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Findings of the 2018 HILDA Statistical Report

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Introduction

The results of the [2018 Household, Income and Labour Dynamics in Australia \(HILDA\) Statistical Report](#) were released on 31 July 2018.

The survey enables analysis of a range of social and economic issues but perhaps its most distinctive feature is its longitudinal nature. Questions are asked of the same individuals and households every year which allows researchers to examine how aspects of their lives change and transition over time. This report provides statistical information on 16 waves of the study—from 2001 to 2016.

Background

HILDA is a nationally representative longitudinal study of over 17,000 Australian individuals residing in approximately 9,500 households. The survey is funded by the Australian Government Department of Social Services and managed by the Melbourne Institute at the University of Melbourne.

The longitudinal nature of HILDA data enables analysis of the dynamics of the health and education of individuals, their labour market experiences, and the income they receive. In particular it allows researchers and policy makers to observe whether some individuals experience persistent disadvantage such as relative income poverty and reliance on welfare payments.

The survey sample has been supplemented at various times due to attrition of respondents (i.e. to make up for those who leave the sample). The survey has also had been topped up to include recent migrants to make the sample and survey results more representative of the changing nature of the Australian population. Due to logistical issues the survey sample does not include Indigenous and Non Indigenous Australians living in very remote communities.

Key findings

The following are some of the findings from the 2018 report that may have ramifications for social and economic policy.

Increasing use of paid child care

- 49.1 per cent of couple parents with children under the age of five used paid child care in 2015 and 2016 compared with 41.0 per cent in 2006 and 2007.

- 50.4 per cent of single parents used paid child care in 2015 and 2016 compared with 43.0 per cent in 2006 and 2007.

Slowing in growth of household incomes

- Between 2003 and 2009 average (or mean) annual disposable household income (in December 2016 prices) grew by an average of 4.0 per cent per annum whereas between 2009 and 2016 household income grew by an average of only 0.4 per cent per annum.¹
- Median disposable household income in 2016 was virtually the same as what it was in 2009 (at just over \$79,000 in December 2016 prices).

Contrasting growth and decline in household incomes in regional areas of Australia

- Growth in median household equivalised² income between 2012 and 2016 was strongest in Brisbane (up 4.2 per cent), Sydney (up 3.8 per cent) and Other Urban Victoria (up 3.8 per cent).³
- Median household equivalised income fell substantially in Other Urban Western Australia (down 10.5 per cent), Urban Tasmania (down 10.4 per cent), Perth (down 6.3 per cent), Other Urban New South Wales (down 3.9 per cent) and the combination of the Australian Capital Territory and Urban Northern Territory (down 3.9 per cent).

Little change in income inequality

The HILDA Survey indicates there has been little net change in income inequality between 2001 and 2016.

- The Gini coefficient—which is a common measure of overall inequality—has remained between 0.29 and 0.31 over the entire 16 years of the HILDA Survey.
- More recently there has been a slight reduction in inequality using the Gini coefficient measure—from 0.30 in 2013 to 0.29 in 2016.⁴

Declining relative income poverty

Relative income poverty is a concept used across OECD countries to measure how many people live in households below the threshold of 50 per cent of median household equivalised income.

- The proportion of the population experiencing relative income poverty has fallen from 12.6 per cent in 2001 to 9.4 per cent in 2016. This outcome is partly due to the slight fall in the relative poverty line between 2009 and 2016 and the clustering of many welfare recipients close to this line. Small movements in government allowances can move recipients above the line.
- Poverty rates are much higher for single elderly persons although they have been declining since 2009.⁵
- In 2016 the child poverty rate was 7.6 per cent—the lowest rate recorded since the survey began.

¹ Average annual growth rates were calculated using a Compound Annual Growth Rate (CAGR) formula.

² Equivalence measures are used in some analyses to enable comparison of the relative economic wellbeing of households of different size and composition.

³ Urban areas are defined as towns and cities with populations of 1,000 or more. Other Urban Areas are urban centres outside the capital cities.

⁴ A Gini co-efficient value closer to zero is an indicator of greater income equality.

⁵ Elderly people are those aged 65 years and over. Elderly people less likely to be engaged in paid work but are more likely to have the material advantage of owning their house.

- The poverty rate for children in single parent households (at around 16 per cent) was more than three times the poverty rate for children in couple parent families (5 per cent) in 2016.
- Three per cent of women aged between 18 and 55 years and 2.5 per cent of men in the same age group have experienced poverty for seven or more years between 2007 and 2016.

Welfare reliance

Welfare reliance is defined as having more than 50 per cent of annual household income sourced from welfare payments.

- The proportion of couples with dependent children who were reliant on welfare fell from 8.4 per cent in 2003 to 4.5 per cent in 2016, while welfare reliance for couples without dependent children fell from 10.9 per cent in 2002 to 5.3 per cent in 2016.
- In contrast, welfare reliance among single women increased from 13.4 per cent in 2008 to 15.4 per cent in 2016 and from 10.0 per cent to 14.7 per cent for single men.
- Of those people aged 18 to 55 years who received income support between 2007 and 2016, 46.5 per cent of men and 41.1 per cent of women were in receipt for three years or less, but 14.5 per cent of men and 18.5 per cent of women received income support each year from 2007 through to 2016.

Financial stress

Indicators of financial stress include inability to pay utility bills, housing rent or mortgage payments on time; having to sell something; going without meals; asking for financial help; and inability to heat the house.

