# 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.

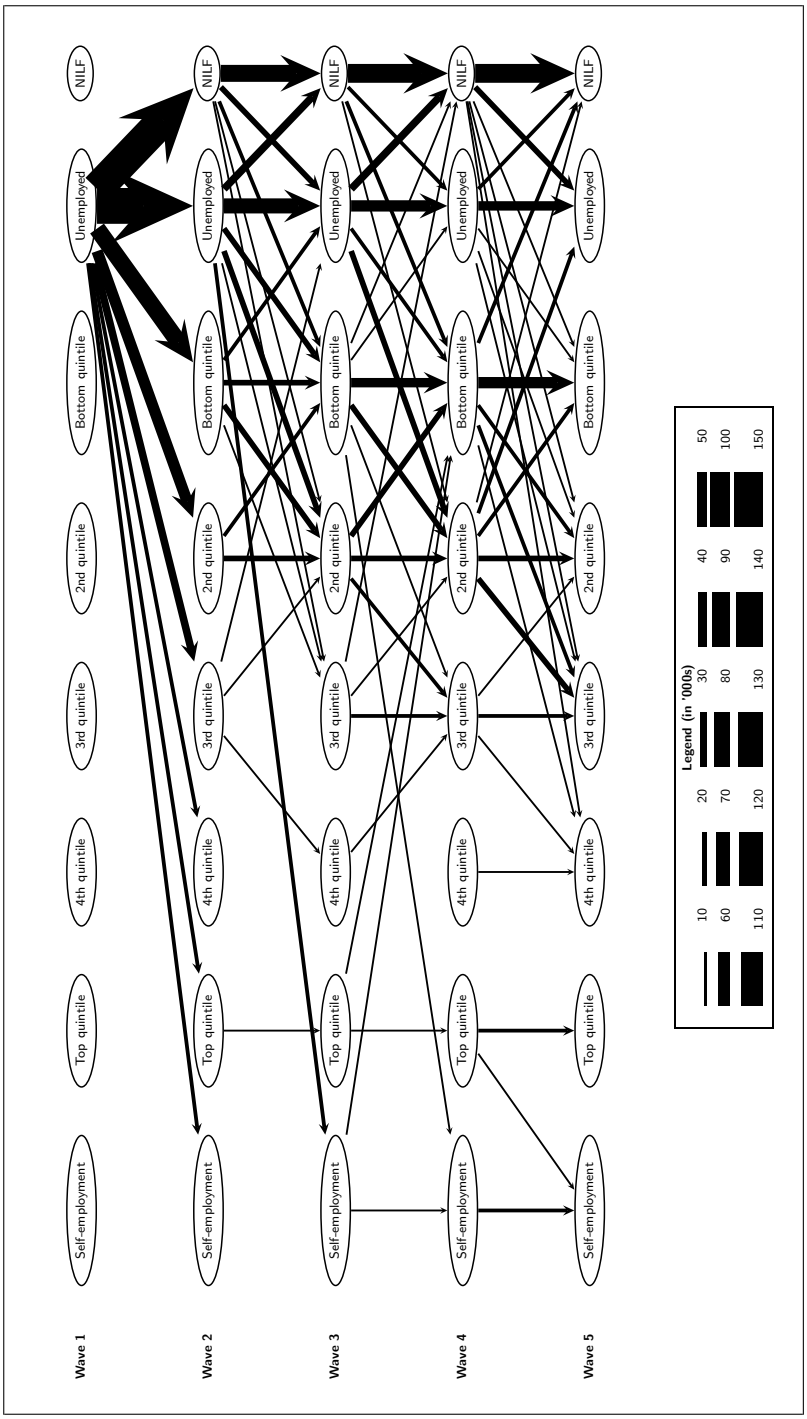


**Figure 2.1: Destinations of the unemployed: tracking a cohort** ***(Note that flows of under 5,000 are not shown)***

