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Author/Contributor:
Schneider, Judy

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by Judy Schneider

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The series is indebted to Diana Encel for her continuing editorial contribution.

Tony Eardley
Editor

Abstract

It is commonly mentioned in the youth policy literature that the financial dependency of young people on their parents is increasing and that this is likely to have an adverse effect on the well-being of young people, their families and the community in general. Possible consequences include lower living standards for young people and their families, family conflict, homelessness, crime and political cynicism. Reasons for the increase in young peoples' dependency include reductions in the availability of full-time work, greater participation in school and tertiary education and changes to government income support. To date, however, evaluation of the extent to which financial dependency has increased, for whom and when has been fragmented and limited by the data used. This paper aims to address this deficit by measuring the increase in financial dependency of young people in Australia using available published information from 1943 onwards and confidentialised unit record file information from the Income Distribution Surveys conducted by the Australian Bureau of Statistics between 1982 and 1996. The main findings are that dependency has increased substantially since the late 1960s and changes over the last 14 years have been particularly great for young people aged 15 to 20 years. Changes for this group are largely the result of increased participation in education and lower employee incomes. Further changes may occur as a consequence of changes to remuneration for young people which is currently under review by the Australian Industrial Relations Commission.

1 Introduction

This paper is concerned with the increasing financial dependency of young people in Australia. The first section provides a description of what is meant by young people and financial dependency, the second discusses the implications of this dependence and the third outlines available indirect evidence that it is increasing. The fourth section describes methods used in this study to produce a more direct measure of changes in financial dependence and the fifth section reports on the results obtained using this method. The sixth section discusses the results in terms of the groups of young people most affected. Possible causes and consequences are canvassed. The last section offers some conclusions regarding the magnitude of this social change and the need for further research on its effects.

Definitions

Young people are defined as people aged 15 to 24 years, which is consistent with the definition adopted by the Australian Bureau of Statistics (ABS, 1997).[1] To help clarify what is meant by young people's 'financial dependency', it is useful to draw on the work of Fraser and Gordon (1994a, 1994b) and Gibson (1995), who have constructed frameworks to describe the overall concept of dependency. These authors see dependency as composed of a number of dimensions. For example, Fraser and Gordon (1994a, 1994b) identify four 'registers' of meaning for dependency: economic, socio-legal, political and moral/psychological. Briefly, these refer to dependence on other people or institutions for subsistence, legal matters such as signing contracts, for voting and participating in politics and in the case of particularly 'weak' individuals, excessive emotional or directional support (Fraser and Gordon, 1994a: 312). Similarly, Gibson (1995) identifies six 'spheres' of dependency of which four are basically the same as those of Fraser and Gordon and the additional two relate to dependence as a consequence of mental or physical disability. The relationship between the different dimensions of dependency in the two models is unclear. In particular, it

1 However, some of the literature cited in this paper refers to people aged 12 to 24 years whom the United Nations defines as 'youth' or 'young people' (Hartley and Wolcott, 1994: 2).

is not known to what extent the moral/psychological dimension, which for adults tends to give dependency its negative connotations (Fraser and Gordon, 1994b: 311), is related to the other dimensions. Possibly one type of dependence leads to another but this is not assumed by either author and it is not assumed in this paper.

The only dimension of concern here is the economic dimension of dependency. In particular, this paper is concerned with dependence on parents for young peoples' subsistence. It is also possible for young people to be economically dependent on employers or the government but this type of dependency does not have the same implications as dependency on parents and is therefore treated differently. In fact, income from the market or state, for the purposes of this paper, is referred to as 'independent' income (because it is more amenable to control[2] by young people acting independently of their parents).

Economic or financial dependence on parents may take the form of shared housing, board or cash allowances which are provided by parents to enable a young person to have at least a subsistence standard of living.

2 Why Dependency on Parents Matters

The dependency frameworks developed by Fraser and Gordon (1994a, 1994b) and Gibson (1995) appear to be loosely based on the concept of citizenship as first developed by Marshall in 1949 (Marshall, 1963). This is useful not only for defining economic dependency, but also for explaining its implications.

Basic Citizenship Concepts

Very simply, a person who has citizenship has full membership or is able to participate fully in his or her community (e.g. Barbalet, 1988: 2). To do this, citizens must possess certain rights which include: *civil rights* such as freedom of association and the right to justice; *political rights* allowing the person to elect or represent others in a political capacity, and; *social rights* which include the right to sufficient economic

2 This refers to 'control' as defined by Edwards (1983: 251) and relates to the ability of the person to influence decisions on how money is to be spent.

resources to allow a life of ‘civilised being according to the standards prevailing in society’ (Marshall, 1963: 74). If a person lacks one or more of these rights, then they are excluded from citizenship and may belong to groups which have been variously described as ‘socially excluded’, ‘vulnerable’, ‘marginalised’, ‘alienated’ or part of an ‘underclass’.[3]

To support the rights of others, and indirectly their own, citizens must also undertake certain duties (Lister, 1997: 20-3; Coles, 1995: 83). These duties are less clear from Marshall’s work and have been defined differently, from vague obligations such as neighbourliness through to more public and explicit forms of political participation (Lister, 1997: 23). Those who are not citizens are thought to have less of an investment in the community and therefore have less incentive to fulfil civic responsibilities (Jones and Wallace, 1992: 154-5; France, 1998; France and Wiles, 1997: 70). Low levels of citizenship are likely to undermine ‘community solidarity’ as discussed by Turner (1997: 9-11).

Implications for Young People

If young people are in a situation of financial dependency then their economic rights are not provided directly by the social institutions of the state or market, but are mediated by their parents. Young people have a standard of living commensurate with the rest of the community according to the willingness and ability of their parents to provide it for them. Jones and Wallace (1992: 49-69) describe this relationship as ‘citizenship by proxy’. Allatt (1997) takes this concept further and argues that young people and their parents negotiate their own form of ‘private’ citizenship within the family, which may ameliorate or exacerbate effects of public citizenship.

The difficulty with ‘citizenship by proxy’ or ‘private citizenship’ is that it is not well understood and the outcomes for the well-being of different family members are largely unknown. That some young people are having difficulties obtaining public or private citizenship is evident in the

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3 This relationship is assumed in much of the literature on youth citizenship. For example, at the Glasgow workshop for a ‘New Agenda’ on youth research in the EU, the following authors (if not more) made some reference to this relationship: Allatt, 1997; Bynner, 1997; Coles, 1997; and Chisholm, 1997.

most extreme form in youth homelessness, which is thought to be increasing (Chamberlain and MacKenzie, 1998: 101-11). Homelessness is widely accepted to be exacerbated by financial dependence (House of Representatives Standing Committee on Community Affairs, 1995: 18-20), which is thought to have a twofold effect. Firstly, it is thought to add to family conflict and tension as a result of economic scarcity or prolonging an improper power imbalance (Maas, 1990a: 25; Hartley, 1997: 39). Secondly, if young people are unsupported by their parents then they lack sufficient independent income to afford secure accommodation, leading to the most common form of homelessness, in which young people move from one temporary or insecure place to another (see Hartley, 1988; Jordan, 1995; Shaver and Paxman, 1995; and Chamberlain and MacKenzie, 1998).

Young people who are particularly vulnerable to homelessness and other difficulties associated with financial dependence or citizenship by proxy, are those whose parents are least able or willing to support them. This includes those who belong to low-income families (as discussed by Hartley, 1989a: 111; Hartley and Wolcott, 1994: 77), those who are wards of the state to whom families do not have legal responsibilities beyond a certain age (as discussed by Coles, 1995: 127-48; 1997: 72-5), and those reliant on the incomes of step-parents, with whom relationships are often tense and whose obligations to support the young people are unclear (see Hartley and Wolcott, 1994: 59).

Homelessness, which can result in extreme hardship for young people, is likely to be the tip of the iceberg. Interviews with homeless young people generally find that things have to be very difficult at home before young people leave (see Crane and Brannock, 1996: 40-5). As a result, it is likely that dependence has resulted in a great deal of unhappiness and material deprivation which is not evident using current measures because young people are still at home and very little research has been undertaken into their living conditions there.

Another possible symptom of difficulties associated with financial dependency or lack of income is crime. Recent studies in Melbourne, by White (1997: 56-8) and in Sydney, by Vinson, Abela and Hutka (1997:18-21) support the view that much crime committed by young people, involving mostly stealing and drug dealing, is undertaken to supplement their incomes and in some cases, for ‘survival’.

Implications for Families

Not only are young people likely to be experiencing a lack of public or private citizenship, but other members of their families are likely to be experiencing this as well (Maas, 1990a: 25). Harding and Szukalska (1998), for example, have recently shown that 21 per cent of households containing dependent young people[4] are living in households with equivalent incomes below the Henderson Poverty Line. In these situations, poverty studies generally assume that the whole family experiences poverty, although, as alluded to, there is also the belief that some members suffer more than others (see Pahl, 1989, and Jenkins, 1991, for discussion of within-household distribution). Families are also likely to suffer to the extent that financial stress adds to internal conflict (Maas, 1990a: 25).

