



Labour force participation and employment in public rental housing in Australia

Introduction

Housing assistance in Australia is a fundamental component of the welfare safety net for Australians unable to access safe, secure and affordable housing due to circumstantial and/or physical hardship. At 30 June 2007, public rental housing—the primary form of social housing—supported over 330,000 households in Australia under the 2003 Commonwealth State Housing Agreement (CSHA).

One of the guiding principles of the CSHA is to support individuals and families to engage fully in society and the economy, including participation in employment. However, only 8% of rebated households¹ in public rental housing receive wages as their main income source. Two characteristics of this population are related to the overall level of employment: the high level of non participation in the labour force among households in public rental housing, and the low level of full-time employment among those who do participate.

A number of issues are seen to be related to the low level of economic participation in public rental housing. Links have been drawn to the lack of employment opportunities in the areas in which dwellings are located (Hughes 2006), and to policies such as income-related rent setting and waitlist eligibility tests, which are seen to create disincentives to gain further income through employment (Dockery et al. 2008). It has also been argued that individual attributes such as education levels, work history, skill levels, gender, family responsibilities and health and disability status can predispose tenants to lower workforce participation and employment (Lewis 2006). The targeting of public rental housing to those in greatest

1 A household receiving assistance that pays less than the market rent value of a dwelling (AIHW 2006).

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need originally initiated in the 1999 CSHA, and continued through the 2003 agreement, has meant that those households that meet the criteria for assistance are often those which have fewer opportunities in the job market. As a result, households in public rental housing are now more likely than people in other tenure types to be unemployed and likely to stay so for longer periods (Bridge et al. 2007).

The analysis presented in this bulletin is of national administrative data, as well as data collected via the 2007 National Social Housing Survey of public rental housing (see Box 1). Various demographic and circumstantial factors are discussed in relation to tenants' employment outcomes. The bulletin also looks at employment outcomes from the tenants' perspective, and provides analysis of the reasons tenants report as to why they are not working. Overall, the survey results highlight that the obstacles to improving the economic participation and employment levels of tenants are varied, and that strategies that take measure of individual reasons for not working and tenants' circumstances have a greater chance of success.

Box 1: 2007 National Social Housing Survey of public rental housing

The National Social Housing Survey (NSHS) of public rental housing was conducted between March and April 2007, comprising a mail-out to 35,798 tenants which achieved a final sample of 13,246 (37% response rate). Samples were extracted from state housing authority records using a stratified random methodology for all jurisdictions. Where possible, the demographic characteristics of the sample have been validated against the administrative data contained in the National Housing Assistance Data Repository (AIHW 2008a).

This bulletin presents only descriptive analysis of the survey data (weighted for better representation of the national population), and does not discuss the statistical significance of analyses presented. The large size of the NSHS provides confidence in this analysis.

