Final Report

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The implications of loss of a partner for older private renters

authored by

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ABBREVIATIONS

ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
AHURI	Australian Housing and Urban Research Institute
CRA	Commonwealth Rent Assistance
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
HA	Housing Assistance
HAR	Housing Affordability Ratio
HAS	Housing Affordability Stress
HECS	Higher Education Contribution Scheme
HILDA	Household, Income and Labour Dynamics in Australia
Homeswest	Western Australia State Housing Authority
ISP	Income Support Programs
LDS	FaHCSIA's Longitudinal Dataset
NSW	New South Wales
NT	Northern Territory
SA	South Australia
WA	Western Australia

EXECUTIVE SUMMARY

This project aims to examine the effects of divorce, separation or bereavement on the housing and related financial circumstances of people aged 50 or over in different housing tenures, and in particular those on income support payments. Household dissolution results in loss of income and loss of economies of scale in consumption, which in turn affect the financial and housing circumstances of those who have been bereaved, separated or divorced.

Research approach

The project uses a mixed quantitative and qualitative program of research. The quantitative research uses secondary data sets to explore different dimensions of the housing career pathways of the divorced, separated and bereaved, and to trace how they adjust to their new circumstances. The qualitative research, through interviews with 61 people aged 50 and over who have lost a partner, explores the broader psychological and emotional consequences of loss of a partner that are not evident when using secondary data sets.

Who is most prone to divorce, separation and bereavement?

We start our analysis by considering who is most prone to loss of a partner. A review of the theory around marriage dissolution provides some insight by considering marriage as primarily an economic arrangement that promotes division of labour and hence economies of scale. Marriage-specific investments made during the course of the marriage have been cited as a critical influence on marital stability. These assets decline substantially in value in the event of marriage dissolution. Using a sample of 8655 adults from Wave 3 of the Household, Income and Labour Dynamics in Australia (HILDA) Survey, we compare the socioeconomic and demographic characteristics of the continuously married, separated, divorced, widowed and remarried. Characteristics include age, age at most recent marriage, total of loans secured against a property, potential earnings, presence of children, housing tenure and employment status. A multinominal logit model is used to estimate the impact that the above variables have on the likelihood of separation, divorce and bereavement among the sample. The analysis confirms that older private renters on low incomes are particularly vulnerable to loss of a partner. Some gender differences arise: low income is associated with male divorce, while the low income seems to deter females from separation and divorce. Remarriage is more common among divorced males than females; if this facilitates financial and housing market recovery there will be a gender bias to adverse housing consequences (and demand for housing assistance) following separation and divorce.

Housing affordability following loss of partner

Household dissolution is likely to cause financial pressures, as there is a reduction of income for one or both partners while housing costs still need to be met by those who are renters or purchasers and, to a lesser extent, outright owners. Broadly speaking, using HILDA, we have created ‘panels’ that comprise the same people observed at three different points in time. Their circumstances before and after major life course events can then be observed. Section 3.2 considers the housing affordability ratios of 247 home purchasers and renter income units before and after household dissolution. These results were compared to the continuously coupled. One year following dissolution, 30.7 per cent of the sample moved into housing affordability stress (HAS) (paying more than 30 per cent of income in housing costs), compared to 8.9 per cent of the sample who experienced HAS in the year preceding household dissolution. Of

the panel, those who re-partnered fared better than those (the majority) who did not re-partner. Two years following household dissolution, the housing affordability ratio (HAR) of those who have lost a partner remains higher (17 per cent) than those who remained continuously coupled (13 per cent). Section 3.3 uses the AHURI – 3M Microsimulation model to measure housing costs and housing affordability ratios net of housing assistance. The model uses the Commonwealth Government's income and assets tests to determine private renters' eligibility for Commonwealth Rent Assistance.

Effect of loss of partner on tenure and housing wealth

By comparing housing tenure patterns before and after loss of partner we find that break-up and bereavement are major disruptions to home ownership aspirations. In order to retain home ownership, many people are forced to borrow and unlock housing wealth as part of settlements. Divorce and separation now typically occur in middle age. Public policy implications arise, as many people are forced to use their retirement savings to meet debt repayments, leaving them reliant on the aged pension. Using panels created from Waves 1–3 of HILDA we compare the tenure profile of people one year and two years following the loss of a partner. These findings are then compared to tenure patterns of surviving couples in Waves 1–3. We find that there is an abrupt change in tenure pathways in the first year following loss of partner, with home ownership rates falling by 25 per cent. In stark contrast, the year-on-year tenure profile of surviving couples reveals a steady increase in rates of home ownership as the rate pushes towards nine in every 10 surviving couples. The disruption to housing tenure pathways caused by divorce or separation is not quickly reversed. In the two years following dissolution, home ownership continues to fall as people move into rental housing. Disruption is felt more among households that were home purchasers prior to dissolution rather than outright owners, and by those who are divorced or separated rather than widowed. Section 4.3 considers residential relocations as a result of loss of a partner. These relocations can help to cushion housing affordability stress or can be prompted by a desire to live closer to relatives.

Qualitative findings

Sixty-one in-depth interviews were carried out with people aged 50 or over who had lost a partner through divorce, separation or death. Home owners and public and private tenants were among the sample. Approximately 45 per cent of the sample were from culturally diverse backgrounds, providing more varied data than that available for HILDA. The interviews were concerned with the emotional consequences of the loss of partner, financial impact, housing affordability issues and tenure mobility.

The emotional consequences were particularly evident for those who had lost a partner through bereavement, with many reporting that it had taken them a long time to recover. Those who lost a partner through divorce and separation were also traumatised by the experience, but equally many were relieved that the relationship was finally over.

The qualitative data confirm our quantitative findings that many people experienced financial hardship following loss of their partner. Private renters were the most disadvantaged among the group, with many unable to afford the most basic luxuries and also unable to meet unexpected expenses. Public renters tended to be somewhat cushioned, as their rents are a fixed percentage of their income. Home owners also had some financial concerns, with many being 'asset rich and income poor'.

The qualitative data also confirm that private renters and home owners who have mortgages are likely to move if they lose a partner. This is due to their drop in income

while mortgage or rent payments remain the same. Outright owners, who are not subject to this constraint, move to a smaller dwelling or closer to their children.

The qualitative data reveal that people from culturally and linguistically diverse backgrounds were more likely to move in with their children after loss of their partner than those from Anglo-Celtic backgrounds.

Demand for public housing

As has been noted elsewhere, the ageing of the population is going to have significant ramifications for the housing sector and for public housing, with respect to both the quantity demanded and the type of housing required. Our estimates show that the number of Australians aged 50+ is likely to increase by around 75 per cent over the coming 18 years. The number of persons aged 80+ will more than double. In Western Australia, based on the current propensity of people in these age groups to enter public housing as singles, it has been possible to provide projections, to 2025, of the future demand for public housing that will arise from older people who have lost a partner. Very few of these are expected to be sole-parent households, meaning the vast majority will seek to enter public housing as single-person households. The projected growth in demand for public housing from this source is modest but nonetheless significant. Nationally, the number of such persons seeking to enter public housing by 2025 annually is estimated to equate to 10 per cent of the current stock of occupied public housing properties, up by around 3 percentage points from today. Most of the increase will come from persons aged between 60 and 80. There is also significant variation in the projections by state. Queensland faces the largest increase in demand from this group. By 2025, the projected number of older, single persons applying to enter public housing each year in Queensland and Victoria equates to around 15 per cent of the current public housing stock in those states. In contrast, minimal growth and a modest demand (between 4.5 and 6.6 per cent of stock) are forecast for South Australia, Tasmania, the ACT and the Northern Territory.

Policy Implications

The findings from this project will demonstrate that there is a need to review the housing assistance arrangements for this group of people. We show that the divorced and separated are particularly vulnerable to housing affordability stress, and the housing market position of older private renters in this group is of particular concern. Among those who are home purchasers at the time of marriage break-up, around 50 per cent become renters within two years of losing a partner. The widowed are often outright owners but many nevertheless experience financial hardship when faced with a large non-recurrent bill, such as unexpected repairs. Public renters are not automatically shielded from housing affordability problems, because marriage break-up typically means that one partner moves out and has to secure accommodation in the private market (or with friends or relatives).

1 KEY RESEARCH QUESTIONS AND RESEARCH APPROACH

1.1 Purpose and context

This project seeks to examine the effects that divorce, separation or bereavement have on the housing and related financial circumstances of people aged 50 or over in different housing tenures, especially those on income support. The project brief (pro315) succinctly expresses the concerns that motivate this project:

> Losing a partner, whether through separation, divorce or death, has significant consequences for the life of a person. Many will need time to deal with feelings of grief from the loss of, or separation from, a loved one, and the need to cope with a number of daily living responsibilities previously carried by their partner. Then there are also the additional concerns of a change in financial circumstances, and the lifestyle consequences these may entail (pro315 AHURI, 2005, p. 1).

One of the more important lifestyle consequences of the change in financial circumstances is on the housing career pathways of the divorced, separated and bereaved. The reduction in incomes and the loss of economies of scale in consumption[1] that commonly accompany household dissolution can be the cause of housing affordability stress. Furthermore, home owners may find it impossible to maintain their ownership status and 'fall off the home ownership ladder'. Those who remain home owners may find themselves dependent upon housing assets as a store of wealth that they plan to fall back on in times of financial hardship. Finally, public housing tenants who move out of the family home following marriage break-up must secure alternative accommodation, and this need can be an urgent one that cannot be readily met in the private market.

These issues have policy relevance, as was clearly stated in the project brief:

> There are clear housing policy implications if the change in circumstance leads to housing stress, or precipitates a move from present housing into other (less costly) forms of housing such as public housing or housing located further from amenities (pro315 AHURI, 2005, p. 2).

The findings of this project demonstrate that there is a need to review the housing assistance arrangements for this group of people. We show that the divorced and separated are particularly vulnerable to housing affordability stress, and the housing market position of older private renters in this group is of particular concern. Among those who are home purchasers at the time of marriage break-up, around 50 per cent become renters within two years of losing a partner. Widows are often outright owners but many nevertheless experience financial hardship due to much of their wealth being locked up in housing and therefore relatively inaccessible. Public renters also experience affordability problems because marriage break-up typically means that one partner has to move out of the public rental property and secure private rental or other accommodation. Our projections also suggest that older persons who have lost a partner will place a growing demand on public housing in the future. Next we outline the research approach that generated these findings.

[1] For example, a couple need only one bathroom but following marriage break-up, the ex-partners form separate households that each require a bathroom.

1.2 Research approach

The project features two complementary programs of research – quantitative and qualitative. The quantitative research uses secondary data sets to explore different dimensions of the housing career pathways that the divorced, separated and bereaved trace out as they adjust to the new financial and other changed circumstances following loss of partner. More specifically:

- We use the confidentialised unit record files of the Household, Income and Labour Dynamics in Australia (HILDA) Survey to create a panel of persons who lose a partner at some point between 2001 and 2003. Their housing career pathways are compared to those of continuously coupled partners who are used as a benchmark to gauge the disruption caused by loss of partner. We explore the role of housing assistance programs using the tax-benefit simulator contained within the AHURI-3M model. As explained in the positioning paper, the sample frame for the study has been deliberately extended to all divorced, separated and bereaved Australian adults, rather than those aged 50 years or over. This is because divorce and separation typically occur to people in their thirties and forties, and it is in the immediate years following loss of partner that financial hardship is likely to be felt most keenly.
- The 1 per cent sample file of the Australian Bureau of Statistics (ABS) Census of Population and Housing is employed to explore the patterns of residential location of older singles who are divorced, separated or bereaved. The current geographical distribution of older persons who have lost a partner, in terms of whether they live in inner metropolitan, outer metropolitan, or country regions, is compared to those who have not lost a partner. The degree (and direction) of mobility of these groups is also explored by investigating the pattern of transitions between these areas since the previous Census (1996).
- The confidentialised administrative records of the Western Australian government's Department of Housing and Works are a rich source of data that enable us to generate projections of the future demand for public housing. The records reveal the number of waiting list applicants in the year 2001 who have been offered and have accepted a tenancy by 2005. The numbers of older singles who have entered public housing by 2005 are expressed as a proportion of the total number of older persons resident in Western Australia (WA) in 2001. This proportion is applied to ABS demographic projections of the WA population by age over the period to 2025 to arrive at projections of the future demand for public housing. The same exercise is repeated in the other states using the ABS demographic projections specific to those states.
- FaHCSIA's national Longitudinal Dataset consisting of fortnightly administrative records of benefit recipients is used for both cross-sectional and longitudinal comparisons. The cross-sectional analysis compares the circumstance of those who have lost a partner with those who have not. For those who suffer loss of a partner, the longitudinal analysis calculates the changes in their circumstances from just prior to the separation to six months and twelve months later. These are compared to developments in the circumstances of benefit recipients who remain continuously partnered and those who remain continuously single. The data enable developments in a number of key variables to be monitored, including housing tenure, housing affordability, income and labour force participation, and sample sizes are sufficiently large to allow separate analysis of private renters.

A second stream of research uses qualitative research methods to investigate the experiences of 61 people aged 50 or over who had lost a partner through divorce, separation or death. The qualitative research investigates questions that cannot be

explored using secondary data sets, including the broader ramifications for the psychological and emotional conditions of people who have lost a partner.

1.3 Outline of report

Chapters 2 to 5 examine the consequences of loss of partner for various dimensions of a person's housing circumstances. Quantitative and qualitative findings on how the divorced, separated and bereaved have adjusted to loss of partner, as well as an exercise that examines the factors determining likelihood of loss of partner, are reported. The quantitative analysis employs panels of divorced, separated and bereaved individuals from the HILDA and LDS datasets to track changes in their housing circumstances before and after these events. Chapter 2 provides an analysis of the types of couple most likely to experience divorce, separation or bereavement. The housing assistance consequences of these events depends in part on whether couples most prone to dissolve are selected from poorer segments of our communities, where housing stress is concentrated. Chapter 3 examines housing affordability, while chapters 4 and 5 deal with housing tenure and housing wealth. Each of these chapters describes and analyses the housing career pathways of Australians before and after loss of partner. These research questions are 'longitudinal' in nature, and hence well suited to analysis using the HILDA survey, a panel data set that began in 2001. However, the construction of a suitable sample for analyses of housing career pathways is a complicated task that we spend some time explaining (in Chapter 3), as it is important to an understanding of our findings in chapters 3 and 4. The FaHCSIA longitudinal dataset also provides a unique opportunity to examine these issues using longitudinal methods, and this analysis is reported in Chapter 5.

The qualitative research investigates questions that cannot be explored using secondary data sets. Findings are reported in two ways. First, case studies that illustrate the main findings from our quantitative research are placed in box inserts at relevant junctures. This approach aims to provide a more balanced treatment of the subject matter, by offering a concrete human dimension to the 'facts' revealed by quantitative analyses. A separate chapter (Chapter 6) is also devoted to the qualitative research findings. Here the focus is on the emotional aspects of housing adjustments following loss of partner, and the dimensions of housing adjustments that cannot be studied using only secondary data sources.

Chapter 7 reports the findings from the projections of the demand for public housing from older Australians over the period to 2025. It has clear policy relevance, as it seeks to establish whether existing stocks of public housing will be sufficient to meet the projected demand from this demographic group. Chapter 8 summarises our key findings and tentatively puts forward some policy options.

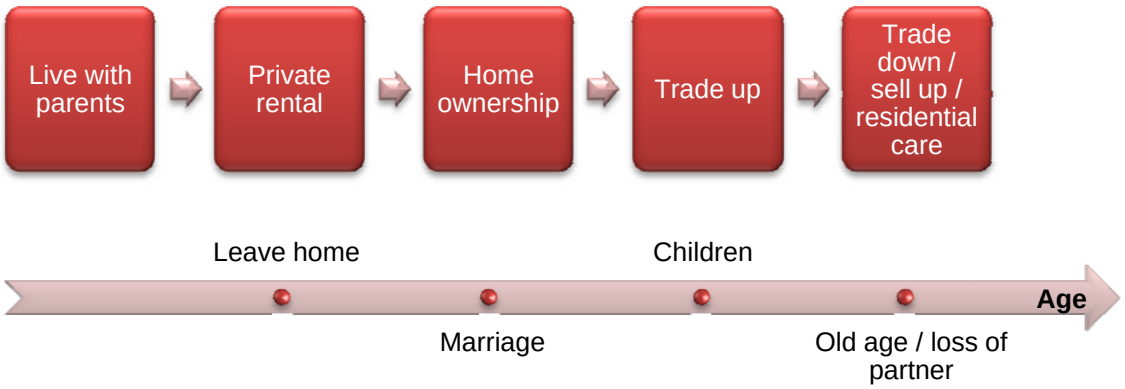
In the remainder of this chapter we present a short review of Australian studies that have examined the housing circumstances of the divorced, separated and bereaved and set the context for the analysis that follows. The positioning paper presents a broader review of overseas studies (see Chapter 1 of the positioning paper).

1.4 Literature review

Traditionally there has been a strong correlation between major life course events and an individual's progression through their housing career. Housing careers can be described as the sequence of life course events and the corresponding evolution of housing circumstances an individual or household experiences over their life cycle. The early literature tended to view this progression as a series relatively straightforward transitions (Beer et al., 2006). Typically an individual was raised in the

family home, moved into rental housing either as an individual or as part of a group, before moving into home ownership, a move that more often than not coincided with marriage (Kendig, 1984). With the birth of children, couples traded up into more spacious housing and tended to stay in this housing even when the children departed. In old age, bereavement and infirmity, the surviving parent typically moved into a nursing home or sheltered housing, which could include moving in with offspring.

Figure 1.1: Linear housing career and life stage events



Each move through the housing career was motivated by a major life event, such as finishing school or university and moving into private rental. Getting married resulted in a move into home ownership, while having more children and/or a move up the labour ladder resulted in trading up to a larger residence. This linear trend in housing careers is no longer applicable, due to changing social attitudes, demographics and labour and marital circumstances. Olsberg and Winters (2005) document the shift away from a traditional nuclear family towards a more blended family structure as a result of divorce, remarriage, single-parent families, childless couples and same sex-couples. There is also evidence to suggest that fewer people are entering marriage.

These changes are important because there is evidence to suggest that that marriage has a positive impact on housing careers and thus financial circumstances (Zagorsky, 2005). Mutchler and Burr (2003) report on the significance of marriage for the housing careers of older people: those who are married are much less likely to move house than those who live alone. The added support of a spouse also delays entry into residential care, thus facilitating ageing in place. In contrast, those who remain single, divorced, separated or who are widowed are more likely to relocate (Beer et al., 2006). Faulkner and Bennett (2002) used data from the Australian Longitudinal Study of Ageing to show that older people in South Australia who were widowed were at least three times more likely to relocate than other members of the community.

Given that the number of single-person households is growing, there are three pieces of evidence that provide critical background information for this research project. First, the data indicate that the majority of sole-person households are composed of women, reflecting their longer life expectancy and lower remarriage rates and their tendency to be younger than their partners (Beer et al., 2006; McLennan, 1999). A report, commissioned by the ABS, on older people in Australia found that men are more likely to live in family situations to later ages than women. In 1996, three-quarters (75 per cent) of all men aged 65 or over lived with family members (usually their partner), compared with around half (53 per cent) of all women of the same age. Among people aged 75–79, the proportion of men living with their partners (69 per cent) was almost twice that of women (35 per cent); for those aged 80–84, the disparity was even greater (59 per cent of men compared with 20 per cent of women).

Consequently there are more females than males living in age cared accommodation, particularly those aged 85 or over (McLennan, 1999).

Second, divorce and separation tend to have an adverse effect on both men's and women's financial position, but there is evidence that women are more disadvantaged by divorce and separation than men. This is because women are less likely to re-partner than men and their incomes are often lower because of child care responsibilities. Smyth and Weston (2000), in analysing data from the Australian Divorce Transitions Project, found a statistically significant relationship between gender and financial living standards. Older women were found to have the highest rate of disadvantage, with 65 per cent living below the poverty line, followed by older women who are sole parents (59 per cent) and younger women who are sole parents (44 per cent). A similar pattern of disadvantage exists in the male cohort, with a third of men living alone and a quarter of sole fathers living below the poverty line, albeit not to the same extent as women.

The AMP-NATSEM (2005) report on the financial impact of divorce in Australia uses data from HILDA to examine the change in financial circumstances of people aged 30–49 who were married in Wave 1 and subsequently divorced or separated in later waves. The disposable income for those who remained married rose by an average $2,500 a year for males and $2,700 a year for females. Those who separated saw their household disposable income fall by an average of $4,100 per year for males and $21,400 per year for females in the first year after separation.

To put these figures in context, it must be considered that 42 per cent of divorced women are lone parents, compared to 14 per cent of divorced men. AMP-NATSEM (2005) found that lone-parent households have reasonably high home equity compared with single-person households, but this is very often at the expense of other investments such as superannuation. Lone-parent households were found to have 25 per cent of the superannuation of single-person households and one-sixth of the superannuation of coupled households. Lone-parent households also had the lowest current income compared to single and coupled households, making it very difficult for them to recoup the shortfall in superannuation and leaving them vulnerable to financial insecurity in retirement.

The third piece of evidence that has a bearing on the analysis that follows is that women are more likely to end up on their own because of bereavement. Because of their longer life expectancy and tendency to be younger than their partners, older women are much more likely than their male counterparts to suffer bereavement and as a result end up living alone or in aged care. In terms of superannuation, Olsberg (2004) found that women are at a particular disadvantage in the accumulation of sufficient funds to see them through retirement. This is due to a number of reasons, not least family responsibilities, which result in an interrupted employment history compromising earning potential and therefore superannuation contributions. This is further amplified for older women who, while working, may not have had any superannuation entitlements prior to the introduction of the superannuation guarantee charge in 1992. Women who are dependent on their partner's superannuation or retirement savings are left in a precarious position in the event of marriage dissolution.

While much of the literature relating to loss of a partner is not specific to older people and deals predominantly with the effect of divorce and separation rather than bereavement, it seems to have one recurring theme: that females generally fare worse than males. A number of factors are thought to result in this outcome, not least that in the majority of cases, females retain custody of the children. This severely hampers their ability to gain access and remain attached to the labour market and to re-partner. The general consensus is that re-partnering is the most effective means of

reversing the negative effect of divorce and separation. Sheehan (2002) agrees that re-partnering is an effective means of escaping divorce/separation-induced economic disadvantage but highlights a gender bias in the differing abilities of males and females to re-partner, with females very often constrained by child care responsibilities. Hughes (2000) goes on to show that older females and those with dependent children would most benefit from re-partnering but are least likely to have done so six years after divorce.

2 WHO IS MOST PRONE TO DIVORCE, SEPARATION AND BEREAVEMENT?

2.1 Introduction

The brief for this project asks the researchers to understand and measure the effects that divorce, separation or death of a partner has on the housing and related financial circumstances of older (50+ years) private renters, and in particular those on income support payments. This chapter makes an important contribution by showing that this older group of Australians is not necessarily the most important group to focus on. We do this by analysing the relationship between divorce, separation and bereavement on the one hand, and the socioeconomic and demographic characteristics that are associated with likelihood of household dissolution because of these events. The aim is to identify those groups in our communities that are most prone to such events, and thus the groups for whom housing policy implications are potentially most important.

2.2 Theory: marriage dissolution

Theory can provide guidance with respect to variables that we might include in any investigation of the factors determining marriage dissolution[2]. The most interesting theoretical contributions have arisen in relation to marital instability and divorce. The early contributions of Becker (1974) and Becker et al. (1977) offer an economic theory of marriage that emphasises efficiency gains from division of labour and specialisation, the gains from risk pooling (if one partner becomes unemployed, their spouse may increase labour supply), economies of scale (one apartment costs less to rent/purchase than two small apartments) and positive *externalities* where a partner gains enjoyment from their spouse's consumption of a shared amenity. If these gains are eroded and the costs of divorce are low, a marriage is more likely to dissolve.

The specialisation gains argument has been used to explain evidence of a marriage premium in male wages, though more recent studies cast doubt on the size and existence of the marriage premium. The Becker rationale is that men have a comparative advantage in market work and women have a comparative advantage in home activities: if his wife stays at home, the married male will have more time to build up his human capital than the single male, hence the wage premium[3]. This theory predicts that the husband's earnings increase marital stability because economic difficulties are less severe, and men with high earnings potential find it easier to attract partners with the desired characteristics. On the other hand, the wife's earning potential erodes marital stability because an increase in that potential reduces the benefits from division of labour as well as making it easier for women to support themselves and terminate unhappy unions.

The values implicit in the division of labour and specialisation argument are of course controversial. The validity of the theory has also been questioned on empirical grounds. The division of labour argument will depend upon whether the wife works, and the premium should begin with cohabitation, not marriage. However, Akerlof (1998) cites evidence that the premium is present whether or not the wife works, and that cohabitation has no effect on male earnings. The expectation that the potential earnings of married partners should be negatively correlated has received little support, the review of Lehrer (2003) concluding that the empirical evidence suggests

[2] It is worth noting that the literature reviewed here does not distinguish between de facto and married couples.

[3] This has an important implication since on divorce the male retains the human capital that has been accumulated.

a positive but weak correlation. Furthermore, studies of the labour supply behaviour of married women indicate that those who subsequently divorce tend to increase their hours of work and labour market participation prior to separation and divorce, and this obscures the positive correlation between partners' earnings capacity and marital stability.

A rationale for this finding is that marriage is more likely to be stable if partners share complementary traits that facilitate enjoyment of shared activities in the home. Watching television, cooking, home renovation and the like are a greater source of pleasure if they can be shared with a partner who has similar values. In the literature, positively correlated and complementary traits are referred to as positive assortative mating. Educational attainment is a complementary trait within marriages, and studies confirm a high correlation coefficient between schooling levels using different data sets. Intelligence, like education, is also a complementary trait but it seems that age is the trait for which positive assortative mating is strongest. Other traits found to be influential are religious affiliation (complementary), race (instability higher among blacks, primarily due to lower socioeconomic status), ethnicity and an unstable family background.

Marriage-specific investments made during the course of a marriage have been cited as a critical influence on marital stability. These are assets formed as the result of a union that decline substantially in value if the union dissolves. Chiswick and Lehrer (1990) distinguish specific investments that are non-transferable between unions; the value of transferable investments can be restored through remarriage, but the decline is irreversible for non-transferable assets. Children are by far the most important example of the latter, and lead to the prediction that couples with children are less likely to divorce. Interestingly, couples with negative assortative mating on complementary traits have lower rates of fertility. An explanation for this finding is that such couples have weaker incentives to make marriage-specific investments, given their higher likelihood of marital break up – prophesies of divorce are self-fulfilling.

Other variables thought to be relevant to marital stability are cohabitation before marriage, which is thought to signal a willingness to terminate unions if they turn out to be unhappy. Early entry into first marriage is thought to increase the probability of divorce because young partners' values are more likely to change radically later in life. Remarriage is a complicating factor in divorce models because the factors that might shape marital stability (e.g. stepchildren) are different, and certain variables could affect stability very differently in second and higher-order marriages. Spouses typically enter higher-order unions with more assets. Any favourable impact on the gains from marriage may be offset by the destabilising influence of decisions with regard to the intra-family distribution of the assets and related streams of income. In the empirical work reported below, we separately distinguish the remarried and the continuously married.

2.3 Data and descriptive statistics

In Table 2.1 we compare the socioeconomic and demographic characteristics of the continuously married, separated, divorced, widowed and remarried. The sample is 8,655 adults (3,896 men and 4,759 women) who have been married at some point in their adult lives and is drawn from the 2003 (wave 3) HILDA.[4] The analysis is cross-sectional and this limits the scope of inquiry because we cannot ascertain the

[4] Note that numbers of continuously married males and females are not exactly equal because of missing values and differential rates of attrition, the rate being higher among males than females.

characteristics of the partners of the divorced at the time of their marriage.[5] This is because the marriages of the divorced (and separated) in the sample dissolved (in most cases) before the HILDA panel was initiated in 2001[6]. Our inferences on the characteristics of partners in stable marriages and partners who belonged to failed marriages are therefore indirect and should be treated with some caution. Moreover, there is a 'chicken and egg' issue with respect to interpretation of the findings; suppose, for example, that we were to find that divorcees are poorer than the continuously married. Do we conclude that the poor are more vulnerable to divorce, or that the divorced are poorer because of financial losses due to divorce?

[5] The problem is compounded because some have been divorced more than once and therefore have two or more ex-partners.

[6] An alternative approach is to construct a panel of marriages in wave 1 that subsequently divorced, separated or dissolved because of bereavement. It is our intention to conduct such a longitudinal analysis in further research.

Table 2.1: Continuously married, separated, divorced, widowed and remarried by key socioeconomic and demographic characteristics, 2003

		Continuously married	*Separated*	*Divorced*	*Widowed*	*Remarried*
Count	Male	2,711	192	418	115	460
	Female	2,867	248	630	559	455
Marital status (row %)	Male	69.6	4.9	10.7	3.0	11.8
	Female	60.2	5.2	13.2	11.7	9.6
Age (mean)	Male	50	49	51	74	54
	Female	47	45	50	72	51
Age at most recent marriage (mean)	Male	26	29	28	30	42
	Female	24	26	24	25	37
Total loan secured against property (mean)	Male	$74,342	$61,206	$65,085	$8,482	$64,819
	Female	$75,948	$62,217	$59,744	$11,070	$64,897
Potential hourly wage rate1 (mean)	Male	$19.08	$17.74	$17.87	$15.23	$18.47
	Female	$16.20	$15.70	$16.72	$13.33	$15.72
Children aged 0–4 (row%)	Male	19.2	4.7	6.9	0.9	15.4
	Female	20.3	17.3	7.1	1.1	13.8
Children aged 5–9 (row%)	Male	20.8	11.5	6.5	1.7	17.2
	Female	22.0	25.8	14.0	1.6	15.2
Children aged 10–14 (row%)	Male	22.0	10.4	9.6	4.3	17.2
	Female	21.6	26.2	20.3	4.5	21.1
Owner occupier (row%)	Male	85.3	54.2	60.0	77.4	82.4
	Female	85.2	48.8	60.0	78.0	81.8
Private renter (row%)	Male	9.1	34.9	27.8	7.0	12.8
	Female	9.0	33.1	24.3	5.9	12.7
Social renter (row%)	Male	2.1	5.7	6.5	7.0	1.5
	Female	2.1	11.3	10.6	7.3	2.2
Other tenure (row%)	Male	2.2	3.6	3.8	7.0	2.6
	Female	2.4	2.8	2.4	6.3	2.0
Works full-time (row%)	Male	65.5	57.8	57.2	13.0	55.4
	Female	25.6	30.2	39.0	6.3	24.4
Works part-time (row%)	Male	7.1	8.9	10.8	3.5	11.3
	Female	29.7	27.0	22.4	8.2	29.5
Unemployed (row%)	Male	1.1	3.1	4.3	0.9	3.5
	Female	1.7	3.2	2.9	0.2	1.8
Not in labour force (row%)	Male	26.3	30.2	27.8	82.6	29.8
	Female	43.0	39.5	35.7	85.3	44.4
Long-term illness, disability or impairment (row%)	Male	27.7	37.0	33.0	55.7	32.0
	Female	22.4	26.2	34.8	55.8	28.4

Source: HILDA (2003).