Implications for the Community

Exclusion of young people from citizenship is thought to lead to a reduction in their willingness and/or ability to exercise responsibility towards others in the community (e.g. Jones and Wallace, 1992: 154-5; France, 1998). This might be manifest in a lack of willingness to participate in community activities (France, 1998), committing crime (France and Wiles, 1997: 70; Allatt, 1997; Coles, 1997) and political cynicism (Civics Expert Group, 1994: 105; Vromen, 1995). This affects the quality of all our lives, as community solidarity is eroded, worries about personal and property crime increase and democracy is undermined.

3 Factors Contributing to Increasing Dependency

Since the late 1960s, there have been considerable changes in the circumstances of young people in Australia and overseas, many of which

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4 Dependent young people were defined as aged 15-18years and were full-time students.

are thought to have led to lower personal incomes for young people, thus increasing their dependence on their parents.

Jones and Wallace (1992) and Coles (1995) provide comprehensive descriptions of the social and economic changes in the United Kingdom which have led to youth incomes being delayed, lowered or made more precarious. These changes include greater school retention, increased participation in tertiary education, reductions in youth wages and growing levels of youth unemployment. They also note that much state support which was previously provided to students and the unemployed, has now been withdrawn. Harris (1988) has been particularly critical of reductions in social security payments made to young unemployed people in the United Kingdom. These were largely abolished for 16 and 17 year olds in 1988 and were cut to the extent that 25 year olds were no longer provided enough income to allow them to live away from home (Harris, 1988: 504). Harris describes government policy at the time as evidence of ‘a deliberate policy of prolonging the dependence of the young unemployed on their families’ (1988: 518). Reductions were also made to student allowances (Jones and Wallace, 1992: 65-6).

In Australia, similar observations have been made. Hartley and Wolcott (1994) draw attention to the ‘prolonged dependence’ of the current generation of young people as a consequence of their increased educational attendance and reduced employment opportunities. In an earlier study, Hartley (1989b) also comments on the inadequacy of junior wages for maintaining independence, as does McDonald in 1991. Maas (1990a: 24; 1990b: 19) describes a number of changes in young unemployment benefits in the late 1980s, including means testing of unemployment benefits for 16 and 17 year olds and the re-introduction of a less-than-adult rate of unemployment benefit for 18 to 20 year olds.

These studies in Australia and in the UK have tended to concentrate on the impact of one social change at a time and are therefore fragmented. They also have been based on very limited data, such as only one or two point estimates from official statistics, from which it is not possible to infer trends (ABS, 1993), and from small scale studies from which it is not possible to make inferences about the population. Thus, no attempt has been made to measure just how large the overall change in dependency for young people has been in any given country and nor has there been an attempt to measure which groups of young people have been most affected.

This paper attempts to address this issue using two approaches. The first is to use official statistics to plot trends over the longest period possible for all the factors which might affect young people's dependency. These are shown in the next section. Following this, the methods and results sections detail a study using unit record data from ABS Income Distribution Surveys to examine the net effect of these changes on the incomes of young people. These data are only available in the form required for the relatively recent period of the last 14 years. Therefore the trend information has been assembled so that any findings can be put in greater historical perspective.

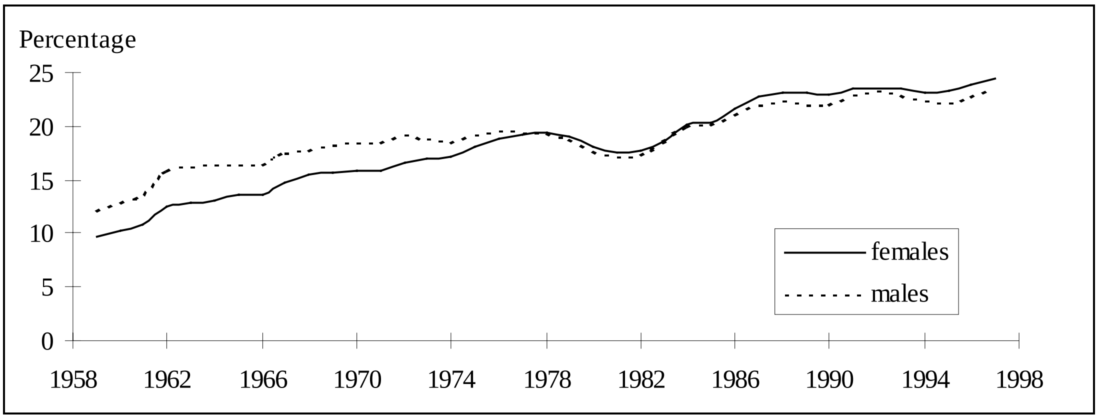
Indirect Australian Evidence of Increasing Dependence

The following is divided into three sections. The first concerns young people who are students, the second concerns young people who are employed and the last section deals with those who are unemployed. In each case, available data are used to show how the proportions of young people in these categories, and their incomes, have changed. For students and the unemployed, changes in government benefits have been examined while for the employed, changes in average earnings are examined.

For government benefits, changes are shown in terms of the relative levels of benefits and parental means-test thresholds. Levels of benefits are important because there is an explicit expectation that parents will supplement these benefits where they are insufficient to meet the costs of living for young people. For example, Wilson (1992), writing in the journal of the Australian Department of Social Security, explains that lower rates of income support have been paid to single unemployed people under 18 years because 'they are expected to be the primary responsibility of their parents, and consequently parental support is also assumed' (Wilson, 1992: 50), and to those under 21 years living at home, because there is an expectation that they would 'normally be subsidised by some form of ongoing parental support' (1992: 52). Similarly, parental means testing implies that parents are expected to support their children to the extent they are considered able to do so. Recently, under the new Youth Allowance, parental means testing has been extended to the unemployment benefits of 18 to 20 year olds because the Government wishes to 'encourage families, to the extent they are able, to support their children until they have achieved financial independence' (Centrelink, 1998: 2).

Students: Figure 1 shows school participation rates in Australia for young people since the late 1950s. While young people rarely stay at school beyond their 18th birthday, these figures have been expressed as a proportion of 15 to 24 year olds, so that the impact of school participation can be compared to other changes which are expressed as a proportion of this age group.

Figure 1: School Participation Rates[(a)] for 15-24 Year Olds, Australia: 1959 to 1996



Note: a) Participation rates have been calculated by dividing numbers of school students aged 15 years and over by estimates of resident population for 15-24 year olds.

Sources: ABS, 1991 to 1998, Catalogue No. 4221.0; ABS, 1959 to 1972, Catalogue No. 1301.0; and DEET, 1991.

As can be seen, school participation has been increasing throughout the last 45 years, except for a couple of brief episodes. The rate of increase has been faster for females, who are now slightly more likely to stay at school than males. Total proportions of young people staying at school have increased from approximately 10 per cent in 1959 to approximately 25 per cent in 1998. This increase in school retention has delayed the earning of independent income for a considerable proportion of young people.

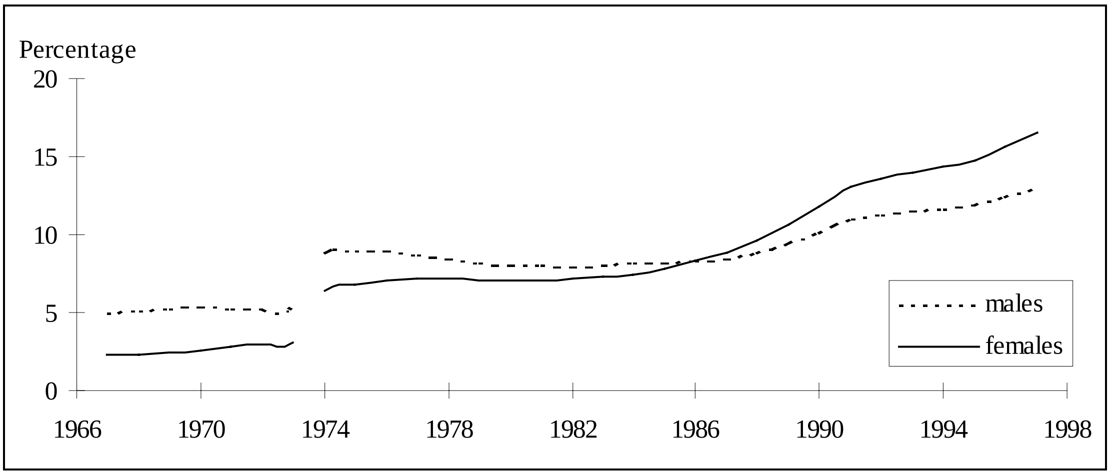
Reasons for the increase in school participation rates include lack of full-time employment for teenagers (Wooden, 1998: 34), which would explain the greater rates of participation for young women (Edwards, 1998: 24), and changes to the school curriculum (Sweet, 1998: 10). Additionally, a large increase in school students' allowances was introduced in 1987 to enhance families' ability to support children who wished to continue with post-compulsory secondary education.

Except for a brief period in the late 1980s, school student allowances have been and continue to be paid to parents, unless the parents request that the payments be made to their children (O'Donaghue, 1987). Thus while these allowances are important to family income, they are not directly received by students and are not covered in this paper.

Young peoples' tertiary participation rates have also increased, leading to further postponement of full-time work. Figure 2 shows changes in participation in higher education, which covers university and university-type education received at what were previously called 'colleges of advanced education'. Rates of participation for this type of education can be seen to have increased up to sevenfold for young women and to have doubled for young men. Nevertheless, even now, only about 15 per cent of all young people are participating in higher education, which is a relatively small group. Proportions of young people attending vocational education institutions are higher, but participation is usually part time and does not delay earning because it is often undertaken in combination with full-time work.