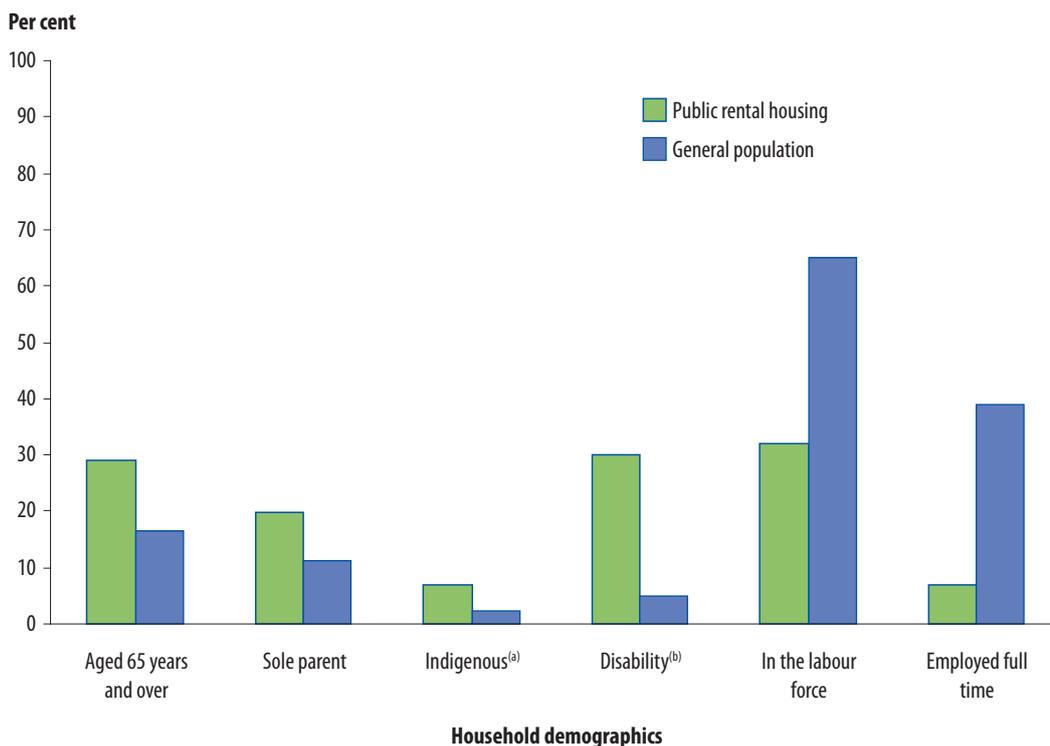
The current environment

Governments at various levels have initiated policies aimed at reducing disincentives for people on income support to move to work. In relation to public housing policy, states and territories have, since the commencement of the 2003 CSHA, reported on their progress in minimising disincentives to employment for public rental housing tenants (FaCSIA 2007). Reforms at the state level aimed at encouraging workforce participation include rent holidays and freezes for those who gain employment, and minimising concentrated areas of public rental housing to encourage greater integration with the broader (working) community (Dockery et al. 2008). At the Australian Government level, the Welfare to Work initiative, aimed at improving the transition of people from the welfare safety net to being full or partial participants in the workforce, was introduced in July 2006. Recipients of certain income support types from the Australian Government have since been subject to capability assessments and greater requirements to undertake activities designed to increase their prospects of employment (Centrelink 2006). Welfare reform in Australia has echoed activity internationally, where people on welfare, including parents and those with disability, have been encouraged to enter or return to work (U.S. Department of Health and Human Services 1996; Department for Work and Pensions 2006).

The public rental housing population

Figure 1 illustrates that compared with the general population, a lower proportion of public rental housing tenants are in the labour force (33% compared with 65%) or in full-time employment (7%² compared with 39%). Figure 1 also describes other demographic characteristics of households in public rental housing, and highlights the differences to the general population. For example:

- ✦ almost one-third of households in public rental housing have a main tenant aged 65 years or over compared with 17% in the general population
- ✦ while 30% of households in public rental housing have disability, only 5% of households in the general population have a 'core activity need for assistance' (ABS 2006)
- ✦ Indigenous households (7%) and sole parent households (20%) are over-represented in public rental housing.



(a) A household with at least one member identified as Indigenous.

(b) A household with at least one member with disability or a core activity need for assistance.

Sources: ABS 2007a; AIHW analysis of the National Housing Assistance Data Repository (administrative and National Social Housing Survey data); AIHW 2008b.

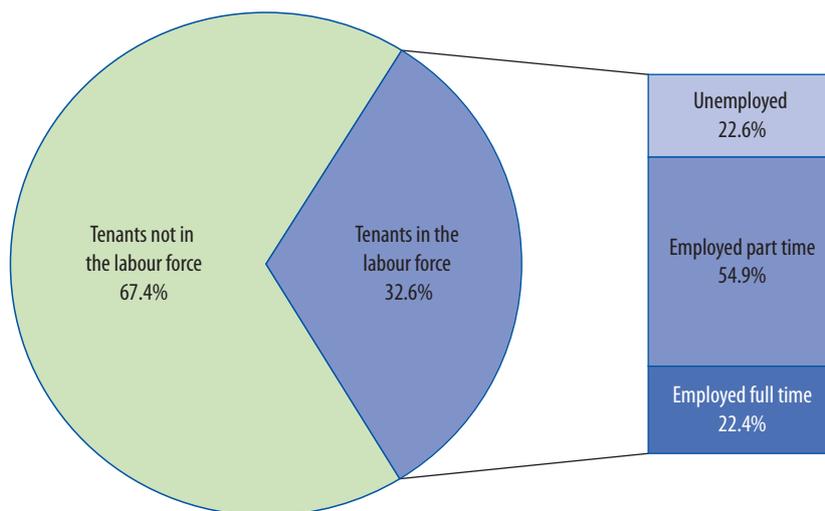
Figure 1: Demographic characteristics of public rental housing, 30 June 2007 and March-April 2007, and the general population, 2006

² This result is consistent with administrative data: 8% of rebated households in public rental housing at 30 June 2007 received wages as their main income source.

Labour force participation and employment status

A conceptual framework has been used to describe the labour force participation and employment status of public rental housing tenants (ABS 2007b), which sorts tenants firstly by their labour force participation, and then, for those in the labour force, by their employment status (employed full time, employed part time or unemployed). Using this framework, the 2007 National Social Housing Survey data shows that (Figure 2):

- about two-thirds of public rental housing tenants are not participating in the labour force on any level; that is, they are neither working nor are they seeking work
- of the one-third of tenants currently in the labour force, 23% are unemployed
- less than one-quarter of tenants in the labour force are currently working full time, and more than half (55%) are working part time.

