

5. Family economic wellbeing

Key points

Australian families have seen improvements in their financial circumstances in recent years....

- After adjusting for price increases, household income has increased by 34% in real terms between 1994-95 and 2005-06.
- Low, medium and high income households have all experienced increases in real incomes.

...yet income and wealth are not equally distributed in Australia.

- In 2005-06, after adjustment for household size and composition, high income households¹ received 39% of total disposable income, in contrast to low income households² who received just 11%.
- In 2005-06 the highest wealth households held 61% of all household wealth, while lowest wealth households had just 1% of all wealth.

Despite general improvements in economic wellbeing, some areas pose challenges....

- Household debt has risen faster than household income. The ratio of housing debt to disposable income has increased from 80% in 2001 to almost 140% in 2007.
- Overall food prices have increased at an average annual rate of 3.8% since 1998 and automotive fuel at a rate of 8.1%, both above the 3.1% average annual increase in the All Groups Consumer Price Index over the last 10 years.

...and some family types are worse off financially than others.

- In 2005-06 one-parent family households with dependent children were overrepresented among low income and the lowest wealth households.
- In 2007, 14% of all families with children under 15 were jobless.
- In 2006 almost half of all Indigenous households (45%) were in low income households.

¹ The 20% of the population in the highest income quintile.

² The 20% of the population in the 2nd and 3rd income deciles.

Having sufficient economic resources to meet needs is crucial to the wellbeing of families. Families with low levels of financial resources are more likely to experience hardships, have limited opportunities to participate in society and are more vulnerable to adverse life events such as illness, loss of a job and relationship breakdown.

While the level of financial resources that a family has is important in determining material living standards and the ability to participate fully in society, how the income of a family compares with that of other families—that is, the relative position of the family—also impacts upon family wellbeing.

The levels of income and assets of Australian families are higher than in the past, and higher than in many other countries. After adjusting for inflation, average equivalised disposable household income³ increased by 34% between 1994–95 and 2005–06. This was in part due to the increased participation of women in the labour force and subsequent increase in the number of dual earner families.

Many families, however, do face financial challenges or even considerable financial difficulties. Some items, such as housing, have become less affordable. As well, the benefits of higher incomes have not been felt equally across all families. Due to their circumstances, there are some families that may experience greater hardships than others, such as those whose members are not working, some one-parent families and Indigenous families, families at certain 'pressure points' of the life cycle (such as some families with very young children) and those facing multiple sources of disadvantage.

This chapter presents data on income and wealth in Australian households. In general, the household is used as a proxy for the family, with analysis presented by family type within the household where possible. Most households are made up of one or more families living together (72% in 2006) with the remainder being lone-person households (24%) and group households (4%).

This chapter examines the levels and distribution of income and wealth among Australian families. It then looks at affordability of major household items, debt levels and financial stress. Finally, the chapter focuses on certain family types that are particularly financially vulnerable.

Income and wealth

The income and wealth (net assets) of a family are crucial in determining a family's economic wellbeing. Income is derived from a variety of sources, including employment, business, investments, and government pensions and allowances. Household wealth (net assets), on the other hand, represents the total value of assets (such as owner-occupied housing, superannuation and financial equities) less debts (such as mortgages and credit card debt) — this is sometimes referred to as net wealth. Assets can provide a flow of income (e.g. interest on bank accounts or dividends on shares) or a flow of services (e.g. housing services).⁴ For most families, the major source of wealth is the family home.

³ See box **Measures of household income and wealth**.

Measures of household income and wealth

It is difficult to assess the economic wellbeing of families based on household income alone. Some of the analysis in this chapter is presented according to equivalised household income, which is income adjusted for differences in the household size and composition of individual households. Equivalised household income provides a more useful indicator of economic wellbeing as it enables more meaningful comparisons between different households to be made.

To gain a sense of family economic wellbeing at different points of the equivalised disposable household income distribution, data is presented for high, middle and low income households. These three groups do not cover all households, but provide a snapshot of households at the top, bottom and in the middle of the income distribution.

High income households are those in the top quintile (20%) when all people are ranked according to their equivalised household income from lowest to highest. Middle income households are those in the middle quintile and low income households are those that are in the second and third deciles of the income distribution – that is, the second and third deciles (10%) when all people are ranked according to their equivalised household income from lowest to highest.⁵

Wealth is examined in this chapter using net worth, which is the difference between the value of the household's assets and liabilities.

Highest wealth households represent the top quintile (20%) of the household wealth distribution – households with a net worth above \$748,700 in 2005-06. Middle wealth households represent the middle quintile – households with a net worth between \$254,400 and \$434,000 in 2005-06. Lowest wealth households are those in the lowest quintile – households with a net worth of \$70,500 or below in 2005-06.

Source: ABS *Household Income and Income distribution, Australia, 2005–06* (6523.0).

⁴ The Australian Bureau of Statistics (ABS) conducted the Survey of Income and Housing during the 12-months ending June 2006. The survey collected information about the income, assets, liabilities and characteristics of people aged 15 and over in households throughout Australia.

⁵ Some households in the lowest decile report extremely low or negative income, particularly if they incur losses in their unincorporated businesses or have negative returns from other investments. In general, those households can draw on economic resources other than income to maintain their standard of living. The lowest income decile is, therefore, excluded from the group used to assess 'low income' households in this chapter.

Distribution of income and wealth

There have been very substantial increases in the income of Australian households over the last decade. Between 1994-95 and 2005-06, average equivalised disposable household incomes increased by 34% — after adjusting for inflation. Real increases in income have been experienced by all income groups. However, neither income nor wealth is shared equally across the population.

