An audit of alternative panel data sets suitable for the analysis of housing assistance and economic participation outcomes

National Research Venture 1: Housing Assistance and Economic Participation

Research Paper 3

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<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
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<tr>
<td>CES</td>
<td>Commonwealth Employment Service</td>
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<td>CRA</td>
<td>Commonwealth Rent Assistance</td>
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<tr>
<td>CSHA</td>
<td>Commonwealth-State Housing Agreement</td>
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<tr>
<td>DEET</td>
<td>Department of Employment, Education and Training</td>
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<td>DEETYA</td>
<td>Department of Employment, Education, Training and Youth Affairs</td>
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<td>DEWR</td>
<td>Department of Employment and Workplace Relations</td>
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<tr>
<td>DSS</td>
<td>Department of Social Security</td>
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<td>EMTR</td>
<td>Effective marginal tax rate</td>
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<td>FaCS</td>
<td>Department of Family and Community Services</td>
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<td>GCS</td>
<td>General Customer Survey</td>
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<tr>
<td>HA</td>
<td>Housing Assistance</td>
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<td>HILDA</td>
<td>Household, Income and Labour Dynamics Australia</td>
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<td>IES</td>
<td>Integrated Employment System</td>
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<td>JDS</td>
<td>Jobseeker Data Set</td>
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<td>LDS</td>
<td>Longitudinal Data Set</td>
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<tr>
<td>LDW</td>
<td>Longitudinal Data Warehouse</td>
</tr>
<tr>
<td>LMP</td>
<td>Labour market program</td>
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<tr>
<td>PRG</td>
<td>Population Reference Group</td>
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<tr>
<td>SEUP</td>
<td>Survey of Employment and Unemployment Patterns</td>
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EXECUTIVE SUMMARY

This is a report that identifies a number of panel data sets that could potentially be used to examine the relationship between Housing Assistance and Economic Participation in Australia. It begins by introducing the economic theory that economists have used to explain this relationship, and then considers the empirical studies—both domestic and international—that have attempted to test these theories. It discovers that this literature is inconclusive in its findings, leaving opportunity for future studies to probe the relationship further.

The report discusses alternative ways in which the Housing Assistance and Economic Participation relationship can be examined. These alternatives can be represented by hypotheses that have different specifications in terms of outcomes, test and control variables. The report identifies the key variables required to test these various hypotheses. Variables are identified that can be used to represent labour market outcomes, test whether an individual is in receipt of housing assistance, and control for other effects.

The report examines six panel data sets that might contain the key variables that have been identified, and thus be used to test each of the hypotheses that have been defined. The intention of the audit is to understand whether each data set contains a sufficient number of the outcome, test, and control variables, to conduct tests of the respective hypotheses.

It is concluded that all but one of the data sets contains some selection of the key variables and are, in principal, useful for the intended analyses. The final substantive section of the report includes a brief comment that foreshadows some of the analysis that might be conducted with the respective data sets. This is followed by a conclusion.
1 INTRODUCTION

Housing assistance (HA) in Australia represents a substantial share of annual Federal Government welfare expenditure. Reliable estimates suggest that approximately $2876 million was allocated to HA in 2002-03.¹ This strong fiscal support of HA is a long-term commitment. The recently negotiated Commonwealth-State Housing Agreement (CSHA) will amount to more than $4.74 billion over a five-year period.² One of the overarching objectives of the Australian government’s welfare reform program is to raise the economic participation of disadvantaged Australians. This objective can be observed in the aforementioned CSHA, which requires state and territory governments to reform the management of public housing in ways consistent with the promotion of economic participation among public housing tenants (Commonwealth of Australia, 2003: 4, 22-23).³ Given the large allotment of government funding to HA, and concern about the labour market outcomes of tenants, it is important to measure the effectiveness of HA programs in raising the rates of economic participation among HA recipients.

Whelan (2004) tentatively argues that “there is some evidence that entry to public housing coincides with a reduction in labour force participation and hours worked amongst those working” (Whelan, 2004: iv). However, Whelan carefully points out that any disincentive effects associated with HA, such as poverty traps etc., cannot be easily distinguished from other forms of welfare assistance that any individual receiving HA is likely to be concurrently receiving (2003: iv).

This report is an important preparatory exercise for further investigations into the effectiveness of HA, and offers a number of ways to extend on Whelan’s recent analysis. It will identify and examine a number of panel data sets that could be used to study the effects of HA and welfare reform on labour market participation.

As a preparatory report, which will ultimately act as a guide for important future work, the objectives of this report are simple:

- Identify Australian or state/territory-based panel data sets that contain information which enable researchers to track the economic participation histories of people making transitions into and out of HA programs.
- Compare the suitability of alternative panel data sets for the purposes of modelling the relationships between HA and economic participation.
- Suggest ways in which the panel data sets recommended by the report could be used to model relationships between HA and economic participation.

Consistent with the three objectives outlined above, there are a number of key items of information in each panel data set that this report attempts to identify. These key

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¹ This figure is taken from the Department of Family and Community Services (FaCS) 2002-03 Annual Report which estimates Commonwealth government expenditure on Rent Assistance in 2002-03 to be $1848 million, and Commonwealth government expenditure under the Commonwealth State Housing Agreement to be $1048 million. When added together, this represents a total of $2876 million, the figure referred to above (FaCS, 2003a).
² “The 2003 CSHA, effective from 1 July 2003 to 30 June 2008, will provide more than $4.75 billion for HA such as public and community housing, Indigenous housing, crisis accommodation, home purchase assistance and private rental assistance” (FaCS, 2004).
³ The 2003 CSHA includes the following guiding principle: “to ensure that housing assistance supports access to employment and promotes social and economic participation” (Commonwealth of Australia, 2003: 4). Additionally, one of the performance requirements of the agreement emphasizes the role of the states in reducing workforce disincentives: “States and Territories will introduce rent policies that reduce the workforce disincentives associated with the current link between earned income and rent” (Commonwealth of Australia, 2003: 22).
items will be addressed at various junctures throughout the report, as they represent critical requirements of future research programs:

- Can researchers identify a history of eligibility and entitlement for one or more HA programs?
- What income and economic participation information is recorded?
- Does the data set permit identification of churning on and off transfer programmes, and in particular HA programmes?
- What non-shelter outcomes other than economic participation are recorded?
- Are income and economic participation outcomes recorded before and after transition onto a HA program? How often is the information on outcomes updated?
- Does the data set permit comparisons with clients of other Australian government transfer programs who do not receive HA?
- Does the data set permit comparisons with persons who do not receive a transfer payment?
- Can researchers construct a detailed socio-economic and demographic profile of each person in the data set? Would researchers be able to control for the range of variables typically thought to mediate the relationship between HA and economic participation outcomes?
- Can researchers identify the postcode or other geographical identifier that could permit analysis of the role of neighbourhood effects in shaping economic participation outcomes?
- Does the data set contain details on the characteristics of the property occupied by each person in the data set?

