles of hourly rates of pay, employees; Unemp = unemployed; NILF = not in the labour force.
Population: All those persons who were unemployed in each prior wave.
Source: HILDA Release 5.

Table 2.3: Changes in hourly rates and unemployed outcomes: quintile

	Wave 1	**Wave 2**	**Wave 3**	**Wave 4**	**Wave 5**
Median rate	$9.63	$10.00	$10.13	$10.75	$11.20
Change in rate		37c	13c	62c	45c
Maximimum rate	$12.00	$12.40	$12.89	$13.50	$14.12
Change in rate		40c	49c	61c	62c
Unemployed entering bottom		15%	16%	18%	21%

Notes: The median and maximum rates are those applying in the bottom quintile in each wave. The 'unemployed entering' row shows the proportions of unemployed persons from the previous wave entering the bottom quintile. See Table 2.2 for details.

2.2.1 Tracking a cohort

While these labour flows show the destinations of unemployed persons in each subsequent wave of the HILDA data, it is also possible to follow a single cohort of unemployed persons across all four waves. Tables 2.4 and 2.5 show the results of this analysis, while Figure 2.1 presents the story graphically.

As we saw earlier, of the 567,000 unemployed persons in Wave 1, some 87,000 were in bottom quintile jobs in Wave 2. By Wave 3, nearly 30,000 of these bottom quintile persons were still in bottom quintile jobs, 21,000 had moved up to second quintile jobs, and 13,000 had moved back into unemployment. It it worth noting, moreover, that more people were joining these bottom quintile jobs (21,000) than were departing to unemployment.

By Wave 4, the numbers in bottom quintile jobs had grown to 105,000, with entrants from unemployment continuing to outnumber departures to unemployment. Moreover, upward progression to second quintile jobs was still strong, at about 20,000 jobs (compared with just 6,000 persons leaving for unemployment).

By Wave 5, the numbers in bottom quintile jobs had dropped back to 91,000, reflecting upward movement in jobs, rather than exits from the workforce: some 33,000 persons (from the Wave 4 bottom quintile) were now in second, third or fourth quintile jobs, compared with 4,000 who had departed to unemployment and 15,000 who had exited from the labour market.

In summary, a cohort of about 570,000 unemployed persons in 2001 found themselves four years later in the following circumstances:

- 87,000 persons are unemployed (not necessarily 'still unemployed' because of churning);
- 140,000 persons have left the labour market (which includes those retiring, those leaving for family reasons, and those 'discouraged' jobs seekers)
- 23,000 have found work through self-employment;
- nearly 300,000 have found work as employees, and of these:
  - ♢ 91,000 are working in bottom quintile jobs;
  - ♢ 66,000 are working in second quintile jobs.
  - ♢ 74,000 are working in third quintile jobs.

The evidence for upwards earnings mobility would appear to be quite strong. While some of the unemployed in 2001 were clearly 'between jobs' and moved straight into higher paying jobs as soon as they returned to work, the majority have actually progressed upwards through the job structure, with the lowest paying jobs clearly providing a bridge out of unemployment for them.

As with the earlier analysis, such movements do not appear sensitive to the level of wages being paid, since recruitments from unemployment into the bottom quintile of jobs consistently outnumber those exiting to unemployment from those jobs.

Before concluding this section it is worth asking whether some of the unemployed who end up outside the labour market (in the NILF category) constitute a group of 'discouraged jobseekers', and should therefore be included among the

those in the unemployment destinations? Table 2.6 provides a partial answer to this query. The sample counts are small, so the following speculation is quite tentative. Nevertheless, it does represent a useful exercise. This table shows an age and gender breakdown of the unemployed cohort from wave 1 who end up in the NILF category in each wave. A reasonable assumption is that those men and women in the 55 and over age group are likely to constitute retirees (and early retirees), while some women in the 25 to 34 age group (and a smaller proportion in the 35 to 44 age group) are likely to be leaving the labour market for family reasons. This leads to the conclusion that the most likely place to find a fairly large proportion of 'discouraged jobseekers' is in the male 25 to 54 age groups. Table 2.6 suggests that between 22 and 28 percent of the total NILF group in each wave belongs in this male 25 to 54 age group. On average, this amounts to about 35,000 persons in each wave. Even if a very large proportion—say 75 per cent—belong in the 'discouraged jobseekers' category, then the actual count for male destinations to unemployment is likely to be around 25,000 more persons in each wave. Of course, not all women in this age group will have left the labour market for family reasons, so some proportion of the NILF destinations should also be regarded as possible 'discouraged jobseekers'. On average about 40,000 to 50,000 women in the NILF category are in this 25 to 54 age group, so if one assumes that perhaps one quarter might be 'discouraged jobseekers', then an additional 10,000 to 12,000 more women should also be added to the unemployment destinations in Table 2.4.

Of course, as well as small sample size, this exercise is also conceptually speculative, since people can also be leaving the labour market for a range of other reasons (travel, study, illness) apart from family reasons and discouraged jobseeking. Nevertheless, by taking a 'worst case' scenario, and assuming that the unemployment destinations are an under-estimate, this speculation allows one to anticipate the worst. In summary, the unemployment destinations shown in 2.4—which range from 190,000 in Wave 2 to 87,000 in Wave 5—may need to be supplemented in any one wave by at most 35,000 to 40,000 persons (that is, about 25,000 males and about 10,000 females).

Table 2.4: Tracking one cohort of unemployed persons: quintiles ('000s)

	Wave 2								
Wave 1	**Self** '000s	**Top** '000s	**4th** '000s	**3rd** '000s	**2nd** '000s	**Bottom** '000s	**Unemp** '000s	**NILF** '000s	**Total** '000s
Unemp	12	19	14	31	55	87	189	162	568

	Wave 3								
Wave 2	**Self** '000s	**Top** '000s	**4th** '000s	**3rd** '000s	**2nd** '000s	**Bottom** '000s	**Unemp** '000s	**NILF** '000s	**Total** '000s
Self	2	1	0	1	1	2	1	3	12
Top	0	5	3	2	4	2	1	0	17
4th	1	0	3	4	0	3	0	1	12
3rd	0	0	8	4	5	2	8	3	31
2nd	0	1	2	5	26	13	3	4	53
Bottom	1	1	3	8	21	29	13	4	80
Unemp	11	2	3	7	25	21	73	35	176
NILF	1	3	0	6	8	16	21	89	144
Total	16	14	21	36	92	88	119	139	526

	Wave 4								
Wave 3	**Self** '000s	**Top** '000s	**4th** '000s	**3rd** '000s	**2nd** '000s	**Bottom** '000s	**Unemp** '000s	**NILF** '000s	**Total** '000s
Self	6	0	0	0	0	7	1	2	16
Top	0	10	1	1	1	6	0	1	20
4th	4	3	3	6	4	2	1	0	23
3rd	0	0	4	17	10	3	2	5	41
2nd	2	4	5	11	24	21	4	1	71
Bottom	7	0	0	7	20	42	6	6	87
Unemp	2	2	0	0	21	11	54	33	124
NILF	4	0	0	2	8	14	16	95	138
Total	24	19	12	44	88	105	85	142	519

	Wave 5								
Wave 4	**Self** '000s	**Top** '000s	**4th** '000s	**3rd** '000s	**2nd** '000s	**Bottom** '000s	**Unemp** '000s	**NILF** '000s	**Total** '000s
Self	15	3	1	0	2	1	1	2	24
Top	5	10	2	0	0	1	0	2	20
4th	1	2	5	2	3	1	0	0	14
3rd	0	2	8	18	9	4	3	0	44
2nd	0	4	5	22	27	14	12	10	93
Bottom	0	0	7	14	12	55	4	15	108
Unemp	0	0	4	9	7	8	46	12	85
NILF	2	3	5	9	7	9	21	99	155
Total	23	24	37	74	66	91	87	140	542

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; Top through to Bottom = quintiles of hourly rates of pay, employees; Unemp = unemployed; NILF = not in the labour force.
Population: All those persons who were unemployed in Wave 1.
Source: HILDA Release 5.

Table 2.5: Tracking one cohort of unemployed persons: quintiles (percentages)

	Wave 2									
Wave 1	**Self** %	**Top** %	**4th** %	**3rd** %	**2nd** %	**Bottom** %	**Unemp** %	**NILF** %	**Total** %	**N**
Unemp	2	3	2	5	10	15	33	29	100	482
	Wave 3									
Wave 2	**Self** %	**Top** %	**4th** %	**3rd** %	**2nd** %	**Bottom** %	**Unemp** %	**NILF** %	**Total** %	**N**
Self	19	9	0	13	11	16	10	23	100	17
Top	0	29	20	9	22	13	6	0	100	19
4th	10	0	21	36	0	23	0	10	100	10
3rd	0	0	25	14	17	6	26	11	100	30
2nd	0	2	4	8	49	25	5	7	100	44
Bottom	1	2	4	10	27	36	16	5	100	62
Unemp	6	1	2	4	14	12	41	20	100	122
NILF	1	2	0	4	6	11	14	62	100	98
Total	3	3	4	7	17	17	23	26	100	402
	Wave 4									
Wave 3	**Self** %	**Top** %	**4th** %	**3rd** %	**2nd** %	**Bottom** %	**Unemp** %	**NILF** %	**Total** %	**N**
Self	35	0	0	0	0	42	8	15	100	13
Top	0	50	4	5	6	30	0	5	100	14
4th	16	13	14	27	17	7	6	0	100	20
3rd	0	0	9	42	24	7	5	13	100	34
2nd	2	6	6	16	34	30	5	1	100	46
Bottom	8	0	0	8	23	48	7	6	100	69
Unemp	2	1	0	0	17	9	44	26	100	83
NILF	3	0	0	2	6	10	12	69	100	99
Total	5	4	2	9	17	20	16	27	100	378
	Wave 5									
Wave 4	**Self** %	**Top** %	**4th** %	**3rd** %	**2nd** %	**Bottom** %	**Unemp** %	**NILF** %	**Total** %	**N**
Self	62	11	2	0	9	2	4	9	100	18
Top	26	52	8	0	0	4	0	9	100	14
4th	6	17	37	12	25	4	0	0	100	12
3rd	0	5	18	41	20	8	6	1	100	35
2nd	0	4	5	23	29	15	13	10	100	66
Bottom	0	0	7	13	11	51	4	14	100	72
Unemp	0	0	5	10	8	9	54	14	100	54
NILF	1	2	3	6	4	6	13	64	100	96
Total	4	4	7	14	12	17	16	26	100	367

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; Top through to Bottom = quintiles of hourly rates of pay, employees; Unemp = unemployed; NILF = not in the labour force.
Population: All those persons who were unemployed in Wave 1.
Source: HILDA Release 5.

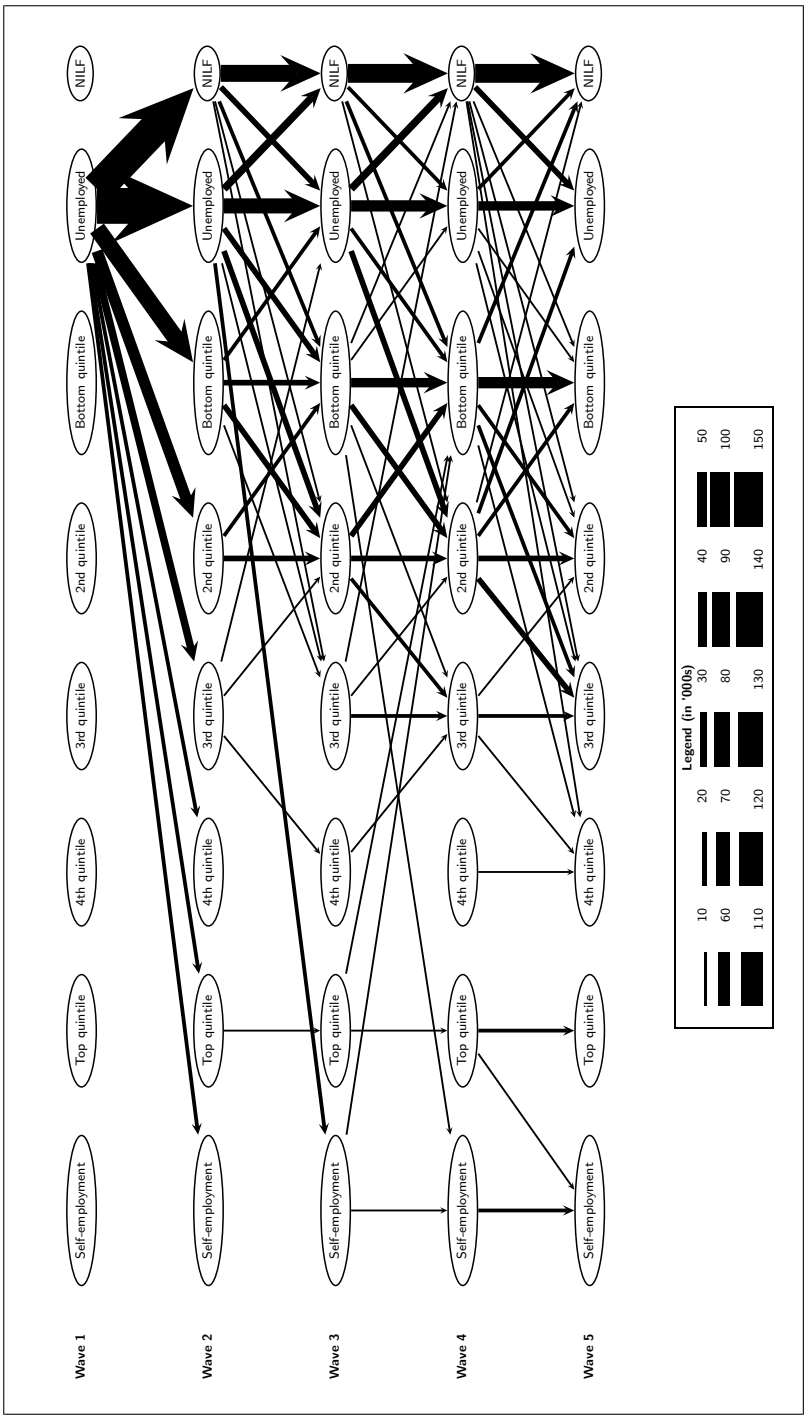

Figure 2.1: Destinations of the unemployed: tracking a cohort ***(Note that flows of under 5,000 are not shown)***

Table 2.6: Age and gender profile of NILF, unemployed cohort

Wave 2	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**N**
	'000s	'000s	'000s	%	%	%	
Under 25	26	23	49	16.1	14.0	30.1	41
25 to 34	7	18	25	4.3	11.1	15.4	19
35 to 44	16	13	29	10.1	7.9	18.0	23
45 to 54	18	17	36	11.3	10.6	21.9	25
55 to 64	12	10	22	7.2	6.4	13.6	17
65 or over	1	1	2	0.3	0.6	1.0	3
Total	80	82	162	49.3	50.7	100.0	128
Wave 3	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**N**
	'000s	'000s	'000s	%	%	%	
Under 25	15	18	33	10.5	12.9	23.4	23
25 to 34	3	15	18	2.0	10.2	12.3	13
35 to 44	15	10	25	10.4	7.1	17.6	18
45 to 54	21	11	32	14.7	8.0	22.7	24
55 to 64	18	12	30	12.7	8.4	21.1	26
65 or over	3	1	4	2.3	0.7	3.0	5
Total	75	68	143	52.7	47.3	100.0	109
Wave 4	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**N**
	'000s	'000s	'000s	%	%	%	
Under 25	14	12	26	8.7	7.8	16.5	20
25 to 34	6	16	22	3.8	10.2	14.1	14
35 to 44	13	13	26	8.1	8.5	16.6	16
45 to 54	19	18	37	12.4	11.5	23.8	25
55 to 64	25	15	41	16.2	10.0	26.2	26
65 or over	3	1	4	2.1	0.7	2.8	5
Total	80	76	155	51.3	48.7	100.0	106
Wave 5	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**N**
	'000s	'000s	'000s	%	%	%	
Under 25	8	17	25	4.8	10.2	15.0	16
25 to 34	19	22	41	11.2	13.3	24.6	21
35 to 44	9	19	28	5.2	11.1	16.4	18
45 to 54	10	8	18	6.0	4.5	10.5	14
55 to 64	34	17	51	20.2	10.3	30.5	27
65 or over	4	1	5	2.4	0.6	3.0	5
Total	84	84	168	49.8	50.2	100.0	101

Notes: Weighted by longitudinal weights. Data for Waves 2 to 5 only. Percentages shows cell percentages.
Population: All those persons who were unemployed in Wave 1 and then became NILF in each subsequent wave.
Source: HILDA Release 5.

2.2.2 Quintiles or cutpoints?

By way of a sensitivity analysis this section present some additional material on unemployment destinations. The previous analysis used quintiles for its analysis of the earnings distribution. This makes good sense, since it provides a smooth gradation across the distribution and thereby highlights transitions clearly. However, given the use of the four-fold earnings categories throughout this report, it is also important to examine these transitions using these cutpoints. Table 2.7 shows how these cutpoints related to the quintiles in Wave 1. In summary about one quarter of the bottom quintile are in category (3), and the remaining three quarters are in category (4). In the case of the second quintile: about 55 per cent are in category (3), the remainder in category (2). For the third quintile: about 30 per cent are in category (2); the remainder are in category (1). All of the employees in the fourth and top quintile are in category (1).

Table 2.7: Earnings categories by earnings quintiles

	Earnings quintiles					
Earnings category	**1**	**2**	**3**	**4**	**5**	**Total**
$700pw>	0	0	917	1,373	1,445	3,735
C10<=$700pw	0	588	354	0	0	942
FMW<=C10	361	747	0	0	0	1,108
<=FMW	998	0	0	0	0	998
Total	1,359	1,335	1,271	1,373	1,445	6,783

Notes: Unweighted counts. $700pw> = over $700 per week; C10<=$700pw = at or below $700 per week, but above C10; FMW<=C10 = at or below C10, but above FMW; <=FMW = at or below FMW. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year.
Population: All employees in Wave 1 (2001).
Source: HILDA Release 5.

Repeating the analysis on the destinations of unemployed persons, wave by wave, shows essentially the same results using cutpoints are was observed with quintiles. As Table 2.9 shows, the proportion of unemployed persons from each prior wave entering the FMW category increases steadily over the course of the time period. About 11 per cent of the Wave 1 unemployed enter FMW jobs in Wave 2, and this increases to 18 per cent by Wave 5. Table 2.10 summarises these changes, showing the increases which occurred in the FMW over the same period. As with Table 2.3 the results are quite clearcut: as hourly wage rates increased over this period—generally around 50 cents an hour—the proportion of unemployed people entering these jobs continued to rise. And, as Tables 2.2 and 2.9 show, the overall proportion of unemployed persons exiting unemployment also continued to rise.

Turning to the issue of tracking one cohort of unemployed persons, the use of cutpoints produces the results shown in Tables 2.11 and 2.12 and Figure 2.2. In essence, a cohort of about 570,000 unemployed persons in 2001 find themselves four years later in the following circumstances:

- 87,000 persons are unemployed (not necessarily 'still unemployed' because of churning);
- 140,000 persons have left the labour market (which includes those retiring,

Table 2.8: Mobility patterns for unemployed persons: cutpoints ('000s)

	Wave 2							
Wave 1	**Self** '000s	**Cat 1** '000s	**Cat 2** '000s	**Cat 3** '000s	**Cat 4** '000s	**Unemp** '000s	**NILF** '000s	**Total** '000s
Unemp	12	54	26	64	62	189	162	569
	Wave 3							
Wave 2	**Self** '000s	**Cat 1** '000s	**Cat 2** '000s	**Cat 3** '000s	**Cat 4** '000s	**Unemp** '000s	**NILF** '000s	**Total** '000s
Unemp	25	58	39	46	64	136	134	501
	Wave 4							
Wave 3	**Self** '000s	**Cat 1** '000s	**Cat 2** '000s	**Cat 3** '000s	**Cat 4** '000s	**Unemp** '000s	**NILF** '000s	**Total** '000s
Unemp	9	65	25	52	55	129	107	441
	Wave 5							
Wave 4	**Self** '000s	**Cat 1** '000s	**Cat 2** '000s	**Cat 3** '000s	**Cat 4** '000s	**Unemp** '000s	**NILF** '000s	**Total** '000s
Unemp	8	80	21	42	82	99	131	464

Notes: Weighted by longitudinal weights for each subsequent wave. Self = self-employed, employers, unpaid helpers; Cat 1 = over $700 per week; Cat 2 = at or below $700 per week, but above C10; Cat 3 = at or below C10, but above FMW; Cat 4 = at or below FMW; Unemp = unemployed; NILF = not in the labour force. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year; $700 is discounted each year by CPI.
Population: All those persons who were unemployed in each prior wave.
Source: HILDA Release 5.

Table 2.9: Mobility patterns for unemployed persons: cutpoints (percentages)

	Wave 2								
Wave 1	**Self** %	**Cat 1** %	**Cat 2** %	**Cat 3** %	**Cat 4** %	**Unemp** %	**NILF** %	**Total** %	**N**
Unemp	2	10	5	11	11	33	28	100	484
	Wave 3								
Wave 2	**Self** %	**Cat 1** %	**Cat 2** %	**Cat 3** %	**Cat 4** %	**Unemp** %	**NILF** %	**Total** %	**N**
Unemp	5	12	8	9	13	27	27	100	415
	Wave 4								
Wave 3	**Self** %	**Cat 1** %	**Cat 2** %	**Cat 3** %	**Cat 4** %	**Unemp** %	**NILF** %	**Total** %	**N**
Unemp	2	15	6	12	12	29	24	100	367
	Wave 5								
Wave 4	**Self** %	**Cat 1** %	**Cat 2** %	**Cat 3** %	**Cat 4** %	**Unemp** %	**NILF** %	**Total** %	**N**
Unemp	2	17	5	9	18	21	28	100	351

Notes: Weighted by longitudinal weights for each subsequent wave. Self = self-employed, employers, unpaid helpers; Cat 1 = over $700 per week; Cat 2 = at or below $700 per week, but above C10; Cat 3 = at or below C10, but above FMW; Cat 4 = at or below FMW; Unemp = unemployed; NILF = not in the labour force. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year; $700 is discounted each year by CPI.
Population: All those persons who were unemployed in each prior wave.
Source: HILDA Release 5.

those leaving for family reasons, and those 'discouraged' jobs seekers)
- 23,000 have found work through self-employment;
- nearly 300,000 have found work as employees, and of these:
  - ♢ 70,000 are earning at or below the FMW;
  - ♢ 55,000 are earning at or below the C10 rate, but above the FMW.
  - ♢ 32,000 are earning at or below $700 per week, but above the C10 rate;
  - ♢ 135,000 are earning above $700 per week.