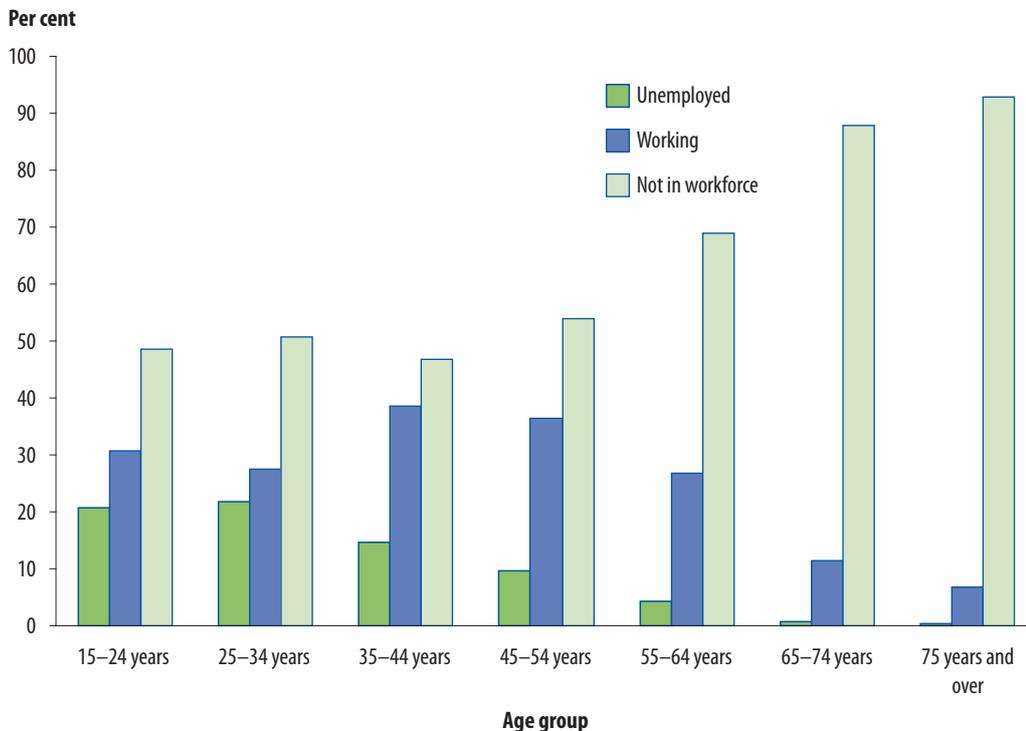


Source: AIHW analysis of the National Housing Assistance Data Repository (National Social Housing Survey data).

Figure 2: Levels of labour force participation and employment among public rental housing tenants, March–April 2007

Labour force participation

In the 2007 NSHS, about two-thirds of tenants (8,214) were not participating in the labour force on any level. This proportion is the reverse of that found in the general population, where three-quarters of people participate in the labour force (ABS 2007b). The level of workforce participation among public rental housing tenants is related to their age, with the proportion not participating highest among aged tenants (Figure 3).



Source: AIHW analysis of the National Housing Assistance Data Repository (National Social Housing Survey data).

Figure 3: Employment and labour force status, by age group, March–April 2007

This effect is reflected in other results. For example:

- ✦ while Aboriginal and Torres Strait Islander tenants were more likely to be participating in the labour force than non-Indigenous tenants (44% compared with 32%), those in the labour force were more likely to be unemployed than non-Indigenous tenants in the labour force (35% compared with 21%). This is related to their age; 50% of Aboriginal and Torres Strait Islander respondents were aged under 45 years compared with 21% of non-Indigenous respondents³
- ✦ tenants who had lived at the same address for more than 20 years were the most likely to be out of the labour force (half of these tenants were aged 65 years or more)
- ✦ three-quarters of tenants living in single person and couple households with no children were not participating in the labour force (76% each), a higher proportion than those in sole parent and couple households with children (50% each) (Table 1). Again, this result reflects the age profile of these household types: 48% and 53% of tenants living in single person households and couple households with no children, respectively, were aged over 65 years compared with only 5% of those living in sole parent or couple households with children.

³ This result is consistent with the administrative data: the mean age of the main tenant in Indigenous households in public rental housing at 30 June 2007 was 40 years, compared with 53 years for non-Indigenous households.