This increase in participation is thought to have been supply driven (McCormack, 1992, cited by Norris and Wooden, 1996: 30). Thus young people have attended tertiary education to the extent that places are available. Changes in participation may also have been associated with differences in perceived job opportunities for skilled and unskilled work, increased availability of part-time and casual work, differences in government benefits for students and the unemployed and changes in user charges (Gregory, 1995, cited by Norris and Wooden, 1996: 30; Marginson, 1998: 96-7).

Figure 2: Higher Education Participation Rates[(a)] for 15-24 Year Olds, Australia: 1967 to 1997[(b)]



Notes: a) Both full-time and part-time students are included; participation rates refer to both universities and Colleges of Advanced Education for the years 1980-1989 and all higher education institutions funded by the Commonwealth for the years following 1990. They exclude participation in private higher education institutions such as Bond University.

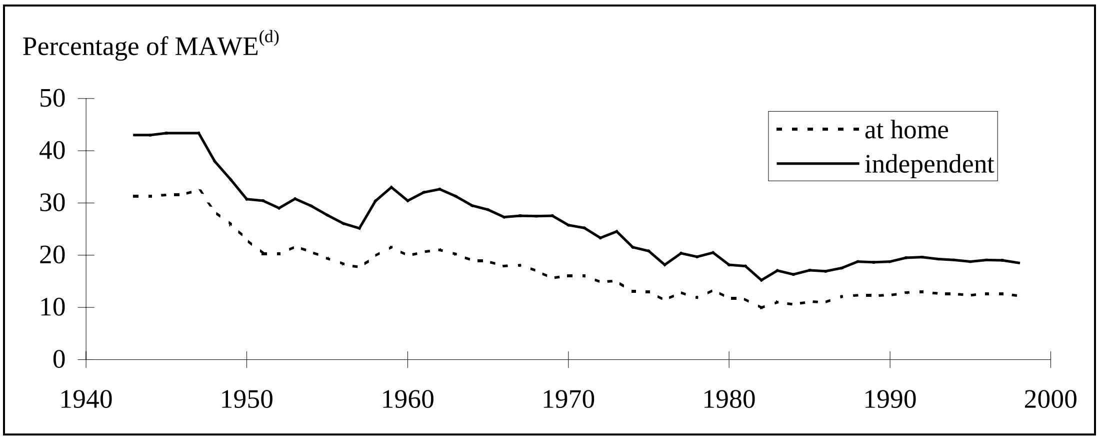
b) The bump in the data series in 1974 is artefactual. It results from the inclusion of College of Advanced Education students only from the year in which the Commonwealth assumed full responsibility for funding the Colleges and not from the time of their establishment in the early 1960s.

Sources: DEETYA, 1996a; DEETYA, 1997a; and ABS, 1985, Catalogue No. 4111.0.

Figure 3 shows changes in relative student allowances from the Commonwealth Government (excluding cadetships and state-based teacher traineeships). This is the first time that information from all the tertiary student allowance schemes has been brought together and standardised so that changes in relative benefits can be observed. As can be seen, there has been a considerable decrease in the level of benefits provided to individual students between 1940 and 1980, but since then there has been some increase. Reasons for these changes are likely to be related to changes in the perceived need for and value of tertiary education and the shift in targeting of assistance from a supposed merit-based system to more of a needs-based system.

Figure 4 shows that parental income thresholds for obtaining maximum payments have stayed at relatively the same level over time, but thresholds for receiving minimum payments have become lower, making small payments more difficult to obtain. Recently, there has been a slight

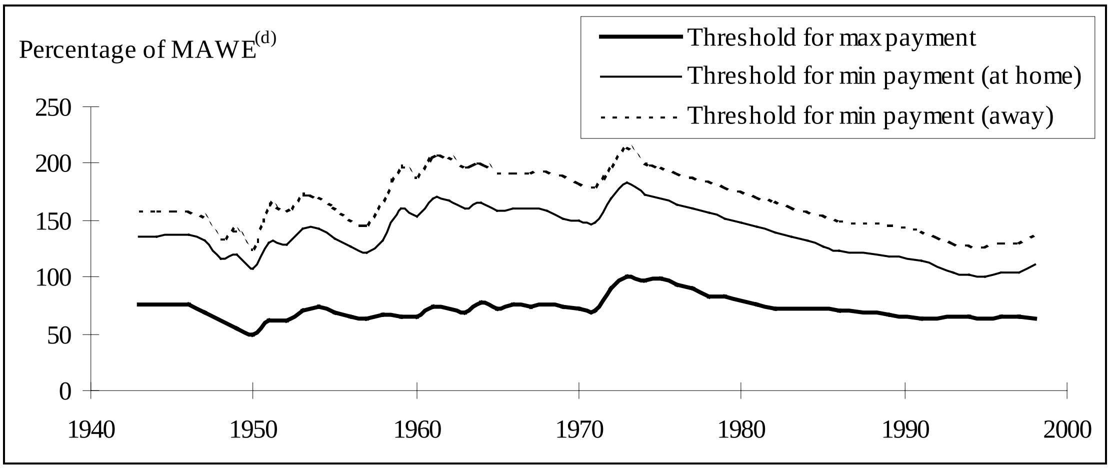
Figure 3: Relative Maximum Rates(a) of Tertiary Student Allowances(b), Australia: 1951 to 1998(c)



Notes:
a) Prior to 1986, rates refer to tertiary students who are 18 years or older. After 1986, rates refer to tertiary or secondary students who are 18 years or older.
b) Figures do not include incidental allowances.
c) 1998 figures refer to Youth Allowance.
d) Figures were indexed using all males average weekly total earnings.

Sources: Welfare Rights Centre, 1998; DEET, 1993 to 1995; DEETYA, 1996b-1997b; Minister of State for Education (and equivalents), 1976 to 1992; Commonwealth Scholarship Board, 1959 to 1974; Universities Commission, 1951 to 1958; and Universities Commission, 1946; Centrelink, 1998a and b.

Figure 4: Relative Family Income(a) Thresholds(b) for Tertiary Student Allowances, Australia: 1951 to 1998(c)



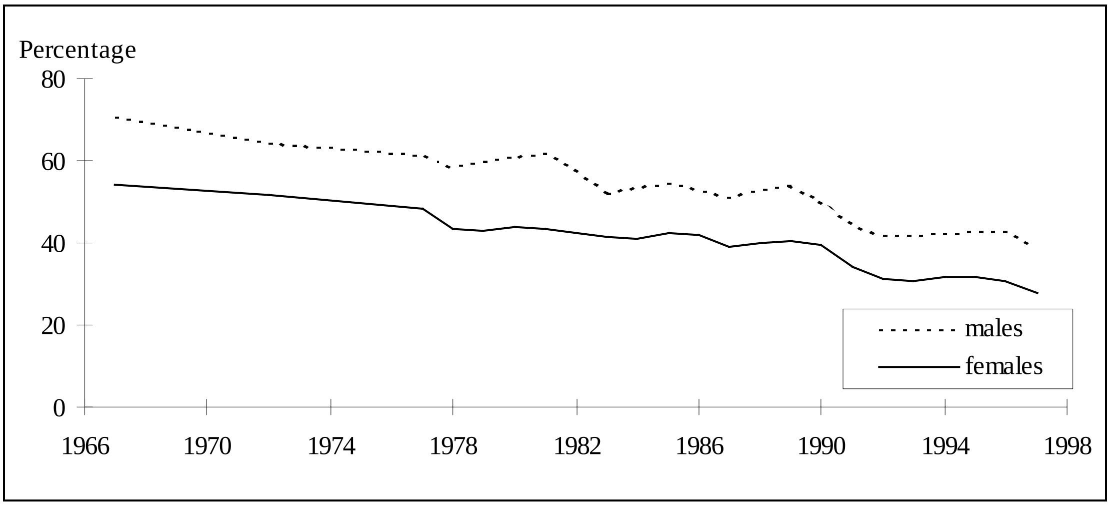
Notes:
a) Definitions of 'family income' have varied slightly over time.
b) Thresholds for minimum payments have been imputed prior to 1974, extrapolated from 1974 to 1990 and 1992. Real figures are used for all maximum payment thresholds and for 1993 to 1998 minimum payment thresholds; thresholds refer to those which apply to families with only one dependent student.
c) Prior to 1986, thresholds refer to tertiary students who are 18 years or older; after 1986, thresholds refer to tertiary or secondary students who are 18 years or older; 1998 figures refer to Youth Allowance.
d) Figures were indexed using all males average weekly earnings.

Sources: See Figure 3.

increase in the threshold for minimum payments because, unlike AUSTUDY, the new Youth Allowance payments are made even if the annual entitlement is less than $1000 pa (Centrelink, 1998a: 4).

Employed Young People: Figure 5 shows the decline in young people working full time which has already been mentioned. It can be seen that in the late 1960s, the vast majority of young people worked full time. Since then, this proportion has decreased, with many more people working part time, studying or being unemployed instead. According to Kenyon and Wooden (1996: 23), this decline is a result of the increased participation in education and collapse of the teenage full-time labour market.