Table 2.10: Changes in hourly rates and unemployed outcomes: cutpoints

	Wave 1	Wave 2	Wave 3	Wave 4	Wave 5
FMW rate	$10.88	$11.35	$11.80	$12.30	$12.75
Change in rate		47c	45c	50c	45c
Unemployed entering FMW		11%	13%	12%	18%

Notes: The 'unemployed entering' row shows the proportions of unemployed persons from the previous wave entering the FMW category. See Table 2.9 for details.

In summary, as with the quintile analysis, there is considerable evidence for two phenomena among the unemployed:

1. there is considerable upward mobility through the earnings distribution, with about 135,000 unemployed people from 2001 working in jobs that earn above $700 per week;
2. but, at the same time, there are a large number of formerly unemployed people—nearly 160,000—in work, but still reliant on AFPC decisions.

Table 2.11: Tracking one cohort of unemployed persons: cutpoints ('000s)

	Wave 2							
Wave 1	**Self** '000s	**Cat 1** '000s	**Cat 2** '000s	**Cat 3** '000s	**Cat 4** '000s	**Unemp** '000s	**NILF** '000s	**Total** '000s
Unemp	12	54	26	64	62	189	162	569

	Wave 3							
Wave 2	**Self** '000s	**Cat 1** '000s	**Cat 2** '000s	**Cat 3** '000s	**Cat 4** '000s	**Unemp** '000s	**NILF** '000s	**Total** '000s
Self	2	3	0	1	2	1	3	12
Cat 1	1	25	11	2	4	4	3	52
Cat 2	0	6	1	6	2	7	3	24
Cat 3	0	9	12	21	14	5	4	64
Cat 4	1	7	10	12	15	9	3	56
Unemp	11	9	21	12	16	73	35	176
NILF	1	9	3	8	14	21	89	145
Total	16	67	58	61	69	119	139	529

	Wave 4							
Wave 3	**Self** '000s	**Cat 1** '000s	**Cat 2** '000s	**Cat 3** '000s	**Cat 4** '000s	**Unemp** '000s	**NILF** '000s	**Total** '000s
Self	6	0	0	0	7	1	2	16
Cat 1	4	34	17	3	9	4	6	77
Cat 2	2	13	15	5	4	3	1	42
Cat 3	2	8	8	24	5	3	5	56
Cat 4	5	5	6	17	32	4	1	68
Unemp	2	2	11	18	3	54	33	124
NILF	4	2	4	13	4	16	95	138
Total	24	64	62	80	64	85	142	521

	Wave 5							
Wave 4	**Self** '000s	**Cat 1** '000s	**Cat 2** '000s	**Cat 3** '000s	**Cat 4** '000s	**Unemp** '000s	**NILF** '000s	**Total** '000s
Self	15	3	2	1	0	1	2	24
Cat 1	6	45	6	4	1	3	2	66
Cat 2	0	20	12	11	4	7	8	62
Cat 3	0	24	7	17	20	7	6	82
Cat 4	0	11	1	14	30	2	11	68
Unemp	0	13	4	4	7	46	12	85
NILF	2	18	1	6	9	21	99	155
Total	23	135	32	55	70	87	140	542

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; Cat 1 = over $700 per week; Cat 2 = at or below $700 per week, but above C10; Cat 3 = at or below C10, but above FMW; Cat 4 = at or below FMW; Unemp = unemployed; NILF = not in the labour force. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year; $700 is discounted each year by CPI.
Population: All those persons who were unemployed in Wave 1.
Source: HILDA Release 5.

Table 2.12: Tracking one cohort of unemployed persons: cutpoints (percentages)

	Wave 2								
Wave 1	**Self** %	**Cat 1** %	**Cat 2** %	**Cat 3** %	**Cat 4** %	**Unemp** %	**NILF** %	**Total** %	**N**
Unemp	2	10	5	11	11	33	28	100	484
	Wave 3								
Wave 2	**Self** %	**Cat 1** %	**Cat 2** %	**Cat 3** %	**Cat 4** %	**Unemp** %	**NILF** %	**Total** %	**N**
Self	19	22	0	11	16	10	23	100	17
Cat 1	2	49	22	4	9	8	6	100	52
Cat 2	0	25	5	23	10	27	10	100	26
Cat 3	0	14	18	33	22	7	6	100	44
Cat 4	1	12	17	21	27	17	5	100	46
Unemp	6	5	12	7	9	41	20	100	122
NILF	1	6	2	5	10	14	62	100	99
Total	3	13	11	12	13	22	26	100	406
	Wave 4								
Wave 3	**Self** %	**Cat 1** %	**Cat 2** %	**Cat 3** %	**Cat 4** %	**Unemp** %	**NILF** %	**Total** %	**N**
Self	35	0	0	0	42	8	15	100	13
Cat 1	5	45	22	4	12	5	8	100	63
Cat 2	4	31	36	11	10	6	2	100	28
Cat 3	4	15	14	44	8	6	9	100	40
Cat 4	7	7	9	24	47	5	1	100	54
Unemp	2	1	9	15	2	44	26	100	83
NILF	3	2	3	9	3	12	69	100	99
Total	5	12	12	15	12	16	27	100	380
	Wave 5								
Wave 4	**Self** %	**Cat 1** %	**Cat 2** %	**Cat 3** %	**Cat 4** %	**Unemp** %	**NILF** %	**Total** %	**N**
Self	62	13	9	2	0	4	9	100	18
Cat 1	9	68	9	6	1	4	3	100	52
Cat 2	0	33	19	17	6	12	12	100	45
Cat 3	0	30	9	21	24	9	8	100	57
Cat 4	0	17	1	20	44	2	16	100	47
Unemp	0	15	4	4	8	54	14	100	54
NILF	1	12	1	4	6	13	64	100	96
Total	4	25	6	10	13	16	26	100	369

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; Cat 1 = over $700 per week; Cat 2 = at or below $700 per week, but above C10; Cat 3 = at or below C10, but above FMW; Cat 4 = at or below FMW; Unemp = unemployed; NILF = not in the labour force. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year; $700 is discounted each year by CPI.
Population: All those persons who were unemployed in Wave 1.
Source: HILDA Release 5.

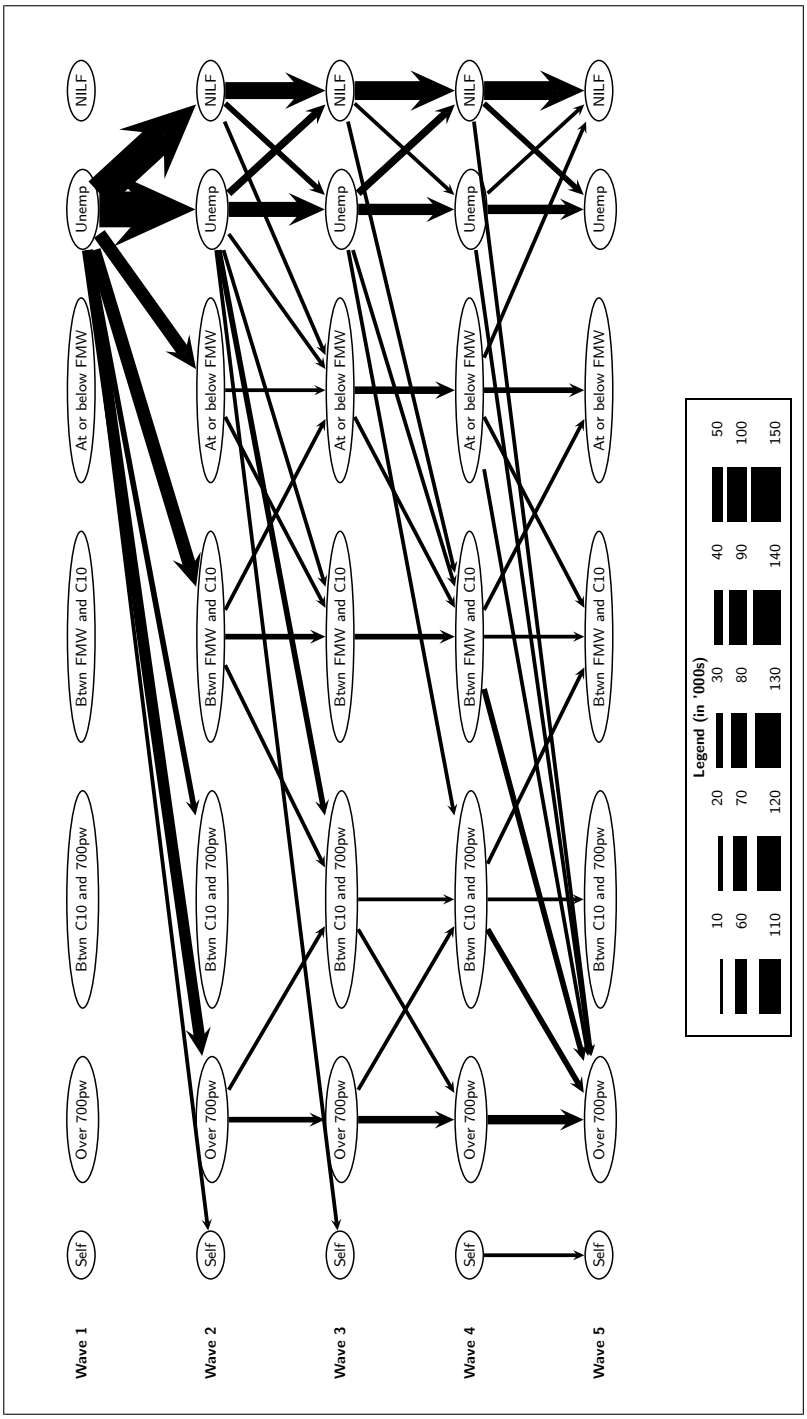

Figure 2.2: Destinations of the unemployed: tracking a cohort based on cutpoints ***(Note that flows of under 10,000 are not shown)***

2.3 Destinations of the low paid

In this section the labour market destinations of low paid employees is investigated. Two of the familiar low paid categories are used (FMW and C10), as well as a broader definition of low paid which includes both these groups together. The focus in this section is on tracking one cohort of low paid employees over four years, keeping an eye out for evidence of labour market churning. To some extent, the analysis in this section will under-estimate churning, because intermittent episodes of employment and unemployment in the intervals between HILDA survey interview dates are missed. The last section of this labour flows analysis addresses this shortcoming by examining the HILDA calendar data, which allows us to track month-by-month labour flows.

The destinations under scrutiny are two categories of employment—self-employment and employee status—and unemployment and being outside the labour market (NILF). In addition, the employee status is broken down by hours (full-time and part-time) and by employment contract (permanent and casual). Because of the repetitive nature of many of the tables, only the FMW results are shown in the following pages; the others are to be found in the appendix.

2.3.1 Tracking a cohort

As in the last section, the destinations of a Wave 1 (2001) cohort is followed over the subsequent four waves. The employment destinations in the first part of this analysis includes a hours breakdown (full-time and part-time) and a employment status breakdown (permanent and casual). This is done because of the importance of these categories for labour flows at the bottom of the labour market.

The analysis is most usefully conducted with percentages, though counts (in thousands) are also shown, as is a visual representation (see Table 2.13 and Figure 2.3). Table 2.14 shows that about 4 per cent of low paid employees end up unemployed after one year, while about 11 per cent end up outside the labour market. The outcomes do differ by employment and hours status, with casual part-time employees more likely to end up outside the labour market (16 per cent). It is interesting to note that among part-time casual employees about half are still in that category the following year, while about one quarter have moved up into permanent jobs. Clearly, the general impression after one year is of upward mobility, rather than churning. Moreover, this pattern appears to continue over the subsequent waves. Indeed, by Wave 5, upward mobility has improved, with about 31 per cent of part-time casual employees in Wave 4 now finding permanent jobs. Losses to unemployment never rise above 5 per cent in any wave and departures from the labour market never rise above 14 per cent.

This analysis for the low paid does not appear to be sensitive the cutpoint chosen for defining the low paid. As Table A.8 (in the appendix) shows, the same patterns are evident among low paid employees using the broader definition of both FMW and C10 employees. Finally, just looking at those in the gap between

the FMW and the C10 rate (Table A.12), the story is also similar, with even less likelihood of unemployment outcomes occurring: on average only 2 per cent of this cohort enters unemployment in any one wave.

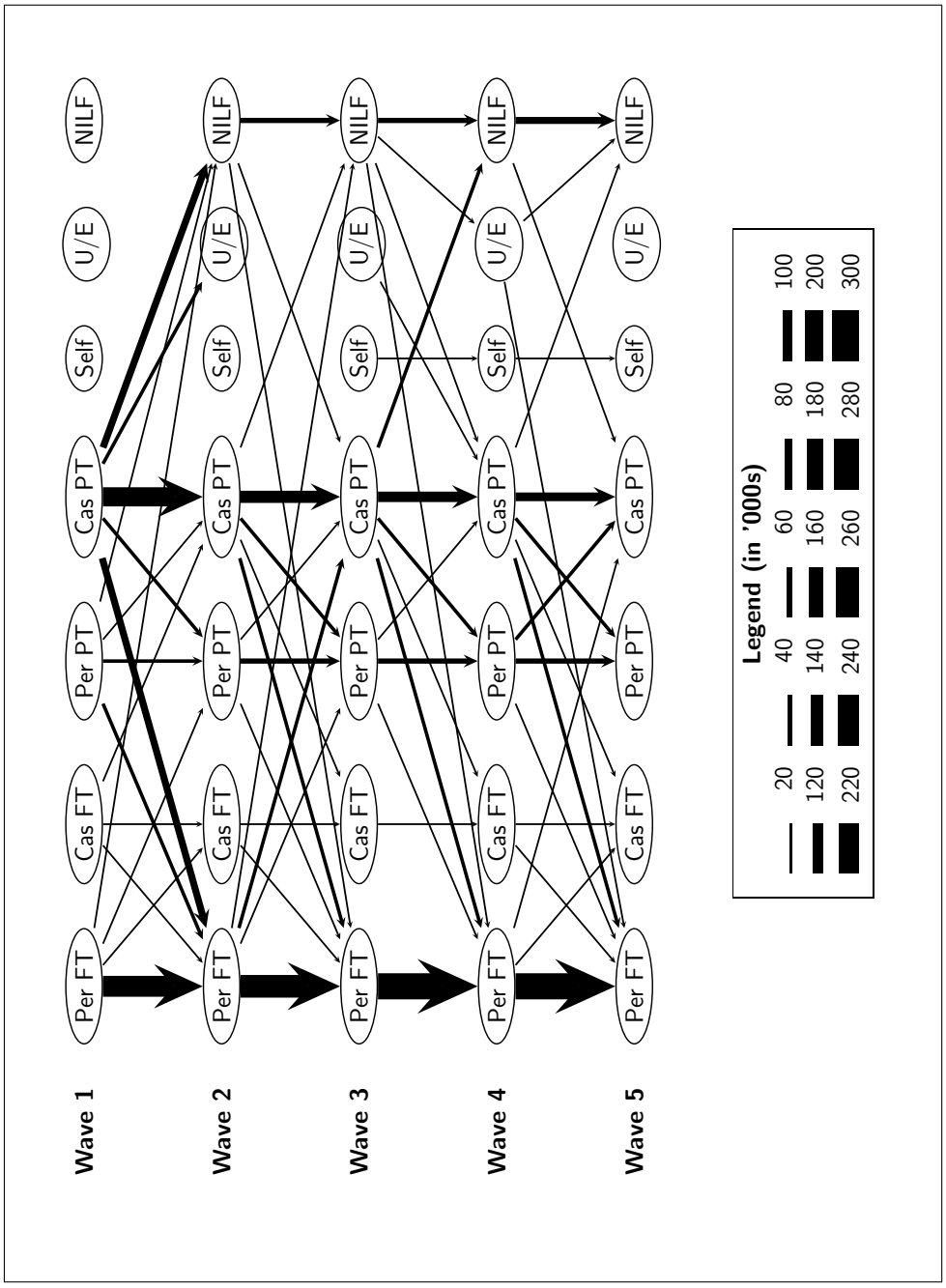

Figure 2.3: Destinations of the low paid: tracking a cohort ***(Note that flows of under 10,000 are not shown)***

Table 2.13: Tracking one cohort of FMW employees ('000s)

	Wave 2							
Wave 1	**Per FT** '000s	**Cas FT** '000s	**Per PT** '000s	**Cas PT** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Per FT	221	12	15	7	6	8	12	281
Cas FT	18	14	4	11	6	3	5	62
Per PT	22	3	31	18	4	0	10	88
Cas PT	65	9	33	211	5	21	64	410
Total	327	39	83	247	21	33	92	841

	Wave 3							
Wave 2	**Per FT** '000s	**Cas FT** '000s	**Per PT** '000s	**Cas PT** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Per FT	250	7	16	21	3	8	12	316
Cas FT	11	10	1	8	3	2	1	37
Per PT	13	0	42	13	0	0	9	77
Cas PT	29	12	34	133	5	5	16	235
Self	6	0	0	4	9	0	2	21
U/E	7	0	2	8	1	7	5	30
NILF	14	2	1	11	0	5	52	84
Total	329	31	96	199	22	27	97	800

	Wave 4							
Wave 3	**Per FT** '000s	**Cas FT** '000s	**Per PT** '000s	**Cas PT** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Per FT	283	8	10	8	4	4	8	324
Cas FT	5	12	0	9	1	3	1	30
Per PT	17	1	51	17	2	1	8	97
Cas PT	23	15	30	102	6	4	23	203
Self	4	1	0	4	12	0	2	23
U/E	1	2	1	10	0	10	3	27
NILF	12	1	3	11	1	19	52	100
Total	345	39	95	162	26	40	97	803

	Wave 5							
Wave 4	**Per FT** '000s	**Cas FT** '000s	**Per PT** '000s	**Cas PT** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Per FT	296	19	8	12	8	8	8	359
Cas FT	16	15	6	3	2	1	0	43
Per PT	15	1	56	21	0	0	5	98
Cas PT	29	13	23	81	3	6	15	169
Self	1	1	1	3	16	0	4	27
U/E	11	3	5	8	0	5	12	44
NILF	3	0	3	17	1	3	77	106
Total	371	52	104	145	30	22	121	845

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; FT = full-time employees; PT = part-time employees; Per = permanent, fixed contract and other; Cas = casual contract; U/E = unemployed; NILF = not in the labour force.
Population: All those employees who were low paid in Wave 1, defined as those employees earning $10.88 per hour or less (prevailing FMW).
Source: HILDA Release 5.

Table 2.14: Tracking one cohort of FMW employees (percentages)

	Wave 2								
Wave 1	**Per FT** %	**Cas FT** %	**Per PT** %	**Cas PT** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Per FT	79	4	5	2	2	3	4	100	274
Cas FT	28	23	7	18	10	5	8	100	65
Per PT	25	3	35	20	5	0	12	100	83
Cas PT	16	2	8	51	1	5	16	100	388
Total	39	5	10	29	3	4	11	100	810

	Wave 3								
Wave 2	**Per FT** %	**Cas FT** %	**Per PT** %	**Cas PT** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Per FT	79	2	5	7	1	2	4	100	259
Cas FT	31	28	3	23	8	5	2	100	37
Per PT	17	0	55	17	0	0	12	100	73
Cas PT	12	5	14	57	2	2	7	100	226
Self	27	0	0	21	44	0	8	100	22
U/E	23	0	6	27	3	24	18	100	30
NILF	16	2	2	13	0	6	61	100	66
Total	41	4	12	25	3	3	12	100	713

	Wave 4								
Wave 3	**Per FT** %	**Cas FT** %	**Per PT** %	**Cas PT** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Per FT	87	2	3	3	1	1	2	100	249
Cas FT	16	39	0	29	3	10	3	100	31
Per PT	18	1	53	18	2	1	8	100	79
Cas PT	11	7	15	50	3	2	11	100	180
Self	17	4	0	19	51	0	9	100	30
U/E	3	7	4	38	0	37	12	100	21
NILF	12	1	3	11	1	19	52	100	83
Total	43	5	12	20	3	5	12	100	673

	Wave 5								
Wave 4	**Per FT** %	**Cas FT** %	**Per PT** %	**Cas PT** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Per FT	82	5	2	3	2	2	2	100	268
Cas FT	37	35	14	7	5	3	0	100	36
Per PT	16	1	57	22	0	0	5	100	70
Cas PT	17	8	14	48	2	3	9	100	130
Self	3	6	5	12	59	0	15	100	29
U/E	25	7	13	19	0	11	27	100	30
NILF	3	0	3	17	1	3	73	100	90
Total	44	6	12	17	4	3	14	100	653

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; FT = full-time employees; PT = part-time employees; Per = permanent, fixed contract and other; Cas = casual contract; U/E = unemployed; NILF = not in the labour force.
Population: All those employees who were low paid in Wave 1, defined as those employees earning $10.88 per hour or less (prevailing FMW).
Source: HILDA Release 5.

2.3.2 The gender dimension

The gender dimension to labour flows is very important, because a considerable number of women move directly between employment and locations outside the labour market (particularly family responsibilities). Men, on the other hand, are more likely to move through unemployment during their transitions, and, as they grow older, from unemployment into locations outside the labour market (such as early retirement or welfare support, such as disability pensions).

In this section the gender aspects are considered, but due to sample size considerations the employment destinations have been aggregated to form just two categories: permanent and casual.