Table 1: Labour force participation and employment status, by sex of respondent and household composition, March–April 2007

Employment status	Number	Single (per cent)	Couple no children (per cent)	Single with children (per cent)	Couple with children (per cent)	Total ^(a) (per cent)
Male						
Not participating — due to illness, disability, age	2,367	62.9	67.5	37.6	37.4	58.9
Not participating — other reasons	464	12.2	10.1	13.1	11.4	11.5
Unemployed	240	5.9	1.7	14.8	9.8	6.0
Employed part time	579	14.4	11.6	13.4	15.3	14.4
Employed full time	372	4.5	9.0	21.1	26.0	9.2
Total^(b)	4,022	100.0	100.0	100.0	100.0	100.0
Female						
Not participating — due to illness, disability, age	3,645	65.1	57.1	21.7	19.0	46.2
Not participating — other reasons	1,534	11.7	17.0	28.2	32.3	19.4
Unemployed	643	4.0	4.1	15.0	12.8	8.2
Employed part time	1,557	15.4	15.9	26.4	25.7	19.7
Employed full time	509	3.8	6.0	8.8	10.2	6.5
Total^(b)	7,888	100.0	100.0	100.0	100.0	100.0
Total^(c)						
Not participating — due to illness, disability, age	6,055	64.3	63.7	23.4	26.2	50.5
Not participating — other reasons	2,003	11.9	12.6	26.5	24.2	16.7
Unemployed	885	4.7	2.6	14.9	11.6	7.4
Employed part time	2,152	15.1	13.2	25.0	21.8	18.0
Employed full time	886	4.1	7.8	10.2	16.2	7.4
Total^(b)	11,981	100.0	100.0	100.0	100.0	100.0

(a) Includes household types not shown in the table (extended families with and without children, group households and non-specified).

(b) Includes only those persons who indicated their employment status.

(c) Includes those who did not indicate their sex.

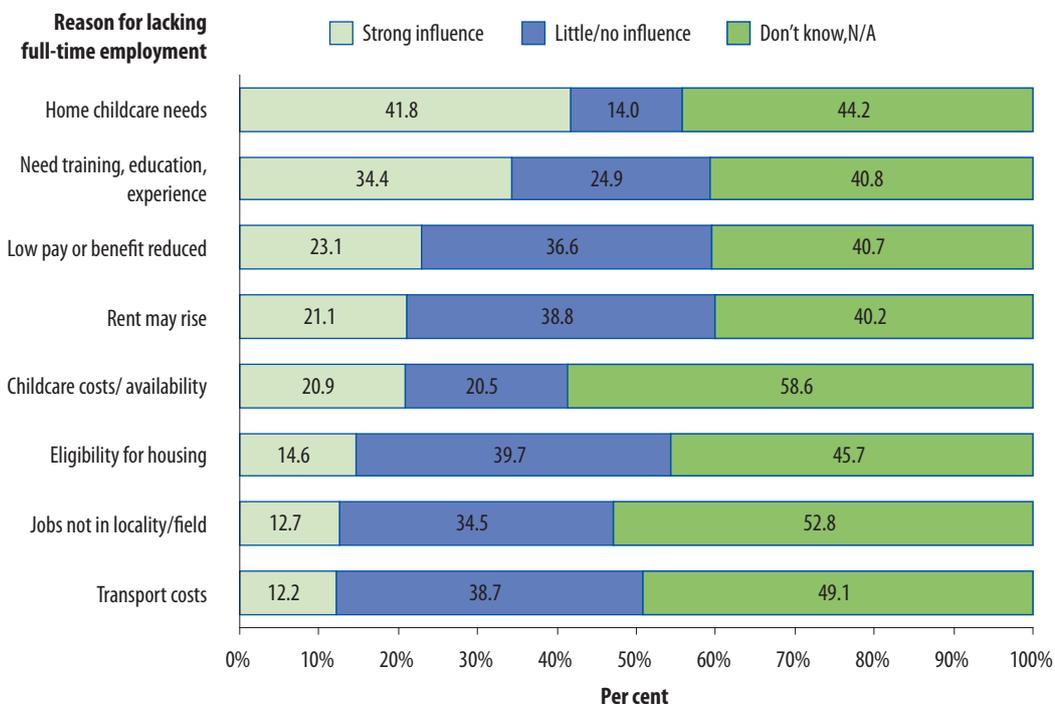
Source: AIHW Analysis of National Housing Assistance Data Repository (National Social Housing Survey data).

Tenants not in the labour force

Reasons for not participating

The National Social Housing Survey provides an opportunity for respondents to indicate their reasons for not working. The majority of tenants not participating in the labour force (75%) nominated ill health, disability or old age as the main reason for their circumstances. This high proportion is not surprising given the consistency of targeting of public rental housing to those in greatest need. Male respondents were more likely to report being out of the labour force for these reasons than female respondents, particularly those with children (Table 1).

