

POVERTY IN AUSTRALIA: NEW ESTIMATES AND RECENT TRENDS

RESEARCH METHODOLOGY FOR 2014 REPORT

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This paper provides details of the definitions and technical methods that were used to generate the updated poverty estimates for 2011-12 and earlier years commissioned by ACOSS. Any queries should be directed in the first instance to Peter Saunders at P.Saunders@unsw.edu.au

This document describes key features of the data and provides details of the methodology that have been used to produce the poverty estimates provided to ACOSS in August 2014.

This is the third in a biennial series that the Social Policy Research Centre (SPRC) has provided to ACOSS and forms the basis of a report of the main findings that will be released by ACOSS later this year.

The document follows the outline developed in the previous report (Saunders, Bradbury and Wong, 2012) in explaining how the estimates were derived and setting out key definitions. It also provides details of any changes from the approach used previously and explains why these have been made.

Data Sources

The poverty estimates have mainly been derived from the confidentialised unit record file (CURF) data based on the *Survey of Income and Housing* (SIH) conducted by the Australian Bureau of Statistics (ABS). Summary results from those surveys are published in *ABS Household Income and Income Distribution* reports (ABS Catalogue No. 6523.0).

The SIH is currently conducted every two years, with the most recent survey referring to income data for the financial year 2011-12. This analysis draws on the latest data, but the trend analysis also makes comparisons with the previous SIHs, covering the years 2003-04, 2005-06, 2007-08 and 2009-10.

Income is collected in these surveys in current form (i.e. in the week before the survey) and in annual form (i.e. over the previous financial year). The estimates in this study are all based on current income.

Every six years, a sub-set of those who participate in the SIH also participate in the *Household Expenditure Survey* (HES). This allows, for that sub-set of households, information on their income to be combined with information on their expenditure and wealth (if available) and with information on the incidence of different forms of financial stress.

The latest combined survey took place in 2009-10, the previous one in 2003-04. Because the latest SIH is not combined with a HES, it has not been possible to combine the data in this way in this report. This will next become available as an option in 2015-16.

In 2009-10, the basic SIH sample was expanded to just over 18,000 households, of whom around 10,000 were also in the HES survey. The number of households participating in 2011-12 was reduced somewhat, to 14,569, but still includes 4,200 households living outside capital cities who were included in 2009-10 to support improved housing indicator reporting.

Disability questions for persons aged 15 years and over were not asked in 2011-12, but will be collected in 2013-14, and some modelling of the Child Care Rebate (CCR) and Child Care Benefit (CCB) were introduced to improve estimates of both the payment amounts and the number of households receiving assistance (See ABS, 2013).

Definitional Issues

Over the period covered by this analysis, the ABS has introduced a series of definitional changes to improve the quality of the income data collected. These changes need to be taken into account when comparing changes over time and this is not always possible because the new modifications are not always available for earlier years.

The latest series of improvements were introduced in 2007-8 and are described in detail in Appendix 4 to that report.¹ It was noted by ABS at the time (2009, p. 61) that:

¹ No changes to the income definition have been introduced since 2007-08.

'In addition to the regular and recurring cash receipts previously included, the new income measures now include non-cash benefits, bonuses, termination payments and payments for irregular overtime worked.'

The ABS estimated that the inclusion of these new dimensions of measured income resulted in an \$85 increase in mean weekly gross household income and affected 3.4 million (43%) of all households (see ABS, 2009: Appendix 4 and Kindermann and McColl, 2012).