The gender dimension is immediately apparent in Tables 2.16 and 2.18, where only 7 per cent of low paid employees from Wave 1 are outside the labour market in Wave 2, compared with a figure of 14 per cent among women. By Wave 5 some 19 per cent of the cohort from Wave 4 have left the labour market, compared with 9 per cent among males.

There is some evidence across these tables for the conventional wisdom. Low paid male employees do have a higher proportion of unemployment destinations than females, but the differences are very slight (1 to 2 percentage points). On the other hand, the differences between men and women when it comes to leaving the labour market are much more pronounced: as much as 10 percentage points. The absence of departures into unemployment probably reflects two features:

1. compared with the unemployed cohort in the last analysis, this cohort includes employees with a greater range of employment experiences and marketable skills, and hence their departures into unemployment at each wave are bound to be lower than those experienced by the unemployed cohort;
2. the experience of churn is not captured adequately in annual one-point-in-time data collecting, but depends on intra-year labour market experiences, something that will be only be evident in the next section of this report.

Table 2.15: Tracking one cohort of FMW male employees ('000s)

	Wave 2					
Wave 1	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	164	16	8	4	6	197
Casual	49	102	3	8	23	186
Total	213	118	11	12	28	382
	Wave 3					
Wave 2	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	180	14	1	6	5	206
Casual	42	57	2	4	7	113
Self	5	0	5	0	1	11
U/E	5	2	0	3	1	11
NILF	5	6	0	2	12	25
Total	236	79	8	16	26	366
	Wave 4					
Wave 3	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	208	14	2	0	9	234
Casual	23	43	1	4	10	81
Self	3	0	4	0	1	9
U/E	1	8	0	7	1	16
NILF	4	6	1	4	9	24
Total	238	72	8	15	30	364
	Wave 5					
Wave 4	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	215	24	6	5	3	253
Casual	28	45	0	5	3	80
Self	1	1	7	0	0	9
U/E	6	5	0	2	3	15
NILF	3	4	1	2	24	33
Total	252	79	13	13	33	390

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; Perm = permanent, fixed contract and other; Casual = casual contract; U/E = unemployed; NILF = not in the labour force.
Population: All those male employees who were low paid in Wave 1, defined as those employees earning $10.88 per hour or less (prevailing FMW).
Source: HILDA Release 5.

Table 2.16: Tracking one cohort of FMW male employees (percentages)

	Wave 2						
Wave 1	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	83	8	4	2	3	100	184
Casual	27	55	2	4	12	100	173
Total	56	31	3	3	7	100	357
	Wave 3						
Wave 2	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	88	7	0	3	2	100	162
Casual	37	51	2	4	7	100	103
Self	44	0	48	0	8	100	13
U/E	43	21	0	31	6	100	14
NILF	20	23	0	8	49	100	19
Total	65	22	2	4	7	100	311
	Wave 4						
Wave 3	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	89	6	1	0	4	100	175
Casual	28	54	1	5	12	100	75
Self	34	0	52	0	14	100	14
U/E	5	48	0	44	3	100	12
NILF	17	25	4	16	39	100	20
Total	66	20	2	4	8	100	296
	Wave 5						
Wave 4	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	85	10	2	2	1	100	179
Casual	35	56	0	6	4	100	59
Self	10	11	80	0	0	100	10
U/E	39	30	0	10	21	100	11
NILF	9	12	2	5	72	100	30
Total	65	20	3	3	9	100	289

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; Perm = permanent, fixed contract and other; Casual = casual contract; U/E = unemployed; NILF = not in the labour force.
Population: All those male employees who were low paid in Wave 1, defined as those employees earning $10.88 per hour or less (prevailing FMW).
Source: HILDA Release 5.

Table 2.17: Tracking one cohort of FMW female employees ('000s)

	Wave 2					
Wave 1	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	125	24	2	4	17	172
Casual	71	144	8	16	47	286
Total	197	167	10	21	64	458
	Wave 3					
Wave 2	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	141	27	3	1	16	188
Casual	33	107	6	3	10	159
Self	1	4	4	0	1	10
U/E	4	6	1	4	5	19
NILF	10	7	0	3	39	59
Total	188	151	14	11	71	435
	Wave 4					
Wave 3	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	153	19	4	5	6	188
Casual	34	94	7	2	14	152
Self	1	5	7	0	1	14
U/E	1	4	0	3	3	11
NILF	11	6	0	15	42	75
Total	201	129	18	25	66	440
	Wave 5					
Wave 4	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	162	29	2	3	10	205
Casual	46	66	5	2	12	131
Self	1	4	9	0	4	18
U/E	10	6	0	3	9	28
NILF	4	13	0	2	53	72
Total	223	119	17	9	87	455

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; Perm = permanent, fixed contract and other; Casual = casual contract; U/E = unemployed; NILF = not in the labour force.
Population: All those female employees who were low paid in Wave 1, defined as those employees earning $10.88 per hour or less (prevailing FMW).
Source: HILDA Release 5.

Table 2.18: Tracking one cohort of FMW female employees (percentages)

	Wave 2						
Wave 1	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	73	14	1	2	10	100	173
Casual	25	50	3	6	16	100	280
Total	43	37	2	5	14	100	453
	Wave 3						
Wave 2	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	75	14	2	1	9	100	170
Casual	21	67	4	2	6	100	160
Self	9	44	40	0	7	100	9
U/E	20	30	5	20	25	100	16
NILF	17	12	0	5	67	100	47
Total	43	35	3	2	16	100	402
	Wave 4						
Wave 3	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	82	10	2	2	3	100	153
Casual	23	62	4	1	9	100	136
Self	7	37	50	0	6	100	16
U/E	9	38	0	26	26	100	9
NILF	15	9	0	20	56	100	63
Total	46	29	4	6	15	100	377
	Wave 5						
Wave 4	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	79	14	1	1	5	100	159
Casual	35	51	4	2	9	100	107
Self	7	21	50	0	22	100	19
U/E	36	23	0	11	30	100	19
NILF	5	19	1	2	74	100	60
Total	49	26	4	2	19	100	364

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; Perm = permanent, fixed contract and other; Casual = casual contract; U/E = unemployed; NILF = not in the labour force.
Population: All those female employees who were low paid in Wave 1, defined as those employees earning $10.88 per hour or less (prevailing FMW).
Source: HILDA Release 5.

2.4 Labour market churning

As noted earlier there are always problems with panel survey data which capture the one-point-in-time circumstances of respondents. While often such snapshots are reliable indicators of the enduring circumstances of respondents, there are situations where people's circumstances may change in important ways between annual interviews. This is particularly so for people subject to labour market churning, the cycling in and out of jobs, unemployment and the labour market. It is well known that low paid employees are subject to greater degrees of labour market churning than those higher in the earnings distribution.[2] This section makes use of the calendar data from the HILDA survey, data which tracks what respondents were doing over the course of the year. The derived variables based on these data provide a useful supplement to the point-in-time analysis considered earlier.

In the following analysis a series of sub-populations are examined, with a view to assessing the link between earnings and labour market churning. Table 2.19 shows all employees, while another set of tables in the appendix shows the results of restricting the data to adult employees, adult male employees, and adult female employees. The format of all tables is identical, and shows the distribution of earnings according to the familiar a four way earnings split. For each of these earnings groups, the tables show the mean percentage of the last financial year that was spent in jobs, in unemployment, and outside the labour force. They also show the mean number of jobs held in the last financial year. Finally, the last set of columns show standard deviations for each of these measures. These are useful for assessing how much variability there is around these average measures.

Looking first at Table 2.19, the most striking feature to the data is that the number of jobs held by respondents in any one year is insensitive to earnings. At the same time, however, it is clear that FMW employees are more likely to spend a longer period during the year in unemployment and outside the labour force. For example, those on the FMW in Wave 1 spent 4.5 per cent of the previous financial year unemployed, and 16.2 per cent absent from the labour force. By way of comparison, those earning under $700 per week (but above the C10 rate) spent 2.5 per cent of the year unemployed, and 4.5 per cent of the year outside the labour force.

While the figures change considerably across the waves, the basic relativities are fairly stable: as earnings increase, employees spend less time unemployed and outside the labour force. What is more, the volatility in these figures is greater at the bottom of the earnings distribution. There are a lot more employees on the FMW who spend considerably more time unemployed and outside the labour force than those on the mean. The standard deviations for FMW employees in Wave 1, for example, are 16.3 for unemployment and 30.1 for outside the labour force, compared with group averages of 10.7 and 18.7.

[2] Dunlop, Y. (2000), *Labour Market Outcomes of Low Paid Adult Workers*, Australian Bureau of Statistics, Occasional Paper (6293.0.00.005.)

The most notable difference when the population is restricted to adults is the large drop in time spent absent from the labour force. As Table 2.20 shows, across most waves there is about a 40 per cent drop for FMW adults, compared to all employees. There is also a drop in time spent unemployed, but of a smaller magnitude. Clearly, the labour market churning of non-adults is closely related to their educational activities, and to a smaller extent, their disengagement from formal educational or labour market activity.[3]

Turning to the gender dimension, Tables 2.21 and 2.22 also show notable differences for time spent outside the labour force, with women spending considerably more time absent than men. Of course, this is not surprising given the traditional patterns found within women's labour force participation patterns. However, what is interesting is that the gender difference is stronger among FMW employees. The percentage of the year spent outside the labour force by FMW men is only one or two percentage points greater than among higher-earning men. Among FMW women, on the other hand, the differences between their absence from the labour force and that of higher-earning women can be as high as 6 to 8 per cent per cent. In Waves 1 and 4, for example, FMW women spent about 14 per cent of the year outside the labour force. The comparable figures for those women earning under $700 per week (but above the C10 rate) were 6 per cent and 4 per cent respectively. While it is hard to know exactly what is happening here, it does suggest that the lower wages paid in the FMW category have weaker incentives for working among women than is the case for FMW men. As Apps and others have argued, when the financial returns for working are not very attractive, women are more inclined to switch to domestic production rather than market production, in a way that is not available to men.[4]

In summary, this section suggests that lower earnings are associated with greater periods of absence from the labour market, and greater periods spent unemployed. There is also greater volatility in the figures among lower paid employees, with a considerable number of them spending considerably longer away from employment than the average. On the other hand, cycling through a large number of jobs does *not* appear to be associated with the level of earnings, with those on the FMW no more likely to pass through more jobs in any one year than those earning higher wages.

[3] See, for example, Dusseldorp Skills Forum (1999) *Australia's young adults: the deepening divide*, Sydney: Dusseldorp Skills Forum; and Dusseldorp Skills Forum (1998) *Australia's youth: reality and risk*, Sydney: Dusseldorp Skills Forum.

[4] Apps, P. and Rees, R. (2002), 'Fertility, Dependency and Social Security', *Australian Journal of Labour Economics*, **5**(4) pp.569–585; Apps, P. and Rees, R. (2001) 'Fertility, female labour supply and public policy', *IZA Discussion Paper No. 409*.

Table 2.19: Labour market churning by earnings, all employees

Wave 1	Mean				Standard deviation				N
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	95.7	1.3	3.0	1.25	15.7	7.2	13.6	0.58	3,749
C10<=$700pw	93.0	2.5	4.5	1.22	20.3	11.6	16.8	0.55	948
FMW<=C10	91.7	2.9	5.5	1.25	21.8	12.5	17.7	0.58	1,113
<=FMW	79.3	4.5	16.2	1.22	33.3	16.3	30.1	0.68	1,000
Total	92.1	2.2	5.7	1.24	21.7	10.7	18.7	0.59	6,810
Wave 2	**Mean**				**Standard deviation**				**N**
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	93.5	1.7	2.7	1.27	20.8	9.1	13.0	0.64	3,650
C10<=$700pw	88.8	2.9	3.9	1.34	26.6	12.3	14.4	0.76	903
FMW<=C10	83.2	5.0	5.9	1.29	32.2	16.9	18.7	0.71	990
<=FMW	70.2	7.1	11.9	1.29	40.5	19.6	26.8	0.79	969
Total	87.9	3.2	4.8	1.29	28.4	13.3	17.3	0.70	6,512
Wave 3	**Mean**				**Standard deviation**				**N**
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	92.3	1.5	2.2	1.30	22.5	8.8	11.0	0.68	3,752
C10<=$700pw	82.8	3.1	4.4	1.31	33.6	12.8	15.6	0.64	802
FMW<=C10	79.3	3.7	4.3	1.34	36.0	14.6	15.3	0.73	1,052
<=FMW	62.9	6.8	12.7	1.30	43.1	19.1	27.0	0.74	907
Total	85.3	2.8	4.3	1.30	31.3	12.5	16.0	0.69	6,513
Wave 4	**Mean**				**Standard deviation**				**N**
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	91.0	1.3	2.3	1.26	24.8	8.4	12.3	0.62	3,694
C10<=$700pw	78.8	3.6	3.3	1.33	36.8	14.0	14.5	0.68	829
FMW<=C10	75.0	4.4	5.2	1.30	39.3	15.3	18.0	0.65	953
<=FMW	58.7	5.4	13.8	1.26	44.4	17.7	28.1	0.72	909
Total	83.3	2.7	4.5	1.27	33.5	12.3	17.1	0.65	6,385
Wave 5	**Mean**				**Standard deviation**				**N**
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	89.1	1.6	2.7	1.29	27.3	9.2	12.2	0.64	4,040
C10<=$700pw	78.2	2.5	4.8	1.30	37.4	11.2	17.7	0.67	702
FMW<=C10	73.6	3.1	6.8	1.30	39.7	11.9	19.7	0.66	1,019
<=FMW	59.7	5.7	13.1	1.32	45.4	16.8	27.4	0.76	1,002
Total	82.7	2.6	5.0	1.30	34.1	11.3	17.4	0.66	6,763

Notes: Weighted by cross-sectional weights. Job = % time in jobs last financial year; UE = % time unemployed last financial year; NILF = % time not in labour force last financial year; Num = number of jobs in last financial year.
$700pw> = over $700 per week; C10<=$700pw = at or below $700 per week, but above C10; FMW<=C10 = at or below C10, but above FMW; <=FMW = at or below FMW. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year; $700 is discounted each year by CPI.
Population: Restricted to all employees in each wave.
Source: HILDA Release 5.

Table 2.20: Labour market churning by earnings, adult employees

Wave 1	Mean				Standard deviation				N
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	96.0	1.2	2.8	1.24	14.9	6.8	12.9	0.57	3,654
C10<=$700pw	93.8	2.2	4.0	1.21	19.3	10.7	16.1	0.55	900
FMW<=C10	93.8	2.5	3.7	1.24	18.6	11.7	14.4	0.54	970
<=FMW	85.9	3.9	10.3	1.24	29.1	15.6	25.6	0.62	527
Total	94.4	1.8	3.8	1.24	18.2	9.5	15.4	0.56	6,051
Wave 2	**Mean**				**Standard deviation**				**N**
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	94.4	1.5	2.3	1.27	19.1	8.5	11.8	0.64	3,552
C10<=$700pw	89.6	2.6	3.5	1.33	25.9	11.7	13.6	0.76	847
FMW<=C10	85.9	4.7	5.1	1.26	29.9	16.5	18.0	0.69	838
<=FMW	82.0	6.7	5.2	1.30	34.2	19.8	18.8	0.75	476
Total	91.2	2.7	3.2	1.28	24.2	12.0	14.0	0.68	5,713
Wave 3	**Mean**				**Standard deviation**				**N**
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	93.5	1.4	1.9	1.28	20.3	8.6	10.3	0.66	3,641
C10<=$700pw	85.1	2.9	4.0	1.28	31.5	12.8	15.3	0.62	738
FMW<=C10	82.8	3.5	3.0	1.33	33.4	14.2	12.1	0.71	894
<=FMW	73.7	6.2	7.1	1.31	39.6	18.5	22.0	0.68	449
Total	88.9	2.3	2.8	1.29	27.3	11.5	12.8	0.67	5,722
Wave 4	**Mean**				**Standard deviation**				**N**
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	91.9	1.3	2.1	1.25	23.4	8.4	11.5	0.60	3,599
C10<=$700pw	82.1	3.2	2.9	1.29	33.9	13.1	13.5	0.63	757
FMW<=C10	79.7	3.5	4.3	1.29	36.3	13.8	16.6	0.65	816
<=FMW	71.2	3.6	9.5	1.24	41.0	15.3	25.6	0.70	427
Total	87.0	2.1	3.1	1.26	29.8	10.8	14.4	0.62	5,599
Wave 5	**Mean**				**Standard deviation**				**N**
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	90.0	1.6	2.5	1.28	25.9	9.0	11.8	0.63	3,929
C10<=$700pw	79.6	2.5	4.4	1.29	36.3	11.2	17.2	0.67	637
FMW<=C10	77.7	3.0	4.9	1.27	37.2	11.9	17.0	0.64	839
<=FMW	69.4	4.2	5.7	1.36	42.3	15.0	18.9	0.75	475
Total	85.5	2.1	3.3	1.29	31.3	10.3	14.0	0.65	5,880

Notes: Weighted by cross-sectional weights. Job = % time in jobs last financial year; UE = % time unemployed last financial year; NILF = % time not in labour force last financial year; Num = number of jobs in last financial year.
$700pw> = over $700 per week; C10<=$700pw = at or below $700 per week, but above C10; FMW<=C10 = at or below C10, but above FMW; <=FMW = at or below FMW. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year; $700 is discounted each year by CPI.
Population: Restricted to adult employees in each wave.
Source: HILDA Release 5.

Table 2.21: Labour market churning by earnings, adult male employees

Wave 1	Mean				Standard deviation				N
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	97.0	1.4	1.6	1.22	12.0	7.0	9.6	0.54	2,041
C10<=$700pw	95.2	2.8	2.0	1.22	16.1	12.1	10.9	0.55	390
FMW<=C10	93.6	3.4	3.0	1.22	19.1	14.2	12.6	0.53	416
<=FMW	90.5	4.5	5.0	1.35	23.0	16.0	17.0	0.66	206
Total	95.9	2.1	2.1	1.23	14.8	9.9	10.9	0.55	3,053
Wave 2	**Mean**				**Standard deviation**				**N**
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	96.2	1.6	1.4	1.26	15.1	8.9	8.7	0.64	1,988
C10<=$700pw	91.0	3.4	3.2	1.39	23.8	13.6	12.0	0.86	361
FMW<=C10	88.6	6.3	4.3	1.31	26.4	19.5	16.6	0.81	362
<=FMW	85.9	5.5	3.8	1.35	29.7	17.6	16.1	0.84	203
Total	93.7	2.8	2.2	1.29	19.9	12.4	11.3	0.71	2,914
Wave 3	**Mean**				**Standard deviation**				**N**
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	95.1	1.5	1.3	1.27	17.2	8.8	8.8	0.64	2,013
C10<=$700pw	87.5	3.7	2.8	1.23	28.3	14.9	13.3	0.53	320
FMW<=C10	87.5	3.6	1.7	1.32	27.4	15.0	8.3	0.76	375
<=FMW	78.2	7.8	5.6	1.38	35.2	19.4	18.6	0.72	199
Total	92.0	2.5	1.9	1.28	22.6	11.8	10.5	0.66	2,907
Wave 4	**Mean**				**Standard deviation**				**N**
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	93.7	1.0	1.3	1.25	20.3	7.4	9.6	0.60	1,993
C10<=$700pw	87.1	4.3	1.4	1.31	28.3	16.5	8.2	0.65	323
FMW<=C10	82.3	4.4	4.2	1.27	33.0	14.3	17.7	0.63	339
<=FMW	78.5	4.3	5.0	1.24	36.2	17.4	18.1	0.73	194
Total	90.5	2.0	1.9	1.26	25.0	10.9	11.6	0.62	2,849
Wave 5	**Mean**				**Standard deviation**				**N**
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	92.7	1.3	1.6	1.27	21.9	7.4	9.2	0.61	2,144
C10<=$700pw	85.5	2.7	2.4	1.30	30.2	12.4	11.1	0.63	267
FMW<=C10	80.8	3.0	2.0	1.29	33.4	12.0	11.4	0.68	338
<=FMW	72.7	4.2	3.6	1.35	41.3	15.2	15.2	0.71	186
Total	89.4	1.8	1.9	1.28	26.5	9.3	10.2	0.63	2,935

Notes: Weighted by cross-sectional weights. Job = % time in jobs last financial year; UE = % time unemployed last financial year; NILF = % time not in labour force last financial year; Num = number of jobs in last financial year.
$700pw> = over $700 per week; C10<=$700pw = at or below $700 per week, but above C10; FMW<=C10 = at or below C10, but above FMW; <=FMW = at or below FMW. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year; $700 is discounted each year by CPI.
Population: Restricted to adult male employees in each wave.
Source: HILDA Release 5.

