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National Centre for Social and Economic Modelling
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Children with Jobless Parents: National and Small Area Trends for Australia in the Past Decade

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Justine McNamara and Robert Tanton**

**Paper submitted for the 37th Annual Conference of Economists
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Abstract

This paper examines national and spatial trends in the number and proportion of children with jobless parents during the past decade. At the national level, we find that the number of dependent children living in households where no parent had a job fell from around 756,000 in 1995-96 to around 684,000 in 2005-06. This reflects the increasing employment rates in Australia. While there were across-the-board falls in the number of such children by age group, the sharpest decreases occurred for 0 to 4 year old children. The proportion of all dependent children living in jobless households also fell, from 15.6 per cent in 1995-96 to 13.8 per cent in 2005-06. Despite this progress, however, one in every 7 dependent children in Australia in 2005-06 still lived in a household where no parent had a job.

Our spatial analysis, of 1049 small areas, indicated that in three-quarters of the areas considered – covering 80 per cent of all children – the risk of children living in a jobless family fell between 2001 and 2006. Particularly positive is our finding that just over one-quarter of Australian children lived in areas where the risk of children being in jobless families fell by more than 4.1 percentage points between 2001 and 2006. Just over half of Australian children lived in areas where the risk of being in jobless family declined during the five years, although by less than 4.1 percentage points. However, gains were not equally spread across Australia. Some 5.5 per cent of Australia's children lived in areas where the risk of being in a jobless family actually increased by more than 3.4 percentage points between 2001 and 2006. Almost a further 15 per cent of children lived in areas where the risk of being in a jobless family still increased during these five years, but by less than 3.4 percentage points.

Keywords : Children, Labour Force and Employment, Regional Analysis
JEL codes : J13, J21, R19

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General caveat

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The microdata do not contain any information that enables identification of the individuals or families to which they refer.

The findings in this paper must not be interpreted as New South Wales, Victorian, Queensland, Australian Capital Territory or ABS policy views or endorsements regarding methodology or results.

1 Introduction

The proportion of children growing up in jobless households is widely regarded as a key indicator of the health of societies, with the OECD and other organisations regularly reporting on progress on this front. As the OECD notes, 'children growing up in jobless households lack the role model of a working adult – a factor often identified as affecting educational and future labour market achievements of children' (OECD 2005, p. 38). The OECD has also noted that one of the two most important factors which can contribute to child poverty is whether or not children are living with parents who are jobless (OECD 2005, p. 56). This is also considered as one key indicator of children's material well being (OECD 2007).

In Australia, the Australian Bureau of Statistics (ABS) has also recognised the importance of children in jobless households as a measure of child well-being by including it in their publication *Measures of Australia's Progress* (ABS 2006a).

Poverty among children is a special concern of all OECD governments, including Australia. Child poverty is associated with a range of difficulties during childhood which will have a potential impact on children's lives such as their family relationships, educational and developmental achievements, and also may have an adverse impact on children's health (see for example, Fincher and Saunders 2001). Further, child poverty has been associated with adverse outcomes in adulthood (Daly 2007). Research has shown higher rates of income poverty for children than for adults in Australia (Harding et al. 2001; UNICEF 2005).

Compared to other OECD countries, the latest available internationally comparative estimates for 2000 show that Australia is one of the worst performing OECD countries, in terms of the percentage of children who are growing up in a household where no adult works (ranked 23 out of 24 countries). In 2000, Australia performed slightly better than Hungary (UNICEF 2007, p.6).

In addition to the strong impact which joblessness has on poverty, some research has identified other negative impacts of parental joblessness on children. For example, Gregory (1999) argued that family joblessness was likely to put children at a higher risk of mental health and development problems, as sometimes joblessness creates further social problems such as violence in families. He also argued that children's future development may be compromised by parental joblessness, since children depend on access to economic resources during their first fifteen years of life.

Furthermore, living with jobless parents may create less intergenerational mobility (Solon 2002, Leigh 2007). Intergenerational mobility measures the relationship between the earnings of parents and children (usually the earnings of father and son), and examines the degree to which income status is transmitted from one generation to

the next generation. A measure of the degree of intergenerational mobility in a society frequently used in this literature is 'intergenerational elasticity'. Leigh (2007) found that society was more mobile in Australia (with an elasticity around 0.2-0.3) than it was in the United States (with an elasticity of 0.4, as calculated by Solon (2002)). Thus, it was easier for people in Australia to move from one class to another class of society than in United States. However, in Australia this elasticity was found to have hardly changed across time and Leigh (2007) suggested that the trend may be towards a less mobile society in the future, due to such factors as the increasing spatial concentration of joblessness.

Although the intergenerational mobility literature does not capture the intergenerational transmission of joblessness, it is interesting to see that Leigh (2007) also found that there was a high probability that children living with parents in the bottom quintile of the income distribution will remain living in that bottom quintile later in life. As joblessness is strongly associated with low household income, these findings suggest that children living in jobless households will be at risk of low income themselves in their later adult life. In regard to the poorest groups, Leigh (2007) added that children living in households in the poorest quintile in Australia had a 26.5 per cent chance of remaining in that poorest quintile later on.

Whereas Solon (2002) and Leigh (2007) focused on those fathers and sons who earned wages/salary (non-zero wages), other researchers such as O'Neill and Sweetman (1998) have focused more particularly on the incidence of intergenerational transmission of unemployment, which is more directly relevant to the issue of joblessness. They found that if a father was unemployed, then it was twice as likely that the son would be unemployed, compared with those children whose father was employed.

The above background and the new Federal Government's commitment to a social inclusion agenda supports the relevance of the research presented in this paper. Some have argued that there has been a polarisation of work across households in Australia, especially towards richer households (for example see Gregory and Hunter 1995), so one aim of the social inclusion policy agenda includes reducing the number of children who live in households where no adult works (Gillard 2008).

There has been relatively little research on children living with jobless parents in Australia, and some differences in approaches to measurement issues mean that caution should be exercised when comparing the results of different studies. Previous Australian research concentrated on the period of the late 1970s to the 1990s. Gregory (1999), using the family as the unit of analysis, found that the proportion of children aged 0-15 living in families without a parent employed in 1998 was 18 per cent, which was an increase from 11 per cent in 1979. Using household rather than family as the unit of analysis and including all working age adults rather than just parents,

Dawkins, Gregg and Scutella (2002) found a slightly lower risk of joblessness but a similar magnitude of change - 15 per cent in 1997/98, which was almost 1.5 times higher than the 10.2 per cent found for 1986. The most current published figure of children with jobless parents for Australia was around 16 per cent, reported in the 2006 edition of *Measures of Australia's Progress* and based on data from the 2003-04 Survey of Income and Housing (ABS 2006a).

No previous work focusing on children in jobless households or families has disaggregated the national analysis into a spatial picture. This paper incorporates this important aspect of child disadvantage, providing a spatial analysis which takes into account the geographical differences in the distribution of Australian children living in families where no parent works. This paper thus makes an important contribution to knowledge about children in jobless households – by both updating national level information to take account of changes over the last ten years and also providing the spatial picture at a Statistical Local Area level.

The remainder of this paper is organised as follows. Section Two presents the data and methodology. Section Three discusses the national picture based on the 1995/96 and 2005/06 ABS Surveys of Income and Housing Costs. This section quantifies the incidence of jobless households/families and identifies the characteristics of these households. Section Four presents the spatial picture of children living in jobless families by Statistical Local Area, using data from the ABS Censuses of Population and Housing for 2001 and 2006. Section Five presents the conclusions.

