

# The Costs of Sole Parenthood

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## THE COSTS OF SOLE PARENTHOOD

Peter Whiteford



### Social Policy Research Centre

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**Peter Whiteford**

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## FOREWORD

The financial circumstances of sole parent families make them among the most disadvantaged groups in Australian society. That is not true of all sole parents, and while it is the case that many such families will eventually re-partner and/or gain secure, rewarding, full-time work, many sole parents and their children suffer extreme hardship in the meantime.

The majority of sole parents are reliant on the social security system for their main, in many cases their only, source of income. In determining the appropriate rates of payment of social security support for sole parents, questions relating to the adequacy of such payments inevitably arise. Within the context of a social security system like Australia's which stresses the need to alleviate poverty, the adequacy of payments assumes particular significance. This is not to deny the importance of other considerations, specifically those relating to work incentives, payment administration and political support. In an environment of overall resource constraint, issues relating to the cost of social security programs for sole parents (and other groups) are also paramount.

The focus of this Report is, however, on the adequacy question, specifically on its relative dimensions, i.e. on the adequacy of financial support for sole parents relative to the support payable to other categories receiving social security assistance. Such an approach necessarily involves investigating the (relative) need of difficult groups and comparing these with relative levels of assistance.

In this Report, Peter Whiteford approaches this issue from a number of different directions. The Report begins with a review of evidence on poverty among sole parent families in Australia and several other advanced nations, using results derived from the Luxembourg Income Study. Forms of financial assistance for sole parents in New Zealand and the United Kingdom are then compared in greater detail with those available in Australia. After a discussion of conceptual issues, the Report then considers housing arrangements and costs, expenditure patterns and living standards. Finally the available evidence on equivalence scales is reviewed and what these imply for relative needs is discussed. This analysis utilises the latest available data on the incomes and expenditure of sole parent families and others in the Australian population.

The Report does not reach any firm conclusions, many of its findings being, in the words of the author, only 'tentative'. The final chapter attempts to draw out some broad implications suggested by the body of evidence contained in the Report for the current structure of payments in the social security system. The other factors alluded to earlier would, however, need to be taken into account before any final change to payment relativities is introduced. What the Report highlights is the value and importance of well-conceptualised and empirically-based applied research in providing a critical assessment of the existing system as well as a guide for those whose wish is to improve it.

The project underlying the Report was undertaken on behalf of the Department of Social Security, and is the first of many for which special funding is provided to the Social Policy Research Centre by the Department. These projects, the subject matter of which is to be agreed annually by the Department and the Centre, will allow the Centre to undertake research of immediate policy relevance and bring its research expertise to bear on such issues. This Report sets a high standard of rigour and independence for others to follow.

Peter Saunders  
October 1991

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## 1. INTRODUCTION AND BACKGROUND

This paper has been prepared for the Department of Social Security. Its purpose is to review available evidence on the costs of sole parenthood, with particular reference to the implications of this research for the structure and level of social security payments. Put simply, the paper seeks to answer a number of apparently straightforward questions:

- Do sole parents have 'extra' costs not faced by two parent families with children?
- If so, what is the nature of these costs, and can they be quantified with any precision?
- Is it appropriate to meet all or part of these costs through income support arrangements, or would other policy instruments be more suitable?

The limitations of the paper should be recognised. Research on the circumstances of sole parents has emphasised, for example, that the group is heterogeneous, and that it is a mistake to assume that the needs of different sole parents are similar. Nevertheless, the paper does not discuss in detail the needs of different groups, such as widowed persons, unmarried mothers, or separated or divorced women, or even whether the sole parent is female or male. This is because the paper is concerned with the possibility of identifying costs that are common to all sole parents, irrespective of the causes of their sole parenthood.

Again, some of the most important recent policy initiatives affecting sole parents have been in the areas of child support, access to education and training courses and child care. These issues, while of fundamental importance, are not the central focus of the paper, which is concerned with the role of social security payments in achieving income adequacy for sole parents. This simplification (perhaps over-simplification) of complex issues is quite deliberate. After consultation with the Department of Social Security, it was decided to restrict the scope of the paper to a very narrow research question. Within the Australian and a number of other social security systems, there are specific payments directed only to sole parents. In Australia, this is the guardian allowance (GA)<sup>1</sup>, while in the United Kingdom there is a single parent premium within the income support system. The New Zealand social security system also effectively pays an extra premium to sole parents. The effect of these measures is to provide a means of directing additional assistance to sole parents. This paper is concerned, in the Australian context, to investigate the rationale for and the adequacy of this payment.

The guardian allowance is an income-tested, but non-taxable supplement paid to sole parent pensioners and beneficiaries, who have the care of at least one dependent child. The rate of assistance does not vary with the number of children, and is currently \$13.90 a week. Table 1.1 shows trends in the level of guardian allowance over the period 1963 to 1990, expressed in real (1990) terms and as a proportion of the standard (single) rate of pension. It is apparent that over the years this allowance has varied widely in real terms, and also as a percentage of the standard pension. The two trend series are not entirely uniform as the standard rate of pension has been increased in real terms at various periods. It can be seen that the GA was at its peak in 1970, when it was equivalent to 40 per cent of the single rate of pension or just over \$35 per week in 1990 terms. Since its peak, the allowance has declined mainly because it was not automatically indexed to inflation for most of the period. Thus it fell very rapidly in real terms in the early 1970s when the level of inflation was high. There have been a number of ad hoc increases since then, and from 1990 onwards it has been indexed along with other child-related payments in the social security system.

This variability suggests that the level of the guardian allowance has not been established with some firm and consistent objective in sight. For example, at different periods increases in the allowance were a 'target-efficient' means of directing additional resources to sole parent pensioner families who may have been regarded as worthy of additional assistance. The decline in the level of the GA in the early 1970s probably reflects the emphasis on more general assistance at that time - the basic rate of pension was very substantially increased. The same period saw the introduction of the Supporting Mothers Benefit, which extended Commonwealth assistance to many categories of single mothers. In the context of this more comprehensive and generous income support for sole parents, it is perhaps not surprising that a payment such as the GA should not be given priority for increases.

---

1 Until 1990, the guardian allowance was known as the mother's/guardian's allowance.

TABLE 1.1: TRENDS IN THE LEVEL OF GUARDIAN ALLOWANCE, 1963 TO 1990<sup>(a)</sup>

		GA as % of single rate of pension	Real Value of GA (1990 \$)
November	1963	34.8	28.5
January	1964	34.8	28.3
"	1965	33.3	27.2
"	1966	33.3	26.3
"	1967	30.8	25.6
"	1968	30.8	24.8
"	1969	28.6	24.1
"	1970	40.0	35.1
"	1971	38.7	33.4
"	1972	34.8	31.2
"	1973	27.9	29.5
"	1974	26.1	26.0
"	1975	19.4	22.1
"	1976	15.5	19.5
"	1977	13.8	17.2
"	1978	12.2	15.8
"	1979	11.3	14.7
"	1980	10.4	13.3
"	1981	12.5	16.2
"	1982	11.5	14.6
"	1983	10.4	13.1
"	1984	9.3	12.4
"	1985	10.9	14.8
"	1986	10.2	13.6
"	1987	11.3	14.9
"	1988	10.3	13.9
"	1989	9.7	13.0
"	1990	9.7	12.9

**Note:** (a) The figures are calculated on the basis of the highest rate payable (for children under 6 years of age) when applicable.

**Source:** Moore and Whiteford, 1986 and personal calculations.

Nevertheless, the question of the appropriate function and level of this additional assistance targetted to sole parents remains a salient issue. Table 1.2 shows the equivalence scales implicit in the Australian social security system over a period of years. The concept of an equivalence scale or ratio is central to the analysis in this report. Equivalence scales are measures of the relative incomes required by different types of families or households to attain a similar standard of living. When using equivalence scales, one particular type of family is arbitrarily taken as the base and the incomes of other types of families are assessed against this base. For example, as can be seen in Table 1.2, for many years the standard rate of pension for a single person has been set at 60 per cent of the value of the combined married rate of pension. This relationship has been maintained through the effects of indexation of basic pension rates. The setting of the rate of pension for a single person as 60 per cent of the combined married rate implies that two persons living together as a couple need less than twice as much as a single person to achieve a similar standard of living. This is usually justified in terms of the possibilities of economies of scale from living

**TABLE 1.2: EQUIVALENCE SCALES IMPLICIT IN AUSTRALIAN SOCIAL SECURITY SYSTEM, VARIOUS YEARS**

Type of Family	Year						
	1964 -65	1969 -70	1974 -75	1979 -80	1982 -83	1985 -86	1990- 91 <sup>(a)</sup>
Single person	0.55	0.56	0.60	0.60	0.60	0.60	0.60
Sole parent,							
One child	0.82	0.89	0.83	0.78	0.78	0.79	0.81-0.86
Two children	0.94	1.05	0.96	0.92	0.91	0.93	0.96-1.06
Three children	1.07	1.23	1.10	1.05	1.05	1.08	1.11-1.26
Couple, no children	1.00	1.00	1.00	1.00	1.00	1.00	1.00
One child	1.09	1.11	1.12	1.12	1.11	1.13	1.15-1.20
Two children	1.21	1.28	1.24	1.25	1.24	1.27	1.30-1.40
Three children	1.34	1.46	1.39	1.39	1.39	1.42	1.45-1.60
Difference between payment for first child of sole parent and of couple <sup>(b)</sup>	0.18	0.22	0.11	0.06	0.07	0.06	0.06

Notes: (a) These figures are calculated from the rates applying between January and March 1991. The lower figures apply to families with children less than 13 years of age and the higher figures apply when all children are aged 13 to 15 years.

(b) Calculated as the difference between the equivalence scale values for a sole parent with one child and a single person minus the difference between the equivalence scale values for a couple with one child and a couple without children, expressed as a proportion of the rate for a couple without children.

Source: Moore and Whiteford, 1986: 76-77, and Department of Social Security, 1990.

together. For example, while two adults could be broadly expected to have twice the food or clothing costs of a single adult, it seems reasonable to expect that their housing or power costs would not be double that of a single person.

The setting of the relationship between benefit levels for different types of families therefore involves a series of judgements about the relative needs of different households. In a social security system such as that of Australia, priority has been given to the alleviation of poverty rather than the maintenance of living standards prior to sole parenthood (or retirement, unemployment, or invalidity). Relative needs are therefore judged in relation to some concept of minimum adequacy, minimum living standards, or poverty.

While levels of adequacy for the basic pension level have at times been judged by reference to indicators such as average weekly earnings, it is only recently that the Australian government has set standards of adequacy in relation to the additional payments for children of pensioners and beneficiaries. These standards were set in the 'family package' that followed the Prime Minister's commitment in the 1987 election campaign to end child poverty by 1990 (see Saunders and Whiteford, 1987). While the family package involved many income security initiatives, one important component was an increase in the combined level of family allowance and additional pension and

benefit for children (or the Family Allowance Supplement) to 15 per cent of the combined married rate of pension in respect of children under 13 years of age and 20 per cent for children 13 to 15 years of age. This can be seen in Table 1.2. At the same time, it was announced that this relativity would be maintained; since the combined married rate of pension is indexed to movements in the consumer price index, this initiative resulted in the effective indexation of these child payments for the first time. Subsequently, all child-related payments (additional pension/benefit, family allowance, family allowance supplement, and guardian's allowance, amongst others) have become subject to formal indexation. This means that the relativities or equivalence scales in the last column of Table 1.2 will become a permanent aspect of the Australian income support system, unless the government makes a conscious choice otherwise.

The decision to raise additional pension/benefit and the family allowance supplement to 15 and 20 per cent of the married rate of pension is effectively the same as specifying the equivalence scale the government considers appropriate to maintain adequacy (or end child poverty), and the government has indicated that it was influenced in its decisions by Australian and overseas research on equivalence scales (Howe, 1989: 2).

While these initiatives have undoubtedly done much to improve the adequacy of income support for low income families with children, there are a number of concerns arising from Tables 1.1 and 1.2. From Table 1.2, it can be seen that the relative levels of payment for children of pensioner/beneficiary couples will be maintained at a historically high level. The final row of Table 1.2 shows the difference between the level of payment for children for a sole parent with one child and for a couple with one child (i.e. guardian allowance) expressed as a proportion of the married rate of pension. This current level (6.0 per cent of the married rate) is low by past standards, and the equivalence scale value for a sole parent with one child (0.81 to 0.86) while high in comparison with the situation in the late 1970s and early 1980s is still lower than it was in the late 1960s and early 1970s. From Table 1.1 it can be seen that while the current real level of guardian allowance will be maintained in the future, the current level is virtually at a historic low point. The only period in which it has been lower was immediately after the election of the current government, as a consequence of the previous government's decision not to index child payments.

Whether indexation of the GA from this historically low base is a cause for concern will depend at least in part on what is judged to be the appropriate level of income support for sole parents. Two inextricably related issues are relevant to such judgements - what income level would insure adequate assistance for sole parents and what is the relationship between the levels of assistance for sole parents and those for other families with children. In other words, what poverty lines and what sets of equivalence scales should be used in assessing the adequacy and appropriateness of social security payment rates for sole parents.

### **Poverty and the Sole Parent Family**

The Social Security Review Issues Paper, *Bringing Up Children Alone: Policies for Sole Parents* noted:

*Despite the expansion of the categories of sole parents eligible for income support and some increases in the real level of assistance payable to sole parents in recent years, there is significant evidence to suggest that sole parents remain one of the most disadvantaged groups in the community. (Raymond, 1987: 77).*

In reaching this conclusion, Raymond referred to the findings of the Commission of Inquiry into Poverty (1975) that sole parent families, particularly sole mothers, were very likely to have incomes below the Henderson poverty line, with around 34 per cent of all sole parents and 50 per cent of sole mothers having incomes below the poverty line in 1973. Raymond also noted that the Social Welfare Policy Secretariat in its *Report on Poverty Measurement* (1981) estimated poverty among sole parents at 37 per cent in 1973-74 and 36 per cent in 1978-79.

The position of sole parents appears to have deteriorated further in the first half of the 1980s. Gallagher (1985) estimated that in 1981-82, 46 per cent of sole parent income units had incomes below the Henderson poverty line (compared to around 7 per cent of couples with children) and that 54 per cent of children in sole parent families were in poverty. The Social Policy Research Unit (1988) has also estimated the extent of Henderson poverty among sole parent families as being 43 per cent in 1981-82 and around 47 per cent in 1985-86. These poverty estimates were higher than the rates for any other family type.

These estimates pre-dated the introduction of the family assistance package, referred to earlier. Saunders and Whiteford (1987) provided the first assessment of these initiatives, suggesting that the reforms would be likely to have a substantial impact on poverty (as measured by the Henderson line) among pensioner and beneficiary families with children - most of whom are sole parents - reducing the number of children in poverty by around 20 per cent and reducing the poverty gap by 50 per cent (Saunders and Whiteford, 1987: 52). More recent estimates by Brownlee and King (1989: 139-40) suggest that the family package reduced the number of sole parents pensioners in before-housing poverty by 21.2 per cent and the number in after-housing poverty by 29.7 per cent, with the poverty gap for sole parents being reduced by between 38 and 53 per cent.

Analysis of trends in the disposable incomes of Australian families over the 1980s using a micro-analytic simulation model developed at the Social Policy Research Centre also suggests that sole parent families have particularly benefited from a range of social policy initiatives and have had the largest real increases in median disposable incomes of any type of income unit, albeit from a low base (Bradbury, Doyle and Whiteford, 1990). This model suggests, however, that poverty rates among sole parent families remain very high. Using the 1982-83 Henderson poverty line updated by movements in household disposable income per head, Saunders (1990: 35) estimates that just over 44 per cent of sole parent families would have incomes below the Henderson line in 1989-90. Using the Henderson line updated by movements in prices since 1982-83, Saunders estimates that around 33 per cent of sole parents would be in poverty in 1989-90.

It should be noted that the use of the Henderson poverty line has not been officially endorsed by any Australian government, and successive commentators have pointed out the many conceptual and practical limitations of the methodology (Saunders, 1980; Stanton, 1980; Saunders and Whiteford, 1989), although it does have its defenders (Manning, 1982). Despite this, the conclusion that sole parent families in Australia have experienced very high rates of poverty is supported by a range of other evidence.

Table 1.3 shows estimates of poverty among sole parent families in the period around 1980 using data from the Luxembourg Income Study (LIS).<sup>2</sup> The table shows that using two alternative definitions of poverty, Australia had by far the highest rate of poverty among sole parents, with nearly two-thirds of Australian sole parents having incomes below the purchasing power of the United States poverty line, shown here as the 'absolute' poverty line and widely recognised as an austere standard (Smeeding, Torrey and Rein, 1988). The United States had the next highest level of poverty among sole parent families with just over half of children in sole parent families in the US being below the poverty line. In fact, it is primarily because Australia had a relatively low proportion of children in sole parent families that it had the second highest and not the highest level of child poverty among the LIS countries.

The final column of Table 1.3 shows the 'poverty reduction rate' which is defined as the proportion of persons 'originally' below the poverty line who are moved out of poverty as a consequence of the effects of direct taxes and social security transfers. It is apparent that on this basis the Australian social security system in 1981-82 appeared least effective of these countries in moving sole parents out of poverty, although some caution should be expressed since a more comprehensive measure of the effectiveness of income support measures would be the extent to which they reduce the poverty gap rather than the poverty headcount.

Table 1.4 shows another comparison of the extent of poverty (defined as income less than half the median disposable income in each country) using a variety of equivalence scales. It is particularly apparent that the estimates of poverty among sole mothers in Australia are insensitive to the equivalence scale used. This is in striking contrast to the position of sole mothers with one child in Israel or in the Netherlands, for example, and also contrasts strongly with the poverty rates for single aged women in Australia, which vary widely depending upon the equivalence scale used.

It may be considered, however, that the limitations of any poverty line or set of equivalence scales are such that firm conclusions about the extent of poverty among sole parent families in Australia should be avoided. Table 1.5 shows that even without the use of any poverty line or set of equivalence scales, Australian sole parents are unfavourably placed relative to other families with children. Table 1.5 shows the distribution of sole parents in the LIS countries around 1980 by income deciles of all families with children. The first row for each country shows what proportion of each income decile is made up of sole parent families. The differences between countries on

2 Comparable data from the second wave of the Luxembourg Income Study - around the mid-1980s - are not yet available.

**TABLE 1.3: POVERTY RATES AMONG SOLE PARENT FAMILIES  
IN EIGHT COUNTRIES<sup>(a)</sup>**

Country	Child poverty rate <sup>(b)</sup>		Percentage of children in sole parent families	Poverty reduction rate <sup>(c)</sup>
	Relative	Absolute		
Australia	63.5	65.0	9.1	9.2
Canada	51.0	38.7	9.6	26.5
Federal Republic of Germany	30.6	35.1	5.5	14.2
Norway	8.6	21.6	15.7	50.0
Sweden	8.3	8.6	14.8	77.3
Switzerland	18.4	12.9	11.6	17.9
United Kingdom	36.2	38.6	8.0	30.7
United States	59.3	51.0	14.7	13.0

Notes: (a) The figures refer to 1981-82 for Australia, 1981 for Canada and Germany, 1982 for Sweden and Switzerland and 1979 for Norway, the United Kingdom and the United States.

(b) The relative poverty line refers to children in families below half the median adjusted national income. Absolute poverty refers to children in families with adjusted incomes below the US Government poverty line, converted to other currencies using OECD purchasing power parities, and where incomes are adjusted by the US Government equivalence scales.

(c) The poverty reduction rate is the proportion of the pre-tax, pre-transfer poor families moved over the poverty line by taxes and transfers.

Source: Smeeding, Torrey and Rein, 1988: 102, 113.

this measure are primarily determined by the proportion that sole parents are of all families with children in each of the countries concerned. For this reason, the distribution of sole parent families across the deciles of family income is a better measure of their relative economic status.

It can be seen that sole parents are particularly likely to be concentrated in the lowest decile of families with children in the Netherlands, Australia and the United Kingdom. The proportion of Australian sole parents in the lowest two deciles is (just) highest in Australia, while after Sweden, Australia is most likely to have its sole parents with incomes below the median for all families with children.



**TABLE 1.4: POVERTY RATES AMONG DIFFERENT FAMILY TYPES IN TEN COUNTRIES<sup>(a)</sup>, WITH ALTERNATIVE EQUIVALENCE SCALES<sup>(b)</sup>**

Family Type and Income Concept	Country									
	AUS	CAN	GER	ISR	NL	NOR	SWE	SWI	UK	USA
<b>Sole mother, one child</b>										
D	48.8	43.2	18.3	31.6	19.7	30.7	10.3	21.3	36.5	48.1
SUBJ	45.3	38.7	15.4	21.1	14.8	22.5	8.4	18.2	32.5	44.6
CONS	43.9	37.1	13.2	15.8	9.6	21.8	8.0	17.0	30.1	42.9
PROG	42.5	35.2	9.2	5.3	9.7	17.0	8.0	15.7	22.9	39.7
STAT	39.8	33.5	9.3	5.3	5.9	14.3	7.5	15.7	21.3	37.5
<b>Sole mother, two or more children</b>										
D	61.2	52.2	4.6	2.4	35.5	17.2	6.8	19.1	32.1	53.9
SUBJ	64.6	51.8	4.6	19.5	31.4	17.7	8.3	22.5	31.9	57.6
CONS	64.4	52.5	4.6	19.0	33.1	17.2	8.8	22.5	31.9	60.5
PROG	63.8	55.0	4.6	19.5	39.3	19.8	13.5	27.0	31.7	62.9
STAT	65.3	56.4	4.6	19.5	39.1	21.1	16.0	27.0	31.7	65.5
<b>Couple, two or more children</b>										
D	5.9	6.9	0.7	5.6	3.6	1.6	1.9	1.5	2.8	6.5
SUBJ	7.6	8.4	1.2	7.0	4.4	2.3	2.7	3.2	4.4	8.2
CONS	8.6	9.4	1.4	7.9	5.4	2.7	3.3	4.5	4.7	10.1
PROG	10.3	12.0	3.4	11.4	7.4	3.1	4.7	6.3	6.7	13.0
STAT	12.9	13.8	6.5	18.0	9.8	3.9	6.3	9.5	7.8	15.6
<b>Single woman, 60 or over</b>										
D	63.5	62.1	58.8	67.3	43.8	75.8	65.1	63.9	71.9	61.3
SUBJ	54.4	52.9	40.1	52.5	11.0	58.4	21.2	42.7	65.8	52.2
CONS	50.0	49.5	31.4	48.1	7.5	45.7	11.6	32.4	61.6	48.2
PROG	26.1	35.3	17.4	35.0	6.2	7.3	2.8	19.1	41.1	38.1
STAT	5.0	16.2	10.2	30.5	5.9	5.6	0.0	11.3	12.9	30.5

Notes: (a) Survey years are as for Table 1.3, plus Israel in 1979 and the Netherlands in 1983.

(b) The poverty line used is half the median disposable income in each country. D is disposable income unadjusted by any equivalence scale; SUBJ is derived from the 'attitudinal' approach; CONS is derived from consumer expenditure surveys; PROG is derived from administrative scales; and STAT is derived from budget standard studies. The order of the scales reflects their size elasticity, i.e. the weight given to additional family members.

Source: Buhmann, Rainwater, Schmaus and Smeeding, 1988: Table 12.

**TABLE 1.5: SOLE PARENT FAMILIES: PROPORTION OF ALL FAMILIES WITH CHILDREN AND DISTRIBUTION BY INCOME DECILES<sup>(a)</sup>**

Country	Gross Income Decile										cent	Per below median income <sup>(b)</sup>
	1	2	3	4	5	6	7	8	9	10	Total	
<b>Germany</b>												
Prop'n (%)	23.6	8.6	6.2	5.4	2.2	2.0	3.6	2.5	0	1.2	5.5	83.1
Distribution (%)	42.6	15.6	11.2	9.8	3.9	3.7	6.6	4.6	0	2.2	100.0	
<b>UK</b>												
Prop'n (%)	52.8	16.0	7.4	5.8	2.9	2.5	2.1	2.5	1.7	0.4	9.4	90.6
Distribution (%)	56.3	17.1	7.9	6.2	3.1	2.6	2.2	2.6	1.8	0.4	100.0	
<b>Norway</b>												
Prop'n (%)	57.5	39.2	17.9	19.7	11.7	10.7	7.5	8.8	5.9	4.8	18.4	79.5
Distribution (%)	31.3	21.4	9.7	10.7	6.4	5.8	4.1	4.8	3.2	2.6	100.0	
<b>Canada</b>												
Prop'n (%)	53.3	23.1	15.8	6.8	7.1	1.5	1.5	2.1	0.9	0.6	11.3	94.1
Distribution (%)	47.3	20.5	14.0	6.0	6.3	1.3	1.3	1.9	0.8	0.5	100.0	
<b>USA</b>												
Prop'n (%)	62.9	41.3	21.1	13.1	6.2	4.4	2.7	1.1	2.1	1.3	15.6	92.7
Distribution (%)	40.3	26.5	13.5	8.4	4.0	2.8	1.7	0.7	1.4	0.8	100.0	
<b>Sweden</b>												
Prop'n (%)	69.5	51.4	28.0	15.9	5.6	1.9	2.8	0.5	1.2	1.2	17.8	95.8
Distribution (%)	39.1	28.9	15.8	8.9	3.1	1.1	1.6	0.3	0.6	0.7	100.0	
<b>Switzerland</b>												
Prop'n (%)	47.7	27.8	17.6	13.5	7.5	8.2	3.8	7.2	4.8	7.2	14.5	78.7
Distribution (%)	32.9	19.2	12.1	9.3	5.2	5.6	2.6	5.0	3.3	5.0	100.0	
<b>Australia</b>												
Prop'n (%)	60.9	21.6	10.9	4.9	3.1	2.6	0.9	1.7	0	0	10.7	95.2
Distribution (%)	57.1	20.3	10.3	4.6	2.9	2.5	0.8	1.5	0	0	100.0	
<b>Netherlands</b>												
Prop'n (%)	38.3	11.3	4.1	2.9	1.5	3.2	2.5	1.3	0.4	0	6.5	89.0
Distribution (%)	58.6	17.3	6.3	4.5	2.3	4.9	3.9	1.9	0.7	0	100.0	

**Note:** (a) Survey years are as for Table 1.3 and 1.4.  
(b) Of all families with children.

**Source:** Estimated from Luxembourg Income Study datasets.

Thus, on a very wide range of measures Australian sole parents appear poorer or to have a relatively lower economic status than do sole parent families in a wide range of comparable industrialised societies. Comparisons such as these, however, would not be very useful if their main purpose was simply to provide some sort of international 'report card', intended to show that Australia was not as egalitarian as may have been thought in the past. What is more useful is the indication from the LIS data that the extent of poverty among sole parents is highly variable, and that therefore the relative income position of sole parents may be open to improvement through appropriate social policies.

As previously noted, in recent years the government has introduced a wide range of policy measures designed to address the poverty of sole parent families. These have included increases in social security payments for children (including family allowances), indexation of these payments and the guardian's allowance, as well as increases in and indexation of the sole parent and pensioner tax rebates, and the introduction of the earnings credit and the employment entry payment. In addition, there has been the introduction of the Child Support Scheme, which is intended in part to increase the incomes of sole parents through increasing the level and coverage of maintenance payments from non-custodial parents, and the Jobs, Education and Training (JET) scheme designed specifically to assist sole parents in transition to the workforce. In addition, increases in labour force participation and reductions in unemployment have also led to an increase in the proportion of sole parent families in either full or part time work. Saunders (1990: 38) estimates that the level of Henderson 'relative poverty' among sole parents would be higher (49.6 per cent rather than 44.2 per cent), if it had not been for the labour market improvements over the period up to 1989-90.