**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.

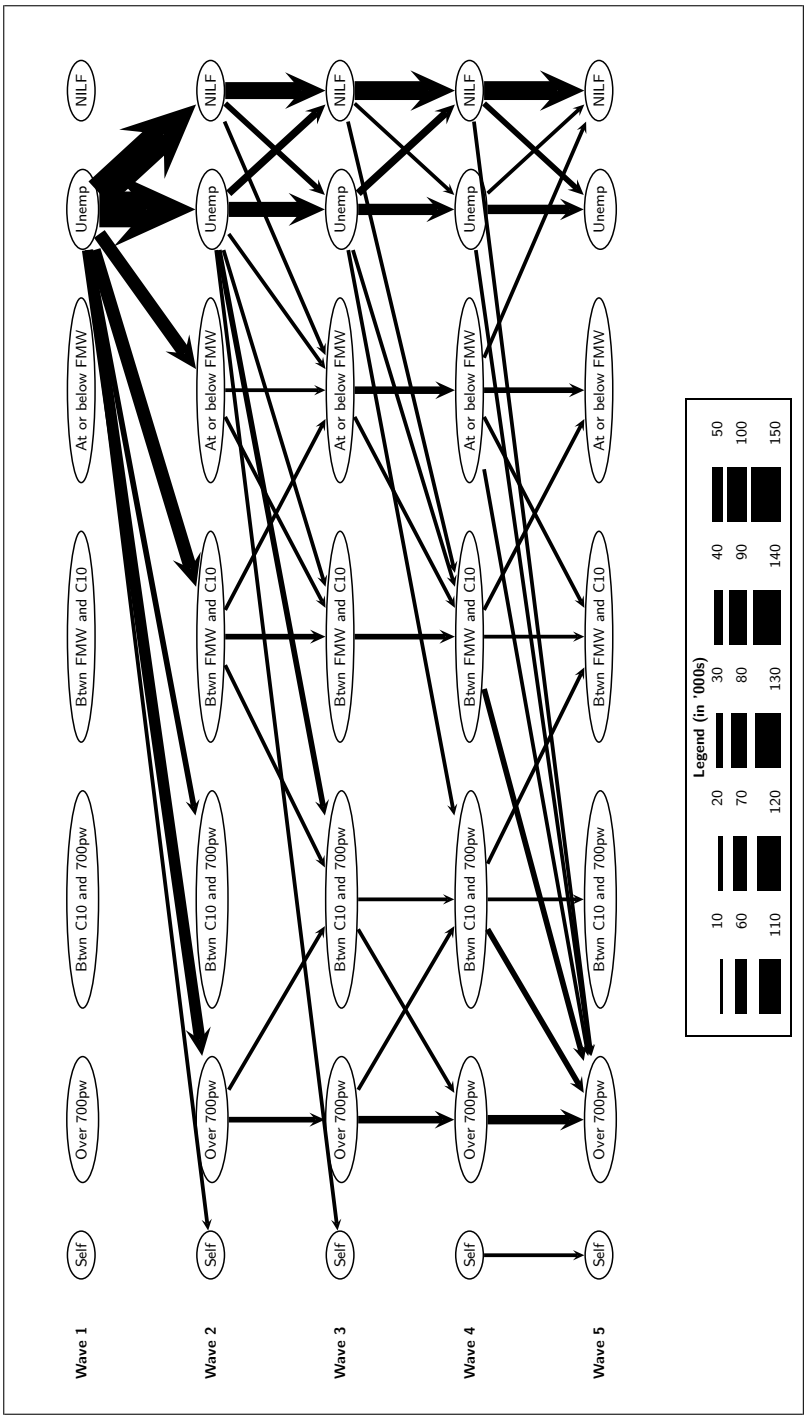


**Figure 2.2: Destinations of the unemployed: tracking a cohort based on cutpoints** ***(Note that flows of under 10,000 are not shown)***

