

SPRC Newsletter - March 2004

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Publication details:

SPRC Newsletter
1324-4639 (ISSN)

Publication Date:

2004

DOI:

<https://doi.org/10.26190/unsworks/123>

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ACCOUNTING FOR HOUSING IN REGIONAL INCOME COMPARISONS

BY PETER SIMINSKI AND PETER SAUNDERS

Given the recent period of rapid housing price inflation, housing affordability has become a topic of intense policy interest. Housing imposes costs on all households, but it also generates an (imputed) income for owner-occupiers. In this article, we examine this former aspect, focusing on how housing costs affect income distribution between regions. The article draws partly on a paper presented to the 2003 Australian Social Policy Conference (Siminski and Saunders, 2003).

Two main approaches have been used to account for housing in studies of income distribution; either by imputing rent to owner-occupiers, or by subtracting housing costs from all households. In Australia, the imputed rent method has been utilised in many studies such as those of Yates (1991), Travers and Richardson (1993), and

Flatau and Wood (2000). The after-housing costs measure, on the other hand, involves subtracting housing costs from current income, resulting in a measure of resources available for non-housing consumption. This method has been regularly used to control for differences between owners, purchasers and renters in studies of poverty (Bradbury et al., 1986; Harding and Szukalska, 2000). Both methods have generally been used to examine living standard differences between households with differing housing tenures, or at different stages in the life cycle.

In the context of income measurement, the imputed rent method is usually regarded as preferable, since housing quality is implicitly taken into account (albeit only as implied by its monetary value), while the after housing costs measure takes inadequate account

of quality differences. The inclusion of imputed rent produces a more comprehensive measure than cash income, whereas use of income after housing costs is even narrower than cash income alone.

For these reasons, the United Nations Statistical Commission recommends that national income distribution statistics include imputed rent in the incomes of owner-occupiers (UN, 1977). The ABS (1995) has accepted this view, while the Canberra Group (2001) suggests that a measure of income that includes imputed rent will produce a 'fairer and more accurate picture of income distribution' for the purposes of international comparisons.

However, including imputed rent as part of income may not necessarily be any more appropriate for regional comparisons of income

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Peter Siminski



Peter Saunders

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FEATURE

Peter Siminski and Peter Saunders discuss how housing costs affect income distribution between regions

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♦ REGISTERED BY AUSTRALIA POST ♦ PUBLICATION NO. NBP4766 ♦ ISSN 1324 4639 ♦

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THE SOCIAL POLICY RESEARCH CENTRE

The Social Policy Research Centre is located in the Faculty of Arts and Social Sciences at the University of New South Wales. Under its original name, the Social Welfare Research Centre was established in January 1980, changing its name to the Social Policy Research Centre in 1990. The SPRC conducts research and fosters discussion on all aspects of social policy in Australia, as well as supporting PhD study in these areas. The Centre's research is funded by governments at both Commonwealth and State levels, by academic grant bodies and by non-governmental agencies. Our main topics of inquiry are: economic and social inequality; poverty, social exclusion and income support; employment, unemployment and labour market policies and programs; families, children, people with disabilities and older people; community needs, problems and services; evaluation of health and community service policies and programs; and comparative social policy and welfare state studies.

The views expressed in this Newsletter, as in any of the Centre's publications, do not represent any official position of the Centre. The SPRC Newsletter and all other SPRC publications present the views and research findings of the individual authors, with the aim of promoting the development of ideas and discussion about major concerns in social policy and social welfare.

STAFF AND VISITOR UPDATE

DEPARTURES:

LAURA ADELMAN has left the Centre and returned to the Centre for Research in Social Policy at Loughborough University.

SHARON BURKE has left the Centre to continue her work at the NSW Commission for Children and Young People.

KIMBERLY FISHER has left the Centre to return to the Institute of Economic and Social Research at Essex University.

NATASHA POSNER has left the Centre to take up a position at the Centre for Health Services Development, University of Wollongong.

JØRGEN ELM LARSEN has returned to the University of Copenhagen in Denmark.

ARRIVALS:

LEONIE CLEMENT is doing voluntary work on the Families First and Residential Support Program projects.

MARILYN MCHUGH is currently on leave from her PhD studies and is working on the Availability of Foster Carers project.

MIKKO NIEMELA is visiting the Centre from the University of Turku in Finland.