The remaining quarter of tenants who were not participating in the labour force for reasons other than ill health, disability or old age were asked to rate the influence of other factors on their current status. Forty-two per cent indicated that their need to remain at home to care for their children was a strong influence in their lack of employment, while 21% stated that the cost or lack of available childcare had a strong influence on their circumstances (Figure 4). Lack of training, education and experience (34%) was also a strong influence on the lack of full-time employment among these tenants. Only 13% and 12%, respectively, indicated that jobs not being available in their area or field, or transport costs were a strong influence on their current circumstances.



Source: AIHW analysis of the National Housing Assistance Data Repository (National Social Housing Survey).

Figure 4: Reasons for not working nominated by tenants not currently participating in the workforce, March–April 2007

Tenants in the labour force

Of the one-third of tenants currently in the labour force, 892 (22%) and 2,187 (55%) tenants were employed full time or part time, respectively. A further 901 tenants (23%) were unemployed (Figure 2). This is considerably higher than in the general population where only 4% of persons were unemployed in 2007 (ABS 2007b). This means that there is potentially a pool of public rental housing tenants who see themselves as available to work, should an appropriate position be open to them and their barriers to employment be addressed.

Age was an important factor in employment status. Unemployment levels decreased with age (Figure 3), and tenants aged 35–44 years had the highest proportion of working tenants (38%). Among those participating in the labour force, the age group with the highest proportion of tenants working full time was 55–64 years (30%).

Further comparisons of those tenants in the labour force showed that:

- tenants who had lived at their current address for more than 10 years were more likely to be employed full time (30%) and less likely to be unemployed (15%), compared with those who had lived at their current address for five years or less (13% and 34%)
- a higher proportion of couple families (with and without children) in the workforce were working full time (33% each), compared with single person (17%) or sole parent households (20%).

The type of tenure that tenants had occupied before moving into public rental housing was also related to current work status. Tenants who were working full time (68%) were more likely to have been renting privately before entering public rental housing compared with tenants working part time (58%) or those who were unemployed (56%). Almost one-third of unemployed tenants had been homeless, that is living with friends or relatives, in crisis or refuge accommodation or sleeping rough before moving into public housing (Chamberlain & MacKenzie 2003).

While the sex of a respondent was not related to whether a tenant was employed, it was related to the level of employment among those in the labour force. Specifically, participating male tenants were more likely to be working full time, compared with females (31% and 19%, respectively), while female tenants were more likely to be employed part time than male tenants (58% and 49%, respectively).

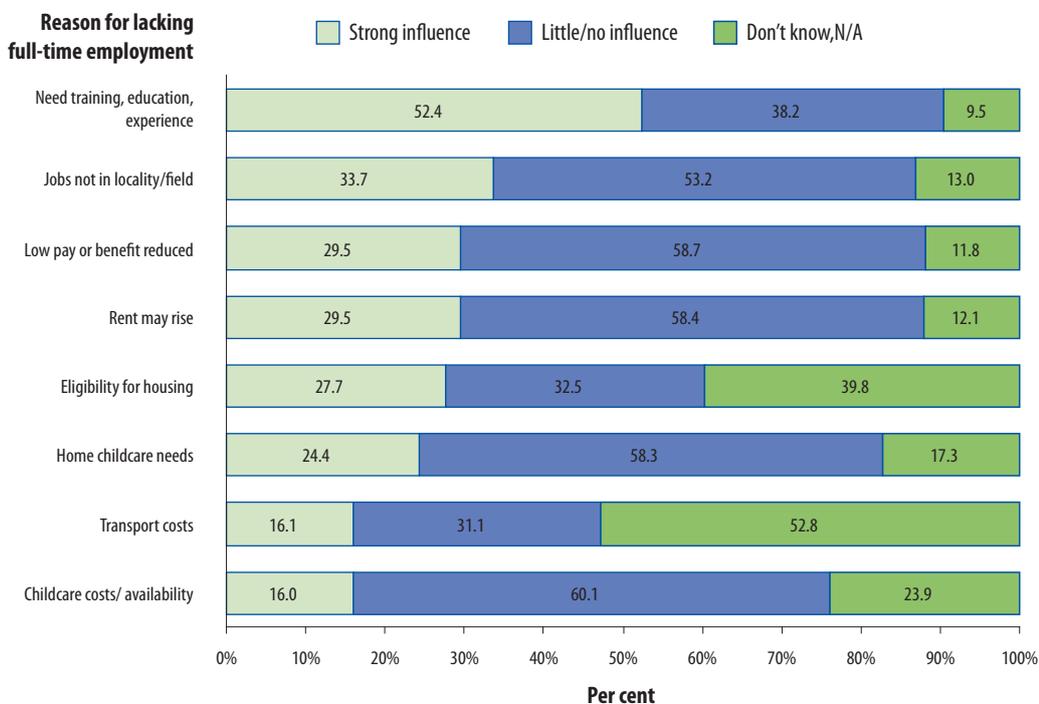
Remoteness and transport issues—the former measured by postcode and the latter by asking tenants about the importance of this factor—were not found to be related to employment status or participation in this analysis. However, distance issues may affect tenants differentially, depending on where they live, and this could be investigated in future work.