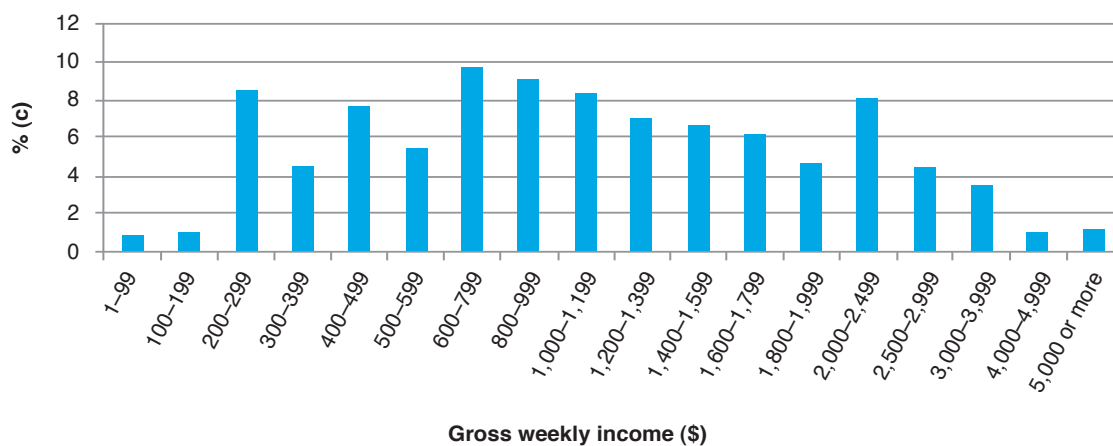
Figure 5.1 provides a picture of how gross (before tax) household income is currently spread across all households in Australia. In 2005-06 the average gross annual household income in Australia was around \$68,000 (or \$1,300 per week). Figure 5.1 shows, however, substantial variation in gross household income for Australian households around this average.

For example, in 2005-06:

- a quarter of all households had a gross annual household income under \$26,000 (under \$500 per week);
- half had a gross annual income under \$52,000 (under \$1,000 per week); and
- a quarter had a gross annual income of \$83,000 or more (\$1,600 or more per week).

A similar picture emerges when the distribution of equivalised disposable household income⁶ is examined, which is gross income adjusted for differences in household composition and size. In 2005-06 high income households received 39% of total equivalised disposable household income. In contrast, low income

Figure 5.1 Gross unequivalised household weekly income (a)(b) 2005-06



- (a) Not adjusted for differences in household composition and size
 (b) Less than 1% of all households had nil or negative income.
 (c) Proportion of all households

Source: ABS *Household Income and Income Distribution, Australia, 2005-06*, (6523.0).

⁶ See box **Measures of household income and wealth**.

households received 11% of total equivalised household income.

Household wealth is less equally distributed than is income (see Figure 5.2). In 2005-06 the highest wealth households (those whose net worth was more than \$748,700) held 61% of all household wealth in Australia, while lowest wealth households (whose net worth was below \$70,500) had just 1% of all the wealth in Australia.

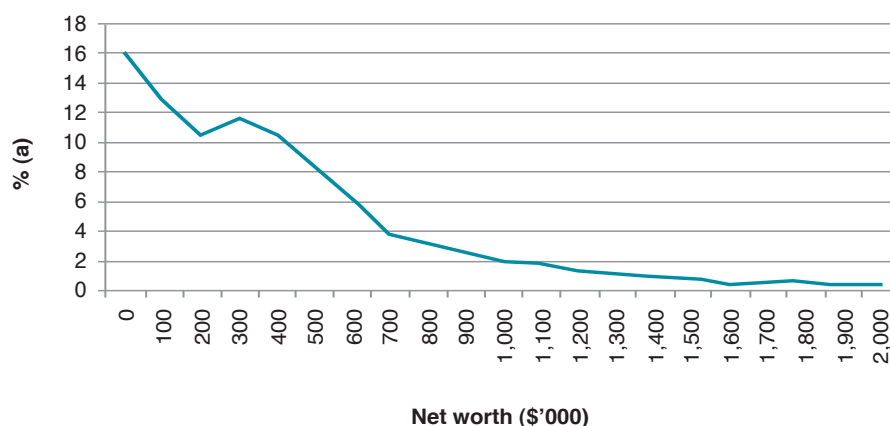
Changes in economic resources across the life cycle

There are certain stages in a family's life cycle when income is lower or expenditure is greater than at other times, such as when adults are starting out in their careers, when the family has just bought a house, or when children are very young. At other times, such as in old age when a mortgage has been paid off, families may use less income.

Generally, income rises steadily for people in their 20s as they progress in their jobs, and then levels out in their late-20s and early-30s as many families reduce their workforce participation to have and look after young children. Income rises more rapidly again for people in their 40s and 50s before declining in retirement. Wealth follows a different pattern, gradually accumulating as people age and then declining as it is used in retirement (see Figure 5.3).

Of course, not all families follow these typical patterns. Some are affected by unemployment, illness and disability, or family breakdown. Families can face financial pressure if adults must reduce their work participation to take care of parents or other relatives who have become chronically ill or disabled. Other families do not increase their wealth and income levels very much throughout their lives because of the jobs they have, a lack of employment or other financial or lifestyle factors. Still others benefit from wealth (such as inheritance) early in life.

Figure 5.2 Household net worth 2005-06



(a) Proportion of all households.

Source: ABS 2005-06 Survey of Income and Housing, unpublished data.