While aspects of all of these policies have been subject to criticism and debate, it seems likely that this broader strategy of increasing the level of income of sole parents from sources other than the social security system may prove a more effective means of improving the incomes of sole parents in poverty. For example, analysis of the LIS dataset by Smeeding and Torrey (1988: 875) suggests that among all poor families with children (two parent and sole parent), what is unusual to Australia is the extremely low level of earnings, with the average level of earnings for poor families in Australia being less than half the average levels in Germany, Sweden or the United Kingdom, and less than two-thirds of those of poor families in the United States or Canada.<sup>3</sup>

Nevertheless, an improvement in the adequacy of income support arrangements is an essential component of any comprehensive approach to addressing the level of poverty of sole parent families. Given that standards of adequacy have been set for payments for children and given the evidence of high levels of income poverty among sole parents, it is an obvious question whether standards of adequacy should be set in relation to the costs of sole parenthood. If such extra costs do exist and can be quantified, increases in the GA would also be the most target efficient means of improving adequacy, since the payment goes only to sole parents. Increases in the additional pension for children or in the base rate of pension would assist a much wider group of pensioners, beneficiaries and low income families with children, and would correspondingly be more expensive. At the same time, increases in either the base pension or in the payments for children would provide additional assistance to persons who may not be as needy as sole parents. While any increases in pensions or benefits may be considered desirable by persons most concerned with the adequacy of assistance, to the extent that those less in poverty were given greater assistance than those more needy, the result could be regarded as unfair.

Determination of the appropriate equivalence scale (however defined) is a crucial issue. The variability of administrative equivalence scales over time gives no guide to what is currently appropriate. More is not necessarily better, unless there is independent evidence on the adequacy of relative payment levels.

### Assistance for Sole Parents in New Zealand and the United Kingdom

In considering how the appropriate level of assistance for sole parents might be determined, it is useful to take account of the experience of other countries with broadly similar social security systems. Table 1.6 shows the equivalence scales implicit in the New Zealand social security system between 1985 and 1990. The most apparent feature of the table is the large increment for the first child in a sole parent family compared to a couple with children. Up until 1986 this had the result that a sole parent with one child was paid at the same rate (including

3 The measure used was the official U.S. poverty line. The poverty line and levels of earnings were standardised using OECD purchasing power parities.

**TABLE 1.6: EQUIVALENCE SCALES IMPLICIT IN NEW ZEALAND SOCIAL SECURITY PAYMENTS, 1985 TO 1990<sup>(a)</sup>**

Family Type	Date			
	March 1985	April 1986	April 1988	April 1990
Single adult	0.60	0.60	0.60	0.60
Sole parent, one child	1.00	1.00	0.99	0.94
Sole parent, two children	1.10	1.08	1.08	1.08
Sole parent, three children	1.19	1.16	1.17	1.16
Couple, no children	1.00	1.00	1.00	1.00
Couple, one child	1.10	1.08	1.09	1.10
Couple, two children	1.19	1.16	1.18	1.18
Couple, three children	1.29	1.24	1.27	1.26
For each additional child, add	0.0962	0.0816	0.0871	0.0813

**Note:** (a) Equivalence scales include family benefit and family support.

**Sources:** Calculated from: 1985 - Budget '85 Task Force, 1985: 65;  
 1986 - Ministerial Task Force on Income Maintenance, 1986: 87;  
 1988 - Royal Commission on Social Policy, 1988: 529;  
 1990 - Department of Social Welfare.

family benefit) as a couple without children, with the increment for subsequent children for a sole parent being the same as the payment for each child of a beneficiary couple.

It can be seen that, as in Australia, the relativities vary from year to year for some family types. The difference between the 1985 and 1986 figures reflects the fact that payments for single adults and couples without children were fully indexed to inflation, as effectively was the payment for a sole parent with one child which was pegged to the benefit level for a couple without children. Because the universal family benefit and the family care payments for children of beneficiaries were not indexed, however, they declined as a proportion of the married couple rate between 1985 and 1986. The changes between 1986 and 1988 arise from the effects of many initiatives introduced to improve assistance and to compensate for the introduction of a broad-based goods and services tax (GST) in late 1986. It can be seen that as part of these changes there was a slight fall in relative payments for a sole parent with one child, but an increase in the per child payment levels.

Finally, following the most recent set of benefit reforms the relativities between rates of benefit have been changed again.<sup>4</sup> The most obvious change has been a substantial reduction in the relative level of payments for sole parents with one child and a slight increase in the relative payments for a couple with one child. This has been achieved in a number of ways. The reduction in the relative level of payment for a sole parent with one child is a deliberate decision to reduce relative payments for this group. The increase in nominal basic payment levels between April 1988 and April 1990 has been just over 7 per cent for a single beneficiary and a couple without children, 9.5 per cent for couples with children and sole parents with more than one child, but just 2 per cent for a sole parent with one child.<sup>5</sup> In addition, as part of these changes the base benefit levels for couples with children and sole parents with two or more children have been increased relative to the base benefit level for a couple without children - from around 92 to 94 per cent. It can also be seen that the payments for later children have declined in real and relative terms as the family support and family benefit payments are not adjusted for inflation.

The New Zealand experience is of considerable interest because changes to relative payment levels have often been made with explicit reference to research on the costs of children (see, for example, New Zealand, Royal Commission on Social Security, 1972: 220-221). The payment of a substantially higher level of assistance in respect of the first child of a sole parent beneficiary goes back a long way. The Royal Commission on Social Security noted:

*The amount for the first dependent child of a widow or other sole parent is greater than that paid for the first child of a married couple, or for additional children in either case, because it is the responsibility for this child which makes it necessary for the sole parent to provide a home. This does not mean that an entirely separate household has to be set up. The department exercises a wide discretion here.*

*This amount of the allowance for the first child has in recent years been related to the basic benefit for a married couple. Families are regarded as a group: a sole parent with one child as the equivalent of a married couple, and a sole parent with three children as the equivalent of a married couple with two children. It is true that this can be only an approximate equivalence which will be affected by the ages of children and a variety of other circumstances.*

*Nevertheless we find the relationship a sensible one. We consider therefore that the allowance for the first child of a sole parent beneficiary ... should be such as will increase her benefit to the same rate as for a married couple after taking account of the family benefit paid for her first child, ... provided the department is satisfied that in one way or another the sole parent is providing a home for the child. Accordingly, a sole parent beneficiary with one child would receive in total benefit, including family benefit, exactly the same amount as a married couple without children whereas at present she gets more. (New Zealand, Royal Commission on Social Security, 1972: 228)*

The rationale given for the higher payment for the first child of a sole parent, therefore, is the responsibility for providing a home (not necessarily the cost of establishing a household). It is also interesting that the Royal Commission was recommending an effective reduction in relative payments for sole parents, who had been receiving the equivalent of the married rate of benefit plus child benefit. (It appears that this would have implied a total payment to a sole parent of about 104.5 per cent of the rate for a couple without children.)

Over time the rationale for this level of assistance for sole parent pensioners in New Zealand has been interpreted in different ways. For example, the Budget '85 Task Force noted that the higher rate of benefit payment 'is paid on the grounds that the responsibility for the first child makes it necessary for the sole parent to set up a separate home'

4 Following the change of government in New Zealand in late 1990, further changes to social security arrangements have been announced, including cuts in rates of unemployment benefit and the introduction of an income test on family benefit. The available information does not indicate, however, whether absolute or relative levels of assistance for single parents have also been reduced.

5 These figures do not include family support and family benefit.

(1985: 9). The Ministerial Task Force on Income Maintenance also argued that 'the rationale for payment at this rate is that a sole parent has to set up and maintain a home. Where a single mother, for instance, continues living at home with her own parents the benefit can be paid at a lower rate' (1986: 41-2).

The Royal Commission on Social Policy (1988), in discussing the issue of benefit adequacy, referred to equivalence scale research (Jensen, 1988) that was interpreted as suggesting that there was 'a significant relative shortfall in assistance to larger families. They also support comments elsewhere ... about the probable inadequacy of benefit rates for single people living alone. On the other hand, the benefit rate for one-parent one-child families appears excessive relative to the rate payable to other family groups' (Royal Commission on Social Policy, 1988: 581). The decision to reduce relative payment levels for sole parents with one child appears to be based primarily on this research, which suggested that a more appropriate payment level for a sole parent with one child would be about 91 per cent of the payment for a couple without children.

As noted in the Royal Commission's report, however, any conclusion that the payment level of sole parents with one child is 'excessive' is based on the implicit assumption that the benefit for a married couple with no children is 'adequate', being neither too high nor too low (Royal Commission on Social Policy, 1988: 561). But equivalence scale research can only reflect the relative needs of different families, not their absolute needs. In this sense, it is not necessarily meaningful to say that assistance for one type of family is excessive, when it may be that assistance for the 'base family' is inadequate. Any such conclusion would require research suggesting that the actual living standards of sole parents are more than adequate. (Some relevant evidence on this issue is discussed later).

It should be remembered that these adjustments did not involve a reduction in the nominal level of payments for sole parents with one child, but given that the total payment for a sole parent with one child (including family support and family benefit) rose by only around 1.7 per cent between April 1988 and April 1990, while the increase for single adult beneficiaries and couples without children was 7.1 per cent, the real level of payments for sole parents with one child must have fallen. It may also be considered significant that the Jensen equivalence scales suggest that the payment for the first child of a beneficiary couple should be about 21 per cent of the rate for a couple without children, but the rate introduced was only 10 per cent of the combined married rate. That is, to date, the Jensen equivalences scales have been used where they suggest cuts in relative benefit levels but not where they suggest increases.<sup>6</sup>

Another interesting feature of the New Zealand system of income support is the apparent shift in the rationale for the higher payments for sole parents with one child. Recent initiatives and research in New Zealand have been concerned with establishing cost or expenditure equivalences. This implies that the basis for providing additional payments to sole parents relates to quantifiable and identifiable financial costs. In contrast, the Royal Commission on Social Security in 1972 argued that a sole parent with one child needed a higher payment 'because it is the responsibility for this child which makes it necessary for the sole parent to provide a home. This does not necessarily mean that an entirely separate household has to be set up' (1972: 228). This is a broader but arguably less precise rationale for extra assistance for sole parents, and one that appears to reject an approach based solely on relative financial costs.

Consideration of these sorts of issues in the United Kingdom has proceeded along somewhat different lines. Table 1.7 shows the equivalence scales implicit in the British Supplementary Benefit System and the later Income Support System.<sup>7</sup> It can be seen that in 1987-88, there was no additional allowance for sole parents - a sole parent with one child simply received the same basic (or long term) rate as a single person, plus the same level of

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6. The main reasons for this probably involve concerns with cost and work incentives. In the New Zealand context, the cost of increasing child payments would be very high because the child payments to beneficiaries are delivered through an income-tested, refundable tax credit, which also goes to a significant proportion of the general population of families with children, who would also benefit from any increase in payment levels.

7. Families with children in the United Kingdom may receive Child Benefit, which is a general payment for families with children, similar to family allowances. In addition, there is also a universal cash payment for lone parents, called One Parent Benefit. Both these payments, however, are deducted from any Income Support entitlements, and therefore are effectively of no assistance to families receiving Income Support, and they do not change the equivalence scales shown in Table 1.7.

**TABLE 1.7: EQUIVALENCE SCALES IMPLICIT IN SUPPLEMENTARY BENEFIT AND INCOME SUPPORT, UNITED KINGDOM, 1987-88 AND 1990-91<sup>(a)</sup>**

Family Type	Supplementary Benefit 1987-88		Income Support 1990-91
	Basic rate	Long term rate	
Single adult	0.62	0.62	0.64
Sole parent, one child	0.83	0.79	1.05
Sole parent, two children	1.04	0.96	1.26
Sole parent, three children	1.25	1.13	1.48
Couple, no children	1.00	1.00	1.00
Couple, one child	1.21	1.17	1.34
Couple, two children	1.42	1.34	1.56
Couple, three children	1.63	1.50	1.77
For each additional child, add	0.21-0.32 - 0.38-0.49	0.17-0.25 - 0.38-0.50	0.21-0.32 - 0.38-0.50

**Note:** (a) Assumes all children are aged under 11 years. The relativities for additional children are for each dependent aged under 11 years, aged 11 to 15 years, aged 16 to 17 years, or aged 18 years, respectively.

**Source:** Calculated from Lakhani and Read, 1987 and 1990.

assistance for the child as was made available to a beneficiary couple. Following the replacement of Supplementary Benefit with Income Support, the relative level of assistance for sole parents was increased sharply. While the per child payments stayed at the same relative level, a 'family premium' was introduced for both couples with children and sole parents, and sole parents also received a new single parent premium.

Some care should be taken in interpreting this table. It can be seen, for example, that payments per child ranged between 21 per cent and 50 per cent of the rate for a couple without children. This appears to be an extremely generous equivalence scale, but the relative payment for children is high only because the basic payments for adults are low. The personal allowance for a couple in 1990-91 was £57.60 or about \$A144 and the family premium was £7.35 per week or about \$18.40, while the allowance for a child under 11 years was £12.35 or about \$A30.90.<sup>8</sup> In late 1990, the Australian pension rate for a couple was \$243.20 per week, and the combined rate of additional pension and family allowance for a child under 13 years was \$33.45. Thus, the absolute levels of assistance for children are roughly similar, but the total payment for a couple with one child was about \$80 per week lower in the United Kingdom than in Australia. Offsetting this lower level of basic assistance in the United Kingdom is the fact

<sup>8</sup> This is based on the then current exchange rate of £1 = \$A2.50. This may somewhat overstate the relative purchasing power of the pound.

that persons on Income Support could receive housing and related benefits that completely cover the cost of rent and up to 80 per cent of the community charge (poll tax). The effective levels of support for different types of families therefore depends to some extent upon the level of housing costs. It follows that the Australian system is probably more adequate for families with low housing costs, while the British income support is more adequate for those with high housing costs, often including sole parents.

In the Green Paper on Reform of Social Security (United Kingdom, Secretary of State for Social Services, 1985), the British Government first put forward its proposals to introduce the sole parent and family premiums. It was argued that there were many difficulties involved in setting objective standards of adequacy for different payments, but that indicative information on the relative pressures faced by various groups of claimants suggested that people with children faced particular difficulties. This was due in part to an increase in the proportion of persons of working age in the lowest income quintile. In addition, 'research commissioned by the government on the way in which different groups of people manage on benefit ... suggests that claimants can be grouped in terms of relative pressures. Couples with children and one parent families face greater difficulties in managing than those without children' (United Kingdom, Secretary of State for Social Services, 1985b: 21).

This conclusion differs from that of earlier British governments. While the 1974 Finer Report of the Committee on One Parent Families had recommended additional assistance for sole parents in the form of a Guaranteed Maintenance Allowance (GMA), this proposal was not followed through. According to Bradshaw (1989), this was partly because the tax credit scheme (for assisting all families with children) on which the GMA was premised, fell with the change of government in 1974, and partly because the incoming Labour government did not like the selective aspects of the Finer proposals, 'but mainly because of the cost of the scheme and a lack of conviction that low income lone parents are worse off than couples with children on low incomes' (Bradshaw, 1989: 6).

In fact, the Finer Report appears to be virtually the sole study that has argued in detail for the existence of extra costs of sole parents. The Finer arguments have since been re-presented by Brown (1988), with some detailed analysis of more recent data relevant to the issue of extra costs. The Finer Committee had been established in 1969 with the task of examining the problems of one parent families, partly because of the widespread impression that despite improving living standards among the general population, a large proportion of one parent families were suffering hardship because of severely restricted income. In considering this issue, the Committee was instructed in its terms of reference to take account of 'the need to maintain equity as between one parent families and other families, and to practical and economic limitations' (Finer Report, Volume 1, 1974: 242).

The Report concluded that 'with few individual exceptions, fatherless families suffer from special financial hardship and deprivation in our society' (1974: 149), and as part of its recommendations proposed the GMA, which would be set at a level above that then available to sole parents through the Supplementary Benefit Scheme. In supporting this proposal, the Committee elaborated the arguments for extra needs. According to Brown (1988:62), Finer attempted to show that a single parent family could not be treated simply as if it were a two parent family with one adult subtracted (as was the case within the Supplementary Benefit scheme at the time, and up until the recent introduction of the single parent premium).

The basis for this argument was as follows. Food, rent and/or other direct housing costs still had to be paid even when there was no second adult in the home, and in addition the expenses of running the home - in terms of fuel and power and replacing furniture and equipment as it wore out - would not be greatly reduced because one less adult was there. Second, in two parent homes, household tasks were determined and allocated according to gender, and therefore the departure of one adult could lead either to extra pressures or extra costs for the remaining parent. For example, male sole parents would be faced with the 'female' tasks of cooking, sewing, washing and ironing, while female sole parents would face the conventional 'male' tasks of house decoration, repair and maintenance. These might involve extra direct spending, for example, paying for a workman to do jobs such as painting. A third set of arguments related to costs associated with shopping. Because one parent families' time is more limited than that of two parent families, it was felt that there were more barriers to shopping around for cheaper goods, either because work would occupy much of the available time, or because non-employed sole parents could not afford to travel to cheaper supermarkets or buy in bulk to gain economies of size. Fourth, extra child care costs could arise for employed sole parents, who obviously could not share the child care, but also for non-employed sole parents who needed to get out for social or business activities such as paying bills.



The Finer Committee concluded that these extra costs in the form of housing and household-related expenses would probably be common to all sole parent households, while the other factors producing extra costs would vary from family to family and would be very difficult to quantify. Nevertheless,

*the evidence convinced us that there are many families where the lone parent is forced into substantial extra expenses of the kind we have mentioned. It is not infrequent for this expenditure to equal or even exceed the saving to the household of not maintaining the other parent. (quoted in Brown, 1988: 63)*

## 2. ISSUES IN MEASURING THE COSTS OF SOLE PARENTHOOD

The foregoing discussion suggests that there may be a number of alternative rationales for directing special assistance to sole parent families. These include:

- Sole parents have very high poverty rates and extra assistance would be a target-efficient means of reducing this poverty. This would appear to be implicit in the arguments of the Social Security Review Issues Paper *Bringing Up Children Alone* (Raymond, 1987);
- Sole parents are particularly likely to be experiencing hardships in managing on benefits. This argument was put in the Green Paper on Reform of Social Security in the United Kingdom. Clearly there is some relationship between this argument and the first rationale - that sole parents are particularly likely to be poor;
- Sole parents have responsibilities for providing a home for children and they should therefore be treated as homemakers and receive a level of assistance similar to that available to a couple without children. This was the argument of the 1972 Royal Commission on Social Security in New Zealand;
- Sole parents have to bear the cost of establishing a separate household with its consequent implications for housing costs and costs of household operation. This approach was put by more recent Departmental inquiries in New Zealand into income support arrangements. The closely related argument that sole parents do not necessarily have lower housing costs than they had prior to separation or the event that caused their sole parenthood, was put by the Finer Report in the United Kingdom and subsequently by Brown (1988); and
- Sole parents face special costs arising because the absence or departure of the second adult leads to extra pressures or the necessity of spending more to achieve the same living standards. This argument relates to the allocation of time within the household and was put in the Finer Report (1974) and by Brown (1988).

As noted above, the argument that sole parents have additional responsibilities for forming a home has been used in the New Zealand context to support the provision of benefits to sole parents equal to those provided to couples without children. While this argument may be attractive as a principle of income support, there does not appear to be any consistent basis to the argument. Single adults as well as couples may well have responsibilities as a household head; if anything the level of responsibility of a sole parent arises from the presence of a child - this would appear to support equating sole parents to couples with the same number of children rather than to couples without children. In fact, however, the New Zealand Royal Commission on Social Security (1972) was suggesting a reduction in assistance from a level closer to a couple with one child. It would seem therefore that however attractive one might find the argument for extra responsibility, this rationale is not compelling, particularly in the context of an income support system mainly directed towards the alleviation of poverty.

The argument that sole parents must incur the costs of establishing or continuing to run a household may at first glance appear to be closely related to the argument of extra responsibilities. Nevertheless, there is a very important difference between these two rationales, this being that the basis for extra assistance under the second of these approaches is defined by reference to actual costs borne by households and is therefore subject to empirical assessment. Such an analysis, mainly using data from the 1988 Housing Survey, is provided in Section 3.

It is important to distinguish between the argument that sole parents are particularly likely to be poor and the argument that they are likely to be experiencing hardships. Sole parents are likely to be poor because a high proportion of them are reliant on pensions as their main source of income, and the rates of pensions are below the level of the Henderson poverty line commonly used to measure poverty. The high rates of income poverty discussed in Section 1 are a logical consequence of this dependence on income support.

The level of poverty among sole parents does not in itself provide a rationale for increasing the guardian allowance. Other people or families may be just as likely to be in poverty once they receive benefits, but it is simply that a lower proportion of these populations are relying on benefits. If all benefits are below the accepted poverty line, then all benefit payments should be increased, not just the specific payment for sole parents.

In fact, if the government wished to reduce sole parents' vulnerability to poverty, then it could be argued that the most effective response would be to reduce reliance on income support through enhanced employment opportunities or more regular and adequate child maintenance.

There are of course a range of counter arguments, for example, that expectations of a significant increase in the labour force participation of sole parents is unrealistic or unfair because of the extra burdens placed on mothers, or that expectations of increased levels of child support are unlikely to occur because of lack of capacity to pay among non-custodial parents. In addition, whatever the sources of other income available to sole parents, it can be argued that improving the adequacy of the pension and benefit system is of fundamental importance, because there are many sole parents who will simply not be able to receive an adequate income from alternative sources, or that mothers should have an unconstrained choice between working and caring for their children.

If additional cash assistance directed only to sole parents is justified, it must be on the basis that their benefit levels are more inadequate than those for other types of families, not that they are more likely to receive benefits. It is here that the argument about hardship is important. Evidence that one group of pensioners are having greater difficulties with coping on basic benefit levels alone would imply that the assistance for that group was less adequate (or more inadequate). Some research on this issue is discussed in Section 4.

The final rationale noted above related to extra costs incurred by sole parents because the 'departure' of the non-custodial parent lead either to increased pressures or increased direct costs as sole parents had to purchase more goods in the market place to achieve the same living standards as a family where two adults were present. The argument of increased financial costs either from this source or due to housing and costs of household operation can be explored using equivalence scales. The equivalence scale evidence is reviewed in Section 5 of the paper. There are major limitations to this approach, however, the most important of which is that equivalence scales have generally involved measuring direct financial costs rather than indirect costs.

As noted by Cass, Keens and Wyndham (1983), the direct costs of children include expenditures on food, clothing, extra accommodation, health care, education, recreation, transport, etc., while indirect costs are usually associated with the income forgone by the child carer (almost always the mother) who either leaves paid work or reduces her hours of paid work. There is clearly an important interrelationship between these two concepts of cost, partly because the loss of income as a result of child care responsibilities limits the amount of money that can be spent on direct expenditures, and partly because the presence of the mother in the home reduces the need to spend on some items, because of the value of the housework provided. Similarly, parents seeking work in the paid labour market will incur direct financial costs as the result of forgoing services that were otherwise provided in the home, e.g. restaurant meals and convenience foods replace home prepared meals, additional appliances such as dishwashers and microwave ovens are purchased, paid child care replaces unpaid care, cleaners replace some housework.

Once these issues are conceptualised in a broader framework that incorporates the allocation of time, a more comprehensive understanding of the costs of sole parents is possible. Such a framework is provided by the economic approach pioneered by Becker (1965) that integrates household production for non-market commodities (time use) and household consumption of market goods in either a static or dynamic framework. To start with, the 'full income' of a household (ignoring any income from children) can be defined as the time available to parents, their resource flows arising from human and physical capital, their fertility potential, and their rights as citizens to social services and income support (Bradbury, 1989b: 3).

The money that comes into a household from market income (either earned or unearned) and any income support entitlements can be allocated to total market consumption and divided between adults and children according to a 'distribution rule', which is generally taken to provide the direct costs of children and is the usual basis for estimating equivalence scales. Goods purchased in the market, however, usually require some time input before they can be consumed, e.g. food is cooked or clothes are washed before they are worn. This means that the final consumption or standard of living of a household will depend not only on purchased goods but on time inputs of various sorts. The consumption of individuals within the household will also vary according to the sharing of resources and their contributions can also come in the form of market income or unpaid work in the home. Consumption within the household can be categorised as that of individuals, either adults or children, and joint consumption, e.g. of shelter, light, or warmth as provided by fuel and power, carpets and furnishings, etc. In addition, there are important positive aspects of family living standards that are non-material, such as the pleasure parents derive from their children, as well as negative aspects such as fear of or experience of domestic violence.

In considering the costs of sole parents, it is necessary to start with some point of comparison. For the sake of simplicity, this is taken here as a couple with a young child (say under five years). In the majority (nearly 80 per cent) of cases, the wife would not be in paid employment so it is assumed that all income is earned by the husband and the wife's only income is family allowances. If the couple separate, a number of consequences follow. In the first instance, the husbands' income is no longer available unless arrangements have been made for the payment of maintenance. The mother can apply for sole parents' pension, which will probably involve a substantial drop in income available for the mother and the child. The direct consumption 'needs' of the mother and the child can be assumed to be unaffected, but the consumption requirements of the father no longer have to be met. At the same time, the mother's unpaid work time may be reduced by whatever time was required as an input into the consumption of the father. This may not be as significant as may be thought, to the extent that the mother's time had been spent purely on child-related consumption, or joint family consumption (such as house cleaning). In addition, the father's previous time contribution to the mother's consumption, or the child's, or their joint consumption, will no longer be available.

This discussion implies that the event of becoming a sole parent through separation will result in a number of changes which will presumably differ significantly between individuals and will be interpreted in different ways. For example, the costs of sole parenthood in this example could be argued to be the difference between the consumption level of the mother and child, prior to and after separation. This may not simply be a matter of financial costs. For example, if the 'decision' to separate had been made by the mother (say, because of domestic violence), then it might be argued that the welfare, broadly defined, of the mother was greater after the separation than it was before.

A related factor - but one that has more direct financial implications - is the degree of control that mothers have over family finances. A number of British studies have found that a substantial minority of lone mothers say they are better off than when living as a couple. As noted by Bradshaw and Millar in discussing the results of their survey of lone parents:

*The picture is complex - becoming a lone mother may mean a fall in family income but it does not necessarily mean being worse off. This depends on both the level of previous family income and on who has control of that income. Likewise, ceasing to be a lone mother may mean an increase in family income, but this does not necessarily mean being better off. It depends again on both the level of income and who has control. (Bradshaw and Millar, 1990, Volume 2: 119).*

These sorts of factors may be important in a comprehensive definition of welfare. It may be argued that the revealed preferences of sole parents show that they are better off than when they lived with their husbands, or they would not have separated.

Apart from the fact that not all sole parent families are formed in this way, it is presumably one of the purposes of the sole parent pension to assist mothers who wish to separate. The supporting mothers' benefit was introduced at around the same time as the introduction of the Family Law Act in the mid-1970s. In addition, in a social security system designed to concentrate on poverty alleviation, a narrower concept of welfare relating only to immediate financial circumstances is more relevant. Nevertheless, the possibility that some lone parents may be better off than when they lived with a partner explains why it is difficult to create a satisfactory social insurance system to cover separation or divorce.

In the simple example given above, many questions are left unexplored, such as the arrangements for housing made on separation and the payment of maintenance or child support. Indeed, the government's initiatives on child support are intended to address this issue of the fall in income of the mother and child and are based on the model of the child's continuing right to share in the non-custodial parent's income. In addition, the relevance of this particular example can be questioned because there are many other paths into sole parenthood, differing according to the degree of choice of separation by individual parents, and differing between separated sole parents, unmarried mothers, widows and sole fathers.

