

**December 2017**

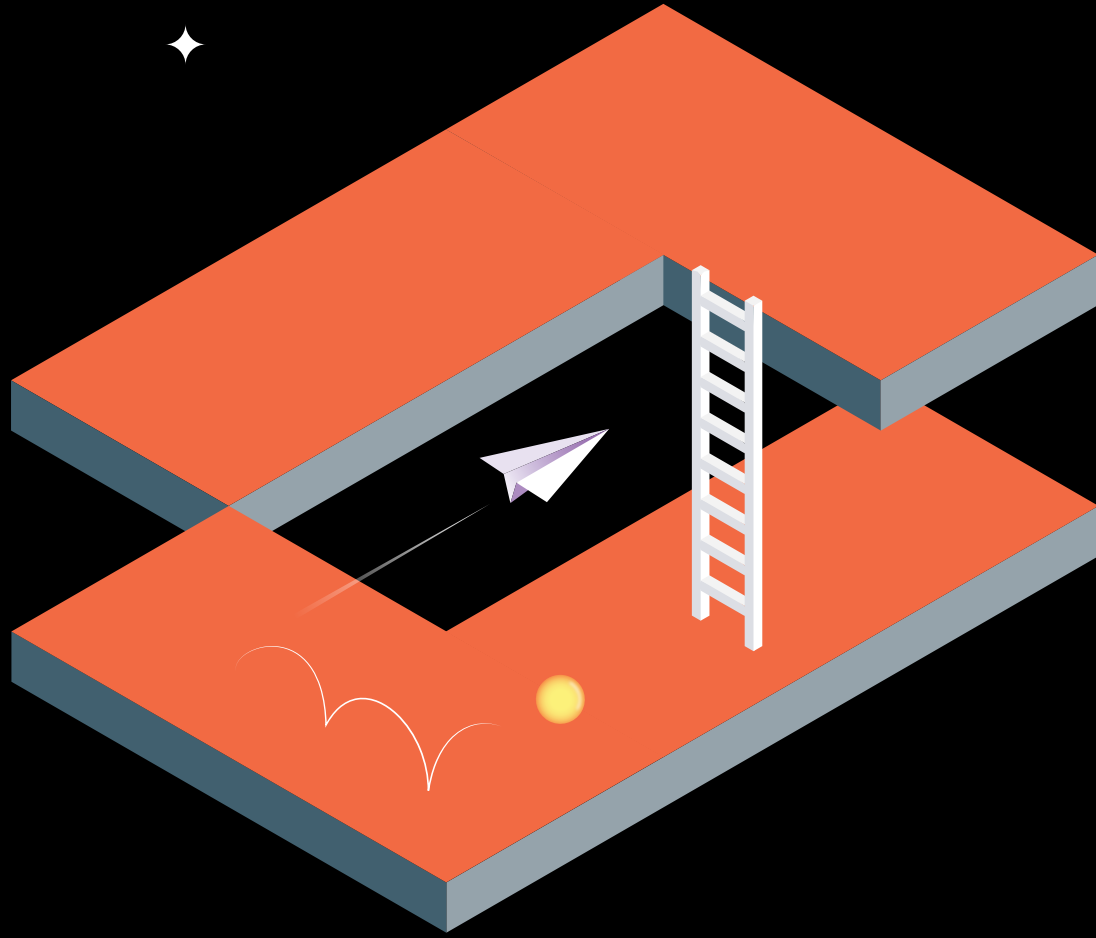
# **Financial Resilience and Employment**



**Financial  
Resilience  
in Australia  
2016**



**Understanding  
Financial  
Resilience**



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# Foreword from NAB and CSI

Participation in employment is unsurprisingly one of the factors most positively associated with financial resilience. In 2016, as in 2015, people employed full-time or part-time had a higher level of financial resilience than any other labour force group. People who were unemployed had the lowest level of financial resilience. However, having employment does not mean that you're automatically protected.

The Financial Resilience and Employment report shows that having a job is by no means a guarantee against being in poverty. The unemployed and underemployed are the most vulnerable groups in Australia when measuring levels of financial resilience, but the increasing casualisation of the workforce is also likely to impact people's ability to bounce back financially.

The report urges that more needs to be done to explore and implement appropriate safety nets, as well as appropriate products and services to protect vulnerable groups and respond to the changing workforce.

The Centre for Social Impact and NAB are once again proud to partner on a piece of research that uncovers the complexity around one of the most important factors that can determine a person's financial resilience: employment.

We hope that this work will help serve and protect all Australians as they navigate the financial shocks on the road of life. Sharing the results of

this research is one more way that we're helping change the landscape for the future financial resilience of all Australians so that they, their community, and the economy, prosper.

**Elliot Anderson**

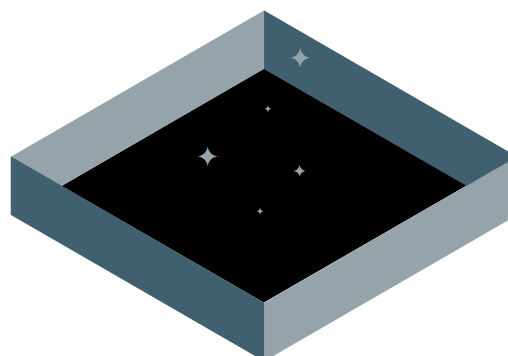
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The Financial Resilience in Australia reports can be found online at:  
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and  
[www.csi.edu.au/financialresilience](http://www.csi.edu.au/financialresilience)



# About the Research

## Research Team

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## Report Citation

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The UNSW Human Research Ethics Committee granted ethical approval of this research project on 14/07/2015.



## Acknowledgements

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### Centre for Social Impact

[www.csi.edu.au](http://www.csi.edu.au)

The Centre for Social Impact (CSI) is a national research and education centre dedicated to catalysing social change for a better world. CSI is built on the foundation of three of Australia's leading universities: UNSW Sydney, The University of Western Australia, and Swinburne University of Technology. Our research develops and brings together knowledge to understand current social challenges and opportunities; our postgraduate and undergraduate education develops social impact leaders; and we aim to catalyse change by drawing on these foundations and translating knowledge, creating leaders, developing usable resources, and reaching across traditional divides to facilitate collaborations.

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For more than 150 years, we have been helping our customers with their money. Today, we have more than 35,000 people serving 10 million customers at more than 800 locations in Australia, New Zealand and around the world. We have built our business on understanding our customers and supporting them. We aim to take the hard work out of banking. As Australia's largest business bank, we work with small, medium and large businesses to help them

start, run and grow. We fund some of the most important infrastructure in our communities – including schools, hospitals and roads.

At NAB, we take our role in society seriously and we're proudly passionate about being responsible, inclusive and socially innovative. We know that the role we play in the lives of our customers is about more than money. We can help people to build their resilience to withstand life's big and little "shock" and help them get back on track as quickly as possible. We can help our customers with new insights, and use our skills, resources and networks to build their capabilities. And we set out to challenge the norm, to look for opportunities to and take strong leadership on the big issues facing our customers and communities, and to lead social change through new ways of doing business.

