

25 September 2018

The Secretary
House of Representatives Select Committee on Intergenerational Welfare Dependence
PO Box 6021 Parliament House
Canberra ACT 2600

Email: igwd.reps@aph.gov.au

Dear Secretary

Re: Inquiry into Intergenerational Welfare Dependence

Thank you for the opportunity to provide information to the House of Representatives Select Committee on Intergenerational Welfare Dependence's *Inquiry into Intergenerational Welfare Dependence*.

The Australian Institute of Family Studies (AIFS) is the Australian Government's independent family research Institute. We conduct research, provide independent advice, and communicate findings to policy-makers, service providers and the community. Our work aims to increase understanding of the factors helping or hindering the wellbeing of Australia's families, building the evidence about "what works for families".

We are a statutory independent authority of the Australian Government, established under the *Australian Family Law Act 1975* and are currently part of the portfolio of the Department of Social Services (DSS).

While we are not providing a detailed submission, our research and knowledge translation work on topics related to the terms of reference of the current Inquiry might be a useful resource. A summary of key research findings and a selection of relevant AIFS publications can be found attached.

Yours sincerely,

Ms Anne Hollonds
Director



Australian Government

Australian Institute of Family Studies

House of Representatives Select Committee on
Intergenerational Welfare Dependence

Inquiry into Intergenerational Welfare Dependence

Submission from the
Australian Institute of Family Studies

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Introduction

AIFS is the Australian Government's independent family research Institute. We conduct research, provide independent advice, and communicate findings to policy-makers, service providers and the community. Our work aims to increase understanding of the factors helping or hindering the wellbeing of Australia's families, building the evidence about "what works for families".

We are a statutory independent authority of the Australian Government, established under the Australian *Family Law Act 1975*. We commenced operation in February 1980 and are currently part of the portfolio of the Department of Social Services (DSS).

We undertake primary research involving a range of data collection and analytic methods, including quantitative, qualitative and mixed methods. We manage a number of major, large-scale longitudinal studies. We conduct literature reviews and undertake sophisticated data analysis and interpretation over a range of complex issues affecting Australian families. We also regularly conduct policy and program evaluations.

The impacts of poverty and disadvantage on families and children, and the policies and systems that surround families has been a long running research theme for the Institute.

Our submission provides some insights from our research work on topics related to the terms of reference of the current Inquiry. A summary of key learnings from our research and a list of selected relevant AIFS publications can be found below. We also provide some suggestions for further work that could assist with answering these questions into the longer term.

Key learnings from our research

The following sections provide brief summaries of our research relating to:

- Rates of poverty and disadvantage for Australian families;
- Dynamics and causes of joblessness for Australian families; and,
- Service responses for families experiencing poverty and disadvantage.

Understanding of poverty and disadvantage for Australian families

The Productivity Commission has previously found that the nature of poverty and disadvantage in Australia is dynamic with many people moving in and out of poverty across the course of their lives. However, like much of the OECD, Australia continues to have a small proportion of people who experience persistent disadvantage according to a number of social and economic measures (McLachlan, Gilfillan and Gordon, 2013).

Similarly, the Institute's work using the Growing up in Australia: The Longitudinal Study of Australian Children (LSAC) also shows us that experiences of poverty and disadvantage for families and children are dynamic, with a relatively small proportion of children in the study remaining in poverty throughout their childhood. For example, almost 30 per cent of children in the LSAC had lived in a household with combined parental income below 50 per cent of the median at some stage between 2004 and 2012; and around 45 per cent of children had lived in a household that would be considered financially disadvantaged (that is, a combined parental income less than 70 per cent of the median level) during that time. While a substantial proportion of children had lived in low-income households at some time during their childhood, most children do not remain in poverty for long periods of time - less than 2 per cent of children had remained in poverty for all five waves of LSAC (a ten year period). However, for 7 to 8 per cent of children, financial disadvantage had persisted over all five waves (Warren, 2017)¹.