2 Data and Methodology

2.1 Data

This study uses data from the ABS 1995-96 and 2005-06 Confidentialised Unit Record Files (CURFs) of the Surveys of Income and Housing (SIH) to analyse the national picture in Section Three. For the spatial picture presented in Section Four, the 2001 and 2006 Censuses of Population and Housing were used, as these data were available at a Statistical Local Area (SLA) level. The national picture does not utilise Census data because some SLAs will be omitted from the analysis, due to high response of “the not stated” category (greater than 80 per cent) or low cell counts (a child population of less than 30) as will be discussed later in in Section 2.2. Both the Census and SIH are conducted by the Australian Bureau of Statistics (ABS), and both the 2005-06 SIH and 2006 Census represent the latest available data. For this paper, the Census data were specially prepared for the authors by the ABS from the Census unit record files, which include data on individuals, families, and households living in occupied private

dwelling and their location of residence on Census night. While the Census has advantages over the SIH (due to the high level of spatial disaggregation at which the data can be obtained), it is limited in the range of variables collected. However, its detailed geographical perspective makes the Census very suitable for analysis at a small area level. For this study, we used the SLA as the base spatial unit of analysis. This standard geographical unit was chosen from the ABS Australian Standard Geographical Classification (ASGC) because it was the smallest unit with complete coverage of Australia that does not introduce the problems of data confidentiality evident at smaller spatial levels, such as Census Collection District (Harding et al. 2006).

On the other hand, the SIH has a sample size of about 7,000 households for 1995-96 and 10,000 households for 2005-06. For both years, the population in the SIH covers private dwellings only. This survey contains unit records for individuals, income units and households. In contrast to the Census, the SIH has detailed information about a range of socioeconomic variables relevant to families and children, but does not provide detailed geographical disaggregation. Therefore, the SIH is suitable for analysing joblessness at a national level.

Since there are two sources of data for this study, there are also some differences in terms of the unit of analysis and coverage as follows. First, all the data provided from the Census were based on children in families, while the SIH provided data about children in households.¹ Given that relatively few children live in multi-family households, this definitional difference between the two data sources is not expected to have much impact upon the results.

Second, the children in the Census data we use for this paper are split into two age groups: children aged 0-4 and children aged 5-15 years. These two groups follow other work NATSEM has undertaken focussing on child social exclusion (Tanton, et al. 2006; Daly et al. 2007). However, the data in SIH use a slightly different age cut off, since it follows the ABS definition of 'dependent children', which includes children aged 0-14 and dependent students aged 15-24. The definition of children adopted in this paper is different from Dawkins, Gregg and Scutella (2002) who defined

¹ A 'family' is defined by the ABS (2005) as follows:

"two or more persons, one of whom is at least 15 years of age, who are related by blood, marriage (registered or de facto), adoption, step or fostering, and who are usually resident in the same household. The basis of family is formed by identifying the presence of a couple relationship, lone parent-child relationship or other blood relationship. Some households will therefore, contain more than one family."

Whereas, a 'household' is defined by the ABS (2005) as follows :

"one or more persons, at least one of whom is at least 15 years of age, usually resident in the same private dwelling."

dependent children as all children aged less than 15 years old and full time students aged less than 18 years old.

There are also differences in terms of definitions of a household head (reference person) in the 1995-96 and 2005-06 Confidentialised Unit Record Files (CURFs) of the Surveys of Income and Housing (SIH). In 1995-96, the household reference person was defined as the adult male for a couple income unit and the parent in a one-parent income unit in 1995-96. However, in the 2005-06 SIH, the household reference person was defined as the person in the household with the highest income, except for single parent households, where the reference person was the parent (Tanton, Nepal and Harding 2008). Therefore results and analysis based on the gender of the household head will be affected by this change in definition.

In some earlier studies, jobless households/families have been defined as households/families where *no working age adults* are in paid employment. In this paper we have modified this definition slightly to focus on *parents only*. Thus, in the remainder of this paper, “jobless households/families” refers to those households/families in which children are living, and in which neither of the child’s parents are working (if a couple family) or where a single parent is not working (if a single parent family). Our definition of jobless parents, therefore, covers those parents who are either unemployed or not in the labour force.²

2.2 Spatial methodology

In the 2001 Census year, there were 1353 SLAs covering all of Australia whereas, in the 2006 Census year, the number of SLAs had increased to 1426 (principally because some large SLAs in 2001 were split up by 2006). The populations of these SLAs in both years were distributed unevenly across Australia, with some small states and territories being broken into a relatively large number of SLAs and other larger states consisting of relatively few. For example, according to the 2006 Census, the Australian Capital Territory, contained only 1.63 per cent of Australia’s population, but had 109 SLAs (or 7.64 per cent of total SLAs). In contrast New South Wales, which contains 33 per cent of Australia’s total population, had only 200 SLAs (or 14.03 per cent of all SLAs). Queensland also has 479 SLAs (33.59 per cent of total Australian SLAs), but contains only 19.67 per cent of the total population. Almost half of Queensland SLAs are Brisbane SLAs, with quite low populations.

² This definition excludes other adults in the family, whereas some other authors, for example, Dawkins, Gregg and Scutella (2002), do not restrict their definition to parents only but also include other individuals in the household of working age (15-64 years for males and 15-59 years for females) who are not studying full time. These differences in definition should be kept in mind when interpreting results in this paper.

The methodology we used to address the issue of uneven population sizes within the SLAs follows that used in Baum et al. (2005) and Daly et al. (2007). SLAs in Brisbane and Canberra (the areas most affected by relatively small population sizes within SLAs) were aggregated to Local Council Electoral Wards for Brisbane and Statistical Subdivisions (SSD) for Canberra, so that they were more similar in population size to SLAs in other areas of Australia

As one of the purposes of this paper was to undertake a spatial comparative analysis between 2001 and 2006, we also needed to take into account the SLA boundary changes between 2001 and 2006. Therefore, 2001 SLA codes are expressed in terms of 2006 ASGC boundaries, using a concordance supplied by the ABS. It is important to note that where SLAs have been split up, the 2001 concordance is simply based on the population weight. This means that populations with particular characteristics are split between the SLAs, based on their population weights. For example, in the 2001 Census data, 'Bankstown' was one SLA in New South Wales. In the 2006 Census data 'Bankstown' is split up into Bankstown - North East (with a population weight of 31.99 per cent), Bankstown - North West (with a population weight of 36.99 per cent) and Bankstown - South (with a population weight of 31.02 per cent). As a consequence when the 2006 ASGC boundaries concordance is applied to the 2001 Census, the estimated number of children living in jobless families in those new boundaries also follows the population weight (with 31.99 per cent of them distributed to Bankstown - North East, 36.99 per cent distributed to Bankstown - North West and the rest to Bankstown - South). It may be, however, that the characteristics of joblessness may not be distributed across the new SLAs in exactly the same way as the population is distributed, and our concordance method cannot take this into account. While this is the standard approach to dealing with such SLA boundary changes across time, care needs to be taken when interpreting the results from spatial comparative analysis, to take into account these concordance issues.

Before analysing joblessness, those SLAs, Wards or SSDs that had very low cell counts (a child population of less than 30) or had a very high non-response rate on the Census (greater than 80 per cent non-response) were excluded from the analysis, since the data for SLAs with low cell counts and high not-stated responses are unreliable. The low cell counts mean that any small change in numbers can result in a large percentage change. In addition, low cell counts are sensitive to randomisation/perturbation issues. After those low cell and high non-response counts were excluded, this left a total of 1049 observations for the analysis.