The basic structure of the report is as follows. The next section offers a brief review of existing literature on the causal relationships between HA and economic participation outcomes. This review will place specific emphasis on the key findings of previous work, and also highlight studies using Australian data. Section 3 identifies the key variables that are required to conduct analysis of the relationship between HA and economic participation. It will introduce a series of hypotheses—each with varying degrees of complexity—and then identify a set of key variables that would be required to test each hypothesis. Section 4 is the most substantial part of the report, as it identifies a number of panel data sets that incorporate at least some sub-set of the key variables identified in Section 3. It also explains the limitations of each data set, particularly the costs (financial and otherwise) of acquiring access to the data set. Section 5 offers some suggestions as to how the data sets could actually be used to investigate the relationships between HA and labour market outcomes. Section 6 concludes the report.
2 HOUSING ASSISTANCE AND LABOUR MARKET PARTICIPATION

Transfer payments directed to low-income individuals have the potential to erode work incentives. This simple hypothesis suggests that individuals in receipt of transfers are reluctant to increase their work hours because their benefits will be withdrawn as their income rises. When combined with income tax, this reduction in benefits results in a very high effective marginal tax rates (EMTRs). The existence of high EMTRs can result in the individual becoming permanently dependent on welfare assistance. It is important to note that these incentive problems exist even when the welfare assistance is delivered in the form of in-kind transfers. The negative incentive effects associated with in-kind HA transfers have been outlined by Leonesio (1988a; 1988b). Leonesio argues that it is difficult to predict, in theory, the effect of in-kind transfers in comparison to pure cash transfers (1988a). However, his empirical analysis suggests that in-kind transfers do also have a negative impact on labour supply (1988b).

Since Leonesio’s contributions, other empirical studies have tried to examine the effect of HA, as both in-kind transfers and as cash subsidies, on labour market participation and employment outcomes. An important study of this relationship was conducted by Fischer (2000). Fischer carefully notes the difficulty of separating cause from effect (endogeneity problem) when trying to identify the impact of HA on labour market participation. He explains that simple comparisons of labour market participation between individuals receiving HA and those not receiving HA encounter these problems because individuals qualify for HA due to lower incomes and employment as compared to the rest of the population. Fischer explains this problem with clarity:

“A simple comparison of the labour supply of housing subsidy recipients with that of the rest of the population would have little meaning. Eligibility for subsidies is determined by income, and income would be expected to correlate closely with hours worked and labour force participation. As a result, such a comparison would be unable to determine whether labour supply changes were the cause or the effect of program participation” (Fischer, 2000: 157).

Fischer also points out that previous studies by Blank (1985), Painter (1997) and Currie and Yelowitz (1998), which each attempt to quantify the overall effect of HA on labour supply, are all vulnerable to various forms of the endogeneity problem outlined above. In an effort to overcome these issues, he takes an alternative approach. In his investigation, Fischer (2000) conducts a detailed analysis of the effect of federal rental subsidies on labour supply. He specifically tests the disincentives associated with income tested HA. He begins by noting the EMTR associated with public housing and alternative forms of HA such as voucher and certificate programs. He finds the EMTR level on such households to sometimes exceed 100% (Fischer, 2000: 153).

Fischer then moves to a panel survey that covers the six-year period between 1986 and 1992. His study is divided into two parts. The first part of Fischer’s empirical

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4 Shroder (2002) describes this as the neoclassical hypothesis, i.e., that HA will lead to a reduced labor supply.
5 Leonesio argues: “It is not possible to judge on theoretical grounds whether specific in-kind transfer programs pose greater or smaller work disincentives than do equivalent cash transfer programs” (1988a).
6 He also points out, tentatively, that in kind transfers appear to have less of an adverse impact on the labour market effort of recipients (1988b: 909-10).
7 He isolates three mechanisms by which Federal rental subsidy programs discourage work: marginal tax effects, income effects and waiting list effects.
analysis compares recipients of welfare programs who are receiving HA, with those who are not receiving such assistance. His results are significant, with a finding that ceteris paribus individuals who are in receipt of HA work 125 less hours per year. He also obtains estimates that suggest labour force participation is actually 25% lower for those individuals who are in receipt of HA. The second part of Fischer’s empirical analysis compares the labour supply of individuals before their household becomes a recipient of HA, with the labour supply of that same individual after it becomes a recipient of HA.\(^8\) The study is made meaningful because households do not receive HA immediately after becoming eligible.\(^9\) Instead, on qualifying for HA, they go on a waiting list for a period of time. He finds that those who began to receive HA decreased their annual hours worked by 59 hours, and labour force participation decreased by 5.4% for the same group.

A more recent report by Verma et al. (2003) identifies the effects of labour market programs (LMPs) when combined with HA. It compares these outcomes to those individuals participating in LMPs, but not in receipt of HA. The report finds that the employment outcomes of the former group, which receives HA in addition to participation in LMPs, are superior to those not receiving HA. In fact, it argues that: "Of 10 different analyses across a range of states and reform initiatives, 8 found a similar pattern" (Verma et al. 2003: xii). The report offers two possible explanations for these findings. The first argument is that when HA is received in combination with policies designed to encourage labour market participation, the disincentive effects are counteracted:

“For example, if, as many believe, HA depresses work effort because of a rent policy that raises rent when income rises, it may be that participation mandates, work encouragement, and employment assistance that come with welfare policies counteract the disincentive effects of those rent rules” (Verma et al., 2003: xii).

The second explanation provided by Verma et al. is that HA can assist in an individual’s ability to take advantage of a workplace opportunity:

“For example, some experts believe that the greater housing stability that can result from HA—and the lower likelihood of household crowding and its associated stresses on families—might make it easier for people who are not working regularly to take advantage of programs designed to help them prepare for and hold a job” (Verma, 2003: xiii).