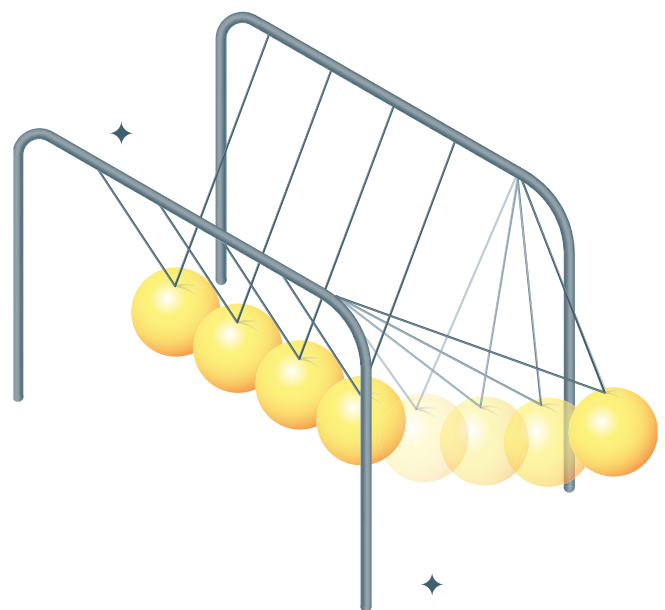
**Roy Morgan Research**

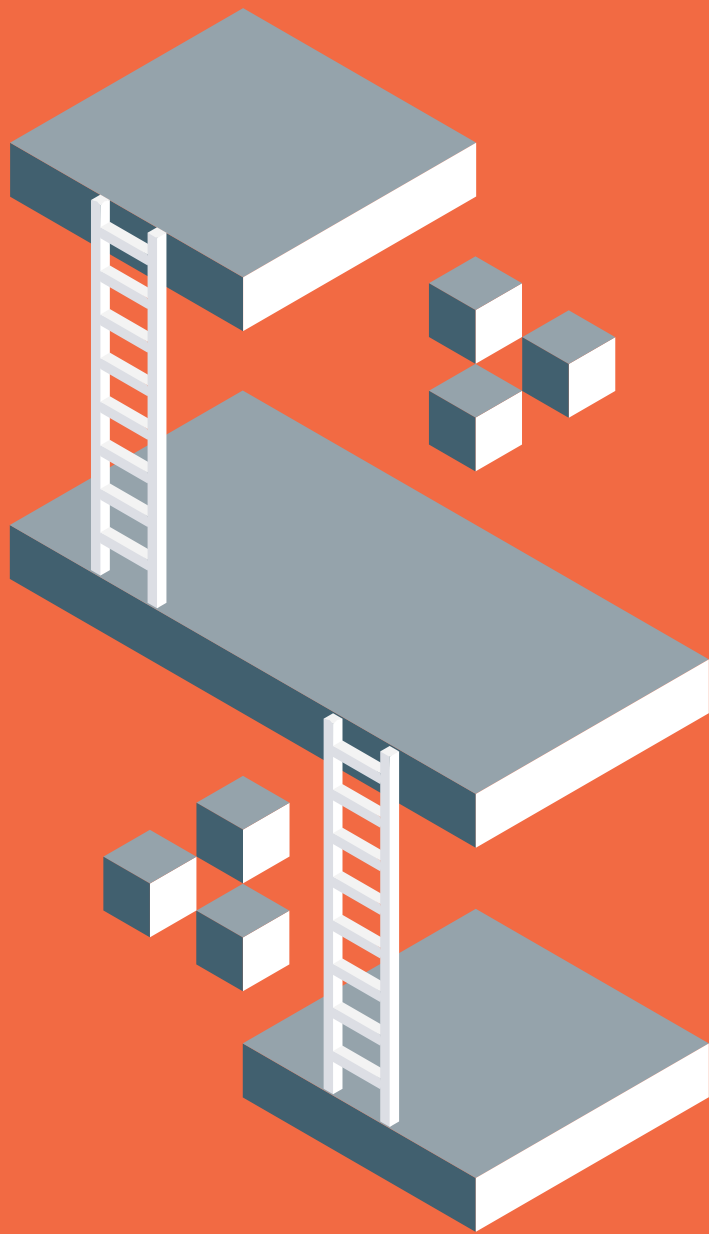
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Roy Morgan Research has more than 70 years' experience tracking consumer and social trends, and developing innovative methodologies and new technologies. Proudly independent, we've built a reputation based on our accurate data and products which include our extensive Single Source survey, and new digital research technologies such as Helix Personas, and Roy Morgan Audiences. Single Source, Helix Personas, and Roy Morgan Audiences integrate together to provide a comprehensive digital and offline customer engagement, marketing and media strategy offering. For information on how Roy Morgan Research can help your business, contact: [AskRoyMorgan@RoyMorgan.com](mailto:AskRoyMorgan@RoyMorgan.com)

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# Executive Summary

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Participation in employment is positively associated with financial resilience<sup>[1, 2, 3]</sup>. In 2016, like in 2015, people employed full-time or part-time had on average a higher level of financial resilience than any other labour force groups, while people who were unemployed had the lowest.

However, almost one-third of people living in poverty in Australia are engaged in employment and report their main source of income is wages or salary<sup>[4]</sup>. Indeed, in addition to the unemployed, people who were underemployed are also significantly more at risk of experiencing severe or high financial stress/vulnerability<sup>[5]</sup>.

Different types of employment contracts can also affect people's access to the resources necessary for financial resilience. In fact, when considering type of employment, people employed on casual contracts had the lowest level of resources across most components of financial resilience. On the other hand, people employed on a contract with paid leave entitlements had a higher level of financial resilience with only 6.7% experiencing severe or high financial stress in 2016, compared to 16.4% of casual workers and 12.2% of people self-employed. low-income households. With a growing number of adults in Australia experiencing some level of financial stress, it is important to find ways to increase access to affordable and appropriate financial products and services and to ensure that adequate safety nets, responsible lending and financial guidance and counselling are in place.

## Economic resources

- People employed on a casual contract and people self-employed had lower levels of savings compared to people employed with leave entitlements
- While 87.2% of people with paid leave entitlements indicated they could raise \$2,000 in an emergency, only 82.8% and 74.1% of self-employed and casual workers respectively said the same

## Financial products and services

- 29% of casual workers reported having no access to any form of credit (compared to 22.4% of self-employed, and 16.8% of people employed with paid leave entitlements)
- Casual workers were also less likely than others to report access to formal credit (32.1% compared to 53.7% of people employed with paid leave entitlements and 50.6% of people self-employed)

## Financial knowledge and behaviour

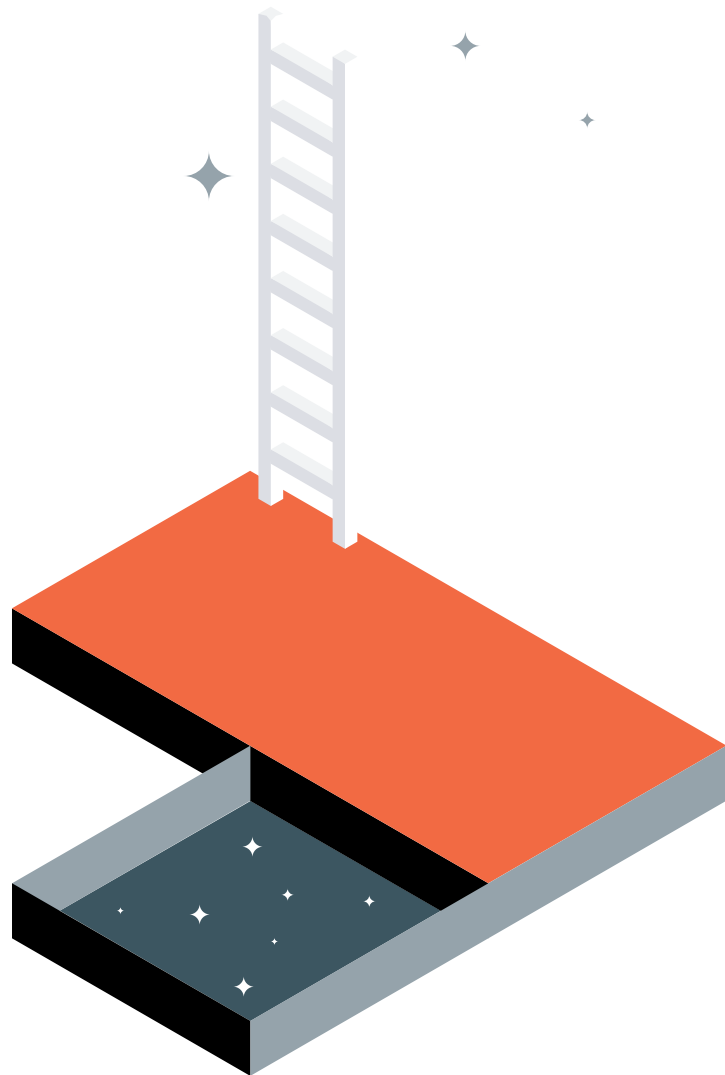
- People self-employed reported higher levels of understanding of, and confidence using financial products and services than people employed with paid leave entitlements and casual workers
- However, they were also more likely to report not engaging in any proactive financial behaviour at all out of all three groups



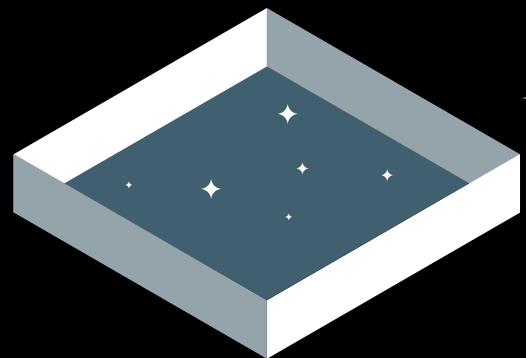
### Social capital

- People self-employed had the highest proportion of people who reported needing government support but having no access to it
- Over 50% of casual workers said they would be fairly or very likely to get financial support from social connections (compared to 41.8% of people with paid leave entitlements and 39.1% of self-employed)

Increasing workforce casualisation and the rise of the gig economy mean an increasing number of people in Australia face unstable employment and income, raising concern for their financial resilience. Understanding the interaction between employment and financial resilience is therefore critical to address current vulnerabilities facing Australia's workforce.