More importantly, this 'dynamic' notion of the costs of becoming a sole parent might not necessarily be relevant to the issue of specific assistance to sole parents in the structure of social security payments. As noted above, the appropriate policy response to the costs incurred by sole parents in this sense may be improvements in child support arrangements. It might also be argued that the financial situation of sole mothers results from the difficulties that

all mothers and women generally have in the labour market. In this sense, the appropriate policy response would be in the areas of equal pay legislation, employment, education and training programs, labour market policies and the provision of child care.

Policy responses in these areas may be appropriate when considering the total costs of being a sole parent, defined broadly. When considering the role of the guardian's allowance, however, it is clear that the cost of sole parenthood should be defined more narrowly in order to be relevant to the poverty alleviation objectives of the Australian social security system. The appropriate starting point for considering the costs of sole parenthood in this context would be other persons or families receiving pensions or benefits rather than families prior to separation. This also suggests that basis for comparison should be at fixed point in time rather than a comparison between parents before and after separation.

In seeking to define the extra costs of sole parents, it may initially appear reasonable to think of this as the extra costs flowing to a single adult from the presence of a child. But very few sole parent families are formed in this way, most being the consequence of separation of *de jure* or *de facto* married couples. It therefore seems reasonable in attempting to describe the costs of sole parents to compare them with couples with children. Most of the data and analysis in the rest of this paper makes comparisons on this basis, where the appropriate information is available. In addition, for the sake of simplicity the comparisons are limited as far as possible to sole parents with one child and to couples with one child, so as to avoid complicating factors arising from the presence of more than one child.

### The Time Costs of Children

As noted above, the extra costs of sole parents (apart from housing and items such as fuel and power) may arise from the interaction between the availability of time and the availability of money to produce final goods for household consumption. This implies that when comparing a sole parent pensioner with one child to, say, an unemployment beneficiary couple with a child of the same age, the extra costs of the sole parent can be thought of as the net effect of the 'lack' of a father on purchased goods and time inputs. These effects can be both direct and indirect. Purchased goods purely for the father's consumption can be considered to be no longer required; purchased goods for the mother's and the child's consumption can in the first instance be assumed to be unaffected; purchased goods for joint consumption will be affected, but in ways that are difficult to predict. The father's time input into his own final consumption will no longer be relevant, but his time input into the mother's, the child's and the household's joint consumption will not be available. The father's contribution in terms of time can be 'active' (e.g. gardening, household maintenance, shopping, playing with and caring for children) or 'passive' (e.g. being available when the child is sleeping, thus allowing the mother to have time for leisure or for productive activities). In addition, the mother in a sole parent family will not have to provide time as an input into the father's consumption.

Thus, the difference between the two households' consumption will be whatever is the net impact of the father's consumption of goods and the difference between the father's time contribution to the household and its members, less the mother's contribution to the father's consumption. Given that in most cases, much of the mother's time contribution will be given to the child and some must be given to herself, it seems reasonable to conclude that overall the absence of a father will have a negative impact on the consumption possibilities of the sole parent household. For example, if a mother contributes three hours a day to the father's consumption (plus six hours a day to the child and three hours a day to herself) and the father contributes six hours a day to the mother and the child together, then a sole parent would either have to find an extra three hours a day or purchase goods in the market equivalent to those three hours.

In fact, most social security systems are concerned only with direct financial costs in terms of purchased goods and services, which would be the father's direct consumption of purchased goods minus the extra direct consumption a lone mother would make in an attempt to compensate for the net loss in time following from the absence of a father. If the social security system did not provide a payment such as the mothers/guardians allowance (as was the case in the UK prior to the introduction of the single parent premium) then the implicit assumption would be that there were no compensating expenditures undertaken in the absence of a father, or that the extra time available to the mother exactly offset the father's time contribution.

It should also be noted that to the extent that sole mothers do not have enough money to purchase substitutes for the fathers' time, and have no spare time themselves, then the sole parent's and the child's living standards will fall. This implies that a social security payment that compensated only for direct measured expenditures would not necessarily be adequate to compensate for the full costs born by the sole parent. Put another way, this means that the costs of sole parenthood cannot necessarily be inferred from the actual expenditure patterns of sole parents but need to be calculated from information on the direct expenditures and time inputs of fathers in two parent families.

Nevertheless, information on the expenditure patterns of sole parents will be of some use once it is recognised that they may be a less than comprehensive guide to the extra costs of sole parents. Brown (1988: 130-35) analysed 1984 UK Family Expenditure Survey data as part of her discussion of the extra needs and extra pressures argument. She found, for example, that sole parents with one child spent somewhat more than low income two parent families with one child on repairs, maintenance and decoration and services such as domestic help, laundry and dry cleaning. The total expenditures of sole parents on these categories was only £3.94 per week (or 19.0 per cent of expenditure after housing) compared to £1.97 for the low income couples (or 10.2 per cent of their expenditure after housing). Brown also considered the allocation of time in married couple households using data from a 1985 survey of British social attitudes. This showed that in the vast majority of couples, the woman undertook most responsibility for the preparation of the evening meal, household cleaning and washing and ironing, while men took most responsibility for repairs of household equipment, and responsibilities for household shopping, the evening dishes, and organisation of household money and bills was more likely to be shared equally or in more diverse patterns (Brown, 1988: 133).

A more detailed discussion of studies of the allocation of time is provided by Piachaud in *Round About Fifty Hours a Week: The Time Costs of Children* (1984). Piachaud noted an earlier British study of time-use of married persons aged 30 to 49 years. On average, men spent just under 10 hours per week on household tasks, while women spent 23 hours a week when in a full-time paid job themselves, 35 hours when in a part-time paid job and around 46 hours when not in a paid job (Piachaud, 1984: 5). Apart from reviewing this and other studies, Piachaud conducted a survey of 55 women with children under five years of age, three of whom were sole parents. Nine child care tasks were specified and investigated: getting children up and dressed; taking children to the toilet or changing nappies; taking children to child minders, nurseries or schools and collecting them; extra time for shopping; extra time for cooking, serving and supervising meals and washing up; washing and bathing of children; putting children to bed; extra time for washing and ironing; and, clearing up and cleaning after children. The average time involved in these tasks was just over seven hours a day, with the average being higher where the youngest child was under two years of age (8.2 hours) and less where the child was between two and five years (6.2 hours). These were total hours spent by mothers and fathers; overall fathers contributed about 11 per cent of this total time or 47 minutes. If only households where fathers were present were considered, this would rise slightly to 13 per cent or about 55 minutes.

Over the seven days of the week, around about 50 hours were given to these tasks. The largest single component (about 2 hours a day) was involved with the extra time for meals, while the least significant (19 minutes a day) was a consequence of taking children to child-minders etc. (Piachaud, 1984: 15). This study shows the importance of time spent on children, but it is not particularly useful in estimating the costs of sole parents, except in identifying that fathers spent under an hour a day on these child care tasks, which could be considered one part of their time contribution.

Bradshaw and Holmes (1989) undertook a small-scale study of couples with two school age children and dependent on Supplementary Benefit, which included diaries of family activities over a two week period. The study found that the 50 unemployed fathers who completed the diaries spent between 15 and 16 hours a week on average on activities that could be defined as household work (gardening, ordinary housework or additional housework, such as painting or decorating) and shopping. Mothers spent over 40 hours a week on these same activities. Child care was not separately identified, but could have been covered under a variety of headings.

According to Popay and Jones (1990), a further study of London households found that on average mothers spent around 77 hours a week on housework and child care combined, compared to 29 hours a week by fathers. This study also found that lone mothers spent more time on child care than did married mothers. Lone mothers spent 56 hours a week on average on child care, compared to an average of 48 hours a week for all women with children in the sample. Because this figure includes lone mothers, the difference between hours of child care for married and lone mothers is likely to be somewhat larger.

A particularly important American study relevant to this subject is Vickery (1977), which explicitly incorporates household production into the definition of a poverty line. Vickery took the official U.S. poverty line, which as discussed previously is widely recognised as an austere standard, based on an economy food basket, updated over time by changes in prices. The food plan was set bearing in mind that substantial time inputs would be required to then translate the purchased food goods into meals, e.g. it was assumed that all meals were prepared at home and 'the homemaker is a good manager and has the time and skill to shop wisely' (quoted in Vickery, 1977: 30).

Vickery hypothesised that to achieve the minimal standard (just above the poverty line) it is necessary to have both a minimum income and a minimum time input. Income above this level and time above this level could be substituted, but if either income or time fell below their respective minima, then the household would be in poverty. The minimum incomes were given by the cost of the economy food plan for each type of household, while all households were assumed to require a minimum of two hours a day (14 hours a week) for household management.

Information on household time budgets was taken from a 1967 U.S. survey of 1400 households of husbands and wives with and without dependent children. Average time spent on food activities, house care, care of clothing, family care and marketing/management were estimated; for example, in a household of two adults with no children it was estimated that 43 hours a week must be spent on these activities, while a couple with one child would have to spend 62 hours a week, a single person 31 hours a week, and a sole parent with one child 57 hours a week. These were the minimum time inputs required that in combination with the official poverty line incomes would produce just adequate living standards.

Table 2.1 shows the parameters of Vickery's augmented poverty standard.  $M_0$  is the minimum weekly cost of the household in 1973 as derived from the official poverty line, while  $T_1$  is the minimum time input required for each type of household that in conjunction with this minimum spending would translate into non-poverty living standards. That is, for example, a sole parent family with one child would need to spend \$58 dollars per week and 57 hours of home production not to be in poverty, and so on.  $M_1$  is the money requirement that in conjunction with the minimum time input of 14 hours a week would also produce non-poverty living standards. The  $M_1$  figures used \$2.00 an hour as the average replacement cost of non-market time input. That is, a sole parent with one child could spend between \$58 of market income and 57 hours of non-market time (\$114 in money equivalent) or \$144 of market income and 14 hours of non-market time (\$28 in money equivalent) and have the same living standard. The two circumstances are equivalent since \$58 plus \$114 is equal to \$144 plus \$28. Individual households can therefore substitute between market and non-market time so long as, in the example of a sole parent with one child, they never spend less than \$58 or work less than 14 hours at home.

This analysis has some striking implications, particularly for sole parents. Given that there are 168 hours in the week and assuming that the minimum time necessary for sleeping, eating, personal care and resting and leisure was 81 hours per week, this leaves 87 hours a week for the sole parent to allocate to either market work or household production. This for example suggests that a sole parent with one child could not spend more than 30 hours a week in market work unless earnings from that work were above the minimum income requirement, without falling below the poverty standard. This implies that all sole parents earning less than about \$2 an hour in 1973 (\$58 dollars in 30 hours) would unavoidably be in poverty. On the basis of these sorts of considerations, Vickery calculated 'critical wage rates', which were the wages per paid hour of work (taking account of time associated with travel to work) that would be necessary for different types of households to avoid poverty.

For a sole parent, the critical wage rate more than doubled with the first child and would increase by about 25 to 35 per cent for each additional child. For a couple, the critical wage rate would increase by about 20 per cent with the first child and around 10 per cent for each subsequent child. Put another way, the departure of an adult from a couple with children would increase the critical wage rate for the parent caring for the children by 2.4 to 3.0 times. Using 1970 Census data updated to 1973, Vickery estimated that around one-third of all female full-time workers in the United States would not be able to earn enough to support themselves above the poverty line as a sole parent with one child, while around one-half of all female full-time earners would not be able to support themselves above the poverty line as sole parents with two or more children (1977: 40-41). The corresponding proportions for male full-time earners were 12 per cent and 20 per cent, respectively. (That is, for example, the critical wage rate for a sole parent with one child assuming 14 hours of household work and 81 hours sleep, rest, and leisure, would be \$144 divided by 73 hours, or around \$1.97 an hour; 35 per cent of female, full-time, full-year workers earned less than this wage rate.)

**TABLE 2.1: PARAMETERS OF POVERTY THRESHOLD, UNITED STATES,  
1973 (WEEKLY VALUES)**

Household Type	M <sub>0</sub> (\$)	T <sub>1</sub> (hours)	M <sub>1</sub> (\$)
1 adult with			
0 children	43	31	77
1 child	58	57	144
2-3 children	78	61	172
2 adults with			
0 children	58	43	116
1 child	70	62	166
2-3 children	94	55	198

Source: Vickery, 1977: 33.

There are a number of limitations to Vickery's analysis. The data on time use were collected from husband-wife households only, and the results for single persons and sole parents were therefore inferred from the patterns for couples. It was assumed that a sole parent family would spend half an hour less each day on food-related activities and house care and one and a half hours less each week on clothing care and shopping. These assumptions were based on changes in time spent on these activities by couples with different numbers of children. In this sense, the results do not deal with the central research question of this paper, that is, the effect of differences in the number of adults.

Australian studies using the household production approach are scant, to the point of non-existence (Tran Van and Ironmonger, 1989: 2). Tran Van and Ironmonger, however, do provide estimates of the time costs of children using data from the 1975-76 Household Expenditure Survey and a 1974 study of time inputs into household production. The results are given in Table 2.2. The results are presented as dollar 'costs' of unpaid work and purchased goods for adults and children; i.e. the costs of each adult in terms of unpaid work are slightly less than the direct costs in terms of purchased goods, while the costs of a child in terms of unpaid work are greater than the purchased goods required for their consumption. The largest single input in terms of unpaid work for children is for child care, although expenditures on adults for cooking and washing up and cleaning and laundry are somewhat higher.

Unfortunately these results are not of great practical use in the current context, because they cannot be used to estimate the relative costs of sole parents. This is because they provide no explicit information on joint household costs (e.g. housing, fuel and power), not do they allocate the contribution of each adult in terms of unpaid work either for the benefits of the adults or the children.

## Discussion

The foregoing discussion of the time costs of children has been inconclusive and provides no basis for quantitative estimates that could be used as a guideline for setting rates of guardian allowance. Nevertheless, it seems reasonable to conclude that differences in the availability of time to allocate to household production is an extremely important component of the extra costs faced by sole parents. What is required is some data source and



**TABLE 2.2: HOUSEHOLD COSTS OF ADULTS AND CHILDREN IN AUSTRALIA 1975-76<sup>(a)</sup>**

	Adults Costs (\$ per week per adult)			Children Costs (\$ per week per child)			Equivalence Scale
	Unpaid Work	Purchased Goods	Total	Unpaid Work	Purchased Goods	Total %	Full Income
Cooking & Washing up	20.11	14.60	34.71	1.23	5.38	6.61	19.0
Child Care	n.a	n.a	n.a	19.12	6.44	25.56	n.a
Shopping	12.37	3.17	15.54	0.58	0.27	0.85	5.5
Cleaning & Laundry	20.44	2.69	23.13	1.67	0.15	1.83	7.9
Other Production	17.06	4.19	21.25	2.50	1.35	3.85	18.1
Other Activities	n.a	50.83	50.83	n.a	5.48	5.48	10.8
<b>Total</b>	<b>69.98</b>	<b>75.48</b>	<b>145.46</b>	<b>25.10</b>	<b>19.07</b>	<b>44.17</b>	<b>30.4</b>

**Notes:** (a) To bring the 1975/76 figures up to 1984 (on the basis of changes in household disposable income per head), they would need to be multiplied by 2.3; to 1987, multiplied by 3.0.

n.a: - not applicable. Equivalence scale estimates are derived from total costs.

**Sources:** Household Expenditure Survey: 1975/76, Australian Bureau of Statistics, Canberra; estimates of the Centre for Applied Research on the Future, University of Melbourne; Tran Van and Ironmonger, 1989.

methodology for estimating the value of time allocated by adults in households to their own consumption, each other's and that of their children, as well as an estimate of economies of scale in household consumption of purchased goods and the allocation of purchased goods between each adult and child in a household.

A number of points can be noted about this definition of the problem of measuring the costs of sole parents. First, this definition does not attempt to view costs in terms of differences between the circumstances of mothers and children before and after becoming a sole parent, but in terms of the differences between the costs of differently composed households at the same point in time. A second issue relates to the possibilities of substitution between time inputs and purchased goods. If sole parents (and mothers generally) have no spare time or very limited time to allocate to additional household production, then they must purchase extra goods to make up for the time that no longer comes from the non-custodial parent. If in practice the income support system does not provide sufficient money for this purpose, then their living standards will fall in a way that is not clearly measurable in terms of

purchased goods. This implies that information on the actual expenditure patterns of sole parents will not necessarily provide a comprehensive measure of the 'compensation' required by sole parents to offset these extra costs.

This also suggests that what is of policy interest is the value that can be given to the usual contribution of fathers to household production. This will vary significantly between households, but it suggests among other things that if mothers contribute more to household living standards than fathers, then sole fathers on benefit could on average be expected to be worse-off than sole mothers on benefit. Fathers, however, are far more likely to be employed, so that they have far greater capacity to purchase goods to compensate for the time inputs of the mothers. In addition, lone fathers may be offered more help by families and friends, because mothers are expected to be able to cope with caring for children. Correspondingly, if fathers contribute very little in time inputs to household living standards then the extra costs of female sole parents from this source would be limited.

Finally, it is also clear that this discussion raises questions not only about the measurement of time inputs, but also the measurement of direct expenditure requirements of different households. While as noted previously recent policy initiatives affecting assistance for children have been influenced by research on equivalence scales, the setting of basic rates of pensions and benefits has not been guided to the same extent by research concerned with defining adequacy.

### **The Costs of Child Care**

One factor raised in the *Finer Report* (1974) and discussed in *Brown* (1988) is the cost of child care. A sole parent is likely to have to provide more hours of care than either of the parents in a couple. One result is likely to be increased stress, with the possibility of health problems (*Popay and Jones*, 1990). It is also possible that parents in these circumstances may seek to compensate - to the extent that they can afford to - by purchasing video equipment, for example, or other ways of entertaining their children at home.

The most important impact of the extra child care responsibilities of sole parents is likely to be for those parents who are either working or looking for work. The absence of a partner to take any of the responsibility for taking children to and from care or school, or to look after children when they are sick or on school holidays may constitute a significant additional barrier to participation in the paid labour force. To the extent that sole parents have to pay for extra hours of child care, there are direct financial costs as well. Lack of suitable child care may be one important factor in the lower labour force participation of sole mothers, compared to married mothers.

Sole parents are one group given priority of access to agencies funded under the Children's Service Program. This is reflected in the level of coverage of sole parents in funded child care. The 1988 Census of child care facilities by the Department of Community Services and Health found that children of sole parents represented 26 per cent of all children in Government-funded services, although they account for fewer than 13 per cent of all dependent children. Nevertheless, there is considerable unmet demand for formal child care, and further expansion is planned under the National Child Care Strategy (*Colledge*, 1991: 45-46).

Despite the great importance of child care to sole parents, it does not appear useful to use information on costs for existing users in determining the appropriate level of guardian allowance. First, most children are not in formal child care. The 1982 Family Survey (*Australian Bureau of Statistics*, 1984) found that only 10 per cent of sole parents with children under 12 years of age were using formal child care, with around 15 per cent not using child care at all, and the vast majority used informal care, such as grandparents or other relatives, or non-family members. While the proportion of sole parents using formal care has increased significantly since 1982, it is likely that informal care remains the most important overall. There is evidence that a majority of all parents are satisfied with their informal care arrangements (*Colledge*, 1991: 46).

More important is the question of whether guardian allowance is the appropriate mechanism for assisting sole parents with child care costs. Guardian allowance goes to all sole parent pensioners, irrespective of whether their children need or use child care. Increases in the number of formal child care places, adjustments to the fee relief system, or deduction of child care costs from income for income test purposes would appear to be more efficient and effective ways of helping sole parents with these costs.

### 3. HOUSING ARRANGEMENTS AND COSTS

As has already been noted, it has been argued in the British literature on extra needs that sole parents could have very similar housing costs to two parent families with children. The *Finer Report* suggested that rent and other direct housing costs still had to be paid whether or not there was a second adult in the household (Brown, 1988: 62). In discussing this possibility, Brown compared the average situation of all one parent families with one child with that of the bottom 40 per cent of two parent families with one child (incomes under £125 per week) using the 1984 Family Expenditure Survey. Brown showed that gross rent, rates and water charges for one parent families were £20.58 per week, while gross housing costs for the two parent family group were £20.22 per week. Two parent families received slightly higher Housing Benefit on average, so that net rent, rates and water charges were £9.77 per week for sole parents and £8.99 per week for low income couples, who in addition spent slightly less on repairs, maintenance and decoration (Brown, 1988: 130-131). The apparent close coincidence between the gross (and net) levels of housing costs for these two family types was taken to support the notion that housing costs do not substantially fall when a sole parent household is formed.

Very similar data are available from the Australian Household Expenditure Surveys (HES). The 1984 HES (ABS, Cat. No. 6531.0) shows that current gross housing costs of all sole parent households with one child were \$48.13 per week in 1984, while the current housing costs of the lowest two quintiles of couples with one dependent child were \$47.97 per week. This may also appear to support the argument that the housing costs of sole parents are very like those of other low income families with children. The 1988-89 Household Expenditure Survey, however, did not support this conclusion. In 1988-89, total gross current housing costs for sole parent households with one dependent child only were \$57.41 per week, compared to average expenditures of \$72.27 per week for the lowest two quintiles of couples with one dependent child. That is, low income couples in 1988-89 had housing costs about 25 per cent higher than those of sole parents. Given, in addition, that there are major differences between the types of occupancy of sole parents and low income couples with children, it seems likely that the closeness between the levels of housing costs in 1984 was no more than a coincidence.<sup>9</sup>

This suggests that it would be necessary to undertake a far more detailed analysis of the housing circumstances and expenditures of sole parents to investigate whether the concept of fixed costs can or cannot be supported. That is the purpose of this section of the report. By way of background, however, Table 3.1 shows the housing arrangements of the population in 1988, using the ABS Housing Survey conducted between February and May of that year.

It is apparent that there are significant differences between the housing circumstances of different types of income units. Rates of home ownership range from less than 1 per cent for young single adults to 70 per cent for single aged persons and 80 per cent for aged couples. Overall, just under 40 per cent of all income units own their own homes. Rates of ownership, not unexpectedly, tend to be higher for older age groups and lower than the average for younger people, including sole parents. Ownership rates are slightly higher for male sole parents than for female sole parents.

There is also a very wide variation in rates of purchasing across income units, and to some extent, purchasing is complementary to ownership, e.g. aged people are very likely to be owners, but most unlikely to be purchasers (again, not unexpectedly). Female sole parents are much less likely than other families to be purchasers, and there is a fairly large difference between the position of male and female sole parents.<sup>10</sup>

Female sole parents are the most likely of all types of income units to be renting from government, with around one in five being in public housing. This is nearly twice the level of the nearest group, male sole parents, who are followed by single aged persons. Female sole parents are more than six times more likely than non-aged couples to be in public housing.

9 In 1988-89, around 22 per cent of sole parents with one child owned their homes compared to 33 per cent of low income couples with one child. Eighteen per cent of sole parents and 29 per cent of the couples were purchasing their homes, while 27 per cent of sole parent households with one child and 6.0 per cent of low income couples with one child were renting their accommodation from the government (ABS, Cat. No. 6531.0).

10 Unfortunately, the ABS publication does not allow a consistent comparison of couples with and without children across all these types of occupancy. Other preliminary data from the 1988 Housing Survey suggest that rates of ownership are substantially higher among couples without children than among those with children, while those with children are far more likely to be purchasers.

**TABLE 3.1: ALL INCOME UNITS: TYPE OF INCOME UNIT BY NATURE OF OCCUPANCY, FEBRUARY-MAY 1988<sup>(a)</sup>**

Type of income unit		Nature of Occupancy						TOTAL
		Owners	Purchasers	Renters Govt.	Renters Private	Other	Rent free <sup>(b)</sup>	
Couple								
- head 65 years or over	('000)	435.6	39.8	27.9	15.5	7.7	15.2	541.6
	(%)	80.4	7.3	5.2	2.9	1.4	2.8	100.0
- head 15 to 64 years	('000)	1,214.2	1,299.9	106.5	433.3	100.9	86.4	3,241.3
	(%)	37.5	40.1	3.3	13.4	3.1	2.7	100.0
Total couples	('000)	1,649.8	1,339.7	134.4	448.8	108.6	101.6	3,782.9
	(%)	43.6	35.4	3.6	11.9	2.9	2.7	100.0
Male sole parents	('000)	7.6	12.7	4.4	8.0	3.5	3.9	40.2
	(%)	18.9	31.6	10.9	19.9	9.0	9.2	100.0
Female sole parents	('000)	45.0	56.0	62.2	79.4	30.4	18.0	291.1
	(%)	15.5	19.2	21.4	27.3	10.5	6.2	100.0
Total sole parents	('000)	52.6	68.7	66.8	87.4	33.9	21.2	331.2
	(%)	15.9	20.7	20.2	26.4	10.2	6.6	100.0
One person								
15-24 years	('000)	3.1	17.7	2.4	238.9	75.8	33.5	371.4
	(%)	0.8	4.8	0.6	64.3	20.4	9.0	100.0
25 to 64 years	('000)	314.9	205.1	52.2	368.1	84.8	57.3	1,082.4
	(%)	29.1	18.9	4.8	34.0	7.8	5.3	100.0
65 and over	('000)	418.5	25.8	53.1	45.3	16.6	46.3	605.5
	(%)	69.1	4.3	8.8	7.5	2.7	7.6	100.0
Total one person	('000)	736.5	248.6	107.7	652.3	177.1	137.1	2,059.3
	(%)	35.8	12.1	5.2	31.7	8.6	6.7	100.0
TOTAL	('000)	2,354.4	1,611.4	303.9	1,179.8	327.4	396.7	6,173.5
	(%)	38.1	26.1	4.9	19.1	5.3	6.4	100.0

Notes: (a) Percentages are of each income unit type.

(b) Excludes one person income units renting from or living rent-free with parent/relatives in the same household.

Source: Australian Bureau of Statistics, 1988 Housing Survey, Housing Costs and Occupancy, No Catalogue Number, Tables, 2, 3, 4 and 11.

Younger, single people are most likely to be renting privately. Female sole parents are also highly likely to be in this form of tenure (26.4 per cent compared to 13.4 per cent of couples). The 'other' category largely covers persons who are sharing accommodation and paying rent to another person in the same household. As might be expected, this form of occupancy is most common for young, single adults, but it is also far more likely than the average for female sole parents. Male sole parents are most highly represented among those living rent-free, followed by single young people. It is probable that this type of occupancy encompasses two quite different groups - those living rent free with relatives or as a form of intra-family transfer (including custodial parents in the 'ex-family home', where the mortgage is being paid by the non-custodial parent), and persons who are receiving accommodation paid for by their employers.

Overall, therefore, sole parents are particularly likely to be in some relatively low-cost tenures (public renting, sharing accommodation, and living rent free), but not in the low cost tenure associated with ownership of assets. Correspondingly, those female sole parents in accommodation likely to involve high expenditures are more likely to be renting privately rather than purchasing their home and acquiring an asset. These differences should be remembered in the analysis that follows.

Table 3.2 shows the distribution of occupancy types by level of total weekly income for all income units. The lowest income group of income units with incomes less than \$200 per week includes a significant group of mainly self-employed persons with low reported incomes, but other characteristics more typical of higher income groups. This is because the definition of income is net of business expenses. For this reasons, some care should be taken in assessing the housing circumstances of this income group, although the 'genuinely' low income do predominate.

It can be seen that the level of ownership generally declines with income, while the level of purchasing rises with income. In the first instance, this is because of the concentration of age pensioner home-owners in the lower income groups. The proportion renting from the government declines to the greatest extent as income rises. In contrast, the proportion of income units who are renting privately initially rises with increasing income, but then declines. The 'other' category shows no particularly strong association with income, while those living rent-free are more common in lower income groups.