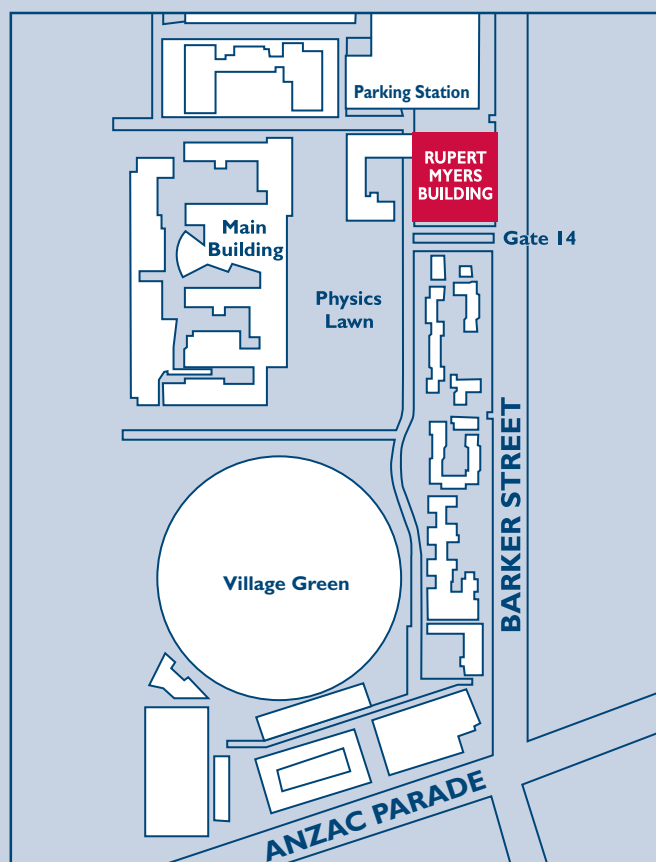
KATE NORRIS has returned from leave and is working on projects for the Department of Family and Community Services.

ANNOUNCEMENTS:

MICHAEL BITTMAN has been promoted to Associate Professor.

XIAOYUAN SHANG has been promoted to Research Fellow.

AMANDA ELLIOT has submitted her thesis entitled *Contracting democracy: a case study of women's health centres in a restructuring welfare state*. The doctoral degree was also awarded.



The Social Policy Research Centre is located on Level 3 of the Rupert Myers Building, South Wing, Kensington Campus. Enter by Gate 14, Barker Street.

FROM THE DIRECTOR

BY PETER SAUNDERS

Since it was first established in 1980, the SPRC has been an independent unit at the University of New South Wales (UNSW). This has provided us with considerable flexibility and a fair degree of autonomy, but has also meant that we have not been fully integrated into the University community. This is not to deny that SPRC does not have many friends, collaborators and supporters within UNSW. We do. But it can be argued that we have not benefited fully from the structures on which effective partnerships and professional relationships depend. While we take pride in our open, multidisciplinary working environment, we may have missed opportunities for even wider collaborations that would have deepened our knowledge and broadened our understanding of social issues and the forces and factors that drive them.

The potential to realise such opportunities has been opened up by our recent establishment as a Centre in the Faculty of Arts and Social Sciences. Although we will remain – for the moment at least – geographically removed from most of the rest of the Faculty, the move is opening up new avenues for joint activity in a number of directions. These include research partnerships with relevant Schools (including Social Science and Policy, Sociology, Social Work and Politics and International Relations), and the opportunity to achieve a greater presence in the teaching profile – predominantly at postgraduate level but also, over time, possibly at the undergraduate level also. These trends will bring changes, but not affect our over-riding goal of promoting improved understanding of Australian society and the policy challenges it faces.

It is too soon to predict how these changes will unfold and with what consequences for SPRC, but they represent an opportunity to expand our influence within the

University and a means of making new linkages with like-minded scholars. How we operate has already undergone enormous change, along with changes to our funding arrangements, and we have little to fear from further change despite the uncertainties that accompany rapid change that are all too familiar to the many community sector organisations that are a focus of our research.

There have been many positive effects from the past changes we have had to negotiate, as regular readers of this column will already be aware! Our research has become far more responsive to the needs of those with the resources to fund research and we have become far more focused on ensuring that the research leads to positive outcomes – for the programs we study as well as for the agencies that fund us. The dialogue that the new funding arrangements has opened up between academic researchers and policy analysts has at times been difficult but has also been productive, challenging and exciting!

But there has also been a reduced capacity to undertake ‘blue skies’ research that is not limited by existing perceptions and parameters (not to mention resource constraints). The main body for funding this kind of research is the Australian Research Council (ARC) and its role is absolutely crucial to the future of Australian social science generally. The SPRC has managed to perform well in the highly competitive ARC environment (as demonstrated by announcements elsewhere in this Newsletter) and this has allowed us to maintain a good balance between short-run, policy-focused and longer-term, fundamental research in our overall program.

The issue for us and other similar centres is how long can we maintain the broad range of skills and expertise that is necessary to simultaneously satisfy the very different needs of the hard-nosed policy bureaucrat and the highly



SPRC Director Peter Saunders shown presenting a seminar on the topic ‘Welfare reform in Australia: From entitlement to obligation?’ at the China Research Centre on Ageing during his recent visit to Beijing. The same topic was covered in an address to graduate students at Beijing Normal University. Both presentations generated much interest and a lively debate about the philosophy and impact of the recent Australian reforms.

developed critical faculties of the ARC grant application assessors. One concern I see is that, along with many other sections of the workforce, the increased funding uncertainties we face is giving rise to increased casualisation, reducing our ability to provide effective career paths for each new cohort of researchers. Unless we can find an effective and sustainable solution to this problem, the nation as a whole will find a gradual but inevitable reduction in its research capacity, from which we will all suffer.

These trends are apparent within SPRC and the university sector more generally. Although university reform has been very much at the forefront of the recent policy debate, it is not clear that we have yet fully resolved the many difficult challenges facing research in an area like social policy that inevitably challenges many of the prevailing notions of what is good (and bad) about society, and what needs to be done. That is why we must continually strive to ensure that research is genuinely open and transparent – not only to the normal process of peer review that is the defining feature of scholarship, but also in the issues it addresses and the means (and resources) used to address them.