The new estimates resulted in an increase in inequality as measured by the Gini coefficient. As was noted by ABS at the time:

'This reflects that most of the changes have been to the scope of employment income and *at the higher end of the income distribution i.e. fourth and highest quintiles*' (ABS, 2009, p. 63: emphasis added)

The definitional changes introduced in 2007-08 (and in earlier years in the 2000s) are described by Wilkins (2014), who also examines their impact on recent changes in income inequality. That analysis confirms that the latest definitional changes have resulted in an increase in measured inequality and a larger estimate (compared with that based on the HILDA data) of the change in inequality over the 2000s – particularly in the period between 2003-04 and 2005-06 (Wilkins, 2014, p. 87).²

Although the ABS notes that the changes have mainly affected those at the top of the income distribution, this does not automatically imply that they have not affected poverty rates, for two reasons: firstly, because there will be some changes at the bottom that may cause some people to shift from one side of the poverty line to the other; and second, because the definitional changes will affect the level of median income and hence the poverty line itself.³

The detailed poverty estimates presented here for the latest year (2011-12) are based on the 'new' (introduced in 2007-08) income definition in order to ensure that they are of the highest quality. The new income definition is referred to in the accompanying poverty rate tables as the 'Current basis' because this is the basis now used in the official (ABS) income distribution reports.

It is not possible to adopt the Current basis definition when examining the trend in poverty going back to 2003-04 because data that apply the new definition are only provided on the CURF back to 2007-08. There is, however, a consistent series that applies the 2005-06 income definition that covers the period 2005-06 to 2011-12 and this forms the basis of the trend analysis.

The estimate of poverty in 2003-04 is based on the income definition prevailing in that year, although an indication of the impact of the definitional change is provided by comparing the 'old' (2003-04) and 'new' (2005-06) estimates for the overlap year, 2005-06 (see accompanying Table 11).

A consequence of adopting this approach is that the overall poverty estimate for 2011-12 (and the detailed estimates for 2011-12 presented separately) will in some instances differ from that used to track changes in poverty over time.

We estimate that the impact of moving from the 'old' (2005-06) to the 'new' (Current, or 2007-08) income definition (using a poverty rate set at 50% of median income) is to increase the baseline poverty rate in 2011-12 (defined as set out below) from 10.4% to 12.1% or by 1.7 percentage points.

² Wilkins (2014, p. 88) concludes that his analysis: 'reinforces the need for data providers to be cognisant of the importance of consistency in data over time' and he expresses the hope that; 'future revisions to ABS concepts and survey methods for its household income survey collections will be kept to a minimum'.

³ The changes introduced in 2007-08 affected income received in the form of termination payments and bonuses and, for the first time, included lump sum workers' compensation payments as part of income (previously only regular receipts were included as income). These changes may well impact on some of the incomes of those at the bottom of the income distribution (see ABS, 2009: Appendix 4 for further details).

The change causes the estimated number of individuals in poverty to increase from 2.30 million to 2.68 million and the number of children living in poverty from 447 thousand to 476 thousand.

The Basic Approach

Wherever possible, the methods used to produce the estimates reported here replicate those used in the earlier studies produced by SPRC for ACOSS. (See Saunders, Hill and Bradbury, 2007; Saunders, Bradbury and Wong, 2012).⁴

The basic income variable used in this analysis is household disposable (i.e. after-tax) income, adjusted for need using the modified OECD equivalence scale.

The OECD scale assigns a value of 1.0 to the first adult in the household, 0.5 to each subsequent adult in the household and 0.3 to each dependent child (where dependent children are defined as being under 15 years of age). Disposable income is divided by this scale to derive equivalised disposable income.

The resulting concept of equivalised household disposable income captures the ability of income available for spending to meet the consumption needs of the household, and is now widely used to estimate poverty in studies conducted in Australia and by international bodies like the OECD.

The SIH is conducted continuously throughout the year, with households interviewed in one of four quarters. Following the procedure adopted in the earlier report, the incomes reported in the different quarters have been adjusted for changes in the Consumer Price Index (CPI) that took place over the course of the year in order to make them more comparable.

This involved inflating the incomes reported in quarters 1 and 2 by quarterly movements in the CPI to re-base them at the end of quarter 2, and deflating the incomes reported in quarters 3 and 4 by quarterly CPI movements to re-base them at the same point. This involves adjusting the reported quarterly values of income by the ratio of the average CPI value for the whole year to the CPI value in that quarter.