In a review essay, Shroder (2002) also considers the effect of HA on labour supply. In his analysis, he considers both the substitution and income effects of HA on the supply of labour (2002: 384-5). The substitution effect refers to how the supply of labour might change in response to the lower relative price of a good, that could be a substitute or complement to work. More specifically, how would labour supply change as the price of housing decreases (due to an individual’s receipt of HA), but holding constant the real income of an individual. HA will also increase the real income of the recipient. The income effect refers to the change in labour supply in response to the change in real income attributable to HA, holding relative prices constant.

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\(^8\) It should be noted that Fischer uses “…the latest year for which data is available after their households begin receiving aid” (Fischer, 2000: 164).

\(^9\) Housing subsidies in the United States are rationed. Hence, households need to “queue” for a period of time before they can receive the assistance they have qualified for.
In making this distinction, Shroder is able to demonstrate the weaknesses of the standard assumption that HA will lead to a decrease in labour supply. He argues that this argument makes most sense when HA is treated as if it were an income supplement instead of a commodity subsidy. In the case of an income supplement there will be a decrease in labour supply if the individual tends to devote more time to leisure as his income rises. However, a different result can obtain when HA is treated as a commodity subsidy. Shroder argues that a commodity subsidy can lead to an increase in labour supply because consumers are motivated by the prospect of buying more of the good at the subsidized cost. In other words, consumers of the good respond to the decrease in price by increasing their labour supply, in an effort to earn more money and purchase more of the good.

Shroder surveys the empirical literature. He considers a range of empirical studies that test (what he calls) the neoclassical hypothesis that labour supply will decrease with the provision of HA:

“In summary, the literature to date fails to confirm the neoclassical hypothesis; the more sophisticated tests do not show stronger negative effects than the less sophisticated. The distribution of results from these 18 empirical studies is consistent with a true housing assistance/short term employment effect of zero” (Shroder, 2002: 394).

Thus, according to Shroder, previous empirical studies have been unable to provide unequivocal support for the neoclassical hypothesis.
3 HYPOTHESES AND KEY VARIABLES

This section explores a number of hypotheses associated with analysis of the effect of HA on economic participation outcomes. The key variables required to test each hypothesis are then identified. Hence, this section identifies information requirements that panel data sets suitable for the analysis of the causal relationships between HA and economic participation outcomes must meet. Robust methodological approaches can be designed based on these hypotheses and the associated key variables.

As explained below, the first of these is the most general of the hypotheses and, in principle, covers all dimensions of the economic participation decision, including education and training. Each of the three hypotheses involve careful specification of a relationship between an outcome variable—measuring economic participation or movement out of or into unemployment or welfare programmes—and a test variable representing receipt of HA, under ceteris paribus conditions that require use of control variables.

3.1 Hypotheses

3.1.1 General Hypothesis One

The first hypothesis would begin with the following question: Does eligibility and receipt of HA (in the form of public housing and Commonwealth Rent Assistance (CRA)) deter economic participation, and in particular employment? (Fischer, 2000 and Shroder, 2002). This most basic study would compare an individual’s labour market activity before and after their transition into public housing (or CRA), attempting to observe any contemporaneous changes in their labour force participation. Such a project would be a valuable extension of the research already conducted by Whelan (2004).

3.1.2 Hypothesis Two

The second hypothesis is more specific than the first. This hypothesis considers the following question: Among persons accepted onto labour market training programmes, are employment outcomes superior if the participant receives HA? (Verma et al, 2003) In this second type of study, an effort would be made to pinpoint individuals who are receiving HA in combination with their participation in a LMP. Specific LMPs of interest might include programs such as Job Network, Job Compact, and Work for the Dole. Such a study could test a hypothesis to the effect that a “bundle” of LMPs that includes HA generates a superior labour market outcome to a bundle that does not incorporate HA. This would represent an Australian variation of the study by Verma et al. (2003) discussed above in section two.

3.1.3 Hypothesis Three

The third hypothesis looks closely at the individual’s transition from unemployment to employment, and considers what impact HA might have in that process. It will focus on the following question: Is churning ‘on and off welfare rolls’ lower if the individual is entitled to HA when a welfare recipient? In particular, are the transitions from unemployment to employment more permanent if HA is received by the subject? The testing of this relationship will offer an important contribution to our understanding of whether HA can help shape an individual’s transition from unemployment to employment, and whether an individual remains employed.
3.2 Key Variables

Given the three hypotheses outlined above, we now identify the variables that are needed to test each hypothesis. These variables will be identified at three specific levels. These are outcome variables, test variables, and control variables. Firstly, outcome variables are needed to offer some measure of economic participation. A data set can only be used to test the effect of HA on economic participation if some outcome variable exists. Secondly, test variables are needed to indicate whether and when an individual is in receipt of HA. A data set must contain some indicator of the individual’s receipt or non-receipt of HA so that this can be linked to measurement of their economic participation. Thirdly, control variables are needed to isolate the effect of HA receipt. There are a number of different factors that determine an individual’s economic participation and whether or not they are in receipt of HA. A data set must contain control variables that will capture the confounding effect of these other factors, and enable the study to focus specifically on the impact of HA. The key variables, at each of these three levels, are identified and discussed below and in Figure 1.

3.2.1 Outcome Variables

This category of variables can record an individual’s economic participation outcome. These can include measurement of hours worked, income levels, overtime, or simply whether the individual has a job or not. The data set offers more robust research opportunities the more regularly these variables are updated as working hours or income changes.

3.2.2 Test Variables

Testing the hypothesis that individual receipt of HA has some effect on economic participation requires access to variables that do indeed identify receipt of HA. Such variables identify eligibility for and entitlements to CRA, and eligibility for and tenancy in public housing. Ultimately, this information will be linked to variables that measure changes in an individual’s labour market participation. It is important that these variables can clearly demonstrate dates of eligibility for HA for each individual recipient.

Hypothesis Two requires a certain number of additional variables that would allow analysis of individuals who are a) receiving HA, and b) also participating in labour force training programs. Therefore, variables such as whether the individual is a participant in LMPs such as Job Network, Job Compact, and Work for the Dole, are needed for this analysis. Once again, dates of eligibility are also required for HA and any LMPs in which an individual participates.

Hypothesis Three requires variables that indicate an individual’s receipt of welfare support over time, and whether the individual returns to welfare support after a period of non-receipt.