Tenants who want to work or want to work more: reasons for not being in full-time employment

One-quarter of respondents indicated that they would like to work or would like to work more hours. This equates to one person per household for over 80,000 households in public rental housing who could potentially increase their workforce activity. The following section looks at the unemployed tenants' reasons for not working, and then discusses reasons why part-time tenants report being unable to work full time.

Unemployed tenants seeking work

About half of the unemployed tenants seeking work reported that their need for further training, education and experience had a strong influence on their current circumstances. One-third indicated that the fact there were no jobs in the area or no jobs suited to them was a strong influence, a higher result than for tenants in other categories. Financial reasons were apparent for some tenants: 30% were influenced by the possibility of higher rents, and the same proportion were concerned that the pay they would receive would be too low, or that their benefits would be reduced if they were working. A quarter of tenants reported their need to stay at home with their children as a strong influence on their current status.

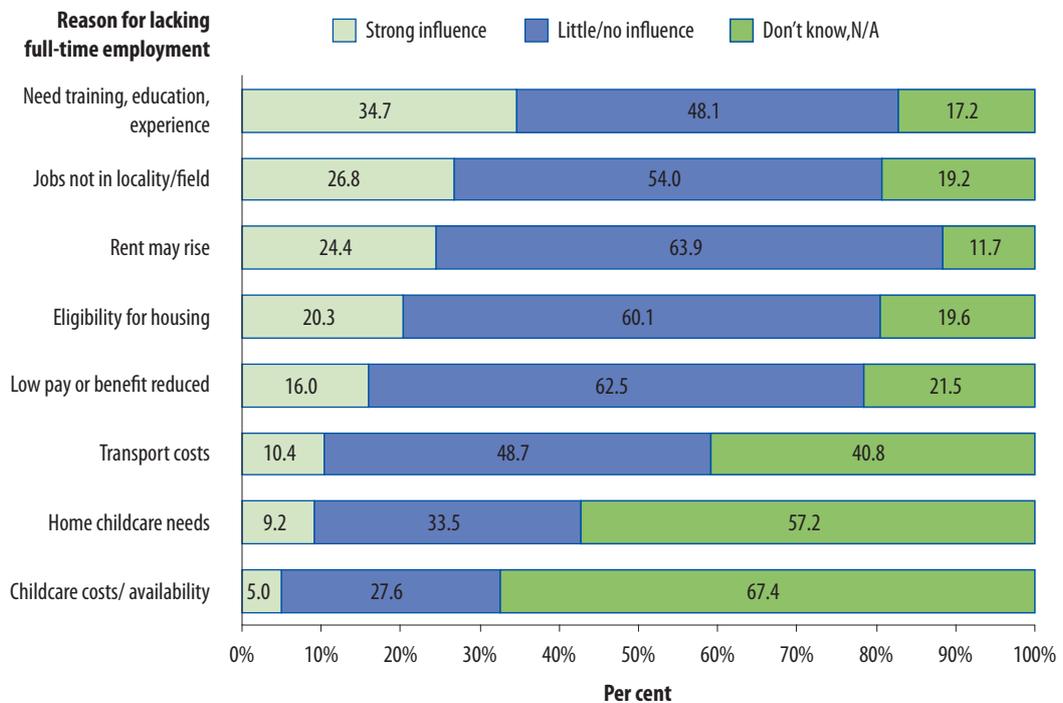


Source: AIHW analysis of the National Housing Assistance Data Repository (National Social Housing Survey data).

Figure 5: Reasons for not working nominated by tenants currently unemployed, March–April 2007

Tenants working part time

The majority of the 2,187 tenants currently employed part time did so because it suited their current circumstances (37%), or for reasons unspecified (40%). The remaining 494 tenants who indicated that they would work more hours or full time if the work was available, were asked to rate how influential a variety of reasons were on their lack of full-time employment. The factor most commonly rated was a lack of appropriate training, education or experience (Figure 6). A quarter were concerned about their rent rising as a result of earning a higher income (24%), and 27% indicated that jobs not being available of a suitable type or in a suitable location was a strong influence. One in five tenants were concerned about their eligibility for housing being affected if they were to work full time.