The value of median equivalised disposable income (and hence the poverty lines) have then been derived from the adjusted income data and poverty rates have been estimated using CPI-adjusted incomes.

Poverty rates have been derived by first establishing the poverty status of the household and (unless elsewhere specified) weighting them by the number of persons in the household. This figure is then expressed as a percentage of all individuals in the relevant category.

The same person-weighting approach is used when calculating median incomes (and hence the poverty line). This approach provides estimates of how many individuals are living in households with incomes below the poverty line, and is now standard practice in Australian and international poverty line studies.

Separate poverty rates (and numbers in poverty) have been derived for all individuals, all adults (aged 15 and over) and all children (aged under 15).

The poverty gap is defined as the absolute difference between the actual income and the poverty line of those households with incomes below the poverty line (expressed in actual, not equivalised dollars). It measures the income shortfall of households in poverty and captures how much additional income they need to bring them up to the poverty line.

Average poverty gaps can then be derived for households in specific circumstances (e.g. those in receipt of a particular social security payment).

⁴ The authors of the current study thank Trish Hill for technical advice on a number of methodological and measurement issues.

Poverty rates and poverty gaps have been estimated using poverty lines set at 50% and 60% of median income. Almost all Australian poverty researchers now use one of these two poverty lines. The use of both provides an insight into the sensitivity of the estimates to shifts in the poverty line.

Baseline Case

The baseline estimates utilise all of the data provided on the CURF for each year and apply the methods described above to estimate the overall poverty rate and its level for different groups. No adjustments have been made to the full ABS sample, nor are any changes made to the reported values of income used to derive the median value and hence the poverty line.

Sample Exclusions and Income Adjustments

Building on the approach developed in previous SPRC studies conducted for ACOSS, the baseline data have been adjusted to reflect two aspects that have been shown to be important when estimating poverty.

The first adjustment (identified here as an exclusion) involves removing from the sample in each year the following two groups:⁵

1. All households who report zero or negative incomes
2. All self-employed households

In both cases, the rationale is that the reported income data is likely to be an unreliable measure of the standard of living of the household and is thus not suitable for establishing their poverty status. The rationale for this is self-evident in the case of those reporting zero or negative income, while the exclusion of the self-employed reflects the difficulty involved in distinguishing between personal and business income.

Self-employed households are defined for this purpose to include those households that either report any income (negative or positive) from their own unincorporated business, or who contain individuals who report their labour force status as employer, own account worker, contributing family worker or employee paid in kind in their main or second job.

Application of the zero/negative income exclusion results in 2011-12 in the removal from the actual (unweighted) sample of 93 households with zero and/or negative household income when measured on a Current (2007-08) basis and 102 households when measured on a 2005-06 basis. A total of 2,064 households fit the definition of being self-employed (using either income definition) and there were 2,108 (Current basis) or 2,116 (2005-06 basis) that had zero or negative income and were self-employed.

The figures thus imply that around half of those who report zero or negative income are automatically removed when the self-employment exclusion is applied in isolation.

The second adjustment relates to the treatment of housing costs. As is well known, the high home ownership rates that exist in Australia mean that many households face low housing costs once they have paid off their mortgage. Low housing costs means that a given level of income can go further in meeting other needs and thus that the exposure to poverty may be lower than otherwise – particularly for older households where outright home ownership is most common.

⁵ The removal of these observations from the sample will have two countervailing impacts on the estimated poverty rate: first, because both the numerator and denominator of the poverty rate will be reduced by the same absolute amount the rate will decline; and second, because the level of median income is likely to rise, the poverty line will rise, increasing the poverty rate. If, alternatively, these incomes are re-set to zero, the median and poverty rate will not change, but all those affected will be automatically identified as poor.