Table 3.3 shows the variations in nature of occupancy and housing costs for sole parents (both male and female) by age. It is clear that owners have particularly low costs (\$14 per week on average) and ownership is particularly unlikely for sole parents aged less than 35 years and quite likely for those aged 45 years and over. For those sole parents aged 55 years and over, the level of home ownership is not much less than that for single aged people. Purchasing is a high cost tenure, and while sole parents aged 35 to 44 years are most likely to be purchasing, those purchasers aged 55 years and over have a very high level of costs. It can be seen that there is not a great deal of variation in either the level of housing costs for public renters across age ranges, nor in the proportion of each age group who are renting from the government (although the level is highest for those aged 25 to 34 years).

Private renting is much more common among younger sole parents, and after purchasing has the highest average level of cost. As might be expected, those 'other' renters who are sharing accommodation are most likely among younger sole parents, as are those living rent-free. The picture this table presents, therefore is of very considerable variation in housing occupancy and costs with age. Housing costs are at their highest, on average, for sole parents aged 25 to 44 years. Housing costs are lowest for sole parents aged 55 years and over - this appears to be mainly due to the high level of home ownership in this group. The group with the next lowest level of costs are those aged 15 to 24 years - this would appear to reflect the small proportion of purchasers and the relatively high share of persons living either rent-free or with others. It can also be seen that the high level of housing costs of those aged 25 to 34 and 35 to 44 years is probably accounted for by the fact that around 50 to 55 per cent of these groups are in the high cost situations of either purchasing or renting privately.

Table 3.4 shows the distribution of all sole parent income units by location and type of dwelling. It can be seen that around two-thirds of all sole parents live in the capital cities, and are particularly concentrated in the capitals in the Northern Territory, South Australia, Western Australia and Victoria. Sole parents in either Queensland or Tasmania are most likely to live outside the capital. As might be expected, those sole parents living in capital cities are much more likely to be living in flats or units, (except in Queensland). Correspondingly, sole parents living outside the capital cities are more likely to be living in separate houses in all States except Queensland. The distribution of sole parents across dwelling types and locations will presumably affect their relative housing costs, as sole parents are generally more likely than other low income families with children to be living in the capital

**TABLE 3.2: INCOME UNITS BY NATURE OF OCCUPANCY AND TOTAL WEEKLY INCOME,  
FEBRUARY-MAY 1988**

Total Weekly Income	Nature of occupancy (%)						TOTAL ('000)	
	Owners	Purchasers	Renters Govt.	Renters Private	Other	Rent Free		
Under \$199	51.4	9.8	9.4	16.6	5.7	7.0	100.0	1,696.1
\$200 to \$299	46.5	12.7	7.5	23.8	5.4	4.1	100.0	757.5
\$300 to \$399	35.5	20.4	5.3	27.8	6.4	4.6	100.0	755.2
\$400 to \$499	32.2	30.0	3.0	25.3	5.7	3.7	100.0	692.8
\$500 to \$599	31.1	38.9	2.3	19.9	5.2	2.6	100.0	548.6
\$600 to \$699	31.8	44.4	1.3	15.8	4.4	2.3	100.0	467.0
\$700 to \$799	31.5	47.1	1.7	14.1	3.4	2.2	100.0	343.3
\$800 to \$899	31.8	47.2	1.0	14.0	4.2	1.8	100.0	253.6
\$900 to \$1000	29.1	53.1	0.8	10.9	4.2	1.9	100.0	195.0
\$1000 and over	34.5	48.6	0.6	11.2	3.0	2.1	100.0	464.2
TOTAL	39.5	26.8	5.0	19.3	5.2	4.2	100.0	6,173.4
No. ('000)	2,438.8	1,657.1	308.9	1,188	8.5	319.6	260.6	6,173.4

**Source:** Australian Bureau of Statistics, 1988 Housing Survey, State and Territory Comparisons, Cat. No. 4134.0, Table 7.

cities - the 1988-89 Household Expenditure Survey shows, for example, that just under half of the lowest quintile of couples with children lived in capital cities compared to around 70 per cent of each of the lowest two quintiles of sole parents.

Table 3.5 compares the housing costs and incomes of sole parents, couples and single persons by nature of occupancy and principal source of income. Unfortunately, the published data do not allow disaggregation by whether couples do or do not have children, nor by the age of individuals. Therefore the groupings include persons at very different stages of their life cycles and with differing housing circumstances. In particular, most of the couples and most of the single person income units whose principal source of income is government cash benefits will be aged, while most of the wage and salary earners will be at a more comparable age to the sole parents.

It can be seen that for home-owners, there is not a great deal of variation in absolute housing costs, either across income unit types or income sources. There is, however, a good deal of variation in income levels, and as a consequence housing costs as a percentage of income range from 2.4 per cent for wage and salary earner couples to 6.9 per cent for single pensioners or beneficiaries. Nevertheless, this is a low cost form of housing occupancy.

Purchasing, in contrast, is much more expensive and while purchasers have the highest average income levels, they must still allocate around 20 per cent of their incomes overall to housing. For single parents and couples whose principal source of income is government cash benefits, there is not a great deal of difference between average mean purchasing costs - while those of sole parents are slightly greater, so are their average incomes, with the result that each group is spending about 40 per cent of income on housing.

**TABLE 3.3: SOLE PARENT INCOME UNITS: NUMBER OF INCOME UNITS AND MEAN WEEKLY HOUSING COSTS BY AGE OF PARENT AND MEAN WEEKLY INCOME BY NATURE OF OCCUPANCY, FEBRUARY-MAY 1988**

Age of Parent	Nature of Occupancy						TOTAL
	Owners	Purchasers	Renters Govt.	Renters Private	Other	Rent free	
15 to 24							
('000)	0.6	1.8	7.2	13.9	13.1	5.5	42.1
(%)	1.4	4.3	17.1	33.0	31.1	13.1	100.0
Costs (\$)	6	107	35	81	43	-	51
25 to 34							
('000)	4.9	21.0	30.7	35.6	12.5	9.1	113.6
(%)	4.3	18.5	27.0	31.3	11.0	8.0	100.0
Costs (%)	10	101	40	87	52	-	63
35 to 44							
('000)	22.4	35.2	19.9	30.8	5.2	6.4	119.8
(%)	18.7	29.4	16.6	25.7	4.3	5.3	100.0
Costs (\$)	13	100	39	115	42	-	70
45 to 54							
('000)	16.6	9.6	7.1	6.9	2.4	0.5	43.0
(%)	38.6	22.3	16.5	16.0	5.6	1.2	100.0
Costs (\$)	18	97	43	97	84	-	56
55 plus							
('000)	8.2	1.2	1.9	0.2	0.8	0.5	12.8
(%)	64.1	9.4	14.8	1.6	6.3	3.9	100.0
Costs (\$)	11	151	47	200	67	-	36
TOTAL							
('000)	52.6	68.7	66.8	87.4	33.9	21.9	331.3
(%)	15.9	20.7	20.2	26.4	10.2	6.6	100.0
Costs (\$)	14	101	40	97	49	-	62
Mean Weekly Income	294	365	208	262	221	210	270
Costs/Income(%)	4.8	27.7	19.2	37.0	22.2	-	23.0

Source: Australian Bureau of Statistics, 1988 Housing Survey, Housing Costs and Occupancy, No Catalogue Number, Table 11.

**TABLE 3.4: SOLE PARENT INCOME UNITS: TYPE OF DWELLING  
BY LOCATION, FEBRUARY-MAY 1988**

Location State	Type of Dwelling							
	Separate house		Flat/ unit		Other		Total	
	No.	%	No.	%	No.	%	No.	%
NSW								
- Capital City	44.0	61.8	14.6	20.5	12.6	17.7	71.2	100.0
- Other	32.3	82.6	2.1	5.4	4.8	12.3	39.1	100.0
VIC								
- Capital City	45.2	74.2	6.1	10.0	9.5	15.6	60.8	100.0
- Other	18.8	80.0	0.7	4.3	4.0	17.0	23.5	100.0
QLD								
- Capital City	20.8	80.9	1.1	4.3	3.8	14.8	25.7	100.0
- Other	18.5	70.1	1.8	6.8	6.0	22.7	26.4	100.0
SA								
- Capital City	14.5	60.7	1.9	7.9	7.5	31.4	23.9	100.0
- Other	4.3	78.2	-	-	1.2	21.8	5.5	100.0
WA								
- Capital City	18.8	71.5	2.0	7.6	5.5	20.9	26.3	100.0
- Other	6.1	85.9	-	-	1.0	14.1	7.1	100.0
TAS								
- Capital City	4.7	82.5	0.2	3.5	0.8	14.0	5.7	100.0
- Other	5.3	94.6	-	-	0.3	5.4	5.6	100.0
NT								
- Capital City	3.0	75.0	0.6	15.0	0.4	10.0	4.0	100.0
- Other	-	-	-	-	-	-	-	-
ACT								
- Capital City	5.4	87.1	0.7	11.3	0.2	3.2	6.2	100.0
- Other	-	-	-	-	-	-	-	-
TOTAL								
- Capital City	156.3	69.8	27.3	12.2	40.4	18.0	224.0	100.0
- Other	85.3	79.5	4.6	4.3	17.3	16.1	107.3	100.0

Source: Australian Bureau of Statistics, 1988 Housing Survey, State and Territory Comparisons, Cat. No. 4134.0., Table 13.



**TABLE 3.5: INCOME UNITS OWNING, PURCHASING OR RENTING THEIR DWELLING: HOUSING COSTS (\$P.W.) AND INCOME (\$P.W.) OF INCOME UNITS BY TYPE OF INCOME UNIT, TYPE OF OCCUPANCY AND PRINCIPAL SOURCE OF INCOME UNIT INCOME**

Type of Income Unit by Principal Source of Income Unit Income									
Type of Occupancy	Sole Parents		Couples		Single Persons		TOTAL		Total
	Government	Wages	Government	Wages	Government	Wages	Government	Wages	
	Cash Benefits	or Salary	Cash Benefits	or Salary	Cash Benefits	or Salary	Cash Benefits	or Salary	
<b>Owners</b>									
Mean Costs	10	18	10	16	9	13	10	16	14
Mean Income	175	418	213	666	128	445	171	632	420
Costs/Income(%)	5.9	4.4	4.8	2.4	6.9	3.0	5.6	2.5	3.3
<b>Purchasers</b>									
Mean Costs	84	112	76	131	38	125	67	130	126
Mean Incomes	211	487	187	738	133	530	177	702	639
Costs/Income(%)	39.7	23.1	40.6	17.8	28.4	23.6	37.9	18.5	19.7
<b>Government Renters</b>									
Mean Costs	36	62	46	75	28	60	35	71	46
Mean Incomes	188	331	228	514	124	340	172	471	265
Costs/Income(%)	19.2	18.8	20.2	14.6	22.2	17.6	20.6	15.2	17.6
<b>Private Renters</b>									
Mean Costs	92	101	87	116	54	72	71	91	88
Mean Incomes	199	393	222	652	121	415	164	509	412
Costs/Incomes(%)	46.2	25.8	39.2	17.8	44.8	17.4	43.0	17.8	21.4
<b>Other Renters</b>									
Mean Costs	49	51	49	50	36	47	42	48	46
Mean Income	174	379	215	682	113	400	147	521	400
Costs/Income(%)	28.0	13.4	22.8	7.4	31.6	11.8	28.4	9.2	11.6
<b>TOTAL</b>									
Mean Costs	58	81	30	86	23	72	30	82	63
Mean Income	191	426	212	694	126	440	169	619	471
Costs/Income(%)	30.4	19.0	14.2	12.4	18.3	16.4	17.8	13.2	13.4

Source: Australian Bureau of Statistics, 1988 Housing Survey, Housing Costs and Occupancy, No Catalogue Number, Table 15.

Government renters have much lower levels of housing costs, but they also have the lowest average income levels overall. But because rent levels for this group are established administratively, the situation of government renters cannot provide an appropriate test of whether housing costs for sole parents are or are not similar to those of couples with children. Persons renting privately and whose principal income source is government benefits have the highest overall ratio of housing costs to incomes (43 per cent), and it can be seen that after purchasers, private renters have the highest absolute level of housing costs. The costs of beneficiary sole parents and couples in this tenure are quite similar, while those of single beneficiaries are much lower in absolute terms, but are high relative to income, because incomes of this group are low.

It should be noted that private renters are paying private landlords, who are real estate agents or other persons or organisations in the property management field, or private individuals (other than relatives) who live outside the household. 'Other landlords' includes employers, relatives not living in the same household, and other persons, related or not related and living in the same household (as in the case of a boarder). It is apparent that other renters pay comparatively low rents, although with the exception of wage and salary earner couples, they also have relatively low incomes. While the ABS publication does not provide details of the number of different income units in each of the occupancy-income source cells in Table 3.5, it can be estimated that around three-quarters of the sole parents who are other renters are pensioners or beneficiaries, while only a very small proportion of the couples in this group are receiving government cash benefits (i.e. these couples are probably wage and salary earners whose rent is being paid by their employers).

Table 3.6 shows details of the mortgage costs of income units purchasing their dwellings by type of dwelling purchased. It is apparent that the vast majority of purchasers are buying a separate house, although single persons are much more likely to be buying a flat or unit. Sole parent purchasers are only slightly less likely to be buying a separate house than are couples, and while their mortgage repayments are lower, so are their incomes, so that they are spending a higher proportion of these incomes. Interestingly, for both couples and sole parents, mortgage repayments for medium density housing are higher than for separate housing, but so are average incomes. Medium density housing includes terrace houses, single storey flats and town houses, so it may be that the higher mortgages are consequence of these houses being in inner city areas, for example.

Table 3.7 looks at income units who do not own or are not purchasing their dwelling, and the reason why they are renting. Sole parents are far more likely to be renting because they can not afford to buy, with nearly 60 per cent of sole parents being in this position, compared to around 22 per cent of single persons and 28 per cent of couples. Sole parents and single persons are much less likely to be saving for their own home, and sole parents and singles are also much less likely than couples to own land on which they can build. Part C of the table shows the distribution of waiting times for those on the government housing waiting list. It can be seen that while the absolute number of sole parents waiting for public housing is somewhat less than the number of either single people or couples (being 40, 50 and 60 thousand respectively), a far higher proportion of sole parents who are privately renting are on the waiting list - nearly 20 per cent, compared to 2 per cent of single persons and around 8 per cent of couples. In fact, the number of sole parents in government housing as a proportion of all who are either in or waiting for places is somewhat lower than the proportion of couples or singles in this situation.

Table 3.8 shows the mean weekly rents of income units who are renting (except those renting without charge). Couples who rented from the government spent around 15 to 16 per cent of income on rent, while sole parents generally spent around 19 per cent of their incomes; the housing costs of single persons in this category, while somewhat lower again than those of sole parents were the highest as a percentage of income. Private renters generally have the highest housing costs. Overall, sole parents who were renting privately spent \$97 per week compared to \$113 per week for couples and \$69 per week for single persons. Sole parents, however, had on average the lowest incomes by far, so that rent as a proportion of income was around 80 per cent higher for sole parents than for either couples or single persons. Couples with 'other' landlords have lower average housing costs than do other couples, but higher average incomes.

Table 3.9 shows the number and distribution of these income units by the types of landlords and dwellings (i.e. those for whom rents and incomes were shown in Table 3.8). Table 3.9 also includes information on the number of couples with incomes between \$200 and \$299 per week, sole parents with incomes between \$150 and \$199 per week, and singles with incomes between \$100 and \$149 per week. These income ranges were chosen as they encompassed the maximum rate of pensions and benefits for the different types of income units in the period in 1988 in which the survey was conducted. Thus, most maximum rate pensioners and beneficiaries should be

**TABLE 3.6: INCOME UNITS PURCHASING THEIR DWELLING: TYPE OF INCOME UNIT BY TYPE OF DWELLING BY MEAN WEEKLY MORTGAGE COSTS BY MEAN WEEKLY INCOME, FEBRUARY-MAY 1988**

	Separate House	Medium Density	Flat, unit	TOTAL
<b>Couple</b>				
No. ('000)	1,284.6	14.3	36.7	1,339.7
%	95.9	1.1	2.7	100.0
Mean Mortgage (\$p.w.)	113	150	159	115
Mean Income (\$p.w.)	685	837	787	689
Mortgage/Income (%)	16.5	17.9	20.2	16.7
<b>Sole Parent</b>				
No. ('000)	62.6	2.6	3.2	68.7
%	91.1	3.8	4.7	100.0
Mean Mortgage (\$p.w.)	88	115	72	88
Mean Income (\$p.w.)	356	432	518	365
Mortgage/Income (%)	24.6	26.6	14.0	24.2
<b>Single</b>				
No. ('000)	179.3	9.5	58.5	248.6
%	72.1	3.8	23.5	100.0
Mean Mortgage (\$p.w.)	95	105	110	99
Mean Income (\$p.w.)	428	449	495	445
Mortgage/Income (%)	22.2	23.3	22.3	22.3
<b>Total</b>				
No. ('000)	1,526.5	26.4	98.4	1,657.0
%	92.1	1.6	5.9	100.0
Mean Mortgage (\$p.w.)	110	130	127	111
Mean Income (\$p.w.)	642	657	604	639
Mortgage/Income (%)	17.2	19.8	21.0	17.5

Source: Australian Bureau of Statistics, 1988 Housing Survey, Housing Costs and Occupancy, No Catalogue Number, Table 14.

**TABLE 3.7: INCOME UNITS NOT OWNING OR PURCHASING THEIR DWELLING: TYPE OF INCOME UNIT BY MAIN REASON FOR RENTING, WHETHER OWNS LAND FOR BUILDING, AND WHETHER WAITING FOR GOVERNMENT HOUSING, FEBRUARY-MAY 1988**

	Type of Income Unit							
	Couples		Sole Parents		One Person		TOTAL	
	No. (‘000)	%	No. (‘000)	%	No. (‘000)	%	No. (‘000)	%
<b>A.</b>								
<b>Main reason for for renting<sup>(a)</sup></b>								
Can't afford own home	191.4	27.7	111.2	59.1	359.7	21.6	662.3	26.0
Saving for own home	231.4	33.5	25.3	13.5	172.4	10.3	429.1	16.9
Cheaper/more convenient to rent	111.4	16.1	17.4	9.3	452.0	27.1	580.8	22.8
Other reasons	157.5	22.8	34.2	18.2	682.1	40.9	873.9	34.3
<b>TOTAL</b>	<b>691.7</b>	<b>100.0</b>	<b>188.1</b>	<b>100.0</b>	<b>1,666.2</b>	<b>100.0</b>	<b>2,546.0</b>	<b>100.0</b>
<b>B.</b>								
<b>Owens land</b>								
No. (000)	84.2	-	4.9	-	51.0	-	140.1	-
% (b)	10.6	-	2.3	-	2.0	-	4.0	-
<b>C.</b>								
<b>On government housing waiting list</b>								
Less than 1 year	19.6	32.3	14.2	34.5	18.8	36.9	52.6	34.4
1 to 2 years	18.9	31.2	11.3	27.4	13.0	25.5	43.2	28.3
3 to 4 years	18.7	30.9	14.2	34.5	15.9	31.2	48.9	32.0
5 or more years	3.4	5.6	1.5	3.6	3.2	6.3	8.1	5.3
<b>TOTAL</b>	<b>60.6</b>	<b>100.0</b>	<b>41.2</b>	<b>100.0</b>	<b>51.0</b>	<b>100.0</b>	<b>152.8</b>	<b>100.0</b>
Not on waiting list	732.8	-	168.8	-	2,449.5	-	3,351.1	-
Those waiting as percentage of total <sup>(b)</sup>	7.6	-	19.6	-	2.0	-	4.4	-
Those in government housing	134.4	-	66.8	-	107.7	-	308.9	-
Those in government housing as percentage of total <sup>(c)</sup>	68.9	-	61.9	-	67.9	-	66.9	-

**Note:** (a) Excludes rent-free and 'other'.  
 (b) Percentage of total of those not owning or purchasing their dwelling.  
 (c) Percentage of total number either in or on waiting list for government housing.

**Source:** Australian Bureau of Statistics, 1988 Housing Survey, Housing Costs and Occupancy, No Catalogue Number, Tables 24, 25, 26.

**TABLE 3.8: INCOME UNITS WHO RENT (EXCLUDING RENT-FREE): MEAN WEEKLY RENTS AND INCOME BY TYPE OF INCOME UNIT, TYPE OF LANDLORD AND TYPE OF DWELLING, FEBRUARY-MAY 1988**

Type of landlord and dwellings	Couples			Type of income unit Sole Parents			Single			Total		
	Rent	Income	Rent as % of Income	Rent	Income	Rent as % of Income	Rent	Income	Rent as % of Income	Rent <sup>e</sup>	Income	Rent as % of Income
<b>Government</b>												
Separate house	66	402	16.4	41	214	19.0	38	163	23.2	54	311	17.5
Other	53	347	15.4	38	198	19.4	29	149	19.7	38	217	17.6
Total	62	384	16.1	40	208	19.2	32	153	20.7	46	265	17.5
<b>Private</b>												
Separate house	113	563	20.0	98	262	37.4	61	321	18.9	88	431	20.5
Medium density	107	561	19.0	91	270	33.5	67	331	20.3	81	394	20.5
Flats/units	120	540	22.2	99	242	41.0	80	354	22.6	93	401	23.1
Other	128	347	36.9	127	370	34.3	74	272	27.4	97	305	31.7
Total	113	555	20.4	97	262	36.9	69	334	20.7	88	412	21.3
<b>Other</b>												
Separate house	49	641	7.6	46	216	21.3	33	269	12.3	35	307	11.4
Other	56	460	12.0	62	239	26.1	42	261	16.1	44	275	16.0
Total	49	624	7.9	49	221	22.4	34	268	12.8	36	303	12.0
<b>Total</b>												
Separate house	90	548	16.4	66	234	28.0	40	278	14.3	55	351	15.8
Medium density	90	500	18.0	66	236	27.9	54	285	19.1	65	336	19.3
Flats/units	110	510	21.5	78	230	33.8	69	317	21.8	80	360	22.2
Other	113	410	27.6	127	370	34.3	69	292	23.6	87	336	25.9
<b>TOTAL</b>	93	532	17.5	68	235	28.9	48	286	16.7	61	349	17.6

**Note:** e - estimated.

**Source:** Australian Bureau of Statistics, 1988 Housing Survey, Housing Costs and Occupancy, No Catalogue Number, Table 13.

**TABLE 3.9: INCOME UNITS WHO RENT (EXCLUDING RENT-FREE): TYPE OF INCOME UNIT BY TYPE OF LANDLORD BY TYPE OF DWELLING, FEBRUARY-MAY 1988**

Type of landlord by type of dwelling	Type of income unit											
	All Couples		Couples with incomes between \$200 and \$299 p.w.		All sole parents		Sole parents with incomes between \$150 and \$199 p.w.		All singles		Singles with incomes between \$100 and \$149 p.w.	
	No. (‘000)	%	No. (‘000)	%	No. (‘000)	%	No. (‘000)	%	No. (‘000)	%	No. (‘000)	%
<b>Government</b>												
Separate house	89.3	66.4	17.0	54.8	38.4	57.5	17.7	52.4	30.1	27.9	19.6	24.8
Other	45.0	33.5	14.0	45.2	28.4	42.5	16.1	47.6	77.7	72.1	59.4	75.2
<b>Total</b>	<b>134.4</b>	<b>100.0</b>	<b>31.0</b>	<b>100.0</b>	<b>66.8</b>	<b>100.0</b>	<b>33.8</b>	<b>100.0</b>	<b>107.7</b>	<b>100.0</b>	<b>79.1</b>	<b>100.0</b>
<b>Private</b>												
Separate house	269.4	60.0	37.9	56.0	45.4	51.9	12.7	44.9	252.4	38.7	45.5	39.7
Medium density	81.4	18.1	12.3	18.2	23.1	26.4	9.3	32.9	173.2	26.6	33.3	29.0
Flats/units	90.8	20.2	15.5	22.9	17.1	19.6	6.3	23.3	214.5	32.9	32.4	28.2
Other	7.1	1.6	2.0	3.0	1.5	1.7	-	-	12.2	1.9	3.6	3.1
<b>Total</b>	<b>448.8</b>	<b>100.0</b>	<b>67.7</b>	<b>100.0</b>	<b>87.4</b>	<b>100.0</b>	<b>28.3</b>	<b>100.0</b>	<b>652.3</b>	<b>100.0</b>	<b>114.7</b>	<b>100.0</b>
<b>Other</b>												
Separate house	98.2	90.4	7.7	71.3	26.7	78.8	14.5	81.0	114.5	64.7	24.0	57.7
Other	10.4	9.6	3.1	28.7	7.1	21.2	3.3	19.0	62.6	35.3	17.6	42.3
<b>Total</b>	<b>108.6</b>	<b>100.0</b>	<b>10.8</b>	<b>100.0</b>	<b>33.9</b>	<b>100.0</b>	<b>17.9</b>	<b>100.0</b>	<b>177.1</b>	<b>100.0</b>	<b>41.6</b>	<b>100.0</b>
<b>Total</b>												
Separate house	457.0	66.1	62.6	57.2	110.6	58.6	44.9	56.2	396.9	42.3	89.1	37.9
Medium density	117.6	17.0	23.4	21.4	46.9	24.9	21.7	27.2	254.0	27.1	76.7	32.6
Flats/units	108.3	15.7	21.1	19.3	29.1	15.5	13.3	16.6	272.2	29.0	65.3	27.7
Other	8.9	11.3	2.4	2.2	1.5	0.8	-	-	14.0	1.5	4.2	1.8
<b>Total</b>	<b>691.7</b>	<b>100.0</b>	<b>109.4</b>	<b>100.0</b>	<b>188.1</b>	<b>100.0</b>	<b>79.9</b>	<b>100.0</b>	<b>937.2</b>	<b>100.0</b>	<b>235.4</b>	<b>100.0</b>

Source: Australian Bureau of Statistics, 1988 Housing Survey, Housing Costs and Occupancy, No Catalogue Number, Table 12.

included in this comparison. While this is only a very indirect indication of receipt of pension or benefit, it is not possible to be more precise with the published data. Table 3.8 and 3.9 should be considered in conjunction with Table 3.10, which focuses on the low income groups chosen and shows the percentage distribution of each income unit group by type of landlord and type of dwelling, and shows the average weekly rent paid by each sub-group.

It can be seen that just over 40 per cent of sole parents in the income range of \$150 to \$199 per week were renting from government, compared to around one third of the single persons and 28 per cent of the couples. The higher proportion of sole parents in public housing reduced their average rent level to a larger extent than for other income unit types. Excluding income units renting from the government, it can be calculated that the overall average rent levels for private and other renters would be around \$82 per week for couples, \$70 per week for sole parents, and \$50 per week for single persons. For private renters only, Table 3.10 shows average rent levels for sole parents are very similar to average levels for couples, although it is not possible to separate couples with children from those without children.

It is interesting to note that fairly similar proportions of sole parents and couples (56 to 57 per cent) were renting separate houses. Sole parents are much more likely to be in separate houses through renting from the government, or through sharing accommodation with others, however.

Some further light may be thrown on these issues through consideration of changes over time in the housing arrangements and costs of different types of income units. Table 3.11 shows average weekly housing costs in 1982 and 1988. It can be seen that over this period the housing costs of sole parents rose by less than that of any group except aged single persons, although costs for these groups did not rise by much less than the average. On the surface, this change may not appear to be consistent with earlier evidence that is suggestive of a considerable degree of housing stress among sole parents.

Table 3.12 shows changes in the percentage distribution of income units by nature of occupancy between 1982 and 1988. It can be seen that while the proportion of couples and singles who owned their own homes increased substantially, the proportion of sole parents who were owners fell slightly. The increase in home ownership among single persons seems to have been mainly due to an increasing level of ownership in the aged population - from 59.8 to 69.1 per cent - (but not an increase in the proportion who were aged), while the increase among couples seems to have been mainly due to an increase in the level of ownership among couples with children, and also due to an increase in the proportion of couples who were aged. The slight fall in the proportion of sole parents who owned their home seems to have been due to a fall in the proportion of both female and male sole parent owners, from 14.9 per cent to 13.3 per cent for females, and from 19.5 per cent to 16.4 per cent for males. This occurred over a period when the number of single parent income units increased very rapidly (by about 27.5 per cent), suggesting it is possible that the 'new' single parents were less likely to be home-owners.

