Life chances and parents’ employment

Paper presented at the
Australian Social Policy Conference
9-11 July 2003, University of New South Wales

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Acknowledgment: Stage 6 of the Life Chances Study has been generously supported by the H & L Hecht Trust, the Kingston Sedgefield (Australia) Charitable Trust, the Bokhara Foundation and through the Family Relationships Services Program of the Commonwealth Department of Family and Community Services.
Introduction

Changing employment patterns in Australia and overseas have led to an increasing polarisation between families who are ‘work rich’ and those who are ‘work poor’, those with high household incomes from work and those with little or no income from work, those with two parents in employment and those with none (Burbidge & Sheehan 2001; Renda 2003). The number of children who live in families with no parent in paid employment increased from 11 per cent in the late 1970s to 18 per cent in 2003 (Gregory 1999: ABS 2003a), due to an increase both in sole parent families and in unemployment among couple families. At the same time there has been an increase in families with two parents in paid work. These made up 57 per cent of all families with children under 15 in 2002 (ABS 2003b).

The Brotherhood of St Laurence’s longitudinal study, the Life Chances Study, provides data to explore what has happened to the employment and incomes of a small but diverse group of Australian families with young children between 1990 and 2002.

While studies such as HILDA (Scutella & Wooden 2003) will trace employment patterns for large numbers of people over a period of time, the Life Chances Study can illustrate the trends in terms of the life stories of the families involved. Its 12-year time span gives it particular value.

The paper draws on both the quantitative and qualitative data of the study to examine the patterns of employment and income of the families over 12 years. It examines first the overall patterns of employment. It then looks more closely at the experiences of the families who were on low-incomes at the commencement of the study and asks to what extent employment has provided a path out of poverty. Implications for policy are outlined.

The Life Chances Study

The study commenced in 1990 in order to explore the impact of family income and other factors on children growing up. The families in the study all had a child born in that year and lived in two adjoining inner suburbs in Melbourne at the time. The area was selected because of its diversity of residents with both high and low income families, a range of ethnic groups and of education and occupations. The families reflected this diversity. The study commenced with 167 children and their families. These families have been revisited six times over the years. At the sixth interview stage in 2002 we were able to contact families of 142 children. By this stage the children were aged 11 and 12 and the families were geographically dispersed, two-thirds having moved away from the original suburbs. The full report of the most recent stage of the study is currently in press (Taylor & Fraser in press).

While the focus of the study has been on the children, the pattern of parents’ employment has been a key factor in their family situations and has been the focus of a number of papers (Gilley 1993; Taylor 1996; Macdonald 1998)

Patterns of family employment 1990 to 2002.

The employment patterns of the Life Chances families over 12 years reflect both the wider national trends in employment and also their life cycle stage with growing children.

Figure 1 shows the pattern of family employment in different years.

At the commencement of the study in 1990 when all families had young babies, the most typical pattern of family employment was the two-parent family with one parent in work (50 per cent of families), followed by two-parent families with both parents working (25 per cent), two-parent families with no employment (13 per cent), and sole parent families with no employment (10 per cent) and working (2 per cent). Overall 23 per cent of families had no
parent in paid employment. Most of the fathers with no work were looking for work, although some were out of the work force because of health problems, including work injuries. Many had been unemployed already for more than 12 months.

A follow up interview (Gilley 1993) 12 months later showed that many mothers had returned to the work force and the most common family type was now the two-parent family with both parents working (42 per cent). There was a corresponding decrease in the proportion of two-parent families with only one parent working (29 per cent). Overall, however, there had been an increase in families with no employment (from 23 per cent to 27 per cent). Few of the families with no work in 1990 had gained employment while a greater number had become unemployed. The mothers most likely to return to work were those with only one child; those who had been working before the birth; those whose partner was working; and those with tertiary education.

There was further analysis (Macdonald 1998) of family employment in 1996. A study of the 26 families whose fathers became unemployed before 1993 included those in which the father had been out of work in 1990 and also a group of families in which the father had become unemployed in 1991 or 1992 during the recession. The latter group had all been in permanent full-time jobs in 1990. By 1996 almost all the fathers had regained some employment at some stage, but typically this was intermittent, unpredictable, part-time and low paid.