Reflecting these considerations, it is common for poverty to be estimated in the Australian context before and after housing costs by using income concepts and poverty lines that include and exclude housing costs (Melbourne Institute, 2014; Saunders, 2013).

When estimating poverty on an after housing costs basis, weekly housing costs have been deducted from income, and the difference (income after housing) has then been divided by the equivalence scale. (The same equivalence scale is used for both the before and after housing costs poverty calculations). The median of this adjusted measure is then derived, the poverty line is set at the relevant percentage of the new median and poverty is estimated by comparing income after housing costs with the after housing costs poverty line.

For this purpose, housing costs include recurrent outlays by household members in providing for their shelter and is limited to major cash outlays on housing, that is, mortgage repayments (including for any dwelling alterations or additions) and general and water rates for owners, and rent payments for renters.⁶

The benchmark estimates of median equivalised income derived from the latest SIH on this basis for 2011-12 (using the 'new, i.e. 2007-08' income measure) are \$792.3 (before housing costs) and \$637.4 (after housing costs), a difference of \$154.9 or 19.6%.

We thus end up with four alternative definitions of poverty:

1. Definition 1: The benchmark definition that includes all observations and takes no account of housing costs
2. Definition 2: As above, but excluding all observations that either report having zero or negative income or are self-employed
3. Definition 3: As 1 above, but deducting housing costs from income and using an after-housing costs poverty line
4. Definition 4: As 2 above, but deducting housing costs from income and using an after-housing costs poverty line

The application of the first exclusion (i.e. moving from definition 1 to definition 2) results in a small increase in the value of median income and hence the poverty line. In 2011-12, for example, this change caused the benchmark median to change from \$792.3 a week to \$800.5 a week, an increase of just over one per cent.

Previously, when estimating poverty rates, the value of median income (and hence the two poverty lines) has been held fixed at its pre-exclusion level. This was justified on the grounds that it provided a better indication of the impact of applying the exclusion on the estimated poverty rate since it uses a fixed measurement benchmark.

However, since the main focus here is not so much on examining the impact of the different measures, but on producing the best estimate of poverty, the median has been allowed to vary with each of the four definitions outlined above when estimating poverty.⁷

⁶ This definition of housing costs is available in all the ABS income (and expenditure) surveys and is the standard definition used for calculation of after-housing poverty.

⁷ This approach had been used previously when estimating poverty before and after housing costs since to do otherwise would have made little sense, so the variation from previous practice only applies to definitions 1 and 2 that relate to the treatment of the self-employed and zero or negative incomes. And in this instance the change in the value of the median is quite small, the impact on poverty is also small.

Changes Over Time

When examining changes over time, comparability demands that account must be taken of the changes to the definition of income that have been introduced by ABS over the period.

For the trend analysis we therefore use the most recent definition that allows us to produce consistent estimates over the longest possible period. As explained in our previous report (Saunders, Bradbury and Wong, 2012) the best measure to use for this purpose is that based on the 2005-06 definition, since we are able to derive estimates for all years since 2005-06 using this measure.

The 2005-06 income definition is not available for 2003-04, so for this year we have estimated poverty using the definition that prevailed in that year (the 2003-04 definition). We are, however, able to estimate poverty in 2005-06 using both the definition that applied in that year (the 2005-06 definition) and the one that applied previously (the 2003-04 definition). A comparison of these two estimates for the overlap year (2005-06) provides an indication of the impact of moving between the two income definitions.

An important caveat: During the course of preparing the estimates described in this report, a large divergence was discovered between the estimates for 2011-12 based on the latest (2007-08) income definition and those based on the previous (2005-06) definition. This seemed surprising in light of the ABS comments (cited earlier) that the new definition mainly affected those in the top two quintiles of the income distribution.