**It is important  
to find ways to  
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# Introduction

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Participation in employment is positively associated with financial resilience; employment not only provides access to economic resources, such as income, it can also influence a person's access to financial products and services, as well as their social capital<sup>[1, 2, 3]</sup>. Not surprisingly, people most likely to experience poverty are those who are unemployed and rely on income support payments. This is partly due to the level of Newstart Allowance, which in 2013 was \$100 per week less than the median income poverty line<sup>[5]</sup>.

In this report we examine two distinct aspects of employment in relation to financial resilience:

1. Labour force status
2. Employment type

This distinction is consistent with how others examine employment, including for example, the Australian Bureau of Statistics<sup>[6]</sup>.

[A] The rate of underemployment is the proportion of underemployed workers as a percentage of the labour force [8]

## Labour force status

Labour force status refers to the proportion of the population aged 15 and over that is “currently economically active”<sup>[7; para. 13]</sup> and consists of people who are employed and unemployed<sup>[7]</sup>. The currently inactive population, that is neither employed or unemployed, is referred to as not in the labour force (for example, students, carers, retirees). We further disaggregate those in employment into three categories: those employed full-time, part-time or under-employed.

Importantly, “having a job is not necessarily a protective factor if the hours or income is insufficient to meet people’s needs”<sup>[3; 62]</sup>; just under a third of people living in poverty in Australia had wages as their main source of income<sup>[4]</sup>. Indeed, in addition to people who are unemployed and out of the labour force, people who are underemployed were also found to be significantly more at risk of experiencing severe or high financial stress/vulnerability<sup>[3]</sup>. Underemployment refers to people in the labour force that are currently employed, but are willing and available to work more hours. In 2016, the rate of underemployment<sup>[A]</sup> in Australia averaged 8.5%, with evidence that underemployment is on the increase and that young people between 15-24 are most at risk with a rate of 17.4%<sup>[9]</sup>.

While overall employment in 2017 has increased, these numbers are largely due to an increase in part-time work, with part-time employment accounting for two thirds of the total employment increase<sup>[10]</sup>. Understanding how labour force status and financial resilience are related and impact one another is therefore vital to address current vulnerabilities in the Australian population.

## Employment types

Employment types refer to the different types of employment contracts those people in the workforce are engaged in. We consider three types of employment 1) the self-employed (for example, business owners and sub-contractors); 2) people employed on a casual contract (with no sick or annual leave entitlements, and generally no specified hours of work); and 3) people employed on a fixed or ongoing contract (with sick and paid leave entitlements). Employment types are distinct from employed labour force status, since self-employed, casual workers and contracted employees can all work either full-time or part-time or indeed be under-employed.

Different types of employment contracts can affect people’s access to the resources necessary for financial resilience. The casualisation of work in Australia has continued to rise in recent years, with the number of workers without leave entitlements increasing by 110,000 between 2012 and 2016<sup>[11]</sup>, and the total number of casuals in 2016 sitting at 2,460,900<sup>[12]</sup>. Casual employees have no guaranteed hours of work and are not entitled to paid sick or annual leave (Fair Work Ombudsman 2017). Unstable employment and weekly variations in pay can make it difficult to plan finances, take out loans, or meet mortgage and debt repayments<sup>[13]</sup>, affecting their financial resilience.

The rise of the ‘gig economy’ in Australia, where people work in flexible, contracted jobs, has also created thousands of workers who are missing out on basic entitlements and financial security<sup>[14][15]</sup>. It is estimated that 100,000 Australians now use web-based platforms to secure work on a regular basis, the majority of which are likely to miss out on superannuation payments<sup>[16]</sup>.



[B] See Marjolin, Muir et al. [1] for more information on the methodology

[C] See Appendix 1 in Marjolin, Muir et al. [1] for further details on the sample

## Report series

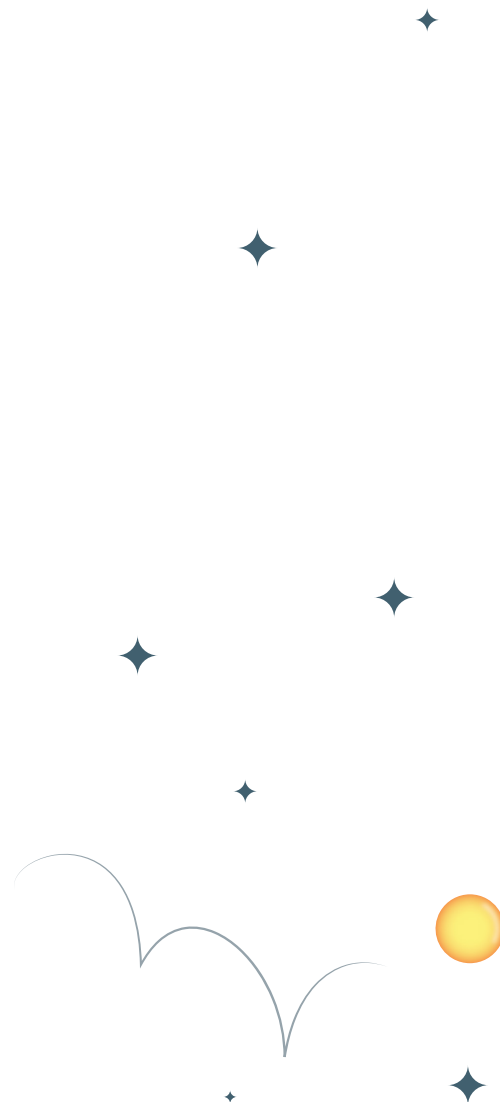
This report is part of a series produced by the Centre for Social Impact for NAB. The main report in this series is “Why is financial stress increasing? Financial Resilience in Australia 2016 – Part 1,” which presents a headline measure of financial resilience in Australia in 2016. It also provides information on the population’s level of resources across all four components of financial resilience, and discusses changes between 2015 and 2016. The other report in the series focuses on the level of financial products and services of adults in Australia.