1. Potential hourly wage rates are predicted values from regression models estimated using HILDA (2003), and include age, experience, qualifications and so on as right-hand side variables. The estimates are made for all adults regardless of their current labour force status, and have been made available to us by Rachel Ong, who conducted this modelling for background paper number 5 of NRV1 Housing Assistance and Economic Participation.

Overall, some 70 per cent of the sampled men are continuously married, whereas only 60 per cent of the sampled women are continuously married. The share of separated, divorced and widowed women is greater than that of men, while more men are remarried than women. The age comparisons reveal an important finding. Most males and females who have experienced separation or divorce did so before they turned 50 years of age – so marriages are most vulnerable to failure before this point in life. If we are concerned about the housing consequences of separation and divorce, we should not restrict attention to the over-50 age group[7]. Women are on average younger than men in all marital status groups. There is no evidence that adults who marry at a younger age are more prone to divorce and separation, because the average age of the divorced and separated at marriage is older than that of the continuously married[8].

Are divorced and separated males and females more or less likely to share common traits than males and females belonging to marriages that have survived until 2003? Consider first the potential wage rates of the divorced, separated and continuously married[9]. The potential wage differential between divorced men and women is smaller than the potential wage differential between continuously married men and women. This is evidence supporting the hypothesis that marriages are more stable when there is negative assortative mating with respect to earnings potential. It is noteworthy that divorced females have somewhat higher potential wages than their married counterparts (though this may be due to the fact that divorced women tend to be older than those married). This confirms suspicions that women with higher potential wages are better able to leave unhappy marriages and lead an independent single life, further confirmation of this being the relatively low potential wages of the remarried women in the sample. The age, proportion working full-time and long-term health indicator differentials are also smaller for divorcees than for the continuously married or remarried. These comparisons suggest that Australian married couples who share similar traits are more vulnerable to divorce, though the reservations at the start of this section need to be kept in mind.

The importance of marriage-specific 'investments' (in the form of children) to marital stability is confirmed in Table 2.1. Consider women: 20 per cent of married women, but only 7 per cent (17 per cent) of divorced (separated) women, have children aged 0–4. The differential remains positive and in favour of married women for children in the older age brackets of 5–9 years and 10–14 years as well. There are large differences in the housing tenure profiles of women and men by marital status. The separated and divorced are much more likely to be found in the rental tenures, a finding that confirms the conclusions in Wood et al. (2004). The labour force behaviour of men and women following divorce and separation is different: divorced and separated women have higher rates of employment participation than their married or remarried counterparts. However, divorced and separated men have lower rates of employment participation than their married counterparts. In the case of divorced or separated women, this higher participation rate persists despite higher rates of long-term illness, disability and impairment compared to their married counterparts.

[7] These are demographic findings that correspond to those established using Australian census of population statistics in the positioning paper.

[8] There is a qualification here, because there may be cohort effects. The married may be disproportionately drawn from earlier generations (when people married earlier), and divorcees are more likely from later generations, given the increase in divorce rates during the 1970s.

[9] See note 1 to Table 2.1 for an explanation of the derivation of potential wages.

Finally, we turn to the bereaved, a group whose characteristics are more predictable, because those who make up the group are typically older and predominantly women (women outnumber men 5 to 1). The average age of widowed women (men) is 72 (74) years and, given their presence in the later stages of the life course, rates of home ownership are high and levels of outstanding mortgage debt are low. The presence of young children is rare, most are not participating in the labour force, and over half have long-term illness, disability or impairment. It is of course the elderly who are more likely to be bereaved, but it is also noticeable that they have much lower potential wages and this may reflect higher mortality rates among the poorer segments of the population. However, it will also be due to their age and lower rates of labour force participation. Most of the other characteristics are causally linked to the typical age of this group rather than constituting causal factors associated with the likelihood of bereavement.

2.4 Modelling the likelihood of divorce, separation and bereavement

In this section we provide more robust estimates of the relationship between loss of partner and the socioeconomic and demographic variables listed in Table 2.1. A multinomial logit model has been estimated using a sample that comprises the marital status outcomes of 8,521 adults as described in Table 2.1.[10] The sample is restricted to persons who have at some time been married, and the modelling results offer estimates of the impact that variables have on the likelihood of being observed in the divorced, separated or bereaved (loss of partner) categories as compared to still being married. Our main interest is in whether the client group that is a focus of this project – 50+ year old private renters with low incomes – do indeed have a relatively high probability of belonging to a loss of partner category.[11] We also explore whether other variables and subgroups in the Australian population are vulnerable to loss of partner.

Table 2.2 and Table 2.3 list the marginal effect estimates of various status variables on the male and female probability of being separated, divorced or widowed.[12] The marginal effect is relative to married employed males (females) in owner occupation who did not live with their partners before marriage and whose parents never divorced. The potential wage, age and age at first marriage are set at their mean sample values.[13] In the case of males being unemployed, renting and cohabiting before marriage raises the probability of separation and divorce, though being a parent tends to reduce the chances of separation and divorce. Because higher potential wages[14] deter separation and divorce of married partners, we may conclude that males in economically stressed circumstances are more vulnerable to separation and divorce. These status variables are not generally relevant to the chances of bereavement, or, if they are relevant, the impact is small.

[10] An accessible description of this modelling technique can be found in Borooah, V. K. (2002). *Logit and Probit: Ordered and Multinomial Models*, Sage Publications.

[11] The estimates should not be interpreted as necessarily reflecting a causal relationship. Identification of causal relationships requires exploitation of the panel nature of the data, a task outside the scope of this project.

[12] The model also includes the remarried. Results are available from the authors on request.

[13] The coefficient estimates on which marginal effects are based can be obtained from the authors on request.

[14] Continuous variables are analysed separately and addressed in Table 2.4.

Table 2.2: Status variables and their marginal effect on the probability of divorce, separation and bereavement: 2003, men[1]

Status variable	*Separated (%)*	*Divorced (%)*	*Widowed (%)*
Unemployed	1.5	9.8	n/a
Private renter	10.0	17.0	n/a
Social renter	5.7	18.0	1.0
Children 0–4 years	(4.6)	(6.5)	n/a
Children 5–9 years	(1.2)	(6.6)	n/a
Children 10–14 years	(3.3)	(7.1)	n/a
Parents divorced	n/a	2.5	n/a
Cohabit prior to marriage	2.7	6.9	1.0

1: Figures in parenthesis indicate that the marginal effect is negative.

2: The marginal effect is relative to married employed males in owner occupation who did not live with their partners before marriage and whose parents never divorced. The potential wage, age, and age at first marriage are set at their mean sample values.

The findings for women are somewhat different. Females who have lost a partner are less likely to be participating in the labour force than their married counterparts, parenting responsibilities are not generally relevant and, in the case of divorce, higher potential earnings is a positive influence, in contrast to the negative influence observed for men. Separated and divorced females are much more likely to be observed renting than their married (and male) counterparts, while having divorced parents and cohabiting before marriage raises the likelihood of both separation and divorce. It would seem that economic security in the form of a capacity to earn relatively high wages encourages women to leave unhappy marriages, though they are more likely to experience precarious housing circumstances once their marriages have been dissolved. Once again, most of the status variables are irrelevant to the chances of bereavement and, when they are relevant, the impact is small.

Table 2.3: Status variables and their marginal effect on the probability of divorce, separation and bereavement: 2003, women[1]

Status variable	*Separated (%)*	*Divorced (%)*	*Widowed (%)*
Unemployed	n/a	n/a	n/a
Not in labour force	1.4	9.3	1.4
Private renter	10.0	23.0	1.0
Social renter	12.0	32.0	1.0
Children 0–4 years	n/a	(5.0)	n/a
Children 5–9 years	n/a	n/a	n/a
Children 10–14 years	n/a	n/a	3.8
Parents divorced	2.2	4.7	n/a
Cohabit prior to marriage	3.1	7.5	1.8

1: Figures in parenthesis indicate that the marginal effect is negative.

2: The marginal effect is relative to married employed females in owner occupation who did not live with their partners before marriage and whose parents never divorced. The potential wage, age, and age at first marriage are set at their mean sample values.

The role of potential wages as well as age and tenure are explored further in Table 2.4. We use the multinomial logit coefficients to predict the probability of being observed as separated, divorced or bereaved as Australian private renters aged from 50 years through to 70 years. The predictions are for low-income Australians, defined as the 25th percentile of the distribution of potential hourly wage rates, and hold the values of other variables, except age, at the sample mean.[15] The predicted probabilities can be compared with the sample proportions of males who are separated, divorced or widowed, which are 4.9 per cent, 10.7 per cent and 3.0 per cent respectively. In the case of separated, divorced or widowed females, the sample proportions are 5.2 per cent, 13.2 per cent and 11.7 per cent respectively.

Table 2.4 offers strong evidence that older private renters on a low income (who are likely to be on income support) have a very high probability of belonging to the divorced category. In the male population, the probability of divorce estimates imply an incidence three to four times the incidence in the total male population. Among females, the probability of divorce estimates imply an incidence two to three times that of the total female population.[16] Similar findings are apparent with respect to rates of separation. As older private renters age, so the predicted probabilities of divorce and separation generally fall from their very high rates at age 50 years. This reflects remarriage and might also reflect differential mortality rates. Predicted probabilities of remarriage are higher for males than for females, and the discrepancy is larger in older age brackets. Divorced and separated females find it increasingly difficult to re-partner or are more reluctant to re-partner the older they are. The predicted probability of widow status increases steeply with age, as is to be expected given the strong relationship between mortality and age. However, the increase is particularly steep for females, with a predicted probability of widowhood of 37 per cent once females reach 70 years of age. This compares with a predicted rate of only 18 per cent for males.

The analysis confirms that older private renters on low incomes are particularly vulnerable to loss of partner. However, we must qualify this statement by noting that the actual 'event' will in general have occurred earlier in the life course, when the consequences may well be strongest. There are some interesting gender differences. While low income is associated with male divorce status, it would seem to deter females from separation and divorce. Remarriage is more common among divorced males than females; if this facilitates financial and housing market recovery there will be a gender bias to adverse housing consequences (and demand for housing assistance) following separation and divorce. There is a qualification that should be heeded when interpreting these findings: it is tempting to draw inferences about cause and effect, but caution is warranted. The techniques used here are not robust enough to separate cause from effect. Private rental housing is likely to be an effect, rather than a cause, of loss of partner. The purpose of our modelling is scrutiny of the assumptions motivating this study, and in particular the assumed high incidence of divorce, separation and bereavement among low-income private renters.

[15] In the case of males this corresponds to a potential wage rate of $14.41 and in the case of females $12.42.

[16] The effect of income on probability of divorce differs between males and females. Higher male wages foster marital stability, but higher female wages are positively associated with marital dissolution due to divorce. This is part of the reason for the disproportionately high likelihood of male divorce in this subgroup of the population.

Table 2.4: Predicted probability that older private renters are separated, divorced, widowed or remarried

Age	*Male (%)*				*Female (%)*			
	Separated	*Divorced*	*Widowed*	*Remarried*	*Separated*	*Divorced*	*Widowed*	*Remarried*
50	16.5	38.9	0.5	5.0	19.2	35.0	3.8	4.4
60	13.5	34.1	2.1	4.8	14.1	37.3	12.3	3.9
70	8.4	17.9	9.7	3.5	6.6	27.3	37.1	2.6

Note: Author's estimates based on marginal effects.

3 HOUSING CAREER PATHWAYS FOLLOWING LOSS OF PARTNER: HOUSING AFFORDABILITY

Household dissolution is likely to cause financial pressures because there is typically a reduction in income while housing costs still need to be met by those who are renters or purchasers. For some people an inability or unwillingness to move following loss of a partner causes housing affordability problems as the same housing costs must be met from 'one' income rather than 'two' incomes. For those who do move, loss of economies of scale in housing consumption can impede adjustments that seek to ameliorate housing cost burdens. This chapter looks at the housing affordability circumstances of people before and after household dissolution. It reports the findings from a longitudinal analysis that exploits the first three waves of HILDA.

Our approach involves the design of 'panels' that comprise the same people observed at three different points in time. Their circumstances before and after a major life course event such as loss of partner can then be profiled. The design and use of such a panel is a complicated exercise. In our case, households dissolve and new households are formed; when the new household is formed by re-partnering, new partners not in the original sample must be added, and so the panel design does not have exactly the same people in each wave.[17] Another complication arises when a household dissolves and the ex-partners go their separate ways, but then reunite at a later date. In this case, the original household is reunited following a period during which partners have formed separate households. It would be methodologically incorrect to exclude these complicated pathways, as they have potentially important implications for adjustments in housing career pathways following permanent or temporary loss of partner.

We therefore spend some time in section 3.1 of this chapter explaining how the panel has been designed for the purposes of addressing housing affordability issues. The same principles apply when we design panels for the study of housing tenure and wealth, but there are some differences in practice. These are described in the chapters dealing with these dimensions of housing career pathways.

3.1 Method: panel analysis of HILDA

The HILDA survey is a longitudinal data set where the same people are interviewed each year. Each year's interviews are described as a wave of the panel. The first three waves are used in this study. HILDA collects a broad range of data on social and economic variables. While the HILDA survey can used for cross-sectional analysis, its strength is the opportunity it provides to study changes over time in family and household formation, income, work and a range of other socioeconomic and demographic variables. The research uses three waves of the panel data, which covers the years from 2001 to 2003. We use variables that capture changes in housing tenure, marital status, age, housing costs and income.

Although there are benefits in using panel data, there are issues that 'muddy the waters'. The major limitation is the issue of sample attrition, a common problem to researchers familiar with panel data sets. Attrition occurs when members of the panel cannot be traced, or on contact refuse to be interviewed. Attrition can alter the characteristics of the sample and affect the results (Ahern & Le Broque, 2005). Table 3.1, column 2, identifies sample attrition among couples by wave.

[17] If a respondent from the HILDA survey forms a household with a person (or persons) from outside the sample, that new person then comes under the scope of the HILDA sample. However, we do not have prior observations for such 'new' persons.

The sample frame for the HILDA panel contained 9,404 persons in couple relationships,[18] but 623 or 6.6 per cent refused to be interviewed when wave 1 interviews were conducted, leaving a sample of 8,781 successfully interviewed respondents (see Table 3.1). We 'lose' 1,517 in wave 2; an attrition rate of 17.3 per cent (1,517 divided by 8,781, and then multiplied by 100). A further 577 are 'lost' in wave 3, an attrition rate of 7.9 per cent. We therefore 'lose' 29 per cent of the sample through attrition.[19] This pattern of attrition is evident across the entire HILDA panel. From the 9,404 people who were coupled in wave 1, 469 (5.0 per cent) suffered loss of partner between waves 1 and 3 (see Table 3.1). However, we lose 134 of these due to attrition. That is, we know they divorce, separate or are bereaved at some point in the time frame, but they are not traced, they give a partial interview, or they refuse to be interviewed in at least one wave (see Table 3.2). In addition, 25 people have missing or inadequate information on key variables. This leaves a sample of 310 people who have lost a partner. It is interesting to note that 31 (10 per cent) have re-partnered by wave 3, a feature that is potentially important to housing adjustments. The sample of 310 contains 63 outright owners in all three waves.[20] These persons are included in analysis of housing tenure adjustment following loss of partner, but they are excluded from the housing affordability analysis because they have zero housing 'costs'. The benchmark group of the continuously coupled are also subject to attrition due to missing or inadequate information. The sample of 6,687 people remaining in couple relationships reduces to 5,166 people. Of this group, 1,746 are identified as outright owners in all waves, and 3,420 people are observed to have housing costs in at least one wave.

Although evidence suggests that sex is not a predictor of whether a person will respond to the HILDA survey, the probability of making contact with a participant is higher among women and married people (see Watson & Wooden, 2006). The attrition rate among those who lose a partner is higher for males than for females. Of the 310 people in this sample, there are 173 females and 137 males. Among the women, the ex-partner of 84 females was untraceable, unwilling to participate or had died. Among the men, the ex-partner of only 48 males was lost due to such attrition. There are 89 couples (178 persons) in wave 1 who subsequently fracture (due to separation or divorce), and where both ex-partners remain in the sample as of wave 3. These persons' housing careers can be profiled before and after household dissolution, and form a sub-sample of people who are exact 'matches'. It is of course impossible to do this for widows or for those where one or both ex-partners are lost due to attrition. The larger 310-person sample does not therefore institute an exact match of females and males who were partnered to each other in wave 1.

[18] Couples include marrieds and de factos.

[19] Goode and Watson (2006) claim that attrition rates in the HILDA survey are only slightly higher than those in the British Household Panel Survey, which achieved attrition rates in waves 2 and 3 of 12.4 and 7.8 per cent respectively.

[20] See Positioning Paper pp. 15–33, where the housing affordability position of remarrieds is discussed.

Table 3.1: Numbers and attrition among people in couples observed, all waves

Wave	*Number of surviving cases[1] (1) = (3) – (2)*	*Sample attrition[2] (2)*	*Total sample (3)=(1) + (2)*
1	8,781	623	9,404
2	7,264	1,517 [2]	8,781
3	6,687	577	7,264
Total	6,687	2,717	

1: Sample is based on the number of people who are observed to be in a couple household in wave 1. Fifty-eight cases are untraceable in wave 2, but re-enter the data set in wave 3 as single households. These are excluded from the final sample numbers.

2: Sample attrition is calculated by response to the 'overall individual interview outcome' variable. In wave 1, 9,404 people in couple households were contacted, but 623 were unable to be interviewed for various reasons or only provided a part response.

Table 3.2: Numbers and attrition among people who experience household dissolution

	People experiencing household dissolution[1]	*People who experience event who do not re-partner*	*People who experience event and re-partner [2]*
Number who will experience event	469	411	58
Attrition	134 [3]	117	17
Missing or inadequate information 3	25	15	10
Total persons in sample	310	279	31
Number of outright owners, all periods, in total sample	63	60	3

1: There are instances where a person/partner refuses to participate in earlier interviews, but agrees to be interviewed in later waves. Other cases may be previous wave respondents who may be untraceable for a wave after household dissolution, but may re-enter the survey in a later wave. We identify 40 cases that enter or rejoin the survey after household dissolution. However, as they have inadequate information for all three waves, they are not included in the sample.

2: Six cases re-partner between waves 1 and 2, and 52 cases re-partner between waves 2 and 3.

3: Four cases excluded for being rent free or uncategorised in all waves.

Though the sample size is modest, it has major advantages compared to a cross-section study where current marital status is observed. With a cross-section sample we cannot identify the housing careers of the same group of people before and after household dissolution. In a cross section we must make inferences about housing adjustments by comparing the currently divorced, separated and bereaved with the currently married. However, this is unsatisfactory because the currently married may have systematically different past housing and labour market careers from those who have belonged to failed relationships. Cross-section comparisons can then falsely attribute differences in (say) housing affordability to loss of partner when they are in fact due to differences in past incomes, housing choices, labour market careers and so on. Panel analysis reduces the risk of making such false inferences because it compares the circumstances of a group of people both before and after an event.

3.1.1 Unit of measurement and pathways following household dissolution

The unit of measurement is households or, more precisely, income units. An income unit is defined as one or more individual persons whose command over income is assumed to be shared between the persons comprising the unit. Income sharing is assumed to take place within married and de facto couples, and between parents and dependent children. A household is a group of people who typically reside and eat together, and therefore contains one or more income units.[21] The income unit has advantages over the household for the purposes of modelling housing decisions because it is the measurement unit used by the Commonwealth Government when applying eligibility rules for income support programs (ISP). This latter property is important to our modelling of Commonwealth Rent Assistance, and allows measurement of gross and net estimates of housing affordability ratios. The remainder of the report uses the more familiar term 'household', though readers should be aware of the distinction.[22]

When we compare before and after loss of partner housing affordability measures, we are consistent in the use of income units as the basis of measurement, though the results are presented for persons. To illustrate, consider a married couple without children who divorce between wave 1 and wave 2 of the HILDA survey. The husband and wife form one income unit in wave 1, and as an income unit their housing costs are (say) 10 per cent of their joint income. In wave 2 the husband and the wife go their separate ways and (say) form two single-person income units; the ex-husband is observed to have a housing cost burden of (say) 15 per cent of his income, and the ex-wife has a housing cost burden of (say) 20 per cent of her income. The before-divorce benchmark for comparison is the 10 per cent figure regardless of whether it is the ex-wife's or ex-husband's position being examined.

We trace the housing affordability profiles of persons following dissolution and the following rules have been applied in identifying the separated, divorced and widowed. A couple household has dissolved due to separation, divorce or death if the unit is observed as a couple in wave 1, or waves 1 and 2, but at least one of the two partners is observed as a single-person household in wave 2 and/or wave 3. The couple household fractures due to bereavement if only one person is observed in a subsequent wave, and the other is recorded as deceased. Table 3.3 shows two illustrative pathways where the timing of dissolution differs: person A loses their partner between waves 1 and 2 while person B loses their partner between waves 2 and 3. In the case of person A we observe housing adjustment for two successive waves, but for person B we only observe adjustment over one wave.

Table 3.3: Hypothetical pathways following dissolution

	Wave 1	***Wave 2***	***Wave 3***
Person A	Coupled	Single	Single
Person B	Coupled	Coupled	Single

There are, however, complications that cloud the analysis. Re-partnering by the divorced/bereaved or the reuniting of separated partners must be taken into account if a complete picture of housing career adjustments is to be provided. Figure 3.1 traces the hypothetical housing pathways followed by a fictitious couple (person A and

[21] Consider a household that contains a married couple and their employed 26-year-old son, who pays rent to his parents. This household contains two income units.

[22] In the majority of cases the income unit and household are identical. In wave 1 of HILDA there are 4,744 couples, and 4,596 (97 per cent) of these are households that belong to a household that has exactly the same composition, and where the distinction makes no difference.

person B) that separate or divorce between wave 1 and wave 2. The immediate consequence is that person A and person B now belong to separate single-person households in wave 2. If neither immediately re-partners, two single-person households replace the one couple household that existed in wave 1. In wave 3 there are a number of possibilities, as illustrated in Figure 3.1. Person A (B) could re-partner, leaving their ex-partner in a single-person household. Note that the number of single-person households in wave 3 will now be fewer than in wave 2. Alternatively, both person A and person B could re-partner, so that in wave 3 two couple households replace a single couple household in wave 1. In fact 31 persons in our sample of 310 re-partner by wave 3. One unusual pathway not shown in Figure 3.1 arises when person A and B separate but re-form the original household by wave 3. Fourteen couples re-unite in our sample to reform the original income unit, which is slightly less than the 17 cases who find a new partner. However, the typical relationship pathway among separated and divorced persons is to remain single in the short-term, with 280 of the 310 sample remaining in single-person households one year after separation and 178 observed in single-person households two years after separation.

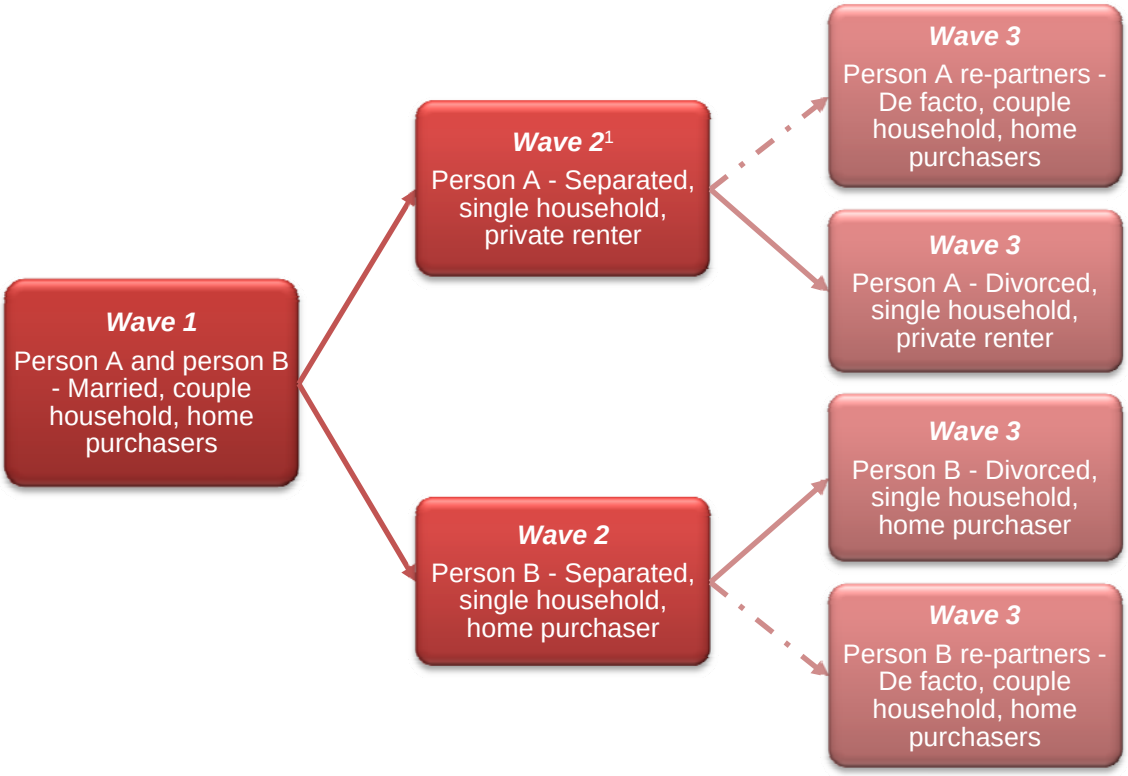
Figure 3.2 describes the hypothetical pathways following bereavement. The permutations are simpler because only one person can re-partner and it is (of course) impossible to reunite. These different permutations following loss of partner are not academic curiosities. Re-partnering helps to cushion housing adjustments following loss of a partner; as Wood et al. (2004) show, separated and divorced persons have much lower rates of home ownership than continuously married couples after controlling for income and other relevant variables. However, re-partnering appears to largely offset the adverse ownership consequences of separation/divorce, with remarrieds achieving rates of home ownership that are (all other things equal) close to those of continuously marrieds. Our analysis places a considerable emphasis on whether re-partnering makes a difference to the housing-related outcomes of people following loss of partner. In Figure 3.1 we illustrate this point by assuming that if person A re-partners they become a home purchaser in wave 3, but on remaining single they rent. In Figure 3.2 a typical tenure pattern is shown for widows. Because bereavement generally occurs late in life when outright ownership is the majority tenure, our hypothetical pathways show a widow maintaining outright ownership regardless of re-partnering.

Finally we consider the cause of household dissolution. Of the 310 persons who lose a partner, 74.2 per cent are observed to be separated, 8.4 per cent are divorced and 15.5 per cent are bereaved the first year after dissolution[23]. Separation is the most common cause of household dissolution. There are 180 persons that we observe for two years following loss of partner. By this time divorce has become a more common cause, as many of those who separate between waves 1 and 2 have reached divorce settlements by wave 3. More specifically, 54 per cent are separated, 23 per cent are divorced and 13 per cent are bereaved two years following household dissolution.[24]

[23] The total does not add to 100 per cent as there are people who have immediately re-partnered in wave 2, and state that they are in a de facto relationship. Two cases state that they are married, but are identified as single. This is due to slight errors that arise in the data.

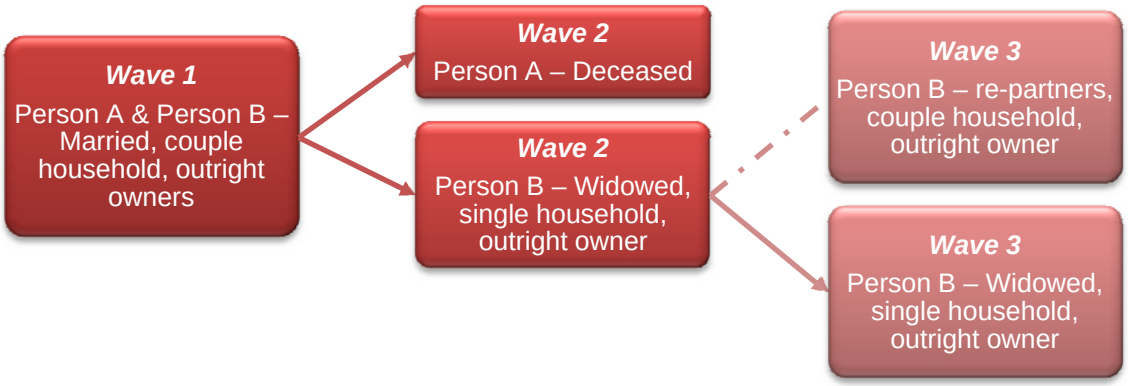
[24] The total does not add to 100 per cent as there are people who have re-partnered by wave 3.

Figure 3.1: Progression of household after separation/divorce over waves



Note 1: For person A and person B, the event (in this case, divorce) may have occurred between waves 1 and 2 or between waves 2 and 3. If the event occurred between waves 1 and 2, and provided there is no attrition, their post-household dissolution circumstances are observed for two years.

Figure 3.2: Pathways after bereavement



3.2 Gross housing affordability before and after household dissolution

We begin by using conventional ratio measures of housing affordability – housing costs in the form of annual rent or mortgage payments as a percentage of gross income from all sources – to compare the before and after trajectories of the housing cost burden that the divorced, separated or bereaved are shouldering. This measure ignores housing assistance in the form of Commonwealth Rent Assistance (CRA),

though it will reflect the protection provided by the rebated rents of public housing tenants. CRA is addressed in section 3.3. One further reservation needs to be kept in mind: though outright owners have repairs and rates to meet, these costs are not elicited from survey respondents. Only rent and mortgage payments can be examined and so outright owners are not included in our sample, which is therefore restricted to home purchasers and renters.[25]

Table 3.4 shows the housing affordability ratio (HAR) of 247 home purchasers and renter income units while still coupled and in the year following divorce, separation or bereavement. The mean (median) HAR of coupled income units before household dissolution is 11 per cent (13 per cent). In the first year following dissolution the average (median) HAR jumps to 22 per cent (24 per cent), so that HARs approximately double. The average income of each household (income unit) in the year preceding loss of partner is $61,094 or 69 per cent more than the average income ($36,040) of the households formed one year after dissolution. There is also a 24 per cent increase in average housing costs among those who lose a partner, but it is evident from these figures that the rise in housing costs and fall in income are more or less equally responsible for the dramatic deterioration in housing affordability.