It can be seen that there was a significant fall in the proportion of sole parents who were purchasing a home. While there was an even larger fall in the proportion of couples who were purchasers, there was at the same time a very large increase in the level of home ownership among this group. There is also an apparent shift in the pattern of renting among sole parents, which is not seen among couples or single persons. The proportion of sole parents in government housing increased very slightly, while the proportion in private rental accommodation fell. There was a very large increase in the proportion of sole parents renting from other landlords and an increase in those living rent free. It might also be noted that over this period the number of sole parent income units increased by 27.5 per cent, while the number of couples increased by 9 per cent and the number of single person income units by only 2.6 per cent.

Table 3.13 shows changes in the average level of housing costs by type of income unit and type of occupancy between 1982 and 1988. Sole parents who were either purchasing their home or were private renters had the highest levels of housing costs as a proportion of income, and even those who were other renters spent a higher proportion of their income than did other income units in this type of occupancy. It is probable that these patterns are the result of a number of complex factors. For example, while sole parents who were renting privately had an increase in average housing costs of around 80 per cent, the average income of this group rose by 61 per cent (compared to a 45 per cent increase for sole parents overall). Other renters faced an increase in mean housing costs of around 20 per cent, but an increase in average incomes of only 12 per cent. It is likely that these sorts of changes reflect a move out of private renting to sharing accommodation by less prosperous sole parents, so that private renting becomes more limited to a group of sole parents with somewhat higher than average incomes.

**TABLE 3.10: INCOME UNITS WHO RENT (EXCLUDING RENT FREE): LOW INCOME GROUPS BY MEAN WEEKLY RENT BY TYPE OF LANDLORD AND TYPE OF DWELLING, FEBRUARY-MAY, 1988**

Type of landlord and type of dwelling	Type of income unit and mean weekly rent					
	Couples with incomes between \$200 and \$299		Sole parents with incomes between \$150 and \$199		Singles with incomes between \$100 and \$149	
	%	Rent	%	Rent	%	Rent
<b>Government</b>						
Separate house	15.5	51	22.2	35	8.3	32
Other	12.8	46	20.2	33	25.2	25
Total	28.3	49	42.3	34	33.6	27
<b>Private</b>						
Separate house	34.6	83	15.9	90	19.3	49
Medium density	11.2	98	11.6	87	14.2	50
Flats/units	14.2	94	7.9	82	13.8	63
Other	1.8	132	..	..	1.5	66
Total	61.9	90	35.4	87	48.7	54
<b>Other</b>						
Separate house	7.0	45	18.1	44	10.2	39
Other	2.8	30	4.1	52	7.5	32
Total	9.9	41	22.4	46	17.7	36
<b>Total</b>						
Separate house	57.2	70	56.2	53	37.9	42
Medium density	21.4	73	27.2	57	32.6	36
Flats/units	19.3	80	16.6	58	27.7	46
Other	2.2	114	-	..	1.8	63
Total	100.0	73	100.0	55	100.0	42
Number (000)	109.4	-	79.9	-	235.4	-
Income groups as percentage of all renters in income unit type	15.8		42.5		25.1	

Source: Australian Bureau of Statistics, 1988 Housing Survey, Housing Costs and Occupancy, No Catalogue Number, Tables 12 and 13.



**TABLE 3.11: MEAN WEEKLY HOUSING COSTS OF INCOME UNITS,  
1982 AND 1988**

Type of income unit	Mean weekly housing costs (\$)		Change 1982 to 1988	
	1982	1988	\$	%
Couples				
- without children	33	53	20	60.6
- with children	57	85	28	49.1
All couples	46	69	23	50.0
Sole parents	42	62	20	47.6
Single persons				
- 15 to 24 years	34	52	18	52.9
- 25 to 64 years	38	58	20	52.6
- 65 years and over	11	16	5	45.5
All singles	29	45	16	55.2
TOTAL	40	61	21	52.5

Source: Australian Bureau of Statistics, 1988 Housing Survey, Housing Costs and Occupancy, No Catalogue Number, Section 1, Table 1 and Section 3, Table 1.

### Discussion

This description of the housing circumstances and costs of sole parents has shown that it is difficult to produce conclusive evidence for the argument that sole parents and low income couples with children must face similar levels of housing costs. As noted above, sole parents are likely to be concentrated in some types of occupancy with low average housing costs - for example, Table 3.1 showed that around 38 per cent of female sole parents and 28 per cent of male sole parents were either renting from the government, living with others or living rent free, while fewer than 10 per cent of non-aged couples were in these occupancy groups. Around 46 per cent of female sole parents, 50 per cent of male sole parents and 53 per cent of non-aged couples were in the high cost occupancy groups, either purchasing or renting.

While these sorts of differences are likely to produce very large variations in average housing costs for different types of income units, there is some evidence that within occupancy groups housing costs for sole parents and low income couples could be broadly similar.<sup>11</sup> For example, in Table 3.5 it was shown that average housing costs for sole parents and couples whose principal source of income was government cash benefits were the same for owners and other renters, and nearly the same for purchasers and private renters (although in both cases, costs were higher for sole parents than for couples). This similarity between mean housing costs within occupancy groups implies that the difference between the overall mean housing costs shown in Table 3.5 results from the differing distribution across tenures.

<sup>11</sup> It might be noted that this is reflected in social security rent assistance policies, which provide the same level of rent assistance to couples and to sole parents with the same number of children.

**TABLE 3.12: INCOME UNITS: PERCENTAGE DISTRIBUTION OF INCOME UNIT TYPES BY NATURE OF OCCUPANCY, 1982 AND 1988**

Nature of Occupancy	Type of income unit					
	Sole parents		Couples		Single persons	
	1982	1988	1982	1988	1982	1988
Owners	16.3	15.9	36.4	43.6	30.6	35.8
Purchasers	23.4	20.7	42.7	35.4	11.3	12.1
Renters						
- Government	19.2	20.2	4.0	3.6	4.0	5.2
- Private	29.9	26.4	11.0	111.9	31.7	31.7
- Other	5.7	10.2	3.0	2.9	12.2	8.6
- Total	54.8	56.8	18.0	18.4	47.9	45.5
Rent free	5.4	6.6	2.9	2.7	10.2	6.7
TOTAL						
%	100.0	100.0	100.0	100.0	100.0	100.0
No. ('000)	259.8	331.3	3,471.3	3,782.8	2,007.1	2,059.3

**Source:** Australian Bureau of Statistics, 1988 Housing Survey, Housing Costs and Occupancy, No Catalogue Number, Section 1, Tables 2 to 4, and Section 3, Table 2.

The results of the 1988 Housing Survey also appear to suggest that both sole parent and couple families overwhelmingly seek to live in separate houses. Table 3.6 showed that around 96 per cent of purchasing couples and 91 per cent of purchasing sole parents lived in separate houses, while Table 3.9 showed that similar overall proportions of couples and sole parents likely to be receiving government cash benefits were renting separate houses. Sole parents, however, appeared to rely on public housing or sharing accommodation with others to achieve this result.

Given the evidence that average housing costs for some sub-groups of sole parents took a very high proportion of their income, it is not surprising that the data suggests a considerable degree of constraint and compromise in the accommodation choice of sole parents. Table 3.7 showed that sole parents were much more likely to be renting because they could not afford to purchase, but nevertheless were unlikely to find renting a cheap alternative. Changes over time in the proportion of sole parents in different housing situations also suggests that sole parents have responded to increasing housing costs by shifting into types of accommodation with lower costs - sharing with others or being supported by other family members.

On balance, therefore, it would seem reasonable to conclude that while the average housing costs of sole parents are very different from the average housing costs of couples, when one compares sole parents and couples in similar situations (occupancy groups and income sources/levels), there is some evidence to support the conclusion that housing costs are broadly similar. At the same time, perhaps the main conclusion is that the type of data available is not really suitable for this purpose.

**TABLE 3.13: HOUSING COSTS (\$P.W.) AND INCOME (\$P.W.) OF INCOME UNITS BY TYPE OF INCOME UNIT AND TYPE OF OCCUPANCY, 1982 AND 1988**

Type of Occupancy	Type of income unit					
	Sole parents		Couples		Single persons	
	1982	1988	1982	1988	1982	1988
<b>Owners</b>						
Mean costs	8	14	8	15	7	11
Mean income	213	294	365	511	148	226
Costs/income (%)	3.7	4.8	2.3	2.9	4.5	4.9
<b>Purchasers</b>						
Mean costs	71	101	78	130	76	111
Mean income	239	365	481	689	295	445
Costs/income (%)	29.7	27.7	16.3	18.9	25.7	24.9
<b>Government Renters</b>						
Mean costs	28	40	43	62	24	32
Mean income	144	208	303	384	111	153
Costs/income (%)	19.6	19.2	14.2	16.1	21.4	20.9
<b>Private Renters</b>						
Mean costs	54	97	63	113	44	69
Mean income	163	262	391	555	224	334
Costs/income (%)	33.2	37.0	16.0	20.4	19.5	20.7
<b>Other Renters</b>						
Mean costs	41	49	32	49	28	44
Mean income	197	221	439	624	180	268
Costs/income (%)	20.8	22.2	7.3	7.9	15.6	14.8
<b>Rent free</b>						
Mean income	148	210	345	493	158	215
<b>TOTAL</b>						
Mean costs	42	62	46	69	29	45
Mean income	186	270	417	578	192	288
Costs/income (%)	22.5	23.0	11.1	11.9	15.0	19.7

**Source:** Australian Bureau of Statistics, 1988 Housing Survey, Housing Costs and Occupancy, Section 1, Table 11, and Section 3, Table 4.

Nevertheless, to the extent that the evidence suggests that the level of housing costs of sole parent pensioners and beneficiary couples with children may be broadly similar for some sub-groups, the obvious question is whether this has any particular significance for social security policy. Table 3.14 illustrates a range of possible effects of equal levels of housing costs for the after-housing incomes of beneficiary couples with one child and sole parent pensioners with one child.

The table uses the rates of social security assistance current at the end of 1990 (including family allowances). The levels of housing costs used are taken from earlier tables (rounded from Table 3.5), and are not adjusted for inflation since 1988 since they are simply intended to be illustrative. The last column of the table shows that the social security income of a sole parent with one child is about 70 per cent of that of a beneficiary couple with one child. The slight variation in this ratio reflects the difference between rates of additional pension/benefit payable for children under 13 years and 13 to 15 years.

For persons such as home-owners who have low housing costs, if the costs of sole parents and couples are the same, the effect is to lower slightly the ratio of after-housing incomes of the two types of families. If housing costs are flat, then the higher the level of costs, the greater the fall in after-housing incomes of sole parents relative to couples. For example, for private renters paying \$90 a week (\$55 after rent assistance), the ratio is around 62 per cent. For purchasers, the illustrative ratio falls to around 58 per cent. Only public renters are unaffected in this way - since they are assumed in this example to pay a constant proportion of income, the ratio of their after-housing incomes is the same as that of their before housing pension/benefit rates.<sup>12</sup> It should also be noted that if net housing costs exceed those assumed in the table, then the ratio of sole parents' after-housing income to those of couples will decline even further. For example, with a net expenditure on housing of \$120 a week for both couples and sole parents, the ratio of after-housing incomes would fall to around 46 per cent.

The appropriate interpretation of these effects is not obvious. The fact that the ratio of after-housing incomes of these families is less than that of their before-housing incomes is a logical consequence of economies of scale in housing. This can be illustrated by a simplified example. Suppose that a sole parent and a couple with children only need to spend money on food and housing. Suppose \$40 per week is sufficient for food for the sole parent family and \$20 a week is sufficient for housing. If \$80 a week is needed for the couple's food requirements and \$20 a week for their housing, then the ratio of an overall adequate income would be \$40 plus \$20 divided by \$80 plus \$20, or 60 per cent. The example assumes no economies of scale in food and complete economies of scale in housing. If both sole parents and couples spend \$20 on housing, then their after-housing resources would be no less adequate than their pre-housing incomes even though the ratio of their after-housing incomes is lower at 50 per cent (\$40/\$80).

Suppose, however, that actual housing costs for both units were \$30 a week and not \$20 per week, then after-housing incomes would be \$30 and \$70 respectively. Then the ratio of their after-housing incomes would be 42.9 per cent (\$30/\$70). Moreover, both groups would have inadequate incomes, but those of sole parents would be proportionately less adequate than those of couples, because the couples would have 87.5 per cent of what they need for food (\$70/\$80), while the sole parents would have only 75 per cent of what they need to spend on food (\$30/\$40).

It follows from this that the ratio of after-housing incomes can be lower than the ratio of incomes before housing costs, without sole parents necessarily becoming worse off. Some independent estimate of the appropriate relativities between after-housing incomes would be required before such a conclusion could be reached. Nevertheless, the simple example given above suggests that it is possible for the relativities to fall to a level that would cause sole parents to be in deeper poverty than beneficiary couples with children.

One estimate of after-housing relativities is given in Table 3.15, which shows equivalence scales for different commodities derived using the Extended Linear Expenditure System (ELES) and data from the 1984 Household Expenditure Survey. Before considering the implications of these results, it is important to emphasise that, as with all equivalence scale research, there are many criticisms that could be made of the ELES approach (see Whiteford, 1985). In effect, the main assumption of the ELES is that households buy a minimum satisfactory

12 Depending upon the treatment of additional payments for children and mother/guardian allowance, it is possible that sole parents could actually pay a very slightly lower proportion of their total income in public rent than would couples with children. The example therefore is intended to be illustrative of the assumptions, not of actual practice.

**TABLE 3.14: ILLUSTRATIVE EFFECTS OF HOUSING COSTS ON  
RELATIVE INCOMES OF SOLE PARENT PENSIONERS AND  
BENEFICIARY COUPLES WITH ONE CHILD**

	Beneficiary couple, one child	Sole parent pensioner, one child	Ratio of sole parent's income to couple's (%)
Basic pension/benefit (p.w.) <sup>(a)</sup>	\$276.65 - \$287.75	\$192.20 - \$203.30	69.5 - 70.7
<b>Owners</b>			
Costs (p.w.)	\$10	\$10	-
Net income (p.w.)	\$266.65 - \$277.75	\$182.20 - \$193.30	68.3 - 69.6
<b>Purchasers</b>			
Costs (p.w.)	\$80	\$80	-
Net income (p.w.)	\$196.65 - \$207.75	\$112.20 - \$123.30	57.1 - 59.4
<b>Public Renters</b>			
Costs (p.w.) <sup>(b)</sup>	\$55.33 - \$57.55	\$38.44 - \$40.66	-
Net income (p.w.)	\$221.32 - \$230.20	\$153.76 - \$162.64	69.5 - 70.7
<b>Private Renters</b>			
Costs (p.w.)	\$90	\$90	
Rent assistance (p.w.)	\$35	\$35	
Net income (p.w.)	\$221.65 - \$232.75	\$137.20 - \$148.30	61.9 - 63.7

Notes: (a) Basic pension and benefit rates are as at September to December 1990.  
(b) It has been assumed that public renters pay 20 per cent of their income in rent.

amount of each commodity, and what is left over and can be spent freely is taken as an indicator of economic well being. This implies that equivalence of income (or expenditure) is only achieved or achievable by those who spend at least the minimum satisfactory amount or more. The dollar levels involved are much higher than those provided by the Australian social security system - for example, the 'subsistence' expenditures for all commodities in 1984 was around \$250 a week for a sole parent with one child, while the pension rate for a sole parent was less than \$150 at the time. This means that the equivalence scales and the commodity specific scales given in Table 3.15 should not necessarily be thought of as relevant to persons receiving social security payments. Nevertheless this is the only recent study which has estimated commodity specific equivalence scales for sole parents using Australian data.

In the specific content of this section of the report, the most relevant part of Table 3.15 is the last column, which shows the ratio of the commodity scales for a sole parent family with one child and that of couples with one child. These ratios are themselves derived from the precommitted expenditure levels for each commodity and each family type given in Tran Nam and Whiteford (1990: 232).

The table can be interpreted as follows: pre-committed expenditure on food for sole parents with one child is 56 per cent of those of couples with one child, at the subsistence level of income or expenditure. This implies that couples with one child are spending about 1.79 times as much on food as sole parents with one child when their incomes are equivalent. This ratio is the same for spending on tobacco and alcohol and for spending on personal

**TABLE 3.15: COMMODITY SPECIFIC EQUIVALENCE SCALES - EXTENDED LINEAR EXPENDITURE SYSTEM, 1984**

Commodity Type	Household Type <sup>(a)</sup>								(1,1)
	(1,0)	(1,1)	(1,2)	(1,3)	(2,0)	(2,1)	(2,2)	(2,3)	(2,1)
1. Food	0.51	0.65	0.95	1.26	1.00	1.17	1.41	1.61	0.56
2. Tobacco/Alcohol	0.58	0.64	0.74	0.80	1.00	1.15	1.11	1.15	0.56
3. Clothing and Footwear	0.38	0.94	1.46	2.19	1.00	1.15	1.32	1.68	0.82
4. Current Housing Costs	0.80	1.22	1.23	1.25	1.00	1.52	1.52	1.51	0.80
5. Fuel and Power	0.61	0.99	1.02	1.38	1.00	1.23	1.32	1.51	0.80
6. Household Equipment and Services	0.46	0.85	1.05	1.24	1.00	1.14	1.20	1.40	0.75
7. Medical Care	0.47	0.33	0.43	0.63	1.00	1.15	1.21	1.36	0.29
8. Transport	0.46	0.62	0.75	1.19	1.00	1.34	1.16	1.33	0.46
9. Recreation	0.53	0.62	0.68	1.01	1.00	0.92	1.15	1.19	0.67
10. Personal Care	0.62	0.69	1.33	1.32	1.00	1.19	1.13	1.22	0.58
11. Other	0.45	1.34	1.00	1.98	1.00	1.19	1.26	1.86	1.13
Total	0.53	0.80	0.95	1.27	1.00	1.20	1.28	1.44	0.67
Total After Housing	0.49	0.74	0.91	1.27	1.00	1.16	1.24	1.43	0.64

**Note:** (a) Households are classified by household size. The first number is the number of adults, and the second is the number of children, e.g. (1,1) is a sole parent with one child of any age.

**Source:** Tran Nam and Whiteford, 1990, Table 4.

care. In contrast, there are marked economies of scale in relation to clothing and footwear, current housing costs, fuel and power and household equipment and services, e.g. couples with one child are spending about 1.25 times the expenditure of sole parents with one child on current housing costs, when they have equivalent incomes.

It can be seen that the overall equivalence scale for a sole parent with one child is 67 per cent of that of a couple with one child, and after housing costs have been subtracted, the ratio is 64 per cent. These figures can be compared with those in Table 3.14 which showed that the current payment level for a sole parent with one child is around 70 per cent of that of a couple with one child, while after the illustrative costs for private renters or purchasers, the ratio could fall to between 57 and 64 per cent, or below.

Given that this is only one estimate of the relative costs of sole parents and couples before and after housing costs, it is important not to place too much weight on the result. In particular, the result is possibly only meaningful for households with incomes significantly higher than that provided by the pension or benefit system. Still, if for the moment one were to accept this result as relevant to current social security arrangements, the ratios suggest that the before-housing income levels of sole parents with one child are relatively 'over-generous', while the after-housing incomes of those with high housing costs are very likely to be 'under-generous' (compared to couples with one child).

It is not clear what recommendations would arise from such a conclusion, should it be considered justified.<sup>13</sup> It is likely, however, that the appropriate policy response to the effect of housing costs on the relative position of sole parents would be in the area of housing assistance, not in relation to the guardian allowance. In particular, the only obvious mechanism for ensuring that the ratio of sole parents after-housing incomes to those of couples did not fall below some specific percentage level, would be to fix housing costs in dollar terms, rather than in percentage terms as is done in the public housing example in Table 3.14. For example, this would mean that neither sole parents nor couples would pay more than, say, \$50 a week in housing costs, with the excess being met by some form of rent assistance.

It might be argued that this goal is already served by current rent assistance policies which provide the same level of help with housing costs to couples and to sole parents with the same number of children. These policies will only produce this result on average, however. To insure that all private renters had the same level of net housing costs irrespective of family circumstances or rent levels, it would be necessary to alter the rent test so that all housing costs above the level decided were met, rather than 50 per cent of the costs. As noted by Vipond (1987), this would mean that tenants would have no interest in the total cost of their accommodation and there would be no incentives to economise on rent. This policy approach may be neither feasible nor desirable. It is also clear that a firmer research basis would be required.

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13 In any case, it should be emphasised that equivalence scales are measures only of relative needs, not absolute needs. That is, it may be that assistance for a couple with one child is too low, not that assistance for a sole parent is too high.

#### 4. EXPENDITURE PATTERNS AND LIVING STANDARDS

##### Sole Parenthood and the Family Life Cycle

The needs of sole parents arise within the broader context of individual and family needs, which can usefully be analysed within the framework of the family life cycle suggested by Rowntree (1901). Rowntree identified five stages in the life of a labourer, which corresponded with alternating periods of want and comparative plenty: these stages were those of childhood, early working adulthood, having children, working life after children grow up, and old age (O'Higgins, Bradshaw, and Walker, 1988: 227).

Figure 1 illustrates the average pattern of income and expenditure over an expanded model of life cycle stages. The figure uses published Australian data from the 1988-89 Household Expenditure Survey (ABS, Cat. No. 6531.0). The figure is constructed using the average gross incomes (less average income tax) and expenditures of eleven household types, selected to represent the different stages of the life that many if not most individuals could expect to experience over their life times. The household types chosen follow quite closely from those used in an analysis of British data by O'Higgins, Bradshaw and Walker (1988).

The first stage shown is that of a young single person less than 35 years of age, while the second is that of a couple, still aged under 35 and without children. The third stage is that of couples whose oldest child is less than five years of age. It can be seen that the advent of children results in a substantial fall in income - largely as a consequence of the reduced labour force participation of women in these families - but that total expenditure does not fall to the same extent. As a consequence these families move from saving (income greater than expenditure) on average, to a situation where expenditure exceeds income.

The fourth stage illustrated is that of sole parenthood, where there is a substantial fall in both income and expenditure (indicated by the broken lines in Figures 1 and 2). While expenditure still exceeds income, the difference is not so great as for the couple with young children. Following this, family incomes (and expenditure) rise as children grow older and mothers return to (part-time) work. Household incomes reach a peak where there are both dependent and non-dependent children - not only are mothers working, but the adult children are also contributing to household resources and expenditures. Once again, income exceeds expenditure, but not only because income has risen but also because expenditures fall as many families complete the purchase of their house. Incomes and expenditures fall further as all children leave the household and the family retires.

Figure 2 shows the same data adjusted by the equivalence scale implicit in the Australian social security system, which allows for family size, economies of scale, and rising costs of children with age. Adjusting for costs or needs in this way makes a substantial difference. After a peak of prosperity in the young pre-child stage, incomes and expenditures fall and never recover their average pre-child rearing level. The previous peak achieved through the extra income brought in first by the mother's return to work and later by the earnings of non-dependent children is largely offset by the higher costs of older children, especially adult children.

A number of issues arise when considering these figures. The groups with the lowest average incomes and expenditures are sole parents and aged single people. The effect of the equivalence scale adjustment is to improve the situation of single aged persons relative to sole parents - the unadjusted total expenditure of sole parents is 1.71 times that of the single aged, but their equivalent total expenditure is only 1.03 times that of the aged. (Unadjusted average incomes of sole parents are 1.50 times that of the aged, but equivalent average income is only 0.91 of that of the aged). On this basis, it is clear that these rather broad aggregate data show that sole parents, on average, are much poorer than other families with children.

The fact that these income and expenditure levels are derived from averages for each lifecycle stage is one of the major limitations of this form of analysis. As discussed previously, there are a range of types of sole parents - this average, particularly as it is situated in relation to couples with young children only may not be relevant to the circumstances of young, unmarried mothers nor to the circumstances of older, divorced or widowed women with children at school. One might expect, for example, that the economic circumstances of young unmarried mothers would be worse than the average for all sole parents, since they have not had the opportunity to work and may lack work skills and direct financial assets. On the other hand, the economic position of older widowed or divorced sole parents might be better than that of the 'average', because they have had the opportunity to return to work as their



Figure 1: Disposable Income and Expenditure By Life Cycle Stage

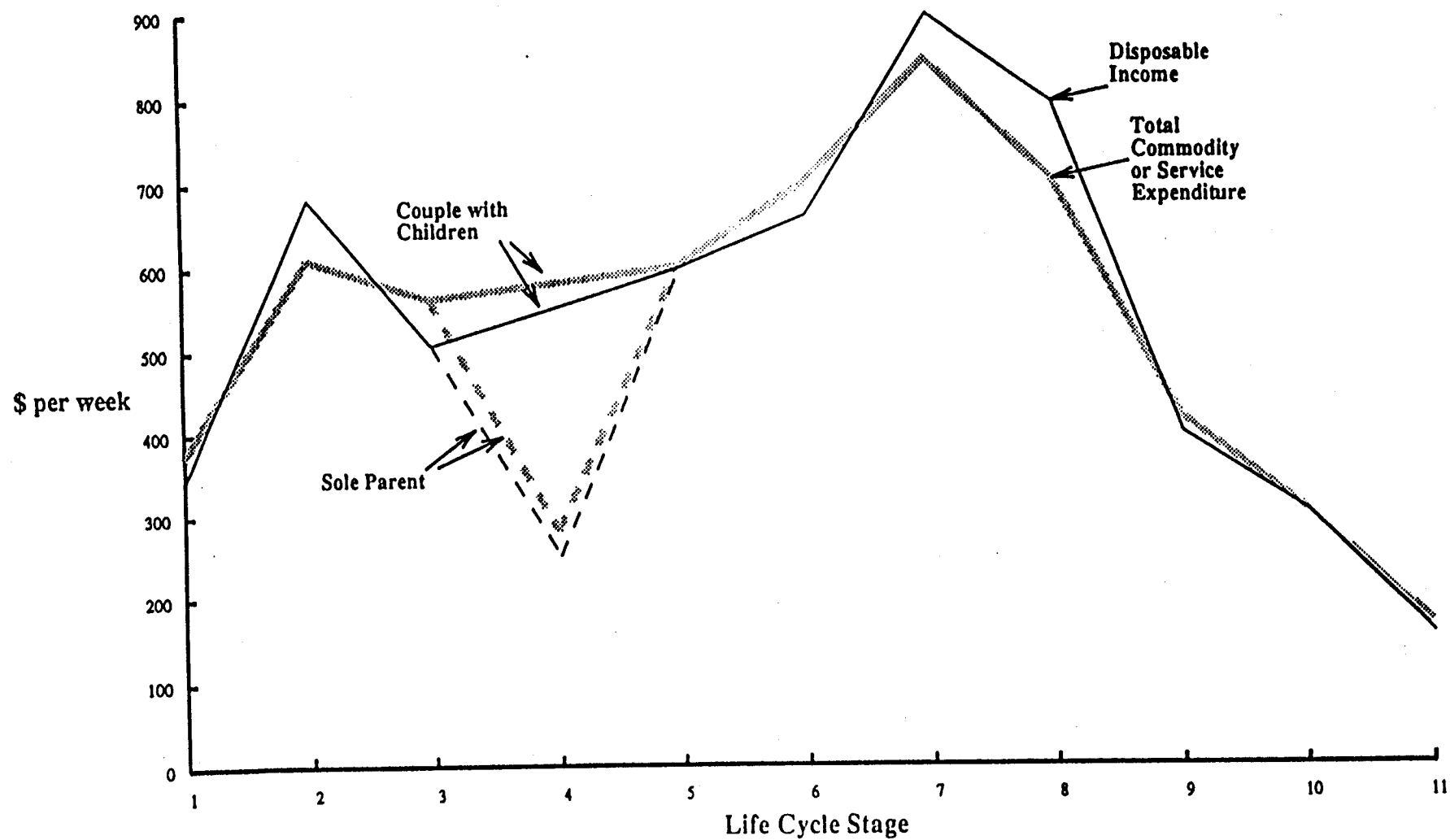


FIGURE 1

**Notes:** The following categories and data were used in Figure 1.

**Life Cycle Stages**

1. **Single person, under 35.** Total commodity or services expenditure of \$371.74 per week. Average gross household income of \$439.80 per week. Income tax payments of \$92.00 per week.
2. **Couple - husband and wife only, head under 35.** Total commodity or service expenditure of \$607.69 per week. Average gross household income of \$854.34 per week. Average income tax of \$171.23 per week.
3. **Couple with dependent children only, eldest child under 5.** Total commodity or service expenditure of \$560.92 per week. Average gross household income of \$648.41 per week. Average income tax payments of \$141.06 per week.
4. **Single parent with dependent children only (average for third quintile of sole parents; children of all ages).** Total commodity or service expenditure of \$281.11 per week. Average gross household income of \$257.82 per week. Average income tax payments of \$4.80 per week.
5. **Couple with dependent children only, eldest child 5 to 14 years.** Total commodity or service expenditure of \$599.15 per week. Average gross household income of \$766.37 per week. Average income tax payment of \$166.83 per week.
6. **Couple with dependent children only, eldest child 15 to 24 years.** Total commodity or service expenditure of \$695.62 per week. Average gross household income of \$874.40 per week. Average income tax payments of \$214.08 per week.
7. **Couple with dependent and non-dependent children.** Total commodity or service expenditure of \$843.40 per week. Average gross household income of \$1,100.06 per week. Average income tax payments of \$200.51 per week.
8. **Couple with non-dependent children only.** Total commodity or service expenditure of \$703.36 per week. Average gross household income of \$1,004.75 per week. Average income tax payments of \$209.25 per week.
9. **Couple, husband and wife only, head 55 to 64 years.** Total commodity or service expenditure of \$416.83 per week. Average gross household income of \$533.79 per week. Average income tax payments of \$134.01 per week.
10. **Couple, husband and wife only, head 65 years and over.** Total commodity or service expenditure of \$304.78 per week. Average gross household income of \$356.93 per week. Average income tax payments of \$51.17 per week.
11. **Single person only, 65 years and over.** Total commodity or service expenditure of \$164.75 per week. Average gross household income of \$171.72 per week. Average income tax payments of \$15.90 per week.