Table 2.22: Labour market churning by earnings, adult female employees

Wave 1	Mean				Standard deviation				N
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	94.6	1.0	4.4	1.27	18.2	6.6	16.4	0.60	1,613
C10<=$700pw	92.5	1.7	5.8	1.20	21.5	9.4	19.4	0.55	510
FMW<=C10	94.0	1.7	4.3	1.26	18.1	9.3	15.6	0.55	554
<=FMW	82.8	3.5	13.7	1.17	32.2	15.3	29.4	0.58	321
Total	92.8	1.5	5.7	1.24	21.2	9.1	19.0	0.58	2,998
Wave 2	**Mean**				**Standard deviation**				**N**
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	91.9	1.4	3.5	1.28	23.4	7.9	15.0	0.65	1,564
C10<=$700pw	88.5	2.0	3.7	1.29	27.5	9.8	14.8	0.67	486
FMW<=C10	83.8	3.4	5.8	1.22	32.3	13.3	19.0	0.56	476
<=FMW	78.9	7.6	6.3	1.26	37.0	21.4	20.6	0.68	273
Total	88.4	2.5	4.2	1.27	28.0	11.6	16.4	0.64	2,799
Wave 3	**Mean**				**Standard deviation**				**N**
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	91.3	1.3	2.7	1.31	23.9	8.2	12.0	0.69	1,628
C10<=$700pw	83.1	2.2	5.0	1.32	33.8	10.8	16.7	0.69	418
FMW<=C10	79.1	3.4	4.1	1.33	37.0	13.5	14.4	0.67	519
<=FMW	69.9	4.7	8.4	1.25	42.6	17.6	24.6	0.64	250
Total	85.5	2.2	3.9	1.31	31.5	11.1	15.1	0.68	2,815
Wave 4	**Mean**				**Standard deviation**				**N**
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	89.3	1.7	3.2	1.25	27.0	9.5	13.8	0.61	1,606
C10<=$700pw	78.3	2.3	4.1	1.28	37.3	9.5	16.4	0.62	434
FMW<=C10	77.8	2.9	4.4	1.31	38.5	13.2	15.8	0.65	477
<=FMW	64.9	3.1	13.6	1.23	43.8	13.2	30.3	0.69	233
Total	83.1	2.1	4.5	1.27	33.9	10.7	16.9	0.63	2,750
Wave 5	**Mean**				**Standard deviation**				**N**
	Job	UE	NILF	Num	Job	UE	NILF	Num	
$700pw>	86.4	1.9	3.7	1.29	30.3	10.8	14.5	0.65	1,785
C10<=$700pw	75.0	2.3	6.1	1.28	40.0	10.1	20.8	0.71	370
FMW<=C10	75.6	3.0	7.0	1.26	39.5	11.8	19.8	0.61	501
<=FMW	67.0	4.3	7.3	1.37	42.9	14.9	21.1	0.78	289
Total	81.1	2.4	5.0	1.29	35.4	11.4	17.2	0.67	2,945

Notes: Weighted by cross-sectional weights. Job = % time in jobs last financial year; UE = % time unemployed last financial year; NILF = % time not in labour force last financial year; Num = number of jobs in last financial year.
$700pw> = over $700 per week; C10<=$700pw = at or below $700 per week, but above C10; FMW<=C10 = at or below C10, but above FMW; <=FMW = at or below FMW. See appendix for dollar cutpoints. Note that FMW and C10 are rates prevailing in second half of each year; $700 is discounted each year by CPI.
Population: Restricted to adult female employees in each wave.
Source: HILDA Release 5.

Part 3

Household analysis

3.1 Introduction

Do low paid employees live in low income households? This question has been posed many times over the last decade. The latest answer, provided in 2006 by Healy and Richardson (2006)[1] is that 'FMW [Federal Minimum Wage] workers are disproportionately found in the lowest deciles, with close to 30 per cent in the very bottom decile' (p. 21). This is based on a distribution of equivalent household disposable income for adult employees. Using a different distribution—everyone in the labour force—sees a less pronounced concentration. Finally, including everyone in the population, sees FMW employees spread across all income deciles, and no longer noticeably confined to the bottom deciles.

In the report I also look at this question, but in addition I present data on a range of other household characteristics: the composition of households, their income situation and expenditure patterns, and their housing situation. Like Healy and Richardson this report uses HILDA data (from the 2005 survey, rather than the 2004 survey), but unlike them this report uses the household as the unit of analysis. The methodology used by Healy and Richardson involved 'importing' matched HILDA household income data into the HILDA individual level data, and then examining where low paid individuals were located within this household income distribution. By contrast, my method involves 'importing' matched HILDA individual level data into the HILDA household data, and then analysing those households. In other words, the focus of attention is the household itself, and various characteristics which describe those households.

This approach has the advantage of seeing the needs of people being met within the households in which they live. That is, the 'needs of the low paid' are contextualised as being expressed within a household setting: where the raising of children, the consumption of food, and the paying of rent or mortgage, invariably happen in a collective fashion. There are technical difficulties in adopting

[1] Healy, J. and Richardson, S. (2006) *An Updated profile of the minimum wage workforce in Australia*, Adelaide: National Institute of Labour Studies. (Report Commissioned by the Australian Fair Pay Commission.)

this approach: often two or more individuals are 'imported' into the same household, and their individual characteristics differ. So whose characteristics should be used to characterise the household? The general approach is based on the concept of 'at least one person' in the household with a defining characteristic. For example, a person defined as a low paid employee brings that characteristic into their household, the other members of which may or may not also be low paid employees. This then allows households to be categorised as belonging to one of two groups:

1. those with at least one low paid adult employee present;
2. those with no low paid adult employees present.

In some cases, individual level data differs among members of the household and is averaged for the household (some expenditure items fit into this pattern). At other times, two household viewpoints are offered, as happens in the presentation of 'optimistic' and 'pessimistic' assessments of household prosperity. Despite these difficulties, the analysis is able to stay focused on the household as the unit of analysis, with all the advantages which this brings. The population of interest in this report are all households where at lest one person is employed. Throughout this report the term 'adult low paid households' will be used as shorthand for the expression: *households with at least one low paid adult present* while the term 'other households' will refer to the residual category: those households with at least one person employed but with no adult low paid employees present.

The reference to 'adults' is important, because throughout this part of the report the population is restricted to adult employees. To do otherwise is to end up including among the low paid households those couples where one (or both) partners may be well-paid, but a non-adult low paid employee—such as a teenage child—still lives at home. In this respect, the analysis closely follows Healy and Richardson and the makes the population [8] the centre of attention. (For interest, I do, however, illustrate how the income distributions differ when non-adults are included.)

Again, the three definitions of low pay used throughout this report are also used for the household analysis, and Figures 3.1, 3.2 and 3.3 show the populations created by using these three different benchmarks. These populations can be summarised as:

1. earning at or below $700 per week, but above C10:
    - some 1.9 million households where at least one adult is in this category;
    - which represents 35 per cent of all households where at least one employed persons lives;
2. earning at or below C10 rates, but above FMW:
    - some 1.3 million households where at least one adult is in this category;
    - which represents 24 per cent of all households where at least one employed persons lives;
3. earning at or below FMW:

- some 500 thousand households where at least one adult is in this category;
- which represents 9 per cent of all households where at least one employed persons lives;

As well as these three familiar low paid categories, an additional household category is examined in this part of this report. As the following analysis will show, low paid households are concentrated at the bottom of the income distribution, but they are far from homogeneous. Indeed, as many of the tables which follow will show, the differences between low paid households and the residual category are often minor. This is not surprising, since some of the residents in these households may be on quite high incomes. For this reason, as additional sub-group is included in the following analysis: these are the households which belong in the bottom half of the household equivalent income distribution. They constitute 356,000 households (out of the 516,000 who make up the low paid definition in this section) and they come closest to representing 'poor households' in the everyday usage of that term. That is, they are more economically vulnerable than any of the other households considered in this report. Tables 3.5 and 3.6 show where this subgroup fits in the overall income distribution. The term 'subgroup analysis' will be used to refer to this category.

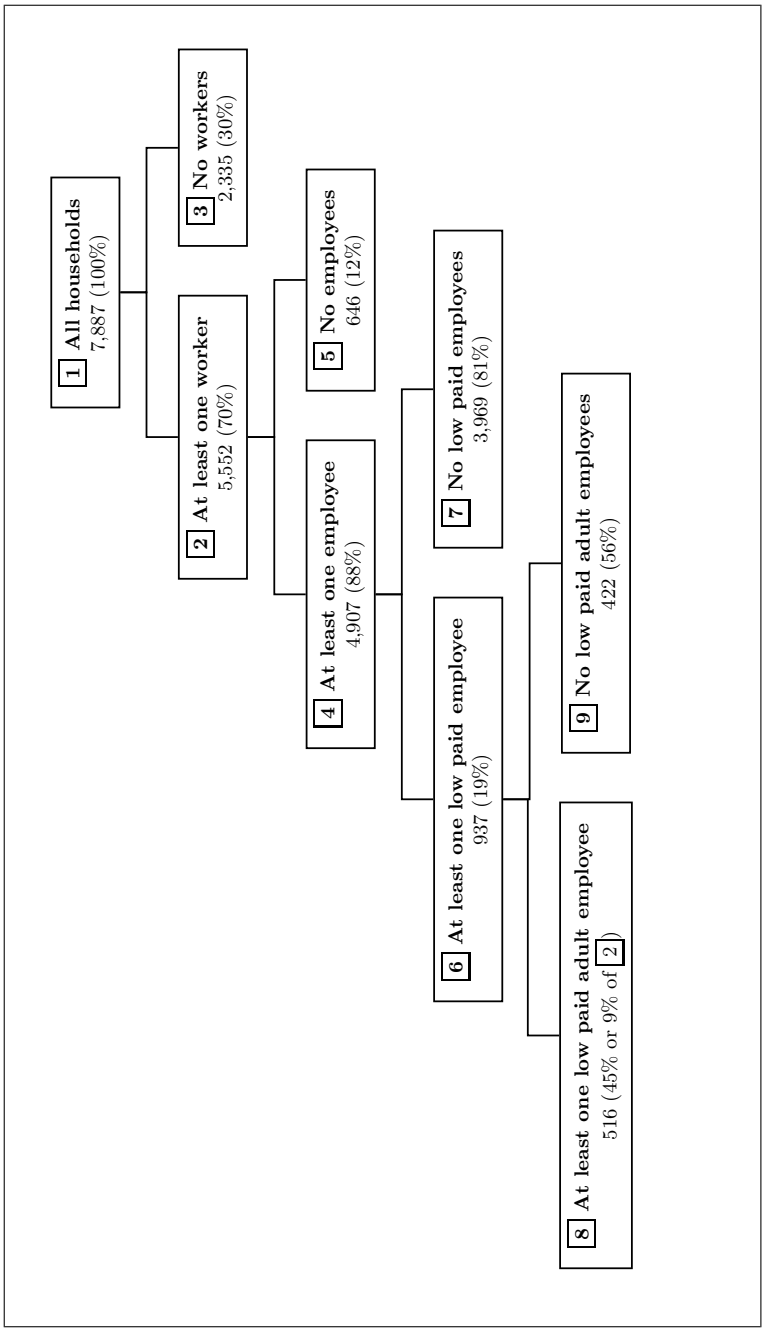

Figure 3.1: Low paid defined by earning at or below FMW

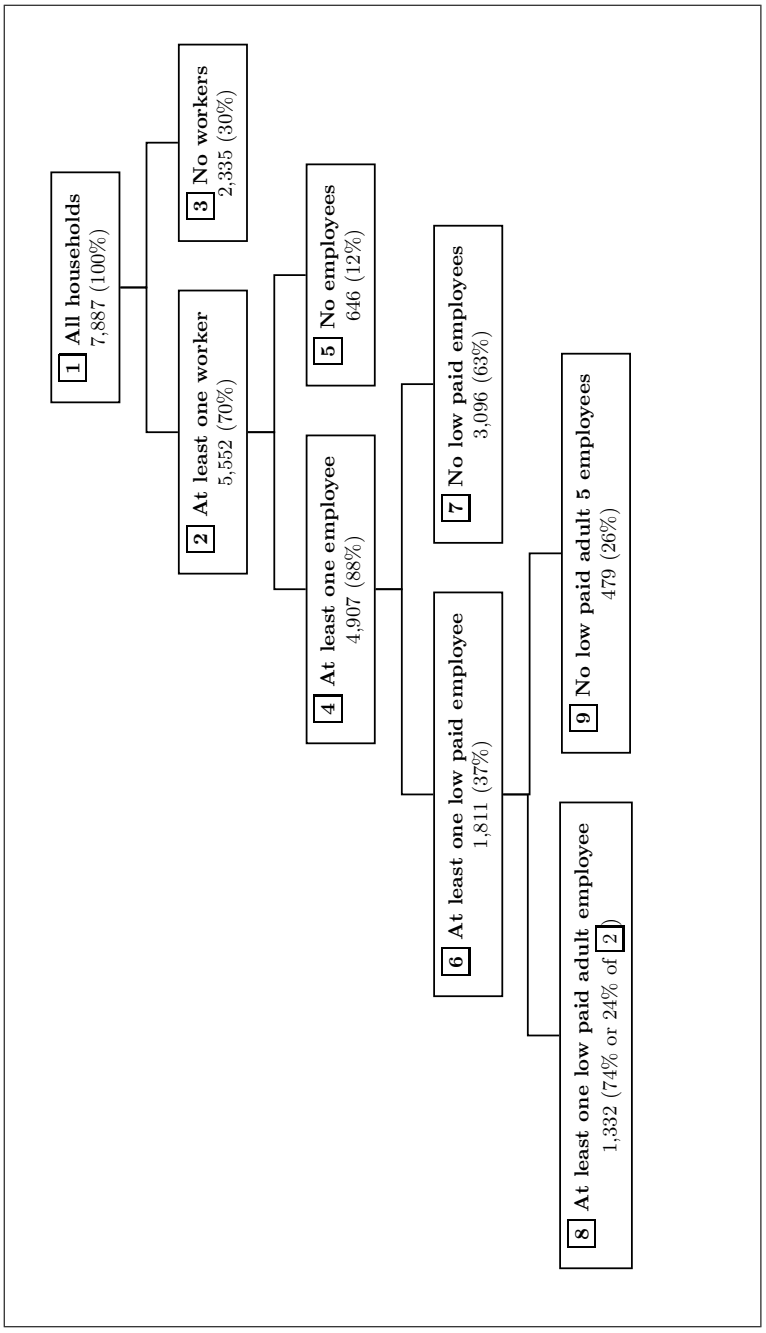

Figure 3.2: Low paid defined by earning at or below the C10 rate

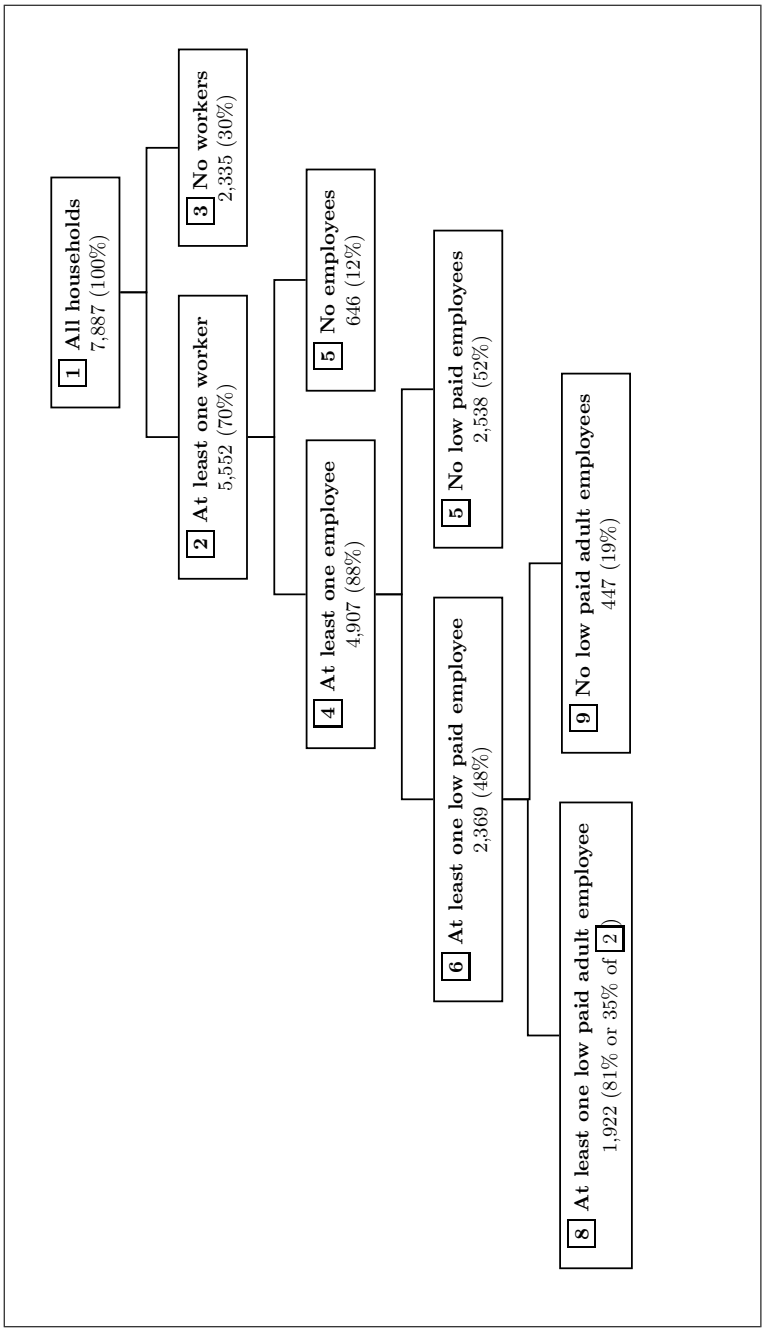

Figure 3.3: Low paid defined by earnings at or below $700 per week

3.2 Household characteristics

3.2.1 At or below FMW

A significant proportion of people live in low paid households: some 1.5 million persons, including 252,000 children. As Table 3.1 shows the most common household type is couple family without dependent children (45 per cent), followed by couple family with dependent children (23 per cent). The same pattern is found in 'other' households but they are slightly more likely to have children present.

While there is no difference in the presence of unemployed persons in these two categories of household, there is a difference when it comes to part-time employees. Half of all low-paid households have part-time employees present, compared with 36 per cent in 'other' households.

The panel labeled 'Number of low paid employee' in Table 3.1 is useful for illustrating the spread of non-adult low paid employees into the 'other' households. There are about 48,000 households in this category where non-adult low paid employees are to be found. When it comes to the low-paid households, the 61,000 households shown in this table consist of households where the second low paid employee is either an adult or a non-adult. There are about 20,000 households which belong in the former category, where there are two or more adult low paid employees present (figure not shown in tables).

The subgroup analysis is shown in Table 3.2 and indicates that these 356,000 households contain just under one million persons, including 213,000 children. It is clear that these households are more likely to have children present than was the case for the full sample.

3.2.2 At or below C10 rate

The most interesting feature of the C10 low paid households is the considerable reach of this definition: these households contain 3.8 million persons, including 712,000 dependent children. As Table A.13 also shows, these households are also more likely to contain additional low paid employees (17 per cent) than were FMW low paid households (9 per cent). Part-time employees are slightly less common in these households (45 per cent, compared with 50 per cent).

3.2.3 At or below $700 per week

The coverage of sub-$700 per week low paid households is extensive: nearly 5.5 million people live in these households, including nearly 1.1 million children. These households are more likely to have children present than the FMW low paid households, whether in couple families or in lone parent households. Together the latter two parental categories amount to 34 per cent of FMW low paid households whereas they constitute 39 per cent of sub-$700 per week low paid households (see Tables 3.1 and A.14).

The presence of non-adult low paid employees is also notable among sub-$700 per week low paid households: 22 per cent compared with 17 per cent among C10 low paid households (and less than 9 per cent in the FMW households). Again, part-time employees are less common in these households, with the percentage similar to that found in the C10 low paid households (45 per cent).

Table 3.1: Household structure—FMW

Categories §	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
Total number of persons §	1,488		13,859		15,348	
Total number of dependent children §	252		3,104		3,556	
Household type §						
Couple family with dep child	118	22.9	1,453	28.9	1,571	28.3
Couple family without dep child	234	45.4	1,912	38.0	2,146	38.6
Lone parent	55	10.6	535	10.6	590	10.6
Lone person	80	15.6	1,015	20.1	1,095	19.7
Group household or multi family	29	5.6	122	2.4	150	2.7
Total	516	100.0	5,037	100.0	5,552	100.0
Number of dependent children §						
None	367	71.1	3,289	65.3	3,656	65.8
One	71	13.8	751	14.9	822	14.8
Two	57	11.0	724	14.4	781	14.1
Three or more	21	4.1	272	5.4	293	5.3
Total	516	100.0	5,037	100.0	5,552	100.0
Number of low paid employees †♪						
One low paid employee	455	88.3	373	88.5	829	88.4
Two or more low paid employees	61	11.7	48	11.5	109	11.6
Total	516	100.0	422	100.0	937	100.0
Presence of part-time employed §						
No part-time employed	253	49.0	3,207	63.7	3,460	62.3
At least one part-time employed	263	51.0	1,829	36.3	2,093	37.7
Total	516	100.0	5,037	100.0	5,552	100.0
Presence of unemployed persons §						
No unemployed persons	504	97.8	4,915	97.6	5,420	97.6
At least one unemployed person	11	2.2	121	2.4	133	2.4
Total	516	100.0	5,037	100.0	5,552	100.0
Sample size	457		4,604		5,061	

Notes: Weighted by cross-sectional household population weights. Dependent children defined as those 14 years or under. ♪Includes low paid employees who are NOT adults. Definition of low pay: earning at or below $12.75 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table 3.2: Household structure—FMW subgrp ¶

Categories §	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
Total number of persons §	982		14,365		15,348	
Total number of dependent children §	213		3,143		3,556	
Household type §						
Couple family with dep child	95	26.7	1,476	28.4	1,571	28.3
Couple family without dep child	124	34.9	2,021	38.9	2,146	38.6
Lone parent	43	12.1	547	10.5	590	10.6
Lone person	73	20.5	1,022	19.7	1,095	19.7
Group household or multi family	21	5.8	130	2.5	150	2.7
Total	356	100.0	5,196	100.0	5,552	100.0
Number of dependent children §						
None	231	64.9	3,425	65.9	3,656	65.8
One	60	16.9	762	14.7	822	14.8
Two	45	12.7	736	14.2	781	14.1
Three or more	20	5.6	274	5.3	293	5.3
Total	356	100.0	5,196	100.0	5,552	100.0
Number of low paid employees †♪						
One low paid employee	324	91.0	504	86.8	829	88.4
Two or more low paid employees	32	9.0	77	13.2	109	11.6
Total	356	100.0	581	100.0	937	100.0
Presence of part-time employed §						
No part-time employed	161	45.2	3,299	63.5	3,460	62.3
At least one part-time employed	195	54.8	1,898	36.5	2,093	37.7
Total	356	100.0	5,196	100.0	5,552	100.0
Presence of unemployed persons §						
No unemployed persons	345	97.0	5,074	97.7	5,420	97.6
At least one unemployed person	11	3.0	122	2.3	133	2.4
Total	356	100.0	5,196	100.0	5,552	100.0
Sample size	319		4,740		5,059	

Notes: Weighted by cross-sectional household population weights. Dependent children defined as those 14 years or under. ♪Includes low paid employees who are NOT adults. Definition of low pay: earning at or below $12.75 per hour ¶Adult low paid restricted to bottom half of equivalent household income distribution..
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

3.3 Income

3.3.1 At or below FMW

As Figures 3.4 and 3.5 show the location of low paid households within the overall distribution changes considerably if one uses equivalent household income rather than unadjusted income. Equivalent household income takes account of the fact the same income has a different impact on the standard of living of the family depending on how many people live in that household. (Further details can be found in the appendix.) Figure 3.4 shows that low paid households are over-represented, relative to all households, in the bottom two deciles, and under-represented in the top four deciles. By contrast, using equivalent income, low paid households are over-represented in the bottom three deciles, and under-represented in the top five. In other words, while low paid households are spread across the income distribution, it is far from a uniform spread and this is particularly so when using equivalent income.