3 The National Picture (1995-96 to 2005-06)

Previous studies showed an increase in the risk of children being in jobless households between the late 1970s/early 1980s and the 1990s (Gregory, 1999; Dawkins, Gregg and Scutella 2002; Scutella and Wooden 2004).³ This section explores the national picture of children in jobless households to see whether there was still a high risk of children in jobless households in 2005-06; whether this risk fell between 1995-96 and 2005-06 in line with the national fall in the unemployment rate; and whether there were changing characteristics within those jobless households.

Unless specified differently, the number and the risk reported in this section always refers to *total dependent* children, which also includes full time students aged 15 to 24 as well as 0 to 14 year olds. Unless specified differently, the risk is calculated as the number of children in jobless households (with jobless parents) as a percentage of all children in each relevant decomposition such as by state or by family composition.

3.1 National overview

The number of dependent children who lived in jobless households declined by 9.6 per cent over the ten years to 2005-06, from 756,400 children in 1995-96 to 683,800 children in 2005-06 (Table 1). To a minor extent, this fall in the number of children in jobless households was driven by the declining number of children – with the number of children aged 0 to 4 years in all of Australia, for example, declining by around five per cent, from around 1.29 million children to 1.22 million children. But the good news was that the falls in the number of children in jobless households were more substantial than this. For example, the number of 0 to 4 year olds living in jobless households fell by one-fifth, from around 226,000 to 180,000 by 2005-06.

Interestingly, the decline in the number of younger children aged 0 to 4 living in jobless households was more pronounced than among 5 to 14 year old children – with declines of 20 per cent for 0 to 4 year olds and about 6 per cent for 5 to 14 year olds (Table 1).

The increasing propensity of Gen Y to remain within the parental home (Cassells and Harding 2007) was clearly shown in the rising number of dependent 15 to 24 year olds nationally, with 1.16 million 15 to 24 year old full-time dependent students still living with their parents in 2005-06, up from 977,000 a decade earlier. But, despite this increase in the size of this group, by 2005-06 fewer 15 to 24 year olds were living in

³ Some researchers refer to the risk as 'incidence'.

households where no parent worked (down from 125,000 in 1995-96 to 121,000 in 2005-06).

Another way of looking at these results is to look at changes in the risk of children living in jobless households. Again, these results were positive, with the proportion of all dependent children living in jobless households declining from 15.6 per cent in 1995-96 to 13.8 per cent a decade later.⁴ This suggests that the pattern of rising risk in the 1980s and early 1990s revealed in the earlier research has now been reversed. Despite this progress, however, one in every 7 dependent children in Australia in 2005-06 still lived in a household where no parent had a job. Among 5 to 14 year old children, around one in every 6.7 children of this age group had jobless parents. The final column in Table 1 shows us that this was the single largest group among the three possible age groups considered, with 56 per cent of all those children with jobless parents in 2005-06 being aged 5 to 14 years. Across all age groups, around 80 per cent of children in households without any parent working were dependent children aged less than 15 years old – and this proportion did not change much over the decade.

From July 2006 onwards, new Welfare to Work provisions required both single and partnered mothers whose youngest child was aged 8 years and over and who were receiving Parenting Payment to try to find paid work. The possible impact of these changes on the risk of children living in jobless households will not be reflected in our figures, which cover an earlier time period.

Table 1 The Number, Risk and Distribution of Children in Jobless Households, by Age, 1995-96 and 2005-06

Age of children	1995-96				2005-06			
	All children	Children in Jobless Households	Risk (per cent)	As percentage of all children in jobless households	All children	Children in Jobless Households	Risk (per cent)	As percentage of all children in jobless households
0 to 4	1,292,900	225,800	17.5	29.8	1,224,600	180,200	14.7	26.4
5 to 14	2,584,200	406,100	15.7	53.7	2,570,800	382,700	14.9	56.0
0 to 14	3,877,200	631,900	16.3	83.5	3,795,400	562,900	14.8	82.3
15 to 24	977,000	124,500	12.7	16.5	1,157,000	120,900	10.4	17.7
0 to 24	4,854,200	756,400	15.6	100	4,952,400	683,800	13.8	100

Note : All estimates of numbers have been rounded to the nearest 100.

Data Source : SIH 1995-96 and 2005-06

⁴ This risk was higher than the risk of 12.9 per cent for SIH 1995-96 data found in Dawkins, Gregg and Scutella (2002) due to definitional differences (they included only dependent children up to 18 years of age and their jobless households definition also included other adults in the household rather than parents only).

3.2 Risk by household composition

This section examines the household composition of jobless households by examining single parent and couple parent households separately.

Table 2 shows that children who lived in single parent households faced a higher risk of living in a jobless household than couple parent households. Their risk was almost eight times higher in 1995-96 – and this gap widened by 2005-06, when children living in single parent households were almost ten times more likely to be in a jobless household than their counterparts in couple parent households. The overall risk of living in a jobless household for children of single parent families declined across the period (from around 55 per cent to 49 per cent). Thus in 2005-06, almost one in every two children who lived with single parents, lived with jobless single parents. This reflects the high numbers of single parents who were not in the labour force.

The results in Table 2 also explain much of the puzzle about why the risk of children living in jobless households did not fall even more rapidly during a decade characterised by strong economic growth and falling unemployment. It shows that there was a pronounced compositional shift in the types of households that dependent children lived in, with around an additional 200,000 children living in sole parent households by 2005-06 compared with a *fall* in the number of dependent children living in couple households. (Thus, around 910,000 dependent children lived in sole parent households in 2005-06, compared with 705,000 in 1995-96.). Because the risk of having a jobless parent is so much higher for children in sole parent households than in couple households, this compositional shift offset the across-the-board fall in the risk of joblessness that occurred during the decade. Thus, in 1995-96, almost exactly half of all those children living in jobless households lived in single parent households. But the story had changed by 10 years later, so that around two-thirds of all those children living in jobless households lived in single parent households. Therefore, over the past decade, children who live in jobless households have become increasingly concentrated in single parent households.

Similar patterns can also be seen for younger children aged 0-14 in single parent households, whose risk of living with jobless parents was more than 50 per cent in both periods, although once again somewhat lower in 2005-06 than 1995-96. The demands of taking care of younger children are clearly one reason for single parent joblessness. When children are younger (especially below 8 years of age), single parents may choose to take care of their children at home, and not participate in the labour market. The difficulties of obtaining child care, transportation and adequately flexible hours to balance the demands of sole parenthood with work are factors which may contribute to high rates of non-labour force participation among single parents, with many single parents relying in whole or part on income support payments.

Table 2 The Number, Risk and Distribution of Children in Jobless Households, by Household Composition, 1995-96 and 2005-06

Age of children	1995-96				2005-06			
	All children	Children in Jobless Households	Risk (per cent)	As percentage of all children in jobless households	All children	Children in Jobless Households	Risk (per cent)	As percentage of all children in jobless households
Household Composition								
0 to 14								
Single parent	564,300	338,500	60.0	44.8	706,400	384,700	54.5	56.3
Couple parents	3,199,600	246,300	7.7	32.6	3,007,300	165,300	5.5	24.2
0 to 24								
Single parent	705,500	384,800	54.5	50.9	910,100	449,400	49.4	65.7
Couple parents	4,016,100	317,500	7.9	42.0	3,947,900	220,700	5.6	32.3

Note : All estimates of numbers have been rounded to the nearest 100. A small number of children live in multi-family households and are excluded from the numbers in the above table because small sample size means that the results for this group are unreliable.