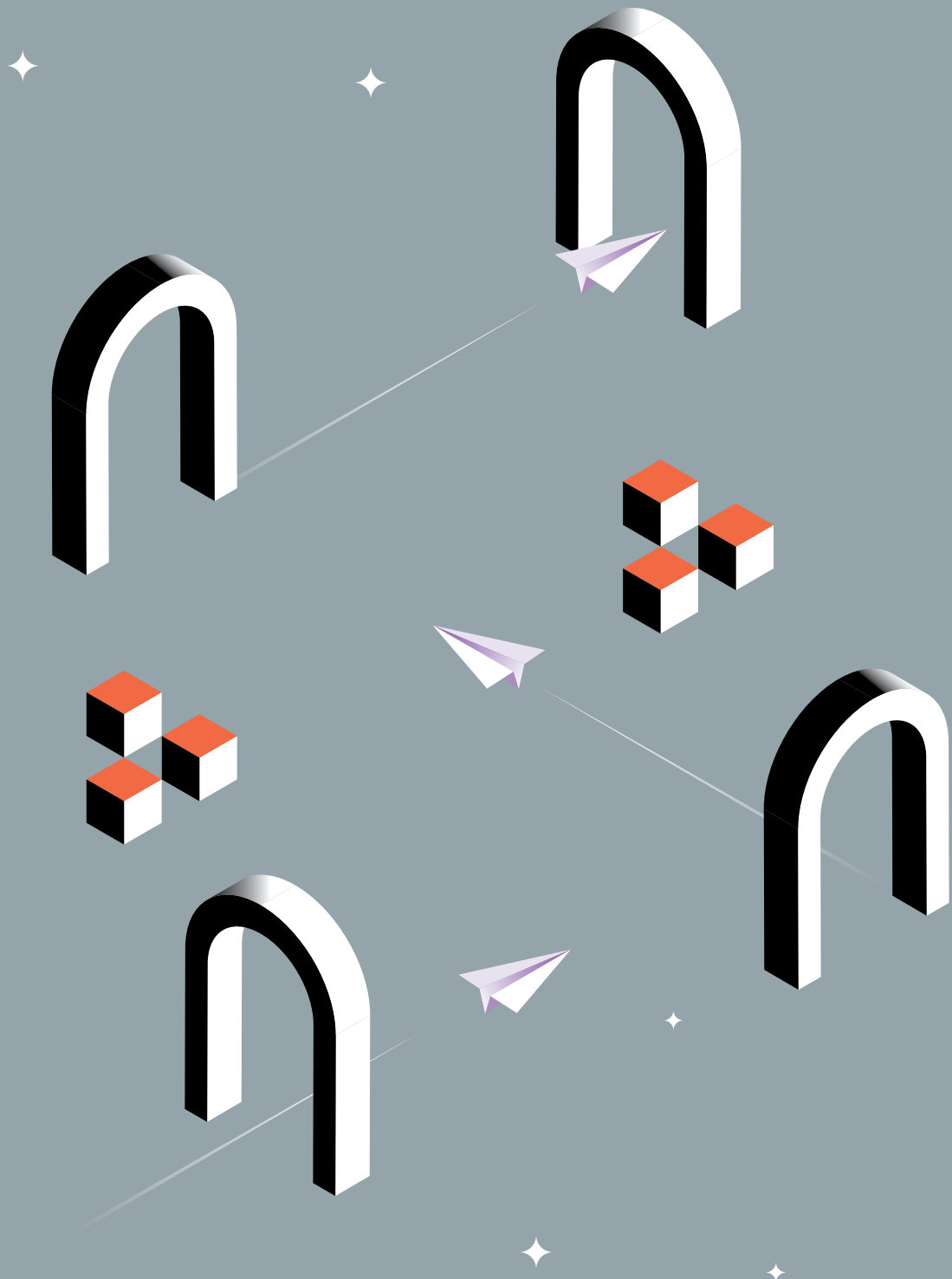
## Methodology<sup>[B]</sup>

The findings in this report are based on 2,006 survey responses, weighted to be representative of the Australian adult population across age, gender and geographic location. All respondents were aged 18+ and completed the survey online in December 2016<sup>[C]</sup>.

The survey was administered by Roy Morgan Research using OzPanel, a robust online consumer panel. OzPanel is unique in that the panel is primarily recruited via random, representative, address-based sampling from the Roy Morgan Single Source survey, which incorporates approximately 50,000 interviews predominantly face-to-face in both city and country areas each year with people aged 14+.

The statistical analysis was undertaken in Stata 14.0. The change between 2015 and 2016 in the level of financial resilience overall and the level of resources across financial resilience components by labour force status were analysed and tested for statistical significance using independent sample t-tests and Chi-square tests on unweighed data.





# Financial resilience and labour force status

Labour force status refers to the proportion of the population aged 15 and over that is “currently economically active” [7; para. 13] and consists of people who are employed and unemployed [7]. The currently inactive population, that is neither employed or unemployed, is referred to as not in the labour force.

The employed group can be further split into three categories based on the number of hours worked, and people’s satisfaction with their hours: 1) people employed full-time, that is working 35 or more hours a week, 2) people who are employed

part-time – that is working less than 35 hours a week – and satisfied with their hours, and 3) people underemployed, that is working part-time and not satisfied with their hours (Figure 1).

Figure 1:  
**Labour force status**

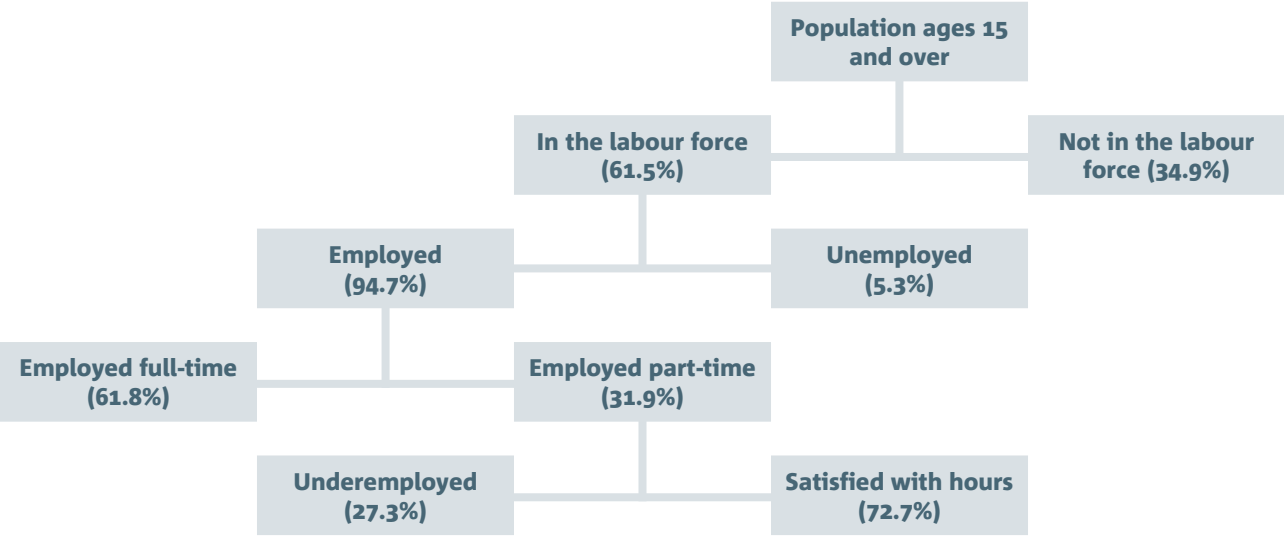


Figure 1 Source: Australian Bureau of Statistics 2017 [17]

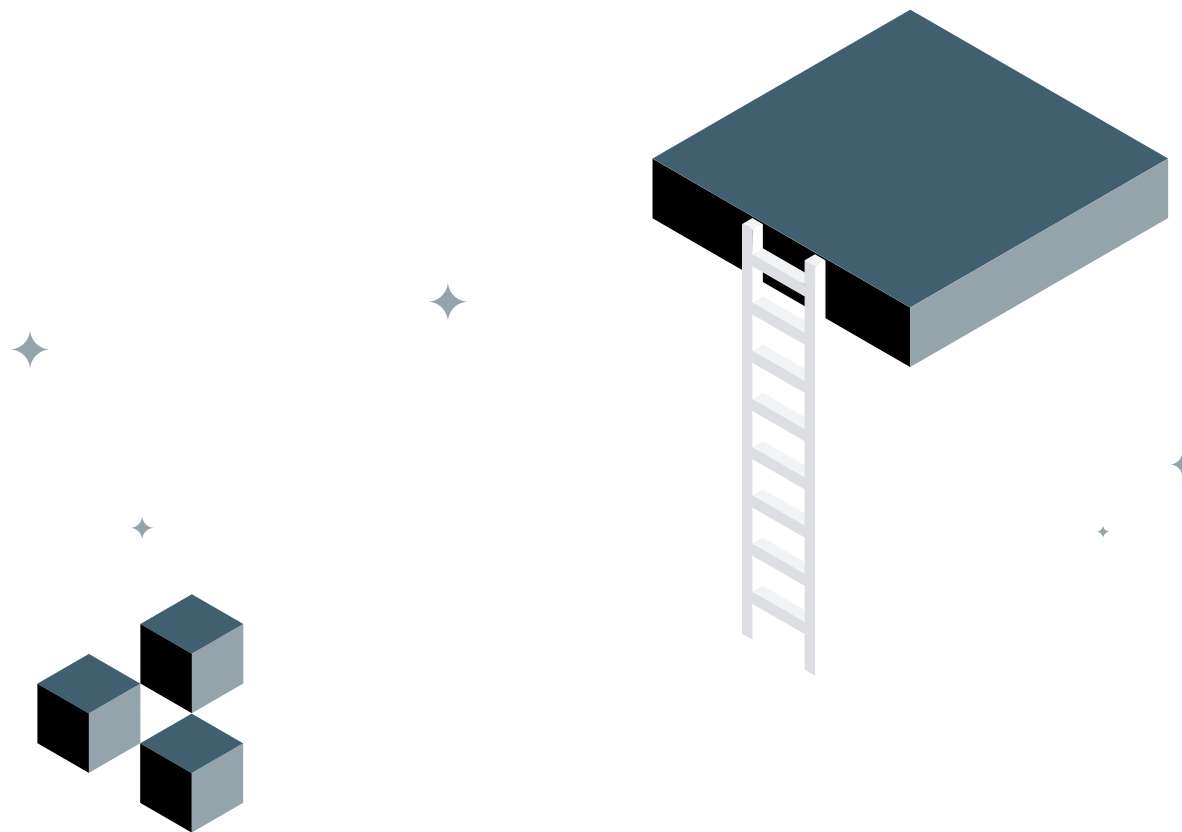
As at September 2017, the participation rate – the proportion of people in the labour force as a proportion of the population aged 15 and over – was 65.1%. Of the people in the labour force, the majority were employed, with only 5.3%

unemployed. Over two-thirds of people employed were working full time, and of those working part-time, close to three-quarters were satisfied with their hours. These proportions were generally reflected in our sample (Figure 2).