Income and wealth by family type

The major source of income for most households with members of working age is paid employment. Being in paid employment (in most jobs) results in the accumulation of superannuation that can be used to provide income in retirement. While not all families require income from labour market earnings (if, for example, they have significant net assets, significant income from some other source such as family, or very low consumption needs), most families of working age will experience financial hardship if they experience a sustained period without one or more members being in paid employment. The issue of jobless families is discussed later in this chapter.

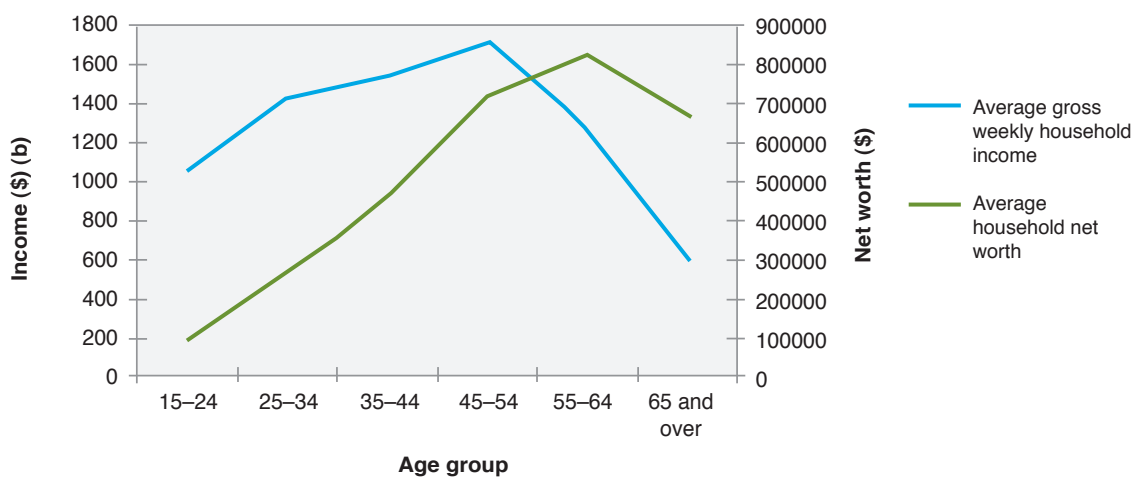
A major social and economic change has been the increased participation of women

(particularly mothers) in the labour force and subsequent increase in the number of dual earner families (see Chapter 7). This has resulted in an increase in the amount of family income derived from paid employment since the 1980s.

The importance of paid employment can be illustrated by examining how the main source of income for families varies between households of different income levels.

In 2005-06, 27% of low income households had wages and salaries as their main source of income, compared with 78% of middle income households. Not surprisingly, low income households were more likely to have government pensions and allowances as their

Figure 5.3 Household weekly income and net worth by age group (a) 2005-06



(a) By age group (using age of reference person).
 (b) Average gross weekly income.

Source: ABS *Household Income and Income Distribution, Australia, 2005-06*, (6523.0).

main source of income than middle or high income households (62% compared with 4%).

One-parent families and older couple-only families are particularly reliant on government pensions and allowances (see Figure 5.4). In 2005-06 older couple-only families, on average, received \$321 per week in government pensions and allowances. This was largely made up of the age pension (\$243 per week). One-parent family households with dependent children received an average of \$304 per week of government pensions and allowances, largely made up of the Family Tax Benefit (\$141) and parenting payment (\$110).

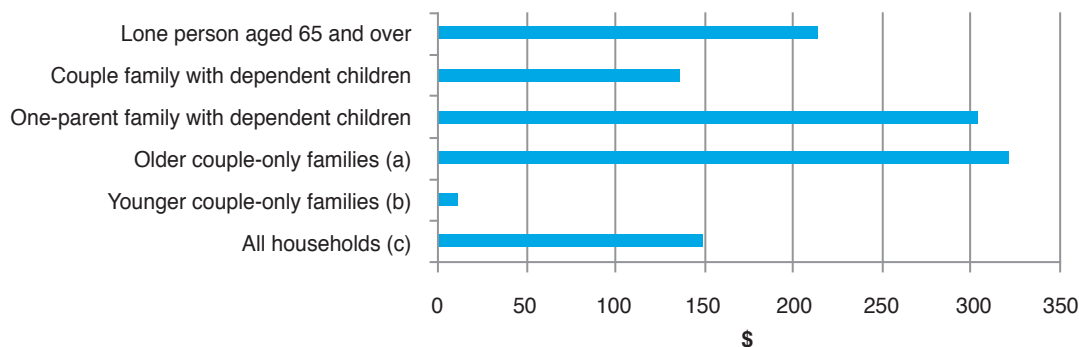
In 2005-06 one-parent family households with dependent children were overrepresented among low income and lowest wealth households (see Figures 5.5 and 5.6). Although one-parent families made up 7% of all households, they made up 12% of the low income group, compared with 7% of the middle income group and 2% of the high income group.

One-parent family households made up 17% of lowest wealth households, 5% of middle wealth households, and 2% of highest wealth households.

Couple households with dependent children made up a larger share of the middle income group (36%) than the low (20%) or high income groups (25%). Of all households, they made up 26%. As wealth increases, the proportion of households that are couples with dependent children increases. These family households comprised 32% of households in the highest wealth group, although they may have lower incomes.

A similar proportion of low and high income families were couple-only family households (without children). However, when considering net wealth, couple-only family households are disproportionately represented in the high wealth group. This was largely the result of older couples, who are more likely to have paid off and fully own their home.