Data Source : SIH 1995-96 and 2005-06

The risk of living in a jobless household for children who lived in couple parent households was relatively low. Around 5.6 per cent of all children who lived with couple parents in 2005/06 lived in jobless households, a decline from 7.9 per cent in 1995/96. In contrast to the case of children in single parent households, less than one in every 20 children who lived with couple parents had no parent without paid work. However, as the number of couple households so greatly outweighs the number of single parent households, one-third of all children who lived with jobless parents still lived in couple households.

3.3 Risk by characteristics of household head

This section analyses the risk of children who lived in jobless households by taking into account the characteristics of the household head as shown in Table 3.

Age

It is notable that children whose parents are themselves relatively young face a higher risk of living in jobless households. Some 36 per cent of children whose household parental head is aged 15 to 29 years old live in jobless households – and this risk has actually increased slightly over the decade (Table 3). As a result, in 2005-06, one-fifth of all those children living in jobless households had a household head aged less than 30 years. The risk is lower for those children whose parents are in their peak working years. For those children whose parental head was aged 45 to 59 years, the risk of

being in a jobless household dropped from 11.9 per cent in 1995-96 to 8.4 per cent in 2005-06.

Table 3 The Number, Risk and Distribution of Children in Jobless Households, by Characteristics of Household Head, 1995-96 and 2005-06

Age of children	1995-96				2005-06			
	All children	Children in Jobless Households	Risk (per cent)	As percentage of all children in jobless households	All children	Children in Jobless Households	Risk (per cent)	As percentage of all children in jobless households
Age of Household Head								
0 to 14								
15-29	501,200	162,300	32.4	21.5	366,900	131,700	35.9	19.3
30-44	2,775,200	375,600	13.5	49.7	2,718,000	355,500	13.1	52.0
45-59	560,500	72,500	12.9	9.6	686,400	61,700	9.0	9.0
60+	40,200	21,400	53.2	2.8	24,200	14,000	57.8	2.0
0 to 24								
15-29	502,500	162,300	32.3	21.5	375,600	135,100	36.0	19.8
30-44	3,161,800	421,100	13.3	55.7	3,090,900	405,400	13.1	59.3
45-59	1,122,400	133,200	11.9	17.6	1,425,500	120,300	8.4	17.6
60+	67,500	39,700	58.9	5.3	60,400	22,900	38.0	3.4
Highest Educational Qualification of Household Head								
0 to 14								
Bachelor or above	627,500	18,400	2.9	2.4	920,000	33,700	3.7	4.9
Diploma	415,700	46,500	11.2	6.2	339,400	30,600	9.0	4.5
Certificate	1,057,600	94,000	8.9	12.4	1,058,500	94,400	8.9	13.8
No higher education	1,776,300	472,900	26.6	62.5	1,477,500	404,100	27.4	59.1
0 to 24								
Bachelor or above	802,000	22,000	2.7	2.9	1,232,300	40,200	3.3	5.9
Diploma	518,100	55,600	10.7	7.3	473,900	44,000	9.3	6.4
Certificate	1,333,600	123,300	9.2	16.3	1,374,800	118,300	8.6	17.3
No higher education	2,200,500	555,600	25.2	73.5	1,871,400	481,400	25.7	70.4

Note : All estimates of numbers have been rounded to the nearest 100

Data Source : SIH 1995-96 and 2005-06

Education

Not surprisingly, the risk of children being in jobless households reduces as their parents are better educated (Table 3). The risk was the lowest for households with a

head who had a bachelor degree and above (3.3 per cent) and the highest for households where the head had no higher education (25.7 per cent). This indicates the importance of the relationship between educational attainment and labour force participation. Around seven in every 10 children who lived in a jobless household had a head who had gained no higher educational qualifications after completing their schooling. Somewhat surprisingly, for children living in households where the head had a tertiary degree, a marginal increase in the risk of being in a jobless household allied with a sharp increase in the number of children living in such households resulted in a doubling in the proportion of all children in jobless households who had tertiary qualified heads (from 2.9 per cent to 5.9 per cent of all children in jobless households).

3.4 Risk by state of residence

Table 4 shows the distribution of children living in jobless households by state and territory of residence. Not surprisingly, based on SIH 2005/06, the largest number of children living in jobless households can be found in the three biggest states of New South Wales, Victoria and Queensland. Together, these three states contained almost 80 per cent of all children in jobless households, which was broadly commensurate with their 78 per cent share of all dependent children in Australia.

However, when examining relative risk rather than total numbers, New South Wales and Queensland had relatively low proportions of children living in jobless households, while Victoria had a relatively higher risk (with 16 per cent of Victorian children living in jobless households). Based on SIH 2005/06, the risk was the highest for South Australian children, followed by Tasmania, Victoria, Queensland, New South Wales, Western Australia and Northern Territory and Australian Capital Territory combined. The risks in South Australia, Tasmania and Victoria were higher than 16 per cent in 2005/06 which was higher than the national average of 13.8 (discussed earlier in section 3.1).

The higher risk of children in jobless households for South Australia and Tasmania might be due to the fact that both states experienced high unemployment rates during the period. The unemployment rate was the highest for Tasmania both in 1995/96 (9.9 per cent) and 2005/06 (6.3 per cent). South Australia also experienced a high unemployment rate in 1995/96 (9.3 per cent) although this declined to 5 per cent by 2005/06 – while the average unemployment rate for Australia as a whole was 8.2 per cent and 5.1 per cent respectively.⁵ These phenomena might correlate with the lower economic growth experienced in both states. Over the past decade, South Australia

⁵ Calculated by authors based on ABS (2007a).

grew by 2.7 per cent per year (average annual compound growth rates 1995-96 to 2005-06) and Tasmania grew by 2.1 per cent per year, while Australia as a whole grew by 3.6 per cent per year (ABS 2007b). Thus the fruits of economic growth were not spread evenly across all states.

Table 4 The Number, Risk and Distribution of Children in Jobless Households, by State/Territory of Residence, 1995-96 and 2005-06

Age of children	1995-96				2005-06			
	All children	Children in Jobless Households	Risk (per cent)	As percentage of all children in jobless households	All children	Children in Jobless Households	Risk (per cent)	As percentage of all children in jobless households
State of residence								
0 to 14								
NSW	1,300,800	209,900	16.1	27.7	1,270,600	181,100	14.3	26.5
VIC	945,000	142,200	15.1	18.8	928,300	159,700	17.2	23.4
QLD	723,200	108,800	15.0	14.4	758,600	110,100	14.5	16.1
SA	299,200	57,700	19.3	7.6	272,200	48,500	17.8	7.1
WA	387,200	73,800	19.0	9.8	378,600	40,500	10.7	5.9
TAS	105,900	21,200	20.0	2.8	91,800	17,500	19.0	2.6
NT/ACT	115,900	18,200	15.7	2.4	95,200	5,500	5.7	0.8
0 to 24								
NSW	1,642,200	260,200	15.8	34.4	1,664,649	219,600	13.2	32.1
VIC	1,225,900	176,100	14.4	23.3	1,230,822	197,500	16.1	28.9
QLD	882,600	129,100	14.6	17.1	958,352	128,900	13.5	18.8
SA	368,100	64,100	17.4	8.5	365,222	60,200	16.5	8.8
WA	464,700	81,100	17.4	10.7	491,792	51,500	10.5	7.5
TAS	124,400	25,100	20.2	3.3	118,959	19,300	16.3	2.8
NT/ACT	146,200	20,900	14.3	2.8	122,590	6,800	5.6	1.0

Note : All estimates of numbers have been rounded to the nearest 100

Data Source : SIH 1995-96 and 2005-06

Interestingly, children who lived in Western Australia, who recorded the second highest risk in 1995/96 of 17.4 per cent, experienced a tremendous decline in risk by 2005/06, presumably linked to the decline in the unemployment rate from 9.9 per cent in 1995/96 to 4 per cent in 2005/06. As shown in Table 4, the proportion of WA children living in jobless households dropped from 17.4 to 10.5 per cent over the decade. A similarly spectacular decline was apparent in the combined results for the NT/ACT, again reflecting the 'two speed economy' that the minerals boom is producing.