ACCOUNTING FOR HOUSING IN REGIONAL INCOME COMPARISONS

CONTINUED
FROM PAGE 1

than the cash income measure. If one is concerned with identifying low-income households for example, an after-housing costs measure is arguably more useful than either approach.

To examine this idea more thoroughly, it is useful to think about the specific nature of housing within the overall consumption bundle of the household. A washing machine purchased in the country is the same commodity as an identical washing machine purchased in the city and both provide identical services, so comparing their prices is a sensible exercise. Housing, however, cannot be similarly assumed to be a homogenous commodity across regions. Even if the dwellings themselves are *physically* identical, their *location* makes them fundamentally different commodities.

Housing costs are generally higher in major cities than in regional and rural areas because of their relative locational benefits. However, the additional assumption implicit in the imputed rent approach is that such locational benefits consist only of factors that contribute directly to material standards of living (utility). An alternative assumption is that high housing prices in major cities result from the potential for city-dwellers to earn higher incomes by being closer to the most active labour markets. Remuneration of paid work is generally higher in major cities than elsewhere, and the choice of where to live is constrained by where jobs are available.

It is thus reasonable to assume that people consider both their potential income and their housing costs in assessing where to live. From this, it can be argued that at least part (possibly all) of the difference between the prices of city and country dwellings can be considered as an expense associated with earning a higher income in the city (at least for those in the labour force). Retired people are not constrained by having to be

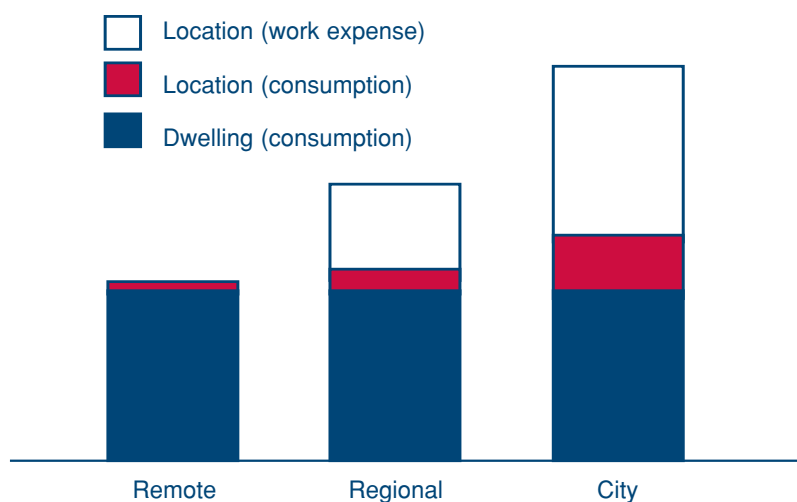
close to a labour market, and many choose to move house. But local family and community connections prevent many older people from moving.

Under the above reasoning, it would make sense for regional comparisons of living standards to be made net of the 'premium' in housing costs that result from such labour market factors. In the language of the UN's National Accounting framework, SNA93, this implies regarding this premium as 'intermediate consumption', purchased only as an input into the production process, rather than 'final consumption', from which utility is directly derived (UNSD, 2001). (SNA93 does not, however, recommend a process of accounting for any intermediate consumption by employees, as implied here.)

Expenditure Survey (HES) suggest that average household expenditure on travel is actually slightly higher in major urban areas than in the balance of Australia (\$121 compared with \$113).

The above framework implies that it is in principle possible to disaggregate each household's total housing costs into a 'work expense' component associated with location, and a (final) consumption component (consisting of the benefits of the physical dwelling itself and the consumption benefits of the location) – as is shown in Figure 1. In this hypothetical example, the consumption value of the dwelling (in terms of the services it guarantees) is constant across all three regions. The consumption value of the location is assumed to be higher in the city

Figure 1: Stylised Example of the Determinants of Differences in Dwelling Rent Between Regions



Are the high housing costs in major cities offset by lower transport costs? In an earlier SPRC study, King (1996) argued that higher housing prices are partly the result of capitalised accessibility, as people are prepared to pay more to live in locations that result in lower transport costs. But it does not necessarily follow that there is an inverse relationship between housing costs and transport costs at the aggregate level. In fact, data from the 1998-99 Household

although this may not always be the case (a beach house is an obvious counter example). The 'work expense' component of the cost of housing is assumed to be strongly related to location, being much higher in the city than elsewhere, and zero in rural areas.