The continuously coupled are a suitable benchmark for comparison as their housing careers are not punctuated by the disruption caused by loss of partner. Table 3.4 presents the HARs of the continuously coupled in waves 1 and 3 (two years later). The housing affordability profile is then approximately contemporaneous with that of couples who dissolve over the same timeframe. Note that prior to losing a partner the couples who subsequently dissolve have lower housing cost burdens (an average 11 per cent HAR) than 'surviving' couples (an average 14 per cent). The subsequent trajectory of housing cost burdens changes abruptly, as those losing a partner end up paying around 22 per cent of income in housing costs. An increase of 8 per cent in the average incomes of the continuously coupled helps this group to maintain a relatively low housing cost burden of around 13 per cent of income.[26]

One year following dissolution, 31 per cent (76 persons) of those who lose a partner pay more than 30 per cent of income in housing costs and are, according to this commonly invoked benchmark, in housing affordability stress (HAS). Only 9 per cent (22 persons) of the loss of partner sample were in HAS in the year preceding dissolution. Loss of partner is clearly a shock to housing affordability profiles and housing careers that can have potentially serious consequences for living standards.

[25] There are 81 outright owners, 132 home purchasers and 92 renters who experience household dissolution.

[26] Some of those who lose a partner were outright owners in wave 1 and become purchasers or renters subsequently. Their zero housing costs in wave 1 lower the housing cost burden compared to surviving couples, and few if any of them are outright owners who subsequently become purchasers or renters.

Table 3.4: Gross housing affordability ratios of home purchasers and renters before and after dissolution

	Year of household dissolution	*Year following household dissolution*
Persons in continuously coupled relationships		
Mean (%)[1]	14.3	13.3
Median (%)[2]	13.8	13.1
Number of households	3,420	3,420
All experiencing household dissolution		
Mean (%)	10.5	22.0
Median (%)	12.5	24.2
Number of persons[3]	247	247
Singles not re-partnered		
Mean (%)	10.9	22.5
Median (%)	13.0	24.2
Number of persons	219	219

1. The mean housing affordability ratios have been calculated using the formula:

$$HAR = \frac{\sum_{i=1}^{N} Ri}{\sum_{i=1}^{N} Yi}$$

where HAR is the mean housing affordability ratio, R is rent or mortgage payments, Y is income of income unit, i = 1, 2 … N is income unit i.

2. Median housing affordability ratios have been calculated using the formula:

$$\widetilde{HAR} = \frac{\widetilde{R}}{\widetilde{Y}}$$

where $\widetilde{R}$ is median rent or mortgage payments and $\widetilde{Y}$ is median income. This measure is less sensitive to extreme values that can distort means that are calculated as average housing affordability ratios.

3. The sample number refers to the number of persons who belonged to couples in wave 1, and will not necessarily be an even number because bereavement necessarily prevents the continuous profiling of all persons belonging to couples in wave 1. The housing affordability ratios are calculated on a household basis. Some cases will transit into or out of outright ownership, free-rental/boarding house or uncategorised tenure after household dissolution – all tenures that will record zero housing costs. These 63 cases are retained in the sample.

The immediate housing affordability consequences of divorce, separation and bereavement are likely to be more severe than the longer-term consequences. Ideally we would wish to examine adjustment over many years, but data limitations restrict us to two years and 154 persons.[27] Table 3.5 shows the housing affordability position of that smaller number of owner purchasers and renters who are separated, divorced or bereaved between wave 1 and wave 2, and are therefore observed for two years following loss of partner. While coupled, this group have a mean (median) HAR of 13 per cent (16 per cent), but this jumps to 23 per cent (23 per cent) in the first year after loss of a partner. The second year after dissolution sees an improvement because mean (median) HARs decline to 17 per cent (20 per cent). They nevertheless remain above pre-dissolution levels, and this is particularly evident among those who do not re-partner. In fact it is the re-partnered who are primarily responsible for the

[27] Eighty-seven people lost a partner between wave 2 and wave 3. We only observed their housing affordability position for one year following household dissolution.

improvement in HARs in the second year following dissolution. Two years after loss of partner our re-partnered households have a housing cost burden that can be more comfortably met than that of the continuously coupled (though small sample numbers are a qualification). Re-partnering is achieved by a minority. Two years following household dissolution the housing affordability position of the majority – those who fail to re-partner – continues to compare unfavourably with the continuously coupled, and is 4 percentage points higher (at 19 per cent) than before loss of partner (at 15 per cent). The second year after household dissolution, peoples' incomes begin to recover, increasing by 36 per cent (from $32,972 to $44,959). Housing costs remain relatively stable, increasing by only 2 per cent from the first to second year after household dissolution.

Table 3.5: Gross housing affordability ratios of home purchasers and renters first and second years after dissolution due to divorce, separation or bereavement

	Year of household dissolution	*One year following household dissolution*	*Two years following household dissolution*
Continuously coupled			
Mean (%)	14.3	13.3	14.2
Median (%)	13.8	13.1	14.0
N	3,420	3,420	3,420
All experiencing household dissolution			
Mean (%)	13.4	22.5	16.8
Median (%)	16.1	23.1	19.7
N	154	154	154
Singles not re-partnered			
Mean (%)	15.1	23.6	19.3
Median (%)	18.6	24.0	20.8
N	126	126	126
Single then re-partnered			
Mean (%)	8.1	19.0	11.6
Median (%)	9.7	20.3	13.3
N	28	28	28

Note: see notes 1 and 2, Table 3.4, for definitions of mean and median HARs.

We can expect different HAR trajectories by sex, because women with children are less able to adjust their housing circumstances following loss of partner. Their parenting responsibilities are typically greater because of custody arrangements, and this is likely to impede labour market adjustments. Table 3.6 confirms these expectations where we examine the housing affordability trajectory over a two-year period following dissolution.[28] Males and females are paying an average 14 per cent to 13 per cent of their gross income on housing costs when coupled. In the first year after loss of a partner, the impact of household dissolution is more severe for females than for males, with their HARs rising by 11 percentage points to 24 per cent. The increase for males is a smaller 7 percentage points to 21 per cent. Another important difference is that after two years males have managed to accommodate the shock of dissolution better than females, with male HARs falling back to levels approaching

[28] The findings with respect to HARs one year following dissolution do not substantively differ whether we are using the larger sample of persons who are only observed for a year, or the smaller sample observed for two years. Results for the larger sample are available from the authors on request.

those sustained pre-dissolution (see Table 3.6). Re-partnering clearly helps both males and females, but in our sample re-partnering rates are similar across the sexes. What really matters is children, because in almost all cases women have custody of children following dissolution (46 of the 54 single parents are women). These single women with children experience larger increases in housing affordability ratios immediately following dissolution (from 13 per cent to 24 per cent), and after two years their HARs remain well above pre-dissolution levels (at 20 per cent). This compares with 19 per cent for all women, and only 12 per cent for those women who re-partner. While coupled, only 9 per cent of women (4 females) experience HAS. The first year after dissolution, 41 per cent (19 women) are in HAS, compared to 26 per cent of the entire sample. We may conclude that women, and women with children in particular, have housing cost burdens that are relatively high following dissolution, and remain high some two years following dissolution.

There are also clear differences between the incomes and housing costs of males and those of females. For those people observed for two years after household dissolution, men's incomes decrease by 36 per cent, but their housing costs only decrease by 2 per cent the first year after dissolution. Their incomes increase by 32 per cent and housing costs decrease by 7 per cent the second year after household dissolution. In the first year after household dissolution, the incomes of women decline by 53 per cent, and their housing costs also decline by 10 per cent. However, in the second year both their incomes and housing costs increase, by 40 per cent and 10 per cent respectively.

Table 3.6: Gross housing affordability ratio of people no longer coupled, by sex

	Males			***Females***		
	Wave 1	***Wave 2***	***Wave 3***	***Wave 1***	***Wave 2***	***Wave 3***
All experiencing household dissolution						
Mean (%)	13.8	21.1	14.8	12.5	24.0	18.8
Median (%)	14.8	20.2	16.8	15.8	24.9	20.8
N	62	62	62	92	92	92
Singles not re-partnered						
Mean (%)	15.3	22.8	16.9	13.5	24.4	21.4
Median (%)	15.3	22.4	18.0	17.9	24.9	22.2
N	50	50	50	76	76	76

A particular focus of this project is the over-50s; as Table 3.7 shows, there are a relatively small number (38) of over-50s whose pre-dissolution HARs can be calculated because divorce and separation typically occurs earlier in the life course.[29] In total, there are 77 cases over 50, including those with no housing costs in any of the observed waves. A majority of the over-50s (53.3 per cent) lose a partner because of bereavement, while a majority of the 50 and under group (97 per cent) lose a partner because of divorce or separation. A comparison of the two age groups suggests that the deterioration in housing affordability in the first year following dissolution is somewhat more serious for the older age group.[30] This may be due to lower rates of residential mobility among the older age group. Among the over-50s,

[29] See page 20 of the Positioning Paper – Babacan, A., Chamberlain, C., Cullen, G., Dockery, M., Stoakes, A. and Wood, G. (2006). The Implications of Loss of a Partner for Older Private Renters. Positioning Paper, RMIT – NATSEM Research Centre, AHURI.

[30] These figures should be interpreted with caution due to the small sample of cases over 50. The large difference between the mean and median HARs is due to a small number of people with high incomes over $100,000, which distorts the mean HARs.

only 27.3 per cent (21 of 77 cases) are observed to move, compared to 50.2 per cent of those under 50. This will reflect the fact that bereavement is a more common cause of dissolution for the older group and, unlike divorce, separation or bereavement does not necessitate a move. Approximately half of the over-50s observed to move in the first year after dissolution transit into rental accommodation. Typically, older movers will have not yet reached retirement age (with only four people over 65 moving in the first year after household dissolution).

For the continuously coupled under 50, housing costs increase by approximately 2 per cent each year. For the over-50s who are in surviving couples, their housing costs decline by approximately 5 per cent each year. The housing costs of those over-50s who experience household dissolution remain relatively stable the first year after dissolution, declining by only 1 per cent. Table 3.7 compares the HARs of people under and over 50 years old. There is a large increase in the HARs of people over 50 following dissolution (although the sample numbers are small), from 11 per cent in wave 1 to 23 per cent in wave 2, before falling back to 20 per cent two years after loss of partner. Among younger Australians (50 years and under), the increase in HARs is a little less precipitous in the first year following dissolution (10 per cent to 22 per cent), and a 6 percentage point improvement in housing affordability ratios leaves their average HAR at a similar 16 per cent two years following loss of partner.

Table 3.7 clearly shows that the small group of older people are more vulnerable to higher mean HARs. This is because we are only focusing on those with housing costs, and 40 per cent of this group are renters before and after household dissolution. It must be noted that only 10 of these cases are beyond retirement age (65 and over). When we look at all people over 50, including those with no housing costs in all waves (77 cases in total), the majority (58 per cent) are outright owners, even after household dissolution.

Table 3.7: Gross housing affordability ratio of income units, by age group[1]

	Age 50 or Under			*Over-50s*		
	Wave 1	***Wave 2***	***Wave 3***	***Wave 1***	***Wave 2***	***Wave 3***
Continuously coupled						
Mean (%)	14.9	13.8	14.8	12.1	11.3	11.6
Median (%)	14.2	13.3	14.1	11.6	10.2	11.5
N	1,373	1,373	1,373	337	337	337
All experiencing household dissolution						
Mean (%)	9.8	21.9	16.3	10.5	23.0	19.9
Median (%)	11.6	22.8	18.7	15.9	42.6	44.4
N	209	209	129	38	38	25

1. Age groups are defined by person's age in t0.

3.3 Net housing affordability ratios

The measures in section 3.2 make no allowance for housing assistance. But housing assistance can make a difference to housing affordability pathways by reducing the housing cost burden. It can achieve this in three ways. First, though home purchasers are ineligible for any form of direct housing assistance with recurrent housing costs,[31] some home purchasers move into private rental housing following household dissolution and if eligible for income support programs they will receive

[31] Home purchasers are eligible for first home owner grants but these do not help with recurrent costs. There is indirect assistance in the form of tax expenditures.

Commonwealth Rent Assistance (CRA).[32] Nineteen or 12 per cent of coupled home owners require housing assistance after household dissolution.

Secondly, private renters previously ineligible for CRA become eligible for CRA, or if already eligible receive more CRA, because their assessable incomes fall post-dissolution. Thirty-two or 41 per cent of all wave 1 private renters fall into this category. Finally, all public renters who experience reductions in income following loss of partner will benefit from a reduction in their rebated rent, because it is set at a fixed (normally 25 per cent) proportion of assessable income. There are 13 public renters in the first year before household dissolution. Eight remain in public housing. Their housing cost burdens are automatically cushioned by a fall in rebated rents, but note that over a third lose public housing status following loss of partner (though small sample numbers are a qualification here). This leaves 86 wave 1 home owners who receive no direct housing assistance regardless of housing cost burdens, and they account for a majority (58.9 per cent) of those experiencing loss of partner.[33]

We use the AHURI-3M microsimulation model to measure housing costs and housing affordability ratios net of housing assistance.[34] The model uses the Commonwealth Government's income and assets tests to determine private renters' eligibility for CRA. The rents that private renters pay, and the household size and composition, determine entitlements. State housing authorities typically set rebated rents at 25 per cent of assessable incomes, though the definition of assessable incomes differs. AHURI-3M uses each state housing authority's definition of assessable income in the calculation of rebated rents.

Tables 3.8 and 3.9 show that eligibility for housing assistance increases among those losing a partner, from 17 per cent before to 21 per cent after dissolution. Among continuously coupled households the eligibility rate is more or less unchanged at 8 per cent. Government housing assistance (in the form of CRA or public housing subsidy) is available to a much higher proportion (30 per cent) of renting women than men (9 per cent) following loss of partner (see Table 3.9). In fact the male and female housing assistance profiles are very different, with eligibility rates rising by 10 percentage points among women, but falling by 4 percentage points among men following household dissolution.[35] We can then expect sizeable increases in demand for housing assistance from renting females following loss of partner.

[32] Provided rent paid exceeds a threshold that is dependent upon household type, composition and size.

[33] Cases that are outright owners, or in rent-free or uncategorised tenure but are observed to experience housing costs in at least one wave are examined.

[34] See Wood, G., Watson, R. and Flatau, P. (2003). A microsimulation model of the Australian housing market with applications to Commonwealth and state policy initiatives. Final Report, Western Australian Research Centre, AHURI.

[35] Among the smaller group who are observed for two years after dissolution, there are 7 males eligible for housing assistance and 25 females eligible for housing assistance.

Table 3.8: Eligibility for housing assistance[1]

	Wave 1		*Wave 2*		*Wave 3*	
	N	***%***	***N***	***%***	***N***	***%***
Continuously coupled IUs						
Eligible for HA	136	7.7	132	7.5	117	6.6
Not eligible for HA	1,574	92.3	1,570	92.5	1,593	93.4
Singles						
Eligible for HA – all	43	17.4	52	21.1	32	20.8
Not eligible – all	204	82.6	195	78.9	122	79.2
Total	247	100	247	100	154	100

IU: income unit; HA: housing assistance.

1. Income units that are outright owners in all periods have been excluded. The number of income units two years after loss of partner is less than the number one year after loss of partner, because 99 income units dissolve between wave 2 and 3 and are therefore observed for one year only.

Table 3.9: Eligibility for housing assistance among people who lose a partner

	Wave 1		*Wave 2*	
	%	***N***	***%***	***N***
Male				
Eligible for HA	13.3	14	8.6	9
Not eligible	86.4	91	91.4	96
Total	100	105	100	105
Female				
Eligible for HA	20.4	29	30.3	43
Not eligible	79.6	113	69.7	99
Total	100	142	100	142

Note: Outright owners in all periods have been excluded.

The post-loss of partner HARs are only marginally affected by housing assistance. The net mean (median) housing affordability ratio is only 1 (5) percentage points lower than the gross mean (median), which does not take into account housing assistance (see 'wave 2' column of Table 3.10). The principal reason is the absence of any direct housing assistance to home purchasers, the majority tenure.[36] But once again there are differences by sex (see Table 3.10): females benefit from a 3 (5) percentage point fall in mean (median) HARs; males experience a 1 (4) percentage point reduction. The smaller sample of men and women who are observed for two years following shows again that men benefit little from CRA (see Table 3.11). By the second year, women are recovering financially from losing a partner, and CRA only decreases the mean (median) HAR by 2 (4) percentage points.

[36] Once outright owners (in all three waves) are added, the impact of housing assistance is even smaller because they have zero recurrent housing costs.

Table 3.10: Net housing affordability ratio[1] of renters and home purchasers before and after household dissolution

	Wave 1	*Wave 2*
Persons in continuously coupled relationships		
Mean (%)	14.1 (14.7)[2]	13.1 (13.7)
Median (%)	13.5 (14.1)	12.7 (13.4)
N	3,420	3,420
All experiencing household dissolution		
Mean (%)	10.1 (10.5)	20.5 (22.0)
Median (%)	11.5 (12.5)	19.0 (24.2)
N	247	247
Males		
Mean (%)	9.8 (10.0)	18.3 (18.8)
Median (%)	10.3 (12.0)	16.4 (20.5)
N	105	105
Females		
Mean (%)	9.3 (9.8)	23.3 (26.0)
Median (%)	10.6 (12.2)	21.7 (26.5)
N	142	142

1. The housing affordability ratio can differ from 25 per cent because we are using an income from all sources measure; state housing authorities set rebated rents in relation to assessable income that does not include income from all sources. Furthermore, there can be lags between changes in income and the rent that tenants pay. This can be a result of rent holidays and administrative delays.

2. Figures in parenthesis are gross housing affordability ratios. Tenure is identified by tenure of residence in the year following household dissolution. This means that a person who was a purchaser in the year preceding loss of partner, but subsequently becomes a renter, is classified as a renter.

Table 3.11: Net housing affordability ratio of renters and home purchasers before and two years after household dissolution

	Wave 1	*Wave 2*	*Wave 3*
Continuously coupled			
Mean (%)	14.1 (14.7)[1]	13.1 (13.7)	14. (14.4)
Median (%)	13.5 (14.1)	12.7 (13.4)	13.5 (14.3)
N	3,420	3,420	3,420
All experiencing household dissolution			
Mean (%)	13.0 (10.5)	21.1 (22.0)	15.8 (16.8)
Median (%)	15.9 (12.5)	20.5 (24.2)	19.2 (19.7)
N	154	154	154
Males			
Mean (%)	13.8 (13.8)	20.5 (21.1)	14.6 (14.8)
Median (%)	14.1 (14.8)	20.2 (20.2)	16.6 (16.8)
N	62	62	62
Females			
Mean (%)	12.0 (12.5)	21.8 (24.0)	17.1 (18.8)
Median (%)	15.5 (15.8)	20.7 (24.9)	16.5 (20.8)
N	94	94	94

1. Figures in parenthesis are gross housing affordability ratios.

Table 3.12 shows net HARs by age groups. CRA makes a negligible difference to the housing costs of younger or older people who are continuously coupled. The scenario is scarcely better for both younger and older people who lose a partner. The presence of CRA reduces their mean HARs by 1 to 2 percentage points. Overall, housing assistance does little to dampen the increased housing costs people have to meet the year after a relationship dissolves.

Table 3.12: Net housing affordability ratio of renters and home purchasers before and two years after household dissolution, by age.

	Age 50 or Under			***Over-50s***		
	Wave 1	***Wave 2***	***Wave 3***	***Wave 1***	***Wave 2***	***Wave 3***
People in continuously coupled relationships						
Mean (%)	14.7 (14.9)[1]	13.6 (13.8)	14.6 (14.8)	11.9 (12.1)	11.2 (11.3)	11.4 (11.6)
Median (%)[2]	13.8 (14.2)	13.0 (13.3)	14.1 (14.1)	11.1 (11.6)	9.9 (10.2)	10.9 (11.5)
N	2,746	2,746	2,746	674	674	674
All experiencing household dissolution						
Mean (%)	9.5 (9.8)	20.5 (21.9)	15.4 (16.3)	9.7 (10.5)	20.8 (23.0)	18.4 (19.9)
Median (%)	10.6 (11.6)	20.4 (22.8)	17.9 (18.7)	13.8 (15.9)	29.9 (42.6)	42.6 (44.4)
N[2]	209	209	129	38	38	25

1. Figures in parenthesis are gross housing affordability ratios.

2. Figure declines in the second year due to fewer people being observed in the second year after household dissolution.

Finally, Table 3.13 offers more concrete evidence by examining the housing costs of purchasers and renters when coupled and those who are purchasers and renters in the year after household dissolution. CRA reduces private renters' average housing costs by $590 before loss of partner, but by a much larger $998 after loss of partner. The increase in the number of people in private rental in the first year after household dissolution is mostly due to an ex-partner having to find new accommodation. When a couple's relationship dissolves due to separation or divorce, it creates two new households, therefore forcing one or both persons into a new house. They will typically be pushed into the private rental market as a more immediate solution, especially as there are long waiting periods for public housing. However, home purchasers are the group who do not enjoy assistance; their housing costs escalate after loss of partner and there is no offsetting increase in assistance to protect them from housing affordability problems. As a consequence, housing affordability stress rates blow out in this tenure: 34 per cent of home purchasers experience housing affordability stress in the first year after household dissolution.

Table 3.13: Housing costs of renters and purchasers in the year before and after household dissolution

	Wave 1	*Wave 2*
Private renters		
Before housing assistance ($)	7,827 (7,296)[1]	7,308 (6,780)
After housing assistance ($)	7,237 (7,038)	6,310 (5,220)
N	92	133
Home purchasers		
Housing costs ($)	6,273 (5,100)	10,393 (9,120)
N	92	94

1. Figures in parenthesis are median housing costs.

4 HOUSING CAREER PATHWAYS: TENURE AND HOUSING WEALTH

4.1 Introduction

In Chapter 3 we explored the link between loss of partner and the demand for housing assistance programs by comparing eligibility rates before and after loss of partner. In this chapter we examine whether there are career pathways where a need and a role for housing assistance are transparent because of the housing consequences of household dissolution, but current programs offer no assistance. To address this question we move beyond the housing affordability dimension of housing careers. Housing affordability is the critical dimension as far as CRA is concerned, and public housing's rebated rents can offer secure protection against housing affordability stress for tenants. But there are other dimensions to housing careers such as home ownership that governments here and overseas are concerned to promote and sustain. Home ownership can be threatened by bereavement, divorce and separation, but there are no direct housing assistance programs in Australia that offer a 'lifeline' in these circumstances.[37] There is then a potential role for housing assistance in this regard, and this rationale was in fact a motivation for the Housing Lifeline proposal that featured as part of the Prime Minister's 2003 Home Ownership Task Force Report (Gans & King, 2003).

The chapter begins by comparing housing tenure patterns before and after loss of partner. We find that break-up or bereavement is a major disruption to home ownership aspirations. Home owner divorcees and the separated who manage to retain ownership despite the fracture of their households may have to borrow in order to unlock housing wealth as part of settlements. Because divorce and separation now typically occur in middle age (see Babacan et al., 2006, p. 20), these events could be precipitating high gearing ratios at a time in the life course when incomes have peaked and retirement is looming. The public policy concern arises because debt repayments could eat into retirement savings, leaving divorcees and the separated reliant on accumulated housing wealth to help finance their retirement. The implications for demands on the age pension program are alarming in the context of an ageing population. These issues are investigated by comparing debt before and after household dissolution, the moves that people make following household dissolution, and the plans that divorcees and the separated have to use housing wealth to finance their retirement. At various points in the chapter we describe illustrative cases drawn from the in-depth interviews conducted in relation to the qualitative research reported in Chapter 6.

4.2 Tenure pathways following loss of partner

The research approach follows a sample design that observes the same principles as those outlined in Chapter 3 with respect to housing affordability pathways following loss of partner. However, one important difference is the larger sample, which is now augmented by outright owners, bringing the sample size up to 310 people who have lost a partner between waves 1 and 3 of HILDA. We compare the tenure profile of these people when they belonged in couple relationships, with their tenure profile one year and two years following bereavement or break-up. The disruption to tenure

[37] The first home owners grant is, as the label suggests, targeted at first transitions into ownership. It cannot help those at risk of falling out of home ownership.

profiles is gauged by comparison to a control group of 'surviving couples' and their tenure profile in waves 1 to 3.[38]

Table 4.1 shows how couples that subsequently dissolve have lower home ownership rates (69 per cent) than surviving couples (85 per cent) in the year preceding bereavement or break-up. The former are typically at an earlier stage of the life course. The sample of Australians who lose a partner have an average age of 42 years; in comparison, survivors are generally older as their average age is 48 years. These differences are reflected in a much lower share of outright owners among those who subsequently lose a partner (see Table 4.1). There is an abrupt change in tenure pathways one year after loss of partner, with home ownership rates falling from 69 per cent to 53 per cent, a drop in the rate of home ownership of just under 25 per cent. In stark contrast, the year-on-year tenure profile of surviving couples reveals a steady increase in rates of home ownership as the rate pushes towards 9 in every 10 surviving couples.

Table 4.1: Housing tenure pathways of couples by marital history, one year before and after comparisons

	Home owners		***Outright owners***		***Owner purchasers***		***Renters***		***Total***
	N	***%***	***N***	***%***	***N***	***%***	***N***	***%***	***N***
Before loss of partner	213	68.7	81	26.1	132	42.6	97	31.3	310
After loss of partner	164	52.9	70	22.6	94	30.3	146	47.1	310
Wave 1 surviving couples	2,195	85.0	1,032	40.0	1,163	45.0	388	15.0	2,583
Wave 2 surviving couples	2,233	86.5	1,064	41.2	1,169	45.3	350	13.6	2,583

Note: People identified as 'Other' (5 persons) in the year when coupled have been included in the 'renters' category.

The disruption to housing tenure pathways caused by divorce, separation and bereavement is not quickly reversed. We tracked 182 Australians in the HILDA sample for two years following loss of partner, and the results displayed in Table 4.2 reveal a continuing fall in the share of home ownership, which dips below 50 per cent in the second year. In the two years that elapsed following household dissolution, rates of home ownership fall by more than one-quarter among those losing a partner. Renting becomes the dominant tenure and the contrast with surviving couples is again dramatic, as their home ownership rates continue to move in the opposite direction (87 per cent after two years/waves of HILDA) and renting is clearly a second-best choice.

[38] Exactly contemporaneous comparisons between 'treatment' (loss of partner) and control (surviving couples) groups cannot be drawn, because loss of partner might occur between waves 1 and 2 or between waves 2 and 3. The one year after loss of partner comparisons are drawn with respect to surviving couples' tenure profiles over waves 1 and 2, while two-year post-loss of partner comparisons are drawn with respect to surviving couples' tenure profiles in waves 1 and 3.

Table 4.2: Housing tenure pathways of couples by marital history, two years before and after comparisons

	Home owners		*Outright owners*		*Owner purchasers*		*Renters*		*Total*
	N	***%***	***N***	***%***	***N***	***%***	***N***	***%***	***N***
Before loss of partner	120	66.0	42	23.1	78	42.9	62	34.1	182
After loss of partner	89	48.9	37	20.3	52	28.6	93	51.1	182
Wave 1 surviving couples	2,195	85.0	1,032	40.0	1,163	45.0	388	15.0	2,583
Wave 2 surviving couples	2,233	86.5	1,092	42.3	1,161	44.9	330	12.8	2,583

The evidence indicates that divorce, separation and bereavement are a major source of disruption to home ownership aspirations. The disruption is felt more among pre-dissolution households that were home purchasers rather than outright owners, and divorcees and the separated as opposed to widows.[39] With divorce and separation, the household dissolves, two new households are spawned, and the consequent loss of economies of scale in housing consumption raise housing cost burdens. For some the increase is evidently too high; for others, the need to quickly find accommodation without the high transaction costs associated with purchase is a persuasive reason to rent.

A matrix of tenure transitions is presented in Tables 4.3 and 4.4. The columns indicate tenure before household dissolution; so, for example, Table 4.3 shows that 132 people were purchasers before bereavement or break-up. The row headings indicate tenure one year after household dissolution. Continuing the example, we find that of the 132 people who were purchasers, 11 (8 per cent) become outright owners, 41 (31 per cent) become renters and 80 (61 per cent) are still purchasers one year following dissolution.

The matrices show that tenure transitions are somewhat more complicated than might first appear on examining Tables 4.1 and 4.2. Consider again those who were home purchasers before household dissolution. Table 4.3 shows nearly 10 per cent become outright owners one year after loss of partner, most likely as a result of divorce settlements or bequests that 'unlock' wealth sufficient to allow one ex-partner or widow to make an unencumbered purchase and leapfrog into outright ownership. More surprisingly, there are 10 per cent of renters who become home owners following divorce, separation or bereavement, and again this presumably reflects settlements and inheritances[40]. But these are relatively unimportant tenure pathways that are more than offset by transitions in the opposite direction, since outright owners and purchasers are falling off the home ownership ladder in greater numbers. More than 50 per cent of outright owners and purchasers find themselves renting one year after bereavement or break-up; there are a smaller 12 per cent of renters who become purchasers or outright owners one year after loss of partner. So settlements and bequests can lift a minority of renters into home ownership, and this helps to cushion the fall in home ownership, but there is nevertheless a substantial net fall in rates of home ownership following household dissolution.

Movement of public renters after losing a partner is of particular interest because public housing is rationed and subject to lengthy waiting periods. An ex-partner leaving the family home following marriage break-up is unlikely to be able to access public housing in the short-term, and consequently, will lose public housing

[39] The rate of home ownership falls by 30 per cent among divorcees and the separated.

[40] Small sample numbers prevented us from making definitive statements about such tenure pathways.

assistance. Unfortunately, the sample of public renters is very small, but we are able to glean some information about their transitions after losing a partner. For the 13 public renters observed one year after household dissolution, 8 remain in public housing, and four become private renters[41].

Tenure improvements for some may be a result of re-partnering with a person in a better housing market position. Among the 31 people that eventually re-partner 17 people (54.8 per cent) were home owners when coupled. This rate of home ownership is 13 percentage points lower than the overall rate of home ownership among those who lose a partner. One year after dissolution, 16 people, or 51.6 per cent, are home owners (five of which were renters when with their ex-partner). This is slightly less than the 53.8 per cent home ownership rate of those who lose a partner but do not re-partner. Home ownership rates among those who re-partner catch-up with those who fail to re-partner. This surely reflects the economies of scale that couples enjoy and the boost to home ownership aspirations when re-partnering with someone already on the home ownership ladder[42].