**Source:** Australian Bureau of Statistics, 1988-89 Household Expenditure Survey, Cat. No. 6531.0., Tables 22 and 42.

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Figure 2: Equivalent Disposable Income and Expenditure By Life Cycle Stage

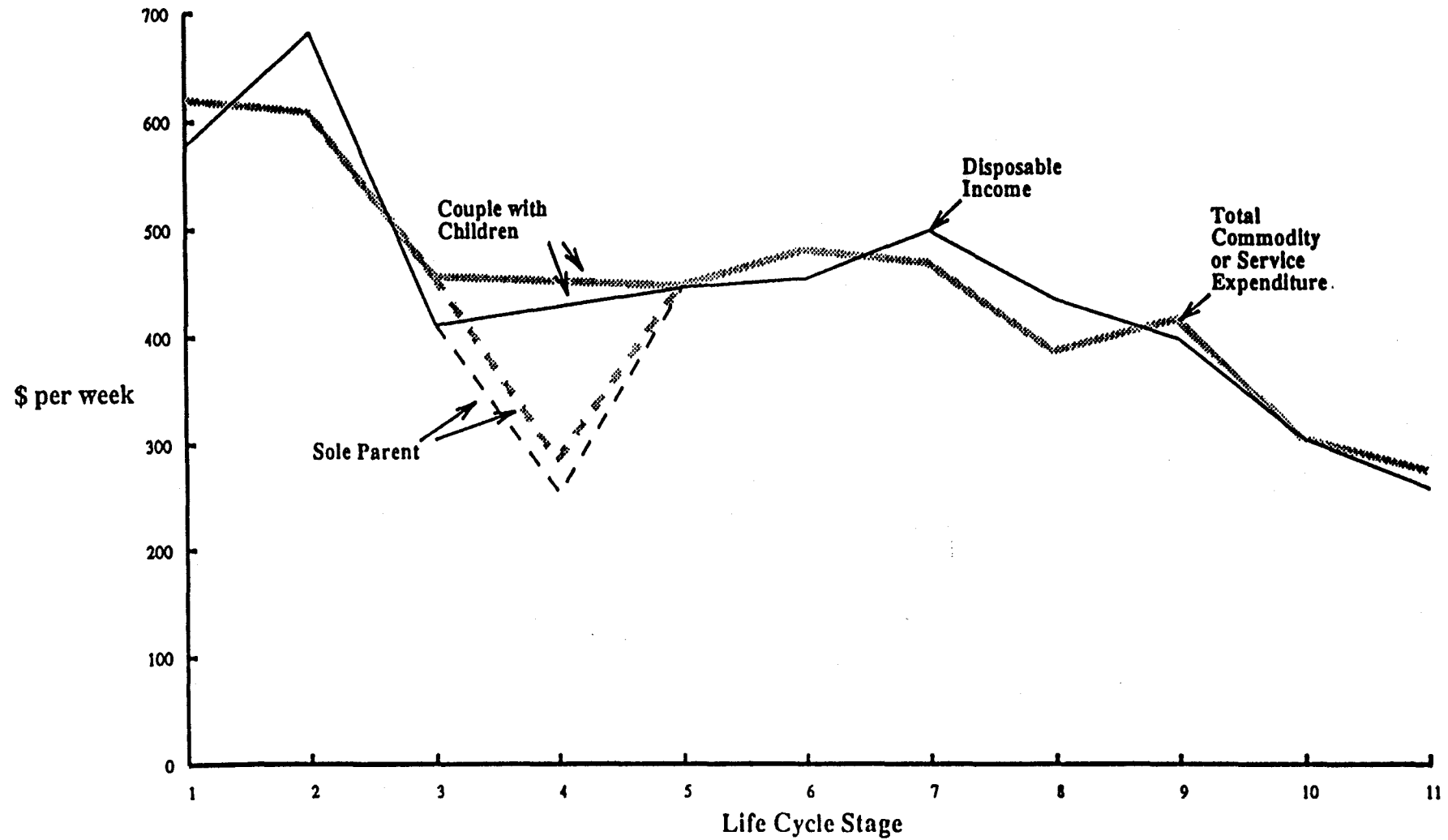


FIGURE 2

**Notes:** The categories and income/expenditure data used are as shown in the notes for Figure 1. Equivalent income/expenditure was calculated for each life cycle stage as follows.

1. Average household size 1.0. Equivalence scale value 0.6
2. Average household size 2.0. Equivalence scale value 1.0.
3. Average household size 3.48. Equivalence scale value 1.23.
4. Average household size 3.20. Equivalence scale value 0.99.
5. Average household size 4.34. Equivalence scale value 1.34.
6. Average household size 4.32. Equivalence scale value 1.45.
7. Average household size 4.74. Equivalence scale value 1.80.
8. Average household size 3.36. Equivalence scale value 1.82.
9. Average household size 2.0. Equivalence scale value 1.0.
10. Average household size 2.0. Equivalence scale value 1.0.
11. Average household size 1.0. Equivalence scale value 0.6.

**Source:** As for Figure 1.

children grew older and they might have some share of the assets accumulated in marriage. Not only might the absolute position of sole parents vary significantly between different groups, but so might their relative circumstances, compared to other persons of the same age. Just as importantly, the income levels for the other household types are also averages, concealing a great deal of variation in economic and social conditions<sup>14</sup>. In this sense, the life cycle model does not provide any insight into the contribution of social class to the inequality observed in these charts.

In addition, it can reasonably be argued that a more comprehensive approach to the measurement of resources might give a different picture of the variation in economic status over the life cycle. The main omission is that of asset accumulation in the form of housing, as total commodity and service expenditure does not include capital housing repayments. The addition of imputed rent from owner-occupied housing is likely to improve the circumstances of the older household categories. For example, approximately 70 per cent of single aged persons and 80 per cent of aged couples owned their own homes in 1988 (ABS, Cat. No. 4117.0), compared to only around 13 per cent of female sole parents. While young single people are unlikely to be either home-owners or purchasers, they 'start' at a much higher level than sole parents and consequently the low level of home ownership among sole parents is likely to reinforce their position as the most disadvantaged of all household types.

Another point to note about this depiction of the relative position of sole parents is that the life cycle approach emphasises that for many sole parents their poverty is limited in duration (although not necessarily to a very short period). In this sense, it is possible that sole parents on repartnering or remarriage can significantly improve their economic circumstances in a way that is not possible for other household types. The U.S. longitudinal study of the changing economic fortunes of families found that the most important factor causing changes in economic status (either upwards or downwards) was a change in family status (Duncan et al., 1984). Correspondingly, the onset of sole parenthood causes a very large fall in well-being for most of these families, as is illustrated in Figures 1 and 2.

<sup>14</sup> In particular, because these data refer to households, the young singles are likely to be atypically prosperous, since young people sharing accommodation with either family or non-related persons are not included in the calculation of these averages.

It is difficult, however, to make comparisons that would assist in understanding the issue of extra costs using the broad brush results illustrated in Figures 1 and 2. This is because the figures show total income and total expenditures and not expenditure on specific commodities. In addition, a comparison between all sole parents and all other family types will be substantially affected by the much lower average incomes of sole parents. Table 4.1 shows the expenditures and characteristics of the lowest quintile of couples with one dependent child only and the bottom three quintiles of sole parents with one dependent child only. To some extent, therefore, this comparison controls for the effects of income and the number of children.

Before considering the results it is important to note that low income groups, including those shown here, cover households in somewhat diverse circumstances. As well as pensioners and beneficiaries and low income workers, the lowest quintile of households also includes persons who are self-employed and whose measured incomes may not necessarily be a good guide to their true economic circumstances. In the 1988-89 survey, income collected for the self-employed refers to the previous financial year, while that for non-self employed was current at the time of survey. In addition, income for the self-employed was measured after deduction of business expenses, and persons with negative income from business losses or loss from rental property were included.<sup>15</sup> Thus, the fact that total expenditures substantially exceed average total income for the bottom quintile of both couples and sole parents may reflect the way in which incomes are measured rather than the phenomenon of 'dissaving' and possible problems of indebtedness. Indeed, the fact that average total expenditures for the bottom quintile of sole parents is higher than the average for next two quintiles suggests that some sole parents in the bottom income group may be much better-off than is indicated by their measured income. This is also suggested by the fact that a much higher proportion of the lowest 20 per cent of sole parents are buying their home than among the next 40 per cent, and they spend substantially more on current housing costs, clothing and footwear, household furnishing and equipment, transport and recreation.

Bearing these considerations in mind, it can be seen that sole parent families with one child were spending a greater proportion of their total expenditure on housing than were low income couples with one child. Sole parents also spend proportionately more on fuel and power, and, except for the lowest quintile of sole parents, substantially more on food and beverages. Spending on alcohol is lower and spending on tobacco is higher, and much less is spent on household furnishings and equipment by sole parents. The proportion of total spending on other commodities is either quite variable across quintiles of sole parents (e.g. transport) or is broadly similar between sole parents and couples with children (e.g. personal care and recreation).

Table 4.2 provides a more direct comparison of households whose principal source of income is government cash benefits, comparing households receiving unemployment or sickness benefit with those receiving supporting parents benefit or widows pension. The fourth quintile of unemployment and sickness beneficiaries has been chosen for this comparison because the vast majority (91.2 per cent) are couples with dependent children. The average of the third quintile of sole parents was selected as likely to be similar to the median sole parent pensioner.

It can be seen that these unemployment and sickness beneficiary couples with children spend a much higher proportion of their budget on housing, on food and on transport than do sole parents. The sole parent pensioners in contrast spend relatively more on clothing and footwear and particularly on recreation. This difference is primarily due to the extremely low spending level on recreation of the beneficiary couples (less than \$5 a week), which is also much lower than all other quintiles of unemployment and sickness beneficiaries. There is no obvious reason for this very low level of spending.

### Deprivation and Living Standards

The differences in expenditure patterns shown above, while informative, do not indicate whether the living standards of the sole parents are lower or higher than or similar to those of the beneficiary couples with children. This is because there is no specific standard that can be used to rank living standards from overall expenditure data of this sort. The average weekly incomes of the sole parent pensioners in Table 4.2 are about 70 per cent of those

<sup>15</sup> In the 1984 and earlier expenditure surveys, in contrast, this loss was treated as zero income, so that comparisons between the 1988-89 and 1984 surveys may be substantially affected. For example, the conclusion by the Women's Economic Think Tank (1990), that sole parents experienced a serious relative decline in their incomes in this period may result from these changes to the definition of income, rather than an actual decline in their incomes.

**TABLE 4.1: EXPENDITURES AND CHARACTERISTICS OF MARRIED COUPLE AND SOLE PARENT HOUSEHOLDS WITH ONE DEPENDENT CHILD ONLY, AUSTRALIA, 1988-89**

	Average Weekly Household Expenditure							
	Couples, Lowest quintile		Lowest quintile		Single parents Second quintile		Third quintile	
	\$	%	\$	%	\$	%	\$	%
<b>Broad expenditure group</b>								
Current housing costs	67.72	17.2	57.87	23.4	47.15	24.6	41.67	18.6
Fuel and power	12.26	3.1	9.69	3.9	9.85	5.1	8.33	3.7
Food and non-alcoholic beverages	80.59	20.5	42.90	17.4	46.10	24.0	53.94	24.0
Alcoholic beverages	12.08	3.1	3.24	1.3	3.02	1.6	2.24	1.0
Tobacco	7.63	1.9	6.57	2.7	7.10	3.7	5.55	2.5
Clothing and footwear	17.80	4.5	15.32	6.2	7.98	4.2	15.19	6.8
Household furnishings and equipment	43.80	11.1	12.74	5.2	4.74	2.5	3.93	1.8
Household services and operation	22.51	5.7	13.80	5.6	13.37	7.0	16.83	7.5
Medical care and health expenses	15.27	3.9	3.22	1.3	4.67	2.4	6.84	3.0
Transport	48.89	11.9	47.95	19.4	16.00	8.3	26.81	11.9
Recreation	33.21	8.4	20.78	8.4	12.39	6.5	19.42	8.7
Personal care	7.07	1.8	3.87	1.6	4.03	2.1	7.38	3.3
Miscellaneous	26.79	6.8	8.84	3.6	15.55	8.1	16.30	7.3
<b>Total</b>	<b>393.62</b>	<b>100.0</b>	<b>246.80</b>	<b>100.0</b>	<b>191.96</b>	<b>100.0</b>	<b>224.43</b>	<b>100.0</b>
Other payments(a)	147.46	-	(-10.39)	-	n.p.	-	10.46	-
<b>Average weekly household income</b>	<b>242.62</b>		<b>143.05</b>		<b>174.45</b>		<b>226.60</b>	
<b>Per cent of total income:</b>								
Wages and salaries	41.5		0.5		0.3		20.2	
Own business	12.9		2.7		0.3		2.5	
Government benefits	38.6		95.4		96.7		73.0	
Other	7.0		1.4		2.7		4.3	
<b>Average age of reference person</b>	<b>38</b>		<b>31</b>		<b>33</b>		<b>40</b>	
<b>Per cent of households by housing occupancy:</b>								
Owned outright	37.1		0.0		16.1		26.8	
Being bought	19.5		28.5		11.4		16.1	
Renting-government	8.5		55.2		34.3		26.1	
Renting-private	30.0		15.6		36.2		26.8	
Rent free	4.9		0.7		2.0		4.2	
<b>Average no. of employed persons</b>	<b>1.0</b>		<b>0.1</b>		<b>0.1</b>		<b>0.7</b>	
<b>Per cent of households in:</b>								
Capital cities	48.3		71.5		69.2		49.4	
Other urban	31.1		28.5		26.7		44.1	
Rural areas	20.6		-		4.0		6.9	
<b>No. of households in sample</b>	<b>104</b>		<b>27</b>		<b>38</b>		<b>35</b>	
<b>Estimated no. of households in population (000)</b>	<b>80.7</b>		<b>19.3</b>		<b>24.7</b>		<b>24.5</b>	

**Note:** (a) Includes income tax, mortgage principal payments, other capital housing costs, and superannuation and life insurance. NP = no payments.

**Source:** Australian Bureau of Statistics, 1988-89 Household Expenditure Survey, Household Characteristics, ABS Catalogue No. 6531.0, Tables 19 and 23.

**TABLE 4.2: EXPENDITURES AND CHARACTERISTICS OF PENSIONER/BENEFICIARY HOUSEHOLDS<sup>(a)</sup>, AUSTRALIA, 1988-89**

	Average Weekly Household Expenditure			
	Fourth quintile of beneficiaries		Sole parent pensioners third quintile	
	\$	%	\$	%
<b>Broad expenditure group</b>				
Current housing costs	84.16	27.1	54.10	22.2
Fuel and power	11.80	3.8	10.87	4.5
Food and non-alcoholic beverages	74.72	24.1	50.03	20.5
Alcoholic beverages	8.32	2.7	2.66	1.1
Tobacco	9.82	3.2	4.95	2.0
Clothing and footwear	9.09	2.9	16.04	6.6
Household furnishings and equipment	14.44	4.6	9.59	3.9
Household services and operation	19.56	6.3	15.20	6.2
Medical care and health expenses	4.85	1.6	5.85	2.4
Transport	47.28	15.2	17.79	7.3
Recreation	4.59	1.5	31.76	13.0
Personal care	4.71	1.5	6.32	2.6
Miscellaneous	17.26	5.6	18.47	7.6
<b>Total</b>	<b>310.60</b>	<b>100.0</b>	<b>243.63</b>	<b>100.0</b>
Other payments <sup>(b)</sup>	34.68	-	39.36	-
<b>Average weekly household income</b>	<b>278.67</b>		<b>194.35</b>	
<b>Per cent of total income:</b>				
Wages and salaries	1.4		2.7	
Own business	0.0		0.4	
Government benefits	97.9		92.1	
Other	0.6		4.8	
<b>Average age of reference person</b>	<b>35</b>		<b>35</b>	
<b>Average number of children</b>	<b>2.09</b>		<b>1.34</b>	
<b>Per cent of households by housing occupancy:</b>				
Owned outright	9.9		19.3	
Being bought	34.9		10.6	
Renting-government	22.7		28.2	
Renting-private	32.5		36.6	
Rent free	0.0		5.3	
<b>Per cent of households in:</b>				
Capital cities	70.7		59.1	
Other urban	17.5		38.3	
Rural areas	12.1		2.6	
<b>No. of households in sample</b>	<b>50</b>		<b>57</b>	
<b>Estimated no. of households in population (000)</b>	<b>29.7</b>		<b>38.4</b>	
<b>Note:</b> (a) Households with government cash benefits as the principal source of income.				
(b) Includes income tax, mortgage principal payments, other capital housing costs, and superannuation and life insurance.				
<b>Source:</b> Australian Bureau of Statistics, 1988-89 Household Expenditure Survey, Household Characteristics, ABS Catalogue No. 6531.0, Tables 39 and 41.				

of the beneficiary couples, while their total expenditures are about 80 per cent of their level. Relative benefit rates for sole parents are between about 70 and 75 per cent of those for couples with children (depending upon the number of children). The relativities between average incomes in Table 4.2 simply reflect the equivalence scales implicit in the social security system, so if that equivalence scale is 'correct' then the differences in expenditure patterns probably reflect differences between the number and age of children, their housing circumstances and personal consumption choices.

It can be argued that if sole parents do have extra costs that are not faced by other beneficiary families with children, then their living standards will actually be lower. That is, not only will a higher proportion of sole parents be poor because they are relying on the social security system, but their poverty will be more intense. They will be more likely to be experiencing hardships of various kinds. If the administrative equivalence scales are correct then on average, the same degree of either hardship or modest comfort will be experienced by couples with children and by sole parents. As Mayer and Jencks (1989) note after assessing alternative approaches to the derivation of equivalence scales for use with poverty lines, 'if our goal is to predict material hardship ... we need a scale that equalizes the likelihood that families of different sizes will experience the kinds of material hardship that concern the public.' (Mayer and Jencks, 1989: 102-3)

Direct approaches to the measurement of hardship or deprivation have been developed particularly in Europe and the United Kingdom over the past two decades (E.J. Hansen, 1989; F.K. Hansen, 1990; Vogel, Anderson, Davidsson and Hall, 1988; Townsend, 1979). This research has been of two broad types - that initiated by Townsend (1979; Townsend and Gordon, 1989) seeking to establish indicators of multiple deprivation associated with poverty, and the Scandinavian level of living surveys, which have been more concerned with tracing developments in the general living standards of the population. Some examples of findings from this approach are contained in the tables presented in the Appendix. While these studies have usually found that sole parents are particularly likely to be experiencing deprivation or inadequate living standards, the comparisons involved have generally been between all sole parents and all couples with children, on average. This implies that these studies cannot be used to assess the relative adequacy of the income support systems in the countries involved, since many families not receiving benefits are included in the comparisons.

Table 4.3, however, comes from a study of the living standards of beneficiaries in New Zealand and therefore does provide some basis for assessing the relative adequacy of the New Zealand benefit system for different family types (Rochford, 1987). This comparison is also restricted to sole parents and beneficiary couples with children, although other types of households were included in the survey report. The comparisons involved are very simple. Respondents were asked whether they had forgone a range of expenditures because they could not afford them, and were asked whether some of these expenditures forgone were necessities. They were also asked to assess their own circumstances. It can be seen that sole parents were somewhat less likely than beneficiary couples to have postponed visits to doctors or dentists, to have repaired clothing rather than purchased new clothing, to have gone without meat or fish, to always use heating when cold, to have fresh fruit in the house, not to have had holidays in the past year or to have had friends or relatives to dinner in the past month, and to have experienced accommodation difficulties. In a higher proportion of sole parent families, the children did not always have three meals a day. While this may be a more serious problem, the percentages of both family types experiencing this hardship in either family type was very low. Sole parents also appear to have a lower level of dissatisfaction with their living standards and financial situation, and are more likely to consider their living standards to be about the same as average.

Given the very simple comparisons involved it would be wise to be cautious before drawing strong conclusions from these data. Nevertheless, these figures suggest that in New Zealand in 1986 single parent beneficiaries appeared to be less likely than unemployment beneficiary couples with children to be experiencing these particular hardships. This was of course at a time when sole parent beneficiaries in New Zealand were receiving levels of payment similar to those of couples without children. These levels have since been judged to be over-generous to sole parents. Indicators of this sort may also have been involved in the decision to reduce the levels of payments for sole parents. As noted before, however, measures of relative needs such as these cannot be used by themselves to justify either increases or decreases in benefits, but only to identify which groups might be regarded to be disadvantaged relative to other groups. That is, rather than reducing benefits for sole parents this sort of evidence could be argued to justify increases for couples with children in order to reduce the level of hardship to that experienced by sole parents. As it is, cuts in benefit levels would presumably increase hardship for sole parents. This point is important to remember when considering the Australian evidence to be presented later.



**TABLE 4.3: INDICATORS OF HARDSHIP AMONG WELFARE BENEFICIARIES WITH CHILDREN, NEW ZEALAND, 1986**

Percentage experiencing various hardships <sup>(a)</sup>	Family type	
	Sole parents <sup>(b)</sup> (N = 551)	Unemployment beneficiary couple (N = 86)
1. Postponed visits to doctor or dentist	53 (47/59)	64
2. Repaired clothing	58 (50/67)	64
3. Going without meat or fish	33 (29/38)	31
4. Children do not always have 3 meals a day	4 (3)	2 (2)
5. Do not always use heating when cold	12 (5)	14 (10)
6. Do not always have fresh fruit in house	23 (15)	36 (24)
7. Do not have two pairs of all weather shoes	33 (18)	47 (21)
8. Did not have 1 week's holiday in past year	67 (23)	78 (19)
9. Did not have friends or relatives to dinner in last month	45 (10)	57 (10)
10. Accommodation difficulties	33	40
11. Dissatisfied with living standards	18	24
12. Dissatisfied with financial situation	24	40
13. Consider living standards to be:		
same as average	54	43
little lower	32	43
a lot lower	8	10

**Notes:** (a) In general, hardships experienced were said to be the result of lack of money.

(b) The figures in brackets for the first three responses are the percentage of sole parent families with one or two or more children respectively and who experienced the hardships mentioned. The bracketed numbers for the remainder are the percentage of respondents who considered that the standard of living indicators were necessities.

**Source:** Rochford, 1987: 14, 16, 18, 19 and 20.

There has been no similar sample survey of pensioners and beneficiaries in Australia comparable to this New Zealand study. However, Whiteford, Bradbury and Saunders (1989) provide an exploratory study of inequality in consumption among families with children, including sole parent pensioners and beneficiary couples with children using the 1984 Household Expenditure Survey (HES) carried out by the Australian Bureau of Statistics (ABS). This study was intended to investigate whether these data could be used to develop indicators of standards of living along the lines of those developed in Townsend (1979). As will be seen in the tables that follow, it was assumed that when a household did not record any expenditure on a commodity or service that it had done without this particular item of consumption in the survey period. While the reporting period for most expenditures was only two weeks, it was further assumed that differences between household groups would not be affected if data for longer periods had been available.

As discussed in Whiteford, Bradbury and Saunders (1989: 31-4), differences in expenditure patterns of different households arise from a number of factors, including the differing levels of income or resources, the differing demographic composition of households, the differing tastes or preferences of individual members of households, and because of differing prices facing households in different geographical areas. With the data from the Household Expenditure Surveys it is not possible to take any account of differing price levels in different areas, and this limitation should be remembered. Because the analysis in Whiteford, Bradbury and Saunders (1989) was limited to families with children, some account was taken of demographic composition and possibly more significantly of preferences, to the extent that it is considered that families with children have broadly similar tastes. This is obviously an important assumption but it does seem reasonable to argue that the preferences of sole parents and couples with children are more alike than they are like those of single young people or the retired.

The main assumption used in this study was that the differences between consumption on particular categories were mainly explained by differences in income levels. The paper considered separately the expenditure patterns of five groups: sole parent pensioners, pensioner and beneficiary couples with children, low income wage and salary earner couples with children, middle income couples with children, and high income wage and salary earner couples with children. In the following section of this paper, the analysis is restricted to sole parents and to couples with children, where the principal source of household income is government cash benefits. As a final point, it should be noted that the data are from 1984. At the time this report was prepared the unit record tape from the 1988-89 HES was not publicly available. It would clearly be interesting to undertake an analysis of these new data, particularly to see whether improvements in income support over this period have affected the results of this analysis.

Table 4.4 provides basic background information on the pensioner and beneficiary families with children included in the analysis. It can be seen that the sole parent families had fewer children on average, and were also less likely to contain a child under five years of age. Average gross incomes (which are the same as net income for these families) and average total expenditures of the sole parents were roughly three-quarters those of the couples with children. If one were to adjust these expenditures by the equivalence scales suggested by the OECD, then the results in Table 4.4 suggest that the sole parents would be judged to have higher equivalent expenditures than the pensioner/beneficiary couples.