Figures 3.4 and 3.5 also show the effect of including non-adults in the definition of low paid households. While their impact is less severe in the equivalent income distribution, it makes quite a difference to the picture in Figure 3.4: the over-representation at the bottom of the distribution falls and the under-representation at the top almost disappears.

Tables 3.3 and 3.4 and show the data on which these figures (for adults) are based. Where Healy and Richardson found that 30 per cent of their low paid individuals were in the bottom decile and a further 14 per cent were in the second decile, Table 3.4 shows that 18 per cent of low paid households are in the bottom decile and another 17 per cent in the second decile. Thus whereas Healy and Richardson find about 44 per cent of low paid *individuals* fit within the two bottom household deciles, this analysis suggests about 35 per cent of low paid *households* are in the two bottom household deciles.

Why is there such a difference between these results and those of Healy and Richardson? There are a number of minor differences: different datasets are used (2005 compared with 2004) and different estimates of low paid adult employees are also evident (7 per cent and 10 per cent).[2] However, the most likely reason for the difference is the alternative methodologies: one which locates low paid individuals within a household income distribution and the other which locates households (where low paid individuals are present) within a household income distribution.

[2] As the appendix shows, the definitions of low paid employees differ slightly.

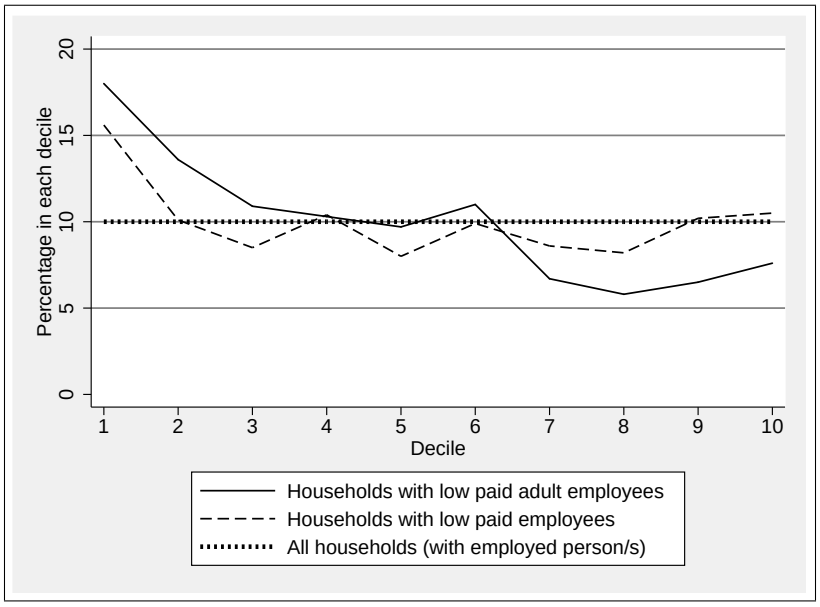

Figure 3.4: FMW distributional analysis: household disposable income

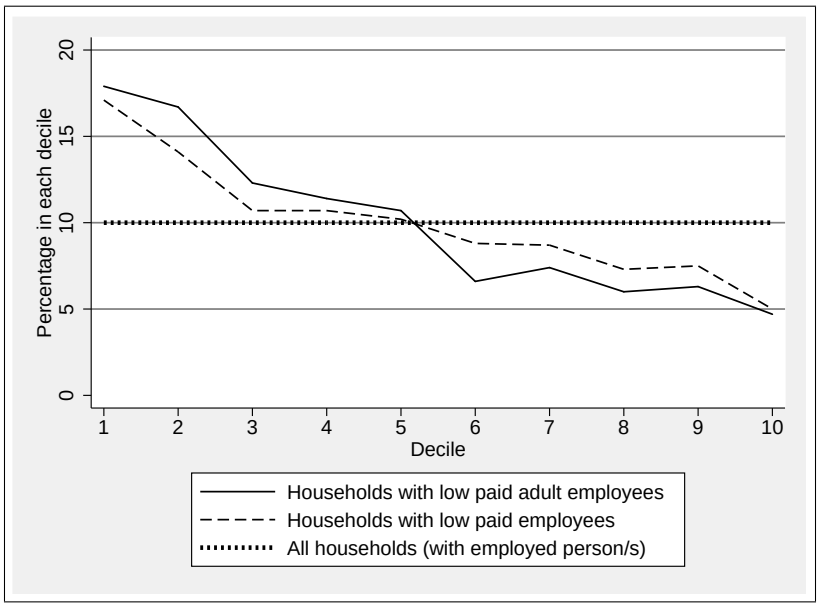

Figure 3.5: FMW distributional analysis: equivalent household disposable income

Table 3.3: Household distributional analysis—FMW

Decile	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
1	93	18.0	464	9.2	556	10.0
2	70	13.6	485	9.6	555	10.0
3	56	10.9	499	9.9	555	10.0
4	53	10.3	505	10.0	558	10.0
5	50	9.7	503	10.0	552	9.9
6	57	11.0	500	9.9	557	10.0
7	35	6.7	519	10.3	553	10.0
8	30	5.8	526	10.4	556	10.0
9	34	6.5	521	10.3	555	10.0
10	39	7.6	516	10.2	555	10.0
Total	516	100.0	5,037	100.0	5,552	100.0

Notes: Weighted by cross-sectional household population weights. Deciles of unadjusted household disposable income for all households with at least one employed person. Definition of low pay: earning at or below $12.75 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table 3.4: Household distributional analysis (equivalent income)—FMW

Decile	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
1	92	17.9	464	9.2	556	10.0
2	86	16.7	469	9.3	555	10.0
3	63	12.3	491	9.8	555	10.0
4	59	11.4	500	9.9	559	10.1
5	55	10.7	497	9.9	552	9.9
6	34	6.6	523	10.4	557	10.0
7	38	7.4	515	10.2	553	10.0
8	31	6.0	524	10.4	555	10.0
9	33	6.3	523	10.4	556	10.0
10	24	4.7	530	10.5	554	10.0
Total	516	100.0	5,037	100.0	5,552	100.0

Notes: Weighted by cross-sectional household population weights. Deciles of equivalent household disposable income for all households with at least one employed person. Definition of low pay: earning at or below $12.75 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

As well as a distributional analysis, it is also worth looking at the sources of income which low paid households have access to. As well as mean figures for each source of income, figures for the 25th, 50th and 75th percentile are shown. [3] These are useful for highlighting what levels of income pertain to those at the lower levels of one distribution—such as wages and salaries—and the incomes

[3] It is important to keep in mind that these are distributions within each source of income. Thus a figure of 0 for the median government pensions and benefits simply means that more than half of all households were not in receipt of such income. It is important also not to assume that the income sources 'line-up' horizontally. For example, the adult low paid household in the 75th percentile for wage and salary income shows them earning $76,000. These are not the

Table 3.5: Household distributional analysis—FMW subgrp ¶

Decile	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
1	93	26.1	464	8.9	556	10.0
2	70	19.7	485	9.3	555	10.0
3	52	14.7	503	9.7	555	10.0
4	51	14.3	507	9.8	558	10.0
5	38	10.7	514	9.9	552	9.9
6	31	8.8	526	10.1	557	10.0
7	18	5.2	535	10.3	553	10.0
8	1	0.4	555	10.7	556	10.0
9	1	0.2	554	10.7	555	10.0
10	0	0.0	555	10.7	555	10.0
Total	356	100.0	5,196	100.0	5,552	100.0

Notes: Weighted by cross-sectional household population weights. Deciles of unadjusted household disposable income for all households with at least one employed person. Definition of low pay: earning at or below $12.75 per hour ¶Adult low paid restricted to bottom half of equivalent household income distribution..
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table 3.6: Household distributional analysis (equivalent income)—FMW subgrp ¶

Decile	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
1	92	25.9	464	8.9	556	10.0
2	86	24.1	469	9.0	555	10.0
3	63	17.8	491	9.5	555	10.0
4	59	16.5	500	9.6	559	10.1
5	55	15.6	497	9.6	552	9.9
6	0	0.0	557	10.7	557	10.0
7	0	0.0	553	10.6	553	10.0
8	0	0.0	555	10.7	555	10.0
9	0	0.0	556	10.7	556	10.0
10	0	0.0	554	10.7	554	10.0
Total	356	100.0	5,196	100.0	5,552	100.0

Notes: Weighted by cross-sectional household population weights. Deciles of equivalent household disposable income for all households with at least one employed person. Definition of low pay: earning at or below $12.75 per hour ¶Adult low paid restricted to bottom half of equivalent household income distribution..
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

found at the higher levels of another distribution—such as government benefits. In this way, dependence of households on government transfers to compensate for lower levels of market income can be glimpsed.

Table 3.7: Income situation—FMW §

	Sources of income (mean)					
	Gross income	**Disposable income**	**Equivalent disposable income**	**Wage & salary income**	**Govt pensions & benefits**	**Govt benefits plus family benefits**
Adult low paid	$71,486	$59,156	$34,843	$54,137	$5,496	$7,255
Other	$86,443	$68,233	$42,685	$69,380	$2,539	$4,320
Total	$85,054	$67,390	$41,957	$67,964	$2,814	$4,593
	Sources of income (25th percentile)					
	Gross income	**Disposable income**	**Equivalent disposable income**	**Wage & salary income**	**Govt pensions & benefits**	**Govt benefits plus family benefits**
Adult low paid	$34,696	$31,940	$20,795	$20,642	$0	$0
Other	$47,674	$40,576	$26,977	$33,000	$0	$0
Total	$46,000	$39,664	$26,370	$31,728	$0	$0
	Sources of income (median)					
	Gross income	**Disposable income**	**Equivalent disposable income**	**Wage & salary income**	**Govt pensions & benefits**	**Govt benefits plus family benefits**
Adult low paid	$58,500	$50,520	$29,545	$44,000	$0	$3,362
Other	$74,970	$60,928	$38,457	$61,950	$0	$0
Total	$73,075	$60,007	$37,592	$60,000	$0	$0
	Sources of income (75th percentile)					
	Gross income	**Disposable income**	**Equivalent disposable income**	**Wage & salary income**	**Govt pensions & benefits**	**Govt benefits plus family benefits**
Adult low paid	$83,832	$70,768	$41,970	$76,000	$10,400	$12,220
Other	$108,000	$85,408	$52,558	$95,000	$840	$6,000
Total	$106,110	$84,004	$51,673	$93,880	$1,600	$6,812

Notes: Weighted by cross-sectional household population weights. | Definition of low pay: earning at or below $12.75 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

It is clear that low paid households depart from other households in their lower levels of wage and salary income and their greater reliance on government pensions and benefits. As Table 3.7 shows, mean annual earnings from wages and salaries in low paid households are about $54,000 dollars and receipts from gov-

same households on the 75th percentile of government pensions and benefits who are receiving $10,400.

Table 3.8: Income situation—FMW subgrp ¶§

	Sources of income (mean)					
	Gross income	**Disposable income**	**Equivalent disposable income**	**Wage & salary income**	**Govt pensions & benefits**	**Govt benefits plus family benefits**
Adult low paid	$44,745	$39,458	$24,066	$32,947	$6,709	$9,096
Other	$87,817	$69,305	$43,183	$70,364	$2,547	$4,284
Total	$85,054	$67,390	$41,957	$67,964	$2,814	$4,593
	Sources of income (25th percentile)					
	Gross income	**Disposable income**	**Equivalent disposable income**	**Wage & salary income**	**Govt pensions & benefits**	**Govt benefits plus family benefits**
Adult low paid	$26,852	$25,180	$18,171	$14,000	$0	$1,118
Other	$48,584	$41,374	$27,299	$33,500	$0	$0
Total	$46,000	$39,664	$26,370	$31,728	$0	$0
	Sources of income (median)					
	Gross income	**Disposable income**	**Equivalent disposable income**	**Wage & salary income**	**Govt pensions & benefits**	**Govt benefits plus family benefits**
Adult low paid	$41,048	$37,640	$24,061	$29,000	$2,340	$7,800
Other	$75,762	$62,034	$38,957	$63,000	$0	$0
Total	$73,075	$60,007	$37,592	$60,000	$0	$0
	Sources of income (75th percentile)					
	Gross income	**Disposable income**	**Equivalent disposable income**	**Wage & salary income**	**Govt pensions & benefits**	**Govt benefits plus family benefits**
Adult low paid	$62,000	$52,204	$30,425	$51,000	$12,220	$13,280
Other	$109,741	$86,211	$52,938	$96,115	$800	$5,881
Total	$106,110	$84,004	$51,673	$93,880	$1,600	$6,812

Notes: Weighted by cross-sectional household population weights. | Definition of low pay: earning at or below $12.75 per hour ¶Adult low paid restricted to bottom half of equivalent household income distribution..
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

ernment average just over $7,000. By comparison, 'other households earn about $70,000 in wages and salaries and receive just over $4,000 in government benefits.

For low paid households located at the 25th percentile of the wage and salary distribution, annual earnings are just over $20,000, compared with $33,000 for 'other' households. Turning to government benefits, low paid households at the 75th percentile of that distribution receive just over $12,000 per year.

In the sub-group analysis the focus is on the poorest low paid households. As Table 3.8 shows their wage and salary earnings average just under $33,000 while their mean income from government benefits is over $9,000 dollars. Those at the 25th percentile of the wage and salary distribution earn just $14,000, while those at the 75th percentile of government benefits receive just over $13,000.

3.3.2 At or below C10 rate

Clearly, both Tables A.15 and A.16 and Figures 3.6 and 3.7 show that low paid households defined by the C10 rate are spread more evenly across the income distribution than are low paid households defined by the FMW.

What is interesting in the comparison of household income, is the fact that C10 low paid households have only a small improvement in their overall financial situation compared with FMW low paid households. For example, the former have mean equivalent disposable income of $36,000 compared with $35,000 among the latter. The more acute differences lie in the source of that income: C10 low paid households earn about $5000 more on average in their wage and salary income, but receive about $1500 less in government benefits and pensions.

3.3.3 At or below $700 per week

The most interesting aspect to the distribution of household income is reduction in the concentration of sub-$700 per week low paid households in the bottom of the distribution (Figures 3.8 and 3.9). At the bottom of the distribution the largest deviation from the all household benchmark of 10 per cent is just 3.5 per cent, and the majority of all bottom deciles are within about 2 per cent of this benchmark.

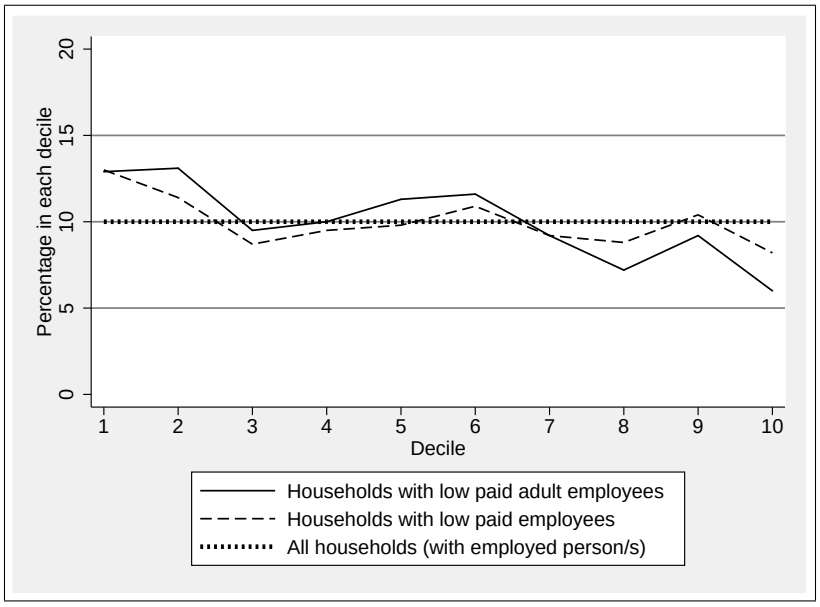

Figure 3.6: C10 distributional analysis: household disposable income

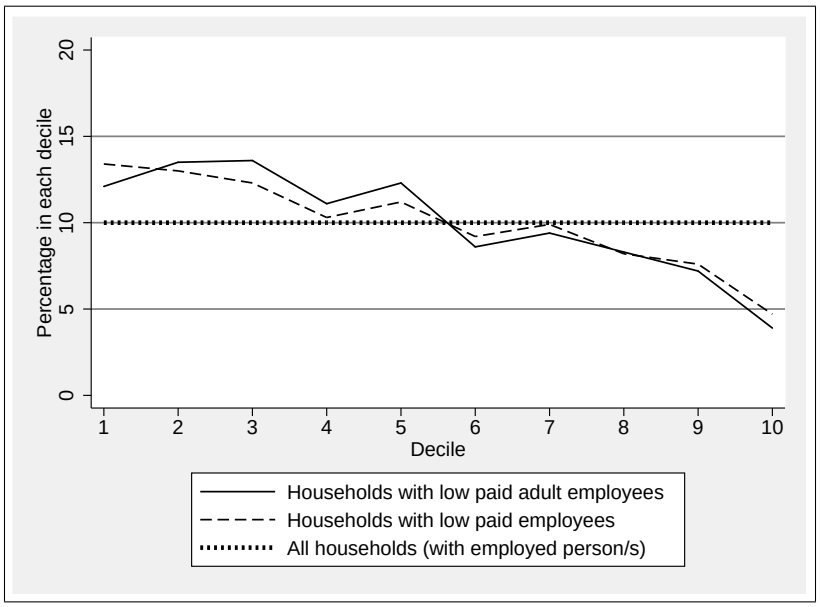

Figure 3.7: C10 distributional analysis: equivalent household disposable income

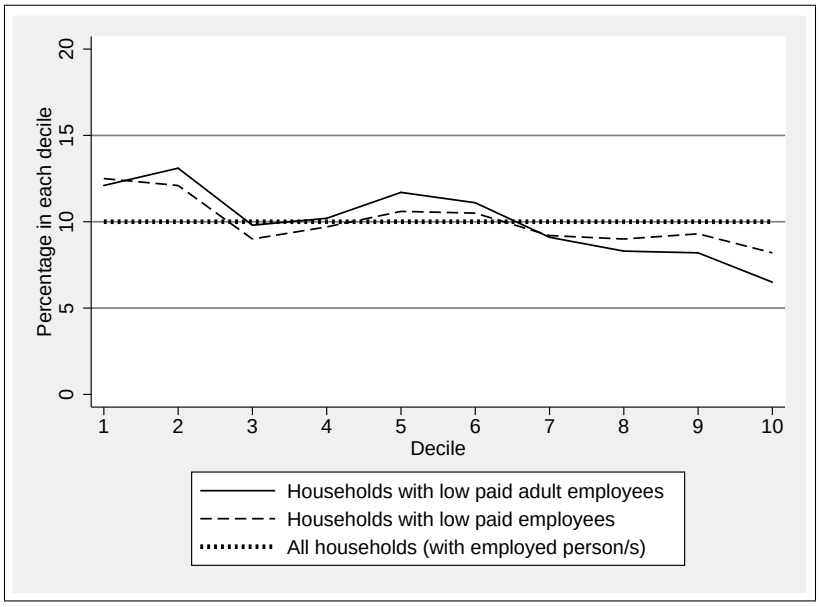

Figure 3.8: Sub-$700 distributional analysis: household disposable income

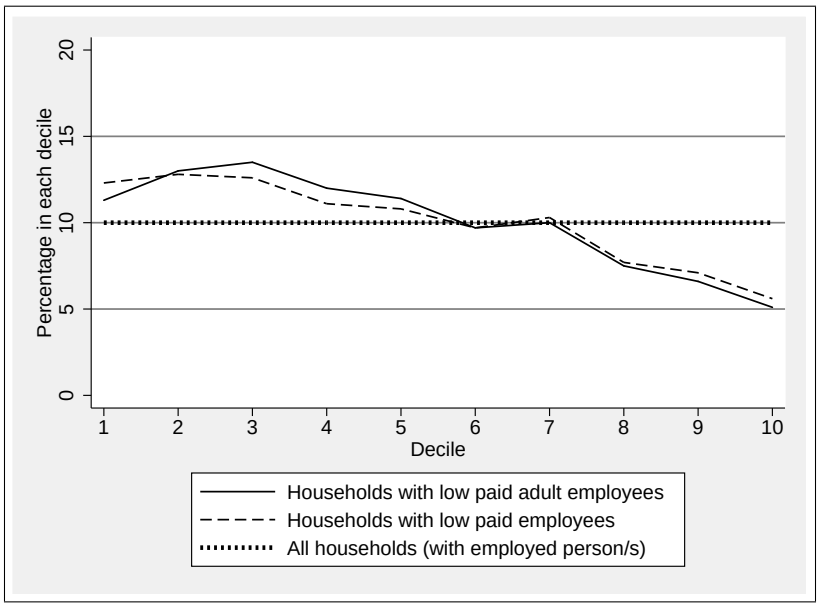

Figure 3.9: Sub-$700 distributional analysis: equivalent household disposable income

3.4 Expenditure

3.4.1 At or below FMW

The most notable feature of Table 3.9 is the almost identical expenditure patterns for non-discretionary items between low paid households and 'others'. For groceries, transport, clothes and electricity there is little difference between the two categories. However, in the discretionary areas, the differences are much sharper: low paid households spend only $1250 per year on holidays compared with $1840; $600 per year on health insurance, compared with $950; and $13.50 a week on leisure compared with $19.00. The median figures are even more pronounced: holiday spending is $500 per year for low paid households (compared with a $1000); $0 on health insurance (compared with $600); and about $7.50 per week on leisure (compared with $12.50).