Table 4.3: Tenure transitions of those who lose a partner, one year after household dissolution

Tenure one year after household dissolution	*Tenure before household dissolution*							
	Home owners		*Outright owners*		*Purchasers*		*Renters*	
	N	*%*	*N*	*%*	*N*	*%*	*N*	*%*
Outright owner	66	31.0	55	67.9	11	8.3	4	3.3
Purchaser	86	40.4	6	7.4	80	60.6	8	8.7
Renter	61	28.6	20	24.7	41	31.1	85	88.0
Column total	213	100	81	100	132	100	97	100

Table 4.4 uses continuously married (or de facto) couples as a benchmark to gauge the disruption to tenure profiles that divorce, separation and bereavement cause. Among surviving couples, a key point of contrast is the unimportance of transitions into renting from outright ownership and home purchase. Couples that achieve home ownership rarely move into rental housing if their relationship survives; only 2 per cent of outright owners and 4 per cent of purchasers become renters over the three-year period examined in Table 4.4. Yet the corresponding incidence among those experiencing loss of a partner is 24 per cent and 40 per cent. The other point of contrast is the steady transition of renting couples into home ownership; 32 per cent of 'surviving' couples make the transition into home ownership over this three-year timeframe. Only 16 per cent of those suffering loss of partner achieve home ownership over a comparable timeframe. These comparisons serve to underline the threat that divorce, separation and bereavement poses to home ownership aspirations.

[41] One person moves into the 'other' type of tenure. Only four are observed for two years after household dissolution, and four of these are still in public housing and one in private rental.

[42] A similar matrix of tenure transactions is found among the smaller sample of 182 Australians who can be tracked for two years following household dissolution. Results are available from authors on request.

Table 4.4: Tenure transitions of surviving couples

	Outright owners		*Purchasers*		*Renters*	
	N	***%***	***N***	***%***	***N***	***%***
Total first year	1,032	100	1,163	100	388	100
Second year						
Outright owner	926	89.7	133	11.4	5	1.3
Purchaser	97	9.4	995	85.6	77	19.8
Renter	9	0.9	35	3.0	306	78.9
Third year						
Outright owner	906	87.8	174	15.0	12	3.1
Purchaser	108	10.5	941	80.9	112	28.9
Renter	18	1.7	48	4.1	264	68.0

The people in our sample who retain home ownership despite loss of partner may do so by increasing their outstanding mortgage debt, a symptom of this being the substantial proportion of outright owners who become home purchasers. But purchasers might also find that they have to increase their mortgage or take on the mortgage that was previously 'shared' with their ex-partner. There are 152 people in the sample who are home owners before household dissolution and retain this status one year after loss of partner. If we split the outstanding debt equally between the ex-partners when they were a couple, we find that their average outstanding mortgage debt increases from $29,738 to $60,806 (a 104 per cent increase). What seems to be happening here is that mortgages serviced by the couple when married often become the responsibility of one of the ex-partners following break-up or bereavement.[43] There are of course those who have moved and avoid large increases in debt by downsizing or becoming renters. In the next section we consider residential moves following loss of partner.

4.3 Loss of partner and residential relocation

4.3.1 Evidence from HILDA

Household dissolution as a result of marriage break-up will mean that at least one person has to move and relocate. What is difficult to discern from the above information is whether people have actually moved after household dissolution and whether these moves are frequent. A change in tenure from owning to renting implies that a person has moved, but outright owners who may secure a loan against their home, thus becoming purchasers, have not moved, and purchasers who use a life insurance pay-out to pay off outstanding mortgages to become outright owners have not necessarily moved. Whilst a large proportion of renters remain in this tenure, many could have actually changed address (see Case 4.1).

Moves can help cushion housing affordability stress. Some moves are prompted by a desire to live closer to relatives (see Case 4.2). On the other hand, there can be disruption to living arrangements when there are multiple moves. Among all 310 people observed in the first year after household dissolution 44.5 per cent (138 persons) indicated that they had moved since their last interview. There is little evidence to suggest that movers are able to adjust housing costs and become less prone to HAS. Among the movers (non-movers), 30 per cent (21 per cent) are in HAS

[43] For widows this is always the case provided there is no move following death of a partner. The mortgage may subsequently be reduced by life insurance or a lump sum pension.

one year following household dissolution.[44] There are 182 divorcees, separated and bereaved that we track for two years following break-up or bereavement. These repeat moves will create other financial and emotional stresses associated with moving, such as moving costs and finding appropriate accommodation. Frequent moves indicate that housing disruptions are not confined to the immediate year after a relationship dissolves due to separation, divorce or bereavement.

Case 4.1: Drawn from in-depth qualitative interviews

Most of the interviewees did not change tenure after the loss of their partner. Those in private rental were usually unable to change tenure, as they could not find cheaper accommodation. There were some exceptions. When her husband died, Nancy lived in a privately rented flat. She was attached to the flat, as it was close to the shopping centre and to public transport. However, after her husband's death, Nancy could no longer afford the flat and so she moved into public rental accommodation. "I am not very happy here. It's noisy and crowded. I want to move but I can't afford to move." Our respondents in public rental had not changed tenure after the loss of their partner. It is far easier to remain in public rental because housing costs are adjusted according to income.

Case 4.2: Drawn from in-depth qualitative interviews

The qualitative data revealed that a combination of non-material and material factors affect home owners who have lost their partner through death. Nelly's case is typical of this group. Nelly is a 65-year-old aged pensioner whose husband died from cancer a number of years previously. The death was extremely traumatic for Nelly: "We had been married for over forty years and I continue to miss him to this day. I feel very lonely at times and especially at nights." Following her husband's death, Nelly sold the matrimonial home and purchased a house located closer to her daughter. "My daughter is very supportive. She and her husband visit me from time to time and I frequently see my grandchildren. It's now easy for me to go to my daughter's house. I'm there a couple of days of the week. While this helps, I still feel lonely at nights. I miss my husband." Many respondents were traumatised by the loss of their partner through bereavement and experienced loneliness and isolation. However, economic factors were also significant for this group. Nelly indicated that she lived a very modest life, as her age pension was only enough to get by on. "Living expenses are the same but my income is now a sole income. The bills are the same as they were before Bob passed away." When probed as to larger expenses, Nelly replied, "I need to change my stove and to have the garden fixed but I can't afford it."

As we have noted, 56 per cent of home owners retain this tenure status in the first year after household dissolution, and just over 1 in 10 of these home owners move but are able to 'cling' onto the home ownership ladder. However, they will have to meet the costs associated with buying a home, such as the deposit gap, fees associated with mortgages and stamp duty liabilities. Inevitably, these transaction costs will be more difficult to achieve on a single income.

Among the over-50s observed in the year after household dissolution, only 27.3 per cent move (21 out of 77 persons), compared to 50.2 per cent of those aged under 50. One-third remain in rental, and nearly one-third transit into rental from home ownership. Housing moves among older people occur mostly when people are between 50 and 65 years old – that is, before retirement age (only four people over 65 move house in the first year after household dissolution). The over-50s sample is small; the following hypotheses are worthy of future research. Those past retirement age generally own their home outright, and if they do move, it will most likely be to downsize, or to move in with family or even into a retirement village. For those older people of pre-retirement age who do move into rental accommodation after loss of a partner, there are longer-term housing consequences. It is likely that these people will

[44] The need to maintain easy access to children can limit the ability of movers to lower their housing costs.

face ongoing housing costs when they do retire. If they continue to rent they will require rising incomes to meet increasing rental payments. They also live in an insecure tenure because they may have to move if the rent increases or the landlord chooses to sell the property. Some pre-retirees may be fortunate enough to re-enter home ownership, but this means they will enter their retirement years still in possession of what will almost certainly be a large mortgage. A reduced income-earning capacity could result in difficulties in meeting mortgage payments, and the possibility of not paying the house off before they die.

A clear gender division is evident among people who move house: 40.1 per cent of men move in the first year after dissolution, compared to 48.0 per cent of women; 42.5 per cent of women who were home owners when coupled move in the year after dissolution, compared to only 35 per cent of home-owning men. There are 90 couples (180 persons) where the tenure transitions of both partners can be followed after household dissolution. The women are more likely to lose home ownership status and move into rental after a relationship dissolves. Of the 130 people (65 couples) who were home owners, one partner in just over half (58.5 per cent) of the couples becomes a renter after their relationship breaks down. Of those who do move from home ownership to rental, 60.9 per cent are women.

Women are then more likely to lose home ownership after household dissolution, a finding that seems contrary to popular perception, and are more prone to HAS (see Chapter 3). While some women may be able to recover in the long term, they face multiple barriers in re-entering the housing market. As we have shown earlier, divorce is occurring later in life, and women in particular are less likely to re-partner than men. Women also typically have had interrupted careers (due to child-caring duties) and have accrued less superannuation. These events will all contribute to a reduced income when retired and greater reliance on government pensions.

4.3.2 Evidence from the Census of Population and Housing

Data from the one per cent household sample file from the 2001 Australian Bureau of Statistics Census of Population and Housing can also be used to investigate movements following loss of a partner. While these data represent a cross-section, it does contain 'historical' data that allows identification of an individual's current location, their location 12 months ago and their location at the time of the previous Census (taken five years before). However, the file contains data only on current marital status. So while it is possible to identify people who have lost a partner and not remarried – that is, people whose marital status is divorced, separated or widowed – there is no way of identifying when that loss of partner occurred. On the other hand, it offers the benefit of much larger samples sizes than are available in HILDA.

Table 4.5 shows that the proportion of the population who have lost a partner increases steadily with age. The proportion who are currently divorced or separated is highest for 40–49 year olds and 50–59 year olds, at around 18 per cent. This proportion falls for older people, presumably due to re-partnering, while the percentage who are widowed begins to rise sharply. Consequently, the proportion of the population who have lost a partner is quite stable at around 20 per cent from the ages of 40–49 to 60–69, after which it begins to rise rapidly, reaching 59.4 per cent for the population aged 80 and over. In total, 28.8 per cent of people aged 50 or over have lost a partner (and havenot re-partnered).

Table 4.5: Marital status by age, 2001

Age (yrs)	*Married/ de facto (%)*	*Never married (%)*	*Widowed (%) (1)*	*Divorced (%) (2)*	*Separated (%) (3)*	*Lost partner (%) (1)+(2)+(3)*	*Sample size*
20–29	16.9	80.8	0.1	0.9	1.3	2.3	25,767
30–39	57.2	31.7	0.3	6.4	4.5	11.2	28,625
40–49	67.8	13.4	1.0	11.9	5.8	18.8	28,145
50–59	72.0	6.7	3.1	13.5	4.7	21.3	23,080
60–69	72.4	5.1	9.1	10.0	3.4	22.5	15,129
70–79	60.9	5.0	26.0	6.1	2.0	34.1	11,485
80+	35.0	5.6	54.8	3.4	1.2	59.4	6,745

Source: ABS 2001 Census 1% Household Sample File.

4.3.3 Residential location and movement

For each individual we can identify whether they live in an inner metropolitan, outer metropolitan or regional area. This can be seen from 'total' rows in Table 4.6, which show residential location in 2001. Note that these classifications are not available for people in the Northern Territory or Tasmania, and hence these two states/territories are included as separate regions. For example, 23.3 per cent of older renters who had lost a partner lived in an inner metropolitan area in 2001, compared to 22.4 per cent of their counterparts who had not lost a partner. For both groups, there is very little change between 1996 and 2001 in the overall proportions living in inner metropolitan, outer metropolitan and country areas. Moreover, the small percentages in the off-diagonal cells demonstrates that only a very small proportion of people in either group moved between these geographical classifications. However, this says nothing of the degree of mobility within these areas. Many more individuals may have moved residences but remained within the same geographical classification, and this will include people who, for example, moved from an inner metropolitan area in one state to an inner metropolitan area in another state. In total, 10.6 per cent of people who had lost a partner in 2001 were observed to have changed region in the previous five years, compared to 10.9 per cent of those who had not lost a partner.[45] This lower incidence will be partly due to the fact that people who lost are partner are on average older, and older people in turn will be less mobile. The effect of having lost a partner, after controlling for age and other variables, is explored below.

[45] At this broad geographical level the similarity in the location patterns of older renters who have or have not lost a partner may conceal a more complex picture. A detailed analysis of people of all ages by local government areas in Western Australia reveals that people who have lost a partner are relatively concentrated in areas characterised by low average incomes and low levels of home ownership.

Table 4.6: Inter-census location and transit matrix, 1996 and 2001

Location in 1996	*Location in 2001*				
	Inner city (%)	*Outer city (%)*	*Country (%)*	*Tas or NT (%)*	*Total (%)*
Older renters (50+) who had lost a partner in 2001					
Inner city	**20.1**	1.9	1.0	0.0	23.0
Outer city	1.7	**30.3**	1.8	0.1	33.9
Country	1.5	2.1	**35.7**	0.2	39.5
Tas or NT	0.0	0.1	0.2	**3.3**	3.6
Total	23.3	34.4	38.6	3.6	**100.0**
Older renters (50+) who had not lost a partner in 2001[a]					
Inner city	**19.9**	1.8	1.0	0.0	22.8
Outer city	1.6	**28.6**	2.3	0.0	32.5
Country	0.8	2.5	**36.9**	0.3	40.4
Tas or NT	0.1	0.1	0.4	**3.7**	4.3
Total	22.4	33.1	40.5	4.0	**100.0**

a. Includes persons who were recorded as married, de facto or never married in 2001. Those who are married or living in de facto relationships may have lost partners of previous relationships.

4.3.4 Multivariate analysis of mobility

To explore the associations between having lost a partner, housing tenure and mobility in more detail, multivariate models of the probability of an individual having moved in the previous five years are estimated. The older (50+ years) group of private renters are picked out for particular attention given the focus of this study. Table 4.7 presents the results of the regression models. A positive coefficient indicates that the probability of having moved is greater for a person in that category. In the case of age, which is a continuous variable, the negative coefficient indicates that the probability decreases with age.

Separate models are estimated for all persons, for older persons (aged 50+) and for older renters. With the exception of the effect of gender, all the relationships identified are highly significant, indicating that it is highly unlikely that the relationship is observed by random chance. That is, we can be very confident that even if we had data from a different sample than this particular one per cent sample, a similar effect would still be found.

The results show that there are no significant differences in mobility between males and females, while age has a negative effect. People who own their house outright are the least likely to have moved in the past five years, while private renters are the most likely to have moved. More importantly, the multivariate models do indicate that mobility is higher among people who have lost a partner.

Table 4.7: Factors affecting probability of moving between the 1996 and 2001 censuses, logistic regression coefficients

	All ages		*Older persons (50+)*		*Older renters*	
	Coefficient	*Signif.*	*Coefficient*	*Signif.*	*Coefficient*	*Signif.*
Constant	0.454	0.000	–0.774	0.000	2.161	0.000
Age	–0.026	0.000	–0.008	0.000	–0.027	0.000
Male	–0.013	0.201	0.013	0.521	–0.044	0.378
Housing tenure:						
Home owner	—	—	—	—		
Home purchaser	0.484	0.000	0.632	0.000		
Private renter	1.752	0.000	1.382	0.000	—	—
Government rent	0.362	0.000	0.273	0.000	–1.12	0.000
Has lost a partner	0.551	0.000	0.491	0.000	0.122	0.016
Sample	189,182		53,876		7,351	

To help interpret the implications of these results, the estimated coefficients from the models are used to calculate the predicted likelihood that a person will have moved in the past five years, depending upon their characteristics (see Table 4.8). The strong effect of housing tenure is very evident. Across persons of all ages, the predicted likelihood of someone who is renting privately having moved in the past five years is 78.7 per cent. This compares to around 50 per cent for home purchasers and public renters, and just 39.1 per cent for home owners. Older people are less mobile in each category, but the relative order remains consistent across housing tenures regardless of age. Note that, for older renters, the independent effect of having lost a partner is to increase the likelihood of having moved by just 3 percentage points, compared to around 10 percentage points when older home owners and purchasers are included in the sample. Loss of a partner, therefore, appears to be considerably more disruptive (in terms of bringing about a residential relocation) for older home owners and home purchasers than it is for older renters.

Table 4.8: Predicted probability of having moved in past five years

	All ages (%)	*Older persons (50+) (%)*	*Older renters (%)*
Sample mean	52.5	28.9	52.9
Age:			
Aged 55		30.6	58.8
Aged 65	—	28.9	52.1
Aged 75	—	27.3	45.4
Housing tenure:			
Home owner	39.1	24.1	—
Home purchaser	51.0	37.4	—
Private renter	78.7	55.9	61.6
Government rent	48.0	29.5	34.4
Partner status:			
Has lost a partner	64.1	36.5	54.6
Has not lost a partner	50.7	26.0	51.6

Note: Based on the results of the logit models presented in Table 4.7. Results are not presented for males and females, as the effect of gender was not statistically significant in the models.

The Census one per cent Household Sample File is far from ideal for analysing the effects of loss of a partner on geographic location and mobility. However, some valuable insights can still be gained from the analysis. First, in broad geographic terms, there is very little difference in the pattern of location of older renters who are widowed or divorced compared with that of older renters who are currently partnered or had never partnered. The distribution between inner metropolitan suburbs, outer metropolitan suburbs and the regions is very similar for both groups, as is the pattern of transitions between these areas. The multivariate models do show that persons who have lost a partner have a greater likelihood of having recently moved.

We cannot determine the exact timing of the move relative to the time of the partner loss, but the effect can be attributed to a combination of two factors: a recent marital separation or bereavement leading directly to the individual needing to change residence; and persons who have lost a partner earlier in life and who have not re-partnered continuing to display less stable housing careers. An important finding, however, is that loss of a partner is more strongly associated with relocations for older home owners and purchasers than it is for older renters. For older renters the effect is quite minor, suggesting perhaps that the second of these effects dominates. The results are essentially the same if the analysis is repeated for more recent moves (in the past 12 months rather than five years), though of course the incidence of moves is much lower.[46]

4.4 Loss of partner, housing pathways and retirement plans

We close this section by analysing how Australians plan to finance their retirement, and in particular whether they intend to unlock housing wealth or move to cheaper housing. Typically, households make plans for retirement by 'insuring' themselves through contributions to superannuation, investments in shares, unit trusts, etc. and through life insurance. An important 'insurance vehicle' is the accumulation of housing wealth. In Australia, home owners have been encouraged to accumulate housing wealth by preferential tax arrangements and the knowledge that, if mortgages have been 'paid off', housing expenditures will be relatively low in retirement.

Loss of partner can threaten these plans if:

- it precipitates mortgage debt increases late in labour and housing market careers
- home ownership status is sacrificed, or
- it results in an over-reliance on housing wealth.

Those who become 'permanent' renters as a result of loss of partner face rising housing costs in retirement, and may be forced to move into cheaper accommodation in order to finance retirement. Home owners do not have the same problem. But divorcees may find that their settlements on divorce leave one ex-partner with the couple's property (and mortgage) while the other ex-partner retains superannuation and/or other financial assets. The partner who receives property in lieu of settlement can then become reliant on housing wealth as an insurance for old age; home ownership not only curbs housing costs, but the wealth tied up in housing can be unlocked to finance retirement (by trading down or selling up).

Table 4.9, 4.10 and 4.11 explore whether those who have lost a partner are more likely to envisage sale of their property if a home owner, or a move (to cheaper accommodation) if renting. The analysis is based on answers to a HILDA 2003 survey question that is put to Australians aged 45 years and over who have not yet retired. The question is whether they expect to 'Sell your house or move to lower cost

[46] Results available on request.

accommodation in retirement in order to manage financially'. Table 4.9 cross tabulates answers by tenure and marital history for all persons, and Tables 4.10 and 4.11 repeat this tabulation separately for males and females.

A minority of this sample of 4,872 middle-aged Australians plan to adjust housing circumstances, with just over 1 in 10 indicating that they plan to sell or move following retirement. This is a finding consistent with a qualitative study of Australian baby boomers approaching retirement (Hamilton & Hamilton, 2006), which highlighted fears of isolation among respondents, a reluctance to sell their homes and an unwillingness to move out of their existing communities. However, the inclination to express such plans varies by tenure, with 12 per cent of home owners planning to sell, but a lower 8.2 per cent of renters planning to move.

Of particular interest are differences by marital history. Typically the divorced, separated and remarried are more inclined to plan adjustment to their housing circumstances to help finance retirement. There is a striking and important difference between these groups and widows, the latter being reluctant to express any intention to sell or move. Though bereaved relatively early in the life course, their need to adjust their housing circumstances is perhaps not as great because pension arrangements and life insurance can cushion the impact by helping to maintain income following bereavement. The divorced and separated do not have insurance arrangements that are triggered when their marriages break up, and consequently housing wealth is much more likely to fulfil the role of insurance.

The tables also suggest that, following marriage break up, women are more likely to contemplate adjustment in their housing circumstances to finance their retirement plans, and this is most evident among home owners. More than one in five divorced and separated female home owners plan to release housing wealth in retirement. The corresponding propensity among men is closer to one in ten. A likely explanation is that women post break-up have wealth portfolios that are biased in favour of housing assets, as their male ex-partners sacrifice their stake in the family home in exchange for occupational pensions. Wives who have lost a partner due to break-up of marriages are then more reliant on housing wealth in retirement than are their ex-husbands.[47]

[47] The intention to unlock housing wealth does not vary by sex. However, this is because widows make up a higher proportion of the female home owner sample (18.2 per cent versus 4.2 per cent) and widows are more reluctant to sell.

Table 4.9: Intentions to sell/move in retirement by marital history and tenure: all

	No	*Yes*	*Total*	*% planning to sell/move*
Home owners				
Married	2,432	341	2,773	12.3
Separated	111	28	139	20.1
Divorced	369	75	444	16.9
Widowed	497	17	514	3.3
Remarried	495	69	564	12.2
Total	3,904	530	4,434	12.0
Private renters				
Married	139	8	147	5.4
Separated	58	7	65	10.8
Divorced	121	14	135	10.4
Widowed	35	1	36	2.8
Remarried	49	6	55	10.9
Total	402	36	438	8.2

Table 4.10: Intentions to sell/move in retirement by marital history and tenure: men

	No	*Yes*	*Total*	*% planning to sell/move*
Home owners				
Married	1,244	192	1,436	13.4
Separated	56	12	68	17.7
Divorced	168	23	191	12.0
Widowed	84	3	87	3.5
Remarried	263	37	300	12.3
Total	1,815	267	2,082	12.8
Private renters				
Married	76	6	82	7.3
Separated	31	4	35	11.4
Divorced	52	3	55	5.5
Widowed	8	0	8	0
Remarried	29	3	32	9.4
Total	196	16	212	7.6

Table 4.11: Intentions to sell/move in retirement by marital history and tenure: women

	No	*Yes*	*Total*	*% planning to sell/move*
Home owners				
Married	1,188	149	1,337	11.1
Separated	55	16	71	22.5
Divorced	201	52	253	20.6
Widowed	413	14	427	3.3
Remarried	232	32	264	12.1
Total	2,089	263	2,352	11.2
Private renters				
Married	63	2	65	3.1
Separated	27	3	30	10.0
Divorced	69	11	80	13.8
Widowed	27	1	28	3.6
Remarried	20	3	23	13.0
Total	206	20	226	8.9

The HILDA 2003 survey also asks retirees whether they have actually sold or moved to cheaper accommodation in order to assist financially in retirement. A smaller sample of 994 (63) home owner (renter) retirees is available for analysis. In view of the small renter sample, we restrict our attention to home owners. Some 5.1 per cent confirm that they have sold, but 7.3 per cent of females state that they have done so, which is nearly double the proportion of male home owners who have sold (3.9 per cent). These shares are below those implied by the intentions data from middle-aged home owners that have yet to retire. However, there are two points of relevance here; the retirees' data is censored so we do not observe sales over the remainder of these home owners' retirement. Secondly, the current cohort of retirees accumulated housing wealth during different housing market conditions, in a political and economic climate where expectations of living standards in retirement were perhaps lower than those of the baby boomers who are now approaching retirement (Olsberg and Winters, 2005).

It turns out that female home owner widows are more prepared to trade down in order to unlock housing wealth than the intentions data would indicate. More than one in ten female home owner widows have sold to help finance retirement, about three times the rate that could be anticipated from the plans of the current cohort of middle-aged female widows who own their home. It is not clear whether this is a cohort effect – the preferences of the currently middle-aged differ from those of the already retired – or, alternatively, financial circumstances in retirement are tougher than expected, with these retirees forced to unlock housing wealth in order to 'make ends meet'.

Divorced women and men are more likely to have unlocked housing wealth than other marital groups, but, as might be expected from the intentions data, divorced women (24 per cent) are more likely to have traded down than divorced men (5 per cent).[48] At this stage of the life course there are too few separated men and women to warrant analysis. Although 'marrieds' reveal intentions to sell that are in line with sample averages (see Table 4.13 and 4.14), their behaviour once retired reveals a lower than average propensity to trade down. This could be due to economies of scale in

[48] Small sample numbers are a reservation here.

consumption that helps lower per capita living costs compared to those who have lost a partner. Evidence in support of this claim can be gleaned from the behaviour of remarrieds who have lost a partner at an earlier stage of the life course and then re-partnered. Their propensity to unlock housing wealth (4.9 per cent) is also lower than the sample average (5.5 per cent).

There are, however, other differences that could be correlated with marital history (age, for example, with widows being older) that warrant caution when interpreting these findings. The patterns apparent in the cross tabulations do, however, point to potentially important policy implications: with an ageing society and increases in the real value of housing assets, the latter could perform an increasingly important insurance role in old age. It is important to establish whether the trading down that is observed in our data reflects deteriorating financial circumstances, with housing wealth being used in a welfare role during retirement. This is a topic worthy of future research.

Table 4.12: Propensity to unlock housing wealth to finance retirement by marital history: all

Home owners – all				
	No	***Yes***	***Total***	***% sold home***
Married	577	23	600	3.8
Separated	25	2	27	7.4
Divorced	602	12	82	14.6
Widowed	85	8	93	8.6
Remarried	116	6	122	4.9
Total	873	51	924	5.5

Table 4.13: Propensity to unlock housing wealth to finance retirement by marital history: men

Home owners – men				
	No	***Yes***	***Total***	***% sold home***
Married	325	11	336	3.3
Separated	16	2	18	11.1
Divorced	38	2	40	5.0
Widowed	24	0	24	0
Remarried	61	4	65	6.2
Total	464	19	483	3.9

Table 4.14: Propensity to unlock housing wealth to finance retirement by marital history: women

Home owners – women				
	No	***Yes***	***Total***	***% sold home***
Married	252	12	264	4.6
Separated	9	0	9	0
Divorced	32	10	42	23.8
Widowed	61	8	69	11.6
Remarried	55	2	57	3.5
Total	409	32	441	7.3

5 HOUSING CAREER PATHWAYS FOLLOWING PARTNER LOSS: BENEFIT RECIPIENTS

5.1 Introduction

Chapters 3 and 4 offer a 'representative' description with respect to the housing consequences of loss of partner among all Australian households. But the consequences of break-up among low-income couples can be a particular concern for policy makers. There are two main reasons; first, low-income couples are more prone to loss of partner, as we documented in chapter 2. Second, low-income couples are more likely to demand income support and housing assistance following break-up.

Unfortunately, HILDA's sample is insufficient to conduct a robust statistical analysis of low-income households or benefit recipients who suffer loss of partner. Given the importance of this segment of the Australian population, we have accessed the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) Longitudinal Dataset (LDS). FaHCSIA is responsible for administering a wide range of social support payments to Australians. To do so, the Department's administrative systems compile fortnightly records on all benefit recipients, including data on payments made and the information required in order to determine the customer's eligibility and the payment amount. In 1999, the Department began making available the confidentialised records of a randomly chosen 1 per cent sample of customers, extending back to January 1995 and currently available through to the beginning of March 2006. Once a customer is selected for inclusion in the dataset, all their fortnightly records are added. A unique customer identifier allows customers to be tracked through all episodes of benefit receipt. The result is the LDS, a unique 11-year, high-frequency longitudinal dataset tracking a large sample of individuals throughout their engagement with the welfare system.

The variables available in the LDS enable an investigation into the impact of losing a partner on housing outcomes in two ways. Treating the data as a series of large cross-sections enables comparison of the housing status of older people who have lost a partner with the housing status of those older people who are partnered at selected points in time. More importantly, the longitudinal nature of the data can be exploited to analyse the changes that occur in individual's housing status following the loss of a partner, and compared to the experiences of continuously partnered or continually single people. The methodological approach is the same as in chapters 3 and 4, but in this chapter, the focus is exclusively on benefit recipients who are typically drawn from the low-income segment of the Australian population. We are then able to judge whether the housing consequences of loss of partner are more exaggerated among a group who are perhaps less able to withstand adverse life course events such as separation, divorce and bereavement.

The following section provides a more detailed description of the dataset along with background descriptive statistics relevant to the ensuing analysis. Section 5.3 presents a static or cross-sectional analysis comparing outcomes for those who had lost a partner at some point to people in other marital states. This is based on the circumstances off all people observed on 3 March 2006, the last fortnightly record in the available version of the LDS. The results of a dynamic analysis tracking the change in circumstances of those who lose a partner from just prior to the loss of the partner to six months and one year afterwards are reported in Section 5.4.

5.2 The LDS and selected descriptive statistics

FaHCSIA classify the benefits paid into two main types: income support and non-income support. Income support benefits include: age, sole parent and other pensions; parenting allowances for low-income families; and Newstart allowance for unemployed people and people in education and training. The main category of non-income support benefits is family payments, while others include maternity allowance, mobility allowance and Seniors Health Care Card. Available information on customers' partners is also included. If the customer's partner is a recipient of income support or non-income support payments, then their own customer records are extracted through the administrative data. Partners who are not already in the system are allocated an identifier and relevant information is recorded. Hence individuals in the LDS fall into one of three categories: recipients of income support benefits, recipients of non-income support benefits, and 'non-payment spouses'.

Initially the LDS file only included records for customers who received income support payments or who were receiving family payment at more than the minimum rate. The rationale for this was so that the sampling frame would include all persons potentially eligible for Commonwealth Rent Assistance. From 15 June 2001, the sampling frame was expanded to also cover persons receiving only a non-income support payment[49], along with the relevant partner information.

The dataset made available for this study consists of over 15 million customer-fortnight records, covering 114,622 individuals over the 292 fortnights from 6 January 1995 to 3 March 2006. On average, there are records for around 52,500 persons every fortnight. While some people are only observed for a small number of fortnights, many remain engaged with the welfare system for long durations, enabling changes in circumstances to be tracked over a lengthy interval. The average number of fortnightly observations for individuals in the LDS over this period is 134, meaning an average duration of just over five years (although this may consist of several different spells). More than 13,000 individuals appear in the dataset for all 292 fortnights. The analysis that follows uses post-June 15, 2001 data (that is, commencing from 29 June 2001). As noted above, a new sampling frame was instigated from this date onwards in which the random 1 per cent sample is chosen from all recipients of income support payments and non-income support payments, rather than primarily income-support customers. Restricting the analysis to this period ensures greater comparability of the sample across time[50]. Improvements to the coding of some variables, notably marital status, and a more convenient structuring of the data files were also instigated from 15 June 2001.

The LDS contains a large number of variables, and those of particular relevance for this study are date of birth, marital status, home ownership status, rental status, and earned and unearned income. For data items that are required in order for FaHCSIA to determine payment eligibility and amounts in accordance with the relevant legislation, the accuracy and coverage of the data will be of a high order. For other items, there may be a high incidence of non-reporting and the quality of the data collected cannot be guaranteed. However, there is no reason to expect that it would be inferior to self-reported data collected, for example, through questionnaires commonly used in social research.