3.2.3 Control Variables

All three hypotheses require some use of control variables. These normally include variables representing the socio-economic and demographic characteristics of an individual. Such control variables include age, gender, and location, but will also encompass such identifiers as housing and neighbourhood attributes, marital status, household type, number of dependents, ethnicity, and language, among others.
Figure 1: Key Variables for Specification of Housing Assistance and Economic Participation Relationships

<table>
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<tr>
<th>Outcome Variables:</th>
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<tbody>
<tr>
<td>• Employed or Unemployed</td>
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<td>• Hours Worked</td>
</tr>
<tr>
<td>• Wage and Salary Level</td>
</tr>
<tr>
<td>• Type of Employment, e.g., occupation</td>
</tr>
<tr>
<td>• Transition in and out of Public Housing (Churning)*</td>
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<table>
<thead>
<tr>
<th>Test Variables:</th>
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<tr>
<td>• CRA Eligibility</td>
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<tr>
<td>• Living in Public Housing</td>
</tr>
<tr>
<td>• Dates/history of eligibility for HA</td>
</tr>
<tr>
<td>• Participation in Labour Market Programs*</td>
</tr>
<tr>
<td>• Welfare Records*</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Control Variables:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Age</td>
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<tr>
<td>• Gender</td>
</tr>
<tr>
<td>• Location</td>
</tr>
<tr>
<td>• Property Characteristics</td>
</tr>
<tr>
<td>• Marital Status</td>
</tr>
<tr>
<td>• Number of Dependents</td>
</tr>
<tr>
<td>• Ethnicity</td>
</tr>
<tr>
<td>• Language</td>
</tr>
<tr>
<td>• Migrant Status/Australian Born</td>
</tr>
<tr>
<td>• Disability</td>
</tr>
<tr>
<td>• Others</td>
</tr>
</tbody>
</table>

* Specific to hypothesis two.

Specific to hypothesis three.
4 THE DATA SETS

This section identifies panel data sets that contain information which enable researchers to examine the causal relationship between HA and economic participation outcomes. The geographical coverage of all the data sets reviewed in this section are either at the national or state/territory level so that findings based on these data sets can be generalised for Australia-wide application. The data sets audited in this section are:

- Survey of Employment and Unemployment Patterns (SEUP);
- FaCS General Customer Survey (GCS);
- Jobseeker Data Set (JDS);
- Household Income and Labour Dynamics (HILDA) Survey;
- Western Australia Homeswest Panel Data Set;
- Labour Force Survey and Confidentialised Unit Record Files from a Redundancy and Retrenchment Supplement.

With the exception of the Western Australia Homeswest Panel Data Set, which is a state-based data set, all the data sets audited in this section are national data sets.

The audit framework for each data set is made up of the following components:

- a description of the background and sample design of the data set;
- identification of the outcome, test, and control variables present in the data set to support testing of hypotheses one, two and three respectively;
- assessment of costs involved in acquiring access to the data set;
- a conclusion highlighting the strengths and weaknesses of the data set in relation to its suitability for analysis of the impacts of HA on economic participation outcomes.

The data sets outlined below contain some mix of the key variables. Some data sets contain many of the outcome and test variables, while others contain only a small selection. Data sets that contain insufficient outcome and/or test variables are deemed unsuitable for analysis of the causal relationship between HA and economic participation outcomes.

4.1 Data Set 1: Survey of Employment and Unemployment Patterns (SEUP)

4.1.1 General Information

This longitudinal data set, provided by the Labour Statistics Branch of the Australian Bureau of Statistics (ABS), surveys the employment and unemployment patterns of a targeted sample of Australian residents between September 1994 and September 1997. The survey targets the residents of private dwellings, aged 15 to 59 inclusive. More specifically, the sample targets clusters of dwellings in geographic areas that have been previously identified as having a high proportion of unemployed persons (ABS, 1995: 3).¹⁰ The sample is divided into three specific subgroups. These are explained below.

¹⁰ Some initial use of this data set was made by a 1998 ABS report. In this report (ABS, 1998), jobseekers who found part-time work were identified. Simple demographic information was provided in this discussion.
The first subgroup is the largest, with an initial sample size of 5488 persons. Referred to as **The Jobseeker Subgroup**, it includes unemployed persons and persons who are employed part-time but looking for a job with increased working hours. The individuals in this subgroup were “screened” to ensure that they are genuine “jobseekers”.

The second subgroup is referred to as **The LMP Participants**. Individuals in this group are those who commenced an employment subsidised placement and/or a labour market training program between July 1994 and February 1995. This subgroup complements the jobseeker subgroup, and has been included to ensure the survey has a sufficient number of LMP participants to support analysis of their characteristics in the first wave. The initial size of this subgroup sample was 1019.

The third subgroup is the control group, or **The Population Reference Group (PRG)**. This group has an initial sample size of 2311 persons. This group is a random sample of persons aged 15-59. It has been included in the survey so that the labour market experience of the jobseeker subgroup can be compared to the labour market experience of the general population (ABS, 1998).

The prospect of analysing the SEUP is attractive for another of its features: it can be matched up with administrative data collected through the Department of Employment, Education and Training (DEET) and Department of Social Security (DSS) systems. However, Information about participation in DEET or DSS programmes is only available if the individual respondent has explicitly consented to having this information accessed. This consent was obtained (or refused) at the time of recruitment to the survey. An average of approximately 64% of respondents across the entire survey consented to this information being accessed, and the majority of these were from the Jobseeker and LMP participant subgroups ABS (1995).11

Recruitment of the initial sample for the survey and the collection of baseline socio-demographic characteristics commenced in April 1995. Following this, the sample was visited each September from 1995 to 1997, offering three years worth of observations.12

4.1.2 Outcome Variables

There is an extensive list of outcomes variables, particularly labour market participation variables. These include jobseeker status, such as “employed” and “unemployed”, and also “duration of employment”. Labour market activity variables include “working” and “looking for work”, and this variable is recorded both at the beginning and the end of the reference period. Furthermore, the duration of any employment episode is also recorded.

The type of employment the individual has obtained is also identified. This includes “Employee”, “Employer”, “Own account worker”, or a “Contributing Family Worker”. The survey also records the number of hours worked, and full-time/part-time/casual employment status of the individual. Part-time workers are asked why they are

11 From the jobseeker subgroup, 72% consented to allowing their DEET and DSS records to be accessed. From the LMP participant subgroup, 85% consented to allowing access to DEET records and 82% allowed access to DSS records. The Population reference group had a very low consenting rate of 30% for DEET, and 35% for DSS. This is to be expected, as many of the participants in this control group were not unemployed, and therefore had no DEET or DSS records that would be relevant.

12 The survey period was split into the following 3 collection waves:

*Wave 2*: 4 September 1995 to 1 September 1996.