It may be possible to adopt this framework, utilising detailed housing, wage and time-use (travel to work) data. However, the framework points to an alternate method, in which all three

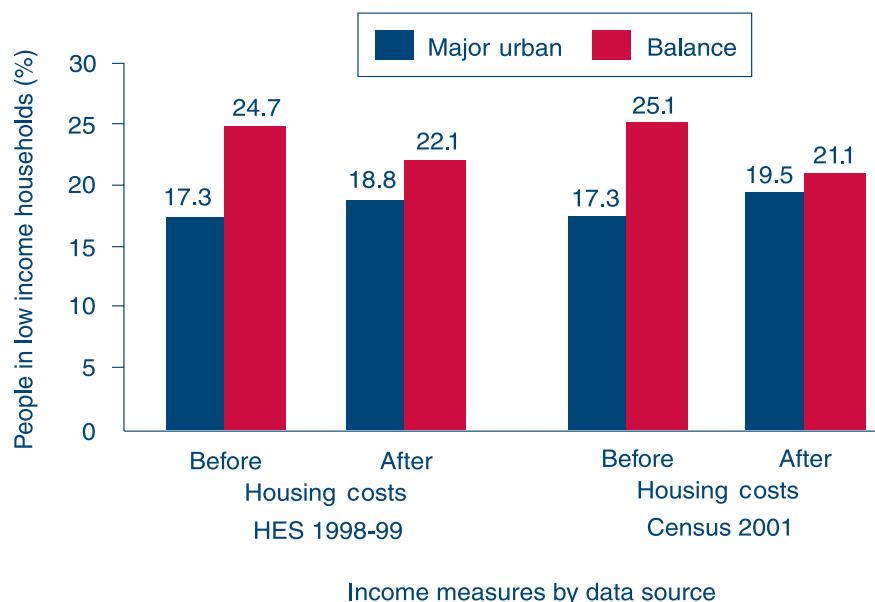
"Average household expenditure on travel is slightly higher in major urban areas than in the balance of Australia."

components of housing costs discussed above are subtracted from income. At the very least, the after housing costs method provides a useful measure to complement comparisons of cash income (before housing costs). In comparing incomes between regions, the after housing costs method ignores housing quality (which may vary between regions), while the cash income method ignores housing prices (which vary greatly between regions). The imputed rent method ignores the effect of access to places of employment on housing price differences.

To illustrate the significance of housing costs to regional income distribution analyses, we consider regional differences in the proportion of people in relatively poor households (in the bottom 20 per cent of the overall distribution) before and after housing costs. We show the results using data from the latest HES and from the 2001 Census. The former contains the better income measure, while the latter is more recent and is not based on a sample. Henderson-equivalised person-weighted income is used for both measures. The income measure is gross in the Census data, and disposable in the HES data.

Figure 2 shows that both data sources suggest that people living in major urban areas are much less likely to live in low-income households than people living elsewhere in Australia (17 per cent compared with 25 per cent for both sources). However, when income after housing is considered, this difference is far smaller. The HES data suggests that the difference narrows to about three percentage points (18.8 per cent compared with 22.1 per cent). The Census data suggests that the difference is about half this size (19.5 per cent compared with 21.1 per cent). The main finding to emerge from both data sources is that the income after housing costs measure indicates that there is a much smaller difference between major urban areas and the balance of Australia in

Figure 2: People in Low-income (first quintile) Households Before and After Housing Costs by Major Urban Versus Balance of Australia (per cent)



the proportion of people living in low-income households.

CONCLUSION

Simple comparisons of low-income rates (or poverty rates defined by a head-count ratio) between Australia's regions are of only limited interest. Differences in prices, especially in the cost of housing, are too significant to ignore. Adequate spatial price indexes do not yet exist and hence it is difficult to present regional income distribution comparisons with any conviction.

However, at least some of this disparity can be avoided by re-conceptualising 'housing consumption' as containing a work expense component. The higher housing costs of households in major cities can then at least partly be regarded as a cost associated with earning the (typically) higher incomes that are characteristic of cities. Of the available methods of income distribution analysis, the 'after housing costs' measure seems to be the most appropriate for regional comparisons.

The main empirical finding reported here is that there is only a small difference between major cities and the rest of Australia in the percentage of people living in

low-income households after housing costs. This contrasts with the large difference between major cities and the rest of Australia in the corresponding rates before housing costs. This important finding is clearly a fruitful topic for further research.

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"there is only a small difference between major cities and the rest of Australia in the percentage of people living in low-income households after housing costs."

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TAKING THE TIME TO LOOK AFTER CHILDREN

BY BRUCE BRADBURY, LYN CRAIG AND MICHAEL BITTMAN



Bruce Bradbury



Lyn Craig



Michael Bittman

In January, SPRC researchers presented two papers at a conference on *Supporting Children: English-Speaking Countries in International Context* at Princeton University. Papers at the workshop examined the resources provided to children in different countries and the associated outcomes.

THE EFFECT OF CHILDREN ON ADULTS' TIME-USE

The first SPRC paper, *The Effect of Children on Adults' Time-Use: An Analysis of the Incremental Time Costs of Children in Australia* written by Lyn Craig and Michael Bittman, looked at the amount of time parents typically spend caring for their children. Raising children takes both time and money. For almost 150 years, scholars have attempted to find convincing ways to capture the costs of raising children. However, even when these estimates include indirect costs, such as mothers' foregone earnings, little research has been done on estimating the time parents invest in raising their children. Using data from the most recent Australian Bureau of Statistics' (ABS) Time Use Survey 1997, this paper shows how the presence of children changes the way parents spend their time and how this varies with the number and age of the children. It also examines the intra-household division of time-resources, showing how childcare (and related unpaid work) and parental leisure are distributed between mothers and fathers. This paper extended research described in greater detail in SPRC Newsletter No 82.