Table 4.5 compares overall expenditure patterns. Similar proportions of total expenditures were devoted to housing and to household services and operation by both family groups, but sole parents spent less of their total expenditure on food and beverages and on transport, but more on clothing and footwear, household furnishings and equipment and recreation. Table 4.6 looks in more detail at the distribution of housing costs. The median expenditure of sole parents was a somewhat lower proportion of gross income than was the median for the couples, but the mean expenditures of the two groups were nearly identical as a proportion of income. The table also suggests that sole parents were somewhat more likely to have extremely high relative housing costs, with the ten per cent of sole parents with the highest costs spending more than half of their income on housing, compared to a figure just under half of income for the ten per cent of couples with the highest costs. Despite this, or perhaps because of it, Table 4.7 shows that 'overcrowding' - in the form of children sharing bedrooms - was more common among beneficiary couples than among sole parents. It can also be seen that sole parent families were substantially more likely to have a spare bedroom.

**TABLE 4.4: COMPARISON OF SOLE PARENT PENSIONER FAMILIES AND PENSIONER/BENEFICIARY COUPLES WITH CHILDREN, 1984**

Characteristic	Sole parent pensioners	Pensioner/beneficiary couple
Number in sample	121	88
Average number of children in household	1.78	2.11
Percentage with youngest dependent under 5 years	44.8	67.3
Housing tenure (%)		
- Owners	10.2	12.4
- Purchasers	11.5	24.4
- Renters	70.9	63.2
- Rent-free	7.5	0.0
Average gross income (\$p.w.)	\$153.23	\$206.62
Average total expenditure (\$p.w.)	\$204.40	\$264.21
Average total expenditure per equivalent adult (\$p.w.)	\$110.50	\$96.93

Source: Australian Bureau of Statistics, Household Expenditure Survey, 1984, unit record file.

Table 4.8 shows ownership of registered motor vehicles. It is apparent that sole parents were substantially less likely to own a motor vehicle (including motor bikes) than were the couples, who were only slightly less likely than all families on average to own at least one registered vehicle. An insignificant proportion of sole parents owned more than one motor vehicle, compared to 20 per cent of the pensioner/beneficiary couples and nearly 40 per cent of all families with children. Overall, this much lower level of vehicle ownership among sole parents probably accounts for the lower level of spending on transport shown in Table 4.5, but it also implies a greater degree of dependence upon public transport.

Table 4.9 compares expenditures on various types of insurance. Sole parents and pensioner/beneficiary couples with children are equally unlikely to have medical insurance, probably because of the availability of health care cards of various sorts. While both groups of pensioner/beneficiary families are far less likely than average to have either superannuation life insurance or house/house contents insurance, the proportion with such coverage is lowest among the sole parents.

Table 4.10 shows expenditures on a range of items selected to represent social participation. The choice of these categories of expenditure was influenced by Townsend's (1979) analysis of relative deprivation. The table shows, for example, that 17.5 per cent of the sole parents and 13.9 per cent of the pensioner/beneficiary couples had spent money on some form of restaurant meal in the previous two weeks, but the sole parents' expenditure in dollar terms was about half that of these couples. It can be seen that the proportions of the two family types making any expenditure were fairly similar in regard to spending on alcohol on licensed premises, gambling, sports, other recreation, video expenses, postal and telephone charges, books, newspapers and magazines, musical instruments,

**TABLE 4.5: OVERALL EXPENDITURE PATTERNS OF PENSIONER/BENEFICIARY FAMILIES  
WITH CHILDREN, MEAN EXPENDITURES (\$ PER WEEK)  
AND PROPORTION OF TOTAL (PER CENT), 1984**

Category of Expenditure	Sole parent pensioners	Pensioner/beneficiary couple
1. Housing	\$43.40 21.2	\$58.80 20.4
2. Fuel and power	\$8.72 4.3	\$9.80 3.7
3. Food and beverages	\$41.56 20.3	\$64.12 24.3
4. Alcohol	\$1.65 0.8	\$4.54 1.7
5. Tobacco	\$4.34 2.1	\$7.52 2.8
6. Clothing and footwear	\$14.31 7.0	\$11.02 4.2
7. Household furnishings and equipment	\$21.44 10.5	\$16.19 6.1
8. Household services and operation	\$10.01 4.9	\$13.47 5.1
9. Health	\$2.11 1.0	\$4.80 1.8
10. Transport	\$24.85 12.2	\$43.33 16.4
11. Recreation	\$16.70 8.2	\$17.76 6.7
12. Personal Care	\$3.76 1.8	\$3.92 1.5
13. Miscellaneous	\$11.18 5.5	\$12.62 4.8
14. Superannuation and life insurance	\$0.42 0.2	\$1.32 0.5
<b>TOTAL EXPENDITURE</b>	<b>\$204.40 100.0</b>	<b>\$264.20 100.0</b>

Source: Australian Bureau of Statistics, Household Expenditure Survey, 1984, unit record file.

**TABLE 4.6: DISTRIBUTION OF HOUSING COSTS OF PENSIONER/BENEFICIARY FAMILIES WITH CHILDREN, 1984**

Total housing costs (p.w.) and as proportion of gross income		Sole parent pensioners	Pensioner/ beneficiary couples
Mean	(p.w.) (%)	\$43.50 29.0	\$53.80 28.6
Median	(p.w.) (%)	\$36.70 23.8	\$46.10 25.2
70th Percentile	(p.w.) (%)	\$64.60 42.2	\$71.90 38.3
90th Percentile	(p.w.) (%)	\$82.00 54.3	\$94.00 48.2

Source: Australian Bureau of Statistics, Household Expenditure Survey 1984, unit record file.

**TABLE 4.7: CHILDREN PER NON-ADULT BEDROOM, 1984**

	Bedrooms shared	One child per non-adult bedroom	Spare bedrooms	Mean no. of children per non-adult bedroom
Sole parent pensioners	27.4	49.5	23.1	1.13
Pensioner/beneficiary couples	43.5	44.5	12.0	1.31
All families with children	22.9	47.1	30.0	1.02

Source: Australian Bureau of Statistics, Household Expenditure Survey 1984, unit record file.

**TABLE 4.8: OWNERSHIP OF REGISTERED MOTOR VEHICLES BY FAMILIES WITH CHILDREN, 1984**

FAMILY TYPE	OWNERSHIP	
	Owning at least one motor vehicle (%)	Owning more than one motor vehicle (%)
Sole parent pensioners	64.2	1.4
Pensioner/beneficiary couples	88.8	20.0
All families with children	93.4	38.2

Source: Australian Bureau of Statistics, Household Expenditure Survey, 1984, unit record file.

**TABLE 4.9: EXPENDITURES ON INSURANCE BY FAMILIES WITH CHILDREN - PROPORTION MAKING EXPENDITURE (%) BY MEAN EXPENDITURE (PER WEEK) BY HOUSEHOLD TYPE, 1984**

Category of Insurance Expenditure	FAMILY TYPE		
	Sole parent pensioners	Pensioner/beneficiary couples	All families with children
Medical insurance	15.0 \$1.94	13.4 \$6.27	71.1 \$10.91
Superannuation, life insurance	13.4 \$3.16	19.7 \$6.72	69.9 \$22.16
Insurance of assets/belongings	45.6 \$4.52	54.8 \$4.21	85.5 \$6.77

Source: Australian Bureau of Statistics, Household Expenditure Survey, 1984, unit record file.

**TABLE 4.10: EXPENDITURES ON SOCIAL PARTICIPATION AND RECREATION BY FAMILIES WITH CHILDREN - PROPORTION MAKING EXPENDITURE (PER CENT) BY MEAN EXPENDITURE (PER WEEK)<sup>(a)</sup>, 1984**

Category of Expenditure	Sole parent pensioners	Pensioner/beneficiary couples	All families with children	Reference period
1. Meals in restaurants	17.5 \$6.66	13.9 \$11.50	39.4 \$11.42	2 weeks
2. Alcohol on licensed premises	16.5 \$2.76	16.6 \$7.15	41.0 \$7.08	2 weeks
3. Holidays	5.9 \$12.54	14.1 \$15.18	25.5 \$31.92	3 months
4. Gifts, donations	9.3 \$15.51	18.2 \$6.32	29.3 \$7.92	2 weeks
5. Gambling	38.8 \$2.93	39.6 \$1.98	63.0 \$5.21	2 weeks
6. Sports	31.3 \$5.64	34.0 \$4.06	52.7 \$9.03	2 weeks
7. Entertainment	41.0 \$5.18	32.3 \$5.16	54.8 \$6.86	2 weeks
8. Other recreation	26.3 \$8.18	29.6 \$4.65	36.2 \$10.48	2 weeks
9. Video equipment and expenses	4.5 \$10.45	6.7 \$26.87	18.5 \$23.14	2 weeks to 3 months
10. Postal charges, stationery	62.0 \$2.61	68.6 \$2.63	79.5 \$2.93	2 weeks
11. Telephone and telegram	78.3 \$6.43	82.8 \$7.14	87.0 \$7.23	2 weeks to last payment
12. Books, newspapers, magazines	72.3 \$2.06	78.9 \$3.65	88.6 \$4.74	2 weeks
13. Musical instruments	2.9 \$2.89	1.8 \$1.70	7.8 \$19.53	2 weeks
14. Pocket money and school lunch	35.3 \$2.74	31.9 \$6.22	39.8 \$3.76	2 weeks
15. Toys	20.1 \$7.68	19.2 \$5.97	32.6 \$5.60	2 weeks
16. Animal charges	47.5 \$3.66	49.5 \$8.20	56.2 \$5.48	2 weeks

**Note:** (a) The top figure shows the proportion of families recording some expenditure on each item. The lower figure is the average weekly recorded expenditure for those making some expenditure.

**Source:** Australian Bureau of Statistics, Household Expenditure Survey, 1984, unit record file.

pocket money and school lunches, toys, and animal charges, although in most of these cases the proportion of sole parents spending on these items tended to be lower than that of the couples. Sole parents were far more likely to have spent money on 'entertainment', but significantly less likely to have spent money on holidays or gifts or donations than pensioner/beneficiary couples. As might be expected, however, the differences between each of these two groups of low income families are much less significant than the difference between both and the average for all families with children.

What interpretation can be made of this more detailed analysis of the expenditure patterns of sole parent pensioners and beneficiary couples with children. As has been previously noted, if the equivalence scales that were implicit in the social security system in 1984 were approximately correct, then the pension and benefit system should be equally adequate (or inadequate) for both sole parents and couples with children. In this context, it was shown in Table 4.4 that the total average expenditure of the sole parent households was about 75 per cent of that of the beneficiary couples, but given that this relationship simply reflects the implicit administrative scales, this difference cannot be used to argue that these sole parents were worse off than the beneficiary couples.

Table 4.11 shows the proportion of the pensioner/beneficiary families (and all families with children) with incomes below the Henderson poverty line in 1984. It can be seen that 75 per cent of the sole parent pensioners had incomes below that level, and on average their incomes were just over 90 per cent of the Henderson line. More than 90 per cent of the pensioner/beneficiary couples, however, had incomes below the Henderson line, and these incomes amounted to 84 per cent of the poverty line, on average. That is, use of the Henderson poverty line suggests that pensioner/beneficiary couples with little private income are not only more likely to be poor than sole parents whose principal source of income is government benefits, but their poverty is more intense. This is also the implication of the OECD equivalence scales used in Table 4.4, which also suggested that the sole parents had higher equivalent incomes than the beneficiary couples with children.

The conclusion that sole parent pensioners are not as poor as beneficiary couples with children is a consequence of the equivalence scale used, being either the Henderson or the OECD relativities. By themselves, the equivalence scales used cannot provide any independent basis for reaching such a conclusion, however. What is needed is additional independent evidence to determine whether either the administrative, the OECD, the Henderson, or some other scales are more likely to be 'correct'. Some limited independent evidence is provided by Table 4.12, which compares the expenditure patterns derived from the basket of goods that provides the basis for the Henderson poverty line, with the actual expenditure patterns of similar families in the 1984 Household Expenditure Survey. It is readily apparent that with the exception of spending on housing and on personal care, there is very little similarity between the budgets used by Henderson and those actually typical of low income Australian families in 1984. This suggests that the Henderson methodology is not particularly likely to be appropriate to judgements about the relative needs of low income Australian families.

As has already been noted, Mayer and Jencks (1989) have argued that the most appropriate equivalence scale would be one that equalises the likelihood that families of different size would experience the same types or levels of material hardships. An obvious corollary of this is that families with higher levels of material hardship are likely to have lower equivalent incomes. That was the implication of the results of the New Zealand survey of living standards (Rochford, 1987) - beneficiary couples in New Zealand appeared to have higher levels of hardship and therefore lower equivalent incomes than sole parent beneficiaries. The results presented in this section of the paper can be used to test - in a very limited way - whether the same can be said of the Australian social security system in 1984.

Table 4.13 shows the distribution of 'deprivation scores' for the sole parent pensioners and pensioner/beneficiary couples with children (as well as for other family types not hitherto included in the analysis). These scores are primarily derived from Table 4.10, which showed spending on items relevant to social participation or recreation. Households were given a score of zero if they had spent on an item, and a score of one if they had not. That is, a total score of zero means that households had undertaken some expenditure on all eighteen of the items included in the score, while a score of eighteen means that they had spent nothing on any of the items included. The scale was constructed from the sixteen expenditure categories in Table 4.10, but with the exclusion of spending on musical instruments, and the inclusion of spending on superannuation or life insurance, home and contents insurance, and ownership of a registered motor vehicle.



**TABLE 4.11: PROPORTION OF FAMILIES WITH INCOMES  
BELOW THE HENDERSON POVERTY LINE, 1984**

FAMILY TYPE	Per cent below Henderson Poverty Line <sup>(a)</sup>	Average income as per cent of Henderson Poverty Line <sup>(b)</sup>
Sole parent pensioners	75.0	91.0
Pensioner/beneficiary couples	92.5	84.1
All families with children	20.9	151.2

Notes: (a) Before-housing poverty averaged over the 1984 calendar year

(b) Average of the disposable income of each household in the sample divided by the before-housing poverty line for that household.

Source: Australian Bureau of Statistics, Household Expenditure Survey, 1984, unit record file.

**TABLE 4.12: OVERALL EXPENDITURE PATTERNS IN THE HENDERSON POVERTY LINE AND OF  
SELECTED FAMILY TYPES - PROPORTION ALLOCATED TO EXPENDITURE CATEGORIES  
(PERCENTAGE OF TOTAL EXPENDITURES)**

Category of Expenditure	Henderson Poverty Line for Standard Family <sup>(a)</sup>	Low Income Couple - 1984	Henderson Poverty Line for Widow with Young child	Sole Parent Pensioners - 1984
Food	37.2	20.5	29.5	20.1
Clothing	11.4	4.8	8.8	6.8
Housing <sup>(b)</sup>	25.9	30.4	37.7	37.0
Transport	4.1	15.9	1.3	12.7
Medical care	6.8	4.0	7.6	1.0
Personal care	2.4	1.3	2.0	1.8
Other	12.1	23.1	13.1	20.6
Total	100.0	100.0	100.0	100.0

Notes: (a) The Henderson standard family consists of a head working, wife not working and two dependent children.

(b) 'Housing' includes rent and heat, utilities, house furnishings and laundry and cleaning supplies.

Source: Joint Committee on the Economic Report, 1955: 206, and ABS, Household Expenditure Survey 1984, unit record file.

**TABLE 4.13: DEPRIVATION SCORE BY FAMILY TYPE, 1984**

Deprivation Score	Type of Family											
	Sole parent pensioner		Beneficiary couple		Low income couple		Middle income couple		High income couple		All families with children	
	%	Cum.%	%	Cum.%	%	Cum.%	%	Cum.%	%	Cum.%	%	Cum.%
0	-	-	-	-	-	-	0.2	0.2	-	-	0.0	0.0
1	-	-	-	-	-	-	0.3	0.5	0.5	0.5	0.3	0.3
2	-	-	-	-	0.5	0.5	2.5	3.0	4.0	4.5	2.0	2.3
3	0.8	0.8	-	-	4.3	4.8	5.8	8.8	9.6	14.1	5.2	7.4
4	-	0.8	-	-	3.8	8.6	10.4	19.2	14.6	28.7	8.2	15.6
5	1.7	2.5	1.1	1.1	5.3	13.9	12.8	32.0	16.2	44.9	10.1	25.7
6	4.1	6.6	9.1	10.2	12.0	25.9	16.9	48.9	16.2	61.1	14.2	39.8
7	4.1	10.7	3.4	13.6	14.8	40.7	15.6	64.5	14.1	75.2	13.4	53.2
8	3.3	14.0	5.7	19.3	12.9	53.6	11.7	76.2	11.6	86.8	10.6	63.9
9	9.9	23.9	12.5	31.8	15.8	69.4	9.7	85.9	5.1	91.9	10.3	74.2
10	8.3	32.2	10.2	42.0	8.1	77.5	5.3	91.2	6.1	98.0	6.6	80.7
11	16.5	48.7	14.8	56.8	10.0	87.5	5.3	96.5	1.0	99.0	7.2	88.0
12	9.9	58.6	9.1	65.9	4.3	91.8	2.1	98.6	0.5	100.0	3.6	91.6
13	14.9	73.5	15.9	81.8	1.9	93.7	0.7	99.3	-	100.0	3.4	94.9
14	6.6	80.1	13.6	95.4	3.3	97.0	0.3	99.6	-	100.0	2.3	97.2
15	9.1	89.2	2.3	97.7	1.9	98.9	-	99.6	-	100.0	1.4	98.6
16	5.8	95.0	1.1	98.8	1.0	100.0	-	99.6	-	100.0	0.7	99.4
17	2.5	97.5	1.1	100.0	-	100.0	0.2	100.0	-	100.0	0.5	99.8
18	2.5	100.0	-	100.0	-	100.0	-	100.0	-	100.0	0.2	100.0
Mean Score	11.6		10.8		8.4		6.8		5.9		7.7	
Std. Dev.	3.0		2.8		2.8		2.5		2.2		3.2	
Median Score	12.0		11.0		8.0		7.0		6.0		7.0	
No.	121		88		209		608		198		1224	

Source: Australian Bureau of Statistics, Household Expenditure Survey, 1984, unit record file.

This score should not be thought of as an index, in the manner of Townsend's deprivation index. No attempt has been made to scale any items, so that not owning a car is given the same weight as being without a pet or not having had a holiday.<sup>16</sup> While these scores are not intended as precise indicators of poverty, it seems reasonable to argue that a very high score is probably indicative of material hardship.

It can be seen that the sole parent pensioners had the highest mean and median 'deprivation scores', although only slightly above those of the beneficiary couples with children. Table 4.14 shows the proportion of the different families with children with either very low or very high deprivation scores, where these are defined as more than twice or less than half the median score for the entire sample. To concentrate on those with a very high score (14 or more) it can be noted that the sole parent pensioners appear significantly more likely on this definition to be deprived than do the pensioner/beneficiary couples with children. While this definition of deprivation is clearly arbitrary, a score of 14 or more means, for example, that while a family might have a telephone, have purchased a newspaper or magazine, posted a letter, and might own a motor vehicle, they would not have had a meal or drink out in the previous fortnight, not had a holiday in the previous three months and they would have spent no money at all on gifts, donations, gambling, sports, entertainment or other form of recreation in that two weeks, nor would they have given their children any pocket money or money for school lunches, they would have bought them no toys, they would not own any pets, they would not have life insurance or superannuation, and they would have no insurance for their house or its contents. The actual permutations that individual households experience would be extremely variable, but whatever these combinations, a picture of significant hardship for some groups is clear.

It is also clear that it is necessary to be cautious about the conclusions to be drawn from these deprivation scores. This analysis suggests that sole parent pensioners on average have somewhat higher levels of hardship than do pensioner/beneficiary couples with children, but that a significantly larger minority may have experienced severe hardship. That is, rather than having equivalent incomes or even higher equivalent incomes as suggested by the Henderson and OECD equivalence scales, sole parents may have actually had lower equivalent incomes. This should not be taken as a firm conclusion, but should be seen as suggesting that there may be alternative methodologies for testing the 'correctness' or otherwise of different equivalence scales, be they the Henderson scales or those implicit in the social security system.

**TABLE 4.14: PROPORTION OF FAMILIES WITH VERY HIGH AND VERY LOW DEPRIVATION SCORES<sup>(a)</sup>, 1984**

Family Type	Deprivation Score			
	14 or greater		3 or less	
	No.	%	No.	%
Sole parent pensioners	30	26.5	1	0.8
Pensioner/beneficiary couple	17	18.2	-	-
Low income couples	13	6.3	10	4.8
Middle income couples	3	0.7	53	8.8
High income couples	-	-	28	14.1
All families with children	63	5.1	92	7.4

**Note:** (a) A 'very high' deprivation score is defined as twice the median for the entire sample or higher, and a very low score is defined as less than half the median score for the entire sample.

**Source:** Australian Bureau of Statistics, Household Expenditure Survey, 1984, unit record file.

16 Desai and Shah (1988) suggest that indicators of this sort could be weighted by whether or not they are unusual in the total population. For example, it would be possible to weight the indicators in Table 4.13 by the reciprocal of their likelihood of being achieved by all families with children. Thus having had a holiday would have a weight of 3.92 (i.e.  $1/0.255$ ), and owning a video would have a weight of 5.41 ( $1/0.185$ ), while owning a car would have a weight of only 1.07 ( $1/0.934$ ). These are the proportions of all families with children undertaking these activities, as shown in earlier tables. In this weighting system, high scores equate with low levels of deprivation. See Hutton (1991) for further discussion and methods of scaling.

## 5. EQUIVALENCE SCALES FOR SOLE PARENTS

This discussion of hardship and living standards implies that it might be possible to use direct indicators of living standards to infer when families of different composition do not have equivalent incomes and consequently equal levels of hardship or comfort. For the purposes of social security policy, however, it would clearly be more useful to be able to provide estimates of the relative income levels that would equalise living standards. The results in Section 4 cannot be used for this purpose in their current form, primarily because the descriptive analysis has concentrated on differences between apparent levels of deprivation rather than similarities. Most importantly, the results are descriptive and involve very simple comparisons. The notion that equivalent incomes should be associated with equivalent deprivation or hardship is intuitively appealing, but much more work would have to be undertaken to establish the theoretical basis for this approach and to determine the validity of the specific measures of deprivation used, as well as to develop how specific deprivation measures could be scaled and combined.

This implies that all that can be said at this stage is that the data presented above suggests that in 1984 a fairly substantial proportion of sole parents mainly reliant on pension appeared to have lower living standards at the time they were surveyed than did those couples with children mainly reliant on government pensions or benefits. This would support the notion that the relative levels of income support at the time were not producing equivalent living standards, although it might be that differences between the ages of children in different family types and/or differences in housing costs produced the apparently higher levels of deprivation.

Given the lack of conclusiveness in this analysis, the obvious alternative source of information is the equivalence scale literature on the relative costs of different types of families and of adults and children. While there is a very extensive literature on equivalence scales (reviewed in Whiteford, 1985, and in Buhmann, Rainwater, Schmaus and Smeeding, 1988), very limited attention has been given to equivalence scales for sole parents. For example, Whiteford (1985: 106-7) reviews more than thirty research studies with sixty different sets of equivalence scales, but only nine of those studies included equivalence scales for sole parents in their results, and in four of those nine studies, no distinction was made according to household composition, only according to household size (i.e. a sole parent with one, two or three children was equated to a couple with no, one or two children, and so on).

This gap in the equivalence scale literature may be regarded by some as significant, particularly the result that a sole parent with one child was equated to a couple without children in four studies. In all of these cases, however, it appeared that no particular attention was given to the appropriate equivalence scale for sole parents. That is, the result reflects an oversight in the literature rather than the specific argument that a sole parent with one child should be considered as equivalent to a couple without children. This oversight is probably the result of a number of factors. These include the fact that many equivalence scale studies were undertaken at a time when the poverty of sole parents was not considered as major a policy issue, and the number of sole parents in the population (and in social surveys) was fewer and reliable estimates more difficult to make. It is therefore important to remember that the research base for estimates of the costs of sole parents is far more limited than the base for research on the costs of children more generally.

In considering the results that follow it is also important to bear in mind the particular limitations of different forms of equivalence scale analysis. In particular, none of the methods used to derive the results given in Table 5.1 below are based on a framework that takes account of the allocation of time, and given the discussion of this issue in Section 2, this would appear to be a serious oversight. From the point of view of estimating equivalence scales, this is not necessarily the case, since it depends whether the relative costs of different households in terms of purchased goods differ significantly from those measured in terms of purchased goods plus home production. While Table 2.2, for example, suggested that the costs of children in terms of unpaid work (\$25.10 a week) were greater than those in terms of purchased goods (\$19.07 a week), the equivalence scale for a child would be less affected - in terms of purchased goods. Tran Van and Ironmonger (1989) estimated the cost of a child as 25.3 per cent of the cost of a single adult, while the scale in terms of 'full income' was 30.4 per cent. That is, the equivalence scale is less affected than is the estimate of the 'absolute' cost of a child.

Table 5.1 shows a range of equivalence scale estimates of the costs of a child for a sole parent with one child and a couple with one child. In both cases, the 'costs of the child' are expressed as a proportion of the scale for a couple without children, in order to ensure that the percentages are comparable. The table also shows the difference between the percentage cost of children for sole parents and for couples. This difference can therefore be thought of as the cost of sole parenthood.

TABLE 5.1: EQUIVALENCE SCALE ESTIMATES OF THE COSTS OF SOLE PARENTHOOD

Source and Method of Derivation	Cost of a Child (%) for:			Total cost of sole parent with one child
	Sole Parent	Couple with one child	Difference <sup>(a)</sup>	
<b>Administrative</b>				
Australia (1991)	21.0-26.0	15.0-20.0	6.0	81.0-86.0
New Zealand (1990)	34.0	10.0	24.0	94.0
United Kingdom (1990)	41.0	34.0	7.0	105.0
Canada (1981)	27.0	12.0	15.0	90.0
Germany (1980)	34.0	34.0	-	90.0
<b>Budgetary</b>				
Henderson				
Head not working	18.5	17.4	1.1	86.5
<b>Consumption Based</b>				
Pashardes	43.0	25.5	17.5	97.0
<b>SWPS</b>				
- Proportional	53.0	29.0	24.0	110.0
- ELES	28.7	12.6	16.1	87.0
Van der Gaag and Smolensky	17.1	7.3	9.8	86.0
<b>Tran Nam and Whiteford</b>				
- Proportional	16.5	10.0	6.5	75.5
- ELES	27.0	20.0	7.0	80.0
<b>Other</b>				
Jensen	26.0	21.0	5.0	91.0

**Note:** (a) Estimated as the difference between the equivalence scale value for a sole parent with one child and a single person, and a couple with one child and a couple without children, each expressed as a proportion of the scale for a couple without children.

**Source:** See References

It should be noted that the Australian administrative scale has two values, depending on the age of the child. Other scales may also have allowances that increase with the age of the child, but these have not been shown in order to simplify the presentation. Since these costs increase uniformly for both sole parents and couples, allowing for the higher costs of older children would not alter the calculated difference (i.e. the cost of sole parenthood), as can be seen in the result for the Australian administrative scale. The total cost of sole parents would increase, however. In all scales where there is allowance for higher costs of older children, the table shows the value for the youngest age group. This means that these results should be compared to the figure of 81.0 per cent, not 86.0 per cent.

The first set of scales are those implicit in the social security/social assistance programs of the countries included. It can be seen that administrative practice varies widely, with the separate allowance for the costs of sole parents ranging between zero in the Federal Republic of Germany in 1980 to 24 per cent in New Zealand in 1990. It might be noted that the difference is large in New Zealand, not only because the allowance for a sole parents' first child is relatively high, but also because the allowance for the first child of a beneficiary couple is quite low.

The Henderson scale is derived from a budget standard specifying required expenditures on different goods by different categories of individuals and households. This is part of the equivalence scale used in conjunction with the Henderson poverty line. It can be seen that the allowance for a sole parent suggested by the Henderson poverty line is very low, only around one per cent of the costs of a couple without children.