## 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.

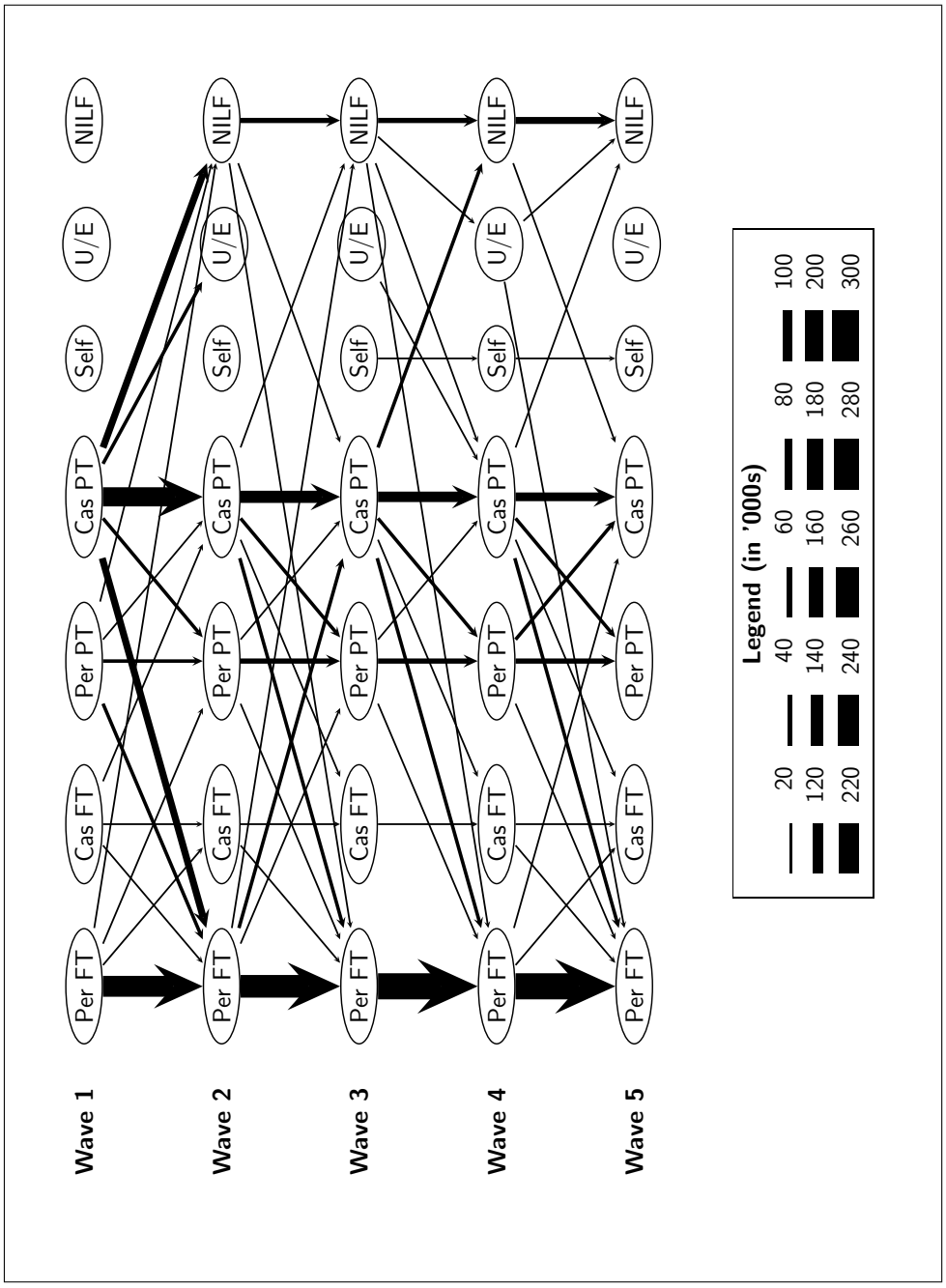


**Figure 2.3: Destinations of the low paid: tracking a cohort** ***(Note that flows of under 10,000 are not shown)***

**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.