THE PRICE, COST, CONSUMPTION AND VALUE OF CHILDREN

These issues were also taken up by Bruce Bradbury in his paper *The Price, Cost, Consumption and Value of Children*. The paper begins by comparing the extra expenditure associated with children with the goods and services that children consume.

In general, the children's consumption will be greater than the costs of children to their parents. This is because children receive services directly from outside the household, and many forms of household expenditure are within-household public goods. That is, more than one person can consume the same good. Household common areas are a good example of this - the size of a kitchen increases at a much slower rate than the number of people in the household.

Expenditure costs, however, are only part of the cost of children. The second part of Bradbury's paper uses the time-use results found by Craig and Bittman to estimate the full cost of children to parents. That is, the monetary value of the time spent looking after children, together with the expenditures on children. The paper defines this as the additional income that the household would need in order for the parents to have the same standard of living as they had before they were parents. To estimate this, the paper uses an 'adult goods' method, where the time that parents spend on themselves (ie pure leisure, sleep and other personal care) is used as an indicator of the parent's overall living standard.

Using a simple model of household economic behaviour, an estimate of the full cost of children is then derived as the product of three factors: the drop in parental leisure hours associated with the presence of children, the parents' marginal wage rate, and the inverse of the 'total income elasticity' of parental labour supply. The latter is a measure of how much people would reduce their hours of work if their non-wage income increased (eg if they won the lottery).

Multiplying the increase in working hours (paid or unpaid) with the wage rate represents one of the conventional ways of valuing the time parents spend raising their children. When they have a child, parents spend more time working, either at home or in the labour market (fathers often increase their labour market hours). If we wish to compensate them for this, it is not possible to give them an extra few hours in every day. It is conceivable, however, that parents could be given additional income (eg family allowances), which permits them to reduce their working hours while maintaining their consumption level. The amount of money required under this simple counter-factual is the increase in work hours times the parents' market wage rate. (Other approaches use alternative wage rates - such as the wage rate required to substitute for some forms of non-market work).

However this only captures one part of the impact of children on parental living standards. In addition to reducing parental leisure time, the presence of children also reduces the share of money expenditure directed to parental consumption, and also

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SPRC SUCCESS IN RESEARCH GRANTS



SPRC researchers were successful with three ARC grant applications in 2003, for projects commencing in 2004. This success is notable given the highly competitive nature of the peer-reviewed ARC process and reflects well on the individuals involved and the many SPRC colleagues who contributed to the development of the proposals. In terms of funding, the three projects will attract over \$890,000 over the next five years. The projects will address issues of poverty and inequality in Australia, the extent and cost of kinship foster care in rural China and women's policy making in Australia and Korea. Two of them will strengthen existing links with social policy development issues in the Asian region, one building on an exciting new partnership with the Beijing-based Save the Children, UK organisation.

A brief description of each project is presented below. For further information contact the principal researchers directly.

AN INTEGRATED FRAMEWORK FOR DEVELOPING CREDIBLE INDICATORS OF DEPRIVATION AND OTHER DIMENSIONS OF INEQUALITY

ARC DISCOVERY GRANT AND PROFESSORIAL FELLOWSHIP

PETER SAUNDERS
(\$680,000 OVER FIVE YEARS)

The existing instruments for measuring poverty have become disconnected from the life events that cause poverty and the deprivation experienced by those with low income. A new approach is needed that is focused on how low-income, deprivation and joblessness produce unacceptable outcomes, particularly for children. Community concern over the growing rich-poor divide suggests that poverty research must also be better integrated with issues of affluence and inequality. This innovative program will develop an

integrated conceptual and empirical framework for identifying poverty, deprivation and other dimensions of inequality, and use it to derive new social monitoring instruments and policy evaluation tools.

THE EXTENT AND COST OF KINSHIP FOSTER CARE OF ORPHANS IN RURAL CHINA

ARC LINKAGE GRANT WITH SAVE THE CHILDREN, UK AS INDUSTRY PARTNER

PETER SAUNDERS AND XIAOYUAN SHANG
(\$185,800 OVER TWO YEARS)

This project will explore the extent of kinship foster care provided to orphaned children in rural China. It will also, for the first time, estimate the costs of kinship care, by modifying Australian budget standards research to suit conditions in rural China. The project will combine a strong research team with a leading international non-government agency working in China and will draw on support from government officials from the Ministry of Civil Affairs. The results will be used to estimate child poverty among the target group and will provide a knowledge base for future research in the area.

A COMPARATIVE STUDY ON WOMEN'S POLICY MACHINERY IN KOREA AND AUSTRALIA

ARC INTERNATIONAL LINKAGE FELLOWSHIP GRANT

PETER SAUNDERS AND KYUNGJA JUNG
(\$86,500 OVER ONE YEAR)

The project aims to contribute to the better understanding of women's policy machinery in Korea and Australia in order to develop more effective policymaking and implementation. The research will investigate the relevance of national mechanisms for the advancement of women. Appropriate mechanisms through

which the mainstreaming of gender can take place are considered, the levels of governance involved - the relationship between gender mainstreaming and state structures, and the effect of this relationship on policy implementation will be examined. This research will contribute to the better understanding of how and by what processes women's interests are represented to the state policy making structures.