Figure 5: Proportion of 15-24 Year Olds Employed Full Time, by Sex, Australia: 1967 to 1997[(a)]

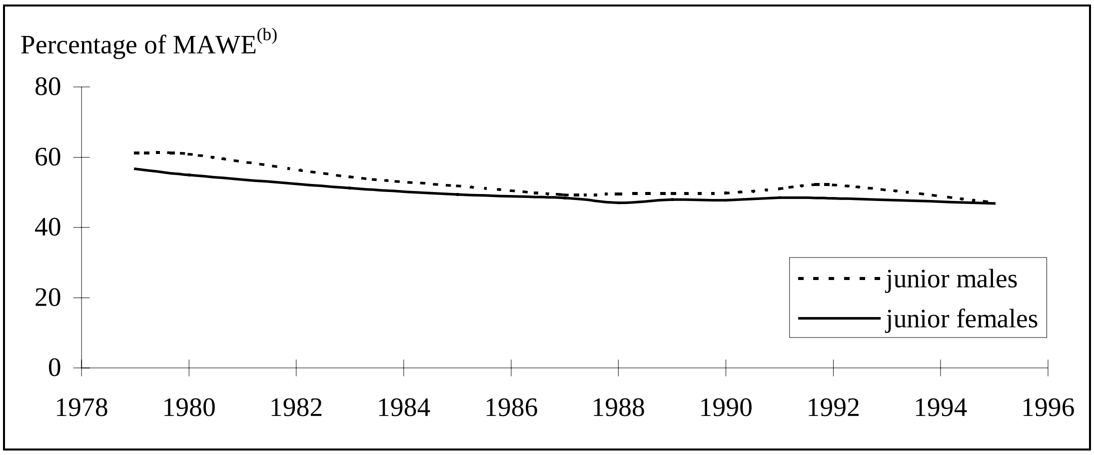


Notes: a) From April 1986, people who worked in a family business or farm without pay for one to 14 hours were classified as employed. Previously they were classified as unemployed or not in the labour force according to whether they were looking for work. Estimates prior to 1978 refer to the August Quarter, estimates after that time refer to the month of August. Data points for the period 1967 to 1980 are provided only for 1967, 1972 and 1977, the remainder have been extrapolated. After 1980, a point has been plotted for each year.

Sources: ABS, 1996 and 1997, Catalogue No. 6101.0; ABS, 1996, Catalogue No. 6204.0; and ABS, 1985, Catalogue No. 4111.0.

Figure 6 shows that young people aged under 21 years who work full time and are not paid at the adult rate for their occupation, earn less on average than 20 years ago when these data first became available. This is

Figure 6: Relative Average Junior[(a)] Earnings, Australia: 1979 to 1995



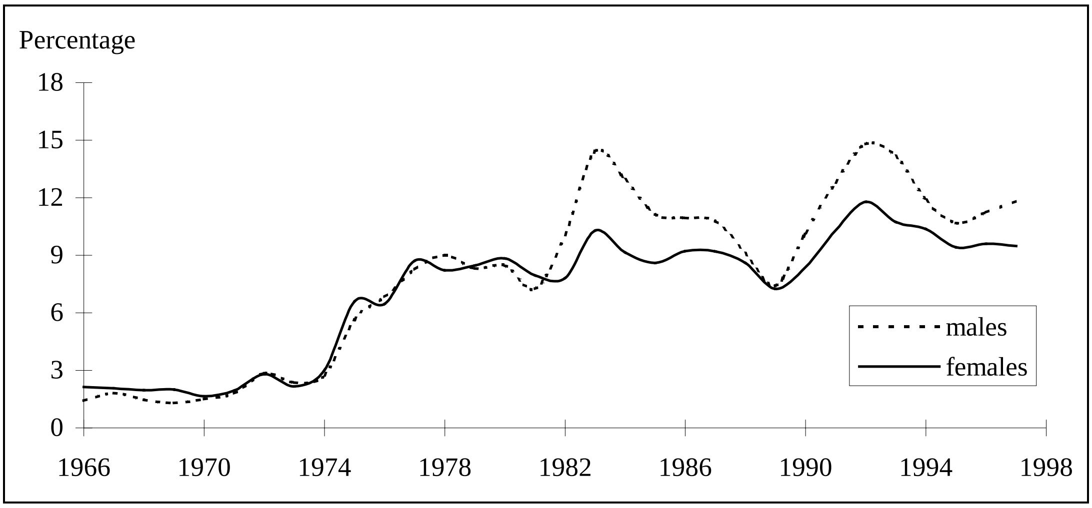
Notes: a) Junior employees are aged under 21 years and are not paid the adult rate for their occupation.
b) Figures were indexed using all males average weekly total earnings.
Source: ABS, 1979 to 1996, Catalogue No. 6306.0.

likely to be associated with decreasing demand for unskilled labour (Borland and Norris, 1996: 92-3) and the lower bargaining power of young people as a result of higher youth unemployment rates (Coles, 1995: 56). As can be seen, however, the relative reduction in junior earnings is fairly small.

Unemployed Young People: Figure 7 shows that the proportion of young people who are unemployed has increased markedly since the 1970s. The stepwise increase in unemployment with each economic downturn is thought to be a consequence of greater proportions of people looking for work at the beginning of each upturn, higher labour productivity so that less workers are needed and increases in the number of long-term unemployed who are considered ‘unemployable’ (INDECS, 1995). An additional factor for young people, particularly early school leavers, is that as a result of structural change, there are less unskilled jobs available (Lewis and Seltzer, 1996).

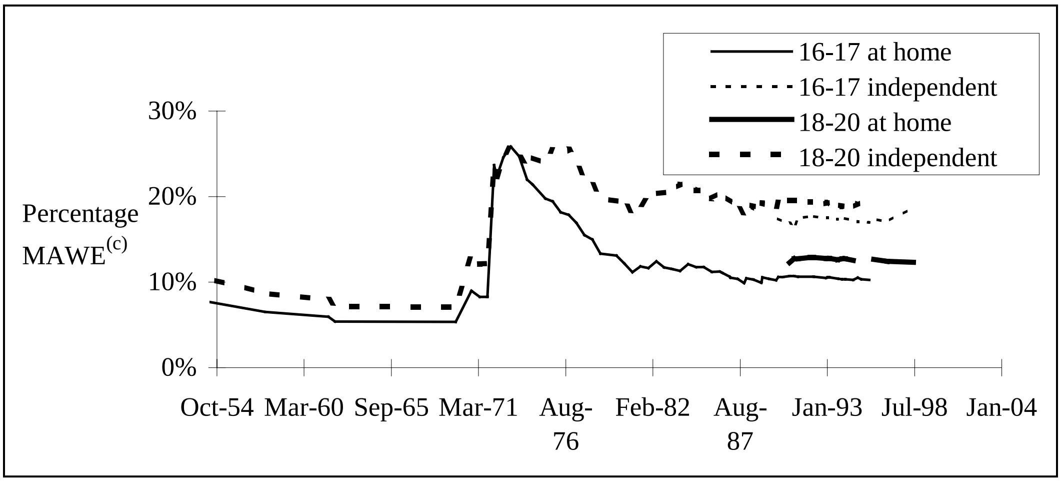
Figure 8 shows that for those unemployed who receive unemployment benefits, relative benefit levels are now lower than the levels set by the Whitlam Government in the mid-1970s but higher than levels prior to that time. The introduction of parental means testing is relatively new and there has been little change to the thresholds until recently.

Figure 7: Proportions of Unemployed 15-24 Year Olds, by Sex, Australia: 1966 to 1997



Notes: See notes 1 to 3 for Figure 3.
Sources: ABS, 1996 and 1997, Catalogue No. 6101.0; ABS, 1996, Catalogue No. 6204.0; and ABS, 1987, Catalogue No. 6204.0.

Figure 8: Relative Rates[(a)] of Unemployment Benefits, Australia: 1945 to 1998[(b)]

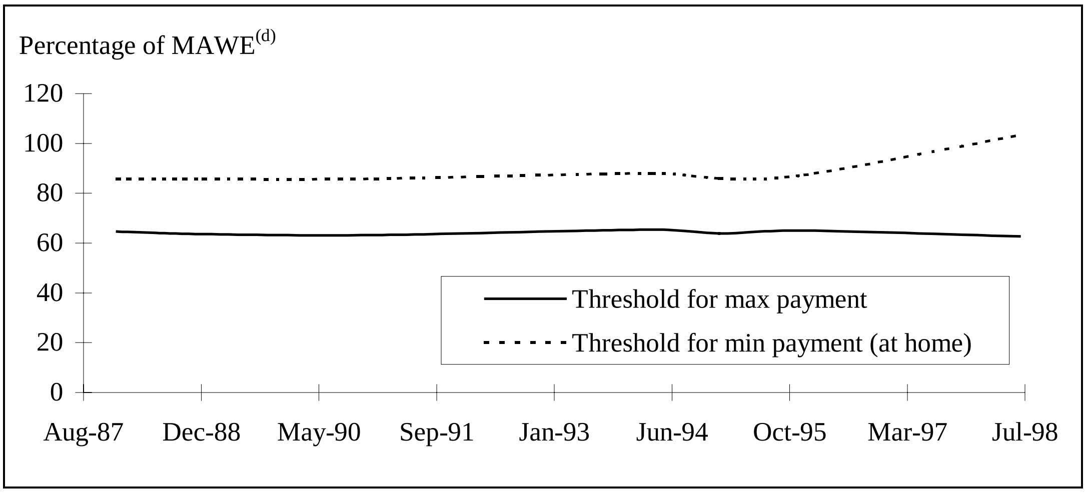


Notes: a) Rates are for single people with no children.
b) 1998 rates refer to Youth Allowance.
c) Figures were indexed using all males average weekly total earnings.
Sources: Centrelink, 1998c; Department of Social Security, 1996 and 1997; and Daniels, 1995.