4 The Spatial Picture (2001-2006)

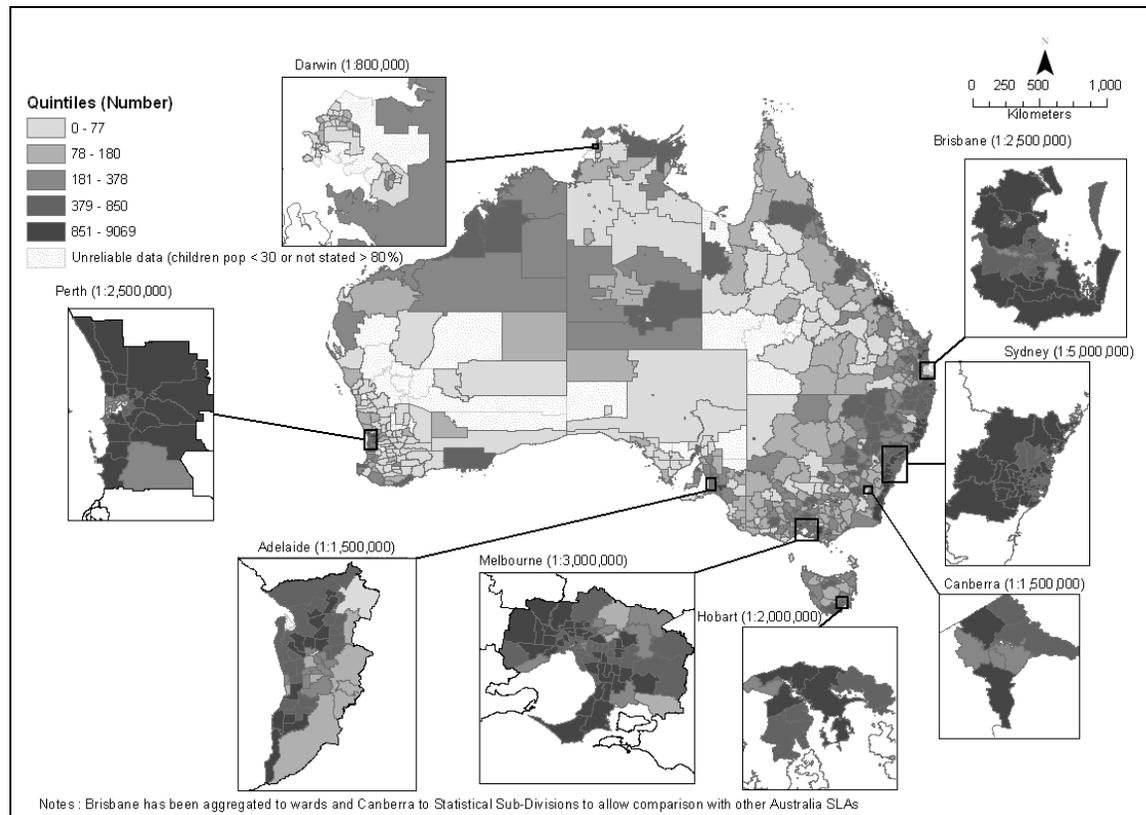
The objective of this section is to analyse the distribution of children in jobless families across smaller spatial units than those available in the SIH. As noted in the methodology section, our base spatial unit of analysis is the Statistical Local Area (SLA), with aggregations to local council electoral wards in Brisbane and statistical subdivisions (SSDs) in Canberra to even out differences in SLA populations. The comparison across time in this section is a five year period between 2001 and 2006. In interpreting these results, it is important to remember the definitional differences between our national and spatial analysis as noted earlier. In particular, 'children' here means children aged 0 to 15 years old, which is a subset of the 'dependent children' definition used in the national analysis, which included dependent full-time students aged 15 to 24 years old still living in the parental home. Therefore, due to differences in terms of unit of analysis and coverage, direct comparison of results from sections 3 and 4 is not possible.

4.1 Where do children in jobless families live?

Since the data excluded those SLAs with a high non-stated response and where child populations were less than 30, the analysis covers 1049 observations (SLAs, ACT SSDs, and Brisbane Electoral Wards). For simplicity, these 1049 observations will be referred to as 1049 SLAs. Therefore, it is important to note that where the analysis by state or capital city/balance of state is provided, it covers only these 1049 SLAs. These 1049 SLAs consist of 318 urban SLAs (SLAs in the capital cities) and 731 rural SLAs (SLAs in the balance of states). Thus, almost 70 per cent of total SLAs discussed in this paper are rural SLAs.

Figure 1 shows the distribution of the number of children in jobless families by statistical local area, for the whole of Australia and for each of the state and territory capital cities. The number of children, as well as the risk, is important for policy analysis purposes (for example, in planning for services).

Figure 1 The Number of Children in Jobless Families 2006

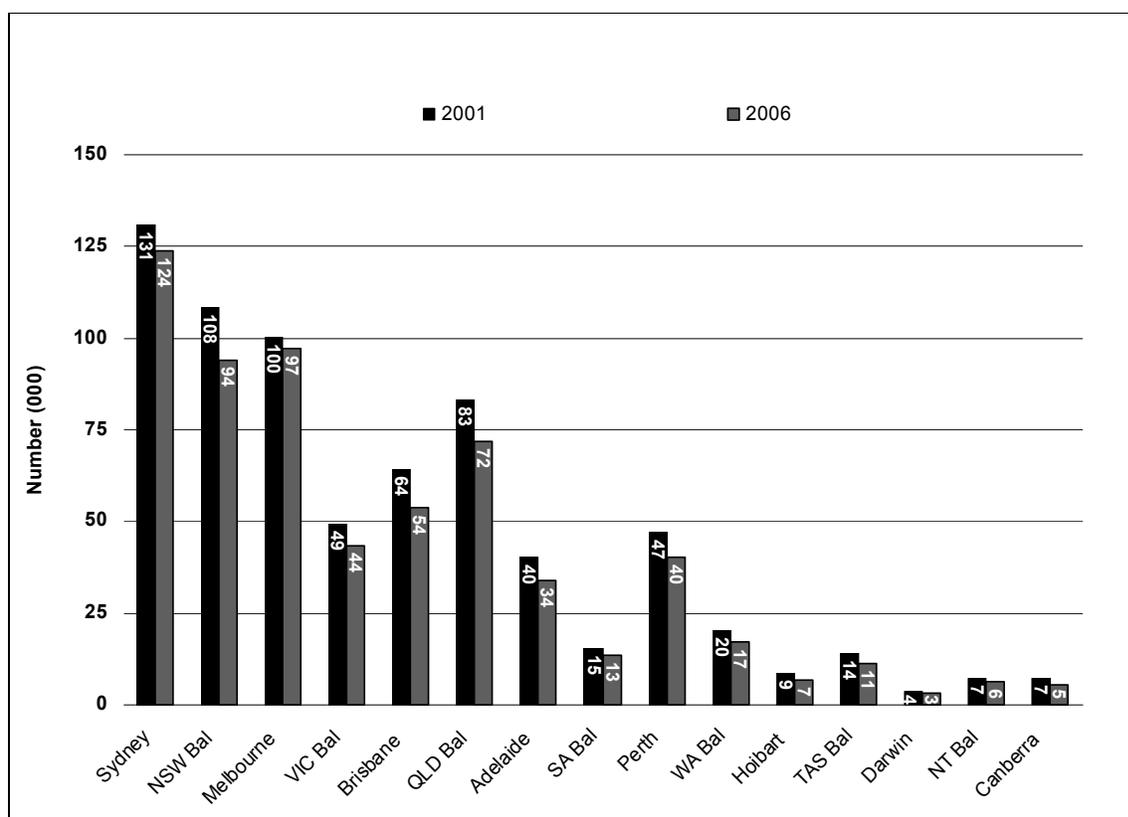


Data source: ABS Census of Population and Housing 2006, authors' calculations.