The consumption based equivalence scales are derived from analyses of household expenditure data; that is, what households of different composition in the population actually spend, rather than specifications of what they ought to spend. The 'proportional' method used by the Social Welfare Policy Secretariat (SWPS, 1981) and Tran Nam and Whiteford (1990) is based on the assumption that households who devote the same proportion of their total expenditures to food or to some other basket of necessities are able to achieve equivalent living standards. The extended linear expenditure system (ELES) used by SWPS (1981) and Tran Nam and Whiteford (1990) and also by Van der Gaag and Smolensky (1982) involves the assumption that households buy a minimum satisfactory amount of each commodity, which can be inferred from the form of the demand curves, and what is left over is taken as the indicator of well-being. The Jensen scale is essentially derived from a review of earlier equivalence scale studies.

There is a fairly wide variation in the results given in Table 5.1 with the cost of the first child for a sole parent ranging from 16.5 per cent to 53.0 per cent and from 7.3 per cent to 29.0 per cent of a couple with one child. The Jensen scale allowance for the extra costs of a sole parent are slightly below the allowance in the Australian social security system, while the estimates by Tran Nam and Whiteford (1990) are very slightly above the administrative allowance. The other results generally imply a significantly higher allowance for the first child of a sole parent.

This conclusion is reinforced by the final column of Table 5.1, which shows the total cost of a sole parent with one child (i.e. the costs of the adult as well as those of the child). This is also expressed as a percentage of the costs of a couple without children. This form of presenting the results brings in the issue of the appropriate equivalence scale for single people, a question outside the scope of this paper. Nevertheless, it is apparent that with the exception of the results derived by Tran Nam and Whiteford (1984), these estimates of the costs of a sole parent are well above the administrative scales in Australia for sole parents with one young child.

The conclusions to be drawn from these equivalence scales must be very limited, not least because of the small number of studies that consider the issue of the costs of sole parents. As detailed in Whiteford (1985), there are also significant limitations to each method of deriving an equivalence scale, and no one method can be judged to be correct. There are also questions about the relevance of these types of measures based on actual expenditure survey data to questions of what the level of benefits should be. It is also apparent that the same methods can produce strikingly divergent results depending upon the source of data or the time the data were collected. For example, the ELES method has produced estimates of the costs of sole parents that range from 16.1 per cent using 1975-76 Australian data (SWPS, 1981), to 9.8 per cent using 1972-73 American data (Van der Gaag and Smolensky, 1982), to 7.0 per cent using 1984 Australian data (Tran Nam and Whiteford, 1990).

Given these considerations, it might only be noted that the allowance for the first child of a sole parent in the Australian social security system is towards the low end of what is admittedly a fairly narrow range of research.

## 6. SUMMARY AND CONCLUSIONS

This report on the costs of sole parents has ranged widely, both in terms of the issues covered and the data used to assess the question of whether sole parents have extra costs that are not faced by other low income families with children. The paper has concentrated on the question of whether there are direct costs that should be met through additional cash assistance provided as part of the package of social security benefits directed to single parents. Currently, such assistance is provided in the form of the guardian allowance. The central questions investigated are whether this payment is justified and what should be its appropriate level, or rather, what evidence should be used in determining its level.

The paper has concentrated on extra costs that all sole parents may face. The guardian allowance would appear to be an appropriate instrument for assisting all sole parent pensioners with these costs. The paper has also argued that there are some specific areas where the guardian allowance is not necessarily the appropriate means of meeting special needs. Many sole parents have particular difficulties with housing costs and with child care. The paper has argued, however, that specific initiatives in housing assistance or in child care arrangements would be preferable to increase in the guardian allowance as a means of assisting those sole parents with difficulties in these areas.

Similar issues arise when considering the relationship between the guardian allowance and child support. While the paper has not discussed the Government's maintenance reforms, it is worth noting that there have been suggestions that the guardian allowance could provide the base for an advanced maintenance guarantee, that would ensure that all children in sole parent families benefited from the child support initiatives introduced in recent years. Various alternatives are canvassed in McClelland and Trethewey (1987). For example, it has been argued that such a payment would provide a minimum benefit to sole parent families who would otherwise receive little or no child support, or could be designed to be paid while newly separated families were awaiting their first maintenance payments.

The paper has not discussed this important issue on the grounds that the rationale for an advanced maintenance guarantee mainly relates to issues other than the costs of sole parenthood. Having said this, it must be acknowledged that increases in the guardian allowance could be used by some sole parents to pay for child care costs and others to help with housing costs, and would be of most relative value to those sole parent pensioners who have no additional income from maintenance or other sources. Nevertheless, while the guardian allowance or any payment could serve more than one purpose, it is probably most useful to keep in mind its major objective of assisting sole parents with the extra costs they have as a consequence of their responsibility for bringing up children alone.

Section 1 of the paper showed that the level of guardian allowance has varied widely over time in terms of its real level. In the past, a particular problem with the guardian allowance has been that it was not indexed in line with inflation, and consequently its real value fell substantially, although it has also been the subject of substantial, ad hoc increases. While the GA is now formally indexed, it is currently at a historically low level, so it seems appropriate to consider the functions of this allowance.

This is particularly so, given concerns with child poverty and the evidence in Section 1 that sole parents have extremely high rates of income poverty. While the living standards of sole parents have undoubtedly improved as a consequence of the package of assistance for families with children introduced since 1987, the previous level of poverty among sole parents was so high that there should be continuing concern about the adequacy of social security assistance for this group. Having said this, it would appear that a major factor causing the high level of income poverty among sole parents is the degree of reliance on the social security system. That is, it is likely that a higher proportion of sole parents are in poverty because a very high proportion are reliant on the minimum income support system. This suggests that a very important component of a response to poverty among sole parents could be in the areas of child support from non-custodial parents, the provision of child care, and programs such as JET to encourage further employment. Nevertheless, there are also limits to the extent to which these sorts of policies can reduce poverty, and different forms of assistance may be more appropriate at different times.

Section 1 also discussed some aspects of income support for sole parents in New Zealand and in the United Kingdom. It was shown that, relatively speaking, sole parents in the New Zealand social security system have been treated more favourably than have sole parents in Australia. Essentially, a sole parent with one child in New Zealand has been given levels of assistance comparable to that provided to a couple without children. While very

recently the then Labour government in New Zealand reduced this relatively favourable treatment, it remains true that New Zealand sole parents receive a much higher (relative) level of additional assistance than their Australian counterparts. The situation in the United Kingdom is also of interest, because the government has decided to target much more of its assistance towards families with children and sole parents in particular. As a result, the income support for a sole parent with one child in the United Kingdom increased from around 80 per cent to 105 per cent of the rate for a couple without children.

Section 1 and Section 2 indicated that much of the existing discussion of the costs of sole parents has been produced in the United Kingdom, particularly as part of the Finer (1974) Report on One Parent Families. Section 2 discussed the conceptual basis for arguments that sole parents face additional costs. The first part of this relates to the housing costs of sole parents and the fixed costs associated with running a household (e.g. fuel, power, household equipment). Properly speaking, these costs are not 'extra', but what is implied is that there are such substantial economies of scale in housing and household operation that the addition of an extra adult to a sole parent household would not substantially affect the level of expenditure, and correspondingly that housing and related costs do not fall necessarily when the father, say, leaves the family.

The second aspect of the costs argument relates to the allocation of time in households of families with children. Put simply, the living standards of individuals are not only the product of what they can purchase with money, but how those purchases are transformed into consumption through inputs of time by mothers and fathers. Sole parents have substantially less time than two parent families, so that they would have increased income requirements to compensate for the time inputs 'lost' through the absence of the second adult. It is an empirical question whether the reduction in costs faced by a household with one adult is sufficient to offset the possible increase in costs resulting from the time lost. A number of studies of the allocation of time were reviewed in Section 2, but none contained information appropriate for the purpose of determining the importance of the time component in household living standards. In general, the literature suggests that time costs are an important but under-researched area.

Section 3 of the paper analysed a wide range of information on the housing costs and circumstances of sole parents using the 1988 Housing Survey. This analysis showed that there are major differences between the housing circumstances of sole parents and other low income households, but in summary it seems reasonable to conclude that within occupancy groups (owning, purchasing, renting privately or from the government), that sole parents are likely to face similar levels of costs. Overall, however, the average costs of sole parents differ from those of other low income families because of the substantial differences in their distribution across occupancy types, which probably reflects adjustments made to the high average level of housing costs they face. The appropriate policy response to this, would appear to be in the field of housing assistance, where assistance could be directed towards those with housing difficulties, rather than all sole parents, as would be the case if the guardian allowance was increased.

Section 4 of the paper reviewed a range of data on the expenditure patterns of sole parents and other low income families with children, as well as direct indicators of living standards. The paper discussed the results of a New Zealand study of living standards of beneficiaries which suggested that sole parents were less likely to be experiencing a range of hardships than beneficiary couples with children. In contrast, a detailed study of indicators of deprivation in consumption among Australian sole parent beneficiaries and beneficiary couples with children using 1984 Household Expenditure Survey data appears to suggest that a significant proportion of Australian sole parents were experiencing greater hardship on benefits than couples with children. If levels of hardship should be equal for persons with the same degree of reliance on the benefit system, and if levels of hardship are appropriately measured by this comparison, then this result might be taken as suggesting that social security assistance at the time was less adequate for sole parents than for couples with children.

Section 5 reviewed the available equivalence scale results that could be used to estimate the costs of sole parents. This issue is an under-researched area and the number of studies estimating equivalence scales for sole parents is very limited. No strong conclusions can be reached; all that is suggested is that the allowance for sole parents in the Australian social security system is on the low end of the suggested range of 'extra costs'.

It is clear that the conclusions of this paper should be regarded as tentative. The research questions as set out at the beginning of this report were very precise, and the conclusion at the end is that none of the questions can be answered with the degree of precision that might be hoped for. Nevertheless, there is substantial evidence to



support the following set of conclusions. Sole parents are particularly prone to poverty and despite improvements in their living standards are likely to remain among the poorest groups in the Australian community. The notion that they have extra costs due to 'time poverty' is plausible. While the monetary compensation that would be required to offset these extra costs cannot be estimated from the available data, it is also likely that in practice the budget constraints they operate under increase the pressures faced by sole parents and their children. Sole parents also appear to have the same sort of housing aspirations as do couples with children, but because of their lower incomes are forced into forms of occupancy that are less satisfactory. Many sole parents nevertheless face very high levels of housing costs either as purchasers or private renters. There is also some evidence to suggest that sole parents are more likely to be experiencing hardships than other beneficiary families with children. It is also reasonable to conclude that the extra assistance directed to sole parents through the guardian allowance is at a low level historically, and also is at the low end of the assistance suggested by equivalence scale research. It follows from all this that the general case for a payment such as the guardian allowance is sound and there also appears to be strong reasons for increasing the level of payment.

What would be a reasonable level of payment? One approach could be to raise the level of pensions to the poverty line. As has already been noted, however, the Henderson line has been criticised on many grounds (Stanton, 1980; Saunders, 1980). This report has also shown that in 1984 the actual expenditure patterns of sole parents and low income couples with children did not closely resemble the patterns assumed in the derivation of the Henderson line (see Table 4.12), with the Henderson line assuming that families spend much more of their income on food, clothing and medical care than in fact they do, and much less on transport. This reflects the origin of the Henderson equivalence scales in the 1954 Family Budget Standard for New York, and reinforces doubts about the relevance of these scales to contemporary Australian conditions.

In any case, Table 5.1 showed that the Henderson scales provide the lowest estimate of the difference between the cost of a child to a single person and the cost of a child to a couple. The Henderson line assumes that the relative costs of single adults and children are higher than allowed for in the social security system, but that the additional cost of lone parenthood is lower. Introduction of the Henderson scales would require a reduction not an increase in the guardian allowance.

Alternatively, one may consider the past value of the guardian allowance. As shown in Table 1.1, guardian allowance was at its highest level in real terms around 1970 when it was equivalent to 40 per cent of the single rate of pension or \$35.10 in 1990 terms (over \$37 now). Pension levels were increased very substantially in the early 1970s, which may be one reason why the guardian allowance was not. The level of the guardian allowance in 1970 was probably not the product of considered choice, and it therefore does not make a compelling benchmark. Its value in 1975 may be more relevant, however. This is because indexation of basic pension rates was effectively introduced in 1975. Given that successive governments have considered it appropriate to maintain the real level of pensions with only minor increases since then, it could be argued that a consistent policy would have been to index all supplementary payments at the same time. To increase the guardian allowance back to its real level in 1975 would imply roughly doubling the level of payment to around \$28 a week.

The equivalence scale research summarised in Table 5.1 may also provide guidance. While there is a good deal of variability in the estimates of the cost of first child for a sole parent, there is less variability in the estimates of the overall costs of a sole parent with one child. This is because those scales that suggest that the special costs of sole parenthood are low tend also to suggest that the costs of single adults and of children are high, while those that estimate a high cost of sole parenthood tend to give lower costs for single adults. Most of these overall results imply that a sole parent with one young child needs between 86 and 94 per cent of the income of a couple without children to have equivalent living standards. To increase the guardian allowance so that the total pension income (including family allowances) of a sole parent with one child was 86 per cent of the married rate of pension would require an increase of around 80 per cent (to around \$25.50 a week), while the guardian allowance would have to be increased by nearly 220 per cent to around \$44 a week to achieve the relativity of 94 per cent of the married rate of pension.

These increases are obviously substantial. Assuming for illustrative purposes that there are 250 thousand recipients of guardian allowance on average each week, the full year cost of increasing payments would be around \$150 million to increase the payment to \$25.50 a week, \$180 million to increase it to \$28 a week, and \$390 million to increase it to \$44 a week. This range of costs is itself wide. It must be emphasised that the findings of this paper

have been indicative rather than definitive. Having said this, it is still necessary to make some precise suggestion for the appropriate benchmark for the guardian allowance. Bearing in mind all the caveats that have been expressed throughout this paper, it would seem defensible to argue that a sole parent with one young child should receive payment set at around 90 per cent of the combined married rate of pension. This would imply a guardian allowance of just under \$40 a week. The increase required would cost in the order of \$330 million in a full year, on the assumption that around 250 thousand sole parents receive payments. Such an increase in assistance would be a well targeted means of further redressing the problem of poverty among sole parent families and their children.

## SELECTED RESULTS FROM DEPRIVATION STUDIES

TABLE A.1: DEPRIVATION AMONG ADULTS AND CHILDREN IN TWO PARENT AND ONE PARENT FAMILIES, UNITED KINGDOM, 1968-69

A. Percentage of adults experiencing difficulties or deprivation					
Characteristic	Type of Family				
	Two parents	Unmarried/ separated mothers	Widowed/ Divorced mothers	All lone mothers	All lone parents
Net household income below 140% of supp. benefit level	19	58	21	45	28
Not owner-occupier	49	86	62	75	72
Structural defects	24	45	21	34	29
Poor/very poor housing	4	21	4	13	13
Too few bedrooms	19	55	33	45	41
Fewer than 6 household durables in list of 10	15	38	15	28	27
No holiday in 12 months	47	79	64	73	70
No evening out in fortnight	39	52	62	57	56
Moderately or severely deprived on 8 criteria	24	48	32	41	41
B. Percentage of children experiencing difficulties or deprivation					
	Children in:				
	2 parent families	1 parent families			
Two or more bedrooms too few			8		26
One bedroom too few			18		31
Additional accommodation wanted			49		50
Poor/very poor housing			6		8
Structural defects			27		34
Fewer than 6 durables			18		33
No safe place for child to play (less than 10 years)			34		43
No holiday in 12 months			49		57
No birthday party (aged 3 to 14)			56		75
No pocket money (aged 5 to 14)			3		17
Moderately or severely deprived on 8 criteria			25		48
Source:	Townsend, 1979: 769, 771.				

**TABLE A.2: POVERTY AND POOR LIVING CONDITIONS, DENMARK, 1986**

Family Type	Percentage below poverty line <sup>(a)</sup>		Percentage with accumulated poor living conditions <sup>(b)</sup>
	Lowest Assumptions	Highest Assumptions	
Single no children	4	11	12
Single, with children	13	37	9
Couples, no children	2	12	6
Couples, with children	1	4	4
Total	2	9	6

**Notes:** (a) The lower poverty line covers persons whose gross family income in 1985 was less than D.kr. 100,000 and whose monthly disposable income in 1986 was less than D.Kr. 1,000 per capita. The higher poverty line covers persons whose gross family income was less than D.Kr 150,000 and whose monthly disposable was less than 1,500 D.Kr. per capita. Disposable income is the amount left over after taxes, housing, fuel, electricity, transport, telephone, trade union membership, insurance, payments for children in day care, and other fixed costs.

(b) Simultaneously disadvantaged in regard to four levels of living components (housing, health, working environment, and social relations).

**Source:** E.J. Hansen, 1989: 18, 22.

**TABLE A.3: PROPORTION OF FAMILIES NOT UNDERTAKING VARIOUS ACTIVITIES FOR ECONOMIC REASONS, DENMARK 1988**

		Per cent of family type				
		Single without children	Single with children	Couple without children	Couple with children	All singles and couples
<b>Everyday necessities</b>						
Buy staples <sup>(a)</sup>		12	17	3	11	10
Buy footwear		11	36	4	15	12
Buy important medicine	2	6	1	1	1	
Pay the rent at the right time	3	10	3	3	4	
Pay other bills at the right time		7	23	3	9	7
<b>Accommodation (activities)</b>						
Heating		3	3	2	2	2
Fix things (yourself)	} at home	11	21	10	15	12
Get things repaired		10	26	5	10	10
Renew equipment		12	26	7	14	12
<b>Reproduction activities</b>						
Go to the hairdresser		9	34	6	14	11
Go to the dentist		5	14	4	3	5
Attend classes/courses		7	12	4	6	6
Go in for hobbies		8	22	3	8	7
Outings		12	28	7	12	11
Be on holiday (away from home)		16	33	12	14	15
<b>Social activities</b>						
Invite people home		13	26	6	9	11
Go out in the evening		17	31	10	17	16
Go to the cinema		10	22	6	9	10
Visit family/friends		12	39	7	12	12
Social gathering		7	16	1	5	5
Buy presents for birthdays etc	9	26	5	6	8	

**Note:** (a) Food, washing powder and cleansers, drinks, tobacco etc.

**Source:** F.K. Hansen, 1990: 117.

**TABLE A.4: INDICATORS OF LIVING CONDITIONS OF HOUSEHOLDS WITH CHILDREN, SWEDEN, 1984-85**

	Per cent of households <sup>(a)</sup>					Parents with three children
	Single parents			Couples with children		
	All	Mothers	< 7 years	All	< 7 years	
<b>Education</b>						
No post secondary	77.2	79.2	80.6	74.1	70.3	76.8
Only pre-secondary	26.9	31.8	22.6	27.2	20.7	33.1
Extremely short <sup>(b)</sup>	5.6	6.6	..	5.1	5.3	8.3
No studies last year	61.8	61.5	..	58.4	60.6	59.4
No training at work	65.4	66.7	..	58.8	59.0	61.4
<b>Employment</b>						
No gainful employment	13.3	16.1	18.2	8.4	9.9	15.7
No full-year, full-time	49.2	55.2	..	39.2	42.9	40.2
Underemployment <sup>(c)</sup>	14.1	15.9	16.4	7.5	7.6	7.6
Unemployment	3.8	4.6	6.1	1.8	2.1	2.2
Unemployment in last five years	22.4	23.1	40.9	13.1	16.1	12.7
Long term unemployment	3.6	3.1	1.6	1.6	1.2	1.3
Non-daytime work	18.1	19.4	..	17.5	19.3	20.6
<b>Work environment</b>						
Heavy lifts every day	26.5	22.1	..	22.6	26.3	23.7
Awkward working position	43.8	39.8	..	42.0	45.2	41.7
Heavy shaking	4.6	3.1	..	11.5	12.5	11.9
Physically strenuous	70.6	69.4	..	66.9	71.4	67.9
Very dirty work	6.0	3.3	..	13.2	14.1	15.9
Deafening noise all the time	7.0	6.2	..	9.2	10.2	10.2
Accident in last 12 months	3.1	3.4	..	4.8	4.8	5.7
Mentally strenuous	50.7	44.1	..	45.5	44.7	45.6
Hectic and monotonous	16.5	17.1	..	11.2	12.9	11.6
<b>Economic Resources</b>						
Below subsistence level <sup>(d)</sup>	10.8	14.7	..	8.7	11.1	22.7
Disposable income per consumption unit <sup>(e)</sup>	59.6	58.7	53.0	60.1	56.2	52.0
Social welfare allowance <sup>(f)</sup>	19.6	21.6	34.4	3.9	6.1	8.2
Economic crisis <sup>(g)</sup>	29.0	24.9	47.3	7.4	11.8	11.2
Economically difficult childhood	33.9	35.4	..	29.0	22.9	33.2
Does not own weekend house	91.2	91.5	96.6	79.1	86.4	79.8
Does not own his/her dwelling	58.0	61.9	73.9	19.1	25.5	21.0
No cash reserve	36.0	35.0	47.7	12.8	15.6	17.4
<b>Housing conditions</b>						
Live in a flat	66.5	71.8	78.3	21.3	27.7	18.7
Over-crowded <sup>(h)</sup>	2.4	2.7	4.7	3.9	6.3	10.2
No. of residents per 100 room/units	57.9	60.3	64.1	71.7	76.7	89.3
Not all conveniences <sup>(i)</sup>	0.3	0.5	0	0.3	0.3	0.7
Not acceptable standard <sup>(j)</sup>	2.7	3.1	4.7	4.2	6.5	10.6
No washing machine	2.0	3.0	2.9	0.4	0.5	0.8
No freezer	8.6	11.4	13.1	1.6	2.2	1.7
No dishwasher	76.7	78.2	81.5	40.2	44.2	37.8
No telephone	1.9	1.8	3.1	0.2	0.5	0.6

Table A.4 cont.

	Per cent of households <sup>(a)</sup>					Parents with three children
	Single parents			Couples with children		
	All	Mothers	< 7 years	All	< 7 years	
<b>Transport needs and resources</b>						
> 1500 metres to food store	9.3	7.5	11.4	18.9	18.9	23.5
> 1500 metres to post office	20.4	18.5	20.8	36.7	37.7	42.2
> 30 minutes to workplace	45.9	48.4	..	46.6	48.3	43.8
> 250 metres to bus stop	35.0	32.3	34.5	48.5	47.9	50.4
> 30 minutes between buses	33.7	31.7	33.2	50.7	49.0	57.3
No car	41.7	46.2	55.9	4.1	5.6	6.3
<b>Leisure and recreation</b>						
No TV set	1.5	2.0	3.4	0.6	0.9	1.0
No video	82.9	85.2	85.6	72.6	73.1	75.3
No daily paper	35.1	34.1	50.9	10.9	14.9	12.4
No weekend house	61.8	65.2	63.6	50.3	51.1	59.0
No caravan	94.9	96.7	95.8	87.8	88.8	87.2
No boat	93.3	94.0	91.7	77.1	78.9	81.1
No car	41.7	46.2	55.9	4.1	5.6	6.3
No holiday trip	42.9	40.2	46.8	36.4	39.9	41.6
No holiday abroad	65.9	66.7	76.1	69.9	74.9	74.1
<b>Social relations</b>						
No contact with friends <sup>(k)</sup>	7.1	8.8	5.4	6.1	4.2	8.9
No contact with neighbours <sup>(l)</sup>	22.2	26.2	22.1	13.9	14.4	14.6
No friends at work	53.5	50.3	..	58.3	54.4	61.0
Cannot talk to fellow worker	12.0	12.7	..	9.9	10.2	12.7
Tasks prevent contact with fellow workers	18.8	16.7	..	16.9	17.2	19.8
No close friend	12.5	10.1	8.8	21.9	20.6	23.6
<b>Political Resources</b>						
Did not vote in last general election	8.8	10.0	...	4.8	6.1	4.7
Not member of political party	88.0	90.5	91.3	84.8	87.1	84.5
Not active in political party	96.5	96.5	99.0	95.8	96.6	95.1
Not member of a trade union	8.3	13.1	..	11.7	12.0	15.3
Not active in a trade union	89.3	88.3	..	86.7	88.9	85.4
Not active in an interest group	79.5	79.7	..	78.6	79.6	78.3
Does not usually discuss politics	27.0	27.0	33.3	23.7	22.6	25.1
Cannot appeal against govt. decision	3.3	3.9	5.3	2.5	2.6	3.3
<b>Health and medical care</b>						
Long-term illness	35.2	34.1	31.2	26.0	20.3	26.7
Impaired work capacity	8.0	6.9	7.1	3.8	2.1	3.3
Impaired motor functions	5.6	5.8	2.1	3.3	1.5	3.1
Impaired eyesight	0.9	0.5	0	0.2	0	0.2
Impaired hearing	3.9	2.8	3.8	5.9	4.2	5.1
Feeling tired	44.8	46.2	46.0	29.1	31.6	30.5
No family doctor	51.4	52.3	51.6	58.4	64.9	59.1
No visit to dentist	32.1	32.6	35.3	22.8	23.7	30.1
Everyday smoker	52.6	52.8	61.4	32.1	31.3	32.7

Table A.4 cont.

	Per cent of households <sup>(a)</sup>					
	Single parents			Couples with children		Parents with three children
	All	Mothers < 7 years	< 7 years	All	< 7 years	
<b>Safety and security</b>						
Violence threats <sup>(m)</sup>	10.6	11.3	10.0	3.2	3.7	3.5
Violence with bodily injury <sup>(n)</sup>	3.5	2.6	2.8	0.9	0.8	1.0
Fear of violence <sup>(p)</sup>	16.0	16.7	8.5	8.1	9.3	7.7
Theft/damage <sup>(q)</sup>	31.4	34.9	30.5	23.9	22.7	26.4
Worry about family economy	59.4	58.7	43.7	37.9	45.0	44.4
Worry about unemployment	20.5	20.5	20.6	13.9	14.1	14.3
Worry about world situation	77.7	72.7	68.7	73.5	75.8	66.1

**Notes:**

.. Very small sample size.

(a) In general, the numbers are percentages of the population group with the particular characteristic.

(b) Persons whose total number of school years is lower than the pre-secondary education received by the majority of their contemporaries.

(c) Underemployment includes part-time employees who want more hours, unemployed looking for a job, and others not gainfully employed who would like to commence work immediately, if offered a suitable job.

(d) The subsistence level approximates the limit for social assistance from the Swedish Welfare Board.

(e) Disposable income per consumption unit is the mean disposable income of each household type (in 1985 SEK) adjusted by the following equivalence scale: 0.95 for a single adult, 1.65 for two adults, and 0.40 for each child.

(f) This is the percentage of the population belonging to households that received social assistance.

(g) This is the proportion of the population who at some time in the last twelve months had difficulties in meeting expenses and therefore had to borrow money, ask for social assistance or stop payments.

(h) A dwelling is considered overcrowded if there are more than two residents per room, not including the kitchen plus one other room.

(i) A dwelling is considered not to have all conveniences if it lacks either running water, drains, central heating, a water closet or own bath or shower.

(j) A dwelling is considered not to be at an acceptable standard if it lacks either sufficient space or modern conveniences.

(k) Does not see friends or acquaintances as often as once a quarter.

(l) Has answered 'no' to the question 'Is there anybody in this neighbourhood with whom you exchange small favours, such as watering plants or borrowing things from each other'.

(m) Persons who during a twelve-month period have been victims of violence or threats of violence.

(n) Persons during a twelve month period have been victims of violence causing visible marks or bodily injury.

(p) Persons who in the last twelve months have refrained from going out at night for fear of being assaulted, robbed or molested.

(q) Persons in households in which in the last twelve months some member has been the victim of theft or wanton damage.

Source: Vogel, Anderson, Davidsson and Hall, 1988: 48-50, 82-84, 101-103, 139-141, 156-158, 171-173, 190-192, 208-210, 226-228, 249-251, 271-273.



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