In addition, two SPRC PhD students were awarded Fellowships from the Office for the Status of Women (OSW) for applications submitted in 2003. The OSW Time Use Research Fellowships provide an opportunity for early career researchers to undertake research utilising ABS Time Use Survey Data from a gender analysis perspective. Both Fellowships are worth \$55,000 over one year, and will commence during 2004.

VALUING TIME FOR A 'FULL INCOME' MEASURE

FELLOWSHIP AWARDED TO TRISH HILL

The project proposes to use time use data to develop a broader picture of the differences in the living standards of Australian women and men. The proposed analysis will build upon the current doctoral research to address feminist criticism of traditional income-based measures of living standards, economic inequality and poverty. Income measures describe a level of income but not the sources, circumstances, costs or time taken to earn the income. Two specific issues that will be addressed through the project are: the valuation of the contribution of non-market time to a measure of the standard of living and the calculation of measures of income and other resources at the level of the individual in addition to the household.

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Xiaoyuan Shang



Kyungja Jung



Trish Hill

THE TIME COSTS OF CHILDREN

FELLOWSHIP AWARDED TO LYN CRAIG

The project will explore the impact of children on the total paid and unpaid workload of families

and gender differences in the allocation of that time. This is an issue of profound significance in the lives of women, who continue to shoulder the major burden of domestic responsibility and upon whom the time demands concomitant with life course

changes including childbirth disproportionately fall. There is a significant body of research that addresses the domestic division of labour and another that addresses the money cost of children but little that directly addresses the time cost of children and variation by gender.

TAKING THE TIME TO LOOK AFTER CHILDREN

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reduces the share of home production time directed to parents. Within the simple household economic model used in this paper, these effects are captured by the labour supply elasticity factor in the calculation.

Based upon the time use patterns found by Craig and Bittman, and the labour supply estimates found in the economic literature, the full costs of children are found to be very large indeed. A couple with two children, the youngest of which is aged 0-2 years, needs an income over five times as large as a couple with no children in order for the adults to have the same living standard.

These costs should only be considered as 'order of magnitude' estimates, as they are based on a

large set of assumptions that cannot be easily tested. Moreover, the fact that children cost their parents a lot does not *of itself* imply a role for social policies such as family allowances or tax concessions for families. Since parents probably know about these costs when they choose to have children, these results can also be interpreted as implying that parents value their children extremely highly. Family assistance policies are probably better justified on the basis of their impact on the consumption level of children rather than the costs of children to parents.

However, these results may have implications for policies that seek to help parents shift resources across their lifecycle. The time-use data generally show the time costs

of children as decreasing with children's age. Bradbury's paper shows that, under simplifying assumptions, we can interpret these data as also reflecting the *total* costs of children (including money costs which tend to increase with age). This suggests that if we want to help parents, we should focus additional resources on parents with younger, rather than older, children.

MORE INFORMATION

Lyn Craig and Michael Bittman's paper can be downloaded from <http://www.sprc.unsw.edu.au/people/Craig.htm>

Bruce Bradbury's paper can be downloaded from <http://www.sprc.unsw.edu.au/people/Bradbury.htm>

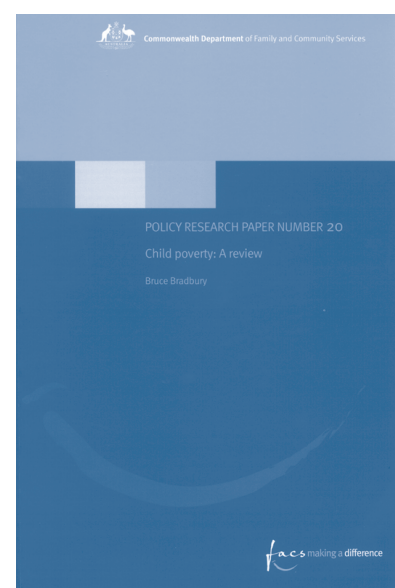
FACS REPORTS

The following two reports from SPRC projects undertaken as part of the Social Policy Research Services (SPRS) Agreement with the Department of Family and Community Services (FaCS) were released in the FaCS Policy Research Paper series in 2003.

1. *Patterns of Economic and Social Participation among FaCS Customers* by Peter Saunders, Judith Brown and Tony Eardley, Policy Research Paper No. 19

2. *Child Poverty: A Review* by Bruce Bradbury, Policy Research Paper No. 20.

Both papers can be downloaded from the SPRC website and from the FaCS website (www.facs.gov.au).



NEW PUBLICATIONS



CONSUMPTION AND THE WITHIN-HOUSEHOLD INCOME DISTRIBUTION: OUTCOMES FROM AN AUSTRALIAN 'NATURAL EXPERIMENT'

BRUCE BRADBURY

SPRC DISCUSSION
PAPER 126

Does the within-household distribution of income influence household consumption patterns, and children's consumption in particular? This question is not easy to answer because it is difficult to distinguish variations in consumption determined by the within-household income distribution, from those determined by factors such as wage rates and preferences. In one attempt to decide this question, Lundberg, Pollak and Wales (1997) exploited the 'natural experiment' of a change in the payment mechanisms for family benefits in the UK. They found that the within-household income distribution did have a significant impact on expenditure on men's, women's and children's clothing.