Parental income testing was first introduced in 1987 and applied only to partial benefits of 16 and 17 year olds (part of their benefits was still paid regardless of parental income). It was not until July 1998 that parental means testing was extended to the whole of payments received by 16 to

20 years olds. The increase in the income thresholds for minimum payments seen in Figure 9 is associated with this change.

Figure 9: Relative Family Income Thresholds for Unemployment Benefits for 16-17 Year Olds, Australia: 1988 to 1998



Notes:
a) Rates apply to families containing no other children.
b) Thresholds for maximum payments were reported figures. Thresholds for minimum payments were derived using imputation and extrapolation except for July 1998 which were reported figures.
c) 1998 rates apply to Youth Allowance; means testing covered partial payments until 1 July 1998, after which it applies to the whole unemployment benefit.
d) Figures were indexed using all males average weekly total earnings.

Sources: See Figure 3

To calculate the combined effect of these different trends on young people as a group and according to their main activities, an analysis of changes in young people's incomes was undertaken.

4 Methods

Data Source

Changes have been measured using confidentialised unit record data from the Income Distribution Surveys conducted by the Australian Bureau of Statistics. Although the first of the surveys was conducted in 1969, unit record data has been available only from 1982 and so analysis has been restricted to surveys from this time.[5] Despite being a related series, the Income Distribution Surveys have different official names. These are: for 1982, the 'Income and Housing Survey'; for 1986, the 'Income Distribution Survey'; for 1990, the 'Survey of Income and Housing Costs and Amenities'; and the last survey, which began in mid-1994 and is a continuous survey, the 'Survey of Income and Housing Costs'.

The last survey deserves some special mention because it is a little different. In the earlier surveys, approximately 15 000 households were interviewed between mid-September to mid-December in the survey year. In the continuous survey, interviewing is undertaken at a uniform rate which results in approximately 7500 households being interviewed each year. To produce estimates with the same sample sizes, and hence the same level of reliability as previous surveys, the ABS has combined the 1994-95 and 1995-96 surveys to produce estimates for '1994-1996' which have been used in this paper. These combined estimates are the result of a two-pronged approach by the ABS: they have combined the samples from 1994-95 and 1995-96 and calibrated the weight of each record so that when summed, these match 1995-96 population benchmarks; and they have updated the income estimates for 1994-95 using various indexes (see ABS, 1998 for further information). As a result, the estimates are based on data gathered from mid-1994 to mid-1996 but actually refer only to 1995-96.

Income Concepts

The Income Surveys produce two types of estimates of income: current income, which refers to the income a person is receiving at the time of interview, and period income, which refers to income received over the previous financial year. The continuous income survey only collects

5 It might be noted that a source of similar income information is available from the ABS Household Expenditure Survey for which unit record data is available from as early as 1974-75. The difficulty with these data is that they are provided only at the household level and the required individual level data are not available until the 1989-90 Survey. Other official surveys which collect information on personal income tend to collect less detailed information and/or provide income estimates only in ranges (e.g. the Census and ABS Labour Force Surveys).

information on the characteristics of people, such as their age, employment and study status which relate to the time of interview (unlike the earlier survey which also collected information on changes in these characteristics over the previous financial year). Since the study aims to analyse how age and status affects income, current income estimates have been used because these relate most closely to the other characteristics since 1994-95. However, a disadvantage of using these estimates is that in the 1982, 1986 and 1990 surveys, they refer to incomes from between mid-September and mid-December while those for 1994-1996 refer to the whole of 1995-96. This means that estimates in the earlier surveys may be different from the last survey because they contain seasonal bias. However, the interviewing period mid-September to mid-December was especially chosen because it was a period that was not particularly associated with seasonal bias and so this is not thought to be a problem.

Current income includes all regular and recurring cash receipts that people receive from sources outside of their household. This includes receipts from employment, investments, government and from other households, including allowances paid by parents to children living away from home. It excludes transfers within households, whether they are in the form of unrequited allowances or payments for work performed around the house. It also excludes capital transfers such as loans and withdrawals from savings and non-cash assistance in the form of goods and services such as the donation of furniture or use of a washing machine. Whether it also excludes the informal economy outside the household and the criminal economy, which are stressed as important sources of income by White (1997), is unclear. The questionnaire allows reporting of such information and it is quite possible that income from odd jobs such as babysitting and house cleaning are reported under ‘other income’. Income from criminal activity, however, is unlikely to be reported for fear of the information being passed on to legal authorities.

Improving Comparability Between Surveys

One of the difficulties with working with the Income Surveys is that the estimates have been based on the responses of different groups of people over time. While demographic information including age and sex have been collected for all people who were interviewed and were residing in private dwellings, current income information has not been collected or has been omitted from the confidentialised unit record file for various groups. In 1982, for example, current income information was not collected or omitted for the following groups:

- people still attending school,
- people arriving in Australia after the end of the most recent financial year, and
- people who had been away from Australia for over a year just prior to interview.

In the remainder of the surveys, the grounds on which people have been excluded from current estimates are less clear from unit record file information. It is unlikely that these exclusions have been exactly the same, however, because as shown in Table 1, the proportion of the population contributing to estimates is different for each survey.

Table 1: Percentage of 15-24 Year Olds Contributing to Current Income Estimates

Year	No. of young people flagged in scope for current income	Population estimate for young people	Percentage of population in scope for current income
1982	2 037 924	2 557 531	80
1986	2 043 589	2 685 155	76
1990	2 035 692	2 727 475	75
1995-96	2 590 865	2 590 865	100

Source: ABS Income Distribution Survey confidentialised unit record files.

To compensate for these differences, estimates have been calculated using different populations. Income estimates have been calculated for young people according to their main activities, using only those records with current income data. Population estimates, however, have been based on all records. Overall levels of dependency have been derived by taking the product of the population estimate by the income estimate for each activity and then adding these products together.

It was also necessary to impute the proportions of school students who were dependent in 1982, 1986 and 1990 for which there was no income information available. It was rather bravely assumed that the proportions of school students who were dependent has not changed over the last 14 years and was equal to levels found in 1995-96. This is probably untrue since part-time work has become more prevalent, particularly for students (Gregory, 1995, cited in Norris and Wooden, 1996: 30). However, this assumption was considered to have less impact on the analysis than the alternative of excluding a group whose growth is thought to be responsible for much of the increase in young people's dependency.

In addition, it was necessary to impute proportions of tertiary students who were dependent in 1982. This was necessary because full-time tertiary students could not be distinguished from part-time students. For this group, it was assumed that 1986 levels of dependence for full-time tertiary students applied.

Changes have also been made to the survey data to compensate for the different ways in which negative incomes have been recorded in the Surveys. In 1982, 1986 and 1990, negative incomes for own business and investment income were set to zero when calculating total income, whereas in later surveys these were included in total income as negative figures. For the sake of consistency, negative incomes have been set to zero in later surveys as well, although this has had little effect because only very few young people had negative incomes.

Measurement of Dependence

Since no information is collected on what happens within the household, it is impossible to produce a direct measure of dependence. Instead, dependence has to be inferred, or measured on a residual basis. To do this, the independent income of each young person has been compared to a benchmark income which is thought to be sufficient for independent living, albeit at a very low standard of living. A young person was considered dependent if:

$$\text{benchmark income} - \text{independent income} > 0.$$

That is, young people were classified as dependent if their independent income was less than the benchmark income required for independent living.

The chosen *benchmark* was the simplified Henderson Poverty Line[6] as updated by the Melbourne Institute for the December Quarter 1997. The line is equal to the basic wage plus child endowment for a family of two adults and two children in 1964, indexed for economic growth and adjusted for differences in household spending requirements, or budgets, as compiled for households living in New York in 1954 (Johnson, 1987). It has been used extensively in Australia as a benchmark of income adequacy (Johnson, 1996) and this is evident even in youth studies. For example, McDonald (1991) and Hartley (1989b: 23) have compared the wages of young people to the Henderson Poverty Line to evaluate the adequacy of the wages for 'self support'.

More specifically, the chosen line is that which applies to a single person living alone and has been varied according to whether the person is in the labour force or not.[7] It was thought that this line best represented the (minimum) income needed for independent living. A lower poverty line would be applicable if it was assumed that the young person was able and willing to share accommodation with another person, thus lowering his or her housing costs. However, given that the line was developed so that it was so 'austere' as to make it 'unchallengeable' (Henderson, Harcourt and Harper, 1970, quoted in Johnson, 1987: 46) and that it is unclear with how many people a young adult should be expected to share, it was decided that the poverty line associated with a person living alone was low enough.