Our research also shows that for families there is a strong link between poverty and receipt of government payments. Data from the first three waves of LSAC show that over 90 per cent of children in the LSAC Birth Cohort who were living in poverty had at least one parent who reported that government payments were their main source of income. There are also considerable differences in the poverty rates of children in lone parent households compared to children in two parent households. Between 2004 and 2012, poverty rates among children in two parent households ranged from 7 per cent to 9 per cent, while poverty rates among children in lone parent households were 30 to 40 per cent (Warren, 2017). AIFS research shows that living in a household experiencing poverty can have significant negative influence on children's cognitive outcomes, particularly in the very early years of childhood. Further, children who had been in persistent poverty until the age of 8 to 9 could be expected to be behind in reading and numeracy by 40 to 42 per cent of one year of schooling at the Year 3 level (Warren, 2017).

It is widely agreed that poverty is not only about low income, but also about deprivation. Family disadvantage means, more generally, a lack of access to resources enabling a minimum style of living and participation in the society within which one belongs (Capellari and Jenkins, 2007). Data from LSAC shows that approximately 50 per cent of children experienced disadvantage in one of the five domains of family-level disadvantage (material resources, employment, education, health and social support) in any particular wave; and around 18 per cent experienced disadvantage in two or more of the five domains in the same year (Warren and Edwards, 2017).

In addition to disadvantage at the family level, disadvantage at the school and neighbourhood level are also important factors to consider. AIFS research has shown that children who experienced family, neighbourhood or school disadvantage, or a combination of the three, are likely to have poorer cognitive and social outcomes; and that this effect is stronger the longer that children experience these forms of disadvantage (Warren and Edwards, 2017). This multifaceted approach to understanding "disadvantage" points to the need to understand the intersections

¹ For this paper poverty and financial disadvantage were defined as having equivalised combined parental income less than 50 per cent and 70 per cent of the median respectively (Warren, 2017).

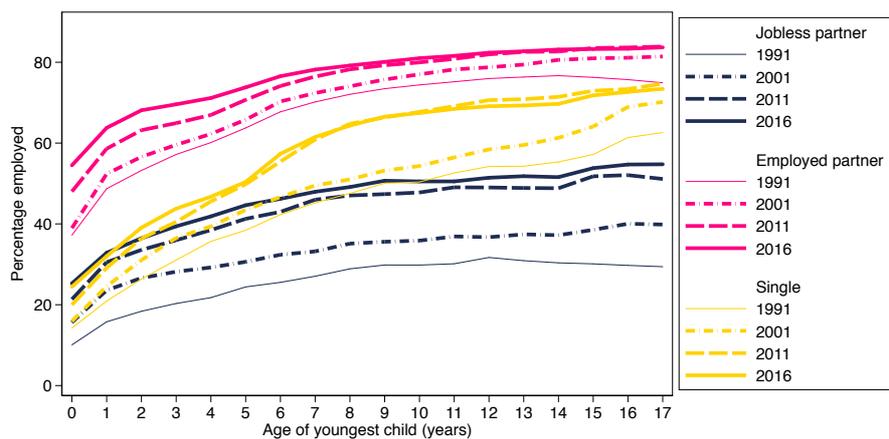
between different types of disadvantage. These complex issues require policy and service responses which are tailored to the experiences and aspirations of families themselves.

Families and joblessness

While encouraging greater workforce participation is one way of addressing poverty and disadvantage the story around families and joblessness is not straightforward. While many jobless households with children are lone parent households, mothers' employment rates are even lower in two parent families where fathers are also not employed.

We can see in Figure 1 some AIFS research on mothers' employment patterns by age of youngest child for different family forms, from 1991 to 2016. Highest rates of maternal employment are found when mothers have an employed partner. Single mothers have lower employment rates than these mothers. However, mothers' employment rates are lower still for mothers who have a jobless partner.

Figure 1 Mothers' employment by year, age of youngest child and partnership status



Source: AIFS calculations from ABS Census, customised data reports, unpublished

It is not likely that mothers' employment rates are a direct consequence of these different family forms, but instead reflect the different family and personal characteristics of mothers (and fathers) in these different circumstances. For example, employment rates presented by AIFS in a submission to the 2014 Productivity Commission Childcare and Early Childhood Learning Inquiry are shown below. They show employment rates remain low for young mothers, mothers with incomplete secondary education and mothers with poor English language proficiency, for example.