- In a marked contrast to the findings on poverty rates, the elderly (people aged 65 years and over) were found to have very low rates of financial stress (5.3 per cent of single elderly men and 6.2 per cent of single elderly women).
- Single parents stand out as particularly prone to financial stress (28.8 per cent), while non-elderly (people under the age of 65 years) single men (17.5 per cent) and women (17.3 per cent) also had relatively high prevalence rates.
- Renters in the private rental market, public housing tenants, home owners with a mortgage, and people who had lost their job are the groups most at risk of financial stress.

Housing stress

Individuals are experiencing housing stress if their housing costs are more than 30 per cent of household income, and the household is in the bottom 40 per cent of the income distribution. The main housing costs are rent and mortgage repayments, but council rates should in principle also be included.

- Housing stress peaked in 2012 at 11.2 per cent of the population. Since then, there has been a steady decline in housing stress to 9.6 per cent of the population in 2016.
- Residents of Sydney (13.0 per cent), Other Urban Queensland (11.3 per cent) and Brisbane (10.5 per cent) experienced the highest rates of housing stress between 2013 and 2016.

Labour market transitions

Men were much more likely than women to move from part-time employment to full-time employment. However, it is also apparent that the rate of movement from part-time employment to full-time employment has declined slightly for men since the survey began.

- Between 2001 and 2002, 30.7 per cent of part-time employed men moved into full-time employment, whereas between 2015 and 2016, 25.1 per cent of part-time employed men moved into full-time employment.

Underemployment

Underemployed workers are defined in this report as part-time workers who want more hours of work. The authors of the report found underemployment has become more prevalent, but persistent underemployment tends to be experienced by a relatively small minority.

- Around 10.8 per cent of employed persons in 2016 were part-time workers who would prefer more hours of work (i.e. underemployed).
- The exit rate from underemployment—to a state in the following year where the preference for hours of work was satisfied—was as high as 70 per cent between 2007 and 2008, but has since fallen to 62 per cent between 2015 and 2016.
- Three years after becoming underemployed 73 per cent were fully employed (working either on a full-time or part-time basis), 20 per cent were no longer working and between 6 and 7 per cent were underemployed. Within five years only two per cent were underemployed.

Self-employment, independent workers and the gig economy

- Between 2006 and 2016 the proportion of workers who were self-employed without employees has hovered between eight and nine per cent while the proportion that are self-employed with employees has fallen from seven per cent to just over five per cent.
- The proportion of workers who are multiple job holders has fallen from an average of just under nine per cent between 2001 and 2005 to an average of just under eight per cent between 2012 and 2016.
- These developments indicate that there is little evidence of people having to resort to self-employment to find work in the so called developing ‘gig’ economy and a slightly smaller proportion have needed to supplement their income with additional jobs.

Time use by men and women

Men have increased their engagement in housework slightly over time while women work, on average, more hours and spend slightly less time doing housework.

- Mean (or average) weekly time spent on employment for men increased from 35.9 hours in 2002 to 38.7 hours in 2008, before falling to 35.9 hours in 2016.
- Men’s engagement in housework has increased over time, from an average of 12.4 hours per week in 2002 to 13.3 hours in 2016.
- In 2002, women spent more time, on average, on housework than on employment (22.8 hours per week compared with 21.5 hours). By 2016, this pattern has reversed due to a simultaneous increase in time spent on employment and a decrease in time spent on housework. In 2016, working-age women averaged 24.9 hours per week on employment and 20.4 hours on housework.
- Women spend more than twice as much time caring for children than men. Between 2002 and 2016 women in de facto relationships spent, on average, around 28.6 hours per week caring for their dependent children compared with 13.6 hours for men. Married women spent, on average, 23.3 hours caring for their dependent children compared to only 11.0 hours by married men.

Education outcomes

- Higher education outcomes have increased substantially in a relatively short space of time. Between 2001 and 2016, the proportion of the population aged 25 to 64 years with a bachelor degree or higher increased from 22.6 per cent to 31.1 per cent for men and from 22.6 per cent to 35.7 per cent for women.
- The proportion of the population aged 25 to 64 holding a post-school qualification⁶ has risen from 59.8 per cent to 71.1 per cent for men and from 42.5 per cent to 68.2 per cent for women.

Returns to achieving higher education

HILDA data for 2012 and 2016 shows there is a strong relationship between higher education qualifications and higher earnings. Compared with attainment of Year 11 or below a:

- master's degree or doctorate increases earnings by 67.1 per cent for men and 48.4 per cent for women.
- graduate diploma or certificate increases earnings by 64.1 per cent for men and 38.4 per cent for women.
- bachelor's degree increases earnings by 55.7 per cent for men and 38.3 per cent for women.
- diploma or advanced diploma increases earnings by 39.2 per cent for men and 13.7 per cent for women.
- certificate Level 3 or 4 increases earnings by 24.6 per cent for men, but does not result in a significant increase in earnings for women.
- year 12 completion increases earnings by 17.2 per cent for men and 19.4 per cent for women.

Conclusion

The release of the 2018 HILDA Statistical Report sheds light on a number of social and economic developments. These include stagnating growth in average household income in recent years, a slight improvement in income inequality and a fall in the rate of relative income poverty.

While the rate of welfare reliance has declined for couple households, it has been increasing for single person households. Underemployment has become a more prevalent feature of the labour market but does not appear to be a persistent state for most of those who experience it.

More parents are using paid child care than they did a decade ago. This has facilitated increased attachment to the labour market for women. Men in part-time jobs are finding it slightly harder to transition to full-time jobs. There is some evidence of a balancing in gender roles with men spending slightly more time undertaking house duties while women are working slightly longer hours which has been at the expense of time spent on domestic duties.

Australians are much more highly educated than they were at the beginning of the century and there is firm evidence that attaining higher education qualifications results in greater financial reward.

⁶ Certificate Level 3 or above

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