The Survey then tracked the employment (or unemployment) history of the group over these three years.
working part-time, and whether one reason is because welfare payments or pensions may be effected. Additionally, the sector of employment is noted, and this may include whether employment is in the private or public sectors, and even various industries. Importantly, weekly earnings are obtained for individuals who are working as employees. Income is recorded, and the source of this income is also observed, and this includes various government supplements as well as wages and salaries.

4.1.3 Test Variables

The SEUP offers access to test variables, but at a cost. Specifically, under housing variables, respondents to the SEUP are asked about their housing tenure. In addition to housing tenure, a landlord type variable that includes responses such as private, employer, another resident or state/territory housing authority is required to identify public housing tenants. However, this variable is not available in the basic version of the data set. Instead, special application to the ABS is required to have these variables included. The cost of making this application is discussed in detail below.

A potentially attractive quality of the SEUP is that there are a number of test variables that are specific to hypothesis two, i.e., variables that indicate participation in LMPs. These variables include the method the individual used to obtain their last job, for example, did the Commonwealth Employment Service (CES) play a role? Training programs—both in house and external—are identified, as is a current enrolment in study. In this capacity, the Department of Employment, Education, Training and Youth Affairs (DEETYA) data Items are wide-ranging, and include CES registration, the specific LMP, and the start date and duration of the program. The SEUP also records the employment outcome of the program three months later.

4.1.4 Control Variables

There is a large number of the control variables contained in the SEUP. Various demographic variables are recorded. All the individual respondents are asked to provide specific demographic information such as their age, place of birth, marital status, first/second language, and the existence of any disability or handicap. Location variables include area of usual residence, that is, whether the respondent resides in the capital city, balance of major urban areas, other urban areas or rural areas, and the index of relative socio-economic disadvantage decile within which the collection district of the respondent falls.

4.1.5 Costs

The edited, or default, version of this data set can be obtained from the ABS without cost. However, some of the variables that are imperative to the current project have been excluded due to privacy concerns (e.g., landlord variables).

For a fee, the ABS can download these edited variables and construct an expanded version of the SEUP. The cost of this expanded data set depends upon the number of variables that are requested. There are a number of components to the calculation of the cost. The first is a labour cost, which, at the current rate, is $150 per hour. There is a charge for infrastructure that is based on the number of theoretical cells of data provided, and an additional charge for any direct costs.\(^{13}\) The minimum infrastructure charge per table is currently $41.00 per 1,000 cells (the maximum infrastructure charge per table is $15,500).\(^{14}\) Further investigation has revealed that there is the need to get approval from the ABS to add the landlord type variable to the CURF. This would take months and result in a very high cost.

\(^{13}\) Direct costs are things like photocopying so shouldn't apply in this case

\(^{14}\) The cost of all consultancies includes a GST of 10%.
4.1.6 Conclusion

The SEUP data set contains sufficient number of the key variables: outcome, test, and control variables are all present in the data set. One weakness of the data set is the HA test variables are limited to simply identifying housing tenure. It may be difficult to impute CRA with the data set. Though income sources are sufficiently detailed such that CRA eligibility can be imputed we cannot tell whether a renter is in private or public housing. A second weakness is the substantial cost of using the whole data set: obtaining the data in its entirety requires a submission to the ABS and will entail a large payment. An additional problem is that the data is now becoming too old, and many laws that impact upon HA and particularly EMTRs have changed. The strength of the data set is the excellent range of test variables specific to hypotheses two, which can identify those individuals who have participated in a LMP.

4.2 Data Set 2: The General Customer Survey (GCS)

4.2.1 General Information

The GCS is a panel data set constructed by FaCS. It is designed to track customers of FaCS as they move across a two-year cycle of the survey. A new group is integrated into the survey each quarter. The individual respondents within each group are interviewed at two twelve month intervals, and individuals who are in receipt of employment related payments (such as Newstart, Youth Allowance, and Parenting Payment) are interviewed each quarter during their first year in the survey.

An important feature of the GCS is that the data can be linked up to an administrative data set, known as the Longitudinal Data Set (LDS). This data set can offer detailed information of each individual’s income support history as far back as 1995.15 This is an attractive quality for Hypothesis Two, as is explained below.

4.2.2 Outcome Variables

Labour market participation and employment outcomes are measured by the survey in terms of income. This includes weekly earnings, time spent without paid work, and employment status (past and present). Importantly, each of these can be observed before and after transition into HA. Also, there are a number of helpful variables under the category of Job Search, including an individual’s availability to work. Interestingly, there are some questions about the individual’s awareness of entitlements and incentives, and those individuals who change their labour market participation are explicitly asked whether they are aware of “taper rates” and “cut out amounts” etc.16

4.2.3 Test Variables

In terms of HA test variables, this data set contains some valuable observations. In the first survey of each wave, respondents are asked to identify their landlord type: there are two public rental possibilities:

- Rented, public housing commission property
- Rented as a community housing property

In later surveys, each wave is asked whether they still reside at this address. If they are at the same address, the respondents are then asked about changes in ownership, rent, and mortgage repayments. If they are not at the first residence they

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15 The LDS contains data from each and every person receiving income support in the social security system. The data has a four-year time span, and is collected fortnightly, from July 1995 until June 1999. This data can only be accessed at a FaCS State Office (see ACSPRI, 2000).

16 The validity of such “leading” questions is debatable.
have named, and have therefore moved, they are explicitly asked about what they have moved into. Specifically, they are asked about their housing tenure, including public and community housing. There are also a number of questions about changes to the household structure, which would enable some observation regarding the type of dwelling (size and tenure) by household type.

There are a large number of variables referring to other forms of welfare assistance that the individual might receive,17 and some of these might be suitable for testing hypothesis two. Whether or not the individual is receiving some form of benefit or assistance is identified, and the Job Search category includes a number of variables that refer to what job search process the individual has pursued, e.g., whether the individual is part of a Centrelink Program or has used a Job Network office.18

4.2.4 Control Variables

There are many demographic characteristics that are identified in the GCS that would be suitable to use as control variables. Other control variables of particular interest to the current study include the postcode of residence, and the individual respondent’s perception of the accommodation and area. Many socio-economic factors are also targeted by the GCS, including education, disability, and whether the individual receives assistance to overcome his or her disability.

4.2.5 Costs

The primary cost of using this data set is the strict terms of use applied by FaCS. Use of the data is dependent upon agreement to a contract, the details of which imply the user may be sued if FaCS deems that there has been any intrusion of privacy.