For the subgroup of low paid households the drops in expenditure also occur more sharply in the discretionary areas. For example, expenditure on food is $106 per week for the subgroup (compared with $125 for the full sample) and expenditure on electricity is $827 (compared with $890 for the full sample). By contrast, subgroup expenditure on health insurance is $470 ($600) and on holidays $1050 ($1250). The median figures again indicate a more extreme situation, with holiday expenditure among the subgroup at just $300 per year.

3.4.2 At or below C10 rate

From the point of view of household expenditure, C10 low paid households are just as frugal as FMW low paid households. Indeed, comparing Table A.21 with Table 3.9 suggests that their levels of spending are almost identical.

3.4.3 At or below $700 per week

Expenditure patterns are again very much the same as for the other categories of low paid households (Table A.22).

Table 3.9: Household expenditure—FMW

	Average weekly expenditure §						
	Non food groceries (mean)	**Food groceries** (mean)	**Meals out** (mean)	**Non food groceries** (median)	**Food groceries** (median)	**Meals out** (median)	**Sample size**
Adult low paid	$35.11	$124.95	$46.79	$30.00	$100.00	$30.00	457
Other	$34.83	$123.21	$52.31	$30.00	$110.00	$40.00	4,604
Total	$34.85	$123.38	$51.80	$30.00	$110.00	$40.00	5,061

	Average weekly expenditure ‡(mean)						
	Groceries	**Public trans**	**Car fuel**	**Clothes**	**Meals out**	**Leisure**	**Sample size**
Adult low paid	$155.87	$7.25	$40.78	$18.70	$23.38	$13.55	457
Other	$159.72	$8.62	$45.83	$23.29	$29.50	$19.14	4,604
Total	$159.38	$8.50	$45.38	$22.87	$28.94	$18.63	5,061

	Average weekly expenditure ‡(median)						
	Groceries	**Public trans**	**Car fuel**	**Clothes**	**Meals out**	**Leisure**	**Sample size**
Adult low paid	$150.00	$0.00	$30.00	$12.50	$15.00	$7.50	457
Other	$150.00	$0.00	$37.50	$15.00	$20.00	$12.50	4,604
Total	$150.00	$0.00	$37.50	$15.00	$20.00	$12.50	5,061

	Average annual expenditure ‡(mean)						
	Holidays	**Health insurance**	**Health care**	**Electricity**	**Gas**	**Car repairs**	**Sample size**
Adult low paid	$1,250	$614	$526	$889	$275	$819	457
Other	$1,837	$947	$704	$977	$310	$963	4,604
Total	$1,785	$917	$688	$969	$307	$951	5,061

	Average annual expenditure ‡(median)						
	Holidays	**Health insurance**	**Health care**	**Electricity**	**Gas**	**Car repairs**	**Sample size**
Adult low paid	$500	$0	$250	$800	$119	$600	457
Other	$1,000	$600	$400	$900	$180	$750	4,604
Total	$1,000	$596	$400	$900	$160	$750	5,061

Notes: Data collected from households (first panel) and from individuals (averaged) (remaining panels). Weighted by cross-sectional household population weights. Meals out for first panel includes school lunches, subsequent panels do not. Definition of low pay: earning at or below $12.75 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table 3.10: Household expenditure—FMW subgrp ¶

	Average weekly expenditure §						
	Non food groceries (mean)	**Food groceries** (mean)	**Meals out** (mean)	**Non food groceries** (median)	**Food groceries** (median)	**Meals out** (median)	**Sample size**
Adult low paid	$34.15	$106.70	$36.35	$30.00	$100.00	$30.00	319
Other	$34.90	$124.53	$52.86	$30.00	$110.00	$40.00	4,740
Total	$34.85	$123.38	$51.80	$30.00	$110.00	$40.00	5,059

	Average weekly expenditure ‡(mean)						
	Groceries	**Public trans**	**Car fuel**	**Clothes**	**Meals out**	**Leisure**	**Sample size**
Adult low paid	$143.22	$6.81	$35.60	$17.06	$19.92	$12.51	319
Other	$160.45	$8.61	$46.03	$23.26	$29.55	$19.04	4,740
Total	$159.38	$8.50	$45.38	$22.87	$28.94	$18.63	5,059

	Average weekly expenditure ‡(median)						
	Groceries	**Public trans**	**Car fuel**	**Clothes**	**Meals out**	**Leisure**	**Sample size**
Adult low paid	$132.50	$0.00	$25.00	$12.50	$12.50	$7.50	319
Other	$150.00	$0.00	$37.50	$15.00	$20.00	$12.50	4,740
Total	$150.00	$0.00	$37.50	$15.00	$20.00	$12.50	5,059

	Average annual expenditure ‡(mean)						
	Holidays	**Health insurance**	**Health care**	**Electricity**	**Gas**	**Car repairs**	**Sample size**
Adult low paid	$1,055	$468	$360	$827	$251	$707	319
Other	$1,833	$946	$709	$978	$311	$967	4,740
Total	$1,785	$917	$688	$969	$307	$951	5,059

	Average annual expenditure ‡(median)						
	Holidays	**Health insurance**	**Health care**	**Electricity**	**Gas**	**Car repairs**	**Sample size**
Adult low paid	$300	$0	$200	$800	$100	$500	319
Other	$1,000	$600	$400	$900	$180	$750	4,740
Total	$1,000	$596	$400	$900	$160	$750	5,059

Notes: Data collected from households (first panel) and from individuals (averaged) (remaining panels). Weighted by cross-sectional household population weights. Meals out for first panel includes school lunches, subsequent panels do not. Definition of low pay: earning at or below $12.75 per hour ¶Adult low paid restricted to bottom half of equivalent household income distribution..
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

3.5 Financial stress

3.5.1 At or below FMW

The items in this section are based on individual responses in the HILDA self-completion questionnaire. Converting these to household level items involved examining whether any of these episodes or situations applied to any individual in the household and then categorising the household appropriately. In the case of assessments of financial prosperity, two assessments were allowed: a more optimistic one and a more pessimistic one.

Table 3.11 suggests that a considerable number of low paid households do indeed see themselves as struggling financially. Some 38 per cent see themselves as either very poor, poor or just getting along. The comparable figure for 'other' households is 32 per cent. Similarly, episodes of financial hardship, such as not being able to pay bills (see the full list at the bottom of Table 3.11) were also common. Some 22 per cent of low paid households had experienced two or more episodes since the start of the year (compared with 16 per cent among 'other' households).

In their inability to raise cash, low paid households are even more distinctive. Nearly 40 per cent report that they either could not raise, or would have to do something drastic to raise, $2000 in a week. The comparable figure for 'other' households is 25 per cent.

Finally, access to credit is more limited among low paid households: some 37 per cent do not own a credit card (or charge card or store account) compared with 25 per cent among 'other' households. While this may reflect a more prudential outlook among these families, it more likely reflects ineligibility to access credit.

As one would expect, several of these indicators are more pronounced among the subgroup of poorest low paid households. Nearly one half consider themselves poor or just getting along and the proportion without credit cards is 45 per cent. Episodes of hardship and ease in raising cash show little difference between the two groups.

3.5.2 At or below the C10 rate

As with expenditure, the most striking feature of the comparison between C10 low paid households and FMW low paid households is the almost identical pattern of financial stress. Across all the items in Table A.23, the estimates are essentially the same as those shown earlier for the C10 low paid households.

3.5.3 At or below the $700 per week

While episodes of financial hardship are identical across the categories of low paid households, there are minor differences in raising cash and access to credit. The sub-$700 per week low paid households are slightly more likely to have credit cards and slightly less likely to be unable to raise $2000 in a week, than are FMW low paid households (Table A.24).

Table 3.11: Household financial stress—FMW ‡

	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
Family finances: optimists						
Poor or very poor	13	2.8	51	1.1	64	1.3
Just getting along	114	25.1	891	19.6	1,005	20.1
Reasonably comfortable	230	50.5	2,454	54.1	2,684	53.8
Prosperous or v comfort	98	21.6	1,138	25.1	1,237	24.8
Total	456	100.0	4,534	100.0	4,990	100.0
Family finances: pessimists						
Poor or very poor	27	5.9	123	2.7	150	3.0
Just getting along	145	31.7	1,309	28.9	1,454	29.1
Reasonably comfortable	239	52.4	2,504	55.2	2,742	55.0
Prosperous or v comfort	46	10.0	598	13.2	644	12.9
Total	456	100.0	4,534	100.0	4,990	100.0
Episodes of financial hardship						
Three or more	60	13.2	370	8.2	430	8.7
Two	39	8.6	358	7.9	397	8.0
One	60	13.1	609	13.5	668	13.5
None	297	65.2	3,176	70.4	3,472	69.9
Total	455	100.0	4,512	100.0	4,967	100.0
How easily raise $2000 in one week						
Could not raise it	105	23.1	620	13.7	725	14.6
Have to do something drastic	75	16.4	518	11.5	593	11.9
Raise it, but some sacrifices	117	25.8	1,153	25.5	1,270	25.5
Easily raise it	158	34.7	2,234	49.4	2,393	48.0
Total	456	100.0	4,526	100.0	4,981	100.0
Ownership of credit card						
No credit card	189	36.9	1,263	25.1	1,452	26.2
Owns credit card	324	63.1	3,762	74.9	4,086	73.8
Total	514	100.0	5,025	100.0	5,538	100.0
Sample size	455		4,594		5,049	

Notes: First two panels: self-perceptions of financial prosperity. Optimists and pessimists result from differing evaluations by first two members of household. Counts are lower in this table because of missing observations. Third panel: episodes of financial hardship. Since beginning of year have any of following happened (due to lack of money): not pay utility bills on time; not pay rent or mortgage on time; pawned or sold something; went without meals; unable to heat home; asked for financial help from family or friends; asked for help from welfare organisation. Fourth panel: worst situation reported by at least one person in household. Fifth panel: no credit card = no one in household had a credit or charge card or store account; credit card = at least one person had one. Weighted by cross-sectional household population weights. Definition of low pay: earning at or below $12.75 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table 3.12: Household financial stress—FMW subgrp ¶‡

	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
Family finances: optimists						
Poor or very poor	13	4.0	51	1.1	64	1.3
Just getting along	103	32.5	902	19.3	1,005	20.1
Reasonably comfortable	156	48.9	2,528	54.1	2,684	53.8
Prosperous or v comfort	47	14.7	1,190	25.5	1,237	24.8
Total	319	100.0	4,671	100.0	4,990	100.0
Family finances: pessimists						
Poor or very poor	23	7.3	127	2.7	150	3.0
Just getting along	126	39.7	1,328	28.4	1,454	29.1
Reasonably comfortable	148	46.6	2,594	55.5	2,742	55.0
Prosperous or v comfort	20	6.4	623	13.3	644	12.9
Total	319	100.0	4,671	100.0	4,990	100.0
Episodes of financial hardship						
Three or more	42	13.1	388	8.4	430	8.7
Two	28	8.9	369	7.9	397	8.0
One	47	14.7	621	13.4	668	13.5
None	201	63.3	3,271	70.4	3,472	69.9
Total	318	100.0	4,649	100.0	4,967	100.0
How easily raise $2000 in one week						
Could not raise it	92	28.8	634	13.6	725	14.6
Have to do something drastic	49	15.5	544	11.7	593	11.9
Raise it, but some sacrifices	71	22.4	1,199	25.7	1,270	25.5
Easily raise it	106	33.3	2,287	49.0	2,393	48.0
Total	319	100.0	4,663	100.0	4,981	100.0
Ownership of credit card						
No credit card	159	45.0	1,293	24.9	1,452	26.2
Owns credit card	195	55.0	3,891	75.1	4,086	73.8
Total	354	100.0	5,184	100.0	5,538	100.0
Sample size	317		4,730		5,047	

Notes: First two panels: self-perceptions of financial prosperity. Optimists and pessimists result from differing evaluations by first two members of household. Counts are lower in this table because of missing observations. Third panel: episodes of financial hardship. Since beginning of year have any of following happened (due to lack of money): not pay utility bills on time; not pay rent or mortgage on time; pawned or sold something; went without meals; unable to heat home; asked for financial help from family or friends; asked for help from welfare organisation. Fourth panel: worst situation reported by at least one person in household. Fifth panel: no credit card = no one in household had a credit or charge card or store account; credit card = at least one person had one. Weighted by cross-sectional household population weights. Definition of low pay: earning at or below $12.75 per hour ¶Adult low paid restricted to bottom half of equivalent household income distribution..
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

3.6 Housing

3.6.1 At or below FMW

The housing situation of low paid households is quite distinctive: they are more likely to be renting and less likely to be paying a mortgage than are 'other' households (Table 3.13). Whereas 47 per cent of 'other' households are paying a mortgage, the comparable figure for low paid households is 37 per cent. On the other hand, some 39 per cent of low paid households are renting, compared with 33 per cent of others. While low paid households are more likely to be in public housing, the figure is quite small (6 per cent) and they are mostly dependent on the private rental market (33 per cent). The dependence on rental accommodation is more pronounced among the subgroup of low paid households: nearly half are renting (8 per cent in public housing and 40 per cent in the private rental market, see Table 3.14).

Table 3.13: Housing tenure—FMW §

Housing tenure	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
Own house	97	21.1	826	18.4	922	18.6
Paying mortgage	167	36.5	2,094	46.5	2,262	45.6
Renting public	26	5.8	141	3.1	167	3.4
Renting private	150	32.9	1,335	29.7	1,485	30.0
Other	17	3.8	104	2.3	121	2.4
Total	458	100.0	4,500	100.0	4,957	100.0
Sample size	406		4,087		4,493	

Notes: Weighted by cross-sectional household population weights. | Definition of low pay: earning at or below $12.75 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table 3.14: Housing tenure—FMW subgrp ¶§

Housing tenure	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
Own house	57	18.3	865	18.6	922	18.6
Paying mortgage	98	31.3	2,164	46.6	2,262	45.6
Renting public	24	7.7	143	3.1	167	3.4
Renting private	124	39.7	1,361	29.3	1,485	30.0
Other	9	3.0	112	2.4	121	2.4
Total	313	100.0	4,645	100.0	4,957	100.0
Sample size	282		4,209		4,491	

Notes: Weighted by cross-sectional household population weights. | Definition of low pay: earning at or below $12.75 per hour ¶Adult low paid restricted to bottom half of equivalent household income distribution..
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

The costs associated with housing differ in a proportionate fashion between

low paid households and 'other' households. In terms of rent, mortgage payments, amount owing and value of housing, the proportion between the two categories is consistently between 0.8 to 0.9. (See the row of means in Table 3.15).

Among low paid households financial stress in respect to housing costs is most likely to be found among households in and above the 75th percentile of mortgagees and renters. More than one quarter of these rent-paying households are paying over $950 per month; and more than one quarter of the mortgage-paying households are paying over $1000 per month. It is worth keeping in mind that some of these households have disposable monthly incomes of less than $4000.

Housing financial stress is even more likely to be found among the subgroup of poorest low paid households (Table 3.16, though this largely refers to renters).[4] It will be recalled that these households have median annual disposable incomes of around $37,000, that is, about $3000 per month, yet their median monthly rent is around $650. Moreover, a quarter of all rent-paying households in this subgroup of poorest low paid households are paying rents over $900 per month.

[4] The median value of mortgages is $0, indicating that more than half of these subgroup are not paying mortgages at all, something consistent with Table 3.14

Table 3.15: Housing costs—FMW §

	Housing finances (mean)			
	Monthly rent payments	**Monthly mortgage payments**	**Amount owing on mortgage**	**Value of house**
Adult low paid	$743	$577	$140,053	$379,101
Other	$858	$756	$151,172	$451,697
Total	$846	$741	$150,356	$445,571
	Housing costs (25th percentile)			
	Monthly rent payments	**Monthly mortgage payments**	**Amount owing on mortgage**	**Value of house**
Adult low paid	$435	$0	$60,000	$220,000
Other	$543	$0	$70,000	$280,000
Total	$543	$0	$70,000	$280,000
	Housing costs (median)			
	Monthly rent payments	**Monthly mortgage payments**	**Amount owing on mortgage**	**Value of house**
Adult low paid	$694	$169	$115,000	$330,000
Other	$782	$500	$128,000	$380,000
Total	$782	$495	$125,000	$380,000
	Housing costs (75th percentile)			
	Monthly rent payments	**Monthly mortgage payments**	**Amount owing on mortgage**	**Value of house**
Adult low paid	$956	$1,086	$176,000	$450,000
Other	$1,086	$1,280	$200,000	$500,000
Total	$1,083	$1,234	$200,000	$500,000

Notes: Weighted by cross-sectional household population weights. | Definition of low pay: earning at or below $12.75 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table 3.16: Housing costs—FMW subgrp ¶§

	Housing finances (mean)			
	Monthly rent payments	**Monthly mortgage payments**	**Amount owing on mortgage**	**Value of house**
Adult low paid	$686	$488	$123,822	$320,868
Other	$862	$755	$151,595	$452,388
Total	$846	$741	$150,356	$445,571
	Housing costs (25th percentile)			
	Monthly rent payments	**Monthly mortgage payments**	**Amount owing on mortgage**	**Value of house**
Adult low paid	$435	$0	$61,000	$210,000
Other	$543	$0	$70,000	$280,000
Total	$543	$0	$70,000	$280,000
	Housing costs (median)			
	Monthly rent payments	**Monthly mortgage payments**	**Amount owing on mortgage**	**Value of house**
Adult low paid	$652	$0	$105,000	$300,000
Other	$782	$500	$128,000	$380,000
Total	$782	$495	$125,000	$380,000
	Housing costs (75th percentile)			
	Monthly rent payments	**Monthly mortgage payments**	**Amount owing on mortgage**	**Value of house**
Adult low paid	$870	$934	$170,000	$400,000
Other	$1,086	$1,270	$200,000	$500,000
Total	$1,083	$1,234	$200,000	$500,000

Notes: Weighted by cross-sectional household population weights. | Definition of low pay: earning at or below $12.75 per hour ¶Adult low paid restricted to bottom half of equivalent household income distribution..
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

3.6.2 At or below C10 rate

The similarities outweigh the differences. The housing tenure profile of both types of household are almost identical, while the financial aspects of their housing situation also show similar patterns across all areas. Housing costs are all slightly greater among the C10 low paid households, but the proportions are all consistent and nothing notable can be discerned.

3.6.3 At or below $700 per week

When it comes to housing costs, there are some interesting differences (Table A.28) between the sub-$700 per week low paid households and the FMW households. The former are certainly paying higher rents, but the differences are not that large in relative terms (about 5 to 6 per cent higher). However, when it comes to mortgages, the situation is quite different: the value of the housing stock between the two categories is essentially the same, but the mortgage repayments for the sub-$700 per week low paid households is considerably higher at the median level: some $420 per week compared with under $200 per week among FMW low paid households.

3.7 Conclusion

The data analysed in this section suggests that the FMW, C10 and sub-$700 per week low paid households are almost identikits of each other. There are certainly some differences, but these generally represent a gradual extension at the margin of the distribution rather than a discrete grouping. Unlike the subgroup analysis in the FMW section—where discern able differences were apparent across a range of characteristics—the comparisons in the C10 and sub-$700 per week low paid households section show very few differences.

On the one hand, this suggests that the most acute financial hardship is found concentrated at the bottom of the household income distribution. On the other hand, it also suggests varying levels of financial stress across a wide spread of low paid households. In particular, the contrast with the 'other' category of households—where well paid employees are to be found—is sustained across all categories of low paid households. In other words, there is an argument for the presence of systemic inequality at the household level across a range of indicators. Perhaps most importantly, the recognition that financial stress extends across a range of low paid households reinforces the size of the population affected. As noted in the last two section, several million people are involved, including as many as a million dependent children.

Appendix A

Additional tables

Table A.1: Tracking one cohort of low paid employees ('000s)

	Wave 2							
Wave 1	**Per FT** '000s	**Cas FT** '000s	**Per PT** '000s	**Cas PT** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Per FT	631	30	39	25	19	16	34	794
Cas FT	51	44	14	27	7	16	12	170
Per PT	42	4	155	36	8	1	19	264
Cas PT	85	15	42	316	8	24	87	577
Total	809	94	250	403	41	56	152	1,805

	Wave 3							
Wave 2	**Per FT** '000s	**Cas FT** '000s	**Per PT** '000s	**Cas PT** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Per FT	634	12	36	32	12	17	24	768
Cas FT	28	31	5	16	6	2	2	91
Per PT	41	4	140	31	2	0	18	235
Cas PT	51	20	60	208	9	10	29	387
Self	14	0	2	4	19	0	2	41
U/E	9	3	4	9	3	16	9	51
NILF	19	2	5	26	0	5	83	140
Total	796	72	251	327	51	49	167	1,713

	Wave 4							
Wave 3	**Per FT** '000s	**Cas FT** '000s	**Per PT** '000s	**Cas PT** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Per FT	660	25	22	20	21	7	31	785
Cas FT	18	30	0	11	3	6	2	69
Per PT	40	9	142	26	4	1	26	249
Cas PT	35	27	47	169	10	7	39	334
Self	5	1	3	7	31	0	6	53
U/E	4	7	6	12	0	12	9	49
NILF	18	1	7	21	5	23	95	170
Total	780	100	226	266	74	56	207	1,709

	Wave 5							
Wave 4	**Per FT** '000s	**Cas FT** '000s	**Per PT** '000s	**Cas PT** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Per FT	678	32	27	21	13	12	30	813
Cas FT	45	33	7	17	2	3	2	110
Per PT	34	1	152	34	0	0	10	232
Cas PT	46	21	37	137	3	6	29	279
Self	7	8	2	7	40	4	6	74
U/E	17	4	9	10	0	6	14	59
NILF	16	2	9	23	6	9	155	220
Total	843	101	243	250	64	40	246	1,787

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; FT = full-time employees; PT = part-time employees; Per = permanent, fixed contract and other; Cas = casual contract; U/E = unemployed; NILF = not in the labour force.
Population: All those employees who were paid at or below the C10 rate in Wave 1, defined as those employees earning $13.82 per hour or less. Includes those below FMW as well..
Source: HILDA Release 5.