[49] With the exception that people receiving only Child Care Benefit are not included.

[50] It is also a similar timeframe to that examined using HILDA in chapters 3 and 4.

The categories for the marital status variable include single, married, de facto, separated, divorced and widowed. The last three of these clearly constitute the loss of a partner group, though the meaning of 'separated' is subject to interpretation. Whether people in prior de facto relationships consider themselves as separated may depend upon the length of that relationship, whether children and assets were involved and the length of time that has passed since the relationship ended. Table 5.1 shows marital status by age for the most recent fortnight available in the data. It can be seen that the data contains a substantial number of persons who have lost a partner. For the chosen fortnight, there were over 10,000 such persons aged 50 or over. For 50–59 year olds these are comprised primarily of those who have separated or divorced, while for octogenarians they are predominately the widowed

Table 5.1 is broadly comparable to Table 4.5 based on the 2001 Census 1% Household Sample File. Despite the differences in the samples and categories, there is quite a strong concordance between the main aggregates, particularly with respect to the proportions in the older age groups who have lost a partner.

Table 5.1: Marital status by age, 3 March 2006

Age (years)	*Married/ de facto (%)*	*Single (%)*	*Widowed (%) (1)*	*Divorced/ separated (%) (2)*	*Not required/ unknown (%)*	*Lost partner (%) (1)+(2)*	*Sample size*
15–29	21.5	63.2	0.1	11.3	4.1	11.3	9,528
30–39	61.8	17.0	0.5	20.6	0.1	21.1	10,134
40–49	58.2	15.9	1.3	24.6	0.0	25.9	8,940
50–59	53.5	17.0	4.4	24.9	0.1	29.4	5,971
60–69	67.0	9.5	8.8	14.3	0.4	23.1	10,701
70–79	61.8	7.3	20.7	10.0	0.2	30.7	10,264
80+	34.6	7.7	48.5	8.5	0.7	57.0	4,738

Source: Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) Longitudinal Dataset (LDS).

To give some indication of the degree of formation and dissolution of marriages among customers within the LDS data, there were 60,015 customers recorded on 29 June 2001, of whom 43,185 (72 per cent) were also in the dataset in the last available fortnight almost five years later. The transition matrix of their marital status between 2001 and 2006, shown in Table 5.2, shows that around 12 per cent of customers with a partner at the beginning of the period were no longer in a relationship five years later. Loss of a partner through divorce or separation accounted for most of these changes in marital status, but for this group nearly as many lost of a partner through bereavement. Very few widows are observed to re-partner. It can be seen that only a very small proportion of persons previously recorded as married or in a de facto relationship later describe themselves as single, as opposed to divorced or separated. These figures will understate the full extent of partnership dissolution because they do not capture break-ups in which the individual has re-partnered by the end fortnight.

Table 5.2: Marital status transition matrix, 29 June 2001 to 3 March 2006

		Marital status in 2006				
Marital status in 2001	***Total***	***Married/ de facto***	***Single***	***Widowed***	***Divorced/ separated***	***Not required/ unknown***
Married/ de facto	24,627	21,697	52	1,263	1,615	0
	(100%)	(88.1%)	(0.2%)	(5.1%)	(6.6%)	(0.0%)
Single	7,797	699	6,565	28	504	1
	(100%)	(9.0%)	(84.2%)	(0.4%)	(6.5%)	(0.0%)
Widowed	4,157	56	2	4,088	11	0
	(100%)	(1.4%)	(0.1%)	(98.3%)	(0.3%)	(0.0%)
Divorced/ separated	6,527	860	77	34	5,556	0
	(100%)	(13.2%)	(1.2%)	(0.5%)	(85.1%)	(0.0%)
Not required/ Unknown	77	11	20	4	9	33
	(100%)	(14.3%)	(26.0%)	(5.2%)	(11.7%)	(42.9%)

Source: Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) Longitudinal Dataset (LDS).

Customers are broadly classified as being either home owners or non-home-owners. Within these classifications are a wide range of categories. Categories of home ownership include the standard categories of outright home ownership, joint ownership with partner, and purchasing own home, and these account for over 90 per cent of home owners. Other categories of home ownership include joint ownership with someone other than partner, home owner in government-funded aged care, deemed interest in home, and a range of other less common forms of ownership. For simplicity, here we treat all such forms of ownership as home ownership.

Renters are also distinguished according to a wide range of circumstances, the main ones of which are private rent (accounting for approximately 47 per cent of renters), 'no rent paid' (18 per cent) and government rent (17 per cent). Other categories identified in the LDS are 'board and lodging', 'free board and lodging', site or mooring fees and 'other'. The home ownership and rental variables are used to create six mutually exclusive categories: three relating to home owners (outright owner, purchaser and other owner) and three relating to non-home-owners (private renter, government renter and other renters). For people recorded in the data as home owners and as paying rent, their home ownership takes precedence for our purposes and they are treated as home owners and not renters.

For individuals within the LDS, the rate of home ownership increases steadily with age, reaching around 75 per cent for 60–70 year olds (Table 5.3). It then plateaus at just fewer than 80 per cent for 70–80 years olds before starting to decline. As home ownership rises with age, there is a corresponding decline in the proportion of people renting. Around one-fifth of people in the sample aged in their fifties are private renters. The incidence of government renters – primarily those in public housing – is highest in this age group.

Table 5.3: Housing status by age, 3 March 2006

Housing status	*Age (years)*					
	< 30 (%)	*30–49 (%)*	*50–59 (%)*	*60–69 (%)*	*70–79 (%)*	*80+ (%)*
Home owners						
Outright owner	4.1	24.6	44.8	70.4	73.9	60.8
Purchaser	6.0	23.0	9.3	2.8	0.8	0.3
Other owner	0.1	0.3	1.2	1.5	3.1	10.1
Total owners	10.2	47.9	55.3	74.7	77.8	71.2
Renters						
Private	36.3	29.8	19.3	10.4	7.9	6.8
Government	4.3	8.1	12.2	6.8	5.8	6.2
Other	49.2	14.1	13.1	8.0	8.5	15.8
Total renters	89.8	52.1	44.7	25.3	22.2	28.8
Sample size (n)	8,239	18,065	5,612	9,756	9,128	3,775

5.3 Cross-section analyses

The most straightforward way of investigating the impact of loss of a partner is to treat the data as a series of cross-sections to compare outcomes for those who report being separated or widowed to the outcomes of those who report being married/de facto or single. Again the most recent fortnight of data available is used and the sample restricted to persons aged 50 or over. Table 5.4 shows housing status for these groups. Concentrating on the final column for all persons aged 50 and over, it can be seen that 83.5 per cent of persons who are married or living in de facto relationships are home owners. By comparison, 57.8 per cent of those who have lost a partner own their own home. Among those who have lost a partner, the incidence of home ownership is lower for those who separated or divorced (43.7 per cent) than for the widowed (69.7 per cent).[51] The disparity in housing status for divorced and separated persons is most pronounced for persons aged in their 50s. At this age this group has a significantly higher rate of home ownership than do single persons, but that gap disappears for those aged 60 and older. For all persons aged over 50, the incidence of home ownership is very similar for all divorcees and singles.

The consequence of low rates of home ownership can equally be seen in the proportion of persons renting. Those who have lost a partner are more than twice as likely to be renters than those who are married or in a de facto relationship. The greater likelihood of renting for those who have lost a partner applies across all three rental categories (private, government and 'other'). Those who have lost a partner are more than twice as likely to be in government rental accommodation. Seventeen per cent of separated or divorced persons aged in their fifties were in government rental accommodation. At this age this will largely represent public housing, while for older customers government rent may also include government-run hostels or other aged care facilities.

Note that this analysis does not account for re-partnering. Some of those classified as married will in fact have previously separated or divorced. As noted above, it is also

[51] Differences in the incidence (mean) of home ownership (and hence renting) between the married/de facto, divorced/separated, widowed and single groups are all highly statistically significant by the standard t-test, with the exception of the singles and divorced/separated groups for 60–70 year olds and for all persons aged 50+.

the case that a small minority of persons indicating that they are single will have previously been in a relationship. It must also be remembered that the sample is not representative of the total Australian population and that the results will be influenced by multiple selection processes. The results presented here are likely to significantly underestimate the true extent of disadvantage faced by those who have lost a partner within the wider population. As we can safely assume that those who do not lose a partner fare better economically, they are less likely to appear in the data. In effect, the relatively select sample tends to 'even things up' because it includes only persons in need of and/or qualifying for benefits. Both those who have and those who have not lost partners are also likely to be in receipt of different types of benefits, which may influence the results. If the analysis is repeated separately for income support recipients and for non-income-support recipients, the incidence of home ownership is lower among income support recipients. Even then, however, a very similar pattern emerges with respect to the lower home ownership rates. Potential complications caused by selection are also addressed below using the dynamic nature of the data to compare outcomes for the same individual before and after loss of a partner.

Table 5.4: Housing status by marital status, persons aged 50 and over, 3 March 2006

	Age (years)				
	50–60	*60–70*	*70–80*	*80+*	*All 50+*
Married/de facto					
Owners					
Outright owner	60.1%	82.2%	83.4%	75.7%	78.1%
Purchaser	12.0%	3.0%	1.0%	0.3%	3.7%
Other owner	0.7%	0.9%	2.0%	6.2%	1.7%
Total owners	72.8%	86.0%	86.4%	82.2%	83.5%
Renters					
Private renter	13.5%	6.5%	5.7%	5.6%	7.4%
Government renter	8.0%	3.3%	3.2%	3.8%	4.1%
Other renter	5.6%	4.1%	4.7%	8.4%	5.0%
Total renters	27.2%	14.0%	13.6%	17.8%	16.5%
Divorced/separated					
Outright owner	26.8%	39.8%	44.0%	37.7%	36.1%
Purchaser	7.6%	3.6%	0.8%	0.9%	4.1%
Other owner	1.9%	2.9%	5.1%	8.1%	3.5%
Total owners	36.3%	46.2%	49.9%	46.7%	43.7%
Private renter	28.1%	21.2%	17.8%	14.7%	22.3%
Government renter	17.1%	16.4%	16.3%	16.8%	16.6%
Other renter	18.5%	16.2%	16.0%	21.9%	17.4%
Total renters	63.7%	53.8%	50.1%	53.3%	56.3%
Widowed					
Outright owner	49.8%	63.1%	68.2%	55.8%	61.8%
Purchaser	5.5%	1.4%	0.7%	0.1%	0.8%
Other owner	2.8%	2.9%	4.2%	12.9%	7.1%
Total owners	58.1%	67.4%	73.1%	68.8%	69.7%
Private renter	21.7%	12.7%	7.3%	6.3%	8.7%
Government renter	9.1%	10.1%	7.7%	5.9%	7.5%
Other renter	11.1%	9.8%	12.0%	18.9%	14.1%
Total renters	41.9%	32.6%	26.9%	31.2%	30.3%
All lost partner					
Outright owner	30.2%	48.7%	60.3%	53.0%	50.0%
Purchaser	7.3%	2.7%	0.7%	0.2%	2.3%
Other owner	2.1%	2.9%	4.5%	12.2%	5.4%
Total owners	39.6%	54.3%	65.5%	65.4%	57.8%
Private renter	27.1%	17.9%	10.7%	7.6%	14.9%
Government renter	15.9%	14.0%	10.5%	7.6%	11.7%
Other renter	17.4%	13.8%	13.3%	19.4%	15.6%
Total renters	60.4%	45.7%	34.5%	34.6%	42.2%
Singles					
Outright owner	23.0%	41.4%	48.6%	41.5%	36.3%
Purchaser	4.5%	2.3%	0.2%	0.5%	2.5%
Other owner	1.3%	2.3%	7.9%	14.6%	4.1%
Total owners	28.8%	46.0%	56.6%	56.6%	42.8%
Private renter	23.3%	18.9%	14.2%	6.8%	18.5%
Government renter	19.0%	13.4%	8.2%	7.3%	13.8%
Other renter	28.8%	21.7%	21.0%	29.3%	24.8%
Total renters	71.2%	54.0%	43.4%	43.4%	57.2%

	Age (years)				
	50–60	60–70	70–80	80+	All 50+
Sample sizes					
Married/de facto	2963	6499	5630	1399	16491
Divorced/separated	1445	1464	959	334	4202
Widowed	253	905	1979	1833	4970
All lost partner	1698	2369	2938	2167	9172
Singles	947	883	558	205	2593

The evidence is clear then that those who have lost a partner, especially through divorce or separation from a de facto relationship, are less likely to achieve home ownership and are consequently more likely to rent, either privately or in public housing. Again using the final fortnight as a cross-section, we now focus on the income and housing costs of older, private renters according to their marital status. The LDS includes data on earned income, unearned income and of course benefit payments for both the individual and, where relevant, their partner. For renters, data is also collected on the amount of rent paid; however, a non-zero amount is only recorded if Centrelink has been able to verify rent paid. We also calculate total household income and the proportion of total household income paid in rent for those who have a non-zero rent amount recorded.

A noteworthy difference in the circumstances of partnered customers and those who have lost a partner, as shown in Table 5.5, is that those living in couples pay markedly higher rents, on average 23 per cent higher. Given economies available through cohabitation, it appears clear that couples in the sample live in superior rental accommodation, be that better actual properties or more desirable locations. Among those who have lost a partner, the widowed and the divorced pay similar rents. Despite the lower rents paid by those who have lost a partner, the proportion of total income spent on rent is higher, at 22 per cent compared to 18 per cent for couples. This is attributable primarily to the additional income of the partner, though partnered customers also had higher average earned income and unearned income. Widowed people reported higher unearned income than did those who were separated or divorced, presumably reflecting the fact that loss of a partner through death does not result in a dividing of the assets as it does when a couple splits through divorce or separation. The welfare system partly works to address inequality in housing affordability. Persons who have lost a partner receive, on average, almost $500 per fortnight in benefits. Older private renters in couples receive just over $400 each.

The data on rent paid and the proportion of rent to income should be treated with caution. Almost half of the observations have zero rent recorded, and therefore cannot be included in the calculations. This both reduces the statistical certainty of the estimate and introduces possible non-reporting bias. With these limitations in mind, we find that 20 per cent of older private renters who have lost a partner are living in housing affordability stress: 17 per cent of the widowed and 23 per cent of those who are separated or divorced. This compares to just 7 per cent of those in couples, and 15 per cent of singles. The differences in the proportions of the sample in HAS between those in couples and those who have lost a partner, either through divorce or separation, are highly statistically significant.

Table 5.5: Private renters' income and rent paid by marital status, persons aged 50 and over, 3 March 2006 (fortnightly means)

	Age (years)				
	50–59	***60–69***	***70–79***	***80+***	***All 50+***
Married/de facto					
Earned income – customer	$75	$26	$6	$0	$36
Earned income – partner	($141)	($54)	($9)	($0)	($68)
Unearned income – customer	$13	$20	$45	$73	$28
Unearned income – partner	($12)	($22)	($50)	($52)	($28)
Total benefits – customer[b]	$399	$415	$420	$406	$410
Total benefits – partner[b]	($392)	($405)	($408)	($407)	($401)
Total income (couple)	$1,032	$942	$937	$937	$972
Rent paid	$153	$162	$144	$140	$151
Ratio of rent to income	0.20	0.19	0.16	0.15	0.18
Divorced/separated					
Earned income	$56	$17	$9	$0	$28
Unearned income	$4	$20	$33	$40	$19
Total benefits[b]	$506	$486	$493	$490	$495
Total income	$567	$523	$535	$530	$542
Rent paid	$137	$122	$107	$82	$117
Ratio of rent to income	0.26	0.24	0.21	0.16	0.23
Widowed					
Earned income	$106	$15	$0	$0	$10
Unearned income	$1	$26	$48	$54	$41
Total benefits[b]	$475	$493	$485	$485	$486
Total income	$582	$534	$533	$538	$538
Rent paid	$132	$122	$123	$93	$114
Ratio of rent to income	0.28	0.23	0.23	0.18	0.22
All lost partner					
Earned income	$60	$16	$4	$0	$21
Unearned income	$4	$22	$40	$49	$27
Total benefits[b]	$503	$488	$489	$486	$492
Total income	$568	$526	$534	$536	$540
Rent paid	$136	$122	$115	$89	$116
Ratio of rent to income	0.26	0.24	0.22	0.17	0.22
Singles					
Earned income	$35	$4	$2	$0	$19
Unearned income	$8	$17	$24	$30	$14
Total benefits[b]	$499	$501	$495	$499	$499
Total income	$542	$522	$522	$529	$532
Rent paid	$115	$106	$102	$74	$108
Ratio of rent to income	0.22	0.21	0.20	0.14	0.21
Sample sizes[a]					
Married/de facto	237	216	178	53	684
Divorced/separated	23	91	152	109	375
Widowed	247	240	156	56	699
All lost partner	270	331	308	165	1074
Singles	180	118	46	15	359

Notes: a. For calculations involving rent amounts, the sample sizes are reduced by around half due to missing values.

b. Total benefits include any CRA payments.

It is noticeable that fortnightly earned income is very low for this sample. This is largely because many customers are not working, and hence have zero earned income. Participation in paid work declines markedly with age. For the sample of older private renters in total, the proportion reporting earned income falls from 11 per cent for those aged 50–59, to 4 per cent for those aged 60–69, 2 per cent for those aged 70–79 and virtually zero for those aged 80 or over. For private renters aged in their fifties, employment rates are similar across the categories of marital status, at 10–11 per cent, with the exception of the widowed, for whom it was 13 per cent.

5.4 Longitudinal analysis

To directly measure the impact of loss of a partner and to abstract from potential selection effects, it is possible to use the longitudinal nature of the data to observe how circumstances change for individuals who lose a partner. To do so, all customers in the LDS as at 29 June 2001 or who entered the LDS after 29 June 2001, and were recorded as married or de facto at this time but were subsequently recorded as either divorced, separated, single or widowed, are selected. Their circumstances in the fortnight prior to the separation are then compared to their circumstances at two later times – six months later and one year later. They are retained in the sample for comparison only if they are also recorded as separated or widowed at the six-month or one-year point.

There were 5,174 customers who were observed to change their status from married/de facto to either divorced or separated. Some of these separations occur too close to the end of the data period for the outcomes to be observed; others have left the data or their outcomes are otherwise invalid or unknown. Table 5.6 shows that of the 3543 persons who separated from their partners, there are around 2560 for whom we can observe outcomes in the 'lost partner' state after six months, and 2068 after 12 months. The comparative figures for the 1631 persons who were widowed are 1372 after six months and 1174 after 12 months.

Table 5.6: Partner loss and marital status six months and one year later

Initial separation	*Outcome*	*Married/ de facto*	*Widower*	*Divorced/ separated*	*Unknown*
Divorced/separated (n = 3,543)	After 6 months	346	0	2,560	637
	After 1 year	470	2	2,066	1,005
Widowed (n = 1,631)	After 6 months	3	1,372	0	256
	After 1 year	7	1,173	1	450

The loss of a partner by divorce or separation has a dramatic effect on the rate of home ownership. For those we could observe again six months following the relationship break-up, the incidence of home ownership fell by over 10 percentage points, from 42.8 per cent at the time of separation to 30.7 per cent six months later. The one-year comparison tells a similar story, with the home ownership rate for the available sample falling from 42.5 per cent to 29.0 per cent. Although males display around a 5 percentage point lower rate of home ownership in these data, the same pattern of a decline in the rate of home ownership in the year following the separation is observed for both genders. Most of the change in home ownership status appears to occur within the first six months following separation. Of those who did fall out of home ownership status, the majority (74 per cent) were private renters one year later, with less than 2 per cent moving into government rental accommodation.

Those who were widowed are of course on average much older. For them the home ownership rate declines from 76.4 per cent at the time they lost their partner to 75.0

per cent after six months; and from 76.2 per cent initially to 72.9 per cent after 12 months. The pattern is almost identical for males and females. In contrast to those who suffered a relationship break-up, most of the small decline in home ownership for widowed people occurs after six months.

By comparison, the level of home ownership remains stable for those who remain continuously married for one year at 76.0 per cent. This figure is based on the sample of married or de facto customers who were in the LDS at 29 June 2001 or who subsequently entered the dataset as a married person, and who were still married/de facto one year later. As with the figures for the 'loss of partner' sample, the home ownership rate is calculated only for those who could be observed at both points in time.

Thus, losing a partner through divorce or separation leads many to fall out of home ownership, with most turning to private rental accommodation. To look specifically at those initially in private rental accommodation who lost a partner, we must work with a considerably smaller sample. From June 2001, there were 1051 private renters who lost a partner and 121 private renters who became widowed. The first and second columns in Table 5.7 reveal the means of fortnightly income and rents for private renters who divorced or separated, with both sets of figures calculated from the group of individuals who could be observed at both points in time. The final column reports the same figures for the group observed 12 months later.[52] Table 5.8 presents comparable figures for private renters who were widowed.

For those private renters who went through a marital or relationship separation, Table 5.7 reveals a startling short-term increase in the proportion of persons living in housing affordability stress. The proportion of females paying rents in excess of 30 per cent of their household income increased from 34 per cent just prior to the separation being recorded, to 68 per cent both six months and one year afterwards. For males, the proportion in HAS increased from an initial 44 per cent to 80 per cent six months following separation and 74 per cent one year later. This can be attributable primarily to the decline in household income associated with the loss of income and benefits previously accruing to the partner. For both females and males, household income falls by almost 40 per cent following separation, with the decline in partner-related income only partially offset by an increase in benefits directly payable to the customer (up by around $180 per fortnight for females and $120 per fortnight for men).

For men the impact of separation on housing affordability is also partially cushioned by a fall in the average rent paid. This is likely to reflect the fact that it is more often the man in a couple who moves out of the family home and adjusts his housing consumption accordingly. When the family has dependent children, the mother more often retains custody of the children and either remains in the current address or otherwise faces less flexibility in adjusting housing consumption. A further noteworthy result from Table 5.7 is that for women there is a marked decline in the proportion in employment following separation, from 42 per cent to 29 per cent. For males there is a much smaller decline of only a few percentage points. This decline in employment participation is likely to be related to loss of flexibility in combining work and family commitments associated with loss of a partner, as well as other disruptions to working lives.

[52] The means for persons one year later are not based on precisely the same sample as the means prior to the separation reported in the first column. Given that the figures for the initial values remain essentially unchanged if the sample is further restricted to those who were observable 12 months later, these additional estimates have not been reported.

The sample of private renters who experienced the death of their partner, and who could be observed six and 12 months later, is less than 100 and this group on average is far older. Table 5.8 shows that there is again a significant fall in household incomes, but this time it is primarily due to the loss of the partner's benefit entitlements. Despite a fall in rents paid following the loss of partner, the proportion in HAS still increases markedly for the widowed. For women, the ratio of rent paid to income does not rise, but the proportion in HAS increases from 0.48 initially to 0.71 one year later. This suggests considerable variation in housing affordability outcomes following the death of partner. For some, rental costs must drop substantially, while for many they edge up over 30 per cent of income.

As a comparison group, all married or de facto persons who were private renters at 29 June 2001 or who subsequently entered the LDS as private renters, and who were still in the dataset as married or de facto one year later were selected. For both females and males the proportion in HAS declined over that the year, from 0.34 to 0.31 for females and from 0.51 to 0.38 for males. The marked increase in the incidence of HAS for those private renters who lose a partner therefore goes against the typical trend for private renters receiving either income support or non-income-support benefits and who remain married or in a de facto relationship.

Only a minor proportion of private enters who lose a partner move into government rental accommodation. In the sample of private renters who lost a partner through separation or divorce, just under 4 per cent were in government rental accommodation one year after the separation. For the widowed the figure was 5 per cent, though this may include many in aged care facilities.

Table 5.7: Private renters who divorced or separated: changes in circumstances (fortnightly means)

	Prior to separation	*After six months*	*After one year*
Females			
Earned income – customer	$252	$220	$247
Earned income – partner	$730	—	—
Unearned income – customer	$2	$10	$11
Unearned income – partner	$12	—	—
Total benefits – customer[b]	$407	$692	$687
Total benefits – partner[b]	$106	—	—
Individual income	$661	$922	$945
Total household income	$1,509	$922	$945
Rent paid	$352	$334	$343
Ratio of rent to income	0.32	0.38	0.39
Prop. in housing affordability stress	0.34	0.68	0.68
Proportion with earned income	0.42	0.29	0.29
Males			
Earned income – customer	$144	$147	$170
Earned income – partner	$122	—	—
Unearned income – customer	$17	$20	$26
Unearned income – partner	$8	—	—
Total benefits – customer[b]	$327	$446	$454
Total benefits – partner[b]	$435	—	—
Individual income	$488	$613	$651
Total household income	$1,053	$613	$651
Rent paid	$304	$254	$274
Ratio of rent to income	0.35	0.46	0.45
Prop. in housing affordability stress	0.44	0.80	0.74
Proportion with earned income	0.23	0.19	0.21
All			
Earned income – customer	$227	$203	$229
Earned income – partner	$591	—	—
Unearned income – customer	$6	$12	$14
Unearned income – partner	$11	—	—
Total benefits – customer[b]	$389	$636	$634
Total benefits – partner[b]	$181	—	—
Individual income	$622	$851	$877
Total household income	$1,404	$851	$877
Rent paid	$341	$318	$331
Ratio of rent to income	0.32	0.40	0.40
Prop. in housing affordability stress	0.37	0.71	0.69
Proportion with earned income	0.37	0.27	0.27
Sample sizes[a]			
Females	578	578	472
Males	172	172	140
All	750	750	612

Notes: a. For calculations involving rent amounts, the sample sizes are further reduced to those non-zero observations for which the rent has been verified by Centrelink.

b. Total benefits include any CRA payments.

Table 5.8: Private renters who were widowed: changes in circumstances (fortnightly means)

	Prior to separation	*After six months*	*After one year*
Females			
Earned income – customer	$39	$59	$55
Earned income – partner	$49	—	—
Unearned income – customer	$37	$62	$79
Unearned income – partner	$67	—	—
Total benefits – customer[b]	$447	$520	$504
Total benefits – partner[b]	$375	—	—
Individual income	$523	$641	$638
Total household income	$1,013	$641	$638
Rent paid	$313	$299	$259
Ratio of rent to income	0.46	0.46	0.42
Prop. in housing affordability stress	0.48	0.79	0.71
Proportion with earned income	0.08	0.10	0.09
Males			
Earned income – customer	$11	$3	$3
Earned income – partner	$3	—	—
Unearned income – customer	$153	$163	$157
Unearned income – partner	$56	—	—
Total benefits – customer[b]	$425	$510	$518
Total benefits – partner[b]	$377	—	—
Individual income	$589	$676	$678
Total household income	$1,025	$676	$678
Rent paid	$229	$262	$265
Ratio of rent to income	0.23	0.40	0.41
Prop. in housing affordability stress	0.33	0.75	0.76
Proportion with earned income	0.09	0.04	0.05
All			
Earned income – customer	$32	$45	$41
Earned income – partner	$37	—	—
Unearned income – customer	$66	$87	$100
Unearned income – partner	$64	—	—
Total benefits – customer[b]	$441	$517	$508
Total benefits – partner[b]	$375	—	—
Individual income	$539	$649	$649
Total household income	$1,016	$649	$649
Rent paid	$293	$289	$261
Ratio of rent to income	0.40	0.45	0.42
Prop. in housing affordability stress	0.45	0.78	0.73
Proportion with earned income	0.09	0.09	0.08
Sample sizes[a]			
Females	71	71	58
Males	23	23	22
All	94	94	80

Notes: a. See notes, Table 5.7.

b. Total benefits include any CRA payments.

Finally we look at the impact of loss of a partner on those private renters aged over 50 who lose a partner. Table 5.9 presents comparative data to that presented in Tables 5.7 and 5.8 for this older cohort; however, separate means by gender are not presented, due to the small sample sizes. The most salient figure again is the increase in the ratio of rent to income that these people pay, and the associated movement into HAS. For older renters who became separated from a marriage or de facto relationship, the ratio of rent paid to total household income increased from 38 per cent just prior to the separation to 45 per cent following separation. Prior to separation, 52 per cent of these couples were in HAS, while a very high 84 per cent of the individuals observed post separation were in HAS. This increase results primarily from the loss of the former partner's benefit entitlements, though the loss of the partner's earned and unearned income also contributed to the decline in household income. This loss of income is only partially offset by a rise in the individual's benefit entitlements and a small reduction in rent paid.

For older renters who became widows the story is similar with respect to the rapid rise in the ratio of rent paid to income and the incidence of HAS, which almost doubles from 40 per cent of the initial couples to nearly 80 per cent of the widowed. Again there is very little adjustment in rent paid within the one-year timeframe investigated, while household income falls by almost 40 per cent. Given the older age of those who become widowed relative to divorcees, the loss of the partner's earned income is less of a factor, and transfer of assets increases the individual's unearned income to partially offset the loss of the partner's unearned income. Again the most significant change to disposable income arises through the loss of the deceased's benefit entitlements, which averaged $382 per fortnight prior to their death, while the surviving partner's benefit entitlements increase by $60 to $70 per fortnight during the following year.

Table 5.9: Private renters aged 50 and older who lost a partner: changes in circumstances (fortnightly means)

	Prior to separation	*After six months*	*After one year*
Divorced or separated			
Earned income – customer	$55	$54	$83
Earned income – partner	$86	$0	$0
Unearned income – customer	$41	$49	$66
Unearned income – partner	$54	$0	$0
Total benefits – customer[b]	$387	$504	$504
Total benefits – partner[b]	$251	$0	$0
Individual income	$483	$607	$652
Total household income	$874	$607	$652
Rent paid	$303	$284	$300
Ratio of rent to income	0.38	0.46	0.45
Prop. in housing affordability stress	0.52	0.84	0.84
Proportion with earned income	0.09	0.07	0.08
Sample size[a]	54	54	40
Widowed			
Earned income – customer	$14	$11	$21
Earned income – partner	$16	$0	$0
Unearned income – customer	$72	$101	$107
Unearned income – partner	$72	$0	$0
Total benefits – customer[b]	$429	$499	$489
Total benefits – partner[b]	$382	$0	$0
Individual income	$516	$610	$617
Total household income	$985	$610	$617
Rent paid	$280	$282	$260
Ratio of rent to income	0.29	0.46	0.43
Prop. in housing affordability stress	0.40	0.79	0.76
Proportion with earned income	0.05	0.05	0.04
Sample size[a]	80	80	69

Notes: a. See notes, Table 7.

b. Total benefits include any CRA payments.

