

Summary

Whilst employment levels in Australia are healthy when compared to those twenty years ago, the available work has become increasingly polarised into either all-work or no-work households. This paper measures that extent of polarisation that has taken place in Australia between 1982 and 1997/98 with a measure of polarisation that accounts for changes in individual based employment. Initially we measure the extent of polarisation against a benchmark of randomly distributed work and then extend this to account for varying employment rates across subgroups of the population. We find that employment growth over the period should have largely offset the effects of shifts in household composition towards more single-adult households. However, polarisation of employment across households means that there are around 3.3 percentage points more households with no earned income. The vast majority of the increase in polarisation is found to be within-household types and does not reflect shifts to household types where employment levels are traditionally low. We also find that couple households with children are the dominant household type to see rising joblessness as a result of this polarisation. Exploration of whether wider shifts in employment away from less-educated men and toward prime-age better educated women lie behind these developments suggest that about 40% of the adverse shift against couples with children and against this benchmark lone parents do much worse. Lone parents have gained employment over this period at a faster rate than the average worker but are failing to keep up with prime age women who contribute to the growing number of couples where both adults work. Households renting privately are also particularly prone to the growing polarisation of work even after conditioning on varying employment prospects. The increase in all-work households is confined to multi-adult households, again focused on families with children. Hence, there is a large shift in patterns of employment in households with children, away from a dominant single male earner model toward more dual-earner and no-earner (couple and single) households with children. This dramatic polarisation of work and incomes for families with children is likely to have consequences for welfare costs and child opportunities in the next generation.