Figure 1 divides SLAs into five equally sized groups (quintiles) based on the number of children who lived in jobless families in 2006.⁶ The palest colour on the map represents the areas in the lowest quintile while, in contrast, the darkest colour on the map represents areas in the highest quintile.

From the national map, some spatial patterns can be observed. First, in every state, there are clusters of children in jobless families. Second, areas with high numbers of children in jobless families are mostly urban areas. This may reflect the emergence of new urban poor areas in every state (Wilson, 1996) or it might reflect high total population in urban areas. The concentration of the number of children in jobless families in urban areas for all SLAs under analysis can be seen more obviously from Figure 2, which breaks down the number of children in jobless households by capital city (urban) and balance of states (rural). For Queensland, Tasmania and Northern Territory the differences in the number of children in jobless families between capital cities and balance of states was less than 20 000 children.

Figure 2 The Number of Children in Jobless Families by Capital City and Balance, by State and Territory



Data source: ABS Census of Population and Housing 2001 and 2006, authors' calculations.

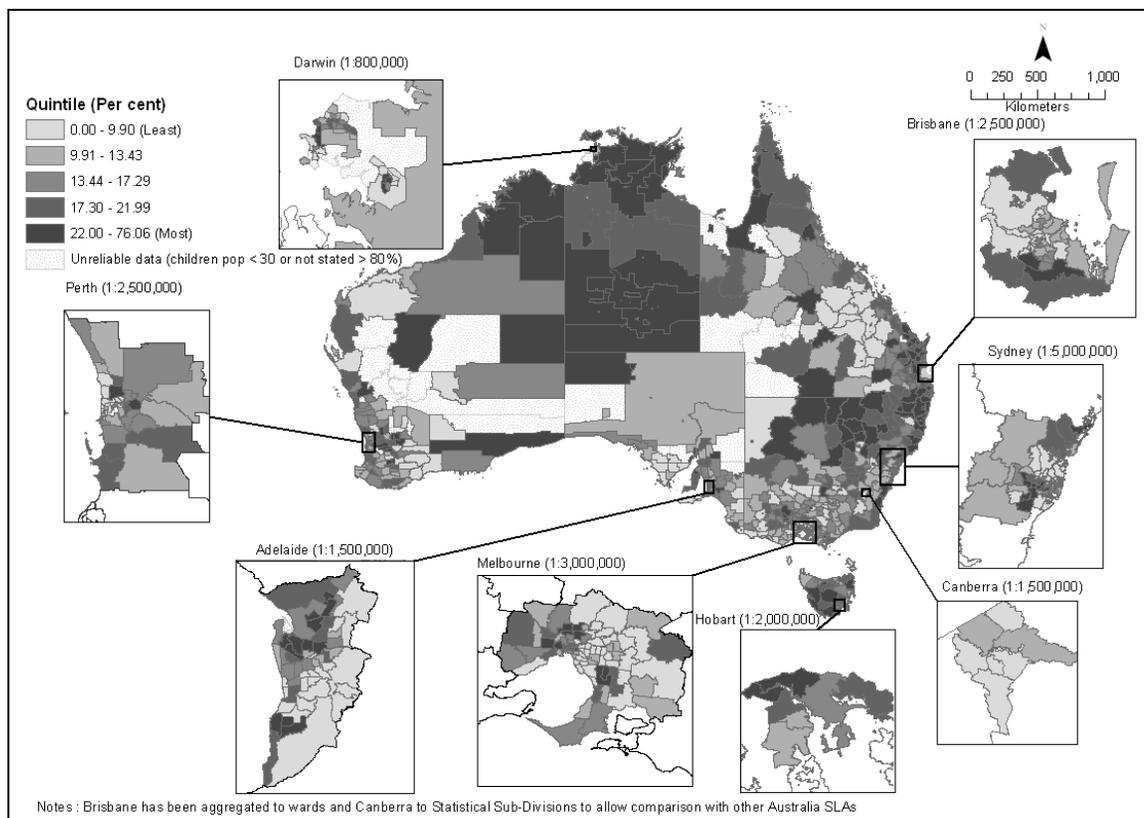
⁶ So, there are around 210 or 209 (total 1049 SLAs divided by 5) SLAs in each quintile.

The absolute number of children living in jobless families by SLA is of interest to policy makers in its own right, as it indicates where such children are concentrated. Another common measure of relative disadvantage is the *risk* for children within each SLA of being in a jobless family. The two measures may give a different impression where a particular SLA has a relatively high *proportion* of its children living in jobless families but has a low population size which means that this is still a relatively low *number* of children. Figure 3 shows the distribution of the *risk* of children being in jobless families by statistical local areas. Unless specified differently, the risk is calculated as the number of children in jobless families as a percentage of all children resident in the SLA.

Similarly to Figure 1, this figure divides SLAs into five equally sized groups (quintiles) based on the percentage of children living in jobless families in 2006. The highest quintile had risks of joblessness ranging from 22 to 76.1 per cent.⁷ This shows a substantially different spatial picture to that based on numbers. From the national map, the presence of the clusters of risk is less obvious than in absolute numbers and, in contrast to Figure 1, areas with highest risk of children being in jobless families are rural. In terms of numbers, children in jobless families are an urban phenomenon but, in terms of risk, rural children are most disadvantaged. Notably, in Sydney and Melbourne, where the numbers of children in jobless families were the highest, they nonetheless recorded lower risk than their rural counterparts.

⁷ We also provide on the NATSEM website a list of all SLAs included in our analysis based on the 2006 national quintiles.