Figure 5.4 Average weekly government pensions and allowances by selected family household type 2005-06



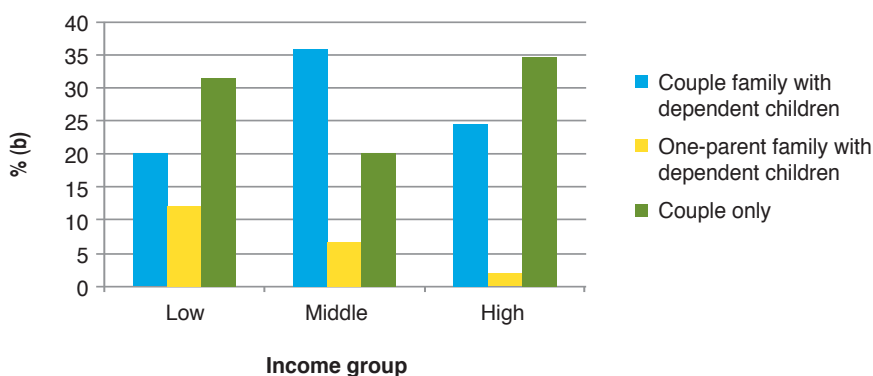
- (a) Reference person aged 65 years or over.
- (b) Reference person aged 35 years or below.
- (c) Includes other households not shown.

Source: ABS 2005-06 Survey of Income and Housing, unpublished data.

These income comparisons suggest that one-parent families and retired couples can have particularly low levels of economic

wellbeing. However, for some older couples the impact of low income may be lessened by higher levels of wealth.

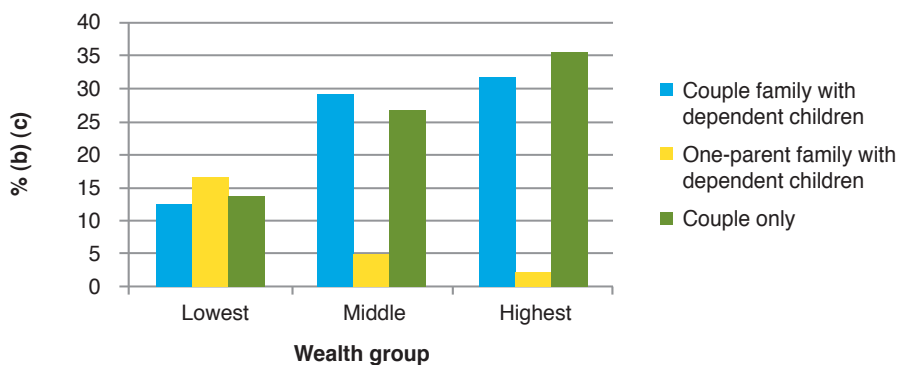
Figure 5.5 Household income groups by family household type (a) 2005–06



(a) Excludes mainly lone-person households and group households.
 (b) Proportion of all households.

Source: ABS Household Income and Income Distribution, Australia, 2005-06 (6523.0).

Figure 5.6 Household wealth groups by family household type (a) 2005-06



(a) Wealth is household net worth (i.e. value of assets less liabilities).
 (b) Excludes mainly lone person households and group households.
 (c) Proportion of all households.

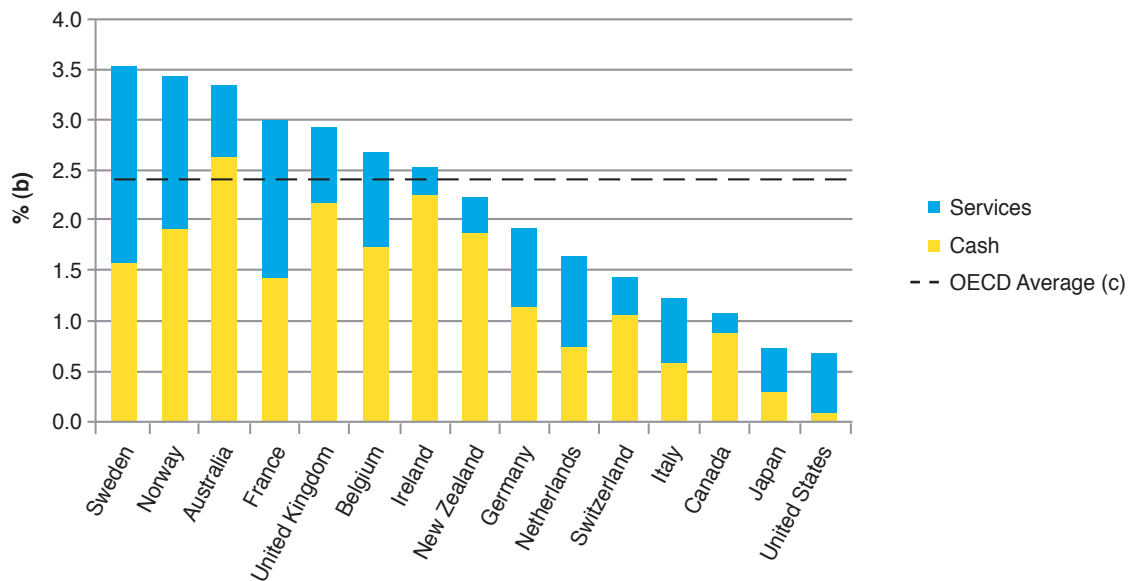
Source: ABS Household Income and Income Distribution, Australia, 2005-06, (6523.0).

Government assistance to families

OECD data indicates that while Australia has a relatively lower level of public spending on family support services, the Australian Government provides a relatively high level of income transfers

to families (see Figure 5.7). The support mainly takes the form of targeted assistance to families for the cost of raising children, income support for parents and child care assistance.

Figure 5.7 Public spending on family benefits in cash and services by OECD countries (a) 2003



(a) Public support accounted here only concerns public support that is exclusively for families (e.g. child payments and allowances, parental leave benefits and childcare support). Spending recorded in other social policy areas as health and housing support also assists families, but not exclusively, and is not included here.