5.5 Summary and discussion

The FaHCSIA data is drawn from administrative records for a very select sample; it is a 1 per cent representative sample of all Australians receiving benefits, be they income support payments or non-income-support payments. The sample therefore is not representative of the wider population, and low-income families in particularly are over-represented. However, with over 60,000 individuals in the LDS for each fortnight by March 2006, it follows that the sample is drawn from a population of around 6 million, or roughly 40 per cent of the Australian population aged 15 or over. Hence it is a representative sample drawn from a very large section of the Australian population.

There are a number of perspectives relevant to assessing the effect of loss of a partner for older private renters. First, loss of a partner at some prior point in life will lead to a lower likelihood of home ownership and a correspondingly higher likelihood of being found in private rental accommodation after they have turned 50. The cross-sectional analyses confirm inferior long-term outcomes for those who have lost a partner at some point in their lives. Persons who have lost a partner through divorce or separation and who remain single are roughly half as likely to own their own home after they have turned 50 as those who are married or living in a de facto relationship. Thus they are twice as likely to be renters. Widows also face lower home ownership rates after age 50, but not to the same extent as those who went through the break-down of a relationship. Although there are important limitations to the results based on the variable in rent paid, the available estimates suggest that among persons aged 50 or over, 17 per cent of the widowed and 23 per cent of those who are separated or divorced faced HAS, compared to just 7 per cent of those in couples and 15 per cent of singles.

Second, the dynamic analysis shows the more immediate and direct impact upon housing and financial circumstances. The extent to which these effects persist into one's fifties and beyond will depend upon the age at which the loss of partner occurs, re-partnering and of course the person's individual circumstances. For those we were able to observe again six months following a relationship break-up, the incidence of home ownership fell by over 10 percentage points, from 42.8 per cent at the time of separation to 30.7 per cent six months later. The one-year comparison tells a similar story, with the home ownership rate for the available sample falling from 42.5 per cent to 29.0 per cent. For those who became widows there is only a marginal impact upon the rate of home ownership.

Third, the longitudinal analysis looked specifically at persons already in private rental accommodation and, finally, at the subgroup of private renters aged 50 or over. The most important finding is that loss of a partner pushes many private renters into HAS in the following year. For private renters of all ages who experienced a divorce or separation, the incidence of HAS increased from under 40 per cent to around 70 per cent; and for older private renters who separated, HAS increased from around 50 per cent to over 80 per cent. Similar increases are observed for those who became widowed. In contrast, home ownership rates and housing affordability generally improved each year for continuously married people in the LDS over this same period. Although the sample sizes for private renters who lost a partner are small, particularly when the sample is restricted to older private renters, they are well in excess of what is available for longitudinal analysis from any other Australian data source. Further, the estimates of the immediate impact of loss of a partner are likely to be under-estimates. This is because the affects associated with losing a partner often commence before separation is actually observed. In the case of divorce or separation this will be due to the impact of relationship instability, and in the case of death of a partner because of illness or incapacity leading up to death. Taking information on the fortnight preceding the recording of the separation in the data to represent the 'pre-separation' comparison fails to capture some of the negative effects of loss of a partner.

With respect to the impact of loss of a partner on the utilisation of public housing, we find that older persons who are divorced or separated are more than twice as likely to be in government rental accommodation than those with a partner (16.6 per cent as opposed to 7.4 per cent). The figures for widowers and singles are 11.7 per cent and 13.8 per cent, respectively. Of those who were home owners prior to the loss of their partner, very few enter public housing, at least in the immediate term. Of those who did fall out of home ownership status, the majority (74 per cent) were private renters

one year later, with less than 2 per cent moving into government rental accommodation. However, transitions into government rental accommodation for older private renters who lose a partner are of the order of 5 per cent one year following the loss. Given the higher incidence of government rental accommodation for those who have lost a partner in the cross-sectional data, the modest transition rates observed are likely to reflect the fact that the presence of waiting lists limits the number entering public housing in the short term, and imply that a much higher proportion again will have applied to enter public housing.

6 HOUSING CAREER PATHWAYS AND 'DISLOCATION' FOLLOWING LOSS OF PARTNER; QUALITATIVE RESEARCH FINDINGS

This chapter reports the major findings from the qualitative interviews. Secondary data sets that are used for quantitative analysis have limitations because the information is collected for general purposes; the survey questions do not have the specific needs of the researcher(s) in mind. Furthermore, the information that is collected tends to be with respect to observable or measurable variables. Thus secondary data sets typically have a second weakness: the motives, perception and emotions of survey respondents are rarely probed in the way they can be with qualitative research.[53]

One important compromise is that typically it is not possible to undertake in-depth qualitative interviews with sufficient numbers of respondents to attain a sample that is representative of the population of interest. Thus, although the findings enrich our understanding, they cannot be generalised to the wider population in any statistical sense. The qualitative interviews conducted for this study aim to 'fill the gaps' that are inevitable when conducting quantitative research. Key areas of discussion include responses to loss of partner, income, housing affordability, payment for future needs, extended family living and the reasons why people move or stay following the loss of their partner.

6.1 Methodology

We carried out 61 in-depth interviews with people aged 50 or over who had lost their partner through divorce, separation or death. We interviewed public tenants, private tenants and home owners so that we could compare how loss of partner affects people in different tenure types. Approximately 45 per cent of the respondents were from culturally and linguistically diverse backgrounds. This was intentional, as there was limited information in the quantitative datasets on people from non-English-speaking backgrounds.

The interviews were conducted between May and September 2006. Most respondents were living in the cities of Yarra, Brimbank and Stonnington in inner Melbourne. Respondents were identified with the assistance of local councils, who provided the researchers with a list of elderly citizens groups. Consent forms were obtained from all participants prior to the interviews. Respondents were informed of the processes to protect their anonymity and the measures taken to protect the security of the data. Those who were willing to participate in the interviews were asked to complete a screening form that recorded how they lost their partner (death, separation or divorce) and various housing, income, employment and contact details.

The interviews were structured around key themes, including: the emotional and financial impact of the loss of a partner; ability to cope with looking after the property subsequent to the loss of a partner; the importance of family and social networks on housing choices; and the impact of all these factors upon housing decisions. A copy of the questionnaire is provided in Appendix 1. Respondents were paid $30 for their time. The interviews were taped and subsequently transcribed.

6.1.1 Social characteristics of the sample

Of the 61 people interviewed, 48 were female and 13 were male. The female respondents included 29 who were widowed, 16 who were divorced and three who

[53] Cost is typically a constraint.

were separated. Eleven of the women were aged 50–59, 20 were aged 60–74 and 17 were 75 or older. At the time they had lost their partner, 32 of the women were either home owners or purchasers, 13 were living in private rental and three were in public housing. Twenty-five of the women were from culturally and linguistically diverse backgrounds.

There were 13 male respondents. Seven were widowed and six either separated or divorced. One of the men was aged 50–59, 11 were aged 60–74, and one was 75 or older. At the time they had lost their partner, 10 of the men were home owners or purchasers, one was in public housing and two were private renters. Two of the men were from culturally and linguistically diverse backgrounds.

6.1.2 Emotional responses to loss of partner

The quantitative datasets focused on the economic consequences of losing a partner for people who were widowed, separated or divorced. Because the main role of the qualitative interviews is to provide a richer understanding of those findings, the analysis in this section similarly concentrates on economic and housing-related consequences. It should be noted, however, that the loss of partner had been traumatic for the overwhelming majority of respondents, and coping emotionally, rather than economically, was the foremost consideration for many. Those who were widowed were usually deeply upset by the event and most people reported experiencing a whole range of distressing emotions. Two-thirds of those who had been divorced or separated also reported that the ending of the relationship had been traumatic but the character of their descriptions was qualitatively different from the accounts of the widows. Relationships between emotional responses or coping strategies and housing outcomes are not explicitly explored, though potentially these may affect the quality of decision-making, or provoke stronger desires to either retain or sever current living circumstances immediately following the loss of a partner for non-economic reasons.

6.2 Income

Although losing a partner deeply traumatises many people, it also has financial consequences because it normally means a reduction in income. Only five of our respondents (four male and one female) were in the labour force on a full-time basis. All of these people were aged 50 to 59 and all had children whom they were supporting. We divide the remainder of our respondents into two groups: pensioners and self-funded retirees.

The overwhelming majority of the retirees (50 of 56 people) relied on a government pension as their main source of income and four supplemented their income with some part-time work. Only three of the pensioners had a small amount of income from superannuation. The current system of compulsory superannuation for all employees was introduced late in the working lives of these people, and many of our female respondents were no longer in the labour force when this occurred. Prior to the current system of compulsory superannuation, it was mainly men in professional occupations who accrued superannuation benefits as part of their employment packages (Beer et al, 2006, p. 29). Olsberg (2005, p. 53) argues that older women have been particularly disadvantaged in regard to superannuation because they have either not participated in the workforce or have been employed in casual or part-time work due to family and child care commitments (Olsberg 2005, p. 33). As an 80-year-old female pensioner put it: “Women didn’t work in our day. Superannuation didn’t exist!”

Birrell and Healy (2005, p. 33) point out that a sizeable minority of baby boomers are earning low incomes and are unlikely to accrue significant superannuation benefits. They also point out that in the baby boomer population, there are high numbers of immigrants from culturally and linguistically diverse backgrounds who were severely affected by the restructuring of Australia's manufacturing sector in the post-1970s and continued to be adversely affected by virtue of their lack of proficiency in English and their lack of skills. These people are unlikely to be able to self-fund their retirement (Birrell & Healy, 2005, pp. 36–9).

Only six people in our sample were self-funded retirees. Two men and two women lived off their income from investments, one man had income from superannuation, and one widow had her deceased husband's superannuation as well as investment income. Two of the six were also doing some part-time work.

Overall, 89 per cent (50 of 56) of those who had retired were reliant on a government pension as their main source of income. One consequence of this reliance on government pensions was that many of the home owners in this sample were 'asset rich but income poor'. However, no one in our sample spoke of their housing wealth as a potential financial resource that could be used to maintain living standards in retirement (see Chapter 4).

6.3 Housing affordability

Most informants reported that they were economically worse off since the loss of their partner. As has been highlighted in previous reports (Beer et al., 2006), people on a government pension are transferred to a single person's pension if they lose their partner because of divorce, separation or bereavement. This normally means a drop in income of about 40 per cent. Previous reports have often noted that older private renters are the most disadvantaged section of the aged community (Beer et al., 2006; Kendig, 1990; Olsberg & Winters, 2005; Roberts, 1997). Morris et al. (2005) have argued that older private renters are often at serious risk of homelessness if they experience an unexpected financial crisis or if they are forced to move.

Our interviews also revealed that housing affordability and poverty were critical issues for those living off government pensions and renting in the private market. Many informants experienced high levels of anxiety because of their precarious financial position. According to Elsa:

> I'm living in poverty. I only have one income now and I have to pay for the same things … I often worry about paying bills.

Another woman in private rental said:

> I only get a government pension and have no other income. Most of my government pension is absorbed with the rent and bills. It's not possible to live in a privately rented property and get by.

One divorced man said:

> I'm worse off as after the divorce and property settlements I'm down to one income and cannot get work.

According to Vanessa:

> When my husband was alive he worked and had a good income. Now I'm on one pension and am worse off. I don't have any money to buy things as the age pension is not enough to buy things after all the bills are paid. I struggle to get by.

People who live in public housing have lower rental costs and most people in this tenure appreciated that they were better off than people in the private rental market. Nevertheless, public tenants often reported that it was difficult to make ends meet on a government pension. Pam said:

> The government pension is not enough. I am 80 years old and cannot work. We made no plans for our retirement and had minimal assets. The bills come very quickly. Sometimes I have to borrow money from my children to pay the bills. It's a struggle to get by. I cannot consider moving as I cannot afford anything else.

Many of the home owners in our sample who were on a single person's pension also reported financial problems. Jade has her own apartment but she still has a mortgage:

> I find it very difficult to cope economically on the pension. I'm in need of extra income and am reluctantly thinking of leasing a room in my apartment to generate income.

Maria owns her home outright, but she only has an aged pension. Her comments were indicative of the responses from many home owners:

> It's difficult to cope on one income. Bills and rates are about the same and are too high for one pension.

Similarly, Ben, a home owner, stated:

> It's often a problem just to get by. Keeping up with rate instalments, gas and electricity bills and other living costs is not easy on a single pension. I have to budget very carefully.

All respondents were asked how they expected to pay for future needs such as household repairs, a holiday or the replacement of whitegoods. Two-thirds of the respondents said either that it would have to come out of their current income or they had no idea how they would find the money. Another 15 per cent said they would have to borrow the money, usually from relatives. Among those who were public or private tenants, many were saddened by the fact that their economic future was uncertain. One elderly woman in private rental accommodation said:

> I get the aged pension and it is not enough to live on. I can't think about how to pay for future expenses. I can't save, I don't know.

Peter, a Disability Support Pensioner living in public rental, said:

> Money is not enough. I can't afford to pay for expensive things. Perhaps if need be, I can sell my car or TV or stereo.

Women from non-English-speaking backgrounds were more likely to think that they could get a loan from their children, but most of these women were on government pensions and their chances of repaying such a loan were slim.

Many of the home owners were also uncertain how they would pay for future needs because they were asset rich but income poor. Heather is an aged pensioner who owns her home outright. She said:

> Holidays or expensive things are out of question. I have to make do with what money I get.

Norman is another aged pensioner who owns his house outright. He said:

> I am just able to make ends meet. I can't afford anything out of the ordinary. My car's automatic transmission is not working and I can't afford to have it fixed.

The home owners were worried about how they would find the money if expensive repairs were needed on their homes or if they had to replace ageing whitegoods or other household equipment. Most of them owned older homes and they could foresee the possibility that roofs might need to be repaired, guttering replaced, or the house would need painting. These repairs were not always an immediate issue but some were worried that they could not afford this sort of expenditure if the need arose. Others needed things done now, but they did not have the resources. Donna's unit required a 'new hot water system, major repairs to the kitchen and an air conditioner', but she could not afford to make these changes. Unlike Olsberg and Winters (2005) and the intentions expressed by HILDA respondents (see Chapter 4), we found no evidence amongst our home owners that they would consider downsizing to release money to live on. Most people wanted to stay where they were and would only downsize if, for example, they were moving into a nursing home (c.f. Beer et al., 2006).

6.4 Who moved and who stayed?

Jones et al. (2004, p. 12) highlight the fact that obtaining information on housing aspirations of older people is difficult and that there are gaps in our understanding in terms of choices, needs and expectations. They point out that housing choices are affected by a range of social and economic factors, including: 'patterns of family formation and dissolution, living arrangements, economic resources and personal characteristics' (Jones et al., 2004, p. 11). They highlight key attributes of housing that are valued by older people, and include in their list factors and values such as independence, affordability, security of tenure, safety, adaptability to future care, location, suitability, companionship and avoiding isolation, size, amenity and space.

Tenure type is one factor that may influence whether people move to another property following the loss of a partner. In the case of home owners who have lost a partner through bereavement, most are unlikely to move unless there are compelling reasons to do so (Beer et al., 2006, p. 33). In contrast, people who have either separated or divorced may be more likely to move following the division of assets.[54] Elderly private renters who have lost a partner are more likely to move than public renters. This is because private renters will transfer to a single person's pension but their rent will remain the same. The rents of public tenants who have lost a partner will be adjusted downwards so their rent remains at a fixed percentage of their income.

Table 6.1 shows that nearly half (14 of 32) of those who were outright owners when they lost their partner had remained in their family home, as had two of the four who were in public housing. In contrast, 9 of the 10 people who were purchasing a property when they lost their partner had subsequently moved, as had 13 of the 15 people who were in private rental. Tenure type does influence whether people move or stay following the loss of a partner. Nevertheless, decisions about whether people move or stay will also be mediated by a range of other factors. These factors include: whether people feel lonely or unsafe following the loss of a partner through bereavement; whether they have sufficient income to maintain a mortgage or a private rental property following the loss of a partner; and whether they wish to make a lifestyle change or, possibly, move in with other family members.

[54] Evidence confirming these propensities to move can be found in the secondary data sets reported in Chapter 4 (see section 4.3).

Table 6.1: Number of people who moved or stayed, by tenure type

	Owner	*Mortgage*	*Private rental*	*Public rental*	*Total*
Stayed	14	1	2	2	19
Moved	18	9	13	2	42
Total	32	10	15	4	61

First we focus on the 19 people in our sample who stayed in their property following the loss of their partner. After that we examine the 42 people who had moved but we divide them into two groups. First, we discuss 34 people who had moved but remained independent householders. Then we examine a sub-group of eight women from culturally and linguistically diverse backgrounds who had moved in with other family members following the death of their husbands. There were no Anglo-Celtic women who had followed this pattern.

6.4.1 People who stayed

Research indicates that those who have lived in their homes for a considerable period are less likely to move than people who have been there for a short time (Beer et al., 2006). It is also likely that people who own their own home will not move if they are attached to the local community and have friends and family in the area.

Samantha's husband died one year ago. She owned the house outright and had lived there for 30 years. She also had an investment property that provided a regular income. Samantha did not move following the death of her husband because she was used to the house, the neighbours and the local community. She is happy with the size of the house, its proximity to transport and shops and, of course, it holds many happy memories for her. She has sufficient income from her investment property that there is no need to move. She will stay in the family home for as long as she can, possibly moving to a retirement village or a nursing home if her health begins to deteriorate. Barbara is a pensioner who owned her house outright. Her husband passed away a number of years ago. She states: 'It's still my house. I have wonderful memories here. I built up this garden over many years and it keeps me busy. I can cope with looking after myself and the house. I'll decide what to do when I can't'.

Apart from ownership and being 'attached to the house', most people said a combination of factors influenced them to stay where they were. These included their attachment to the local community, good neighbours, proximity to shops and transport, and having a circle of acquaintances in the area. One informant's comments sums up how many people saw the situation: 'I've lived here for most of my life. I know the people, I have a lot of friends, the shops are around the corner, and public transport is close'.

Two people who did not move after the loss of their partner lived in public rental. They informed us that the rental was affordable and that they had been living in the same property for a long time. They were happy with the size and location of the property and they did not want to lose their friends and neighbours. Most of the people who did not move after the loss of their partner reported that they were very happy with the house in terms of its size and location and that the property was appropriate for their needs.

6.4.2 People who moved

Just over half of the home owners moved at some point following the loss of their partner. Among those who were widowed, it was common for people to move because they wanted to be closer to other family members, particularly children and grandchildren.

Following the death of her husband, Nola moved from her home in an expensive Melbourne house to a property in a seaside village to be close to her children. Nola owned her home outright and she had a substantial income derived from investments. She made a large capital gain when she sold her Melbourne property and she was able to buy the new property without taking out a mortgage.

Julie and her husband lived in a house that they owned outright in another state. After her husband died, Julie wanted to move to Melbourne to be closer to her children. She sold the family home and bought a new property in Melbourne without taking out a mortgage. Julie now works part time and receives income from an investment property. She has no plans to move again.

Some people moved to be closer to other family members, but there were other factors that influenced their decision. After Maria's husband had passed away, she felt isolated, lonely and depressed, and wanted to be closer to her daughter. However, she was also concerned that the family home was too big for her and she could not manage the garden.

Fear of crime is a reason that some older people give for moving to retirement villages or to blocks of flats/units where they think they will be safer (Jones et al., 2004; Luszcz et al., 2004). One man was attacked outside the house that he owned. The attack left him with injuries and he was in constant fear of being attacked again. Eventually, he sold the house and brought a unit: 'I feel safer here because I'm surrounded by other people'.

Overall, there were many reasons why home owners moved but the most important seem to have been that they wanted to be closer to other family members, or that the family home was not suitable for one person. However, most people could only afford to make one move and they typically 'downsized', purchasing a less expensive property. This enabled them to pay expensive legal fees (stamp duty on the property transfer), removal costs and purchase items for their new home.

Other people moved out of necessity following the loss of their partner. This was typically the case for those who had divorced, where the division of assets often resulted in the loss of the family home. We have already seen that nine of the ten respondents who had mortgages when they lost their partner had subsequently moved. Most people in this category advised that their assets decreased and that they moved on several occasions. Melissa's comments are indicative of the responses of many: 'My assets went down after the property settlement and I've had to start again. I have moved in and out of rental property due to financial necessity'. Nancy explained: 'I could not find public rental. I struggled to make ends meet for a long time. I moved several times before I finally managed to get public housing'.

On the other hand, Vera used the settlement proceeds to purchase a small flat. She said: 'I'm happy with the flat, but it's very difficult with a mortgage'. Those who had more assets were in a better position after the division of the matrimonial property. Roberta and her former partner were well off. After the divorce, Roberta got a 60 per cent share of the sale proceeds and purchased her house. 'I am quite comfortable as I have no debts and get the government pension'.

Thirteen of the 15 respondents who lived in private rental accommodation at the time they lost their partner had subsequently moved. There were a range of reasons for these moves, but in many cases it was the loss of income following their partner's death that forced them to move to cheaper accommodation. When her husband died, Nancy lived in a privately rented flat. She was attached to the flat as it was close to the shopping centre and to public transport. Unfortunately, after her husband died

Nancy could no longer afford the rent on her private flat and she was forced to move into public housing:

> I am not very happy here. It is noisy and crowded. I want to move but I can't afford to move.

Susan and her former husband lived in private rental. After Susan's husband died, she had few assets. She moved in and out of private rental tenancies until she was offered public housing: 'The money was never enough to live on. I finally managed to find housing in public flats and I have been here for two years. The flats are noisy but I'm happy as I can now get by'.

After the loss of his partner, Jack moved into a privately rented flat. He could not afford that and he subsequently moved into a boarding house. He described the conditions in the boarding house as follows:

> There is no privacy. The toilets, kitchen and bathroom are dirty. Some residents get drunk. There's no privacy and a lot of noise. I want to leave but I can't find anywhere that I can afford.

Elly, a 76-year-old pensioner, had moved from a privately rented flat to a rented bungalow. She stated that her rent was high and that she struggled to get by. She said that she was unable to move as she could not find cheaper accommodation.

Olsberg and Winters (2005) carried out a large study of the housing and lifestyle preferences of older Australians. It is possible that their sample was predominantly middle class, because most respondents filled out a questionnaire in a national senior's association journal. The qualitative surveys were conducted through the use of computerised communications over two national internet services. Olsberg and Winters (2005) argue that independence, flexibility and lifestyle choices are key priorities for older Australians. Amongst our respondents, who were disproportionately working class, including many from non-English-speaking backgrounds, independence, flexibility and consumer choices did not appear to be key priorities. Most were primarily concerned with how to survive when their only income was the aged pension and their consumer choices were severely limited by lack of income.

Our interviews showed that the key reason that people on lower incomes moved was not lifestyle choice, but financial necessity. Home owners had greater choices and about half of these respondents had moved, often to be closer to children or to acquire more suitable accommodation. However, many of the home owners were dependent on government pensions and were worried about how they would finance home repairs and other expenditure such as taking a holiday or replacing household goods.

Although some people argue that older people should use accumulated assets to support themselves, people who are renting have meagre assets. Many of the home owners did have a significant asset in the form of the family home but were 'asset rich and income poor'. They found that they were struggling to make ends meet, but most did not want to sell their family home. Most were unaware that there are schemes whereby people can realise some of the equity in the family home and that this can be repaid from their estate.

6.4.3 Extended family living

It is established in the literature that older people see living with their children, sharing a home with unrelated people, or living in a residential facility as less desirable than living independently in the community (AHURI 2004). Most of the people that we interviewed from Anglo-Celtic backgrounds expressed reluctance to co-reside with

their adult children, although some people moved closer to their children following the death of their partner. Their reasons for not wanting to live with their children included the fact that many believed it was wrong to intrude into their children's lives. They also stressed that they wanted to maintain their own independence and to have control of their personal space.

Similar attitudes were held by some of the people we interviewed from culturally and linguistically diverse backgrounds. Cornelia was an elderly Italian woman whose husband had died two years previously. Cornelia stated that she would not sell up and move closer to her son and daughter-in-law, and nor would she live with them, because she did want to intrude on their privacy:

> I can't move in with them as I feel I will be a burden upon my son and my daughter-in-law. They have their own life. They have their own children and they have their plans. It is better to live separate from them.

Donna, an elderly immigrant whose husband died several years ago, sold the matrimonial home and bought another property in a different suburb. She stated that she did not want to move in with her son and daughter-in-law, as:

> They have an independent life. I don't want to be a burden on them. It's better to be a distance away, and to go and come and to be on good terms.

However, eight of the 25 women from culturally and linguistically diverse backgrounds were living with other family members, whereas none of the people from Anglo-Celtic backgrounds had made this choice. Beer et al. (2006, p. 35) highlight the fact that 'cultural and attitudinal differences are transferred across generations and these affect how housing is consumed across the life course'. Families from non-English-speaking backgrounds often hold values favouring mutual assistance and close interaction between family members. Moreover, many come from societies in which nursing homes and care facilities were not available and families often had to look after their older parents at home (Thomas, 2003).

The housing careers of the immigrants that we interviewed were often different from the Australian population of Anglo-Celtic origin. One-third of the migrant women were currently living with their children and others had the expectation that their children would look after them if they needed assistance. As one Vietnamese woman put it:

> In our culture, we look after our children when they are young and they will look after us when we get old.

Penny, an older Philippino woman, moved in to her daughter and son-in-law's house after the death of her husband.

> I'm very happy. I have my own room. I help with the bills, but I can save and my daughter and son-in-law look after me, they treat me well.

Mia lives with her daughter in a privately rented flat. Vera lives with her daughter and son-in-law, who are purchasing a house, and Pam lives with her son in a public rental flat. Each contributes to the mortgage or the rent for the property. All reported that they were happy with their living arrangements.

Tina, an elderly Vietnamese widow, moved into the bungalow behind her daughter's house in the western suburbs of Melbourne. She pays board to her daughter and her son-in-law, and Tina looks after the garden. Maria felt isolated, lonely and depressed after her husband passed away. She sold the family home and built a bungalow behind her daughter's house.

> Moving in with my daughter helped my isolation and depression. I'm not depressed anymore and I find that living is now more affordable. My daughter and son-in-law treat me very well. They look after me. I'm very happy.

Although many immigrants lived happily with their children, we came across two 'disaster' stories. In both cases, personality conflicts between the parent and the daughter caused acute stress and the relationship deteriorated to the point where the parent was forced to leave. Anita's husband died many years ago and she used up all her assets raising six children. She moved in to her daughter's privately rented flat. After some months, there were major arguments between Anita and her daughter, and Anita was forced to leave. She now lives in a privately rented bungalow. The size of the property was appropriate but there was no telephone or hot water. The property was far from transport and amenities:

> I cannot afford anything else. The landlord does not mow the lawns. I want to move but I cannot afford it as there is nothing any cheaper. Most of my government pension is spent on rent and bills. My arthritis is getting worse and I'm really quite worried.

After the loss of her husband, Emily moved in to her daughter's house. There were arguments and she was forced to move. Unable to find public housing, Emily moved into a private flat. Although the flat was appropriate in size and location, it was not affordable.

> I sometimes don't have money for food and only eat tomatoes and plain rice. I don't want to move as I have made friends with the three other elderly widows on the block. There is nothing that is cheaper anyway.

As we saw earlier, elderly people who end up living in private rental properties often experience acute financial hardship if they have only one income.

6.5 Conclusion

The findings from the qualitative data draw attention to three points. First, the qualitative data confirmed that many people experienced financial hardship following the loss of their partner. We found that people who were private renters were the most disadvantaged, with many of them eking out an impoverished existence with no money for even the most basic 'luxuries'. This is consistent with findings from other studies (Beer et al., 2006; Jones et al., 2004; Morris et al., 2005). In general, public renters were poor and had few assets, but their financial position was somewhat cushioned by the fact that public tenants pay a fixed percentage of their income in rent. We also found that many home owners had major financial concerns. This was obvious for those who still had a mortgage to repay. However, we found that many outright owners were 'asset rich but income poor'. They did not have sufficient income to carry out major repairs on their properties, replace household furniture or whitegoods, or take a reasonable holiday once or twice a year. This finding was not apparent in the quantitative data sets, but it came out strongly in the interviews.

Second, the qualitative data confirmed the quantitative evidence that private renters and home owners who have mortgages are likely to move if they lose a partner. In both cases, the loss of partner normally means a drop in income, but their rental and mortgage repayments remain the same. Public tenants are less likely to move if they lose a partner, because their rental payments are linked to their income. Outright home owners often stay in the family home after the death of their partner. If outright owners move, it is normally because they want to live near children, or because they want to move to a smaller dwelling.

Finally, the qualitative data revealed that people from culturally and linguistically diverse backgrounds were more likely to live with sons or daughters than were people from Anglo-Celtic backgrounds. Olsberg and Winters (2006) have emphasised that retired people want independence from their children and to continue to live autonomous lives for many years after their retirement. Our data confirm that this is the case for the Anglo-Celtic majority, but a significant number of people from non-English-speaking backgrounds either move in with children following the death of their spouse, or expect to move in with them when they need additional care and support.

7 LOSS OF PARTNER AND THE DEMAND FOR PUBLIC HOUSING

The extent to which older persons who have lost a partner seek to use public housing programs is important from the perspectives of both the public housing client and the public housing providers. For the individual who has lost a partner and is having difficulty securing affordable housing in the private market, public housing offers housing opportunities that may not be as desirable as those available in the private market; but because public housing rents are set as a fixed percentage (25 per cent) of assessable income, and there is security of tenure, an individual in precarious and expensive (relative to income) housing following marital break-up or bereavement, may demand public housing because it offers stable and affordable housing.

A state housing authority must plan how it is going to meet these demands for housing from limited resources. The efficient use of resources can be promoted if authorities can anticipate where demand is going to grow in the future. This chapter provides projections of the population of older persons who have lost a partner out to the year 2025 and of this group's likely demand for public housing for Australia and for individual states. The population estimates are sourced from publicly available ABS population projections by age and gender. In order to impute the demand for public housing, we make use of a special dataset made available from the WA State Housing Authority, Homeswest, which enables calculation of the propensity of individual groups within the population of interest to enter public housing.

7.1 Population estimates

ABS population projections by age and gender are available nationally and by state for the years 2006 to 2025. In the calculations that follow, the 'Series B' projections are used, which assume a continuation of current levels of fertility, migration and life expectancy. Actual population estimates for 2001 are available through the Census of Population and Housing. The projected number of older persons by age group and gender for Australia are shown in Table 7.1. More detailed tables showing the breakdown of these projections by state and age group are provided in. Appendix 2, Table A2.1.

In total, the population of persons aged 50 and over is projected to increase 73 per cent by 2025 over its 2001 level. The increase is forecast to be roughly equal for males and females, but there are stark differences between the age groups. The projected growth is concentrated among those aged 80 and over. This group is projected to more than double (increase by 127 per cent), and within this group it is the male population that is anticipated to increase the most – albeit from a relatively low base (in 2001 the number of males aged over 80 was 210,000, compared to 385,000 females). The number of females aged 80 and over is forecast to double, while the number of males aged 80 and over is projected to increase by 174 per cent. Among the states, the largest increases in the population aged 50 or over are projected for Queensland (107 per cent), the Northern Territory (106 per cent) and WA (97 per cent).