Table A.2: Tracking one cohort of low paid employees (percentages)

	Wave 2								
Wave 1	**Per FT** %	**Cas FT** %	**Per PT** %	**Cas PT** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Per FT	80	4	5	3	2	2	4	100	766
Cas FT	30	26	8	16	4	9	7	100	151
Per PT	16	2	59	14	3	0	7	100	247
Cas PT	15	3	7	55	1	4	15	100	566
Total	45	5	14	22	2	3	8	100	1,730

	Wave 3								
Wave 2	**Per FT** %	**Cas FT** %	**Per PT** %	**Cas PT** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Per FT	83	2	5	4	2	2	3	100	663
Cas FT	31	34	6	18	7	2	2	100	90
Per PT	17	2	60	13	1	0	8	100	202
Cas PT	13	5	16	54	2	3	7	100	373
Self	35	0	5	11	45	0	4	100	39
U/E	17	5	7	17	5	30	18	100	51
NILF	13	2	3	18	0	4	59	100	116
Total	46	4	15	19	3	3	10	100	1,534

	Wave 4								
Wave 3	**Per FT** %	**Cas FT** %	**Per PT** %	**Cas PT** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Per FT	84	3	3	3	3	1	4	100	653
Cas FT	26	43	0	15	4	9	3	100	66
Per PT	16	4	57	10	2	0	10	100	198
Cas PT	10	8	14	50	3	2	12	100	295
Self	10	2	6	14	59	0	11	100	55
U/E	7	15	11	24	0	24	18	100	34
NILF	11	1	4	12	3	13	56	100	150
Total	46	6	13	16	4	3	12	100	1,451

	Wave 5								
Wave 4	**Per FT** %	**Cas FT** %	**Per PT** %	**Cas PT** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Per FT	83	4	3	3	2	1	4	100	636
Cas FT	41	30	7	15	2	3	2	100	75
Per PT	15	0	66	15	0	0	4	100	179
Cas PT	16	7	13	49	1	2	10	100	221
Self	9	11	3	10	54	6	7	100	64
U/E	28	6	15	17	0	10	23	100	45
NILF	7	1	4	11	3	4	70	100	180
Total	47	6	14	14	4	2	14	100	1,400

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; FT = full-time employees; PT = part-time employees; Per = permanent, fixed contract and other; Cas = casual contract; U/E = unemployed; NILF = not in the labour force.
Population: All those employees who were paid at or below the C10 rate in Wave 1, defined as those employees earning $13.82 per hour or less. Includes those below FMW as well..
Source: HILDA Release 5.

Table A.3: Tracking one cohort of C10 employees ('000s)

	Wave 2							
Wave 1	**Per FT** '000s	**Cas FT** '000s	**Per PT** '000s	**Cas PT** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Per FT	410	18	24	18	14	8	22	513
Cas FT	33	30	10	15	1	12	6	107
Per PT	19	1	124	18	3	1	8	176
Cas PT	19	6	9	105	2	3	23	168
Total	482	56	167	156	20	24	59	964

	Wave 3							
Wave 2	**Per FT** '000s	**Cas FT** '000s	**Per PT** '000s	**Cas PT** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Per FT	385	6	20	12	8	9	12	452
Cas FT	17	20	4	8	4	0	1	54
Per PT	28	4	98	18	2	0	9	158
Cas PT	22	7	26	75	4	4	12	152
Self	9	0	2	0	9	0	0	20
U/E	2	3	2	1	2	8	4	21
NILF	5	1	3	15	0	0	32	56
Total	467	40	156	128	29	22	70	912

	Wave 4							
Wave 3	**Per FT** '000s	**Cas FT** '000s	**Per PT** '000s	**Cas PT** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Per FT	377	17	12	12	16	3	23	461
Cas FT	13	18	0	2	2	4	1	39
Per PT	23	9	91	9	2	0	19	152
Cas PT	12	12	17	66	4	3	16	131
Self	1	0	3	3	19	0	4	30
U/E	3	5	5	2	0	2	6	22
NILF	6	0	4	10	4	4	43	70
Total	435	61	131	104	48	16	111	906

	Wave 5							
Wave 4	**Per FT** '000s	**Cas FT** '000s	**Per PT** '000s	**Cas PT** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Per FT	382	13	18	9	5	4	22	453
Cas FT	29	18	1	14	0	2	2	67
Per PT	19	0	96	13	0	0	5	133
Cas PT	17	8	14	56	0	1	14	110
Self	6	7	1	4	24	4	2	48
U/E	6	1	3	2	0	2	2	16
NILF	13	2	6	6	5	5	78	115
Total	471	49	139	104	34	18	126	942

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; FT = full-time employees; PT = part-time employees; Per = permanent, fixed contract and other; Cas = casual contract; U/E = unemployed; NILF = not in the labour force.
Population: All those employees paid above FMW and at or below C10 rate in Wave 1 (above $10.88 and at or below $13.82 per hour.)
Source: HILDA Release 5.

Table A.4: Tracking one cohort of C10 employees (percentages)

	Wave 2								
Wave 1	**Per FT** %	**Cas FT** %	**Per PT** %	**Cas PT** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Per FT	80	3	5	3	3	1	4	100	492
Cas FT	31	28	9	14	1	11	6	100	86
Per PT	11	1	71	10	2	1	5	100	164
Cas PT	12	4	5	63	1	2	14	100	178
Total	50	6	17	16	2	2	6	100	920

	Wave 3								
Wave 2	**Per FT** %	**Cas FT** %	**Per PT** %	**Cas PT** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Per FT	85	1	4	3	2	2	3	100	404
Cas FT	31	38	8	15	7	0	1	100	53
Per PT	18	2	62	11	1	0	6	100	129
Cas PT	15	5	17	49	2	3	8	100	147
Self	44	0	10	0	47	0	0	100	17
U/E	8	12	10	3	9	40	18	100	21
NILF	9	1	6	27	0	0	57	100	50
Total	51	4	17	14	3	2	8	100	821

	Wave 4								
Wave 3	**Per FT** %	**Cas FT** %	**Per PT** %	**Cas PT** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Per FT	82	4	3	3	4	1	5	100	404
Cas FT	33	46	0	5	4	9	2	100	35
Per PT	15	6	60	6	1	0	12	100	119
Cas PT	9	9	13	51	3	2	12	100	115
Self	4	0	10	10	64	0	12	100	25
U/E	12	25	21	9	0	9	25	100	13
NILF	9	0	5	14	6	5	61	100	67
Total	48	7	14	11	5	2	12	100	778

	Wave 5								
Wave 4	**Per FT** %	**Cas FT** %	**Per PT** %	**Cas PT** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Per FT	84	3	4	2	1	1	5	100	368
Cas FT	44	27	2	21	0	3	3	100	39
Per PT	14	0	72	10	0	0	4	100	109
Cas PT	16	7	12	51	0	1	13	100	91
Self	13	14	2	9	51	9	3	100	35
U/E	37	5	21	14	0	10	14	100	15
NILF	11	2	5	5	4	5	68	100	90
Total	50	5	15	11	4	2	13	100	747

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; FT = full-time employees; PT = part-time employees; Per = permanent, fixed contract and other; Cas = casual contract; U/E = unemployed; NILF = not in the labour force.
Population: All those employees paid above FMW and at or below C10 rate in Wave 1 (above $10.88 and at or below $13.82 per hour.)
Source: HILDA Release 5.

Table A.5: Tracking one cohort of low paid male employees ('000s)

	Wave 2					
Wave 1	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	427	38	19	7	15	507
Casual	87	163	5	20	32	306
Total	514	202	23	27	47	813
	Wave 3					
Wave 2	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	428	23	10	10	9	480
Casual	63	107	5	9	10	194
Self	11	0	11	0	1	23
U/E	6	5	2	12	2	26
NILF	7	13	0	2	21	43
Total	514	148	28	33	43	766
	Wave 4					
Wave 3	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	427	32	14	2	33	510
Casual	38	86	3	10	14	151
Self	7	3	19	0	1	30
U/E	5	15	0	9	5	33
NILF	8	6	3	5	20	42
Total	485	143	40	26	73	766
	Wave 5					
Wave 4	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	446	38	9	8	16	516
Casual	59	84	0	7	5	154
Self	6	10	24	0	0	40
U/E	14	5	0	3	4	26
NILF	8	5	3	3	58	77
Total	532	141	36	21	83	813

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; Perm = permanent, fixed contract and other; Casual = casual contract; U/E = unemployed; NILF = not in the labour force.
Population: All those male employees who were paid at or below the C10 rate in Wave 1, defined as those employees earning $13.82 per hour or less. Includes those below FMW as well..
Source: HILDA Release 5.

Table A.6: Tracking one cohort of low paid male employees (percentages)

	Wave 2						
Wave 1	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	84	8	4	1	3	100	479
Casual	28	53	2	7	10	100	275
Total	63	25	3	3	6	100	754
	Wave 3						
Wave 2	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	89	5	2	2	2	100	403
Casual	33	55	2	5	5	100	178
Self	48	0	48	0	4	100	21
U/E	21	18	7	45	8	100	25
NILF	15	30	0	5	50	100	35
Total	67	19	4	4	6	100	662
	Wave 4						
Wave 3	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	84	6	3	0	7	100	407
Casual	25	57	2	6	9	100	133
Self	22	10	64	0	4	100	31
U/E	14	46	0	26	14	100	22
NILF	19	15	7	13	47	100	37
Total	63	19	5	3	10	100	630
	Wave 5						
Wave 4	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	86	7	2	2	3	100	384
Casual	38	54	0	4	3	100	112
Self	14	26	60	0	0	100	32
U/E	55	18	0	12	15	100	19
NILF	10	7	3	4	76	100	60
Total	65	17	4	3	10	100	607

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; Perm = permanent, fixed contract and other; Casual = casual contract; U/E = unemployed; NILF = not in the labour force.
Population: All those male employees who were paid at or below the C10 rate in Wave 1, defined as those employees earning $13.82 per hour or less. Includes those below FMW as well..
Source: HILDA Release 5.

Table A.7: Tracking one cohort of low paid female employees ('000s)

	Wave 2					
Wave 1	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	439	57	8	9	37	551
Casual	105	239	9	20	68	440
Total	544	296	18	29	105	992
	Wave 3					
Wave 2	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	423	57	3	7	33	523
Casual	82	168	11	3	21	284
Self	5	4	7	0	1	18
U/E	7	6	1	4	7	25
NILF	17	15	0	3	62	97
Total	534	251	23	16	124	947
	Wave 4					
Wave 3	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	436	48	11	6	24	524
Casual	62	150	10	4	27	252
Self	1	5	12	0	4	23
U/E	5	4	0	3	4	16
NILF	18	16	2	17	75	128
Total	521	223	34	30	134	943
	Wave 5					
Wave 4	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	445	51	4	4	25	528
Casual	76	124	5	3	26	235
Self	3	5	16	4	6	34
U/E	11	9	0	3	10	34
NILF	17	20	3	6	97	143
Total	554	210	28	19	163	974

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; Perm = permanent, fixed contract and other; Casual = casual contract; U/E = unemployed; NILF = not in the labour force.
Population: All those female employees who were paid at or below the C10 rate in Wave 1, defined as those employees earning $13.82 per hour or less. Includes those below FMW as well..
Source: HILDA Release 5.

Table A.8: Tracking one cohort of low paid female employees (percentages)

	Wave 2						
Wave 1	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	80	10	2	2	7	100	534
Casual	24	54	2	4	15	100	442
Total	55	30	2	3	11	100	976
	Wave 3						
Wave 2	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	81	11	1	1	6	100	462
Casual	29	59	4	1	7	100	285
Self	29	25	42	0	4	100	18
U/E	27	26	4	15	28	100	26
NILF	17	16	0	3	64	100	81
Total	56	26	2	2	13	100	872
	Wave 4						
Wave 3	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	83	9	2	1	5	100	444
Casual	24	59	4	2	11	100	228
Self	6	23	52	0	19	100	24
U/E	29	25	0	20	26	100	12
NILF	14	13	1	14	59	100	113
Total	55	24	4	3	14	100	821
	Wave 5						
Wave 4	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	84	10	1	1	5	100	431
Casual	33	53	2	1	11	100	184
Self	10	15	47	12	16	100	32
U/E	33	28	0	9	30	100	26
NILF	12	14	2	4	68	100	120
Total	57	22	3	2	17	100	793

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; Perm = permanent, fixed contract and other; Casual = casual contract; U/E = unemployed; NILF = not in the labour force.
Population: All those female employees who were paid at or below the C10 rate in Wave 1, defined as those employees earning $13.82 per hour or less. Includes those below FMW as well..
Source: HILDA Release 5.

Table A.9: Tracking one cohort of C10 male employees ('000s)

	Wave 2					
Wave 1	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	263	23	11	3	10	310
Casual	37	61	1	12	9	121
Total	301	84	12	15	18	430
	Wave 3					
Wave 2	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	248	9	9	4	4	274
Casual	21	50	3	4	3	81
Self	6	0	6	0	0	12
U/E	1	3	2	8	2	15
NILF	1	7	0	0	9	17
Total	278	69	20	17	17	400
	Wave 4					
Wave 3	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	219	18	12	2	24	276
Casual	16	42	3	5	4	70
Self	4	3	15	0	0	21
U/E	4	7	0	2	4	17
NILF	4	0	2	1	10	18
Total	246	71	32	10	43	402
	Wave 5					
Wave 4	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	231	13	3	3	13	263
Casual	31	39	0	2	2	74
Self	5	10	17	0	0	32
U/E	8	0	0	2	1	10
NILF	5	1	2	1	34	44
Total	280	63	23	8	50	423

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; Perm = permanent, fixed contract and other; Casual = casual contract; U/E = unemployed; NILF = not in the labour force.
Population: All those male employees paid above FMW and at or below C10 rate in Wave 1 (above $10.88 and at or below $13.82 per hour.)
Source: HILDA Release 5.

Table A.10: Tracking one cohort of C10 male employees (percentages)

	Wave 2						
Wave 1	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	85	7	3	1	3	100	295
Casual	31	51	1	10	7	100	102
Total	70	19	3	4	4	100	397
	Wave 3						
Wave 2	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	90	3	3	1	2	100	241
Casual	26	62	3	5	3	100	75
Self	52	0	48	0	0	100	8
U/E	6	17	12	55	10	100	11
NILF	8	41	0	0	51	100	16
Total	69	17	5	4	4	100	351
	Wave 4						
Wave 3	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	79	7	4	1	9	100	232
Casual	22	61	4	7	6	100	58
Self	17	14	68	0	0	100	17
U/E	22	44	0	9	25	100	10
NILF	21	0	12	8	58	100	17
Total	61	18	8	3	11	100	334
	Wave 5						
Wave 4	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	88	5	1	1	5	100	205
Casual	42	53	0	3	3	100	53
Self	15	30	55	0	0	100	22
U/E	78	0	0	15	8	100	8
NILF	11	3	5	3	79	100	30
Total	66	15	5	2	12	100	318

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; Perm = permanent, fixed contract and other; Casual = casual contract; U/E = unemployed; NILF = not in the labour force.
Population: All those male employees paid above FMW and at or below C10 rate in Wave 1 (above $10.88 and at or below $13.82 per hour.)
Source: HILDA Release 5.

Table A.11: Tracking one cohort of C10 female employees ('000s)

	Wave 2					
Wave 1	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	314	33	6	5	21	379
Casual	33	95	1	3	21	154
Total	348	128	8	9	41	533
	Wave 3					
Wave 2	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	282	30	1	6	17	335
Casual	49	61	5	0	11	125
Self	4	0	3	0	0	8
U/E	3	1	0	0	2	6
NILF	7	8	0	0	23	38
Total	345	100	9	6	53	512
	Wave 4					
Wave 3	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	283	28	6	1	18	336
Casual	27	56	3	2	13	100
Self	0	0	5	0	4	9
U/E	4	0	0	0	1	6
NILF	6	10	2	2	33	53
Total	320	94	16	5	68	503
	Wave 5					
Wave 4	**Perm** '000s	**Casual** '000s	**Self** '000s	**U/E** '000s	**NILF** '000s	**Total** '000s
Perm	284	22	2	1	15	324
Casual	30	58	0	1	15	103
Self	2	1	7	4	2	16
U/E	1	3	0	0	1	5
NILF	14	7	3	4	43	71
Total	331	91	11	10	76	519

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; Perm = permanent, fixed contract and other; Casual = casual contract; U/E = unemployed; NILF = not in the labour force.
Population: All those female employees paid above FMW and at or below C10 rate in Wave 1 (above $10.88 and at or below $13.82 per hour.)
Source: HILDA Release 5.

Table A.12: Tracking one cohort of C10 female employees (percentages)

	Wave 2						
Wave 1	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	83	9	2	1	5	100	361
Casual	22	62	1	2	13	100	162
Total	65	24	1	2	8	100	523
	Wave 3						
Wave 2	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	84	9	0	2	5	100	292
Casual	39	49	4	0	9	100	125
Self	56	0	44	0	0	100	9
U/E	49	11	0	0	40	100	10
NILF	19	22	0	0	60	100	34
Total	67	19	2	1	10	100	470
	Wave 4						
Wave 3	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	84	8	2	0	5	100	291
Casual	27	56	3	2	13	100	92
Self	5	0	54	0	41	100	8
U/E	68	0	0	8	25	100	3
NILF	12	18	4	4	62	100	50
Total	64	19	3	1	13	100	444
	Wave 5						
Wave 4	**Perm** %	**Casual** %	**Self** %	**U/E** %	**NILF** %	**Total** %	**N**
Perm	88	7	1	0	5	100	272
Casual	30	56	0	1	14	100	77
Self	13	9	43	26	9	100	13
U/E	18	55	0	0	26	100	7
NILF	20	10	4	6	61	100	60
Total	64	17	2	2	15	100	429

Notes: Weighted by longitudinal Wave 5 weights. Self = self-employed, employers, unpaid helpers; Perm = permanent, fixed contract and other; Casual = casual contract; U/E = unemployed; NILF = not in the labour force.
Population: All those female employees paid above FMW and at or below C10 rate in Wave 1 (above $10.88 and at or below $13.82 per hour.)
Source: HILDA Release 5.

Table A.13: Household structure—C10

Categories §	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
Total number of persons §	3,828		11,520		15,348	
Total number of dependent children §	712		2,643		3,556	
Household type §						
Couple family with dep child	334	25.1	1,237	29.3	1,571	28.3
Couple family without dep child	573	43.0	1,573	37.3	2,146	38.6
Lone parent	171	12.9	419	9.9	590	10.6
Lone person	199	14.9	896	21.2	1,095	19.7
Group household or multi family	54	4.0	96	2.3	150	2.7
Total	1,332	100.0	4,220	100.0	5,552	100.0
Number of dependent children §						
None	909	68.2	2,747	65.1	3,656	65.8
One	205	15.4	617	14.6	822	14.8
Two	160	12.0	621	14.7	781	14.1
Three or more	58	4.4	235	5.6	293	5.3
Total	1,332	100.0	4,220	100.0	5,552	100.0
Number of low paid employees †♪						
One low paid employee	1,100	82.6	416	86.8	1,515	83.7
Two or more low paid employees	232	17.4	63	13.2	295	16.3
Total	1,332	100.0	479	100.0	1,811	100.0
Presence of part-time employed §						
No part-time employed	734	55.1	2,726	64.6	3,460	62.3
At least one part-time employed	598	44.9	1,494	35.4	2,093	37.7
Total	1,332	100.0	4,220	100.0	5,552	100.0
Presence of unemployed persons §						
No unemployed persons	1,299	97.5	4,121	97.6	5,420	97.6
At least one unemployed person	33	2.5	99	2.4	133	2.4
Total	1,332	100.0	4,220	100.0	5,552	100.0
Sample size	1,202		3,859		5,061	

Notes: Weighted by cross-sectional household population weights. Dependent children defined as those 14 years or under. ♪Includes low paid employees who are NOT adults. Definition of low pay: earning at or below $15.94 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table A.14: Household structure—sub-$700 pw

Categories §	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
Total number of persons §	5,445		9,903		15,348	
Total number of dependent children §	1,068		2,288		3,556	
Household type §						
Couple family with dep child	493	25.7	1,078	29.7	1,571	28.3
Couple family without dep child	803	41.8	1,343	37.0	2,146	38.6
Lone parent	253	13.1	337	9.3	590	10.6
Lone person	302	15.7	793	21.8	1,095	19.7
Group household or multi family	71	3.7	79	2.2	150	2.7
Total	1,922	100.0	3,631	100.0	5,552	100.0
Number of dependent children §						
None	1,294	67.3	2,362	65.1	3,656	65.8
One	298	15.5	524	14.4	822	14.8
Two	242	12.6	539	14.9	781	14.1
Three or more	88	4.6	206	5.7	293	5.3
Total	1,922	100.0	3,631	100.0	5,552	100.0
Number of low paid employees †♩						
One low paid employee	1,502	78.2	379	84.8	1,881	79.4
Two or more low paid employees	420	21.8	68	15.2	488	20.6
Total	1,922	100.0	447	100.0	2,369	100.0
Presence of part-time employed §						
No part-time employed	1,065	55.4	2,395	66.0	3,460	62.3
At least one part-time employed	857	44.6	1,236	34.0	2,093	37.7
Total	1,922	100.0	3,631	100.0	5,552	100.0
Presence of unemployed persons §						
No unemployed persons	1,874	97.5	3,546	97.7	5,420	97.6
At least one unemployed person	48	2.5	85	2.3	133	2.4
Total	1,922	100.0	3,631	100.0	5,552	100.0
Sample size	1,720		3,341		5,061	

Notes: Weighted by cross-sectional household population weights. Dependent children defined as those 14 years or under. ♩Includes low paid employees who are NOT adults. Definition of low pay: earning at or below $17.72 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table A.15: Household distributional analysis—C10