Figure 2:  
**Sample labour force status**

	POPULATION		SAMPLE	
	000's	%	000's	%
Employed full-time	8,362	42%	7,507	41%
Employed part-time, satisfied with hours	2,851	14%	2,875	16%
Underemployed	1,069	5%	1,361	7%
Unemployed	692	3%	1,330	7%
Out of labour force	6,965	35%	5,303	29%
Total	19,939	100%	18,377	100%

Figure 2 Source: Population: Australian Bureau of Statistics 2017 [16]. Sample: Roy Morgan Research 2016  
Notes: Sample size = 2006 weighted to be representative of the adult population in Australia aged 18+.





## Overview of financial resilience in Australia

The level of financial resilience in Australia significantly decreased between 2015 and 2016, with close to 13% of adults in Australia experiencing severe or high financial stress, compared to 11.1% in 2015. In addition, there was a significant decrease in the proportion of adults financially secure from 35.7% in 2015 to 31.2% in 2016 <sup>[18]</sup>.

The change in overall financial resilience was affected by a significant decrease in the adult population's level of financial products and services and social capital. On the other hand, the mean level of financial knowledge and behaviour significantly increased between 2015 and 2016. There was no significant change in the overall level of economic resources between the two years <sup>[18]</sup>.

## Financial resilience and labour force status

Financial resilience is positively associated with participation in the labour force. In both years, people employed full-time<sup>[D]</sup> or part-time<sup>[E]</sup> had on average a higher level of financial resilience than any other labour force groups, as well as the population overall. Nonetheless, the mean level of financial resilience of people employed part-time significantly decreased between the two years, with a significantly lower proportion of people employed part-time being financially secure in 2016 (34.8% compared to 44.7% in 2015; Figure 3). This comes at a time when part-time employment is increasing, with a growth of 102,800 over the year of 2016 compared to an increase of 49,300 for full-time employment <sup>[19]</sup>.

The unemployed and the underemployed<sup>[F]</sup> remained the groups most at risk of experiencing severe or high financial stress in 2016 (41.7% and 24.3% respectively, compared to 12.6% of the population). Unsurprisingly, like in 2015, people who were unemployed had the lowest level of financial resilience in 2016. Particularly, the proportion of people unemployed who experienced high financial stress was significantly higher in 2016 (41.0%) than in 2015 (25.3%). The proportion of people unemployed who experienced low financial stress also significantly decreased between the two years (from 61.0% in 2015 compared to 45.9% in 2016).

A significantly lower proportion of people out of the labour force were financially secure in 2016 (29.6%), compared to 2015 (37.0%), and a significantly higher proportion experienced low financial stress (59.6% in 2016 and 51.5% in 2015). Although, the mean financial resilience level of this group was statistically unchanged between the two years, these changes suggest that the situation might be worsening for this group. With over 70% of the out of the labour force group consisting of retirees, this could partly be a result of a higher increase in cost of living expenses for age pensioner households compared to employee households between 2015 and 2016 <sup>[20]</sup>. In fact, a higher proportion of people out of the labour force reported that meeting cost of living expenses was difficult or very difficult in 2016 (11.6%) compared to 2015 (3.5%).

Although the mean level of financial resilience remained unchanged for most labour force groups, there were some significant changes in their level of resources across the components of financial resilience (Figure 4).



[D] Employed 35 hours or more per week  
 [E] Employed less than 35 hours a week and satisfied with hours  
 [F] Employed less than 35 hours a week but want more hours

Figure 3:  
Financial resilience categories by labour force status

			SEVERE FINANCIAL STRESS	HIGH FINANCIAL STRESS	LOW FINANCIAL STRESS	FINANCIAL SECURITY
Full time	2015	%	0.2%	6.4%	52.8%	40.7%
		000's	12	463	3850	2971
	2016	%	0.3%	6.8%	54.3%	38.6%
		000's	26	512	4073	2895
Part time, satisfied with hours	2015	%	0.4%	5.5%	49.4%	44.7%*
		000's	12	160	1436	1302
	2016	%	0.3%	8.1%	56.8%	34.8%*
		000's	10	232	1632	1002
Underemployed	2015	%	0.9%	21.9%	62.1%	15.1%
		000's	12	307	870	212
	2016	%	1.4%	23.0%	64.6%	11.0%
		000's	19	313	879	150
Unemployed	2015	%	4.0%	25.3%*	61.0%*	9.7%
		000's	45	290	700	111
	2016	%	0.7%	41.0%*	45.9%*	12.4%
		000's	9	545	611	165
Not in labour force	2015	%	0.7%	10.8%	51.5%*	37.0%*
		000's	34	501	2382	1711
	2016	%	0.5%	10.3%	59.6%*	29.6%*
		000's	27	544	3162	1570
Population	2015	%	0.7%	10.4%	53.2%	35.7%*
		000's	126	1896	9696	6500
	2016	%	0.6%	12.0%	56.3%	31.2%*
		000's	107	2244	10559	5855

Figure 3 Source: Roy Morgan Research 2015, 2016

Notes: Sample size 2015 = 1496, sample size 2016 = 2006 weighted to be representative of the adult population in Australia aged 18+. \* statistically significant (p < 0.05)

### Full-time employed

Since 2015, there have been some significant changes across the components of financial resilience for people employed full-time. In line with population trends, there was a significant decrease in this group's levels of financial products and services (3.39 in 2016 compared to 3.50 in 2015) and social capital (3.20 in 2016 compared to 3.35 in 2015), and a significant increase in their average level of financial knowledge and behaviour (2.79 in 2016 compared to 2.71 in 2015). In spite of this, people employed full-time had the highest level of financial resilience overall, as well as the highest level of resources across all financial resilience components except social capital. This emphasises the importance of full-time employment as a protective factor for financial resilience, and poverty more broadly.

### Part-time employed

Like people in full-time employment, in 2016, people who are employed part-time and satisfied with their working hours had significantly lower levels of financial products and services (3.27 compared to 3.48 in 2015) and social capital (3.23 compared to 3.43 in 2015). Nonetheless, people in this group still had, on average, the highest level of social capital and the second highest level of financial products and services after people in full-time employment.

Their relatively high level of financial products and services is likely related to this group's higher personal income levels compared to the underemployed, unemployed and people out of the labour force. While just under 40% of people employed part-time and satisfied with

their working hours had \$40,000 or more annual personal income, only 15.3%, 13% and 28.9% of people underemployed, unemployed and out of the labour force were in this category. However, this is still much lower than the proportion of people employed full-time who had \$40,000 or more in annual personal income (82.2%).

### Underemployed

The underemployed are defined as the fraction of the population wanting, and available for more hours of work than what they currently have<sup>[8]</sup>. In 2016 this fraction of the population was second-worse in terms of financial resilience after the unemployed. This group also had the lowest level of financial knowledge and behaviour in 2016 (2.42, compared to 2.44 for the unemployed, 2.69 for those not in the labour force and 2.79 for the full-time employed) and their level of financial products and services significantly decreased in 2016 (2.97 compared to 3.16 in 2015).