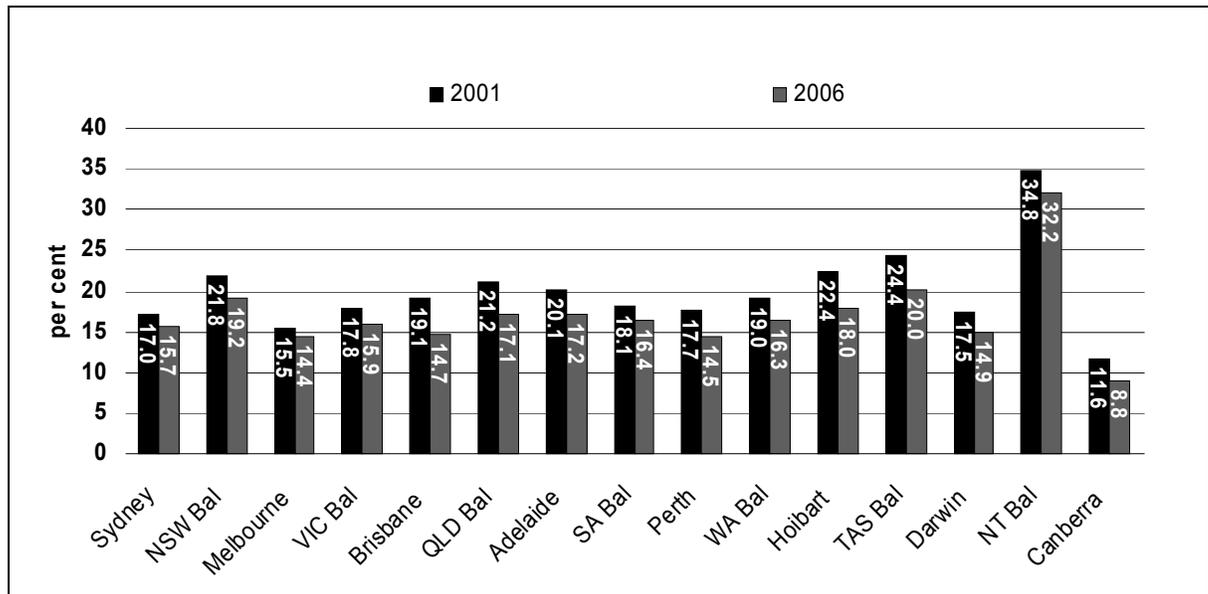
Figure 3 The Risk of Children Being in Jobless Families 2006



Data source: ABS Census of Population and Housing 2006, authors' calculations.

The high risk of children in jobless families in rural areas is also very evident in Figure 4, which breaks down risk by capital city and balance of state. Children faced the highest risk of living in jobless families if they lived in the rural Northern Territory, which is not surprising due to the disadvantaged socioeconomic status and extreme remoteness of much of the rural Northern Territory. The second highest risk was faced by children living in rural Tasmania. The high risk of children in jobless families in rural areas in these two states contributed much to the overall high risk of children in jobless families for the whole of Northern Territory and Tasmania, which recorded risk rates of 23.1 per cent and 19.2 per cent respectively. The lowest risk was recorded for Canberra which recorded 8.8 per cent in 2006 (it was down from 11.6 per cent in 2001).

Figure 4 The Risk of Children in Jobless Families by Capital City and Balance, by State and Territory



Data source: ABS Census of Population and Housing 2001 and 2006, authors' calculations.

4.2 2006 vs 2001

After examining the risk across SLAs cross-sectionally, we were also interested in comparing risk across time. It should be noted that when interpreting the results from spatial comparative analysis we should take into account the caveat regarding the application of the 2006 ASGC SLA concordance to 2001 SLAs (as discussed earlier in Section 2).

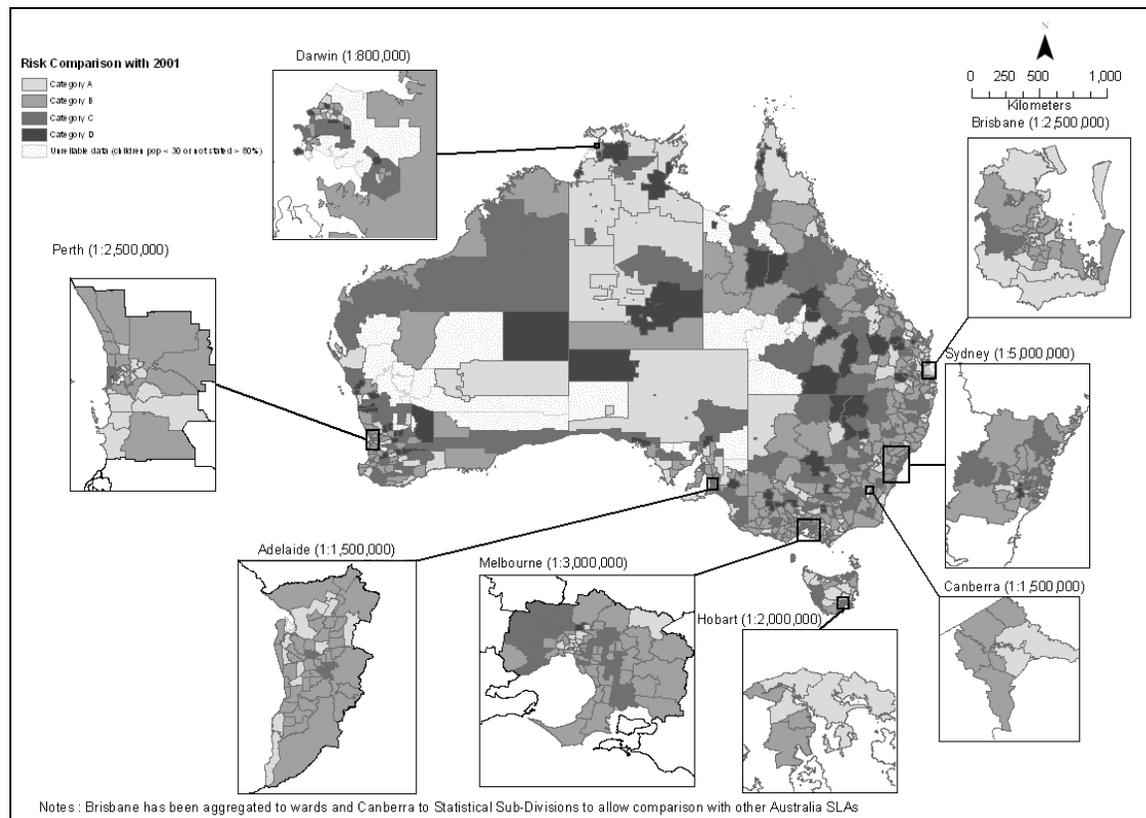
Most SLAs in 2006 performed better than 2001, with 74.5 per cent of all SLAs recording lower risk than in 2001. The figure is even more impressive when it is translated to the proportion of children in jobless families who improved their risk over the five years – these ‘improving’ SLAs covered 80 per cent of children in jobless families.

Nevertheless, when more detailed decomposition is carried out, the picture shows there were still discrepancies in terms of the improvement of the risk. Figure 5 shows the spatial distribution by dividing SLAs into four groups. First, the division is based on the category of 2006 risk being better or worse than 2001 risk. Second, the discrepancy in the risk of 2001 and 2006 (2006 risk – 2001 risk) is calculated. Third, the mean of discrepancy in each of the two categories of “better” (4.1 percentage points) and “worse” (3.3 percentage points) are calculated to classify all our SLAs into four different groups:

- Better than 2001 risk and risk decreased more than 4.1 percentage points (the greatest improvers) – category A
- Better than 2001 risk but risk decreased less than 4.1 percentage points (the moderate improvers) – category B
- Worse than 2001 risk and risk increased less than 3.37 percentage points (the moderate worseners) – category C
- Worse than 2001 risk and risk increased more than 3.37 percentage points (the worst affected) – category D

Thus, the SLAs which saw the strongest improvement in risks of children living in jobless households are those in Category A, and the SLAs which experienced the most deterioration in risk are those in Category D. These categories are shown in Figure 5 with the darkest colour on the map representing Category D and the palest colour on the map representing Category A.

Figure 5 The Risk of Children in Jobless Families by SLA, 2006 Compared with 2001



Data source: ABS Census of Population and Housing 2001 and 2006, authors' calculations.