(b) Proportion of countries Gross Domestic Product (GDP).

(c) Average spending for 24 OECD countries is 2.4% of GDP.

Source: OECD Social Expenditure Database (www.oecd.org/els/social/expenditure, last accessed 17 October 2008)

Examples of assistance to families

Family Tax Benefit A – a payment to families with dependent children under 21 (and qualifying dependent full-time students aged 21 to 24). The payment is made per child and is subject to an income test. The maximum payment per child under 13 is \$151.34 per fortnight (\$4,631.85 per year included the \$686.20 end of year Supplement) if family income is below \$42,559 per year.

Family Tax Benefit B – a payment to provide assistance to families with one main income (including single income couple families and sole parents) and dependent children under 18. The payment is made per family. There is an income limit on the income of the primary earner (currently \$150,000 per annum) and a separate income test on the secondary earner's income. The maximum payment is \$128.80 per fortnight for families where the youngest child is under five.

Parenting payment – a payment aimed at supporting families with low income. The payment is subject to both an income test and an assets test and the maximum payment is \$405 per person per fortnight for partnered recipients and \$562 per fortnight for single recipients.

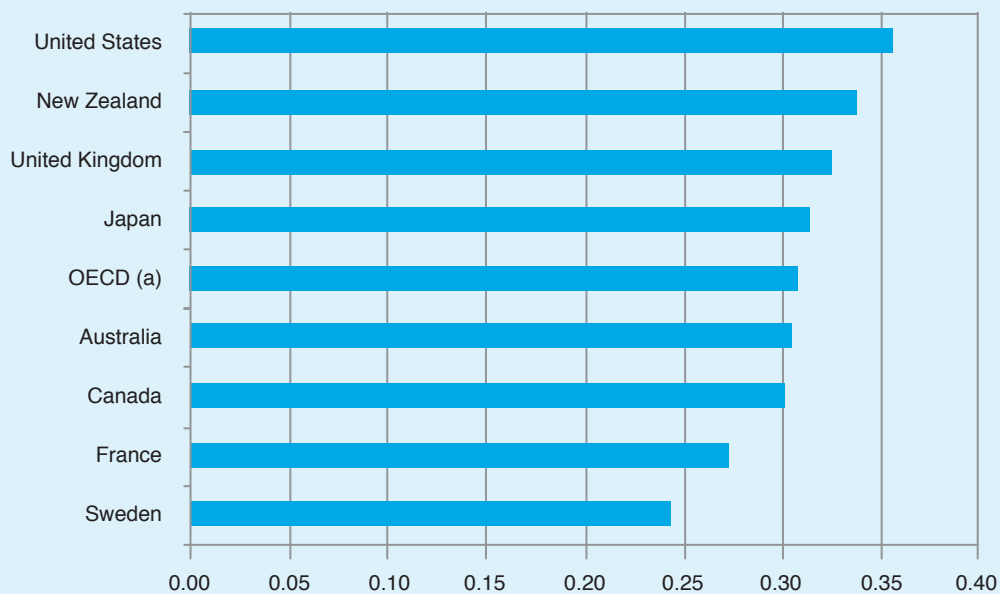
Other forms of support such as the Baby Bonus and child care subsidies are discussed in Chapter 7.

(Sources: Department of Families, Housing, Community Services and Indigenous Affairs and the Department of Education, Employment and Workplace Relations)

International comparison

Not only is the level of income important in determining the wellbeing of families, but also how they compare to other families. Figure 5.8 shows the Gini coefficient for selected OECD countries. The Gini coefficient is a widely used summary indicator of the degree of income inequality; values closer to zero represent a lesser degree of inequality, and values closer to one represent greater inequality. Income inequality in Australia is close to the OECD average and slightly lower than in most other English-speaking countries. Data from the ABS suggests there has been little change in income inequality in Australia since the mid-1990s.

Figure 5.8 Gini coefficient for OECD countries
2000



(a) Average for 20 OECD countries.

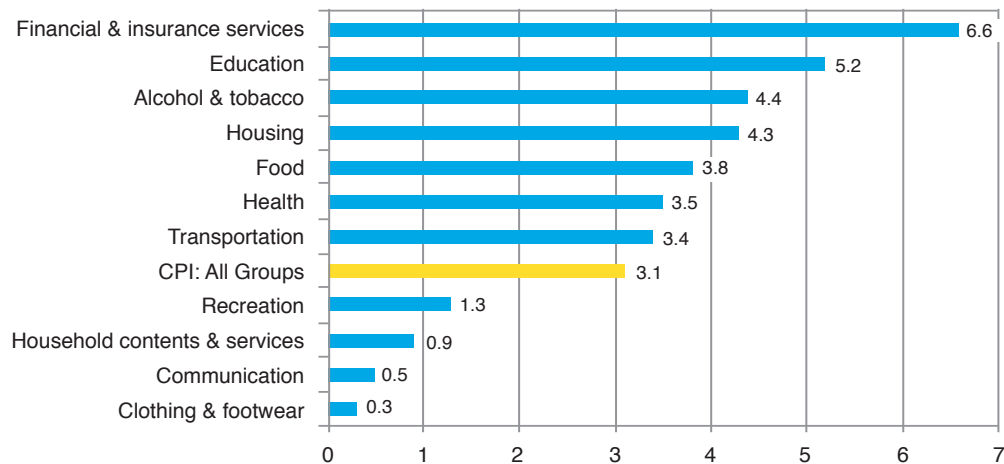
Source: OECD *Society at a Glance, 2005, Indicator EQ2.1.*

Affordability of key goods purchased by families

While families' income and wealth is important in determining living standards, so is the cost of the things families purchase.