We have raised this issue with the ABS and were informed that there is an error in the latest CURF in the recording of the 2005-06 definition of income in 2011-12 relating to the omission of income from the Disability Support Pension. We have since been given access to the ABS SAS code that allows us to correct this error on the version of the CURF that we are using and this amended version has been used to generate the poverty trend results.⁸

⁸ The ABS acknowledged the mistake in June 2014 in its publication 6541.0.30.001, *Microdata: Income and Housing, Australia, 2011-12* but no revised version of the CURF has been released (or is foreshadowed).

Comparing the Different Income Measures – Summary Statistics

Table 1 summarises movements in median income (before and after housing costs), the CPI and household disposable income per head (HDI) over the period covered in this analysis.

Table 1: Movements in Median Income, Consumer Prices and Household Disposable Incomes, 2005-06 to 2009-10

Year	Median income (2005-06 basis):		Consumer Price Index (CPI) (1989-90 = 100)	CPI excluding housing (1989-90=100)	Household disposable income per head (1989-90 = 100)
	Definition 1 - Before housing costs (\$/week)	Definition 3 - After housing costs (\$/week)			
2005-06	563.6	453.3	151.7	154.9	193.4
2007-08	668.4	541.4	161.4	163.9	224.3
2009-10	692.9	558.3	170.3	170.3	248.2
2011-12	757.0	603.2	179.6	178.1	277.8
			Overall change (%)		
2005-06 to 2007-08	18.6	19.4	6.4	5.8	16.0
2007-08 to 2009-10	3.7	3.1	5.5	3.9	10.7
2009-10 to 2011-12	9.3	8.0	5.5	4.6	11.9
2005-06 to 2011-12	34.3	33.1	18.4	15.0	43.6

Sources: SIH CURFs; ABS Catalogue 6401.0 (for CPI) and Melbourne Institute *Poverty Lines: Australia, June Quarter 2012*, Table 3.

As can be seen from Table 1, median income rose faster than the CPI over the period (whether or not housing costs are deducted), particularly between 2005-06 and 2007-08 but also (though less so) between 2009-10 and 2011-12. This implies that the relative poverty line used here increased in real terms over these periods.⁹

The sharp slowdown in the growth of median income following the onset of the GFC in late-2008 is also evident in the figures shown in Table 1. In fact, real median income declined slightly between 2007-08 and 2009-10, so that the poverty line also declined in real terms.

The table also includes information on the increase in the CPI excluding housing costs. Non-housing prices increased by slightly less than the overall CPI over the period – implying an even greater increase in the purchasing power of income after deducting housing costs overall, and particularly between 2005-06 and 2007-08.

Table 2 indicates what difference the different data sources and income definitions make to median income (and hence the poverty lines) in 2011-12.

⁹ The CPI-adjusted median incomes used here differ slightly from those contained in the ABS reports. This is because the method used here re-bases all incomes to the mid-point of the financial year (end of December) and are deflated using the CPI centred at that time, whereas the ABS estimates cover the entire financial year and are adjusted using the average CPI over the year. The differences are, however, very small.

Table 2: Alternative Estimates of Median Income in 2011-12 (\$ per week)

	Income Definition:			
	Definition 1: Benchmark case (no exclusions)	Definition 2: Excludes zero or negative incomes and the self- employed	Definition 3: As definition 1 but excluding housing costs	Definition 4: As definition 2 but excluding housing costs
'New' 2007-08 income measure	792.3	800.5	637.4	648.7
'Old' 2005-06 income measure	757.0	761.3	603.2	608.2

The most significant point to note here is that the new income definition produces a higher value for median income in 2011-12 than when the earlier (2005-06) income measure is used. The benchmark (before housing costs) difference is equal to \$35.3 per week, equivalent to 4.7% of the 'old' (2005-6 basis) figure.

These differences imply that the impact of the latest definitional change is not restricted to those in the top two quintiles of the distribution, as ABS claimed at the time they were introduced in 2007-08 (see earlier). In fact, even in 2007-08, the benchmark case medians were equal to \$691.7 ('new' basis) and \$668.4 ('old' basis), a difference of a \$23.3 or 3.5%.