The Australia map (also see Table 5 for detailed breakdown) shows that across Australia only 27.6 per cent of children in jobless families fall into category A. The bulk of children in jobless families (52.3 per cent) were in category B. This suggests that while most SLAs experienced falls in the risk of children living in jobless families, for the most part these decreases were of a fairly modest magnitude. Similarly, most of the increasing risk SLAs fell into category C (14.6 per cent of children). Only 5.5 per cent of children in jobless families fell into category D.

Table 5 The Risk of Children in Jobless Families, 2006 Compared with 2001

State	Capital City/ Balance of State	Number of SLAs	Number of Children in Jobless Families 2006	As Percentage of All Children in Jobless Families in 2006
Category A				
NSW	Sydney	11	13,551	2.18
NSW	NSW Balance of State	23	17,298	2.78
VIC	Melbourne	12	12,519	2.01
VIC	VIC Balance of State	17	4,615	0.74
QLD	Brisbane	14	32,909	5.29
QLD	QLD Balance of State	95	37,013	5.95
SA	Adelaide	11	10,010	1.61
SA	SA Balance of State	13	2,459	0.40
WA	Perth	13	18,402	2.96
WA	WA Balance of State	22	6,132	0.99
TAS	Hobart	4	4,980	0.80
TAS	TAS Balance of State	19	7,077	1.14
NT	Darwin	9	953	0.15
NT	NT Balance of State	22	2,779	0.45
ACT	Canberra	2	854	0.14
	Sub Total	287	171,551	27.60
Category B				
NSW	Sydney	34	65,226	10.49
NSW	NSW Balance of State	76	64,968	10.45
VIC	Melbourne	41	45,666	7.35
VIC	VIC Balance of State	82	32,143	5.17
QLD	Brisbane	22	20,374	3.28
QLD	QLD Balance of State	84	26,483	4.26
SA	Adelaide	39	22,904	3.68
SA	SA Balance of State	32	8,467	1.36
WA	Perth	16	20,678	3.33
WA	WA Balance of State	35	6,951	1.12
TAS	Hobart	3	1,833	0.29
TAS	TAS Balance of State	9	2,898	0.47
NT	Darwin	13	1,381	0.22
NT	NT Balance of State	3	760	0.12
ACT	Canberra	5	4,619	0.74
	Sub Total	494	325,351	52.34

Table 5 The Risk of Children in Jobless Families, 2006 Compared with 2001
Continued

State	Capital City/ Balance of State	Number of SLAs	Number of Children in Jobless Families 2006	As Percentage of All Children in Jobless Families in 2006
Category C				
NSW	Sydney	14	23,495	3.78
NSW	NSW Balance of State	29	10,333	1.66
VIC	Melbourne	24	35,479	5.71
VIC	VIC Balance of State	16	5,782	0.93
QLD	Brisbane	1	665	0.11
QLD	QLD Balance of State	31	6,139	0.99
SA	Adelaide	4	980	0.16
SA	SA Balance of State	15	1,941	0.31
WA	Perth	4	961	0.15
WA	WA Balance of State	29	3,075	0.49
TAS	TAS Balance of State	5	1,059	0.17
NT	Darwin	7	544	0.09
NT	NT Balance of State	5	417	0.07
	Sub Total	184	90,870	14.62
Category D				
NSW	Sydney	5	21,572	3.47
NSW	NSW Balance of State	6	1,239	0.20
VIC	Melbourne	2	3,301	0.53
VIC	VIC Balance of State	6	1,003	0.16
QLD	QLD Balance of State	24	2,124	0.34
SA	SA Balance of State	5	600	0.10
WA	Perth	2	202	0.03
WA	WA Balance of State	16	976	0.16
TAS	TAS Balance of State	1	114	0.02
NT	Darwin	6	329	0.05
NT	NT Balance of State	11	2,389	0.38
	Sub Total	84	33,849	5.45
	Grand Total	1049	621,621	100

Note : Instead of SLAs, Brisbane uses Electoral Wards and Canberra uses Statistical Sub Division
Data source: ABS Census of Population and Housing 2006, authors' calculations.

The same pattern (that is, that category B covered the greatest proportion of children in jobless families) also is evident in every state, with the exception of Queensland, Tasmania and Northern Territory where most of the children in jobless families fell into category A.

As shown on the map (figure 5), there were clusters of SLAs (with the exception of Hobart and Canberra) which are in category C and D, both in urban and rural areas. For the capital cities, the clusters were obvious in Sydney, Melbourne and Brisbane. It is interesting to see that none of the Hobart SLAs or Canberra SSDs were in category C or D.

Out of 318 total urban SLAs (capital cities SLAs), 23.9 per cent fell into category A, 54.4 per cent fell into category B, 17.0 per cent fell into category C and only 4.7 per cent into category D.

In contrast, out of 731 total rural SLAs (balance of states SLAs), 28.9 per cent were in category A, 43.9 per cent were in category B, 17.8 per cent in category C, and 9.4 per cent in category D. There was higher proportion of rural SLAs which fell into the worst category of D compared to urban SLAs.

5 Conclusions

The proportion of children living in jobless households is widely regarded as one of the most important social indicators, as earlier research has shown that it is linked to poorer outcomes later in life and to child poverty. The decline in the national unemployment rate in Australia during the past decade has raised the hope that today fewer Australian children are living in jobless households.

Our analysis of trends at the national level has shown that the number of dependent children living in households where no parent had a job fell from around 756,000 in 1995-96 to around 684,000 in 2005-06. While there were across-the-board falls in the number of such children by age group, the sharpest decreases occurred for 0 to 4 year old children, with a one-fifth fall in the number of 0 to 4 year olds living in jobless households over this decade.

The proportion of dependent children living in jobless households also fell, from 15.6 per cent in 1995-96 to 13.8 per cent in 2005-06. Despite this progress, however, one in every 7 dependent children in Australia in 2005-06 still lived in a household where no parent had a job.

Further analysis showed pronounced compositional change, with an increase in the proportion of all Australian children living in single parent households over the decade. The risk of being jobless is much higher within single parent households than within couple households. Around one in every two children living in a single parent household lives in a jobless household, compared with only one in every 20 children living in a couple household. This compositional shift is thus one reason why the risk of children living in jobless households has not fallen more sharply.

The analysis also showed pronounced differences in risk by the educational qualifications of the head of the household. For seven out of every 10 children living in jobless households, the head of the household had no post-school qualifications. Increased risk was also associated with the age of the head of the household, with the children of household heads aged less than 30 years facing higher risks of joblessness than for those with parents in their prime working years.

Our spatial analysis, of 1049 Statistical Local Areas (SLAs), indicated that in three-quarters of the areas considered – covering 80 per cent of all children – the risk of children living in a jobless family fell between 2001 and 2006. The positive news was that just over one-quarter of Australian children lived in areas where the risk of children being in jobless families fell by more than 4.1 percentage points between 2001 and 2006. Just over half of Australian children lived in areas where the risk of being in jobless family declined during the five years, although by less than 4.1 percentage points.

However, gains were not equally spread across Australia. Some 5.5 per cent of Australia's children lived in areas where the risk of being in a jobless family actually increased by more than 3.4 percentage points between 2001 and 2006. Almost a further 15 per cent of children lived in areas where the risk of being in a jobless family still increased during these five years, but by less than 3.4 percentage points.

How spatially concentrated are children in jobless families today? This paper finds that the overwhelming majority of all children with jobless parents live in the capital cities, making this an urban phenomenon. However, if we look at the risk of children being in jobless families, then those risks are higher for those children living outside the cities. There were also differences in terms of the number and risk of children with jobless parents across state/territory of residence, suggesting that economic growth over the past five years has not been distributed evenly across all states.

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