There has been considerable variation in the affordability of major items of household expenditure. Figure 5.9 shows that, on the one hand, there are some items of families' spending that have become more affordable, while on the other hand, there are items of expenditure that have become less affordable over the last decade.

The costs of recreation, household contents and services, communication, and clothing and footwear costs, for example, have all increased at average annual rates lower than the overall cost of living, as measured by the All Groups Consumer Price Index (CPI). In contrast, the cost of transportation, health, food, housing, alcohol and tobacco, education and financial and insurance services have all increased at annual rates higher than the overall CPI over the 10 year period ended June 2008.

Figure 5.9 Average annual rate of price increases of major commodity groups (a)

(a) Based on the 10-year period ended June 2008.

Source: ABS *Consumer Price Index Australia*, June 2008, (6401.0).

In 2003-04, housing, food and transportation (including petrol) were the three commodity groups that accounted for the largest proportion of household expenditure for all family households. Over the last decade, all three groups experienced price (or cost) increases above that for the All Groups CPI.

Several measures suggest that housing in Australia has become less affordable. While rents have not kept pace with house prices, they have recently begun to increase, and this is likely to continue due to tight rental markets (Joiner and Wayne, 2008). The impact of changes in affordability can vary considerably between different family types. Based on ABS figures for 2005-06, for example, housing costs on average were equal to around 14% of gross weekly income in all households. However, housing costs take up a larger share of income in one-parent family households with dependent children (20% of gross weekly income in these families) and in

young couple-only family households (where the reference person was aged under 35; 19% of gross weekly income in these families). These family types are more affected by the above All Groups CPI increase in the cost of housing.

Similarly, expenditure on medical care and health expenses for example, make up a larger proportion of some families' incomes than others. In 2003-04, they made up around 4% of the average gross weekly income of couple family households with dependent children, and 8% of the average gross weekly income of older couple only households (where the reference person was aged 65 years and over). The average annual growth rate for health items (3.5%) was slightly above the All Groups CPI rate over the last ten years.

Overall, while levels of income and wealth have grown in recent times, it is important to recognise that the cost of some key household

items has also grown. For some families, this is likely to have greater impact on their overall economic wellbeing than others. It can also be an influence on the level of household debt.

Debt

Borrowing by Australian families has increased rapidly since the late 1980s. Most of the increase can be attributed to lower interest rates, and financial deregulation making loans easier to access (Reserve Bank, 2003 and 2008).

On the one hand, debt presents opportunities, allowing families to raise money for something they are not able to currently afford, and giving them access to something earlier when it may be needed, rather than waiting until they have saved for it. Almost all families, for example, will need to borrow to buy their family home. At the same time, debt can be a major source of financial stress for families, especially housing debt. The Reserve Bank of Australia estimates, as at March 2008, around 15,000 borrowers were more than 90 days behind on their mortgage repayments, while an additional 25,000 were between 30 and 90 days behind (Reserve Bank, 2008).

Most Australian families have some level of debt. The average household debt in 2005–06 was \$92,500. Overwhelmingly, debt related to property loans, with an average of \$79,100 (or 86% of all household liabilities). Smaller debt proportions related

to investment loans (5.5% or \$5,100), loans for vehicle purchases (3% or \$2,800), amounts owing on credit cards (2.4% or \$2,200) and for study loans (1.6% or \$1,500).

Figure 5.10 shows the long-term trend in the level of housing debt as a proportion of household disposable income. It shows that the ratio has increased steadily since the early 1990s, meaning that although average incomes have generally increased, housing debt levels of Australians have increased at a greater rate.

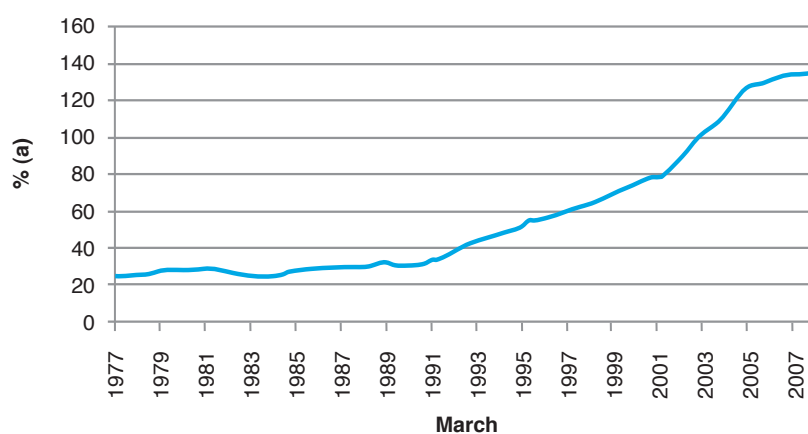
Debt can be a greater issue for families with dependent children. In 2005–06 the average couple-family with dependent children had a considerably larger household debt — \$178,200 compared with \$92,500 for all households. The major debt component was the principal outstanding on loans for owner-occupied dwellings (\$100,700).

Financial stress

Another indicator of economic wellbeing is the extent of cash flow problems faced by families. Table 5.1 shows the proportion of the population in 2006 experiencing cash flow problems in the past year.⁸ While the vast majority of people did not report any cash flow problems, almost a fifth of all people aged 18 years and over experienced one or more problems including not being able to pay bills on time, and seeking financial assistance from friends or family.

⁸ The 2006 General Social Survey, conducted by the ABS, collected information about personal and household characteristics for people aged 18 years and over. The survey collected interrelated data on a range of social dimensions including financial stress, and health and disability.