Use of the Henderson Poverty Line has been adopted despite the release of a new set of measures of adequacy, or budget standards, by the Social Policy Research Centre in April 1998. These related to the cost of a basket of goods and services which an expert panel agreed were necessary to maintain a given standard of living for a given household type resident in Sydney in February 1997 (Saunders et al., 1998: ii-vi).

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6 It was decided not to use the detailed Henderson Poverty Line which makes some allowance for age differences because this would add to the complexity of the study without appearing to add much value. The effect of using the detailed poverty lines would have been to increase the poverty lines of those in the labour force and young men not in the labour force by one to six per cent. For young women not in the labour force, seemingly rather inappropriately, it would have led to poverty line that was one per cent lower.

7 Actual calculations are shown in Appendix One.

As such, the standards have the advantage of having a closer relationship to expenditure requirements for current ‘independent living’ than the Henderson Poverty Line, which is more concerned with past income relativities. However, they have the disadvantage that they apply more specifically to the types of households for whom they have been defined. The standard which is closest to that required for young people is the budget standard relating to a 35 year old single woman living alone in private rental accommodation. Given that the match is not close, the budget standard was used as a benchmark income for sensitivity testing purposes only.

In this study, young peoples’ *independent incomes* have been calculated by deducting income received from parents from total income. Income received from parents has been measured using the data items listed in Table 2. As can be seen from the descriptions of the data items, in most cases, they cover other possible sources of income in addition to transfers from parents. It is assumed, though, that most of the income covered by these data items refers to income from parents, or at least from people playing a parent-like role.

Table 2: Income Provided by Parents to Young People Living Away from Home

		Income from parents as a percentage of total income	
Survey	Data items covering income from parents	All young people	Young people who receive this type of income
1982	not available	na	na
1986	financial support from relatives	0	40
1990	financial support from relatives	0	76
1995-96	income from persons outside household	1	80

Source: Unpublished data from ABS Income Survey confidentialised unit record files.

It is interesting to note that although these transfers from parents account for very little of the personal incomes received by all young people, it is very important to those who receive it. It is also interesting to note that the importance of these transfers is increasing, as they account for a greater proportion of the incomes of those who receive them in more recent years.

Lastly, it should be noted that personal income tax has not been deducted from independent income before comparing it to the Henderson Poverty Line or Budget Standards, as is usually the case in poverty studies. The reasons for this are mostly practical. The main reason is that income tax estimates from the Income Distribution Surveys have been derived differently in the earlier surveys compared to the current continuous survey. In the early surveys, tax paid was based on amounts reported by respondents (for which they were encouraged to refer to their tax returns) while later estimates have been imputed according to the gross incomes and personal characteristics of respondents. The resulting estimates are thought unlikely to be comparable between surveys and it would require considerable work to improve this comparability which is beyond the needs of this paper. An additional reason for not deducting tax is that there appears to be a substantial amount of work done by young people in the informal economy, involving cash in hand remuneration which escapes taxation (see White, 1997). Deduction of tax in these cases would be inappropriate.

That tax has not been deducted is not particularly important because the current study does not claim to be a poverty study in any sense. It also makes little difference. This study is only sensitive to whether incomes are above or below the benchmark incomes, which are quite low and attract little tax. Effectively, the Henderson Poverty Line is too high by approximately $25pw[8] for young people in the labour force (i.e. people with gross incomes equal to the Henderson Poverty Line would pay $25pw in tax) and by $17pw for young people not in the labour force.

5 Results

Overall Changes

Table 3 shows the proportions of young people who were dependent because they had personal incomes lower than the poverty line[9] for a

8 Tax calculations have been based on figures from CCH (1996: 1536-7).

9 This study compares gross income to the poverty line rather than the more usual disposable income (or gross income minus personal tax). Thus, numbers who are below the poverty line are lower than would be expected if more conventional methods had been used. Those who are below the poverty line would not normally be considered to be in poverty unless living alone.

Table 3: Dependency Amongst Young People[(a)]

	Year[(b)]	15-17 years	18-20 years	21-24 years	Total
			Percentages		
Males					
	1982[(c)]	78	37	24	42
	1986	85	32	20	44
	1990	91	42	23	49
	1995-96	96	61	27	56
Females					
	1982	80	40	36	49
	1986	87	43	34	53
	1990	92	52	32	56
	1995-96	96	62	33	59
Persons					
	1982	79	38	30	46
	1986	85	38	27	48
	1990	91	47	27	52
	1995-96	96	62	30	58

Notes:
a) Includes imputed estimates of proportions of school children who were dependent in 1982, 1986 and 1990 and proportions of tertiary students who were dependent in 1982.
b) Overall figures for 1982, 1986 and 1990 have been derived by summing for each activity, the product of the proportions who are dependent and the proportions undertaking that activity. This has the benefit of 'reweighting' the income estimates so that they better reflect the total population rather than varying populations which were 'in scope' for current income estimates in the earlier surveys.
c) Consistent age categories could not be produced for 1982 in which the category 18-20yrs contains young people aged 18-19 years and the category 21-24 years contains young people aged 20-24 years. The effect of this is to dampen the observed increase in dependency for both age groups.

Sources: Unpublished data from ABS Income Survey confidentialised unit record files; and Melbourne Institute, 1998.

person living alone for each survey year. These proportions have clearly increased over time.

Overall, the proportion of young people who were dependent has changed from 46 per cent in 1982 to 58 per cent in 1995-96. Thus, an extra 12 per cent of young people are dependent compared with 14 years ago.

Changes have been particularly great for the younger age groups. For 15 to 17 year olds, the proportion who were dependent rose from 79 per cent in 1982 to 96 per cent in 1995-96 (an additional 17 per cent). The situation for this age group has changed from one in which most 15 to 17 year olds were dependent to one in which almost all of them are. The change for 18 to 20 year olds has been even greater. In 1982, 38 per cent of 18 to 20 year olds were dependent compared to 62 per cent in 1995-96, which is equal to an additional 24 per cent being dependent. For this group, there has been a change from a minority being dependent to a majority. In comparison, for the older group of 21 to 24 year olds, there has been no change.

Proportions who were dependent also varied according to gender. In all survey years and for all age groups, the proportion of young women who were dependent was as great or greater than for young men. It is likely that these higher levels of dependency for young women reflect, at least in part, the additional dependence of young women on partners, particularly if they have children.[10] Possibly, the slower increases in dependency for the 15 to 20 year olds and decrease in dependency for young women aged 21 to 24 years is associated with a reduction in dependence on partners rather than parents, which is consistent with the current trend in which young women are delaying having children until they are older.

Table 4 shows that the findings in Table 3 are also evident when the SPRC Budget Standards are used as the benchmark income rather than the (simplified) Henderson Poverty Line. The Budget Standard is much higher than the Henderson Poverty Line in 1995-96 but becomes relatively lower retrospectively due to differences in indexing. Despite this, the results are quite similar. The percentage of young people who are dependent has increased overall, and in particular it has increased for those under 21 years with the greatest increase occurring for 18 to 20 year olds. These findings suggest that the results of this study are robust enough not to be critically affected by the choice of benchmark and nor by different methods of indexing.

10 No attempt has been made to distinguish between dependency on marriage partners and parents because marriage and having children is not usual for this age group (10 per cent were mothers in 1995-96) and because parental support may still be provided.

Table 4: Dependency Amongst Young People: Estimates Based on SPRC Budget Standards[(a)]

	Year	15-17 years	18-20 years	21-24 years	Total
			Percentages		
Males					
	1982	91	46	29	50
	1986	93	47	24	52
	1990	96	56	27	57
	1995-96	98	71	30	61
Females					
	1982	93	51	44	59
	1986	97	59	43	64
	1990	98	69	41	66
	1995-96	98	74	42	67
Persons					
	1982	92	48	36	55
	1986	95	53	33	58
	1990	97	62	34	61
	1995-96	98	72	36	64

Notes: a) Budgets refer to a 35 year old single woman who is renting privately; budgets have been indexed using all cities, all groups CPI because it is being compared against the income of people living in all cities.

Sources: Unpublished data from ABS Income Survey confidentialised unit record files; Saunders et al., 1998; ABS, various years, Catalogue No. 6401.0.

School Students: One of the reasons for expected increases in dependency is increased school retention. Table 5 shows that over the last 14 years, the proportion of young people attending school has risen from 20 per cent in 1982 to 24 per cent in 1995-96. While this represents a relatively small overall increase, it is the result of a large increase in the proportion of 15 to 17 year olds attending school (from 64 per cent in 1982 to 79 per cent in 1995-96).

Table 5: Young People Attending School

Year	15-17 years	18-20 years	21-24 years	Total
		Percentages		
1982	64	8	0	20
1986	69	6	0	23
1990	77	9	0	25
1995-96	79	5	0	24

Source: Unpublished data from ABS Income Survey confidentialised unit record files.

Table 6 shows that almost all school students are dependent on their parents, particularly in the youngest age group. As already discussed, it is not possible to calculate how much the proportion of school students who are dependent has changed over the last 14 years, and in the previous analysis of overall changes in dependency, these levels for 1995-96 were assumed to have applied in 1982, 1986 and 1990 as well.

Table 6: Dependency Amongst Young People at School: 1995-96

	15 -17 years	18-20 years	21-24 years	Total
		Percentages		
Males	100	100	na	100
Females	99	94	na	99
Persons	99	97	na	99

Source: Unpublished data from ABS Income Survey confidentialised unit record files.

