

## WOMEN'S INCOMES – AUSTRALIAN SOCIAL TRENDS 2008

### ABSTRACT

The last 25 years have seen substantial changes in women's economic circumstances. The proportion of women earning their own incomes has risen, and levels of economic autonomy experienced by women have increased. During the last decade, however, women's relative economic position, as measured by their share of total gross personal income, has remained largely unchanged. This article examines some of the factors that have influenced the share of income received by women, including growth in employment, changes in sources of income and differences between partnered and single women.

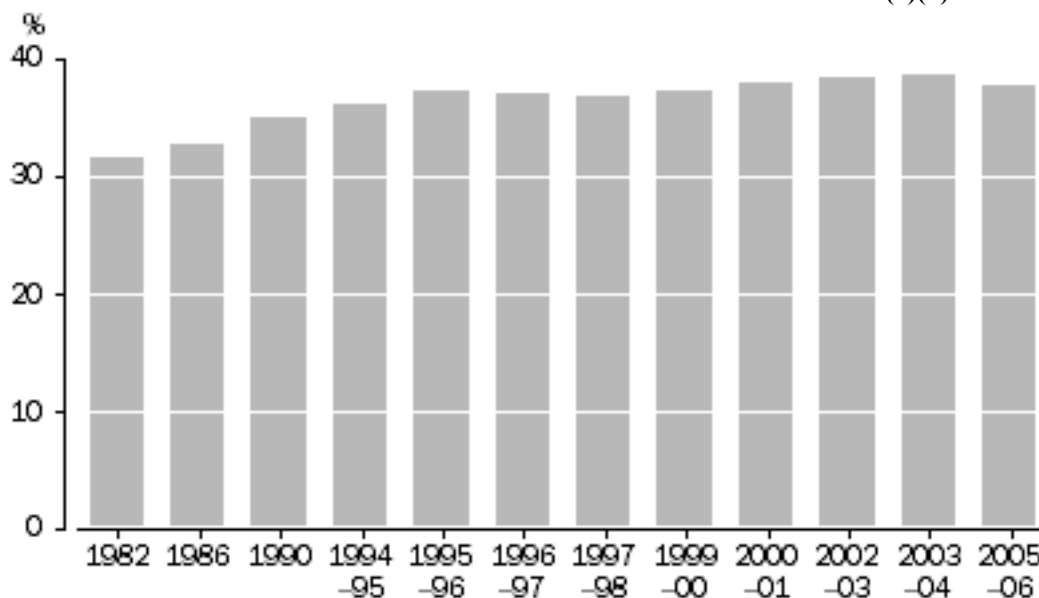
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### INTRODUCTION

The last 25 years have seen substantial changes in women's economic circumstances. In particular, the proportion of women earning their own incomes has risen, and levels of economic autonomy experienced by women have increased. Many of these changes have been associated with improvements in women's educational qualifications, training and work-related experience.

In 1982, women aged 18-64 years received 31% of all income received by men and women in this age group. By 2005-06 this share had increased to 38%. Nearly all of the increase in women's share of total income occurred in the 13 years from 1982 to 1995-96, while in the decade to 2005-06 women's share of total income changed little. (See also [Australian Social Trends 2001, Women's incomes.](#))

#### WOMEN'S INCOME AS A PROPORTION OF TOTAL INCOME(a)(b)



(a) Gross personal income of persons aged 18-64 years.

(b) From 1982 to 1990, income surveys were run in the last quarter of that calendar year. From 1994-95 they were conducted throughout the financial year.

Source: ABS Surveys of Income and Housing.

### WOMEN'S POSITION IN THE DISTRIBUTION OF PERSONAL INCOME

The living standards of the many Australian women who live with their partner, their parents or in other shared living arrangements are influenced by the level of household income as well as their own income. Nevertheless, across all household types it is important to measure women's individual incomes, as well as family or household income. This is because personal income is an important

determinant of each individual's economic autonomy within the household and household income is not always equally shared between all household members. Furthermore, women's ability to support themselves and their children when family circumstances change (for example as a result of divorce or death of a partner) will be significantly influenced by their access to a source of income.