Figure 5.10 Housing debt is rising faster than household disposable income 1977 to 2008



(a) Average household debt to average disposable income

Source: Reserve Bank of Australia (2008) Bulletin Statistics Tables, Table 21, <http://www.rba.gov.au/Statistics/Bulletin/B21hist.xls> (accessed 10 July 2008)

Table 5.1 Proportion of population reporting cash flow problems over the past year (a) 2006

	Proportion (b)
Types of cash flow problems reported in last year	%
Unable to pay electricity, gas, or telephone bills on time	10.9
Unable to pay mortgage or rent payments on time	4.5
Unable to pay for car registration or insurance on time	5.0
Unable to make minimum payment on credit card	4.5
Pawned or sold something because cash was needed	2.0
Was unable to heat home	1.1
Went without meals	2.0
Sought financial help from friends or family	7.2
Sought assistance from welfare or community organisations	2.2
Did not report any cash flow problems	81.8

(a) More than one cash flow problem could be reported so components do not add to total.

(b) Of population 18 years and over.

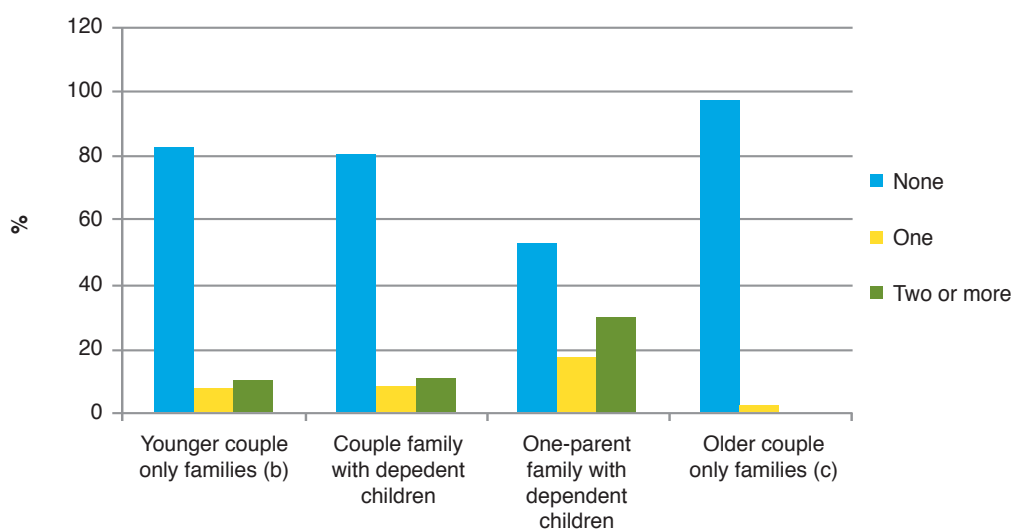
Source: ABS *General Social Survey: Summary Results, Australia, 2006*, (4159.0).

Clearly, multiple cash flow problems indicate greater financial stress. Figure 5.11 compares different family households by the number of cash flow problems reported. In 2006 one-parent family households with dependent children were the most likely to report multiple cash flow problems, while older couple-only family households (reference person aged 65 years or over) were the least likely to report any problems, despite having relatively low incomes.

Vulnerable families

Although most Australian families have relatively high levels of economic wellbeing, the evidence presented in this chapter suggests that there are some types of families who fare worse financially than others.

Figure 5.11 Number of cash flow problems reported in the last 12 months by family household type (a) 2006



(a) Excludes mainly lone-person households and group households.

(b) Reference person aged under 35 years.

(c) Reference person aged 65 years or over.

Source: ABS General Social Survey: Summary Results, Australia, 2006, (4159.0).

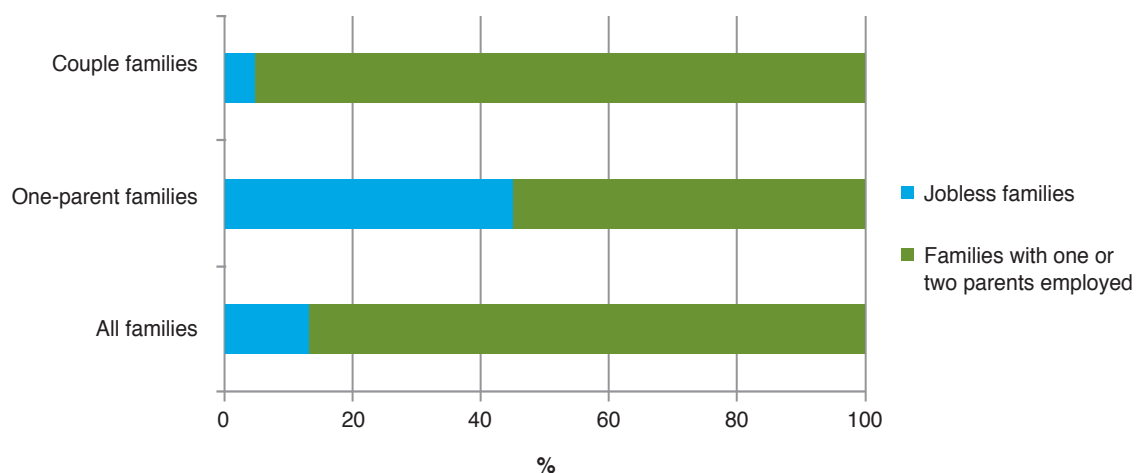
Jobless families

A group of particular concern is those families where no adult is in employment. In 2007, just over 300,000 families with children under 15 years, or 14% of all such families, were jobless (see Figure 5.12). This proportion has remained stable over the last few years, declining from a peak of 19% in 1993 (when the national unemployment rate peaked at 11%).