These findings highlight the reality that being employed does not guarantee freedom from financial stress if the hours worked – and relatedly income earned – do not meet people’s needs. In fact, 32% of people in poverty in Australia had wages as their main source of income<sup>[4]</sup>, often referred to as the working poor. Increasing inequality in wages, as well as the concentration of job growth in lower paid positions, have contributed to this trend<sup>[21]</sup>. In addition, with income support safety nets traditionally targeted to those who are unemployed and/or unable to work<sup>[22]</sup>, it appears that the working poor are falling through the gaps. In fact, 15% of people underemployed indicated they needed support from community or government services but had no access to them, compared to 13.5% of the unemployed, and under 5% for all other groups.

### Unemployed

People unemployed were almost four times more likely to experience high or severe financial stress than the general population (41.0% in high financial stress compared to only 12.0% of the general population, Figure 3). Unsurprisingly, they are the

worse-off group in terms of financial resilience, and furthermore, their mean level of resources across the components of financial resilience remained statistically unchanged since 2015.

Unemployment is a strong predictor of poverty with over 60% of households where the reference person was unemployed living below the poverty line in 2013–14<sup>[4]</sup>. One main cause of this is the inadequacy of Australia’s main unemployment benefit, Newstart. Starting at \$538.80 a fortnight for a single person with no children<sup>[23]</sup>, the Newstart allowance is not only below the minimum wage of \$1389.80 per fortnight<sup>[G][24]</sup>, it is also below the poverty line which is 832.14 per fortnight<sup>[H][25]</sup>. This raises concern for both the capacity of unemployed Australians to deal with day-to-day expenses, much less financial shocks, but also their ability to escape poverty.

### Not in the labour force

In 2016, people out of the labour force had a significantly lower level of financial products and services than in 2015 (3.23 and 3.42 respectively). Their level of social capital was also significantly lower in 2016 (3.17) than in 2015 (3.27). Interestingly, in spite of being out of the labour force, this group’s level of resources across all financial resilience components was higher compared to people underemployed or unemployed.

This can partially be explained by looking at the composition of this group; 76.7% of people out of the labour force indicating they were home owners compared to 35.5% and 31.9% of the underemployed and unemployed respectively. Home ownership was previously found to be associated with both a lower likelihood of severe or high financial stress as well as a higher likelihood of financial security<sup>[5]</sup>.

[G] Before tax

[H] Calculated using the poverty line including housing for single person where the head is not in the workforce.

Figure 4: Mean level of resources in financial resilience components by labour force status

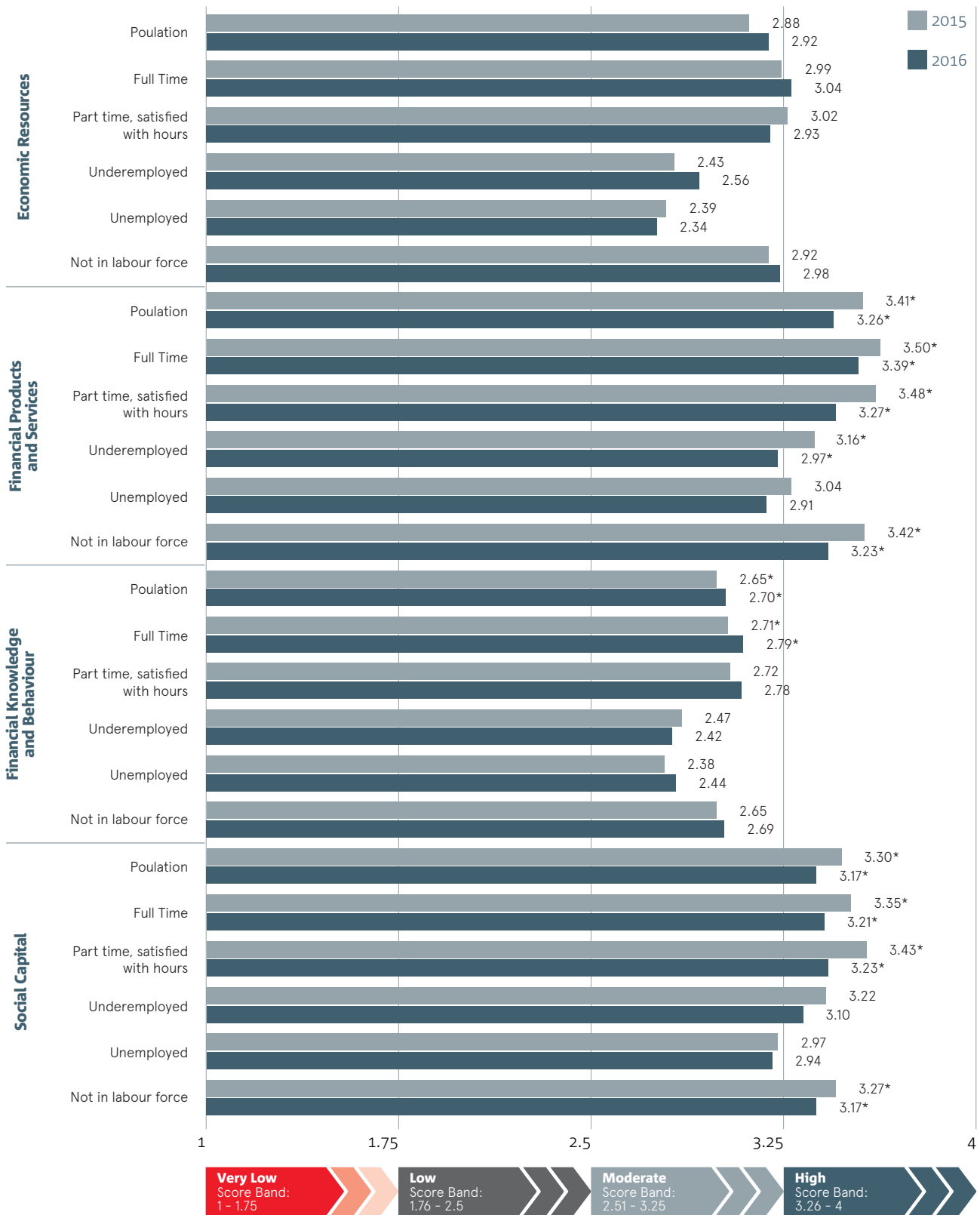
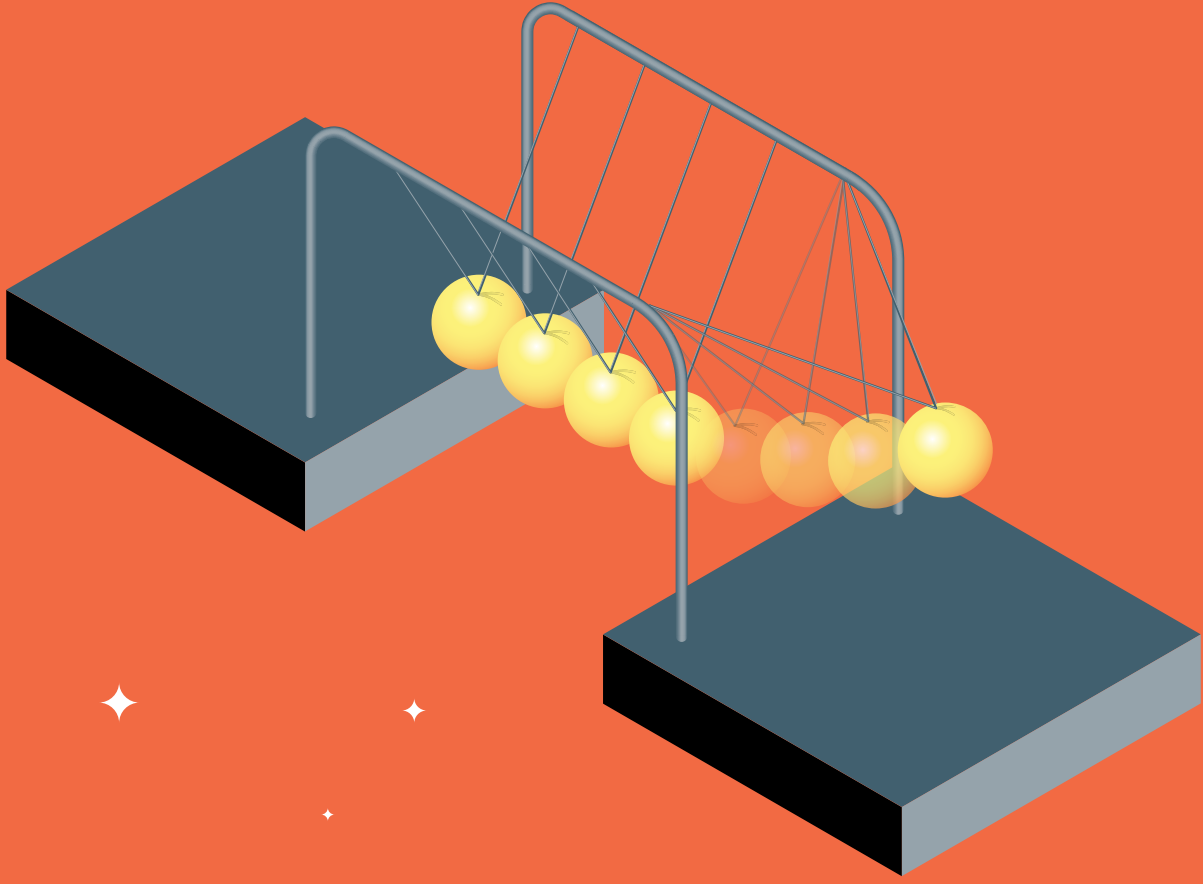
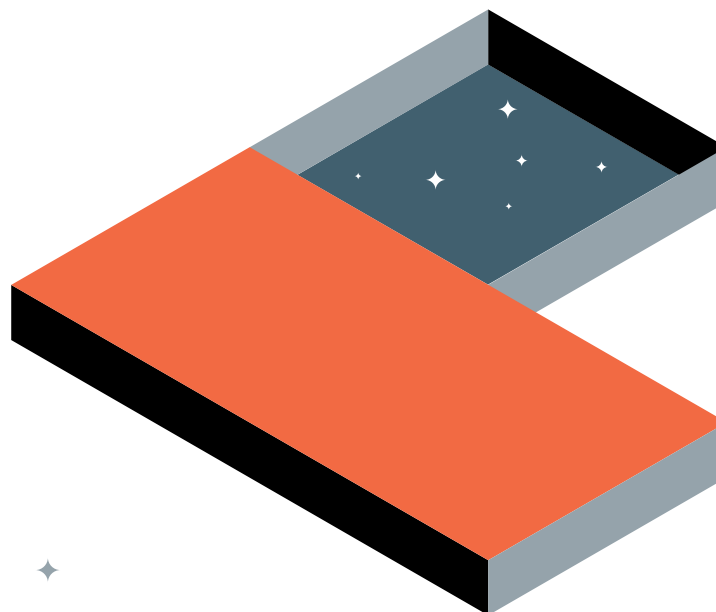