FaCS requires information about the nature of the research that will be undertaken. Each individual who will be using the data will need to sign a “Deed of Confidentiality”, commit to security and privacy checks, and offer required information as to his or her mode of practice. In addition, the location at which the research will be undertaken will require a comprehensive security check conducted by FaCS, and a fee of $300 will be charged for the provision of this security check.

Furthermore, the data itself is not in a particularly “user friendly” format. Each cohort sits within a different data set, and separate wave of the survey, and some specific questions have been added and withdrawn across different waves of the survey.

4.2.6 Conclusion

The GCS appears to include a sufficient number of the key variables to conduct some analysis of the relationship between public housing, employment and income levels. More specifically, it appears to contain a sufficient number of the test variables to examine the second and third hypotheses. However, the onerous security regulations, the threatening nature of the prerequisite contract, and the messy nature of the data, make it less attractive in comparison to some of the other data sets discussed in this report. In the future, if it is discovered that these security issues can be easily overcome, then use of the data should not be precluded.

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17 Previous income support for each respondent can be traced by matching the individual’s GCS records to his or her history in the LDS, back as far as 1995. This offers the potential to uncover a history of welfare receipt for these individuals.

18 The individual is also asked if they are aware of the other community services and entitlements at their disposal.
4.3 Data Set 3: The Jobseeker Data Set (JDS)

4.3.1 General Information

The Jobseeker Data Set (JDS) is a data set that integrates the administrative records of both the Department of Employment and Workplace Relations (DEWR) and FaCS. The intention of the data set is to link the administrative records of these two departments in an effort to form a picture of unemployed persons seeking employment.

The timeframe of the data set will, ultimately, be 10 years. However, the initial version will contain records dating from the fortnight ending 8 May 1998 to the fortnight ending 28 November 2002: a time period of nearly four and a half years.

The population of the data set includes Jobseekers recorded in the DEWR Integrated Employment System (IES) who are actively registered and receiving income support in at least one fortnight in the JDS period, combined with information contained from FaCS’ Longitudinal Data Warehouse (LDW). Due to the need to merge the two original data sets (the IES and the LDW), there is a small number of misleading records, as is explained in the FaCS draft report: “There are a small number of individuals on the JDS who have not actually received an income support payment in the JDS Period even when they are recorded on IES as having received a payment. This is due to discrepancy between IES and LDW data” (FaCS, 2003b).

4.3.2 Outcome Variables

The set of outcome variables within the LDS that can indicate labour market participation outcomes are quite numerous. An individuals’ employment status is recorded, and encompasses job tenure, e.g., full-time/part-time status. Additionally, their income level can be noted over time as well. Even in the case of part-time or casual employment, the number of paid hours of work in any fortnight of non-continuous work is identified.

4.3.3 Test Variables

There are a number of test variables contained in this data set. In terms of HA variables the stand out variable is entitlement to rent assistance. Because this is recorded so regularly (fortnightly) it should be possible to identify whether the individual is moving in and out of rent assistance over time. Importantly, such individuals should be easily differentiated from those individuals who do not qualify for any form of rent assistance. Eligibility for rent assistance is specifically linked to other benefits received. For example, if the individual is in receipt of Newstart, then the level of rent assistance to which the customer is entitled is defined as Newstart Rent assistance entitlement. In addition, there is a specific category called rent type. In this category, the individual nominates the type of rent they pay, e.g., private rent, mooring fees, etc. The particular category of interest to the current study is government rent, which allows identification of public housing tenants.

Due to the fact that this data set is administrative records from the Commonwealth department that is responsible for the management of welfare assistance (FaCS), the list of variables that might be used in a test of hypothesis two is extensive. Any individual who is receiving CRA payments (or not receiving them) will have any other form of welfare assistance recorded in the JDS, such as participation in a special assistance program, the length of time (in days) that the individual has been receiving unemployment benefits, the length of time (in days) that the individual has been registered as unemployed, and even their work for the dole status.
Other types of welfare support that an individual may receive that are identified in the data set includes Pensions, Parenting allowances, Newstart, Family Tax Benefits, and the Disability Wage.

Additionally, if the person has participated in a community support program, then the outcome of that program has been noted. Possible outcomes include, but are not limited to, obtaining part-time or full-time paid employment, or even permanently exiting the labour force.

4.3.4 Control Variables

The set of potential control variables is quite large, and includes some important observations such as country of birth, postcode, remote area allowance, and English proficiency. Disability categories are also extensive and there is an indicator of disadvantage for those who face handicaps. The education attainment of the individual is also indicated, including levels up to diploma and degree.

4.3.5 Costs

As with other FaCS data sets, the security controls on the use of the data is quite high. Also, the data set is very new, and is still under construction. 19

4.3.6 Conclusion

The JDS data set appears to have sufficient number of priority one, priority two, and priority three variables to conduct analysis at each of the three hypothesis levels. It is, however, a very new data set, and it is unclear, at this stage, when it will be possible to gain access to this data.

4.4 Data Set 4: Household Income and Labour Dynamics Australia (HILDA) Survey

4.4.1 General Information

The HILDA Survey is Australia’s first nationally representative household-based panel survey. The HILDA survey contains a wide range of information on economic and subjective well-being, labour market dynamics and family dynamics. All the members of an initial household sample are tracked over an indefinite life, with new children of existing household members and new household members resulting from changes in the composition of existing households added in each successive wave. Interviewing for the first wave of the HILDA survey commenced in August 2001. The household response rate was 66 per cent, resulting in a wave 1 sample of 7682 households, with 13969 members successfully interviewed. Interviewing for the second wave commenced in August 2002. Interviewing for wave 3 commenced in August 2003, with interviewing for wave 4 following on one year later, i.e., outcomes have so far been updated on an annual basis. Waves 1, 2 and 3 have been released. The HILDA survey has funding for up to eight waves (MIAESR, 2004). It is expected that the first four waves of the HILDA survey can be employed to conduct analysis of the relationship between HA and economic participation outcomes over the course of the Collaborative Research Venture.