Decile	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
1	172	12.9	384	9.1	556	10.0
2	174	13.1	381	9.0	555	10.0
3	127	9.5	429	10.2	555	10.0
4	133	10.0	424	10.1	558	10.0
5	150	11.3	402	9.5	552	9.9
6	155	11.6	402	9.5	557	10.0
7	123	9.2	430	10.2	553	10.0
8	96	7.2	461	10.9	556	10.0
9	122	9.2	432	10.2	555	10.0
10	80	6.0	475	11.3	555	10.0
Total	1,332	100.0	4,220	100.0	5,552	100.0

Notes: Weighted by cross-sectional household population weights. Deciles of unadjusted household disposable income for all households with at least one employed person. Definition of low pay: earning at or below $15.94 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table A.16: Household distributional analysis (equivalent income)—C10

Decile	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
1	162	12.1	395	9.4	556	10.0
2	180	13.5	375	8.9	555	10.0
3	181	13.6	374	8.9	555	10.0
4	148	11.1	411	9.7	559	10.1
5	164	12.3	388	9.2	552	9.9
6	115	8.6	442	10.5	557	10.0
7	125	9.4	428	10.1	553	10.0
8	110	8.3	445	10.5	555	10.0
9	96	7.2	460	10.9	556	10.0
10	52	3.9	502	11.9	554	10.0
Total	1,332	100.0	4,220	100.0	5,552	100.0

Notes: Weighted by cross-sectional household population weights. Deciles of equivalent household disposable income for all households with at least one employed person. Definition of low pay: earning at or below $15.94 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table A.17: Income situation—C10 §

	Sources of income (mean)					
	Gross income	**Disposable income**	**Equivalent disposable income**	**Wage & salary income**	**Govt pensions & benefits**	**Govt benefits plus family benefits**
Adult low paid	$74,572	$61,421	$36,515	$59,883	$3,990	$5,775
Other	$88,362	$69,274	$43,674	$70,514	$2,443	$4,220
Total	$85,054	$67,390	$41,957	$67,964	$2,814	$4,593
	Sources of income (25th percentile)					
	Gross income	**Disposable income**	**Equivalent disposable income**	**Wage & salary income**	**Govt pensions & benefits**	**Govt benefits plus family benefits**
Adult low paid	$39,240	$34,701	$23,963	$28,981	$0	$0
Other	$48,584	$41,239	$27,438	$33,000	$0	$0
Total	$46,000	$39,664	$26,370	$31,728	$0	$0
	Sources of income (median)					
	Gross income	**Disposable income**	**Equivalent disposable income**	**Wage & salary income**	**Govt pensions & benefits**	**Govt benefits plus family benefits**
Adult low paid	$66,046	$56,186	$33,164	$54,000	$0	$1,508
Other	$76,020	$61,726	$39,159	$62,000	$0	$0
Total	$73,075	$60,007	$37,592	$60,000	$0	$0
	Sources of income (75th percentile)					
	Gross income	**Disposable income**	**Equivalent disposable income**	**Wage & salary income**	**Govt pensions & benefits**	**Govt benefits plus family benefits**
Adult low paid	$91,480	$75,580	$44,395	$82,555	$5,720	$9,970
Other	$111,000	$86,374	$53,819	$97,500	$330	$5,684
Total	$106,110	$84,004	$51,673	$93,880	$1,600	$6,812

Notes: Weighted by cross-sectional household population weights. | Definition of low pay: earning at or below $15.94 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table A.18: Household distributional analysis—sub-$700 pw

Decile	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
1	232	12.1	325	8.9	556	10.0
2	252	13.1	303	8.3	555	10.0
3	189	9.8	366	10.1	555	10.0
4	197	10.2	361	9.9	558	10.0
5	224	11.7	328	9.0	552	9.9
6	212	11.1	345	9.5	557	10.0
7	174	9.1	379	10.4	553	10.0
8	159	8.3	397	10.9	556	10.0
9	157	8.2	398	11.0	555	10.0
10	126	6.5	429	11.8	555	10.0
Total	1,922	100.0	3,631	100.0	5,552	100.0

Notes: Weighted by cross-sectional household population weights. Deciles of unadjusted household disposable income for all households with at least one employed person. Definition of low pay: earning at or below $17.72 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table A.19: Household distributional analysis (equivalent income)—sub-$700 pw

Decile	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
1	217	11.3	340	9.4	556	10.0
2	250	13.0	305	8.4	555	10.0
3	259	13.5	296	8.2	555	10.0
4	230	12.0	329	9.1	559	10.1
5	218	11.4	334	9.2	552	9.9
6	186	9.7	371	10.2	557	10.0
7	193	10.0	360	9.9	553	10.0
8	143	7.5	412	11.3	555	10.0
9	127	6.6	428	11.8	556	10.0
10	98	5.1	456	12.6	554	10.0
Total	1,922	100.0	3,631	100.0	5,552	100.0

Notes: Weighted by cross-sectional household population weights. Deciles of equivalent household disposable income for all households with at least one employed person. Definition of low pay: earning at or below $17.72 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table A.20: Income situation—sub-$700 pw §

	Gross income	Disposable income	Equivalent disposable income	Wage & salary income	Govt pensions & benefits	Govt benefits plus family benefits
Sources of income (mean)						
Adult low paid	$75,445	$61,546	$37,037	$61,560	$3,531	$5,339
Other	$90,140	$70,484	$44,561	$71,353	$2,434	$4,197
Total	$85,054	$67,390	$41,957	$67,964	$2,814	$4,593
Sources of income (25th percentile)						
Adult low paid	$40,192	$35,430	$24,325	$30,000	$0	$0
Other	$50,000	$41,887	$28,080	$33,000	$0	$0
Total	$46,000	$39,664	$26,370	$31,728	$0	$0
Sources of income (median)						
Adult low paid	$66,046	$55,954	$33,286	$54,500	$0	$1,120
Other	$78,204	$63,316	$39,909	$63,000	$0	$0
Total	$73,075	$60,007	$37,592	$60,000	$0	$0
Sources of income (75th percentile)						
Adult low paid	$93,936	$75,818	$44,419	$83,000	$4,160	$8,785
Other	$114,182	$87,842	$55,079	$99,000	$200	$5,642
Total	$106,110	$84,004	$51,673	$93,880	$1,600	$6,812

Notes: Weighted by cross-sectional household population weights. | Definition of low pay: earning at or below $17.72 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table A.21: Household expenditure—C10

	Average weekly expenditure §						
	Non food groceries (mean)	**Food groceries** (mean)	**Meals out** (mean)	**Non food groceries** (median)	**Food groceries** (median)	**Meals out** (median)	**Sample size**
Adult low paid	$35.07	$121.82	$46.42	$30.00	$100.00	$30.00	1,202
Other	$34.79	$123.87	$53.50	$30.00	$110.00	$40.00	3,859
Total	$34.85	$123.38	$51.80	$30.00	$110.00	$40.00	5,061

	Average weekly expenditure ‡(mean)						
	Groceries	**Public trans**	**Car fuel**	**Clothes**	**Meals out**	**Leisure**	**Sample size**
Adult low paid	$155.37	$7.76	$43.48	$20.77	$24.99	$14.78	1,202
Other	$160.64	$8.73	$45.98	$23.53	$30.19	$19.85	3,859
Total	$159.38	$8.50	$45.38	$22.87	$28.94	$18.63	5,061

	Average weekly expenditure ‡(median)						
	Groceries	**Public trans**	**Car fuel**	**Clothes**	**Meals out**	**Leisure**	**Sample size**
Adult low paid	$150.00	$0.00	$32.50	$12.50	$15.63	$10.00	1,202
Other	$150.00	$0.00	$37.50	$16.25	$21.88	$12.50	3,859
Total	$150.00	$0.00	$37.50	$15.00	$20.00	$12.50	5,061

	Average annual expenditure ‡(mean)						
	Holidays	**Health insurance**	**Health care**	**Electricity**	**Gas**	**Car repairs**	**Sample size**
Adult low paid	$1,258	$657	$578	$915	$281	$824	1,202
Other	$1,950	$999	$723	$986	$315	$990	3,859
Total	$1,785	$917	$688	$969	$307	$951	5,061

	Average annual expenditure ‡(median)						
	Holidays	**Health insurance**	**Health care**	**Electricity**	**Gas**	**Car repairs**	**Sample size**
Adult low paid	$550	$0	$300	$800	$120	$600	1,202
Other	$1,000	$750	$450	$900	$195	$780	3,859
Total	$1,000	$596	$400	$900	$160	$750	5,061

Notes: Data collected from households (first panel) and from individuals (averaged) (remaining panels). Weighted by cross-sectional household population weights. Meals out for first panel includes school lunches, subsequent panels do not. Definition of low pay: earning at or below $15.94 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table A.22: Household expenditure—sub-$700 pw

	Non food groceries (mean)	Food groceries (mean)	Meals out (mean)	Non food groceries (median)	Food groceries (median)	Meals out (median)	Sample size
	Average weekly expenditure §						
Adult low paid	$34.61	$119.71	$45.58	$30.00	$100.00	$30.00	1,720
Other	$34.98	$125.32	$55.10	$30.00	$110.00	$40.00	3,341
Total	$34.85	$123.38	$51.80	$30.00	$110.00	$40.00	5,061

	Groceries	Public trans	Car fuel	Clothes	Meals out	Leisure	Sample size
	Average weekly expenditure ‡(mean)						
Adult low paid	$155.83	$7.66	$43.35	$20.14	$24.49	$15.45	1,720
Other	$161.29	$8.95	$46.47	$24.33	$31.34	$20.34	3,341
Total	$159.38	$8.50	$45.38	$22.87	$28.94	$18.63	5,061
	Average weekly expenditure ‡(median)						
Adult low paid	$150.00	$0.00	$32.50	$12.50	$15.63	$10.00	1,720
Other	$150.00	$0.00	$37.50	$17.50	$25.00	$12.50	3,341
Total	$150.00	$0.00	$37.50	$15.00	$20.00	$12.50	5,061

	Holidays	Health insurance	Health care	Electricity	Gas	Car repairs	Sample size
	Average annual expenditure ‡(mean)						
Adult low paid	$1,291	$671	$559	$918	$289	$831	1,720
Other	$2,049	$1,049	$757	$997	$317	$1,015	3,341
Total	$1,785	$917	$688	$969	$307	$951	5,061
	Average annual expenditure ‡(median)						
Adult low paid	$600	$0	$300	$800	$140	$600	1,720
Other	$1,000	$850	$500	$900	$200	$800	3,341
Total	$1,000	$596	$400	$900	$160	$750	5,061

Notes: Data collected from households (first panel) and from individuals (averaged) (remaining panels). Weighted by cross-sectional household population weights. Meals out for first panel includes school lunches, subsequent panels do not. Definition of low pay: earning at or below $17.72 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table A.23: Household financial stress—C10 ‡

	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
Family finances: optimists						
Poor or very poor	20	1.6	44	1.2	64	1.3
Just getting along	285	23.8	720	19.0	1,005	20.1
Reasonably comfortable	645	53.9	2,039	53.7	2,684	53.8
Prosperous or v comfort	246	20.6	991	26.1	1,237	24.8
Total	1,196	100.0	3,793	100.0	4,990	100.0
Family finances: pessimists						
Poor or very poor	46	3.8	104	2.8	150	3.0
Just getting along	401	33.5	1,054	27.8	1,454	29.1
Reasonably comfortable	645	53.9	2,097	55.3	2,742	55.0
Prosperous or v comfort	105	8.8	539	14.2	644	12.9
Total	1,196	100.0	3,793	100.0	4,990	100.0
Episodes of financial hardship						
Three or more	135	11.3	295	7.8	430	8.7
Two	115	9.7	282	7.5	397	8.0
One	160	13.4	509	13.5	668	13.5
None	781	65.6	2,691	71.3	3,472	69.9
Total	1,191	100.0	3,776	100.0	4,967	100.0
How easily raise $2000 in one week						
Could not raise it	244	20.4	481	12.7	725	14.6
Have to do something drastic	194	16.2	399	10.5	593	11.9
Raise it, but some sacrifices	321	26.8	949	25.1	1,270	25.5
Easily raise it	436	36.5	1,956	51.7	2,393	48.0
Total	1,196	100.0	3,785	100.0	4,981	100.0
Ownership of credit card						
No credit card	453	34.1	999	23.7	1,452	26.2
Owns credit card	876	65.9	3,210	76.3	4,086	73.8
Total	1,330	100.0	4,209	100.0	5,538	100.0
Sample size	1,200		3,849		5,049	

Notes: First two panels: self-perceptions of financial prosperity. Optimists and pessimists result from differing evaluations by first two members of household. Counts are lower in this table because of missing observations. Third panel: episodes of financial hardship. Since beginning of year have any of following happened (due to lack of money): not pay utility bills on time; not pay rent or mortgage on time; pawned or sold something; went without meals; unable to heat home; asked for financial help from family or friends; asked for help from welfare organisation. Fourth panel: worst situation reported by at least one person in household. Fifth panel: no credit card = no one in household had a credit or charge card or store account; credit card = at least one person had one. Weighted by cross-sectional household population weights. Definition of low pay: earning at or below $15.94 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table A.24: Household financial stress—sub-$700 pw ‡

	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
Family finances: optimists						
Poor or very poor	31	1.8	33	1.0	64	1.3
Just getting along	424	24.5	581	17.8	1,005	20.1
Reasonably comfortable	934	53.9	1,750	53.7	2,684	53.8
Prosperous or v comfort	345	19.9	892	27.4	1,237	24.8
Total	1,734	100.0	3,256	100.0	4,990	100.0
Family finances: pessimists						
Poor or very poor	66	3.8	84	2.6	150	3.0
Just getting along	606	34.9	848	26.0	1,454	29.1
Reasonably comfortable	914	52.7	1,828	56.2	2,742	55.0
Prosperous or v comfort	149	8.6	495	15.2	644	12.9
Total	1,734	100.0	3,256	100.0	4,990	100.0
Episodes of financial hardship						
Three or more	191	11.1	239	7.4	430	8.7
Two	166	9.6	231	7.1	397	8.0
One	232	13.4	437	13.5	668	13.5
None	1,134	65.8	2,339	72.1	3,472	69.9
Total	1,722	100.0	3,246	100.0	4,967	100.0
How easily raise $2000 in one week						
Could not raise it	331	19.1	394	12.1	725	14.6
Have to do something drastic	294	16.9	300	9.2	593	11.9
Raise it, but some sacrifices	473	27.2	797	24.6	1,270	25.5
Easily raise it	638	36.7	1,755	54.1	2,393	48.0
Total	1,736	100.0	3,245	100.0	4,981	100.0
Ownership of credit card						
No credit card	627	32.7	825	22.8	1,452	26.2
Owns credit card	1,290	67.3	2,797	77.2	4,086	73.8
Total	1,917	100.0	3,621	100.0	5,538	100.0
Sample size	1,715		3,334		5,049	

Notes: First two panels: self-perceptions of financial prosperity. Optimists and pessimists result from differing evaluations by first two members of household. Counts are lower in this table because of missing observations. Third panel: episodes of financial hardship. Since beginning of year have any of following happened (due to lack of money): not pay utility bills on time; not pay rent or mortgage on time; pawned or sold something; went without meals; unable to heat home; asked for financial help from family or friends; asked for help from welfare organisation. Fourth panel: worst situation reported by at least one person in household. Fifth panel: no credit card = no one in household had a credit or charge card or store account; credit card = at least one person had one. Weighted by cross-sectional household population weights. Definition of low pay: earning at or below $17.72 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table A.25: Housing tenure—C10 §

Housing tenure	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
Own house	223	18.5	699	18.6	922	18.6
Paying mortgage	490	40.6	1,771	47.2	2,262	45.6
Renting public	69	5.7	98	2.6	167	3.4
Renting private	399	33.1	1,086	29.0	1,485	30.0
Other	24	2.0	97	2.6	121	2.4
Total	1,206	100.0	3,751	100.0	4,957	100.0
Sample size	1,091		3,402		4,493	

Notes: Weighted by cross-sectional household population weights. | Definition of low pay: earning at or below $15.94 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table A.26: Housing costs—C10 §

	Housing finances (mean)			
	Monthly rent payments	**Monthly mortgage payments**	**Amount owing on mortgage**	**Value of house**
Adult low paid	$789	$635	$136,826	$386,947
Other	$869	$771	$154,070	$462,113
Total	$846	$741	$150,356	$445,571
	Housing costs (25th percentile)			
	Monthly rent payments	**Monthly mortgage payments**	**Amount owing on mortgage**	**Value of house**
Adult low paid	$521	$0	$60,000	$240,000
Other	$543	$0	$70,000	$290,000
Total	$543	$0	$70,000	$280,000
	Housing costs (median)			
	Monthly rent payments	**Monthly mortgage payments**	**Amount owing on mortgage**	**Value of house**
Adult low paid	$760	$360	$117,000	$330,000
Other	$804	$521	$130,000	$400,000
Total	$782	$495	$125,000	$380,000
	Housing costs (75th percentile)			
	Monthly rent payments	**Monthly mortgage payments**	**Amount owing on mortgage**	**Value of house**
Adult low paid	$999	$1,086	$180,000	$450,000
Other	$1,086	$1,304	$200,000	$550,000
Total	$1,083	$1,234	$200,000	$500,000

Notes: Weighted by cross-sectional household population weights. | Definition of low pay: earning at or below $15.94 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table A.27: Housing tenure—sub-$700 pw §

Housing tenure	Household comparisons					
	Adult low paid		Other		All households	
	'000s	%	'000s	%	'000s	%
Own house	303	17.4	619	19.3	922	18.6
Paying mortgage	690	39.6	1,571	48.9	2,262	45.6
Renting public	92	5.3	75	2.3	167	3.4
Renting private	624	35.8	862	26.8	1,485	30.0
Other	34	1.9	87	2.7	121	2.4
Total	1,742	100.0	3,215	100.0	4,957	100.0
Sample size	1,558		2,935		4,493	

Notes: Weighted by cross-sectional household population weights. | Definition of low pay: earning at or below $17.72 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Table A.28: Housing costs—sub-$700 pw §

	Housing finances (mean)			
	Monthly rent payments	**Monthly mortgage payments**	**Amount owing on mortgage**	**Value of house**
Adult low paid	$791	$637	$136,599	$382,674
Other	$888	$787	$156,341	$473,739
Total	$846	$741	$150,356	$445,571
	Housing costs (25th percentile)			
	Monthly rent payments	**Monthly mortgage payments**	**Amount owing on mortgage**	**Value of house**
Adult low paid	$521	$0	$65,000	$240,000
Other	$543	$0	$70,000	$300,000
Total	$543	$0	$70,000	$280,000
	Housing costs (median)			
	Monthly rent payments	**Monthly mortgage payments**	**Amount owing on mortgage**	**Value of house**
Adult low paid	$760	$420	$115,000	$330,000
Other	$826	$521	$130,000	$400,000
Total	$782	$495	$125,000	$380,000
	Housing costs (75th percentile)			
	Monthly rent payments	**Monthly mortgage payments**	**Amount owing on mortgage**	**Value of house**
Adult low paid	$978	$1,086	$180,000	$450,000
Other	$1,130	$1,304	$200,000	$550,000
Total	$1,083	$1,234	$200,000	$500,000

Notes: Weighted by cross-sectional household population weights. | Definition of low pay: earning at or below $17.72 per hour.
Population: Adult = Households with at least one adult low paid employee; Other = Households with at least one employed person (excluding Adult etc); All = Households with at least one employed person. Data from Wave 5 (2005).
Source: HILDA Release 5. †Responding person survey form; ‡Responding person self-completion survey form; §Household survey form.

Appendix B

Methodological issues

B.1 Defining the low paid

The methodology for calculating hourly rates of pay largely follows that of Healy and Richardson. The weekly wage in all jobs was divided by usual weekly working hours. Usual working hours were top coded at 50 hours, to avoid including among the low paid those on high salaries who work excessively long hours. Unlike Healy and Richardson, 'obvious' cutpoints were not chosen; rather the actual FMW rates, and the actual C10 rates were chosen as cutpoints. These were the rates prevailing in the second half of each year, the time-period which coincided with the conduct of the HILDA field work. The sub-$700 category was simply based on dividing that amount by 38 hours, and then discounting that rate by the CPI so that its equivalent value in earlier years was applied. Table B.1 summarises the hourly rates which were used for defining each category of low pay.

Table B.1: Hourly rates used for defining low paid employees

	Hourly rates prevailing in the second half of each year				
Earnings category	**2001**	**2002**	**2003**	**2004**	**2005**
FMW	$10.88	$11.35	$11.80	$12.30	$12.75
C10	$13.82	$14.27	$14.77	$15.21	$15.94
Sub-$700 pw	$15.98	$16.43	$16.87	$17.29	$17.72

Notes: Note that CPI (2005 base) is used for converting $700 to annual values.

As with Healy and Richardson, disposable household income (that is, household income after tax) was the basis for analysing household income distributions. Similarly the calculation of equivalent household income followed their methodology of dividing disposable household income by the square-root of the number of individuals living in the household. As they note, this equivalence scale is 'simple and commonly found in the relevant literature' (p. 14).

One area where this analysis departs from that of Healy and Richardson was in the definition of employees. Whereas they included owner-managers of incorporated businesses (who were working as employees) as part of their employee

category, this analysis regards this group as more appropriately included among the self-employed.

B.2 The HILDA dataset

For the analysis in this report I have used the unit record files from the Household, Income and Labour Dynamics in Australia Survey (HILDA), a national survey carried out by the Melbourne Institute on behalf of the Federal Department of Family and Community Services.[1] Release 5 of the data has been used, which includes respondents tracked over five waves of data, from 2001 to 2005. When cross-sectional analysis is conducted, Wave 5 data has been used, since this is the most recent information available for many of the issues considered in this report. Cross-sectional weights, which take account of the attrition in the sample since Wave 1, have been applied in these cases. When the analysis involves a longitudinal component—such as the labour flows analysis—longitudinal weights have been applied.

[1] For details, see www.melbourneinstitute.com/hilda