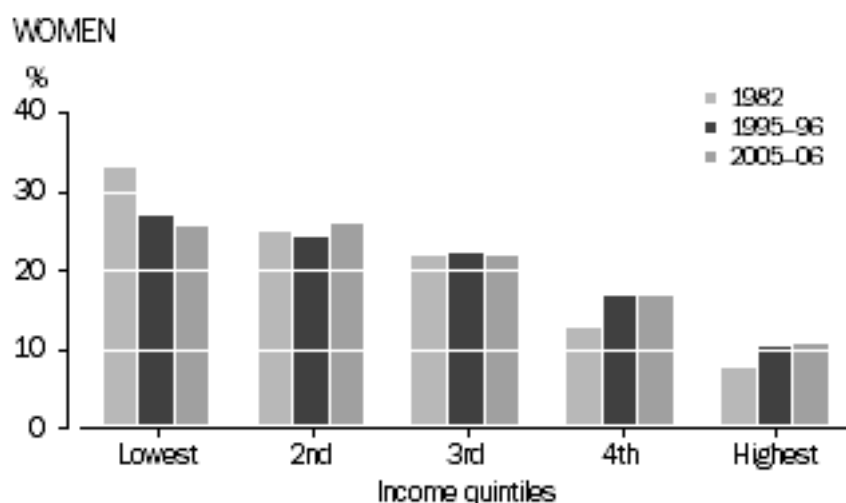
One commonly used measure of the distribution of income between the sexes is the proportion of men and women in each personal income quintile. A quintile is derived by ranking the population (here, all people aged 18-64 years) from lowest to highest income, and dividing it into five equal groups. The lowest quintile is made up of the 20% of the population with the lowest income.

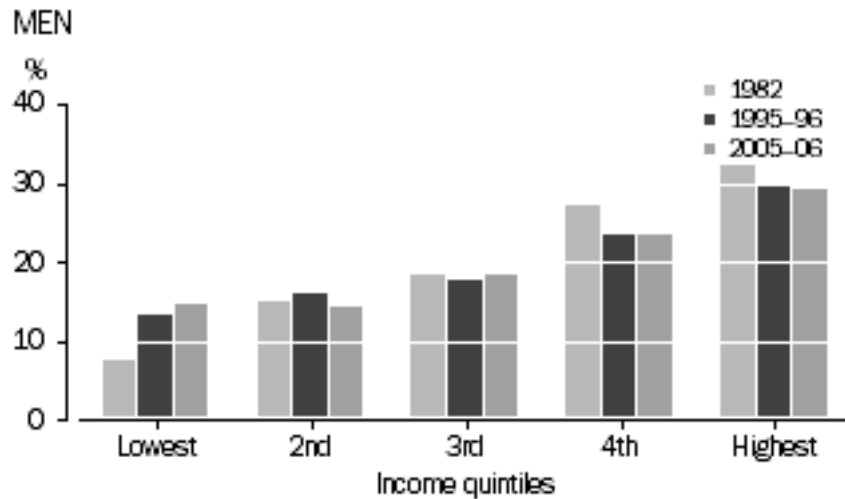
If there were no inequality in the incomes of men and women, then each quintile group would contain equal proportions of each sex, with 20% of men and 20% of women located in each quintile group. This is not the case in Australia (or in other countries) as women are over-represented in the lowest income quintiles and under-represented in the highest quintiles. In 2005-06, for example, 25% of women were in the bottom quintile while only 11% of women were in the top quintile. The pattern for men was the opposite: 29% of men were in the top quintile and only 15% were in the bottom quintile.

While there was significant growth in real incomes (i.e. income adjusted to remove the effects of price change) during the decade between 1995-96 and 2005-06, there was very little change in the distribution of men and women across the gross personal income quintiles.

In comparison, the years between 1982 and 1995-96 were associated with substantial shifts in the distribution of men and women across the gross income groups. The proportion of women in the bottom quintile fell from 33% to 25% over the period and the proportion of women in the top two quintiles combined rose from 20% to 27%. For men, the change was in the opposite direction: the proportion of men in the bottom quintile more than doubled - from 7% to 15% - while the proportion of men in the top two quintiles fell from almost 60% to 53%.

#### PROPORTION OF WOMEN AND MEN AGED 18-64 YEARS IN GROSS PERSONAL INCOME QUINTILES





Source: ABS 1982, 1995-96 and 2005-06 Surveys of Income and Housing.