Between 1996 and 2002 there was a small increase in families with two parents working and a small decrease in families with no parent employed. Other changes included an increase in sole parents and an increase in the number of children living with their fathers and not their mothers. Half the sole parents were employed, some part-time.

When the children were aged 11 and 12 in 2002:

- 49 per cent were in households with two parents working
- 33 per cent with one parent working
- 18 per cent with no parent working (the same as the national figures quoted above).

Overall aged 11 and 12, 61 per cent of children were living in a household in which the mother (or stepmother) worked, while 69 per cent of children lived in a household in which the father (or stepfather) worked. Of the parents in paid employment, 45 per cent of mothers were working full-time, and 84 per cent of the fathers. (This represented an increase in mothers working full-time from 30 per cent when the children were aged 6, while the same proportion of fathers were in full-time work at both times). In 6 per cent of the two-parent families the mothers were the main breadwinners.

**Employment and income**

Figure 2 outlines the different employment patterns of the parents in 2002 in relation to family income. Low income for this study is defined as below 120 per cent of the Henderson poverty line, the category the Professor Henderson called ‘poor’.

As would be expected those without paid work were likely to be on low incomes, as government income support provides only a very basic level of income. (The exceptions included two fathers who had been made redundant in the fortnight prior to the interview). Very few families with two-parents working were on low incomes. However one-third of the two-parent families with only one parent in paid work were on low incomes.
Figure 1

Family employment 1990, 1996 and 2002

Figure 2

Families in 2002: family type, employment and income
What became of families who were on low incomes in 1990?

This paper examines in some detail the employment histories of the 41 families who were on low incomes in 1990 at the start of the study and who were still in the study 12 years later. First two families are introduced to illustrate some of the diversity of the families’ situations over time.

Two families on low incomes

A two-parent family with the father in employment in 1990 – a sole parent family without work in 2002

The Wang parents were refugees from Vietnam. When their daughter was born in 1990, the father was working as a clerk in a factory. The father had education to Year 10 the mother only three years of primary schooling. Neither parent spoke English well. The father subsequently tried unsuccessfully to start an import/export business. By 1996 the father had returned to Vietnam, they had divorced, the mother had been remarried and separated again. By 2002 the mother and two children were reliant on Parenting Payment Single, which the mother found insufficient to meet daily costs. The mother had had times of depression, including a suicide attempt. She had suffered from a car accident the previous year resulting in back and neck problems and had lost her part-time job as a process worker. Through an interpreter she said she feared for the future:

Recently, after paying all the bills, I am again in desperate need of money. I also try and eat less myself, so that the children may eat more. I am not sure whether I will have enough money in the next few years, because I cannot work. I must rely on handouts. Originally I had planned to work, with the little one attending Prep. However the accident has dissolved all hope of that. Now I wish to go back to school and find a part-time job that is less demanding on the body. Working part-time, because I would be able to pick up the kids from school … I hope the government can set up a department or something special for us injured people to work so that I may become less dependent on government. I am not a lazy person, I have been seeking work for ages, however at the mention of being a TAC (Traffic Accident Commission) victim I am instantly rejected. [For the children’s future] I wish them to attend university. I don’t think I can afford it, however I will try my best.

A sole parent family with no work in 1990 – a two-parent family with the father in work in 2002

In 1990 the Williams family was a sole parent family with four children living on a high rise estate in inner Melbourne. The father, who was not living with the family, was unemployed. Neither parent had completed secondary school and both had some problems with reading. The mother and children moved to a country town and were eventually reunited with the father who found work in a saw mill. By 2002 he had worked full-time at the mill for a number of years, but was earning a very low wage. His take home pay was $410 a week. He said:

Even though I work hard and bring home a wage it’s not adequate for what I’d like to be able to provide for them as a parent. My pay’s very inadequate.

He also worried about the dangers of the job and lack of maintenance of the mill. The mother emphasised, ‘We need that second job’. She wanted to work but could not find a paid job although she had worked as a volunteer in an op-shop for many years. She had worked part-time in a milk bar briefly but it closed when the GST was introduced. She had tried unsuccessfully for a job at a new supermarket. There were few options in the country town.
The low income families 12 years later

Figure 3 shows that in 1990 the 41 low-income families comprised: 30 two-parent families (16 in which the father was employed and 14 in which the father was not employed) and 11 sole parent families (one mother had employment).