This paper exploits a similar natural experiment in Australia. During the 1990s, income support for unemployed married couples was changed from being paid almost entirely to husbands, to being paid primarily to wives. The impact of this change is examined using data from household expenditure surveys conducted before, during and after these policy changes.

It is found that, although the changes in the within-household income distribution were large, the changes in expenditure patterns were small and not in the expected direction. The data do not, therefore,

provide support for the hypothesis that women's control over household expenditures increased.

Several reasons are suggested for this finding. Australian income support payments are paid directly into bank accounts and joint bank accounts are common. In addition, low-income families are constrained in their consumption, and so the opportunities for one member to determine consumption may be limited. Finally, and paradoxically, it is possible that the large magnitude of the income shift may have contributed to its lack of impact on consumption. When a small change in the income distribution is made, as in the UK experience, couples may leave their financial management practices undisturbed – apart from the income that has been redirected. A large change in the within-household distribution, on the other hand, may have prompted a re-organisation of household financial management, which effectively restored the prior patterns of consumption.

CAN SOCIAL EXCLUSION PROVIDE A NEW FRAMEWORK FOR MEASURING POVERTY?

PETER SAUNDERS

SPRC DISCUSSION
PAPER 127

This paper examines how the concept of social exclusion has evolved in the academic and policy debate in Australia in the last five years or so. It does not attempt to do this comprehensively, but illustrates some of the most important developments, in the process reflecting on some of the issues raised in earlier Australian contribution to the social exclusion literature. The paper is organised

around three principal themes: concepts; measurement; and policy. The paper concludes by arguing that researchers need to think more strategically about how research on exclusion and poverty can exert influence on those setting the policy agenda.

REVIEWING THE ROLE AND STRUCTURE OF PENSIONS IN THEIR NATIONAL CONTEXT

PETER SAUNDERS

SPRC DISCUSSION
PAPER 128

This paper reviews recent developments in pensions policy in a range of countries and identifies some of the main forces driving the policy reform agenda. The paper brings a new perspective to some familiar issues, drawing specifically on the research and policy experience of Australia, China and the United States. Its basic message is that to fully understand the forces influencing national pension systems, it is necessary to understand the forces and expectations that are specific to each country. Three main themes are addressed: demographic change; financing of pensions; and the role of politics. It is argued that all three must be included within any analysis of pension reform and that each is important – despite the emphasis given recently to the first issue.

APPLIANCES AND THEIR IMPACT: THE OWNERSHIP OF DOMESTIC TECHNOLOGY AND TIME SPENT ON HOUSEHOLD WORK

MICHAEL BITTMAN,
JAMES MAHMUD RICE
AND JUDY WAJCMAN

SPRC DISCUSSION
PAPER 129

Ever since the appearance of Vanek's pioneering article in 1974, there has been a controversy about whether 'labour saving' domestic appliances actually save labour time. Vanek argued that time spent in housework had barely changed since 1924, despite the diffusion of practically every known domestic appliance over this period. Gershuny and Robinson have challenged Vanek's 'constancy of housework' thesis, arguing that, over the last three decades, domestic technology has significantly reduced the weekly hours of women's routine housework. Although there is much talking past each other, none of the protagonists in this dispute have any direct data about which households own or do not own domestic appliances. Instead, they all rely on the passage of the years as a proxy for ownership of domestic appliances, since a higher proportion of contemporary households now own domestic appliances. The Australian 1997 Time Use Survey is unique among official surveys, as it simultaneously provides detailed information on time spent in housework and an inventory of household appliances. The analysis of this data shows that domestic technology rarely reduces women's unpaid working time and even, paradoxically, produces some increases in domestic labour. The

domestic division of labour by gender remains remarkably resistant to technological innovation.

EXAMINING RECENT CHANGES IN INCOME DISTRIBUTION IN AUSTRALIA

PETER SAUNDERS

SPRC DISCUSSION
PAPER 130

This paper analyses recently released ABS data on the distribution of income which allows, for the first time, estimates to be made of the distribution of income in 2000-01 and how it has changed since the mid-1990s. The estimates indicate that while real disposable incomes increased across the distribution, income inequality has also increased since 1994-95, particularly between 1996-97 and 1999-2000. Over the entire period from 1994-95 to 2000-01, mean income in the top quintile increased by \$111 a week, more than eight times the increase of \$13 a week in the lowest quintile. Since the Howard government came to office, the new figures indicate that almost half (47.3 per cent) of the total increase in disposable income was received by those in the top quintile – implying that half of the income generated by economic growth has been of no benefit to the bottom four-fifths (in income terms) of the population. Comparison with earlier research also shows that income inequality has, in some respects, increased more rapidly since the mid-1990s than during the 1980s. Yet much less is made of inequality as an issue now than before, and this raises questions about why this is the case and whether or not Australian attitudes to inequality have changed. Without this information, it is not possible to determine the desirability of the

increase in income inequality that has occurred since the mid-1990s. Nor is it yet possible to ascertain whether the distributional impact of taxes and transfers has changed in the 1990s, and how. These are important issues for future research.