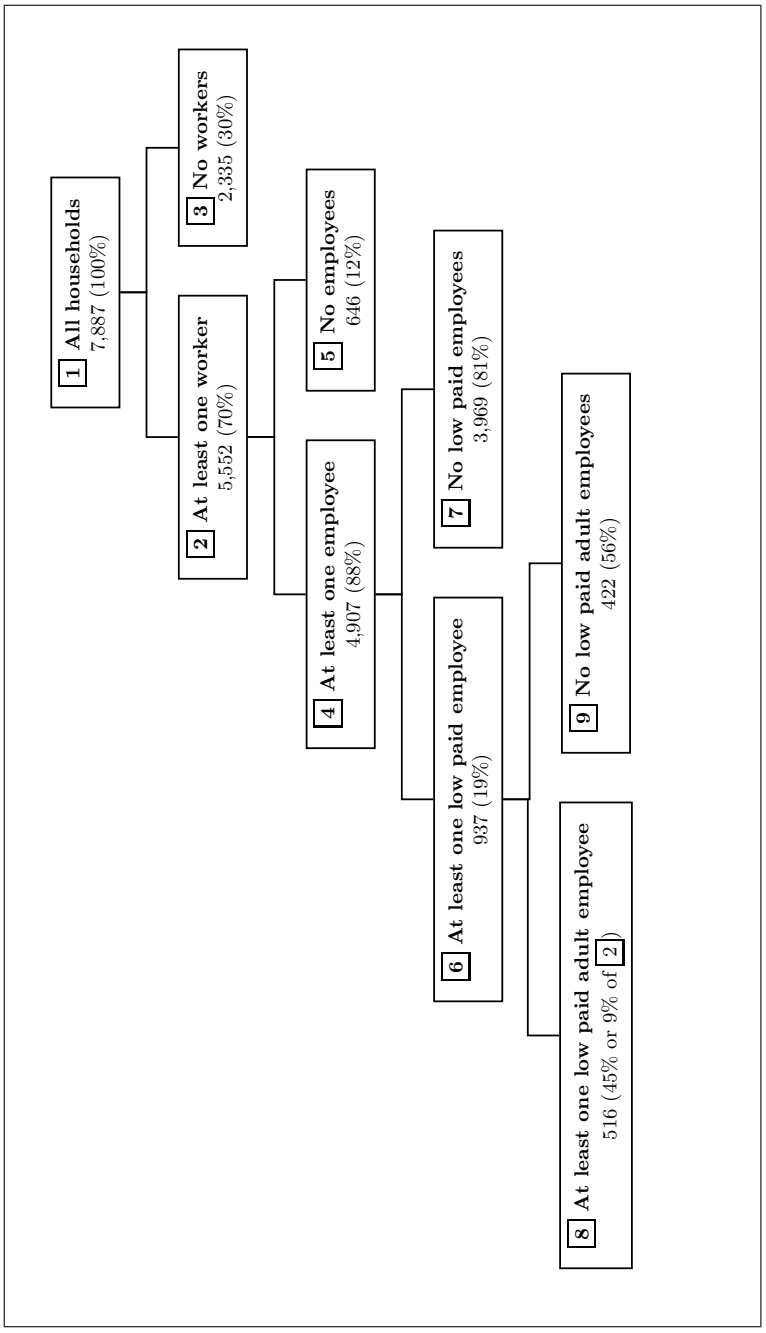


**Figure 3.1: Low paid defined by earning at or below FMW**

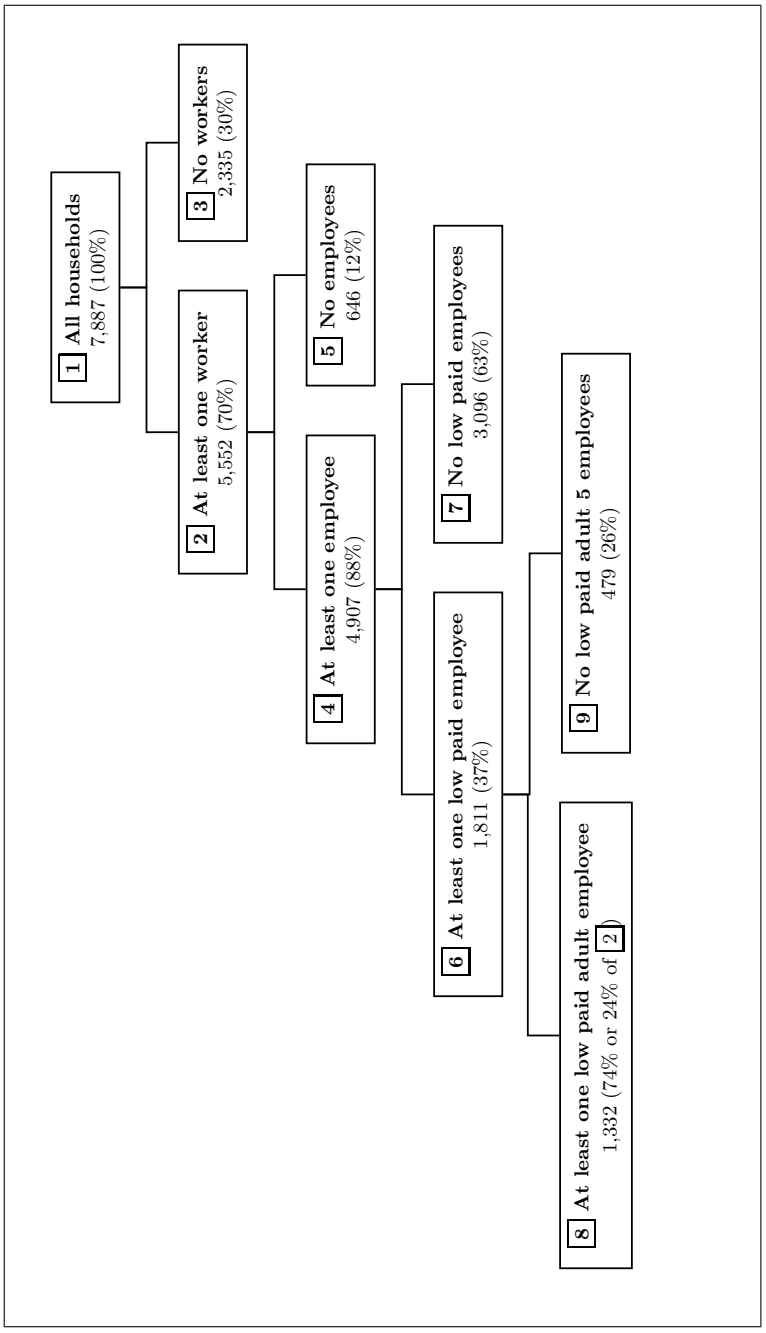


**Figure 3.2: Low paid defined by earning at or below the C10 rate**

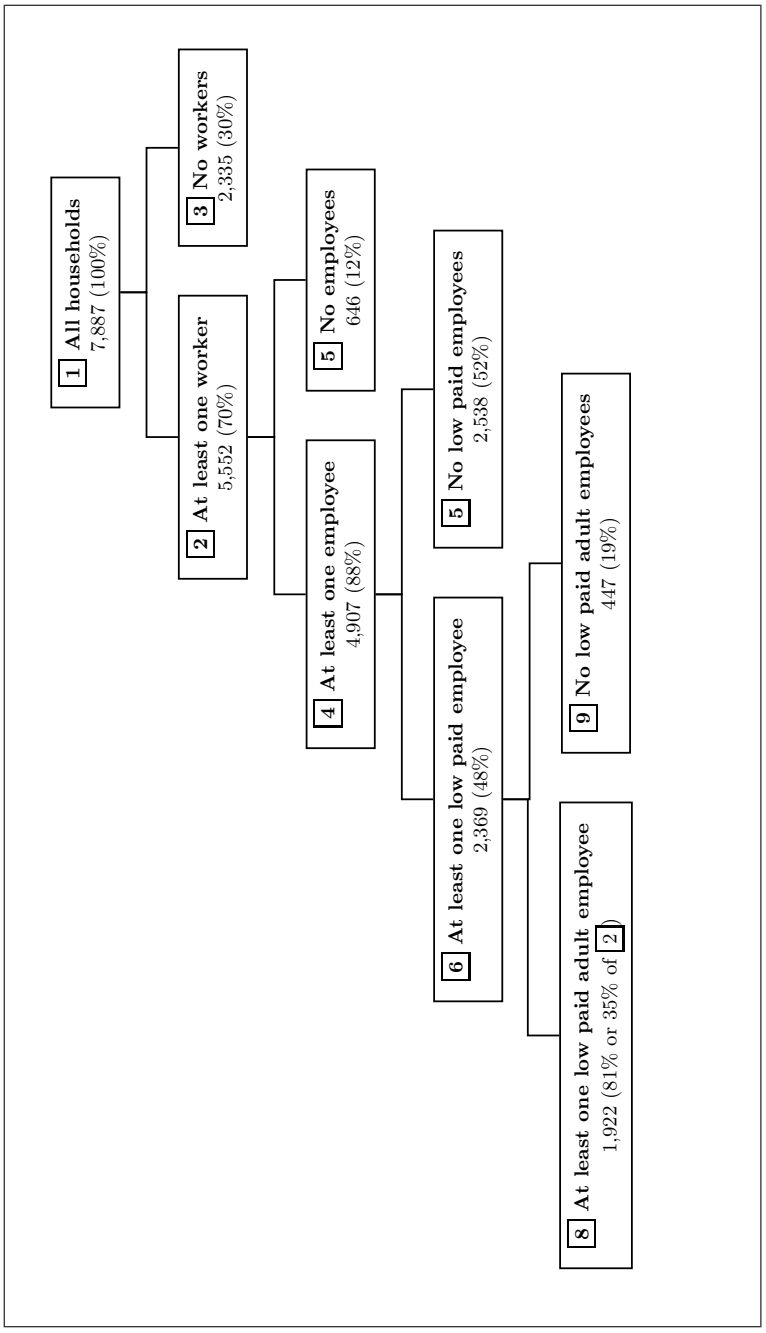