Half of these low-income families (and two thirds of the two-parent families) were immigrant or refugee families in which both parents were from non-English-speaking birthplaces (NESB), many of whom had arrived in Australia during the 1980s. The largest numbers were from Vietnam, elsewhere in Asia and from the Middle East. Some of these parents had very limited formal education (for example a few years of primary school) and spoke little English. Some already had a number of children.

In 1990 most of the fathers who were working had relatively steady full-time work in low-paid jobs in car factories, clothing manufacturing, building or the food industry. Those who were not working included some long-term unemployed and some with health problems who were not in the workforce. Figure 3 shows the diversity of the families’ situations 12 years later in 2002 in term of employment and family income. For 11 families their income had increased above the low income level, but 30 remained on low income.

Figure 3

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<th>1990</th>
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<td>16 two-parent families with father in work</td>
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<td>work – not low income</td>
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<td>work – low income</td>
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<td>no work – low income</td>
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<td>14 two-parent families with no work</td>
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<td>work – low income</td>
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<td>no work – low income</td>
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<td>11 sole parent families (one with work)</td>
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<td>work – low income</td>
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<td>no work – low income</td>
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These low-income families highlight the difficulty in following family employment over time, namely that families change. Almost half of the parents in the 30 two-parent families separated once or more during the 12 years. This is a higher proportion than for the families in the study as a whole. Some parents re-united, some found new partners, some remained single. Similarly almost half the 11 sole parents from 1990 were living with partners in 2002. Others had repartnered and separated again. Three of the children were now living with their fathers as sole parents not their mothers. For analysis, the Life Chances Study has followed the household in which the child is living.
The 11 low-income families whose income increased

Of the 11 low-income families whose incomes increased by 2002, only one family’s income had increased to the high-income level, the remainder increased to medium incomes some very close to the low-income threshold. (High income is defined as above the eligibility level for Family Tax Benefit A, see Taylor & Fraser in press.) The one family who’s income was now high was a Vietnamese couple who had separated, the child was now living with his father and step-mother both of whom were working in well-paid IT jobs.

The other families no longer on low income included three Vietnamese families with both parents employed, most in factories, including one with their own small clothing business in which the parents each worked, according to the mother, 72 hours a week. In another four families, Australian-born mothers were working in professional jobs as teachers or nurses, including one sole parent and another whose husband received Parenting Payment. The remaining three families included one in which the father had a well-paid managerial position, one in which the sole mother worked as a full-time nursing assistant, and a sole mother, whose part-time child-care job supplemented her Parenting Payment (still a relatively low income).

The 30 families whose income stayed low

The families in which the father was working in 1990

There were 13 families in which the father had been working in 1990 who remained on low incomes 12 years later. Their situations are outlined below:

- Three fathers had continued to work on low wages, with at most relatively short periods of unemployment (a Chinese father working as a waiter, another as a cook and a Vietnamese father as a welder in a factory). The mothers were not employed.
- Three fathers, refugees from Laos, had worked for Toyota at the start of the study. They became unemployed in the early 1990s and had not been able to regain permanent employment, although one had just started work washing cars. Another had moved to a country town in north Queensland unsuccessfully seeking work. The third was doing some study at TAFE. These families had between five and eight children. The mothers were not in paid work.
- One Vietnamese family’s small pressing business failed. The parents had been subsequently unemployed apart from the mother doing a little casual child care.
- Others experienced a number of bouts of unemployment. One Lebanese couple had separated on a number of occasions and both parents had times of employment and unemployment. The father’s work included factory work and house painting.
- The five families that had become sole parent families by 2002 were all now reliant on Parenting Payment Single (sole parent pension). One father who had worked in a restaurant in 1990, now lived with his four children in a country town where he could find no work. One Australian-born mother had moved to the country to be near her parents. A Vietnamese mother had lost her part-time job as a process worker because of injuries and had been unable to find another job. A Turkish mother had worked full-time as a machinist in a shirt factory but it had closed down. Her former partner was unemployed. An Australian-born mother had had two separations over the 12 years, and was struggling to bring up children with developmental delay and to deal with her own drug use.

The situation of the other families who were on low incomes in 1990 showed a broadly similar pattern of parental separations, employment and unemployment, with the majority remaining on low incomes.