Overview of the Overall Picture and Recent Trends

The estimated overall poverty rates for each year are presented in accompanying Tables 1 to 10, while Table 11 summarises the key trends, which are illustrated in Figures 1 to 3.

The first set of ten tables include, for each year, estimates of median income, the poverty rate and numbers in poverty (adults, children and persons) using the two poverty lines and the four definitions set out earlier.

For the most recent 3 years, estimates are provided in Tables 1 to 6 using both the income definition introduced in 2007-08 (referred to as 'Current basis' in the table headings) and those based on the previous (2005-06) basis. Tables 7 to 10 present the estimates for the years 2003-04 to 2007-08 using the earlier income definitions and are included so that the impact of these earlier definitional changes can be assessed in the common (overlap) year (2005-06).

The following discussion focuses on results for the latest year (2011-12) and the main changes that have occurred since 2009-10. Discussion is also restricted to the estimates derived using a poverty line set at 50% of median income and sample Definitions 2 and 4: after the self-employed and those reporting zero or negative income have been excluded and poverty is measured on a before housing costs (BHC) and after housing costs (AHC) basis.

Table 1 indicates that the overall BHC poverty rate in 2011-12 is 11.9%, comprised of an adult poverty rate of 12.2% and a child poverty rate of 10.6%. The AHC poverty rate increases to 13.9%, comprised of an adult poverty rate of 13.0% and a child poverty rate of 17.7%.

AHC Child poverty is more severe because many families with children face high housing costs, either in the form of mortgage costs or rent. In contrast, many adults (particularly older adults) own their own homes outright and face relatively low housing costs.

The estimates imply that BHC, 363 thousand children were living in households below the poverty line, while AHC this number rises to 603 thousand. The difference is substantial, highlighting the role that housing costs play in contributing to child (and family) poverty.

When the 'old' (2005-06) income definition is used (Table 2), the BHC poverty rates cited above decline by between 1 and 2 percentage points and by around one percentage point AHC. The difference illustrates that how income is defined in the ABS income surveys can have a large impact on estimated poverty rates. The difference between BHC adult and child poverty also virtually disappears when the old income definition is used, although it remains relatively unchanged AHC.

The trend analysis is summarised in Table 11 for the different approaches (poverty lines and income definitions) and illustrated in Figures 1 to 3.

The first point to note here is that the estimated poverty rates in the 'overlap' year (2005-06) are very similar whether they are based on the 'old' (2003-04) or 'new' (2005-06) basis.¹⁰ This suggests that a reasonably accurate picture of the longer-run poverty trend can be obtained by splicing together the two series, using the estimates based on the 2003-04 basis for 2003-04 and the 2005-06 basis for each year since then.

It is also possible to examine recent changes in poverty using the Current (2007-08) basis estimates for 2009-10 and 2011-12, since the income definition is again the same in each year.

If the 2007-08 income definition is used, the estimates in Tables 1 and 3 indicate that poverty increased between 2009-10 and 2011-12 on both a BHC and AHC basis: in this case, BHC poverty rose from 11.6% to 11.9% while AHC poverty rose from 13.0% to 13.9%.

If the 2005-06 income definition/basis is used, Tables 2 and 4 indicate that BHC poverty declined slightly from 10.2% in 2009-10 to 9.6% in 2011-12, but AHC poverty increased slightly from 12.5% to 12.8%. On this basis, child poverty declined in both instances, from 10.1% to 9.5% (BHC) and from 17.4% to 16.9% (AHC).

If the focus is thus only on the latest change (as opposed to the longer-run trend), then it makes sense to use the latest income definition, and on this basis poverty increased modestly between 2009-10 and 2011-12 BHC, and more substantially AHC.