Figure 4 Source: Roy Morgan Research 2015, 2016  
 Notes: Sample size 2015 = 1496, sample size 2016 = 2006 weighted to be representative of the adult population in Australia aged 18+. \* statistically significant (p < 0.05)



# Financial resilience and type of employment

Lower participation in employment is associated with lower financial resilience <sup>[3]</sup>, however the extent to which being employed under different types of employment contracts impacts financial resilience is not clear. In this section, we focus on people who reported being employed<sup>[I]</sup> and consider three types of employment: 1) the self-employed, 2) people employed on a casual contract, that is, with no sick or annual leave entitlements <sup>[26]</sup> and 3) people employed with sick and paid leave entitlements<sup>[J]</sup>.



[I] Includes people who reported being employed full-time, part-time and satisfied with their hours and people underemployed.

[J] For the purposes of the analysis, people who reported being self-employed and being employed on a casual contract were excluded as it was not possible to determine which was their main type of employment (n = 51). People who indicated 'prefer not to say' to either being employed on a casual contract or self-employed were also excluded (n = 25)

# Financial resilience overall

People with paid leave entitlements had the highest level of financial resilience compared to the other two groups, with only 6.7% experiencing severe or high financial stress in 2016. On the

other hand, 16.4% and 12.2% of people employed on a casual contract and people self-employed respectively experienced severe or high financial stress (Figure 5).

Figure 5: Financial resilience categories by employment type

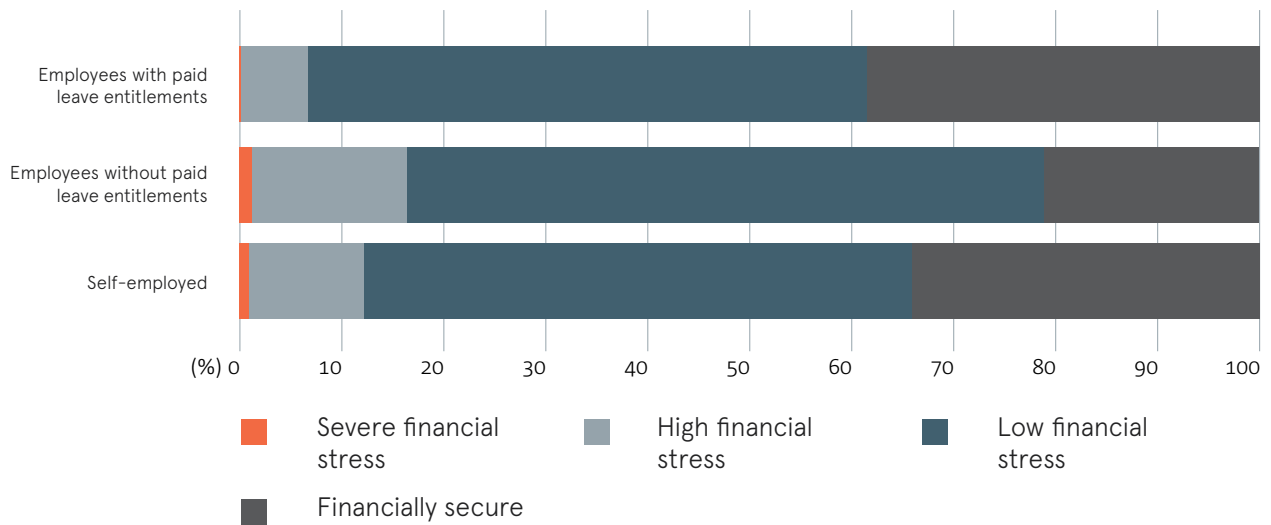
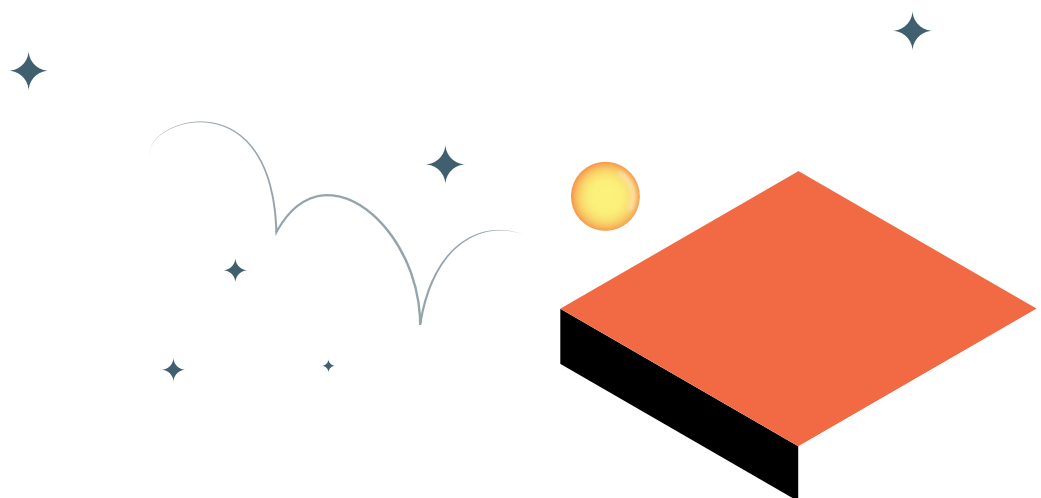


Figure 5 Source: Roy Morgan Research 2016  
Notes: Sample size 2016 = 1184 weighted to be representative of the adult population in Australia aged 18+. \* statistically significant (p < 0.05).



# Financial resilience components

In line with their higher level of financial resilience, people with paid leave entitlements had, on average a higher level of resources across all financial resilience components than people employed on casual contract. This was also the case for people self-employed except in the economic resources, where the two groups were

on par, and financial knowledge and behaviour, where self-employed had the highest level of resources. Unsurprisingly, people who were employed on a casual contract had on average the lowest level of resources across all components of financial resilience (Figure 6).