The families in which the father was not in work in 1990

There were eight families that had been two-parent families with no work in 1990 and were still on low incomes in 2002. They included four couples in which the father now worked in
low paid jobs, as a labourer, a chef, a shoe repairer and in a pressing factory. Four families had no work (three NESB couples and an Australian-born sole parent).

The sole parent families in 1990
There were nine families which had been sole parent families in 1990 and remained on low incomes in 2002. By 2002 four were now two-parent families. In the nine families only one mother was currently working (part-time as a personal care worker) and one was studying, while there were three fathers in low paid work as a chef, a boiler attendant and in a saw mill. Two fathers who were recently unemployed had worked as a process worker and a bricklayer. The mothers’ jobs had included child care and tele-marketing.

The fathers described above who were working for low wages in 2002 seem likely to remain in low paid jobs if they remain in employment. Would the employment of the mothers enable the family income to increase? Only two of the mothers were in paid employment, one working intermittently as a sandwich hand, another in part-time child care. Some of these mothers saw their role as caring full-time for their children, as one Vietnamese mother of four children said, ‘I am an unemployed mother by choice’. An Australian-born mother said she wanted to be with her kids through their education. Many families had four or more children. Many of these mothers had poor English, little or no formal education and little or no work experience, although a few had worked in the clothing industry. Added to this were barriers such as the mothers’ and children’s health and the families’ location.

Employment as a pathway out of poverty?
The findings show that employment is not necessarily a pathway out of poverty. The idea that the ‘foot in the door’ leads to better opportunities does not seem to hold. For the 41 families who had been on low incomes in 1990, three-quarters were still on low income 12 years later.

Certainly for the quarter (11 families) whose financial situation had improved this was because of employment. Only those with employment raised their incomes above the low income level. Some of these families, however, remained very close to the low income level. Only one family had reached a high income level. Some patterns emerge. For some families whose income level increased, the Australian-born mother who had a qualification (such as teaching or nursing) returned to the workforce on a medium wage. For some immigrant and refugee families with parents with little formal education, family income was raised when both mother and father were able to work, typically in low-wage factory jobs or starting their own small businesses. These families, however, often had experiences of work injuries and failed businesses and there was little certainty that their position would remain favourable.

Of the 30 families still on low incomes, half were without work. Half had paid work which had not raised them above the low-income level. These included families in which fathers were working full-time on low wages as well as families with only part-time employment.

The research report of this sixth stage of the study presents in detail the negative impacts for the children growing up in low-income families, with or without employment (Taylor & Fraser in press).

Barriers to employment
Many of the parents were desperate to find employment, but the employment was not available. This reflected the national statistics which indicate that there is one job vacancy for every six job seekers (ABS 2003c). Some mothers on low incomes were actively seeking work, while others saw their role as full-time carers of their children. The latter was particularly the case for some of the mothers with large families and little education.
The situation of the immigrant and refugee families is of particular concern. Of the families with both parents from non-English-speaking backgrounds, 73 per cent were on low incomes in 1990. At that stage many were relatively new arrivals who would be expected, 12 years later, to have improved their situations considerably. In 2002, however, a similar proportion of these NESB families (71 per cent) were still on low incomes, and they comprised over half the low income families in the study. The permanent full-time employment some of these parents had in the late 1980s seems to have disappeared, for example in car manufacturing.

**Implications for policy**

While the Life Chances Study is a small study which cannot be generalised to the total population, the employment experiences of the Life Chances families highlight a range of issues for policy makers.

The primary issue is the need for policies that lead to the creation of more and better jobs. The policies which have encouraged low wages as a means of increasing employment miss the point. If employment is to prevent rather than create poverty wages need to be adequate to live on. What the findings of the study suggest is needed include:

- more jobs – full-time and part-time
- better jobs – adequate wages, permanence and safety
- jobs for people with limited English and/or formal training
- training opportunities
- jobs beyond the cities.

The Brotherhood of St Laurence is calling for a renewed commitment to job creation of socially useful jobs – an investment that will pay a double dividend (Perkins & Angley 2003).

For the benefit of children growing up long-term in low-income families, policies need to ensure:

- adequate family income – adequate social security payments for sole parents and unemployed parents and adequate minimum wages for workers – to reduce the stresses of financial hardship and to meet rising costs
- welfare-to-work policies which acknowledge, not only the barriers to employment faced by parents, but also the children’s needs to have time with their parents
- real choices for parents about employment and parenting.
References


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