**Figure 3.3: Low paid defined by earnings at or below $700 per week**

## 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.

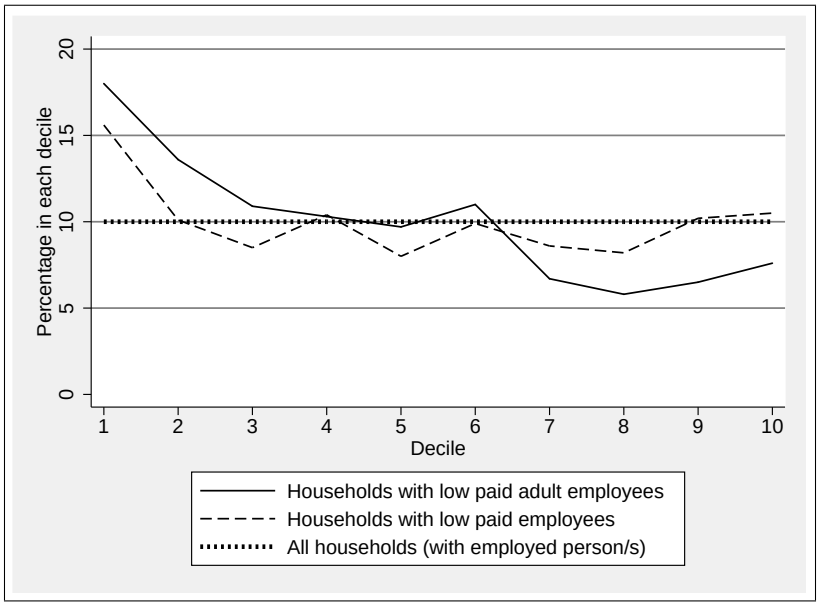


**Figure 3.4: FMW distributional analysis: household