TOWARDS A CREDIBLE POVERTY FRAMEWORK: FROM INCOME POVERTY TO DEPRIVATION

PETER SAUNDERS

SPRC DISCUSSION
PAPER 131

There have always been differences of view on what poverty means in conceptual terms, and even greater differences on how to measure it. This paper explains the role of poverty research and the value of a poverty line, while acknowledging that limitations exist with the current instruments. It argues that any poverty measure must include two key ingredients of poverty – the idea that resources are inadequate to meet basic needs and the notion that needs can only be defined relative to prevailing community attitudes and standards. Survey results are used to support the view that most Australians see poverty in subsistence terms, but this does not contradict the idea of relativity, since subsistence is itself a relative concept. The principal arguments are illustrated using data from the 1998-99 *Household Expenditure Survey* to estimate poverty on the basis of incomes, expenditures and a combination of a conventional income measure with additional data on hardship. The poverty rate is shown to be sensitive to which measure is chosen, both in aggregate and for specific groups in the population.

NEW PROJECTS

EVALUATION OF THE RESIDENT SUPPORT PROGRAM

KAREN FISHER, DAVID ABELLO, PETER SIMINSKI AND BRUCE BRADBURY, SALLY ROBINSON (DSARI), LESLEY CHENOWETH (UQ)
DISABILITY SERVICES QUEENSLAND

Resident Support Program is a Queensland Government funded program to assist people in boarding houses and supported accommodation. The evaluation researches the process of implementation of Resident Support Program, the services provided to residents by the contracted support providers, residents' perceptions of the appropriateness of these services and impact on their quality of life, health and wellbeing, and the impact on residential facility operators and staff and other human services providers and Departments. The evaluation also reviews the cost effectiveness of the program.

PRE-SCHOOL FUNDING MODELS

KAREN FISHER AND CHRISTIANE PURCAL
DEPARTMENT OF COMMUNITY SERVICES NSW

The NSW Department of Community Services (DoCS) is reviewing the policy criteria for pre-school fee relief funding. A literature review of international fee relief models for early childhood services that target disadvantaged families' was conducted to enable the

department to formulate recommendations to the Minister. The review included an analysis of the ease with which they could be applied in NSW.

AVAILABILITY OF FOSTER CARERS

MARILYN MCHUGH, JENNY CHALMERS, JUSTIN MCNAB, PETER SAUNDERS, PETER SIMINSKI

DEPARTMENT OF COMMUNITY SERVICES NSW

The research aims to investigate the availability of foster carers. The project examines; the demographic characteristics of foster carers; the factors that attract and motivate people to become carers; the reasons that some carers discontinue their role of carers; and the impact of training and support on the retention and satisfaction rate of carers. Australian Bureau of Statistics data are being used to identify changes and forward projections of socio-demographic trends in NSW that may impact on the availability of carers. The

project also includes interviews with key stakeholders such as peak and support organisations involved in out of home care (OOHC); researchers; Indigenous and Muslim specialist carer support.

REVIEW OF THE EARLY CHILDHOOD TEACHERS SHORTAGE – INTERIM POLICY

KAREN FISHER AND CHRISTIANE PURCAL
DEPARTMENT OF COMMUNITY SERVICES NSW

The NSW Department of Community Services is reviewing the impact of the Early Childhood Teacher Interim Policy that assists child care providers experiencing difficulty attracting a qualified teacher. This research reviewed the policy's effectiveness; barriers in its implementation; the relationship of the policy to industrial and vocational training; future options in regard to continuation, amendment or cessation of the policy; and other possible policy options. The review included analysis of CIS data and interviews with Children's Services Advisers, services using the policy and other stakeholders.

SPRC SEMINAR PROGRAM

The seminar program features guest presenters and members of SPRC staff, visitors and students. The program is available from the SPRC website. For further details please contact Peter Siminski (p.siminski@unsw.edu.au or 02 9385-7835).

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PUBLICATIONS AND MAILING LIST

SPRC DISCUSSION PAPERS (FREE)

New papers have been posted to the SPRC Website:

Bruce Bradbury, 'Consumption and the Within-Household Income Distribution: Outcomes from an Australian "Natural Experiment"', SPRC Discussion Paper 126.

www.sprc.unsw.edu.au/dp/DPI26.pdf

Peter Saunders, 'Can Social Exclusion Provide a New Framework for Measuring Poverty?', SPRC Discussion Paper 127.

www.sprc.unsw.edu.au/dp/DPI27.pdf

Peter Saunders, 'Reviewing the Role and Structure of Pensions in there National Context', SPRC Discussion Paper 128.

www.sprc.unsw.edu.au/dp/DPI28.pdf

Michael Bittman, James Mahmud Rice and Judy Wajcman, 'Appliances and their Impact: The Ownership of Domestic Technology and Time Spent on Household Work', SPRC Discussion Paper 129.

www.sprc.unsw.edu.au/dp/DPI29.pdf

Peter Saunders, 'Examining Recent Changes in Income Distribution in Australia', SPRC Discussion Paper 130.

www.sprc.unsw.edu.au/dp/DPI30.pdf

Peter Saunders, 'Towards a Credible Poverty Framework: From Income Poverty to Deprivation', SPRC Discussion Paper 131.

www.sprc.unsw.edu.au/dp/DPI31.pdf

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