Source: AIHW analysis of the National Housing Assistance Data Repository (National Social Housing Survey data).

Figure 6: Reasons for not working full time nominated by tenants currently working part time who would like more hours, March–April 2007

Discussion

Summary of results

This analysis of labour force participation and employment levels in public rental housing has shown that the majority of tenants are not participating in the labour force on any level. While primary reasons for non-participation were old age, ill health or disability, younger female tenants with children were more likely to report other reasons for not participating in the labour force, in particular the need to remain at home to care for children.

Figure 7 summarises the profile of the three groups discussed in this bulletin not currently working full time: unemployed tenants, part-time workers, and those not in the labour force. While non-participation was highest among old-aged tenants, unemployment for those in the labour force was highest among younger tenants: more people aged 15–24 years in the labour force were unemployed than were working, compared with tenants aged 35–54 in the labour force who were usually employed on some level. The analysis also demonstrated that Aboriginal and Torres Strait Islander tenants were more likely to be participating but less likely to be working than non-Indigenous tenants, a result likely to be related to their younger age profile.

Unemployed	Employed part time	Not in labour force
901 tenants (7% of sample)	2,187 tenants (18% of sample)	8,214 tenants (67% of sample)
Most common age group: 35–44 years	Most common age group: 45–54 years	Most common age group: 65–74 years
Most common household type: Sole parent	Most common household type: Single	Most common household type: Single
<i>Top three reasons for not working</i>	<i>Top three reasons for not working full time</i>	<i>Top three reasons for not working</i>
<ul style="list-style-type: none"> ▷ Need training, education, and/or experience ▷ No jobs available of a suitable type or in the local area ▷ Rent rises due to higher pay 	<ul style="list-style-type: none"> ▷ Part-time arrangements suit current circumstances ▷ Need training, education, and/or experience ▷ Rent rises due to higher pay 	<ul style="list-style-type: none"> ▷ Ill health, disability or age ▷ Need to stay home to care for children ▷ Need training, education, and/or experience

Figure 7: Profile of tenants not currently working full time, March–April 2007

Tenants' employment status also varied on the type of tenure they had occupied before receiving public rental housing assistance. Tenants working full time were more likely to have been renting privately, whereas a higher proportion of unemployed tenants had been living with friends or relatives ('secondary' homelessness) before moving into public housing. This finding supports earlier analysis of administrative data (Mallen & Miller 2008), which showed that households not receiving wages as their main income source were more often classified as being in greatest need (which includes homelessness) at allocation, compared with comparable households receiving wages.

Based on the analysis discussed, there currently exists a pool of tenants in over 80,000 households that want to increase their work activity, either by getting a job if currently unemployed or by working more hours. The barriers facing this group are of note as persons who identify as being available to increase their work activity either by working more hours (if currently part time) or by starting work, are those for whom attempts to increase workforce participation may have a greater impact (ABS 2007b). In the NSHS, these tenants principally nominated their need for further training, education or experience as a strong influence on their situation. Tenants also raised concerns that their rent would increase or their benefits reduce as a result of working, and that they might receive low pay, all disincentives to working. These fears are plausible given current rent-setting and income support policies, and research that has shown that employment for recipients of housing assistance can be characterised by unskilled, casual work with low rates of take-home pay (Hulse & Randolph 2004).

Research synthesis

This bulletin adds to previous research, which has highlighted the factors—on both systemic and individual levels—seen to inhibit levels of labour force participation and employment in public rental housing tenants. Qualitative research has found that individual tenants, despite holding positive views about the personal benefits of work, identified significant barriers to being in paid employment, including health issues, transport, housing issues, and caring responsibilities (Hulse & Sauger 2008). In this study, female sole parents were conscious that providing a stable and supportive environment for their children was difficult when they were employed, given the type of work and hours they would be doing.

Research on the systemic barriers to labour force participation and employment has argued that income-based rent setting in public housing results in tenants experiencing very high effective marginal tax rates⁴, which contributes to poverty and unemployment 'traps' in public rental housing (Wood & Ong 2005). Previous AIHW analysis of administrative data has shown that less than half of the households who received wages as their main source of income at 30 June 2007 were receiving rent rebates, compared with 100% of a comparable group not receiving wages (Mallen & Miller 2008). Hence, while the employed households receive a higher income, the payment of market rent may offset

⁴ Effective marginal tax rates measure the interaction between means tested government benefits/subsidies and marginal tax rates. The rate equals the percentage of an extra dollar of income that is foregone due to reduced government benefits, or sacrificed due to increased income tax payments (Wood & Ong 2005).

some of this benefit, a potential disincentive to increasing income. This is consistent with Wood & Ong's (2005) research and also reinforces the tenants' concerns discussed earlier about rents rising in response to their becoming employed, or the financial rewards being limited due to low wages or loss of government benefits.