disposable income**

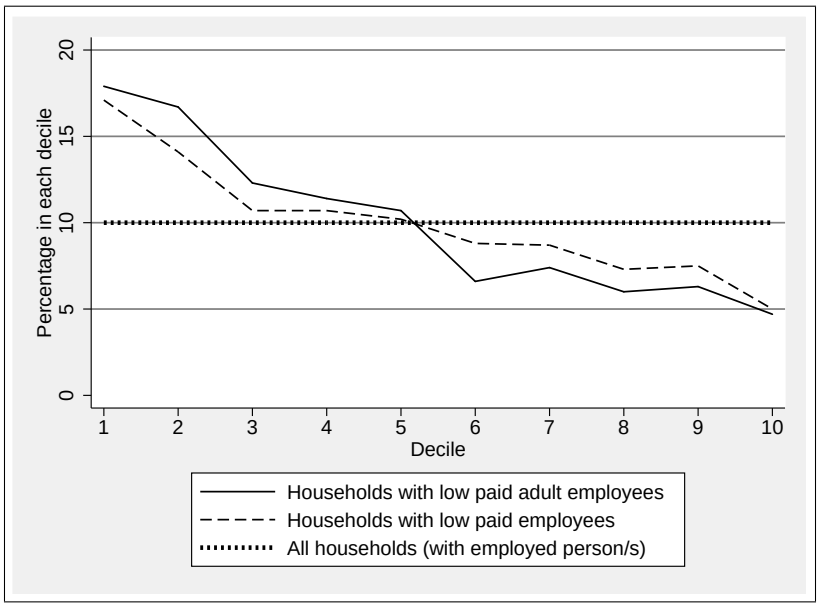


**Figure 3.5: FMW distributional analysis: equivalent household disposable income**

**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.

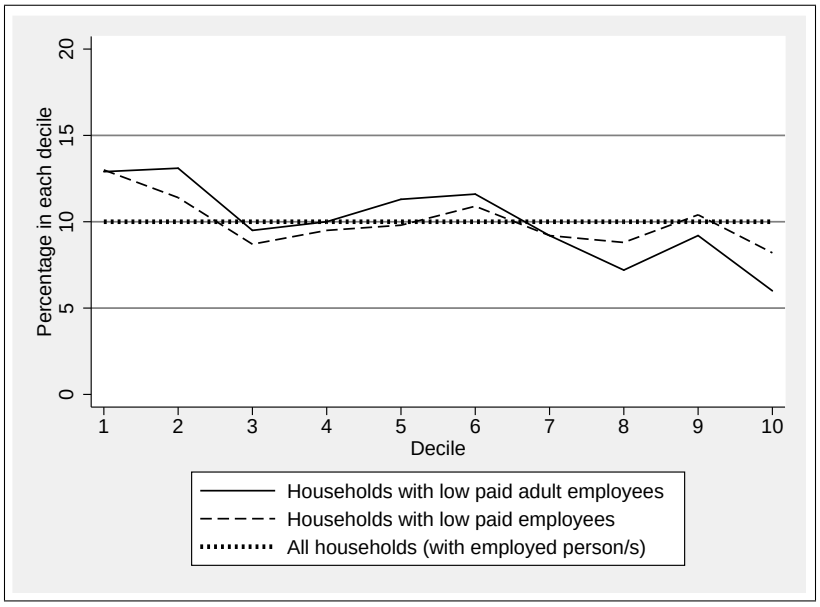