Full-time Tertiary Students: The proportion of young people undertaking full-time tertiary study has also increased. Table 7 shows that the proportion has doubled from seven per cent of all young people in 1982 to 14 per cent in 1995-96. This increase has been particularly great for 18 to 20 year olds, whose participation rates have risen from 13 per cent in 1982 to 30 per cent in 1995-96.

Table 7: Young People Who are Full-time Tertiary Students[(a)]

Year	15-17 years	18-20 years	21-24 years	Total
		Percentages		
1982	3	13	7	7
1986	1	13	5	6
1990	2	19	8	10
1995-96	3	30	10	14

Notes: a) Tertiary students are young people who study full time but are not ‘still at school’ and are not working full time.

Source: Unpublished data from ABS Income Survey confidentialised unit record files.

Table 8 shows that like secondary students, most tertiary students are dependent on their parents for support. However, unlike for other groups, their dependency is actually decreasing, particularly for women and 21 to 24 year olds. Inspection of more detailed income data shows that this change is due to increases in 'employee' income from part-time work. Educators tend to mourn this increase in part-time work because it takes up valuable study time.

Table 8: Dependency Amongst Young People Who Study Full-time[(a)]

	Year[(b)]	15 -17 years	18-20 years	21-24 years	Total
			Percentages		
Males					
	1982	na	na	na	na
	1986	100*	93	87	91
	1990	92*	91	84	89
	1995-96	100*	93	82	90
Females					
	1982	na	na	na	na
	1986	100*	93	87	92
	1990	100*	89	81	88
	1995-96	100*	92	76	88
Persons					
	1982	na	na	na	na
	1986	100*	93	87	92
	1990	97	90	83	88
	1995-96	100	92	79	89

Notes: a) Tertiary students are young people who study full time but are not 'still at school' and are not working full time.
b) Figures for 1982 have been omitted because full-time students could not be separately identified from part-time students.
* Estimates have a relative standard error of 25 per cent or greater

Source: Unpublished data from ABS Income Survey confidentialised unit record files.

Full-time Employees: The next table (Table 9) shows the change in the proportion of young people who are full-time employees. Over the last 14 years, the proportion of young people working full time has fallen from 50 per cent in 1982 to 40 per cent in 1995-96. This change has particularly affected the younger age groups. The proportion of 15 to 17 year olds working full time has fallen from 22 per cent to eight per cent

Table 9: Young People Who are Employed Full Time

Year	15-17 years	18-20 years	21-24 years	Total
		Percentages		
1982	22	57	64	50
1986	18	57	65	48
1990	11	47	64	43
1995-96	8	36	62	40

Notes: a) Full-time employees work 35 hours a week or more. These exclude people 'still at school'.
Source: Unpublished data from ABS Income Survey confidentialised unit record files.

over the last 14 years and the proportion of 18 to 20 year olds has fallen from 57 per cent to 36 per cent. Proportions of young people working full time in the older age group were relatively unaffected.

Table 10 shows that the proportion of full-time employees who were dependent has also risen. This is particularly striking, again, for the younger age groups. In 1982, it was uncommon for any full-time employee, regardless of their age, to be dependent. This, however, has changed. Just 14 years later, it can be seen that 65 per cent of all full-time employees aged 15 to 17 years are dependent. Similarly, but to a lesser extent, it has become more common for 18 to 20 year olds to be dependent. For young men, the proportions in this age group who are dependent have risen from three per cent in 1982 to 16 per cent in 1995-96.

Changes in proportions of young women who work full time and are dependent have been less great. In fact, it is only in this category that young women are less likely to be dependent than young men. This might be because they are less likely to undertake apprenticeships, which tend to be very low paid.

Unemployed Young People: Table 11 indicates that the proportion of young people who are unemployed have slightly decreased over the last 14 years. This is not strictly true because levels of unemployment have been rising on average, as inspection of Figure 7 shows. However, as is also clear from this figure, levels of unemployment are subject to

Table 10: Dependency Amongst Young People Working Full Time[a]

	Year	15-17 years	18-20 years	21-24 years	Total
			Percentages		
Males					
	1982	14	4	6	6
	1986	28	4	3	6
	1990	38	6	5	8
	1995-96	68	21	6	14
Females					
	1982	6	2	4	3
	1986	24	4	2	5
	1990	33	6	3	6
	1995-96	59	10	3	8
Persons					
	1982	11	3	5	5
	1986	26	4	3	6
	1990	36	6	4	7
	1995-96	65	16	5	11

Notes: a) Full-time employees work 35 hours a week or more. These exclude people 'still at school'.

Source: Unpublished data from ABS Income Survey confidentialised unit record files.

Table 11: Unemployed[a] Young People

	15-17 years	18-20 years	21-24 years	Total
		Percentages		
1982	7	11	9	9
1986	6	11	11	9
1990	5	11	10	9
1995-96	4	11	8	8

Notes: a) Young people who are studying full time are excluded from the unemployed.

Source: Unpublished data from ABS Income Survey confidentialised unit record files.

considerable cyclical variation. Unfortunately, it appears that the timing of the surveys has been such that the cyclical variation in unemployment has obscured this trend of rising unemployment. Given that the unemployed are quite a small group, and changes in the size of this group are also very small, this data limitation has had little overall effect.

As for the previous group, proportions of young people who are dependent have increased. This is evident in Table 12 for all age groups of both sexes, with the exception of 21 to 24 year old women whose dependency has decreased. Inspection of more detailed income data shows that young unemployed people rely almost exclusively on government cash benefits for income. These benefits, which are not restricted to unemployment benefits but also include Sole Parent, Carer and Disability pensions, appear to have increased for young women.

Table 12: Dependency Amongst Unemployed[(a)] Young People

	Year	15 -17 years	18-20 years	21-24 years	Total
Males					
	1982	100	95	86	91
	1986	100	92	87	91
	1990	100	93	85	90
	1995-96	100*	99	96	98
Females					
	1982	100	97	97	98
	1986	98	100	92	96
	1990	100	95	80	90
	1995-96	100*	98	93	96
Persons					
	1982	100	96	90	94
	1986	99	100	90	95
	1990	100	94	83	90
	1995-96	100	99	95	97

Notes: a) Young people who are studying full time are excluded from the unemployed.
* Estimates have a relative standard error of 25 per cent or more.
Source: Unpublished data from ABS Income Survey confidentialised unit record files.

Other Young People: This residual category of young people includes all of those who are not at school, not attending tertiary education full time, not working full time and not unemployed. This group includes those referred to as the ‘marginalised’ by McClelland, MacDonald and MacDonald (1998), as well as people who study part time. The ‘marginalised’ are thought to be a group of young people particularly at risk of future disadvantage because they are not benefiting from education or full-time work experience.

Table 13 shows that there has been little change in the proportion of the population who fit into this 'other' category. Table 14 shows that changes in financial dependence have only occurred for 15 to 20 year olds, which is consistent with previous findings for this age group. They are, however, a very heterogeneous group and it is possible that finer disaggregation would reveal different trends occurring within this group.

Table 13: 'Other'[(a)] Young People

Year	15-17 years	18-20 years	21-24 years	Total
		Percentages		
1982	5	11	21	14
1986	6	13	20	13
1990	5	14	18	13
1995-96	5	17	19	15

Notes: a) 'Other' are young people who are not 'still at school', not studying full time, not working full time or not unemployed.
Source: Unpublished data from ABS Income Survey confidentialised unit record files.

Table 14: Dependency Amongst 'Other'[(a)] Young People

		15 -17 years	18-20 years	21-24 years	Total
			Percentages		
Males					
	1982	75	56	49	56
	1986	90	58	48	63
	1990	89	58	40	53
	1995-96	92	77	53	67
Females					
	1982	79	53	64	63
	1986	83	51	61	61
	1990	80	59	59	61
	1995-96	86	63	56	61
Persons					
	1982	78	53	62	62
	1986	86	53	59	61
	1990	83	59	55	59
	1995-96	88	67	55	63

Notes: a) 'Other' are young people who are not 'still at school', not studying full time, not working full time and not unemployed.
Source: Unpublished data from ABS Income Survey confidentialised unit record files.

6 Discussion

Overall, an additional 12 per cent of young people were being supported by their families or were having to survive on less than subsistence income in 1995-96 compared to 14 years previously. Changes have not been uniform for all young people, and appear to have particularly affected young people under 21.

Much of the change in financial dependence can be shown to be driven by increased participation in education and lower incomes for the full-time employed. These in turn are thought to be driven by government funding for education, incentives associated with different forms of income support, changes in the labour market leading to less demand for young people’s labour and changes to wage arbitration. The changes, their causes and implications are now briefly discussed according to the particular age group of young people.

The situation for *15 to 17 year olds* has changed from one in which most were dependent in 1982 (79 per cent) to one in which almost all 15 to 17 year olds (96 per cent) were dependent in 1995-96. Nearly all options for obtaining an income sufficient for independent living above the (single person) poverty line have been lost to 15 to 17 year olds.

The overall increase has been largely a consequence of greater school retention. As suspected, the levels of dependency are very high for school students (99 per cent) and so an increased proportion of 15 to 17 year olds staying on at school has led to an increase in the overall prevalence of dependency.