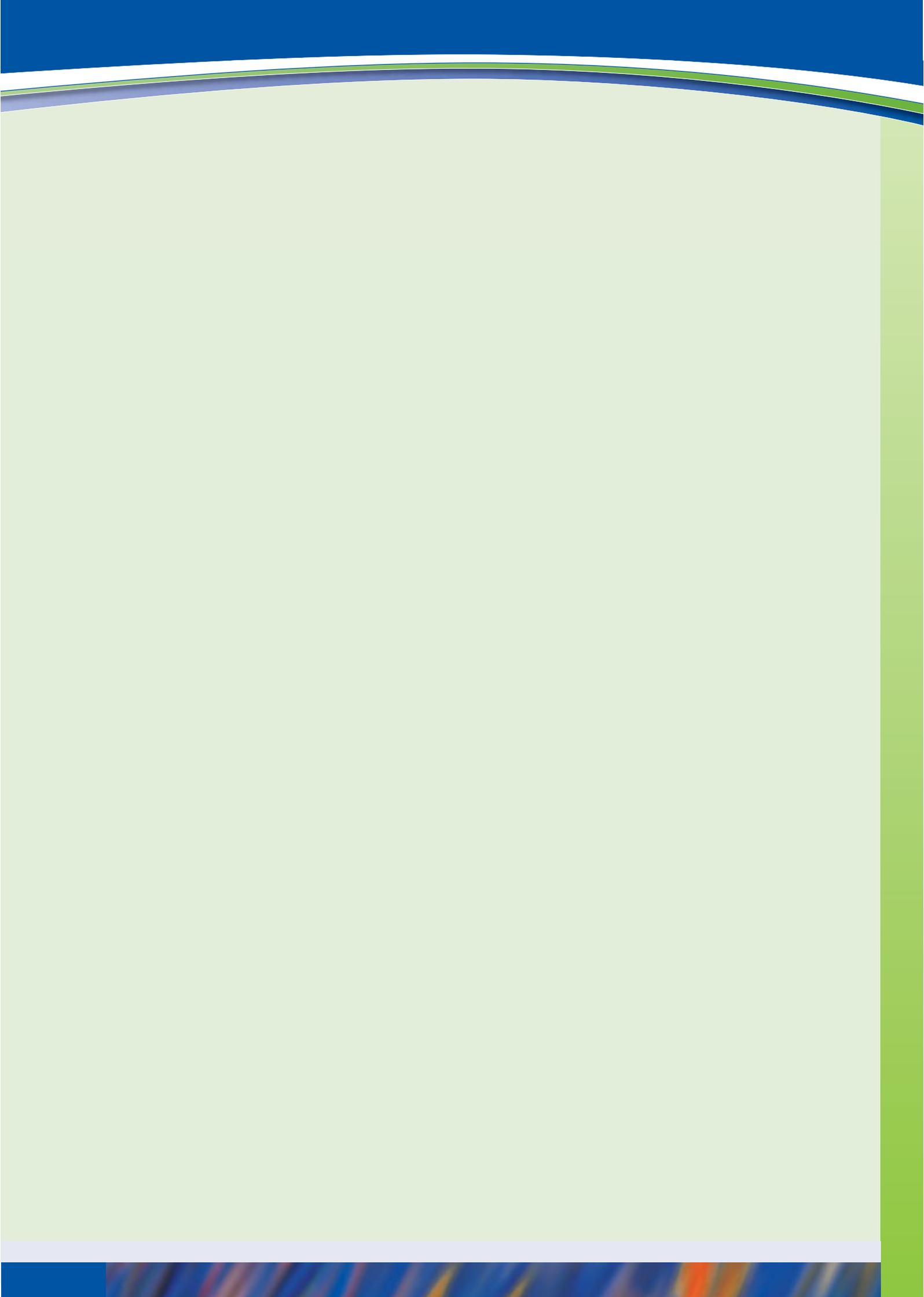
Conclusion

This bulletin has highlighted the key barriers that inhibit labour force participation and employment among public rental housing tenants. However it is important to note that many of these issues are not unique to public rental housing. A survey of barriers to employment in the general Australian population found that the primary reason for non-participation in the labour force was caring for children (ABS 2007b); this appeared strongly in the National Social Housing Survey. For jobseekers, the main barrier to finding a job was a lack of necessary training or qualifications, again, a result seen among the unemployed jobseekers in public rental housing. These similarities suggest that while the specific circumstances of tenants should be taken into account, strategies aimed at improving workforce activity in the general population could be applied with some success to those in public rental housing.

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