A range of other AIFS analyses using HILDA and using LSAC similarly show that these factors continue to be relevant in considering which mothers have lower rates of employment, and which children are more likely to be living in families with lower levels of parental employment.

Table 1: Maternal employment rates for various characteristics, mothers with children aged < 15 years, 2001, 2006 and 2011

	2001 (%)	2006 (%)	2011 (%)
Educational attainment			
Incomplete secondary only	46.7	50.8	54.6
Year 12/certificate/diploma	59.0	63.1	63.7
Bachelor or higher	74.6	74.1	75.5
English language proficiency			
Poor proficiency	20.4	22.0	23.8
Only English/good proficiency	57.4	62.4	64.9
Mother's age			
< 25 years	27.1	28.4	31.2
25–29 years	42.9	45.4	48.7
30–34 years	51.1	55.8	59.3
35–39 years	61.0	64.7	66.1
40–44 years	67.0	70.1	71.9
45–49 years	67.4	71.6	74.2
50+ years	46.2	60.3	63.7
Number of children under 15 years			
1 child	59.2	65.4	67.5
2 children	58.9	63.2	65.3
> 2 children	44.2	46.2	50.3
Total	56.1	61.1	63.6

Source: Census confidentialised unit record data,

Whether due to difficulties in finding work or other challenges, factors such as early parenthood and incomplete parental education are linked with lower rates of employment for mothers (Table 1).

Further while there is an increasing focus on fathers working less in order to care for children, our research shows that in most two parent families where the father is not working, the reasons for this are less related to child care and more due to his having some barriers to being employed. Such barriers may be related to having relatively poor employment prospects (e.g., having lower levels of educational attainment) or having challenging personal circumstances such as having a significant health condition or disability, or having other caring responsibilities. (Baxter, 2018).

Supporting families to exit poverty and joblessness

The Institute's work highlights the importance of service systems that are responsive to the needs of vulnerable families – and the particular value of coordinated, responsive systems in the context of communities that experience high levels of social and economic disadvantage.

For example, the Life Around Here Study, undertaken by AIFS on behalf of the then Department of Education, Employment and Workplace Relations in 2011, explored the lives of families living in 3 disadvantaged areas across Australia. The research involved an in-depth examination of the lives of 59 families (including interviews with 71 individuals) as well as a documentary focusing on the experiences of 4 families living in these areas.

The research and documentary both suggest that families experiencing long term poverty and disadvantage have complex lives that create considerable difficulties in moving from welfare payments and into long term, stable employment (Hand, Gray, Higgins, Lohar and Deblaquiere, 2011). Many of the families who took part in the Life Around Here Study and documentary experienced multiple indicators of disadvantage such as joblessness, low levels of education, low incomes and poor physical and/or mental health. This section draws on both the report and documentary as well as revisiting some themes drawn from the interview transcripts that are yet to be published.

Parents who took part in the Life Around Here research and documentary had strong aspirations for their children's future. They spoke of wanting their children to finish school and further their education and have a job. Parents who relied on income support payments spoke strongly about their children not being like them and wanted to equip them for a different life – “I don't want them to be a dole bludger like me” was a common statement. These parents had internalised a sense of shame about their lives and situations and did not want their children to experience the same.

For some parents this meant seeking opportunities for their children to participate in school and extra curricular activities that supported these goals – often in suburbs other than the ones they lived in. However, others spoke of their worries about their children already experiencing feeling marginalised and left out - and stigmatised at school and by other services they engaged with. Many of these parents were at a loss about what they could do to help their children.

While many parents spoke about examples of services and service providers that had helped them they equally had stories about being judged, misunderstood and feeling let down. The project found that families who have experienced long term disadvantage often need assistance in resolving everyday problems and dealing with employers and service providers, and that ideally this support should be provided in such a way that provides people with the capacity to resolve these issues on their own in the future (Hand et al, 2011). Many felt that the “services” were not interested in the issues that were holding them back, or the issues that were a priority for the families themselves.

