A life course approach to analysing social policy

- double income
- no kids
- birth of the twins
- empty nesters
- lost your job
- spending the kids inheritance
- inheritance
Rowntree’s life-cycle poverty

The life course approach focuses on the trajectories of individuals through life and on how key life events and transitions affect these trajectories.
How is life course thinking useful?

“A more strategic, life-cycle perspective will be needed to prevent the emergence of problems in the first place, as opposed to merely treating them”

COAG Human Capital Reform Report, Feb 2006
Applications

• Life course thinking and modelling is another technique that can give you a window to look at policies and programs.

• It has been particularly useful in Australia to estimate retirement incomes and estimating the repayment of HECS loans.

• It could have application in housing policy, childcare policy, essentially in any area where there is a need to model cost and benefit impacts of changes to the system.
On to some example models

• As a taste, we are going to look at some example life course models of Australian Government taxes and transfers on:
  – Middle income family
    • Homeowner and renter cases
    • Divorcing, with and without splitting superannuation assets

• First, however, we will look at some of the background data that influenced the selection and content of these models
Australian government social cash transfers*

- Family Tax Benefit B: $3,632m
- Child Care Benefit: $1,621m
- Workforce Age Income Support Payments: $20,882m
- Veterans Compensation and Support: $5,500m
- Age Pension: $22,095m
- Rent Assistance: $2,013m
- Family Tax Benefit A: $10,866m
- Child Care Benefit: $1,621m
- Family Tax Benefit B: $3,632m

*Indicative only, area does not relate to expenditure
Full-time male earnings, distribution by age group

(P10, lower quartile, median, upper quartile, P90, mean = )

Data for period approximating Dec 2005, HILDA, ABS
Full-time female earnings, distribution by age group
(P10, lower quartile, median, upper quartile, P90, mean = )

Data for period approximating Dec 2005, HILDA, ABS
Women’s labour force participation by cohort

Source: ABS Census, various years, chart courtesy of Jocelyn Pech
“Groundhog Day”

- The life course modelling that follows is constructed with the data assumption of a steady state economy and tax-transfer system (all figures in 1 January 2007 terms).
Meet Brad & Janet

- We follow Brad from 18 yrs to death aged 77
- Janet from 17 yrs to death just prior to 84 yrs
- Janet went to university (HECS); Brad did not
- They partner when Janet is 26
- First child when Janet is 30, 2\textsuperscript{nd} at 33
- She returns to PT work at 39, FT at 43
- Children leave home when 22 years old
Brad and Janet
rental housing for whole of life

![Graph showing Brad and Janet's financial data over the years from Janet's birth.](image-url)
Brad & Janet separate, do not split superannuation

Child support payer, own superannuation
Child support payee, own superannuation
Brad & Janet separate, split superannuation

Child support payer, super split  
Child support payee, super split
Discussion

• How well do we understand the impacts on peoples’ wellbeing and self-reliance on major events/transitions? (e.g. What research do we do?)

• Does every life course transition need government intervention? What is the role of government, the individual and the market through each transition? Do our interventions get in the way of appropriate incentives at the transition points?

• To what degree should we help people with life events – should we just help people cope or should we be more interventionist? Should we be more targeted?