**Figure 3.6: C10 distributional analysis: household disposable income**

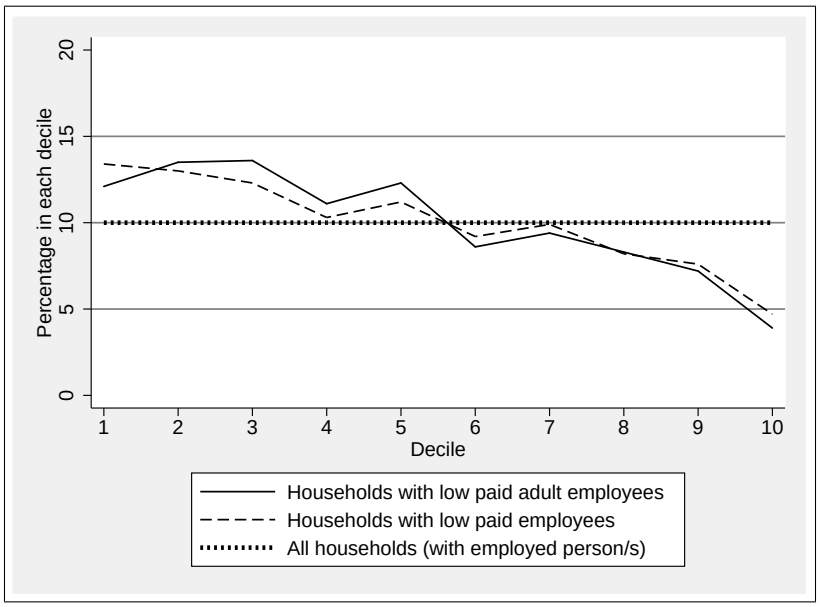


**Figure 3.7: C10 distributional analysis: equivalent household disposable income**

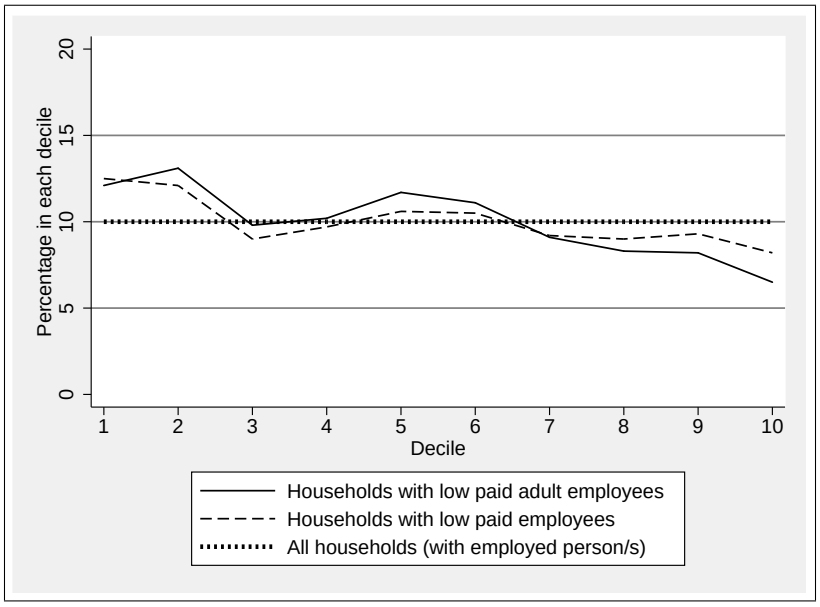