Table 1 provides information on transitions in and out of public housing from HILDA waves 1-3. We identify those persons in wave 1 (2) that make a transition into public housing in wave 2 (3). It is reasonable to assume that persons who make a transition into public housing in wave 2 (3) were on the waiting list in wave 1 (2), since typically

19 The report on which this summary is based is an early draft, so some details may change as FaCS develops the data set.
there is a lengthy wait time before an offer of public housing is made. Table 2 provides information on benefit recipients’ transitions in and out of private renting from HILDA waves 1-3. Benefit recipients who rent privately are likely to be CRA recipients, though some may not be CRA recipients if they do not satisfy all other requirements to be eligible for CRA. With the release of wave 3 the sample of persons making transitions in and out of HA is reaching respectable numbers, with 232 transitions in and out of public housing and up to 370 transitions in and out of CRA. With the impending release of wave 4 in early 2006, the HILDA data set will be a useful data set for examining the labour market behaviour of HA recipients prior to and after transition into or out of HA.

Table 1: Transitions in and out of public housing, 2001-03

<table>
<thead>
<tr>
<th>Period</th>
<th>Entrants</th>
<th>Exits</th>
<th>Number of public housing tenants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wave 1 (2001)</td>
<td>n.a.</td>
<td>n.a.</td>
<td>427</td>
</tr>
<tr>
<td>Wave 2 (2002)</td>
<td>47</td>
<td>51</td>
<td>423</td>
</tr>
<tr>
<td>Wave 3 (2003)</td>
<td>63</td>
<td>71</td>
<td>415</td>
</tr>
</tbody>
</table>

Source: HILDA waves 1-3

Note: The sample is derived from persons who responded in all three waves.

Table 2: Benefit recipients’ transitions in and out of private renting, 2001-03

<table>
<thead>
<tr>
<th>Period</th>
<th>Entrants</th>
<th>Exits</th>
<th>Number of private renters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wave 1 (2001)</td>
<td>n.a.</td>
<td>n.a.</td>
<td>582</td>
</tr>
<tr>
<td>Wave 2 (2002)</td>
<td>99</td>
<td>83</td>
<td>598</td>
</tr>
<tr>
<td>Wave 3 (2003)</td>
<td>104</td>
<td>84</td>
<td>618</td>
</tr>
</tbody>
</table>

Source: HILDA waves 1-3

Note: The sample is derived from persons who responded in all three waves and who received a pension or allowance in all three waves.

4.4.2 Outcome Variables

Priority one labour market participation variables are available, as the survey contains detailed information on labour and income dynamics and history, including labour force status, hours worked, income levels, unemployment history etc. It is possible to observe the changes in labour market participation and income levels of persons as they move on and off HA across the three waves. Projects A and B of the Collaborative Research Venture have made extensive use of HILDA.

4.4.3 Test Variables

The HILDA data set contains information on the housing tenure and landlord type of respondents. This facilitates observation of HA status. Respondents who are renting from a state housing authority are easily identified as public housing tenants. Respondents renting privately are eligible to receive CRA if they receive government benefits to which CRA is paid as a supplement and pay rent above a minimum rent threshold. While respondents do not directly report whether or not they are CRA recipients, the HILDA data set contains detailed income information, including type of
government benefits received, income unit type and amount of rent payments. This information can be combined to enable researchers to identify CRA recipients and impute each person’s CRA entitlement level (see Project B final report). Churning on and off HA can be observed by tracking individual movements on and off public housing or CRA across successive waves.

The receipt of unemployment benefits can be observed in the HILDA data set due to its in-depth coverage of types of government benefits received. Again, churning on and off government benefits receipt can be observed across waves. Respondents who have been unemployed recently are also asked whether or not they have ever been required by Centrelink or a Job Network provider to participate in activities that encourage economic participation, such as Work for the Dole, job search training, Job Placement Employment Training and New Apprenticeship Access programs.

4.4.4 Control Variables

Due to its extensive and in-depth coverage of socio-economic and family dynamics, the HILDA data set contains a plethora of control variables that would support testing of each general hypothesis. An important aspect of the data set is the information it contains on employment history, education history and family history. Geographic identifiers in the data set such as major statistical region, remoteness area and index of relative socio-economic disadvantage variables permit the analysis of neighbourhood effects on economic participation outcomes. The major statistical regions variable enables identification of which state a respondent lives in, and whether the respondent lives in the capital city or not. The remoteness area variable shows whether a person is living in the major cities, inner regional areas, outer regional areas, remote Australia, very remote Australia or migratory regions. Disadvantaged areas are also represented by very low deciles of index of relative socio-economic disadvantage. Details on the dwelling characteristics are represented by variables such as dwelling structure, external condition of dwelling, evidence of different types of security features such as security doors, no trespassing signs, security guards, bars on windows etc. Marital status and the number of dependants are observed as well as a range of other demographic variables. Ethnicity can be identified through country of birth variables. English proficiency is measured for persons who are born outside Australia, and the HILDA survey contains a variable that highlights whether or not a person has a long-term health condition, disability or impairment.

4.4.5 Costs

A confidentialised unit record file of the HILDA Survey is made available to Australian academics and government users for free, apart from a handling fee of $77 (MIAESR, 2004).

4.4.6 Conclusion

The results of the assessment of the HILDA data set in this section can be summarised as follows. The data set contains sufficient key variables to enable researchers to track the economic participation histories of people making transitions into and out of HA programs and to measure the significance of causal relationships between HA and economic participation outcomes. Besides its extensive range of information, a key attribute of the HILDA data set lies in the fact that it is a nationally representative panel survey. Thus, the data set permits comparisons of HA and welfare assistance recipients with those who do not receive housing and welfare assistance.
Whelan (2004), makes fruitful use of waves 1 and 2 of the HILDA data set to analyse the impact of HA on labour market activity. However, Whelan (2004) warns that the results for public housing tenants must be interpreted with caution, as HILDA only contains a small sample of persons who make transitions into or out of public housing over the short time frame of one year. The first three waves present a longer time frame of two years and may therefore mitigate small sample problems. The future release of wave 4 (early 2006) will further ease sample size concerns.

4.5 Data Set 5: Western Australia Homeswest Panel Data Set

4.5.1 General Information

This data set is held by the Department of Housing and Works in Western Australia, and documents the socio-economic and demographic profiles of public housing tenants across Western Australia. The most valuable aspect of this data set is its sheer size. There are 32,000 public housing tenancies or households in Western Australia, with many tenancies comprising more than one person. Each tenant is required to report a change in income level whenever it occurs. The Department also reviews the income levels of their tenants once a year (Hafekost and Holding, 2004).