### Sources of change

The amount people earn from employment is a key factor influencing most people's incomes (see also [Australian Social Trends 2005, Female/male earnings](#)). Other factors, such as receipt of government pensions and allowances, or private income from, for example, investments, also affect personal incomes. However, the influence of these factors is smaller, on average, than the influence of earnings from employment.

The decade to 2005-06 saw substantial growth in women's employment. According to the Labour Force Survey, the proportion of women aged 18-64 years in employment (full and part-time combined) rose from 61% in December 1995 to 67% in December 2005. This continued an upwards trend that was apparent from at least December 1982, when the proportion of women in employment was only 48%. One reason the substantial growth in women's employment did not translate into an improvement in their relative position in terms of the distribution of gross income was that the proportion of men in employment also rose slightly over the decade, from 80% to 82%.

Another reason why the growth in women's employment did not translate into improvements in their position on the distribution of gross income during the last decade is that employment growth was concentrated in part-time jobs. The proportion of women employed in part-time jobs rose from 25% to 29% over the decade to December 2005 while full-time employment remained steady at around 37%. Similarly for men, part-time employment increased slightly (from 7% to 10%) and the proportion in full-time employment remained fairly stable (at about 73%).

In contrast, women's position in the distribution of gross incomes changed considerably between 1982 and 1995-96. This was associated with the growing representation of women in both the part and full-time workforces, and a decline in full-time employment by men. In the 13 years from December 1982 to December 1995, the proportion of women in full-time work increased from 31% to 37%, and the proportion in part-time work rose from 17% to 25%. In comparison, the proportion of men in full-time employment declined from 78% to 74%, while the proportion in part-time employment increased from 4% to 7%.

### LABOUR FORCE STATUS OF WOMEN AND MEN AGED 18-64 YEARS(a)

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*Women*

*Men*

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|                 | <i>1982</i>  | <i>1995</i>  | <i>2005</i>  | <i>1982</i>  | <i>1995</i>  | <i>2005</i>  |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                 | %            | %            | %            | %            | %            | %            |
| Employed        | 48.3         | 61.4         | 67.0         | 82.0         | 80.2         | 82.0         |
| Full-time       | 31.1         | 36.8         | 38.2         | 78.4         | 73.6         | 72.4         |
| Part-time       | 17.2         | 24.6         | 28.8         | 3.6          | 6.6          | 9.6          |
| Not employed(b) | 51.7         | 38.6         | 33.0         | 18.0         | 19.8         | 18.0         |
| <b>Total</b>    | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> |

(a) At December.

(b) Includes persons who are unemployed or not in the labour force.

Source: [ABS Labour Force Australia, Detailed - Electronic Delivery](#) (cat. no. 6291.0.55.001).

### CHANGES IN THE COMPOSITION OF WOMEN'S INCOME

In spite of the growth in women's employment since 1982, the share of income received by women from both earnings from employment and government pensions and allowances overall remained relatively stable. In 1982, 1995-96 and 2005-06, earnings comprised about 80% of the total income of women aged 18-64 years. However, the stability of earnings as a proportion of total income masks some considerable changes for women in the lowest income quintiles over the years. In 1982, earnings comprised 8% of total incomes in the lowest quintile group. This rose to 20% in 1995-96, after which there was relatively little change in the decade to 2005-06. Among women in the top income quintiles, the importance of earnings increased slightly between 1982 and 1995-96 but decreased between 1995-96 and 2005-06, from about 94% to 89% of total income.

While the importance of government pensions and allowances as a component of women's incomes overall did not change during the period 1982 to 2005-06, there were some changes for women at different levels of income. In the 13 years after 1982, pensions and allowances increased in importance for women at the middle of the income distribution. Over the decade to 2005-06, the share of government pensions and allowances in total income increased slightly for women in the top two income quintiles, but decreased sharply for women in the second lowest quintile, from 55% to 37%.