**Figure 3.8: Sub-$700 distributional analysis: household disposable income**

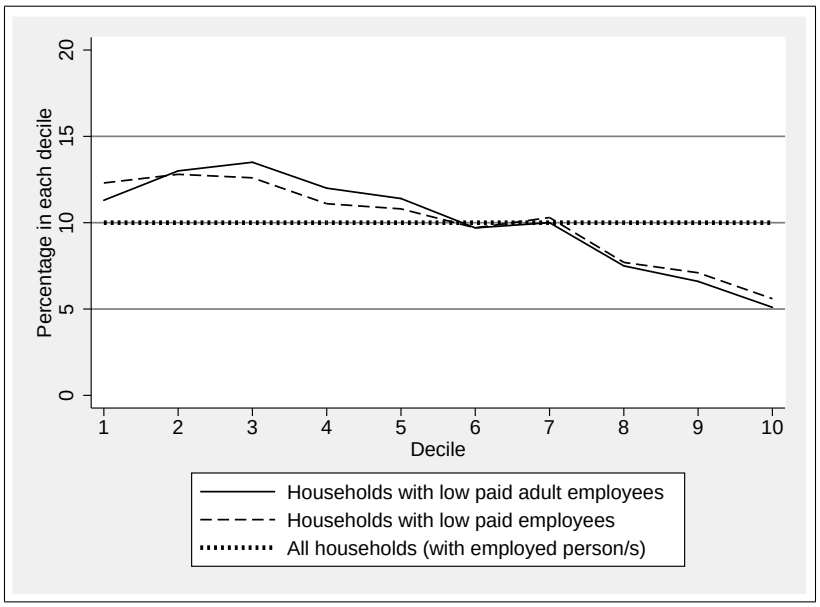


**Figure 3.9: Sub-$700 distributional analysis: equivalent household disposable income**

## 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