4.5.2 Outcome Variables

In terms of labour market participation variables, researchers can derive whether each individual is in paid employment or not, based on the wage or salary information provided in the data set. If the wage or salary level of a person is zero over a period of time, the person is assumed to be unemployed or not in the labour force during this period. Unfortunately, it is not possible to identify an individual’s specific employment status, i.e., whether a person is working full-time or part-time. Regular updates of an individual’s income levels may render this limitation less problematic.

4.5.3 Test Variables

The data set offers the date and history of eligibility for each individual in public housing. It also offers information on the length of time that each person spends on the waiting list for public housing. This could prove extremely valuable in replicating a study such as that conducted by Fischer (2000).

It is important to note that churning can only be observed for some individuals in the Homeswest panel data set who have made transitions in and out of public housing. When a person enters public housing, he/she is given a unique customer identification number. If he/she exits public housing, and then re-enters public housing again at a later date, the data entry operator at the Department of Housing and Works can choose to allocate the person his/her old customer identification number, or allocate him/her a new customer identification number. If the old customer identification number is used, it is possible to observe churning. If a new customer identification number is used, it is not possible to observe churning (Hafekost and Holding, 2004).

A number of welfare assistance variables are contained in the data set, including Newstart Allowance and Aged Pension, among others. While it is not possible to determine whether a person with zero wage or salary is unemployed or simply not in the labour force, it is possible to classify the person as unemployed if the person reports receipt of Newstart Allowance, as this allowance is only payable to unemployed persons. Again, churning on and off government benefits receipt can be observed as each tenant’s income details are updated every time their income level changes.
Job market training-related variables are not contained in the Homeswest panel data set (Hafekost and Holding, 2004). Therefore, this data set cannot be used to replicate a study such as that conducted by Verma et al.

4.5.4 Control Variables

A sufficient number of control variables can be extracted from the Homeswest panel data set to analyse the causal relationships between socio-economic and demographic factors of public housing tenants and their economic participation outcomes. The location of residence of each tenant can be observed from postcode and suburb variables. It may therefore be possible to capture neighbourhood effects. Characteristics of the property can be observed as the data set contains variables such as dwelling structure. Marital status and presence of dependants can also be observed. Country of birth variables and a variable that denotes whether a person is of Indigenous origin are indicators of ethnicity. There may, however, be some gaps in the data set related to ethnicity as ethnicity variables are derived from a non-compulsory question in the Homeswest survey questionnaire. Indicators of language proficiency and disability level are also contained in the data set (Hafekost and Holding, 2004).

4.5.5 Costs

The data set is free, and is stored in user-friendly software (Hafekost and Holding, 2004).

4.5.6 Conclusion

This data set is potentially useful in the analysis of the relationship between transitions into public housing and labour market outcomes, i.e., does the individual work more or less after entering public housing? One strength of the data set is that no information is removed even if a person on the waiting list becomes ineligible for public housing, or a person in public housing moves out, the information be not deleted. One of the weaknesses of the only previous Australian study of transitions is that a small sample size rendered the results insignificant (Whelan, 2004). This data set presents an opportunity to re-visit this relationship with an enormous data set. A weakness of this data set is that it is not possible to observe churning for some individuals who have actually made transitions in and out of public housing. Moreover, while it is possible to observe whether a person is in paid employment or not, researchers can at best infer whether a person in paid employment is employed full-time or part-time from the level of reported wage or salary.

4.6 Data Set 6: Labour Force Survey and Confidentialised Unit Record Files from a Redundancy and Retrenchment Supplement

4.6.1 General Information and Conclusion

Murtough and Waite (2000) used the CURF from the July 1997 Labour Force Survey to analyse the adjustments made by retrenched workers following their retrenchment, and their subsequent labour force participation. Unfortunately, it is clear that the there are no variables in this data set that allow identification of housing tenure or even receipt of government benefits. This data set is therefore unsuitable for the testing of impacts of HA on economic participation outcomes.
5 SUGGESTIONS FOR FUTURE WORK

This section offers a number of recommendations as to how some of the data sets reviewed in the preceding section can be used to model the relationship between HA and economic participation outcomes. The recommended approaches involve replications and extensions of seminal studies on HA and economic participation outcomes. Given the different hypotheses and the target variables outlined in section three, and the various data sets offered in section four, this section suggests a number of possible projects.

Of the six data sets that have been examined, all but one data set (data set 6) could potentially be used for analysis of the relationship between HA and economic participation outcomes. However, our report suggests this modelling might begin with three specific data sets.

The Western Australia Homeswest panel data set could be used to test the simple hypothesis that entry into public housing may have a negative effect on labour market participation. It could also be used to estimate the waiting list effect noted by Fischer (2000). Given the large size of this data set, the extensive list of variables contained within it, and the ease with which we can gain access, this data set is an attractive first option.

The HILDA data set could also be used to test the first hypothesis that transitions into HA has a negative effect on labour market participation. The data set could also potentially be employed to analyse the impact of LMPs on labour market participation, and whether churning rates among HA recipients are higher or lower as compared to other welfare recipients who are ineligible for HA. The HILDA data set has also been used to calculate EMTRs and replacement ratios that take account of the complex interactions between transfer programmes and tax provisions in Project B. Because the third wave of the HILDA sample has been made available and the fourth wave will be made available in early 2006, future research will benefit from a larger sample size than the previous studies that have used this data set. Hence, the HILDA data set has strengths that deserve its recommendation.

The SEUP data set could be used to test all three hypotheses identified in section three. Importantly, it has a large sample size, and contains a wealth of information at the level of priority two target variables. The SEUP is an opportunity to test for the effect of HA on labour market outcomes, in combination with LMPs. This represents an important replication of the study conducted by Verma et al. However, the costs associated with obtaining the data set with the landlord variable included are extremely high.

Both the JDS and GCS could possibly be used to test at least hypothesis one. However, due to the costs of the data, it is suggested here that these data sources be of secondary priority.
6 CONCLUSION

The standard prediction of neoclassical economic theory is that individuals in receipt of Housing Assistance will tend to have lower rates of labour market participation. This is due to the disincentive effects of high effective marginal tax rates. However, despite this popular assumption, the overseas empirical studies have shown that comprehensive evidence of such effects remains elusive.

This report has identified three hypotheses, and a set of key variables that are required to test the Housing Assistance and economic participation relationship. Furthermore, this report has identified six panel data sets that could be used to model the effects of Housing Assistance on economic participation outcomes, more particularly, labour market activity. It is recommended that the Western Australia Homeswest panel data set and HILDA data set are most suitable and cost effective for such analysis, and will hopefully improve policy maker's understanding of these issues.
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