Further to this, families often had to engage with multiple services, independently of each other, to address the issues they were facing. This was time consuming and stressful when having to manage multiple appointments, often with limited public transport available to them. These are important findings in the context of understanding how to assist families in moving from long term disadvantage to education and employment, and for understanding how to support families to make use of the services available to them to undertake training and find jobs.

These findings about the challenges for families with complex needs being able to access the support they need echo numerous other reports which highlight fragmented and siloed service systems. Australia's current service systems involve multiple jurisdictions and levels of government, with services for families being delivered through health, education and human services portfolios. However, research and other reviews consistently show that the current systems are characterised by a fragmented approach with little coordination and a poor understanding of what is most effective (Fox, Southwell, Stafford, Goodhue, Jackson and Smith, 2015). Recently, the Productivity Commission found that service users experience difficulties of navigating complex service systems that suffer from poor coordination between and within governments and a mix of gaps and duplication (Productivity Commission, 2017).

Other research has also found that interventions for families experiencing significant disadvantage and complex needs must firstly address their "basic needs". These needs include things such as ensuring they are able to provide food for their children or pay their bills, have access to stable housing and be safe from violence (Bromfield, Lamont, Parker and Horsfall, 2010; SUPERU, 2015).

Beyond meeting these basic needs, the research evidence finds that the most disadvantaged families are also the most difficult to engage in support services (McDonald, 2010; SUPERU, 2015) and a consistent research finding around people's use of services is that many people do not access services that could help early in the life of problems. This is particularly the case for families who are the most vulnerable and have the highest levels of need. Like the Life Around Here Study, others have also consistently found that when vulnerable families do access support services, they find their encounters with the service system to be stigmatising (Fox et al., 2015; Robinson & Parker 2008; Winkworth, McArthur, Layton, Thomson, & Wilson, 2010). Instead of seeing these services as sites of support, vulnerable families instead often experience them as places where they are judged or under surveillance. Therefore, a key barrier to accessing services early enough relates to the poor design of policy and services and a lack of understanding of the experiences and aspirations of the families themselves.

Opportunities for further research

Data from the Longitudinal Study of Australian Children (LSAC) can provide new insights into the welfare receipt of young people and their parents, and the factors that can lead to long-term welfare dependence. Currently collecting its 8th Wave of data, the children participating in this

study are currently transitioning to adulthood, including to higher education and employment. Data have been collected from and about these children and their parents since 2003. This study provides a rich data source to understand the trajectories of both parents and children who have experienced poverty, disadvantage and periods of receipt of income support across their lives. This research, drawing on current and future waves, could be used to “unpack” the term welfare dependence and examine the extent to which intergenerational welfare dependence exists within Australian families.

For example, with matched data from Centrelink, and information about parents’ receipt of government support payments from early childhood to the teenage years, LSAC could be used to examine the relationship between parents’ receipt of government payments (particularly when government payments are the family’s main source of income) and young people’s receipt of government income support.

Data from the Longitudinal Study of Australian Children and the Household Income and Labour Dynamics in Australia could also be used to identify target groups for intervention programs. Identifying the main predictors of making transitions from secondary school to welfare; and from post-school education to long-term unemployment (after completion or non-completion of education) would provide policymakers with a better picture of the set of circumstances that lead to long term welfare dependence, and the key transition points where intervention would be most effective.

The LSAC data could also be further analysed to provide insights into the experience poverty in childhood and adolescence, differentiating between the experiences of those who grew up in “welfare reliant” and “working poor” households. Changes in standards of living (e.g., moving into financial stress, housing affordability stress and welfare reliance as a result of a change from a two-parent family to a single parent family) could also be examined. These analyses could be extended using future waves of data to better understand how these children progress as young adults into the worlds of further education and employment.

In addition to making use of the data collected with the existing LSAC cohorts, a new cohort of babies, oversampling for parents who are income support recipients and on low incomes could provide new insights into the factors that lead to long term disadvantage and the factors that can assist families in moving into employment and greater independence in the long term.

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