However, it needs to be emphasised that this was a period when real incomes increased overall, leading to a rise in the real value of median income and thus in the real value of the poverty line. The rise in poverty over this period does thus not automatically mean that those identified as poor did not experience an increase in real income and living standards.

¹⁰ This is also true when the two estimates are compared for the second 'overlap' year, 2007-08.

Detailed Poverty Rates

Since the estimates in Table 1 provide the 'best' picture of the poverty situation in 2011-12, these estimates are used to produce the detailed poverty rates, disaggregated in various ways by household type.

Detailed poverty estimates for households identified by a number of socio-economic characteristics and for a number of 'at risk' groups are presented using the two poverty lines (set at 50% and 60% of median income), with and without those with zero or negative income or who are self-employed and on a BHC and AHC basis.

In each case, the median and hence the poverty line is allowed to vary so that it is consistent with the income concept being used in each case.

The specifications of the groups included in the disaggregated analysis are provided in [Appendix A](#). It is important to recognise that some of the detailed estimates (particularly those where a two-way classification is used, e.g. by payment type and family type) are based on very small samples. The sample sizes are shown in the heading of the relevant tables and also in a separate table.

Where the sample size is small, the estimates are subject to large sampling error and should be treated with extreme caution. The ABS does not report estimates where the relative standard error (RSE) exceeds 25%. As a rule of thumb, this occurs in cases where the weighted sample size is less than 20,000. This rule has been applied in the disaggregated tables and the estimates affected are shown in red and shaded in red.

As indicated earlier, information on disability status was not collected in the 2011-12 SIH so that these estimates cannot be computed for this year.

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Appendix A: Specification of Disaggregated Groups

Demographic variables

1. Gender

All persons in the household have been categorised according to their gender.

2. Adults and Children

Following the ABS definitions, adults are defined as 15 years and over while dependent children are defined as being under 15 years of age.

3. Adult Age Categories

The age groups of adults have been categorised into: 15 to 24 years, 25 to 64 years, and 65 years and above.

4. Family Type

Household family type has been derived from the family composition household variable identified in the ABS data file (FAMILYCOM). Lone person households have been mapped into single person households with no children. One parent families with dependent children only and one parent families with dependent children and other persons households have been categorised as lone parent households. Couple families with dependent children only and couple families with dependent children and other persons have been allocated to couples with children households. Couple only have been mapped into couple only households while all other remaining groups have been categorised into the "Other" household type group.

5. Family Type by Age

Household family type has been further cross-tabulated according to the age of the household reference person.

6. Children in household type

Children have been categorised as living in lone parent households, couple households and other households as described in family type above.

7. Social Security Payment Recipients

Household that received social security payments include those where the Household Reference Person received any positive payments from either Newstart Allowance, Parenting Payment, Carer Payment, Disability Support Pension, Age Pension or Youth Allowance. In cases where the household reference person received more than one payment type, they were assigned to the payment category from which they received the higher value payment.

8. Social Security Payment Recipients by Family Type

Social security payment recipients have been further disaggregated by family type i.e. single, lone parent and couples with and without children using family type variable described earlier.

9. Main Income Source

The main source of household income has been classified into wage and salary, own unincorporated business income, government pensions and allowances and other income.

10. Labour Force Status

The labour force status of the Household Reference Person has been classified into employed, unemployed and not in the labour force. Those who were employed have been further disaggregated into full-time and part-time employment, while those who are not in the labour force have been separated into those aged under 65 and those aged 65 and above.

11. Country of Birth

The country of birth of all adults has been classified into 3 groups: Australia; Main English speaking countries (New Zealand, United Kingdom, Ireland, Canada, the United States, and South Africa); and all other countries.

12. Location

Households have been disaggregated into usual States of residence and further disaggregated by capital city and balance of State. Because of small sample size, separate data is not available for the ACT and NT.

13. Number of Earners

The number of earners in each household has been categorised as having no earners, 1 earner and 2 or more earners.