Table 7.1: Population projections by age and gender, Australia, 2001 to 2025

	Aged 50–59	*Aged 60–69*	*Aged 70–79*	*Aged 80+*	*Total (50+)*
Male					
2001	1,165,254	749,488	530,898	210,157	2,655,797
2010	1,375,065	1,068,113	614,798	334,111	3,392,087
2015	1,480,855	1,230,337	741,664	389,545	3,842,401
2020	1,513,788	1,321,441	939,863	466,932	4,242,024
2025	1,547,871	1,428,560	1,090,789	576,328	4,643,548
Female					
2001	1,144,042	754,912	626,813	385,108	2,910,875
2010	1,401,145	1,073,103	676,321	526,488	3,677,057
2015	1,506,850	1,264,564	792,513	581,881	4,145,808
2020	1,540,904	1,374,040	1,000,224	658,723	4,573,891
2025	1,577,561	1,480,140	1,181,757	773,153	5,012,611
Persons					
2001	2,309,296	1,504,400	1,157,711	595,265	5,566,672
2010	2,776,210	2,141,216	1,291,119	860,599	7,069,144
2015	2,987,705	2,494,901	1,534,177	971,426	7,988,209
2020	3,054,692	2,695,481	1,940,087	1,125,655	8,815,915
2025	3,125,432	2,908,700	2,272,546	1,349,481	9,656,159
% change (2001–2025)					
Male	33	91	105	174	75
Female	38	96	89	101	72
Persons	35	93	96	127	73

7.2 Projections of public housing demand

Estimating future public housing demand for the group of older, single persons is made possible through a dataset extracted from Homeswest's administrative systems and made available to the project team. The data includes tenancy records for applicants who entered the waiting list for public housing after January 1999 and who were successful in entering public housing by November 2005. The approach is to estimate the number of older, single persons who entered the waiting list in 2001 and who had entered public housing by November 2005. Because we know the total population in Western Australia in 2001 by age and gender, we can then calculate the propensity of older, single persons to 'demand' public housing. We are not able to separately identify older 'singles' who have lost a partner, only single adults and sole parents over 50 years of age. However, we know from nationally representative data sets that around 80 of this age group and household type have lost a partner at some point in the life course. The proportion would be even higher if the dissolution of past de facto relationships were counted as loss of partner in addition to separations and bereavements from legal marriages.

Note that this approach excludes those people who joined the waiting list in 2001, but withdrew their application by November 2005.[55] So while these people did enter the waiting list, doing so did not eventually result in the occupancy of a public housing

[55] There were 1,639 waiting list applicants in 2001 who withdrew by November 2005, and this was 53 per cent of all 2001 waiting list applicants.

property, and in this sense no demand for public housing was revealed. Counting only those who joined the waiting list and did enter public housing seems the most appropriate measure of the effective demand for public housing. There is a second group of waiting list applicants who are also excluded from our measure and these are 2001 applicants who remain on the waiting list in November 2005. There is no way of observing whether or not such people did eventually enter public housing, and to the extent that they did so, we will be underestimating the demand created by the 2001 entrants to the waiting list. However, this underestimation will be small because only 46 or 3 per cent of the applicants in 2001 remain on the waiting list in November 2005. Further, not all these people will eventually get an offer of public housing – of the applicants in 1999 who remained on the waiting list for four years, 20 did not receive an offer over the period 2003–2005.

For each application to the waiting list, data is recorded for all members of the household, including date of birth, relationship status, and gender. The relationship code identifies the applicant as being in one of 17 categories, which include 'single adult' and 'sole parent'. This allows us to identify 'single adult' and 'sole parents' at the time of the initial application. Hence it is possible to ascertain the 'demand' for public housing generated in 2001 as a proportion of the WA population by age and gender; and to further apportion these according to whether they are single adults or sole parents. These proportions are then applied to the relevant WA population forecasts to arrive at projections of the demand for public housing from older, single persons to the year 2025, on the assumption that these population propensities remain constant into the future.

Estimates for the other states (and territories) are made using the ABS population forecasts for these states, but applying the Western Australian propensities to enter public housing by age and gender. Clearly there will be state and territory differences in these propensities, and this will be driven by differences in public housing supply and allocation policies between the states, differences in the proportions of the older population who are single by state and territory, as well as possible behavioural differences between the populations.

A further point to note with regard to this approach is that public housing demand for 2001 is measured by taking the number of eventual entrants into public housing arising as result of persons entering the waiting list in 2001. For any group within the population this demand results from a combination of two parameters: the propensity of that group to enter the waiting list; and their success rate at entering public housing, given that they have joined the waiting list. While the data allows us to directly observe the final demand outcome without need to separately estimate these parameters, whether or not older, single persons who enter the waiting list are successful in securing public housing is still of some pertinence. Indeed, this was one of the research questions posed in the project brief and, to the best of our knowledge, the Homeswest data set is the only source of empirical evidence on this question. As we have data only on those who enter public housing, we cannot determine the success rates of person who enter the waiting lists. However, a good indicator can be gleaned from the average time spent on the waiting list before entering housing. In the case of Western Australia, older (50+) single persons in fact have shorter average waiting times than their younger counterparts, with the exception of male sole parents, of whom there are very few. They also appear to have shorter average wait durations than older partnered persons. Thus, in Western Australia at least, it seems these older single persons are generally more successful in entering public housing relative to others who enter the waiting list.

Aggregate results for the projections of public housing demand from persons aged 50+ at the national level are presented for single adult households (Table 7.2), sole parents (Table 7.3) and total singles (Table 7.4). Detailed state estimates can be found in Table A2.2. As is illustrated in Figure 6.1, the increased demand for public housing from this group is driven primarily by demand from single adults. For Australia in total there is a projected demand of 33,081 public housing places in 2025 from older, single persons, of which 30,652 arise from single adult households. The projected increase in demand for public housing comes mainly from 60–69 year olds and 70–79 years olds. In total, older single person demand for public housing is projected to increase by 8,812 places (or 36 per cent) between 2010 and 2025, with sole parents accounting for only 463 of those additional places. Females account for 56 per cent of the projected increase in demand between 2010 and 2025.

Table 7.2: Projected public housing demand – single adults aged 50+, Australia, 2010–2025

	Aged 50–59	*Aged 60–69*	*Aged 70–79*	*Aged 80+*	*Total (50+)*
Males					
2010	3,627	3,750	1,981	671	10,028
2015	3,906	4,320	2,389	782	11,396
2020	3,992	4,639	3,028	937	12,597
2025	4,082	5,016	3,514	1,157	13,769
Females					
2010	3,944	4,782	2,277	1,272	12,275
2015	4,242	5,635	2,668	1,406	13,951
2020	4,337	6,123	3,368	1,591	15,420
2025	4,441	6,596	3,979	1,868	16,884
Persons					
2010	7,571	8,532	4,258	1,943	22,303
2015	8,147	9,955	5,058	2,188	25,348
2020	8,330	10,763	6,396	2,529	28,017
2025	8,523	11,612	7,493	3,025	30,652
Change (2001–2025)					
Males	456	1,265	1,533	486	3,741
Females	497	1,814	1,702	596	4,608
Persons	952	3,079	3,235	1,082	8,349

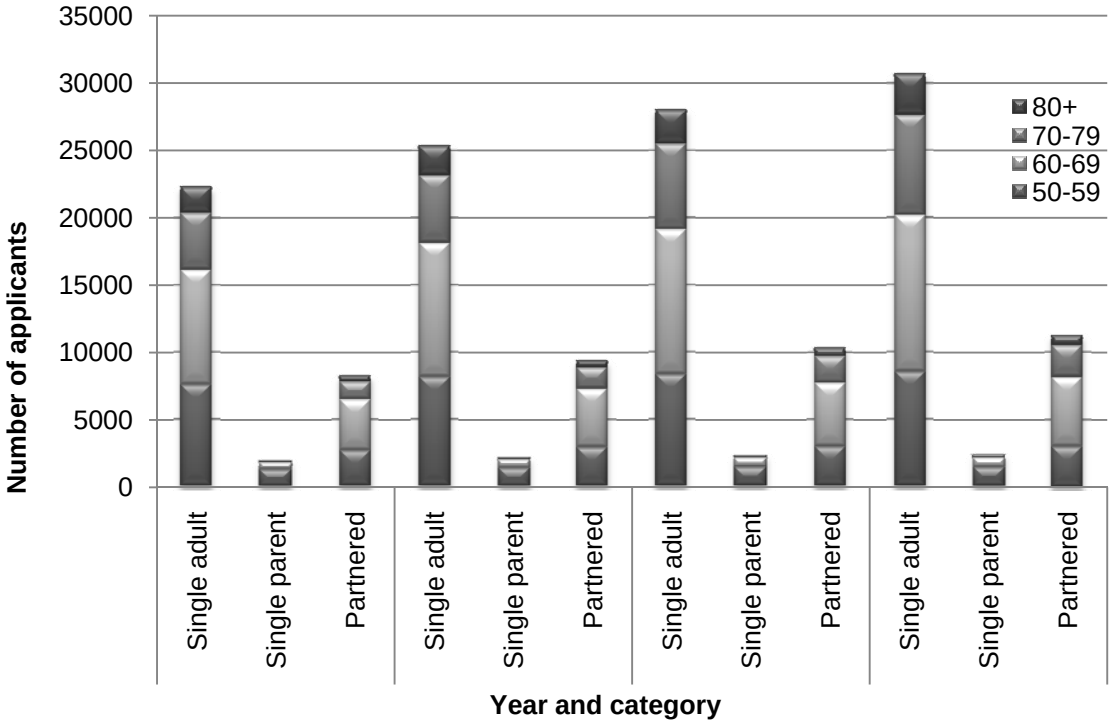
Table 7.3: Projected public housing demand – sole parents, aged 50+, Australia, 2010–2025

	Aged 50–59	*Aged 60–69*	*Aged 70–79*	*Aged 80+*	*Total (50+)*
Males					
2010	238	123	54	0	415
2015	256	142	65	0	463
2020	262	152	82	0	496
2025	268	164	96	0	528
Females					
2010	1,072	388	91	0	1,551
2015	1,153	457	106	0	1,717
2020	1,179	497	134	0	1,810
2025	1,207	535	158	0	1,901
Persons					
2010	1,310	511	144	0	1,966
2015	1,409	599	171	0	2,179
2020	1,441	649	216	0	2,306
2025	1,475	700	254	0	2,429
Change (2001–2025)					
Males	30	41	42	0	113
Females	135	147	68	0	350
Persons	165	189	109	0	463

Table 7.4: Projected total public housing demand – total singles aged 50+, Australia, 2010–2025

	Aged 50–59	*Aged 60–69*	*Aged 70–79*	*Aged 80+*	*Total (50+)*
Males					
2010	3,864	3,873	2,034	671	10,442
2015	4,162	4,461	2,454	782	11,859
2020	4,254	4,792	3,110	937	13,093
2025	4,350	5,180	3,610	1,157	14,296
Females					
2010	5,016	5,170	2,368	1,272	13,826
2015	5,395	6,093	2,775	1,406	15,668
2020	5,517	6,620	3,502	1,591	17,230
2025	5,648	7,132	4,137	1,868	18,785
Persons					
2010	8,881	9,043	4,402	1,943	24,269
2015	9,556	10,554	5,229	2,188	27,527
2020	9,771	11,412	6,612	2,529	30,323
2025	9,998	12,311	7,747	3,025	33,081
Change (2001–2025)					
Males	486	1,307	1,575	486	3,854
Females	632	1,961	1,770	596	4,958
Persons	1,117	3,268	3,345	1,082	8,812

Figure 7.1: Projected demand for public housing in Australia



Given the minor contribution of sole-parent households to public housing demand within this group, the tables for individual states do not differentiate between single-person households and sole-parent households.

Table A2.2 shows these projections. As a result of the methodology applied, the growth rates of public housing demand will reflect the projected population growth rates by state for the respective groups by age, gender and each group's propensity to enter public housing, as reported in Table A2.1. Instead of growth rates, Table A2.2 reports projected changes in the absolute number of public housing tenancies required between 2010 and 2025. The largest increases in projected demand occur in NSW (2,512), Queensland (2,409) and Victoria (2,018), and most of the increase in each case comes from persons aged 60–69 and 70–79. In absolute terms the increase in demand is quite modest in the Northern Territory, the ACT and Tasmania. In all the states and territories, females account for slightly more than half of the increase. As with the population projections, the greatest projected growth rates are observed for Queensland, Northern Territory and Western Australia, with growth in demand for public housing from this demographic of around 2.6 per cent per annum.

The significance of these projections for the housing authorities of the individual states and territories is demonstrated by relating these projections to the stock of public housing. Table 7.5 shows that, for Australia as a whole, in 2010, demand from older singles applying for public housing is estimated to equate to 7.7 per cent of the entire stock of available public rental properties. By 2025 this is projected to increase to 10.4 per cent, assuming that the stock of public housing rental properties remains constant. The projected demand from older singles relative to public housing stock is particularly high in Queensland and Victoria, where demand is projected to reach around 15 per cent of stock by 2025. That is, around one in seven of all available public housing properties would need to be made available to single persons aged over 50. In Western Australia and NSW, the projected requirements of older single persons are also substantial, at 11.8 per cent and 9.3 per cent of the housing stock,

respectively in 2025. Projected demand relative to public housing stock is much less for the Northern Territory, Tasmania and South Australia, at between 4.5 per cent and 5.4 per cent. Although South Australia and Western Australia currently have similar populations of single persons aged 50+, the projected claims on public housing are much more moderate for South Australia because of that state's markedly larger public housing stock and lower future projected population growth in these age groups.

Table 7.5: Estimated public housing demand 2010 to 2025 for older (50+) singles, as percentage of 2001 public housing stock

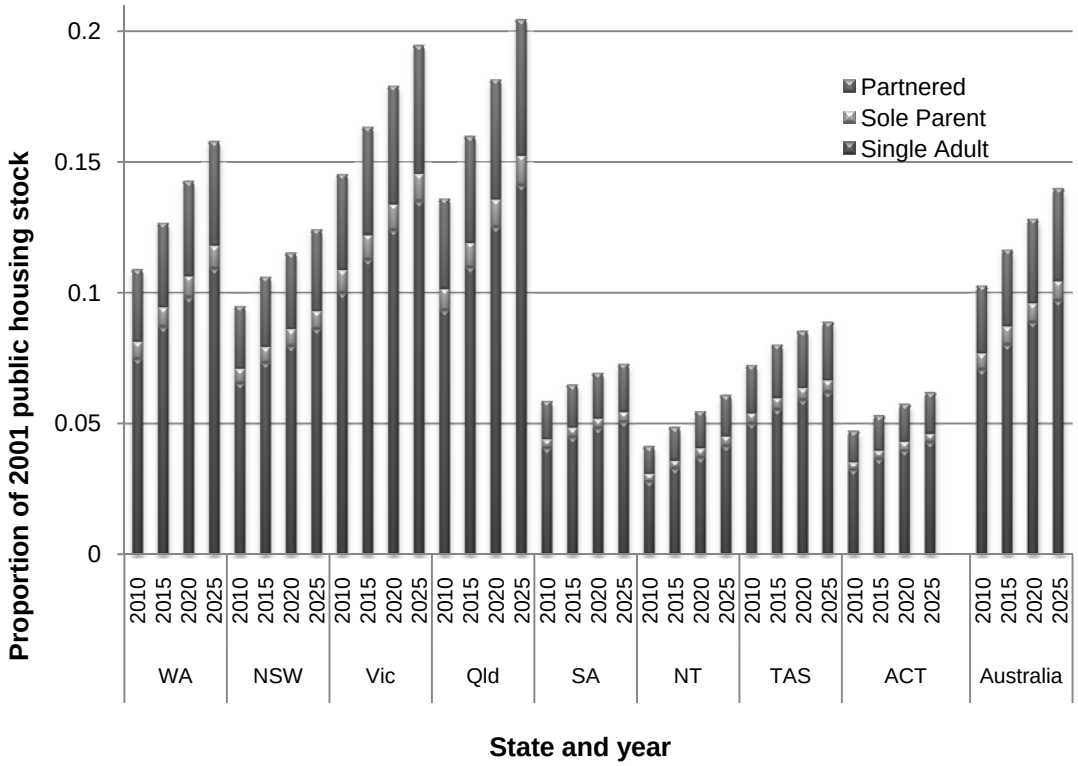
	Public housing stock 2001[1]	***Demand as percentage of 2001 stock***				***Change from 2010 to 2025 (%)***
		2010	***2015***	***2020***	***2025***	
NSW	114,130	7.1	7.9	8.6	9.3	2.2
Vic	54,805	10.8	12.2	13.4	14.5	3.7
Qld	47,286	10.1	11.9	13.5	15.2	5.1
WA	29,399	8.1	9.4	10.6	11.8	3.7
SA	44,686	4.4	4.8	5.2	5.4	1.1
Tas	11,611	5.4	6.0	6.3	6.6	1.2
ACT	9,858	3.5	3.9	4.3	4.6	1.1
NT	5,167	3.1	3.6	4.0	4.5	1.5
Australia	**316,942**	**7.7**	**8.7**	**9.6**	**10.4**	**2.8**

1. Occupied rented State Housing Authority private dwellings August 2001.

Source: ABS *Census of Population and Housing: Basic Community Profiles*, Australia, Cat. no. 2002.0 (unpublished).

The estimated contributions to demand by household type are illustrated in Figure 7.2. As is the case for Australia, it can be seen that for each state and territory the projected growth in annual demand for persons aged 50+ is attributed almost entirely to older persons living alone, with very minor contributions from either older sole parents or older couples. An important dimension of this growth in demand is therefore that it would be most cost-effectively met from the stock of smaller (one- or two-bedroom) properties.

Figure 7.2: Projected demand as a proportion of 2001 public housing stock



7.3 Summary

As has been noted elsewhere (see, for example, Productivity Commission, 2005), the ageing of the population will have significant ramifications for the housing sector and for public housing, with respect to both the quantity demanded and the type of housing required. Estimates provided in this chapter show that the number of Australians aged 50+ is likely to increase by around 75 per cent over the coming 18 years. The number of people aged 80+ will more than double. Based on current Western Australian propensities of people in these age groups to enter public housing as singles, it has been possible to provide projections, to 2025, of the future demand for public housing that will arise from older people who have lost a partner. Very few of these are expected to be sole-parent households, meaning the vast majority will seek to enter public housing as single-person households. The projected growth in demand for public housing from this source is modest but nonetheless significant. Nationally, the number of such persons seeking to enter public housing by 2025 is estimated to equate to 10 per cent of the current stock of occupied public housing properties, up by around 3 percentage points from today. Most of the increase will come from people aged between 60 and 80. There is also significant variation in the projections by state. Queensland faces the largest increase in demand from this group. By 2025, the projected number of older, single persons entering public housing each year in Queensland and Victoria equates to around 15 per cent of the current public housing stock in those states. In contrast, minimal growth and a modest demand (between 4.5 and 6.6 per cent of stock) are forecast for South Australia, Tasmania and the two territories.

8 KEY FINDINGS AND POLICY IMPLICATIONS

This research has investigated the effects that divorce, separation or bereavement have on the housing and related financial circumstances of people aged 50 and over in different housing tenures. The aim has been to identify those groups in the community that are most likely to experience housing stress following the loss of a partner, and to investigate whether housing stress decreases over time as people adjust to their changed circumstances. We have also endeavoured to investigate whether there are differences in the experiences of men and women, and to document how the consequences of losing a partner through bereavement are often different from losing a partner through separation or divorce. Finally, we explore whether the disruptions to housing careers that marriage break-up and bereavements cause is likely to result in increased demand for public housing. We have made projections of the future demand for public housing from older single Australians, most of whom have lost a partner. This chapter begins by summarising the main findings from the research. It then discusses policy ideas that might warrant consideration and further discussion.

8.1 Who is prone to divorce, separation or bereavement?

Chapter 2 investigated who is most prone to divorce, separation or bereavement. We found that women are more likely to be widowed, separated or divorced than men. Overall, 70 per cent of men in the HILDA sample were continuously married and only 18 per cent were either widowed, separated or divorced. In contrast, 60 per cent of women were continuously married, whereas 30 per cent were either widowed, separated or divorced. Men were more likely to have remarried than women (12 per cent compared with 10 per cent) and women were more likely to be widowed, particularly in the older age groups. Women were also more likely to be separated or divorced than men (18 per cent compared with 15 per cent).

There were marked tenure differences between those who were married and those who were separated or divorced. Eighty-five per cent of those who were continuously married were home owners or purchasers. In contrast, 60 per cent of those who were divorced were home owners or purchasers, as were 50 per cent of those who were separated. Divorced and separated people were much more likely to be private renters than their married counterparts. Between one-quarter and one-third of those who were separated or divorced were in private rental accommodation, compared with less than 10 per cent of those who were continuously married. Divorced and separated people were also between three and five times more likely to be public tenants than the continuously married.

The age comparisons reveal an important finding: most males and females who have experienced separation or divorce did so before they turned 50 years of age. If we are concerned about the housing consequences of separation and divorce, we should not restrict attention to the over-50 age group.

The bereaved are typically much older than the divorced or separated. The average age of widowed females is 72 years and for widowed men it is 74. Given that most widows are in the later stages of the life course, their rates of home ownership are high and their levels of outstanding mortgage debt are low. Only six per cent of widows were in private rental accommodation.

A particular group that this study has considered is the over-50s in private rental housing who are receiving income support. In the male renter population aged 50 or over, the probability of divorce estimates imply an incidence among the low-income segment that is between three to four times the incidence in the total male population.

Among the equivalent group of females, the probability of divorce estimates imply an incidence that is between two to three times that in the total female population. Similar findings were apparent with respect to rates of separation. The analysis confirms that older private renters on low incomes have often lost a partner because of separation or divorce, although the earlier caveats about the direction of causality between income and separation need to be borne in mind.

8.2 Housing affordability following loss of partner

We expected to find that public housing tenants were 'insured' against the housing affordability risks upon losing a partner because public housing rents are set as a fixed percentage of assessable income, usually 25 per cent. Indeed, there is clear evidence of such a cushioning effect for some people in public housing. However, where household dissolution is caused by separation or divorce, one partner typically moves out of the family home, usually seeking alternative accommodation in the private market. We found that a third of the public housing tenants who lost a partner were obliged to move out of public housing, and no longer benefited from the 'insurance' provided by rebated rents.

In the first year following loss of partner, the gross HAR of renters and purchasers doubles and rates of housing affordability stress increase from nine per cent to almost one-third of these households. These dramatic short-term consequences arise because, in the case of divorce and separation, two households replace one. Both households experience a fall in income and housing costs rise compared to the pre-dissolution situation. In the short run, the loss of a partner poses a serious threat to housing affordability for many renters and purchasers.

There is some evidence of housing and labour market adjustment following household dissolution. Two years after loss of partner, the incomes of new households formed by break-up and bereavement resume an upward trend. Re-partnering helps to restore the housing circumstances of those whose housing careers have been disrupted by household dissolution. However, women with children and people over 50 are particularly prone to housing stress following dissolution, and improvement in housing affordability is lower for these demographic groups. The findings confirm those of the existing literature that women experience greater disadvantage, partly as a result of a lower likelihood of re-partnering.

There is a large increase in the demand for housing assistance from private renters following loss of partner. We find that 41 per cent of private renters who lose a partner either become eligible for CRA or receive more CRA following household dissolution. However, one group misses out. They are people who are eligible for CRA before the loss of partner, but continue to live in the same house after the partner has left. They will receive the same housing assistance even though their partner has departed and their income has fallen. Two groups are particularly vulnerable: women with children, because they are typically reluctant to leave the family home; and the widowed (again typically women), because they often suffer an abrupt fall in income.

The majority of fractured households (59 per cent) with increased housing costs are beyond the reach of housing assistance programs because they are home purchasers. Their housing costs escalate after loss of partner and there is no offsetting increase in assistance to protect them from housing affordability problems. As a consequence, housing affordability stress rates increased from 3.2 per cent to 34 per cent, one year after household dissolution.

8.3 Tenure and wealth pathways

Chapter 4 examined whether there were housing career pathways where there is a need for housing assistance because of the consequences of household dissolution, but current programs offer no assistance to meet those needs. To address this question we moved beyond the housing affordability dimension of housing careers. There are other dimensions to housing careers, such as home ownership and housing wealth, that governments here and overseas are concerned to promote and sustain. Home ownership can be threatened by bereavement, divorce and separation, but there are no direct housing assistance programs in Australia that offer a 'lifeline' to people in those circumstances. There is a potential role for housing assistance in this regard.

The evidence indicates that divorce and separation are a major source of disruption to home ownership aspirations. In a two-year period following household dissolution, rates of home ownership among those who had lost a partner fell from 69 per cent to below 50 per cent. The contrast with 'surviving' couples is stark, with home ownership rates reaching almost 90 per cent over a comparable timeframe. The disruption was felt most among households that were home purchasers, and it is actually women rather than men who are most likely to fall out of home ownership.

Housing wealth is a relevant dimension of housing careers because it can be unlocked and used as 'insurance' to help 'make ends meet' following an adverse event. We use the HILDA survey to examine whether the divorced, separated and remarried are more likely to adjust housing circumstances to help finance retirement. Typically the divorced, separated and remarried are more inclined to plan adjustment to their housing circumstances to help finance retirement. More than one in five divorced and separated female home owners plan to release housing wealth in retirement. The corresponding propensity among divorced and separated men is closer to one in ten. There is a striking difference between these groups and widows, the latter being reluctant to express any intention to sell or move. Their need to adjust their housing circumstances is perhaps not as great, because pension arrangements and life insurance can cushion the impact by helping to maintain income following bereavement.

The HILDA 2003 survey also asks retirees whether they have actually sold or moved to cheaper accommodation in order to assist financially in retirement. Some 5.1 per cent of home owners confirm that they have sold, but 7.3 per cent of females state that they have done so, which is nearly double the proportion of male home owners (3.9 per cent). Divorced women and men are more likely to have unlocked housing wealth than other marital groups, but as might be expected from the intentions data, divorced women (24 per cent) are more likely to have traded down than divorced men (5 per cent).

The patterns apparent in the cross tabulations point to potentially important policy implications. With an ageing society and increases in the real value of housing assets, the latter could perform an increasingly important insurance role in old age. In future research it is important to establish whether the trading down that is observed in our data reflects deteriorating financial circumstances, with housing wealth being used in a welfare role during retirement.

8.4 Housing career pathways following partner loss: benefit recipients

The Department of Families, Housing, Community Services and Indigenous Affair's (FaHCSIA) Longitudinal Dataset (LDS) is a randomly chosen 1 per cent sample of

benefit customers, extending back to January 1995 and currently available through to the beginning of March 2006. The data set offers an opportunity to analyse the housing consequences of loss of partner for benefit recipients, a typically low-income group who are particularly vulnerable to adverse events.

To analyse how housing circumstances change for individuals who lose a partner, we selected all benefit customers in the LDS as at 29 June 2001 or who entered the LDS after 29 June 2001, and were recorded as married or de facto at this time but subsequently recorded as either divorced, separated, single or widowed. For those we were able to observe again one year following divorce or separation, the incidence of home ownership fell by over 10 percentage points, from 42.5 per cent at the time of break-up to 29 per cent one year later. For those who became widowed there is only a marginal impact upon the rate of home ownership. The falls are less precipitous than those observed in the HILDA sample. This reflects lower home ownership rates among benefit recipients.

Our most important finding is that loss of a partner pushes many privately renting benefit recipients into housing affordability stress (HAS). For private renters who experienced a divorce or separation, the incidence of HAS increased from under 40 per cent to around 70 per cent in the year following relationship break-up; and for older (50 years or older) private renters whose relationships fractured, the incidence increases from around 50 per cent to over 80 per cent. It is important to note that these estimates of HAS take Commonwealth Rent Assistance (CRA) into account. These large increases in HAS are not then prevented by CRA, a conclusion that confirms findings from the HILDA database. The main reason is that CRA is ineffective for those eligible to receive CRA before relationship break-up; entitlements remain the same when a partner moves out and despite any drop in income.

In the short run, public housing offers assistance to only a small fraction of those adversely affected. In the sample of private renters who lost a partner because of separation or divorce, fewer than 4 per cent were in government rental accommodation one year after relationship break-up. This group are benefit recipients who rent, and almost all will be eligible for public housing.

8.5 Qualitative evidence on the consequences of loss of partner

The qualitative data confirmed that many people experienced financial hardship following the loss of their partner in addition to the emotional trauma that accompanies such a loss. We found that people who were private renters were the most financially disadvantaged, with many eking out an impoverished existence with no money for even the most basic ‘luxuries’. This is consistent with findings from other studies (Beer et al., 2006; Jones et al., 2004; Morris et al., 2005). In general, public renters were poor and had few assets, but their financial position was somewhat cushioned by the fact that public tenants pay a fixed percentage of their income in rent.

We found that many home owners had major financial concerns, particularly those who still had a mortgage to repay. However, we also found that many outright owners were ‘asset rich but income poor’. They did not have sufficient income to carry out major repairs on their properties, replace household furniture or whitegoods, or take a reasonable holiday once or twice a year. This finding came out strongly in the interviews.

The qualitative data confirmed the quantitative evidence that private renters and home owners who have mortgages are likely to move if they lose a partner. In both cases, the loss of partner usually means a drop in income, but their rental and mortgage

repayments remain the same. Public tenants are less likely to move if they lose a partner, because their rental payments are linked to their income. Outright home owners often stay in the family home after the death of their partner. If outright owners move it is usually because they want to live near children, or because they want to move to a smaller dwelling.

The qualitative data revealed that people from culturally and linguistically diverse backgrounds were more likely to live with sons or daughters than were people from Anglo-Celtic backgrounds. Olsberg and Winters (2006) have emphasised that retired people want independence from their children and to continue to live autonomous lives for many years after their retirement. Our data confirm that this is the case for the Anglo-Celtic majority, but a significant number of people from non-English-speaking backgrounds either move in with children following the death of their spouse, or expect to move in with them when they need additional care and support.

8.6 Future demand for public housing

The projected increases in the population of Australians aged 50 and over, and particularly for people aged 80 and over, are sobering. The number of Australians aged 50+ is likely to increase by around 75 per cent by 2025. The number of people aged 80+ will more than double, with the number of males aged 80+ set to almost triple. As people in these age groups have a low propensity to enter public housing, the projected impact on the public housing system is modest. Nonetheless, the number of older, single people seeking to access public housing is forecast to increase from a level equivalent to 7 per cent of the current stock of occupied public rental properties to 10 per cent by 2025. This group will have quite specific housing needs, with the bulk of the increased demand coming from people aged between 60 and 80, and almost exclusively from sole-person households.