### SHARE OF EARNINGS AND GOVERNMENT PENSIONS AND ALLOWANCES IN WOMEN'S GROSS PERSONAL INCOME BY QUINTILE GROUP(a)

|        | Earnings(b) |         |         | Government pensions and allowances |         |         |
|--------|-------------|---------|---------|------------------------------------|---------|---------|
|        | 1982        | 1995-96 | 2005-06 | 1982                               | 1995-96 | 2005-06 |
|        | %           | %       | %       | %                                  | %       | %       |
| Lowest | 7.6         | 20.2    | 21.3    | 70.8                               | 65.6    | 68.3    |

|                  |             |             |             |             |             |             |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Second           | 36.3        | 38.1        | 54.2        | 53.3        | 54.6        | 36.8        |
| Third            | 88.1        | 82.7        | 82.6        | 5.9         | 12.0        | 11.8        |
| Fourth           | 94.0        | 93.1        | 89.9        | 1.8         | 2.7         | 4.8         |
| Highest          | 90.6        | 94.1        | 88.5        | 1.6         | 0.7         | 1.3         |
| <b>All women</b> | <b>80.2</b> | <b>79.9</b> | <b>79.1</b> | <b>12.8</b> | <b>14.4</b> | <b>13.3</b> |

(a) Women aged 18-64 years.

(b) Comprises income from employment, including self employment.

Source: ABS 1982, 1995-96 and 2005-06 Surveys of Income and Housing.

### Marital status and children

Much of the increase in the labour force participation of women that occurred in Australia in the last quarter century was associated with the increased involvement in paid work of partnered women with dependent children (see [Australian Social Trends 2006, Trends in women's employment](#)). This trend has been attributed to a range of factors, including a fall in the fertility rate (meaning that partnered women have fewer dependent children), increased availability of formal child care and rising levels of education.

### COMPONENTS OF WOMEN'S GROSS PERSONAL INCOME BY POPULATION GROUP(a)

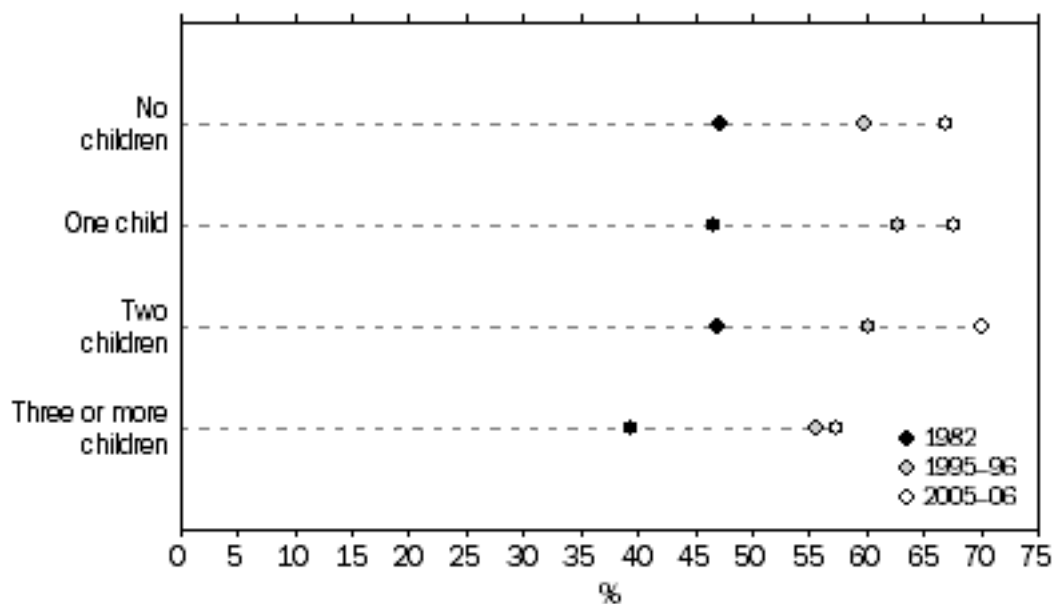
|                                    | Earnings |              |         | Other private incomes |         |         | Government pensions and allowances |         |         |
|------------------------------------|----------|--------------|---------|-----------------------|---------|---------|------------------------------------|---------|---------|
|                                    | 1982     | 1995-2005-06 | 2005-06 | 1982                  | 1995-96 | 2005-06 | 1982                               | 1995-96 | 2005-06 |
|                                    | %        | %            | %       | %                     | %       | %       | %                                  | %       | %       |
| Single, no dependent children      | 84.0     | 82.6         | 83.1    | 5.2                   | 5.1     | 6.3     | 10.7                               | 12.3    | 10.7    |
| Single, with dependent children    | 46.2     | 44.4         | 46.3    | 8.2                   | 8.4     | 11.0    | 45.5                               | 47.2    | 42.7    |
| Partnered, no dependent children   | 82.3     | 83.8         | 86.2    | 9.3                   | 7.2     | 8.1     | 8.4                                | 9.0     | 5.6     |
| Partnered, with dependent children | 81.9     | 82.6         | 78.3    | 6.8                   | 4.2     | 7.3     | 11.3                               | 13.2    | 14.4    |

- (a) Women aged 18-64 years.
  - (b) Comprises income from employment, including self employment.
- Source: ABS 1982, 1995-96 and 2005-06 Surveys of Income and Housing.