Jobless families are largely made up of one-parent families. In 2007, 45% of one-parent families with children under 15 years were jobless, while the comparable figure was 5% for couple families with children under 15. However, it is important to remember that children growing up in one-parent jobless families may have an employed parent who lives elsewhere and provides social and financial support.

Jobless families are more likely to be economically disadvantaged than families where there are people employed. In 2006, 93% of jobless couple family households and 82% of jobless one-parent family households had equivalised household income in the lowest quintile. This compares with 7.2% of couple family households with children under 15 and with one or more adults employed, and with 26% of one-parent family households with children under 15 and with one or more adults employed. Also, just over half of jobless family households with children under 15 years reported they could not raise \$2,000 in a week for something important. This compares with 11% of couple family households with children under 15 with one or more adults employed, and 32% of one-parent family households with children under 15 with one or more adults employed.

Figure 5.12 Joblessness amongst families with children under 15 years



Source: ABS *Labour Force Status and Other Characteristics of Families*, (6224.0.55.001).

The disadvantage experienced by people living in jobless families can be seen in other ways. People living in jobless family households tend to have poorer health than people in other families. In 2006 only around half of people in jobless family households with children under 15 rated their health as good or better and had no disability or long-term health condition. This compares with over two thirds of people living in other households with children under 15. Poor health or disability may help to explain why people in jobless families struggle to obtain a job in the first place. People living in jobless family households are also slightly less likely to feel able to get support at a time of crisis (around 89% of jobless family households) than families with employed adults (around 96%).

Of particular concern are children growing up in jobless families. Such children are more likely to grow up to be jobless themselves, compared with children who have one or two employed parents (Pech and McCoull, 1999). In addition, in most OECD countries, child poverty rates are around three times higher in families where neither parent is in paid employment than in families where one parent is in paid employment.

One-parent families

Another group which this chapter highlights as experiencing poor economic outcomes is one-parent families. Although these families are over represented among jobless families, and are more reliant on government payments as a main source of income, they have generally worse economic outcomes even when they do work, largely due to the lack of a second

partner to complement and support them in both the labour market and at home.

Divorce has particularly adverse financial outcomes for women. Although lone mothers may have some wealth through the value of their home (which they often retain after divorce), they tend to have fewer investments than other families (such as superannuation) to support them during retirement (AMP. NATSEM, 2005).

Indigenous families

Indigenous families also tend to have lower incomes than other Australian families. In 2006 the lowest 20% of the income distribution contained nearly half of all Indigenous households (45%). This reflects the lower labour force participation of Indigenous people – 57% of Indigenous people aged 15-64 years were either in work or looking for work, compared with 76% of non-Indigenous people aged 15-64 years. Indigenous people were also about three times as likely to be unemployed than non-Indigenous people.

Many Indigenous people are discouraged jobseekers because of difficulty searching for a job, or lack of skills or qualifications. In 2006 around a quarter of Indigenous people had post-school qualifications, compared with almost half (47%) of non-Indigenous people. Others may not participate in the labour force because of illness or disability (Productivity Commission, 2007). Geographic isolation can also impact on the ability of many Indigenous people in accessing work and education opportunities.

Families with a member with a chronic illness or disability

Families with a member with a chronic illness or disability face the challenge of providing ongoing care with reduced workforce participation. As discussed in Chapter 4, carers of the disabled and elderly are overrepresented at the lower end of the income distribution. This is a result of both direct costs of caring (purchase of equipment, health care and other services) and the indirect costs of caring (the reduced capacity of carers to work because of their caring responsibilities). While other members of the family may work to compensate for carers' lack of work participation, these families are often more economically vulnerable than other families.

Conclusion

Australia's economic and social climate has changed considerably over the last 20 to 30 years. The ways families spend their money and their aspirations for what they want for a comfortable standard of living have also changed.

Most families in Australia have relatively high levels of economic wellbeing, with income increasing substantially in recent times. While some Australian families continue to face economic challenges and income and wealth are not evenly distributed, both household income and wealth have increased in real terms since 1992.

Increases in the cost of essential household items provide an indication of the areas in

which family economic wellbeing is under particular stress, and may continue to be under stress in the future. There has been considerable variation in changes in the cost of major household items, with the impact of changes in affordability varying considerably between different family types. For some families, increases in the cost of major items such as housing or medical expenditure have had a greater impact than others. Similarly, household debt varies by family type and tends to be highest in families with dependent children.

As families grow and change, there are stages where there are greater financial pressures on them than at other times

While most families experience some difficulty meeting all their needs and wants, others have more basic financial problems. Groups such as jobless families, one-parent families, Indigenous families, and families with a member with a chronic illness or disability face particular challenges in securing the essentials of living.

To some degree, the disadvantage experienced by these families can be addressed by reducing barriers to work (such as better accommodating the needs of working carers), supporting families through transitions such as relationship breakdown, and encouraging participation in education and work among those who are socially excluded. In particular, education can play a key role in overcoming intergenerational disadvantage. How best to support these families to take action to improve their economic circumstances should be a major focus of community and government effort.

About this Report:

This report is published by the
Department of the Prime Minister and Cabinet, Canberra

This document can be found at
<http://www.pmc.gov.au/publications/families>

For more information about this report or to order a copy,
please call 1800 701 316

Edited by Robin Green

Designed by Live Design

Printed by Paragon Printers Australasia

ISSN 1836-4705 (Print)

ISSN 1836-4934 (Online)

ISSN 1836-4713 (CD-ROM)

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