The projected demand varies significantly by state. By 2025, the projected number of older, single persons entering public housing each year in Queensland and Victoria equates to around 15 per cent of the current public housing stock in those states. The figures for NSW and Western Australia are 9.3 per cent and 11.8 per cent, respectively. In contrast, minimal growth and a modest demand (between 4.5 and 6.6 per cent of stock) are forecast for South Australia, Tasmania and the two territories. A note of caution with regard to the robustness of these projections is warranted. It has been necessary to base our assumptions on the propensity of older, single persons to enter public housing in each state on the rate observed for Western Australia in 2001. It was only possible to derive this figure through access to the Homeswest administrative database. Clearly, the value of this and other such modelling exercises would be greatly enhanced if state- and territory-specific data was similarly available through other state housing authorities.

8.7 Policy discussion

Our findings indicate that housing career pathways subsequent to loss of partner are tenure specific. We therefore organise our thoughts about policy implications by housing tenure, and in addition distinguish between home purchasers (home owners with a mortgage) and outright owners (home owners who have paid off their mortgage).

8.7.1 Home purchasers

Many home purchasers find that their status as a home owner is threatened following marriage break-up due to divorce or separation. As divorce rates are now at much higher levels than 20 to 30 years ago, this life course event will pose an increasing threat to Australia's traditionally high rates of home ownership. The threat is greater to

women than to men because men are more likely to re-partner. In addition, divorced women with children are typically given custody in settlements, and child care responsibilities can impede their return to the labour market to meet housing costs following the marriage break-up. These impediments are likely to be most severe when preschool-aged children are present.

We would anticipate a growing Australian market in mortgage products that are designed to suit the needs of the divorced. This is not just because divorce rates are at historically high levels. Working-age women are much better qualified than they were 20 or so years ago and therefore better positioned with respect to employment careers and the responsibilities attendant upon the repayment of mortgages. Furthermore, divorced women are now more likely to be childless when marriages break down, a feature that might encourage financial institutions to target this group in the future.

Case 8.1: Fresh Start divorce mortgages, UK

Yorkshire Building Society in the United Kingdom developed 'divorce mortgages' in 2005. The *Fresh Start* product has been developed specifically for customers who have experienced a relationship breakdown. These mortgage products also offer unique independent counselling and support services to customers going through divorce and separation.

This mortgage product has introduced a degree of flexibility to the standard lending rules. When assessing how much a customer can borrow, the Yorkshire Building Society takes into account other sources of income, such as maintenance payments and UK Government Family Tax Credits. This can increase a customer's borrowing power.

The *Fresh Start* service offers three types of mortgages, all of which are based on a stepped interest rate. All policies offer a zero per cent interest rate for the first six months of a loan. The customer then has an option to move onto a fixed or variable interest rate for the next five years. The variable rate is set at the Bank of England base rate plus 1 per cent for the first six months, plus 1.25 per cent for the next four years. Some products also come with fee assistance. The product allows home owners to raise up to 100 per cent of the value of the property, either to buy a new home or to buy out an ex-partner at the market rate. (Yorkshire Building Society, 2007)

There are early signs of such a market emerging. The Yorkshire Building Society in the UK launched 'divorce mortgages' in 2005 and its 'Fresh Start' service offers independent counselling and support service to customers going through divorce and separation (see Case 8.1). In Australia, Bluestone are marketing non-traditional loans that assist those with a good credit history but where marriage breakdown poses a one-off 'credit impairment situation' (see Case 8.2). The entry of private financial institutions into this market is a welcome development, as it meets a need that has hitherto been ignored. However, there are concerns about so-called sub-prime or low doc lending. These are loans to marginal borrowers where standard loan criteria (e.g. collateral) are not applied. The concerns are with predatory lending, where unscrupulous lenders target vulnerable and poorly informed groups and incorporate onerous repayment conditions into loan contracts. These issues do not appear to be as prominent in Australia as they have become in the United States, where a rapidly growing sub-prime market has been fuelled by a house price boom. But it is nevertheless a regulatory issue that policy makers may wish to monitor as the market develops.

Case 8.2: Bluestone mortgages, Australia

Bluestone, an Australian mortgage broker, specialises in offering non-traditional mortgage products to customers who fall outside the criteria of traditional lenders.

Veronique Lutchmaya used the services of Bluestone during an acrimonious separation with her partner. Veronique got into financial difficulty as she struggled to meet debts incurred through her small business and pay her mortgage after her relationship with her ex-partner dissolved. Her only income was maintenance payments for her 12-year-old son. Her situation deteriorated and her home was in danger of being repossessed by ANZ, which held the mortgage on the property.

She was referred to Bluestone, which recognised her previously good credit history and lent her just over $200,000, which prevented her home from being repossessed and allowed her to pay off her business debts and reach a settlement with her ex-partner (Fenech, 2007).

There is a potential direct role for government. Gans and King (2003) see scope for government intervention in the form of an income-contingent loan – the Housing Lifeline Proposal. It is a government loan scheme to meet the needs of those who suffer unanticipated reductions in income. The aim is to enable these households to 'ride out the storm' while meeting housing costs. It would offer a universal entitlement to all Australians who can draw down the entitlement to meet mortgage payments that are subsequently repaid through the tax system once income exceeds a threshold level. It is therefore an income-contingent loan scheme similar to HECS, where higher education fees can be deferred and repaid via a surcharge on income tax that is applied once a threshold income is reached. Indeed, both schemes could be integrated by giving all Australians one entitlement that can be used for both education and housing purposes.

8.7.2 Outright owners

The housing difficulties confronted by outright owners are different from those of home purchasers. They are specific to the asset-rich and income-poor, who experience hardship when faced with the prospect of a house repair or other large (or even modest) unanticipated cost of a non-recurrent kind. These people have wealth but it is locked up in what has traditionally been viewed as an illiquid asset – their own home.

Income-contingent loans are targeted at people in the early to middle stages of the life course, because these groups have many future years of labour market participation and hence earnings to help finance repayments. These loans are unsuitable for the target group we are now discussing. Outright owners are typically in the later stages of their life course and do not therefore have a future stream of earnings that can be drawn upon to repay loans. Moreover, the target groups are those on pensions that at best grow slowly in real terms. The alternative to income-contingent loans is 'wealth-contingent loans' or 'shared appreciation mortgages'. The home owner 'sells' a share of their home (say 20 per cent) to a government agency or financial institution. There are no recurrent repayments, but on sale the home owner pays back a share of the sale value (say 40 per cent), or it is paid from the estate of the deceased. The arrangements allow widows or the divorced or separated to unlock housing wealth to pay off the mortgage without moving, or to meet unanticipated bills. Unlike reverse mortgages, where outstanding debt 'balloons' as unpaid interest is added to the outstanding debt, the wealth-contingent loan offers the borrower protection from risk because payback arrangements ensure that liability is restricted to a share of the sale value. If the sale value of the home falls, so does the outstanding debt, and vice versa.

Once again there is a potential niche in the mortgage market for such products. However, their attraction as far as private financial institutions are concerned might be tempered by the risk that they must shoulder with such a product. House prices can

go down as well as up, and so will the return on such products. Big financial institutions might be persuaded that such products offer an opportunity to diversify risk, if Australian house prices can be shown to be negatively correlated with stock prices. On the other hand, they may view such products cautiously because potential borrowers may use the money for other purposes. For example, instead of using the program to unlock housing wealth to meet unanticipated repair bills, the borrower may fund alternative risky investments such as share purchase. Alternatively, there is the risk that the borrower takes little care of the asset and it subsequently loses value.

These are under-researched questions that are worthy of further investigation. There are also other practical issues:

- Would such a mortgage product allow the widow/divorcee to buy back the stake before eventual sale or bequest?
- How would the proceeds affect eligibility for the age pension under asset tests?
- Would the scheme be open to all home owners who have a positive amount of equity in their home, or restricted to outright owners?

Governments might choose to take a lead in this area and launch their own-wealth contingent loan schemes that act as an 'experiment' for the solution of these and other practical issues. Governments may also consider extending concessions available under first home-buyer schemes to persons who lose home ownership status through a marital separation.

8.7.3 Private renters

The above proposals are of no assistance to private renters who lose a partner. At present the CRA program is also ill suited to meet the financial hardships that many private renters experience when they lose a partner, a major reason being the means test arrangements for CRA. Those eligible for CRA before loss of partner and who continue to live in the family home will receive the same CRA entitlement even though partners have departed or died and income has fallen. This outcome arises because CRA is not subject to a separate income test; eligibility for an income support program (Newstart allowance, age pension and so on) governs eligibility for CRA and then the amount of CRA received is equal to three-quarters of the increment in rent payments that exceed a minimum rent threshold.[56] Those most vulnerable in this respect are divorced and separated women with children – because they are understandably reluctant to move – and widows (again, typically women) because they often suffer abrupt falls in income.

Low (budgetary) cost solutions to this issue are difficult to find. CRA could be restructured along the same lines as Housing Benefit in the UK, where there is a separate income test so that when a person suffers an abrupt reduction in income, Housing Benefit automatically increases up to a maximum of 100 per cent of the rent. There is, however, a trade-off. Such a reform will add to work disincentives because when income increases there will be a simultaneous withdrawal of housing assistance on top of withdrawals of other income support programs, as well as income tax. It could also be costly, though this last point is tentative without detailed modelling of the proposal.

There is a growing need to address the needs of older singles in private rental because ageing of the population implies that growing numbers of older Australians will be renters even if currently high rates of home ownership prove to be sustainable.

[56] A CRA entitlement is also subject to a maximum limit that becomes binding once renters reach an upper threshold that is dependant upon household type and size.

Most of these older renters will be the product of failed marriages or bereavement. Furthermore, our evidence both from qualitative and quantitative programs of research suggests that this group is particularly prone to financial hardship and housing affordability stress. A 'halfway house' proposal that is less costly would be to administer CRA differently depending upon whether the applicant is of working age. The work incentive issue is not as relevant to those aged 65 years or over, and so a separate income test for the over-65s would raise fewer concerns of this kind. It is also better targeted because at this late stage in the life course CRA recipients cannot expect a growing earnings profile from which rising rent payments can be met. The income tests can be made sensitive to household type, so that they offer proportionately more support to singles in view of the greater hardship faced by singles as they cannot benefit from economies of scale in consumption. Claims on how much such a reform would cost the Federal Government must await detailed modelling, and decisions on the parameters defining income tests.

8.7.4 Public housing tenants

The population of persons aged 50 or over in Australia is projected to increase by around three-quarters between 2001 and 2025, to reach 9.7 million. Based on the experience in Western Australia, only a very small percentage of these Australians – 0.34 per cent – seek to enter public housing unpartnered (either as a single adult household or a sole parent). The vast bulk of those who do will have lost a partner at some stage in their life. Despite their low propensity to enter public housing, the annual new demand for housing attributable to this group is estimated to be 7.7 per cent of the total stock of rented public housing properties in Australia in 2010, rising to 10.4 per cent by 2025. The demands on the public housing system from single persons aged 50 or over will be particularly high in Queensland and Victoria. If the rates of application to waiting lists and the subsequent success rates in entering public housing were to be the same as those currently observed in Western Australia, then by 2025 around 15 per cent of all public housing tenancies in Queensland and Victoria will need to be allocated to older, single persons every year. The projected figure is closer to 10 per cent for Western Australia and New South Wales, and 5 per cent for the remaining states and territories.

These figures suggest that an increase in the national stock of public housing in the order of 3 per cent between now and 2025 will be required just to cater to the increased demand from this group. In Queensland the estimated requirement is an increase of over 5 per cent and in WA and Victoria over 4 per cent. This would be on top of any additional requirements by persons in other age groups and older, partnered persons. In the absence of this increase, either the success rate in entering public housing for older, single persons on waiting lists will need to decline, or else their share of public housing tenancies will need to increase at the expense of other sections of the population. When interpreting these projections the conservative assumptions that we have used need to be kept in mind. Since they are based on the assumption that state housing authorities continue to house the same proportion of this demographic group as in 2001, they can be regarded as a lower bound estimate of future demand. In light of the large expected increase in the population of older Australians, and particularly of persons aged 80 and over, the projected increase in demand for public housing is likely to be of a much lesser priority for policy and for public funding relative to the growth in demand for places in nursing homes and other forms of residential care for the aged.

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APPENDICES

Appendix 1: Qualitative questionnaire

The Implications of Loss of a Partner for Older People

Introduce the project:
My name is …… I am from the Centre for Applied Social Research at RMIT University. We are carrying out a project on the housing and financial consequences for people aged 50 and older who have lost their partner. If there are any questions that you would prefer not to answer, just let me know. I am going to tape record the interview so I have an accurate record of what you say, but there will not be any personal details about you in the report.

SECTION A: NATURE OF THE RELATIONSHIP

I'd like to ask some questions regarding your relationship with your former partner.

1. Were you married or in a de-facto relationship?	***Nature of relationship***
	married
	defacto

2. How long was the marriage / relationship?	***Length of relationship***
	0-10 years
	11-20 years
	21 -30 years
	31-40 years
	41 or more

3. Do you have any children?	***Children of the relationship***
	Yes
	No
(If so, how many and how old are they?)	***No of children****: 0 1 2 3 4 5 6*
Do any of them live with you?	*No Children at home*
	Yes…….Children at home

SECTION B: CIRCUMSTANCES SURROUNDING LOSS OF PARTNER

The next group of questions relate to the circumstances surrounding the loss of your partner

4. What were the circumstances of the loss of your partner?	***Reason for loss***
	Death
	Divorce
	Separation

5. When did it occur?	***When loss occurred***
	1 yr
	2 yrs
	3yrs
	Other…….

6. How did you cope emotionally at the time of the loss?	***Level of trauma (time of death)***
(Probe: form of support provided and by whom)	*Very high*
	High
	Medium
	Low
	Nil
	Other: ……

7. How are you coping with the loss now?	***Level of trauma now***
	Very high
	High
	Medium
	Low
	Nil
	Other: ……

SECTION C: CHANGES TO LIFE AFTER THE LOSS OF PARTNER

I'm now going to ask a series of questions on the main the main changes to your life after the loss of your partner.

8. Had you and your former finances planned your finances for retirement?	***Retirement plans before loss of partner***
Probe as to: Former partner's superannuation	*Former partner's super*
Respondent's superannuation	*Respondent' s super*
Self funded retiree	*Savings*
Savings	*Income from assets/property*
Income from assets/property	*Govt pension*
Government pension	*Other:……..*
How they were going to financially manage their retirement	
If already retired, probe as to how they were managing to cope.	

9. What is your current source of income?	***Current income***
	Super (both parties)
	Super (former partner)
	Super (respondent's)
	Income from assets/property
	Savings
	Government pension
	Employment (FT / PT)
	Other:……

HOUSING:	
13. How long have you lived in your present house/flat?	***Length at current residence***
	…… *years*
14. Is this where you lived when you lost your partner?	***Whether respondent moved since they lost their partner***
	Moved
	Did not move
If the person stayed, go to Question 15	
If the person moved, go to Question 22	
15. What sort of housing do you live in (Tenure Type)?	***Tenure type*** *House, flat, unit, caravan, bungalow, Other:…….*

16. Do you own it or are you renting?	*Owner: outright*
If renting: from whom are you renting from?	*Owner: mortgage*
If home owner: do you have a mortgage?	*Rent : private*
	Rent: public
	Other……
17. Why did you decide to stay?	***Why stayed***
(Probe also as to person's attachment to the location as opposed to the property)	*Happy memories/sentimental*
	Location
	Friends/networks
	Could not afford to move
	Convenient
	Thought of moving & did not as……
	D/K
	Other……
18. Is this house/flat appropriate for you in terms of size/location/state of repair?	***Level of satisfaction***
(Probe: whether they would consider making changes and why)	*Approp. In terms of: ……*
	Not approp. In terms of: ……
	Satisfaction: VH, H, M, L
	Other……

19. Can you afford the property?	***Affordability***
(Probe: If not affordable, probe at so why not and what experiences they are having with payments)	*Affordable*
	Not affordable
	Get by
	Other:……

20. Are you able to cope with looking after the property?	***Ability to cope with property***
(Probe: whether they get help from children , friends, HACC)	*Able to cope on own*
(Probe as to ability to maintain garden, carry out small repairs/maintenance/cleaning)	*Not able to cope on own. Assistance from:*
	HACC
	Family
	Children
	Friends
	Other…….

21. Do you want to move in the future?	***Consideration of future move***
(Probe retirement village, living with children, downsize, closer to shops/transport)	***Will not consider:***
	Happy memories/sentimental
	Location
	Friends/networks
	Could not afford to move
	Convenient
	D/K
	Other……
	Will consider:
	Retirement village
	With children
	Downsize
	Closer to children/friends
	Closer to transport/shops

Instruction: Go to Question 31

If they moved since loss of partner

22. Where did you live before the loss of your partner?	***Tenure type before loss of partner***
	House, flat, unit, caravan, bungalow, other:..

23. Did you own it or were you renting?	*Owner: outright*
If renting: from whom were you renting from?	*Owner: mortgage*
If home owner: did you have a mortgage?	*Rent : private*
	Rent: public
	Other……..

24. Why did you move?	***Reasons for move after loss***
(Probe: financial/emotional factors:- eg house too big/too small or downsize to release money, move to a better location.	*Downsize*
Live with or closer to family, emotional reasons, health factors etc).	*Health reasons*
(Probe also as to person's attachment to the location as opposed to the property)	*Closer to friends/children*
	Emotional factors
	Closer to amenities
	Retirement village
	Financial
	Other:……..
25. Was the move a success?	***Whether move was successful***
	Yes
	No
	Mixed
	D/K
	Other……..
26. Now some questions about you current property	***Tenure type after loss of partner***
What type of housing do you currently live in?	*House, flat, unit, caravan, bungalow, other:..*
27. Do you own it or are you renting?	*Owner: outright*
If renting: from whom are you renting from?	*Owner: mortgage*
If home owner: do you have a mortgage?	*Rent: private*
	Rent: public
	Other: ……
28. Is this housing appropriate for you in terms of size/location/state of repair?	***Level of satisfaction with housing***
(Probe: whether they would consider making changes and why)	*Approp. In terms of: ……..*
	Not approp. In terms of: ……
	Satisfaction: VH, H, M, L
	Other…….
29. Can you afford the property?	***Affordability***
(Probe: If not affordable, probe at so why not and what experiences they are having with payments)	*Affordable*
	Not affordable
	Get by
	Other:……

30. Are you able to cope with looking after the property?	*Ability to cope with property*
(Probe: whether they get help from children , friends, HA	*Able to cope on own*
(Probe as to ability to maintain garden, carry out small repairs/maintenance/cleaning)	*Not able to cope on own. Assistance from:*
	HACC
	Family
	Children
	Friends
	Other……
31. Do you want to move in the future?	***Consideration of future move***
(Probe retirement village, living with children, downsize, closer to shops/transport)	***Will not consider:***
	Happy memories/sentimental
	Location
	Friends/networks
	Could not afford to move
	Convenient
	D/K
	Other……
	Will consider:
	Retirement village
	With children
	Downsize
	Closer to children/friends
	Closer to transport/shops
SECTION D: NETWORKS, HEALTH & WELL BEING	
Networks	
32. Have you re- partnered?	***Whether re-partnered since the loss***
	Yes
	No
33. What sort of recreational, social and friendship networks did you have before you lost you partner?	***Networks during relationship***
	Extensive social networks
	Average social networks
	Minimal social networks
	No social networks
	Did/did not participate in social and recreational activities
	Other:……

34. Have these changed since you lost your partner?	***Change in networks after loss of partner***
	No change
	Minimal change
	Substantial change
	Other ……..
35. Do you belong to any social groups?	***Membership to social group(s)***
If so, how many????	*Yes*
	No
	Other……
36. How often do you go to them?	***Frequency in visiting social groups***
	Daily
	Weekly
	Monthly
	Other…..
37. How often do you see friends or do activities together?	***Frequency of visiting/meeting with friends***
	Daily
	Weekly
	Monthly
	Other……..
38. How often do you see family or do activities together?	***Frequency of visiting/meeting with family***
	Daily
	Weekly
	Monthy
	Other……
39. Can you describe your overall health and well being.	***Current health and well being***
(Probe: physical and emotional including sense of loneliness and isolation)	
	Good
	Average
	Bad
	Deteriorating
	Very bad
	Other:…

40. Has your overall health deteriorated since the loss of your partner?	***Deterioration in health after loss of partner***
(Probe: physical and emotional including sense of loneliness and isolation)	
Probe as to impact of housing and housing wealth on well being Probe as to impact of health and on well being on housing choices	*Yes*
	No
	Deteriorating
	Improving
	Other:…..

Thank you for your help.

Appendix 2: Projections

Table A2.1: Population projections – by age, gender and state, 2001 to 2025

	Males					*Females*					*Persons*				
	50-59	*60-69*	*70-79*	*80+*	*Total*	*50-59*	*60-69*	*70-79*	*80+*	*Total*	*50-59*	*60-69*	*70-79*	*80+*	*Total*
NSW															
2001	392892	258814	186956	73616	912278	383379	262103	222510	136450	1004442	776271	520917	409466	210066	1916720
2010	450505	352949	209123	115711	1128288	456609	354526	231074	183617	1225826	907114	707475	440197	299328	2354114
2015	481753	400656	247615	133056	1263080	486096	410856	265229	200208	1362389	967849	811512	512844	333264	2625469
2020	484196	426481	307485	156525	1374687	487001	442627	326993	222322	1478943	971197	869108	634478	378847	2853630
2025	490823	457774	351669	189598	1489864	494373	472148	380211	256060	1602792	985196	929922	731880	445658	3092656
	25	77	88	158	63	29	80	71	88	60	27	79	79	112	61
Vic															
2001	280888	186489	135147	53729	656253	283234	191975	162769	99924	737902	564122	378464	297916	153653	1394155
2010	330672	254083	152034	85118	821907	341930	262017	171953	136906	912806	672602	516100	323987	222024	1734713
2015	354765	290831	178569	98758	922923	365730	306807	196497	150893	1019927	720495	597638	375066	249651	1942850
2020	363563	312038	222632	116481	1014714	376733	330890	244621	169172	1121416	740296	642928	467253	285653	2136130
2025	370769	336019	257213	140737	1104738	385887	354639	287518	194820	1222864	756656	690658	544731	335557	2327602
	32	80	90	162	68	36	85	77	95	66	34	82	83	118	67
Qld															
2001	222612	138763	93260	37403	492038	215490	134312	106077	64448	520327	438102	273075	199337	101851	1012365
2010	277678	219203	118632	61092	676605	281165	214924	124420	91125	711634	558843	434127	243052	152217	1388239
2015	308674	258213	151035	73396	791318	315510	259456	154908	103378	833252	624184	517669	305943	176774	1624570
2020	326700	283825	198433	92022	900980	335605	289854	204320	121734	951513	662305	573679	402753	213756	1852493
2025	345972	315886	235130	119110	1016098	355176	324324	246944	150516	1076960	701148	640210	482074	269626	2093058
	55	128	152	218	107	65	141	133	134	107	60	134	142	165	107
SA															
2001	93160	61662	48060	19873	222755	94356	63912	58070	36911	253249	187516	125574	106130	56784	476004
2010	105760	84475	50487	29808	270530	108878	86977	57309	49005	302169	214638	171452	107796	78813	572699
2015	110431	96060	58976	33071	298538	112311	100424	64962	52046	329743	222742	196484	123938	85117	628281
2020	108490	100503	74135	37861	320989	108837	105485	80731	56616	351669	217327	205988	154866	94477	672658
2025	104330	105350	84908	45245	339833	104438	109095	93449	63977	370959	208768	214445	178357	109222	710792
	12	71	77	128	53	11	71	61	73	46	11	71	68	92	49

	Males					*Females*					*Persons*				
	50-59	***60-69***	***70-79***	***80+***	***Total***	***50-59***	***60-69***	***70-79***	***80+***	***Total***	***50-59***	***60-69***	***70-79***	***80+***	***Total***
WA															
2001	115644	69498	45632	17436	248210	109773	69114	52271	32286	263444	225417	138612	97903	49722	511654
2010	141928	106776	58304	29315	336323	143011	104208	63137	45458	355814	284939	210984	121441	74773	692137
2015	153848	126841	73241	35874	389804	154885	127634	76565	52767	411851	308733	254475	149806	88641	801655
2020	160316	138162	96046	45265	439789	161337	142110	99273	62839	465559	321653	280272	195319	108104	905348
2025	166342	150281	114639	58167	489429	166908	154121	121517	76574	519120	333250	304402	236156	134741	1008549
	44	116	151	234	97	52	123	132	137	97	48	120	141	171	97
TAS															
2001	29488	20000	14131	5524	69143	29156	20236	16559	10446	76397	58644	40236	30690	15970	145540
2010	34371	27978	16377	8345	87071	35118	28424	17841	13410	94793	69489	56402	34218	21755	181864
2015	35123	31574	19579	9703	95979	35989	32886	20842	14548	104265	71112	64460	40421	24251	200244
2020	33202	33143	24243	11630	102218	34193	34664	25991	16429	111277	67395	67807	50234	28059	213495
2025	31080	34027	27543	14242	106892	32138	35637	30125	19207	117107	63218	69664	57668	33449	223999
	5	70	95	158	55	10	76	82	84	53	8	73	88	109	54
NT															
2001	10989	4630	1765	496	17880	8931	3401	1506	719	14557	19920	8031	3271	1215	32437
2010	13193	7549	2556	844	24142	11967	6277	2130	1025	21399	25160	13826	4686	1869	45541
2015	14526	8889	3461	982	27858	13242	7947	2896	1213	25298	27768	16836	6357	2195	53156
2020	15326	9797	4544	1303	30970	14148	9134	4078	1475	28835	29474	18931	8622	2778	59805
2025	16113	10938	5428	1754	34233	15224	10205	5167	1937	32533	31337	21143	10595	3691	66766
	47	136	208	254	91	70	200	243	169	123	57	163	224	204	106
ACT															
2001	19581	9632	5947	2080	37240	19723	9859	7051	3924	40557	39304	19491	12998	6004	77797
2010	20958	15100	7285	3878	47221	22467	15750	8457	5942	52616	43425	30850	15742	9820	99837
2015	21735	17273	9188	4705	52901	23087	18554	10614	6828	59083	44822	35827	19802	11533	111984
2020	21995	17492	12345	5845	57677	23050	19276	14217	8136	64679	45045	36768	26562	13981	122356
2025	22442	18285	14259	7475	62461	23417	19971	16826	10062	70276	45859	38256	31085	17537	132737
	15	90	140	259	68	19	103	139	156	73	17	96	139	192	71

Table A2.2: Projected public housing demand by older single person – by age, gender and state, 2010 to 2025

	Males					*Females*					*Persons*				
	50-59	*60-69*	*70-79*	*80+*	*Total*	*50-59*	*60-69*	*70-79*	*80+*	*Total*	*50-59*	*60-69*	*70-79*	*80+*	*Total*
NSW															
2010	1266	1280	692	232	3470	1635	1708	809	444	4595	2901	2988	1501	676	8066
2015	1354	1453	819	267	3893	1740	1980	929	484	5132	3094	3432	1748	751	9025
2020	1361	1546	1017	314	4239	1744	2133	1145	537	5558	3104	3679	2162	851	9797
2025	1379	1660	1164	381	4584	1770	2275	1331	619	5995	3149	3935	2495	999	10578
Ch. (2010-25)	113	380	472	148	1113	135	567	522	175	1399	249	947	994	323	2512
Vic															
2010	929	921	503	171	2525	1224	1262	602	331	3419	2153	2184	1105	502	5944
2015	997	1055	591	198	2841	1309	1478	688	365	3840	2306	2533	1279	563	6681
2020	1022	1131	737	234	3124	1349	1594	856	409	4208	2370	2726	1593	643	7332
2025	1042	1218	851	283	3394	1382	1709	1007	471	4567	2424	2927	1858	753	7962
Ch. (2010-25)	113	297	348	112	869	157	446	405	140	1148	270	743	753	252	2018
Qld															
2010	780	795	393	123	2090	1007	1036	436	220	2698	1787	1830	828	343	4788
2015	867	936	500	147	2451	1130	1250	542	250	3172	1997	2186	1042	397	5623
2020	918	1029	657	185	2789	1202	1397	715	294	3607	2120	2426	1372	479	6396
2025	972	1145	778	239	3135	1272	1563	865	364	4062	2244	2708	1643	603	7197
Ch. (2010-25)	192	351	386	116	1044	265	527	429	143	1365	457	878	814	260	2409
SA															
2010	297	306	167	60	830	390	419	201	118	1128	687	725	368	178	1958
2015	310	348	195	66	920	402	484	227	126	1239	712	832	423	192	2159
2020	305	364	245	76	991	390	508	283	137	1317	695	873	528	213	2308
2025	293	382	281	91	1047	374	526	327	155	1381	667	908	608	245	2428
Ch. (2010-25)	-4	76	114	31	217	-16	107	127	36	253	-20	182	240	67	470

	Males					*Females*					*Persons*				
	50-59	***60-69***	***70-79***	***80+***	***Total***	***50-59***	***60-69***	***70-79***	***80+***	***Total***	***50-59***	***60-69***	***70-79***	***80+***	***Total***
WA															
2010	399	387	193	59	1038	512	502	221	110	1345	911	889	414	169	2383
2015	432	460	242	72	1207	555	615	268	127	1565	987	1075	510	199	2772
2020	451	501	318	91	1360	578	685	348	152	1762	1028	1186	665	243	3122
2025	467	545	379	117	1509	598	743	425	185	1951	1065	1287	805	302	3459
Ch. (2010-25)	69	158	186	58	471	86	240	204	75	606	154	398	391	133	1076
TAS															
2010	97	101	54	17	269	126	137	62	32	358	222	238	117	49	627
2015	99	114	65	19	297	129	158	73	35	395	228	273	138	55	693
2020	93	120	80	23	317	122	167	91	40	420	216	287	171	63	737
2025	87	123	91	29	330	115	172	105	46	439	202	295	197	75	769
Ch. (2010-25)	-9	22	37	12	61	-11	35	43	14	81	-20	57	80	26	143
NT															
2010	37	27	8	2	75	43	30	7	2	83	80	58	16	4	158
2015	41	32	11	2	86	47	38	10	3	99	88	71	22	5	185
2020	43	36	15	3	96	51	44	14	4	113	94	80	29	6	209
2025	45	40	18	4	106	55	49	18	5	126	100	89	36	8	233
Ch. (2010-25)	8	12	10	2	32	12	19	11	2	43	20	31	20	4	75
ACT															
2010	59	55	24	8	146	80	76	30	14	200	139	131	54	22	346
2015	61	63	30	9	164	83	89	37	16	226	144	152	68	26	389
2020	62	63	41	12	178	83	93	50	20	245	144	156	91	31	423
2025	63	66	47	15	192	84	96	59	24	263	147	163	106	39	455
Ch. (2010-25)	4	12	23	7	46	3	20	29	10	63	8	32	52	17	109

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