Despite the substantial growth in employment within this population group, the share of earnings in total income recorded by partnered women with dependent children was stable between 1982 and 1995-96 and declined in the most recent decade. This decline is due to a number of factors beyond those linked to the relatively small increase in women’s working hours. They include: a slight increase in government pensions and allowances for women with children; an increase in income received from private sources other than earnings (investments, superannuation and child support payments, for example); and little change in employment for partnered women with three or more children. Employment among partnered women with one or two children increased throughout the quarter century, and by 2005-06 they had caught up with partnered women without children, with more than two thirds in employment. The rate of employment among partnered women with three or more children grew substantially between 1982 and 1995-96 from 39% to 56%, but changed little between 1995-96 and 2005-06.

In other population groups, namely single women, and partnered women without children, earnings as a share of total income did not change much over the years from 1982 to 2005-06, in spite of the overall growth in female employment. This is because income from private sources other than earnings also increased on average, as did income from a number of government pensions and allowances.

**PROPORTION OF PARTNERED WOMEN AGED 18-64 YEARS IN EMPLOYMENT(a): BY NUMBER OF DEPENDENT CHILDREN**



(a) Comprises women in full-time and part-time employment.  
 Source: ABS 1982, 1995-96 and 2005-06 Surveys of Income and Housing.

**LOOKING AHEAD**

A number of current trends suggest that the policy importance of women’s personal incomes will grow in future years. Rising education levels and changing social norms are increasing expectations of financial independence for both partnered and single women. Women’s life expectancy continues to grow and exceed that of men. Women’s personal incomes while they are of working age will thus be an important determinant of their ability to secure adequate living standards in old age. Furthermore, for as long as separation and divorce rates remain relatively high, women’s access to a source of income will be a crucial determinant of their ability to support themselves and their dependent children. For these reasons and more, it is important to continue to monitor trends in women’s personal incomes,

as well as those of families and households.

## **MORE INFORMATION**

### **Data sources and definitions**

Data in this article are drawn from the ABS Survey of Income and Housing (SIH) and Labour Force Survey.

This article looks at people aged 18-64 years.

*Gross personal income* comprises income from all sources (government pensions and allowances, earnings, investment income, and private cash transfers) attributed to individuals before income tax or the Medicare levy are deducted.

*Government pensions and allowances* are income support payments from government to people under social security and related government programs. These include unemployment payments, the disability support pension, family allowance and family tax benefit.

*Earnings* comprise regular and recurring cash receipts from wages and salaries together with profit/loss from an individual's own unincorporated business.

*Investment income* comprises interest, rent, dividends and royalties.

*Private cash transfers* include superannuation, regular workers' compensation, income from annuities, child support, and other transfers from other households.

*Private income* comprises earnings, investments, income and private cash transfers.

### **Measuring women's incomes**

The ABS Survey of Income and Housing is conducted by personal interview and includes instructions to optimise the consistency of responses. Nevertheless, there may be inconsistencies in the way income is reported by household members and therefore assigned to men and women. For example, the value of government family benefits is assigned to the member of the couple who reports these benefits. In some cases, this person may not be the one who actually received them. Investment income may be understood as received by one member of a couple in some households and as jointly received in others.

In this article the analysis of women's incomes is on a gross basis. On a net (after tax and Medicare levy) basis, women's incomes as a percentage of total personal incomes are about two percentage points higher than as recorded on a gross basis. The improved relative outcome for women on a net income basis reflects lower marginal tax rates, on average, payable on lower earnings and investment incomes, and a higher proportion of their incomes derived from tax exempt government benefit income, such as family tax benefit. While the share of total gross personal income received by women aged 18-64 years rose 1.6% between 1995-96 and 2005-06, on a net basis it rose 2.1%.

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