Increased school retention is thought to have been driven partly by the market, through the collapse of teenage employment, and partly by government, through greater provision of income support to low income families of post-compulsory school students (Deardon and Heath, 1996). It seems likely that the introduction of the Youth Allowance in 1998, which makes school participation a necessary condition for receipt of any income support for young people under 18 years[11], will lead to further

11 Unless they have completed Year 12 or equivalent or are subject to special exemptions, for example, if they are ill, homeless or unable to obtain an appropriate education place (Centrelink 1998b: 3).

increases in school retention. While these changes result in greater financial dependency, many people would argue that this is of advantage since it increases the educational capital of young people and increases the level of education in the community.[12] It might also lead to more productivity and employment.

What is disturbing is the erosion of choice or safety nets for those whose family situation is such that they lack parental support and find it difficult to enjoy the benefits of prolonged schooling. It seems that none of the other possible activities that a 15 to 17 year old can undertake will result in incomes sufficient for independence.

No income support, not even allowances made available to young homeless people, are sufficient to lift young peoples' incomes to the level of the Henderson Poverty Line. This does not represent a change over the last 14 years. Income support, such as unemployment or sickness benefits, has never reached these levels for adults, let alone for young people, who generally have and continue to receive lower benefits.

Previously, however, working full time led to incomes sufficient for independence. In 1982, 11 per cent of 15 to 17 year olds who were working full time were dependent on their parents. In 1995-96, dependence was much more common for young full-time workers and 65 per cent were dependent on their parents to some extent. It seems that now, even if young people manage to get a job, which has become more difficult (proportions in full-time work have fallen from 22 per cent to eight per cent), they are more likely than not to receive incomes which are insufficient for independent living.

Thus, 15 to 17 year olds no longer have any real access to public citizenship. A likely consequence of this change is greater exclusion or alienation, particularly amongst those whose families are unwilling or unable to support them by providing private or proxy citizenship. Homelessness is likely to continue to increase, youth crime is also likely to increase and political cynicism is likely to grow. These changes

12 Not everyone is convinced, however. For example, Bessant (1993: 93) argues that extended schooling is not always beneficial and does not necessarily lead to greater employment opportunities.

decrease the quality of life for young people, their families and the community.

Of all the age groups, the *18 to 20 year olds* have experienced the greatest change in levels of dependency. Their situation has changed from one in which it was unusual to be dependent (38 per cent were dependent in 1982) to one where it was more common (62 per cent were dependent in 1995-96). Options for independence still exist for 18 to 20 year olds who work full time, but this is the only activity in which independence is more likely than not.

Most of the increase in dependence of 18 to 20 year olds has been due to greater participation in tertiary education and less participation in full-time work. In 1982, 13 per cent of 18 to 20 year olds were attending tertiary education compared with 30 per cent in 1995-96. Full-time tertiary students have high levels of dependence (over 90 per cent) although they are not quite as high as those for school students. The increase in tertiary participation is thought to have been driven not by lack of jobs as for 15 to 17 year olds, but by the availability of tertiary places (see discussion in Norris and Wooden, 1996: 30). As a result, unlike school education, tertiary education is less likely to be entered for lack of alternatives and so the dependency imposed is less likely to be problematic.

As with 15 to 17 year olds, it is increasingly common for 18 to 20 year olds who are working full time to be dependent. While levels of dependence were quite low for 18 to 20 year olds, they have risen substantially, from three per cent in 1982 to 16 per cent in 1995-96. Thus full-time work usually does offer an alternative to dependence for this age group, but may not do so for much longer. Junior wages normally affect those aged under 21 years - though not all employers pay according to these wage awards (see Daly et al., 1998: 2). If, as has been proposed, junior wages are lowered or become more widespread (see Allard, 1998), then working full time may cease to offer a path to independence for this group.

Outcomes for this group are not so critical at this stage because increased dependency might be seen to be a matter of choice while young people ‘invest’ in further study. About half of 18 to 20 year olds who lack public citizenship are students who have chosen to remain in education perhaps because they have negotiated a form of private citizenship with their parents. However, if dependency becomes more enforced, for example, through changes to the application or level of junior wages, then 18 to 20 year olds can be expected to experience more of the difficulties observed for the younger age groups with regard to homelessness, crime and lack of political participation.

There has been no overall change in proportions of *21 to 24 year olds* who are dependent and so there appears to be no change to the citizenship of this age group. However, there has also been a slight decrease in the dependency of students and an increase in the dependency of the unemployed.

The decrease of dependency amongst students, particularly female students in this age range, may result from the greater availability of part-time work, particularly in the services sector in which demand for female labour is greater. Alternatively, it might be driven by greater necessity, as more young people whose parents are less willing or able support them undertake tertiary education. Either way, in terms of financial independence, the situation appears to have improved slightly for older students.

For young men, the slight increase in dependency appears to have been driven by an increase in the dependency of those who are unemployed. This is likely to be a consequence of greater targeting of unemployment benefits rather than lower levels of benefits, since young people over 21 years receive adult benefits which have not undergone the reductions which have applied to the junior and intermediate rates of benefit shown in Figure 8. The decrease in dependency for young women, as discussed, is likely to be mostly associated with less dependency on partners as much as less dependence on parents.

7 Conclusion

It is clear that since the late 1960s there has been a considerable increase in the dependence of young people on their families for financial support and a greater need for families to provide their young people with private or proxy citizenship. This paper has looked at the changes which have taken place over the last 14 years. These are part of what has to be seen as a massive social transformation for young people which has taken place over the last 30 years, especially for those aged between 15 to 20 years..

Inspection of the available data over the last 14 years shows that it is changes to the labour market which appear to have had the most critical effect. Lack of job opportunities, greater skill requirements and reductions in wages are the main forces driving an increase in the dependence of Australia’s young people. Rather than ameliorating these effects of the market on the incomes of young people, it seems that the state has added to these changes by encouraging greater education participation and increasing parental means testing of income support payable to young people.

It seems that these trends, their causes and implications are likely to spill over from 15 to 17 year olds to 18 to 20 year olds. The earliest age at which financial independence could be obtained has increased from about 15 years in 1982 to about 18 years in 1995-96. This may well rise to 20 years in the next few years, given current discussion of lowering youth wages and possible extension of junior wages to all employees under 21 years. This will mostly affect 18 to 20 year olds because those aged 15 to 17 years are now staying on at school.

Given these rapid and large changes in the financial dependence and citizenship of young people, which are being exacerbated by ongoing changes in the market and supported by government, it is time that the ability of families to cope with these changes is investigated. Possibly, this increased dependence can be better afforded by most families because more mothers are working. However, for other families, in which perhaps only one parent is employed, or neither, considerable hardship may result from this increased dependency. How families, the supposed ‘greatest providers of welfare’, actually manage these changes would seem to be an issue whose investigation is well overdue.

Appendix One: Calculation of Henderson Poverty Lines and Budget Standards Over Time

The Henderson benchmark incomes were calculated using information and instructions provided in the Melbourne Institute's *Poverty Lines: Australia (December 1997)*. This involved firstly calculating the ratio of household disposable income (HDI) to the poverty lines for a single person in the labour force and a single person not in the labour force using data for December 1997 provided in Table 1 of the Melbourne Institute publication. This is shown in the first three rows of Table A1. Then, the HDI for each survey year was calculated using data from Table 2 in the publication. These were the average of the HDI for the four quarters in the relevant year and are shown in column A in the table below. Lastly, the HDI was multiplied by the ratios calculated in the first step to produce poverty lines for a single young person either in or not in the labour force for each of the survey years (which are given in columns B and C below). These figures (in the bottom four rows of columns B and C) were included in SAS and SPSS programs which compared with the incomes of young people reported in the ABS Income Surveys against these benchmarks.

Table A1: Calculation of Henderson Poverty Line

Year	Household Disposable Income (A)	Single person (including housing costs) In labour force (B)	Not in labour force (C)
Dec 1997	$359.11	$247.10	$200.37
		Ratio of single person poverty line to HDI in 1997	
		0.69	0.56
1981-82	$133.02	$91.53	$74.22
1986-87	$200.32	$137.84	$111.77
1990-91	$272.63	$187.59	$152.12
1995-96	$335.81	$231.07	$187.37

Source: Melbourne Institute, 1998.

Table A2 shows the indexed budget standards used in the study and the figures from which they were calculated. The figures used in the study are given in the last column. These are simply the indexed value of the budget standard in the survey years (i.e. it is equal to the budget standard in February 1997 multiplied by the ratio of the CPI applying in the survey year to the CPI which applied in March 1997). The all cities, all groups CPI has been used because the benchmark incomes were compared against the incomes of people living in all cities (and not just Sydney).

Table A2: Calculation of Budget Standards[(a)] Over Time

Year	Budget standard as derived for Feb 1997	CPI (all capital cities)[(b)]	Indexed budget standard
Feb/Mar 1997	$293.97	120.5	
1981-82		54.58	$133.14
1986-87		80.35	$196.02
1990-91		105.28	$256.83
1995-96		118.73	$289.64

Notes: a) Budgets refer to a 35 year old single woman who is renting privately.
b) Budgets have been indexed using all cities, all groups CPI because it is being compared against the income of people living in all cities.

Sources: Unpublished data from ABS Income Survey confidentialised unit record files; Saunders et al., 1998; and ABS, various years, Catalogue No. 6401.0.

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