Figure 6: Mean level of resources in financial resilience components by employment type

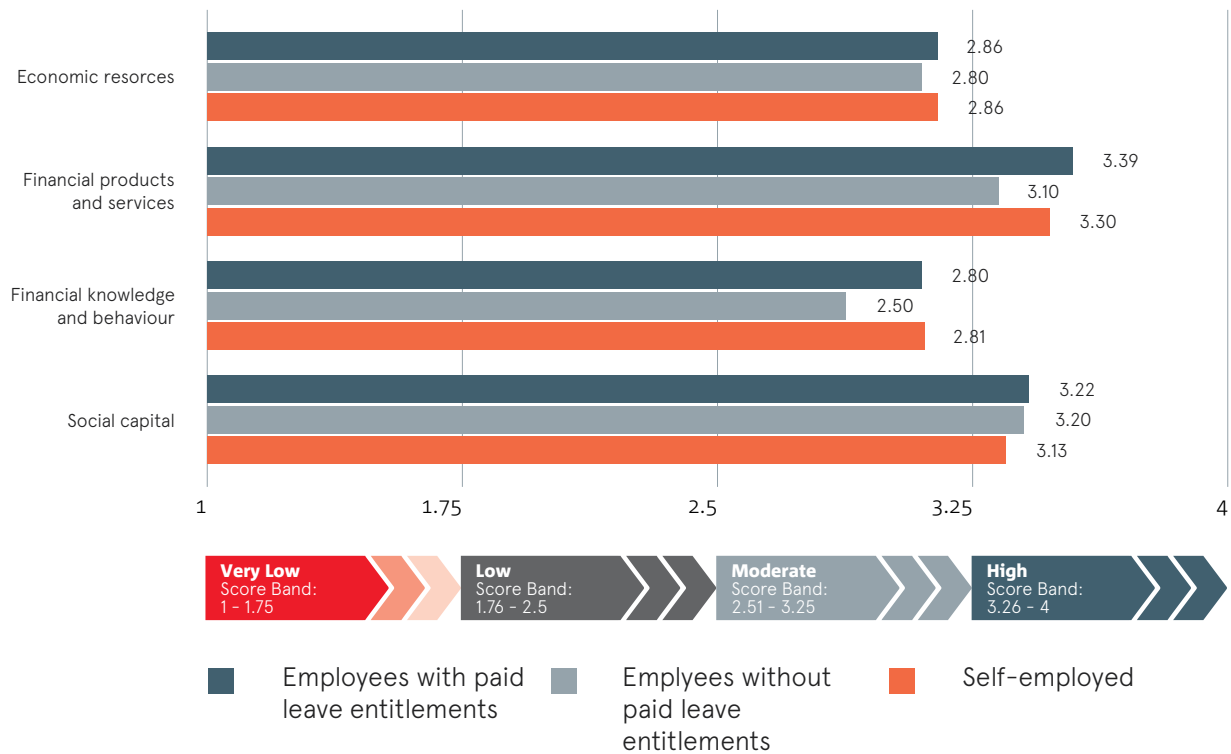


Figure 6 Source: Roy Morgan Research 2016  
Notes: Sample size 2016 = 1184 weighted to be representative of the adult population in Australia aged 18+.



### Economic resources

More than half of people employed on a casual contract (56.6%) had an equivalised annual household income of \$52,500 or less, compared to 29.6% of people employed with leave entitlements, and 44.7% of people self-employed. With casual work generally characterised as being low-pay, low-skill and dominated by women and young people <sup>[13]</sup>, this is not surprising. Recent changes in penalty rates however raise concern for this already disadvantaged group in the labour market.

In fact, people employed on a casual contract and people self-employed had lower levels of savings with 39.3% in both groups reporting having 1 month's income or less in savings compared to 30.9% of people employed with leave entitlements. Further, while 87.2% of people with paid leave entitlements indicated they could raise \$2,000 in an emergency, only 82.8% and 74.1% of self-employed and casual workers respectively said the same (Figure 7). Savings was the most likely source to access this money for all groups.

Figure 7:  
**Ability to raise \$2,000 in an emergency by employment type**

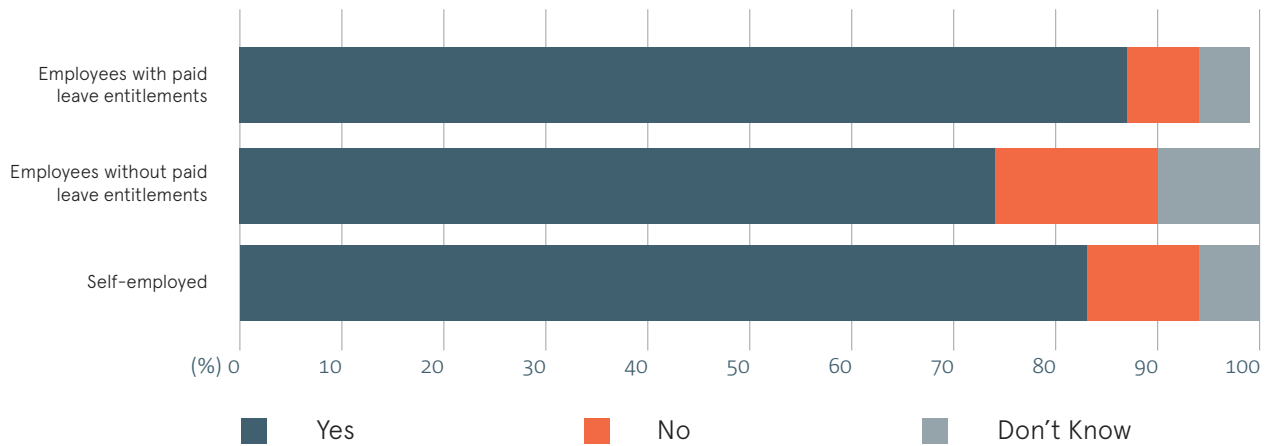
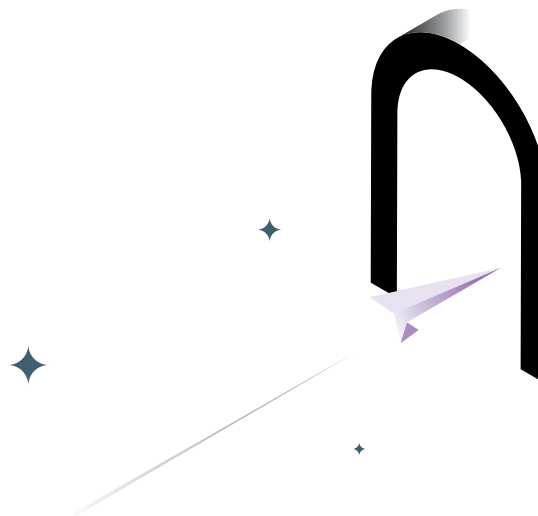


Figure 7 Source: Roy Morgan Research 2016  
 Notes: Sample size 2016 = 1184 weighted to be representative of the adult population in Australia aged 18+.



## Financial products and services

People in casual employment also had the lowest levels of financial products and services compared to their self-employed and non-casual counterparts. 17.8% of people in casual employed had very low or low levels of financial products and services, compared to 7.3% of people with paid leave entitlements and 13.6% of people self-employed.

While access to a bank account was fairly similar across all groups, casual workers had the highest proportion of people reporting having no access to any form of credit (29.0%) of all three groups (22.4% of self-employed, and 16.8% of people employed with paid leave entitlements). People employed on a casual contract were also the least likely to report access to formal credit. Only 32.1%

reported that they had access to formal credit compared to 53.7% of people employed with paid leave entitlements and 50.6% of people self-employed (Figure 8). This could be partly due to the fact that “many personal loan lenders have set criteria that dictate who they will and won’t lend money to, and one of these requirements is the need to be in permanent employment” [27, para. 3].

Interestingly, while people self-employed were least likely to report access to fringe credit, when asked about the sources of credit used in the past year, 4.5% of people self-employed reported that they had used a small amount credit contract compared to 1.4% of people on a casual contract, and 1.2% of people employed with paid leave entitlements.

Figure 8:  
Access to credit by employment type

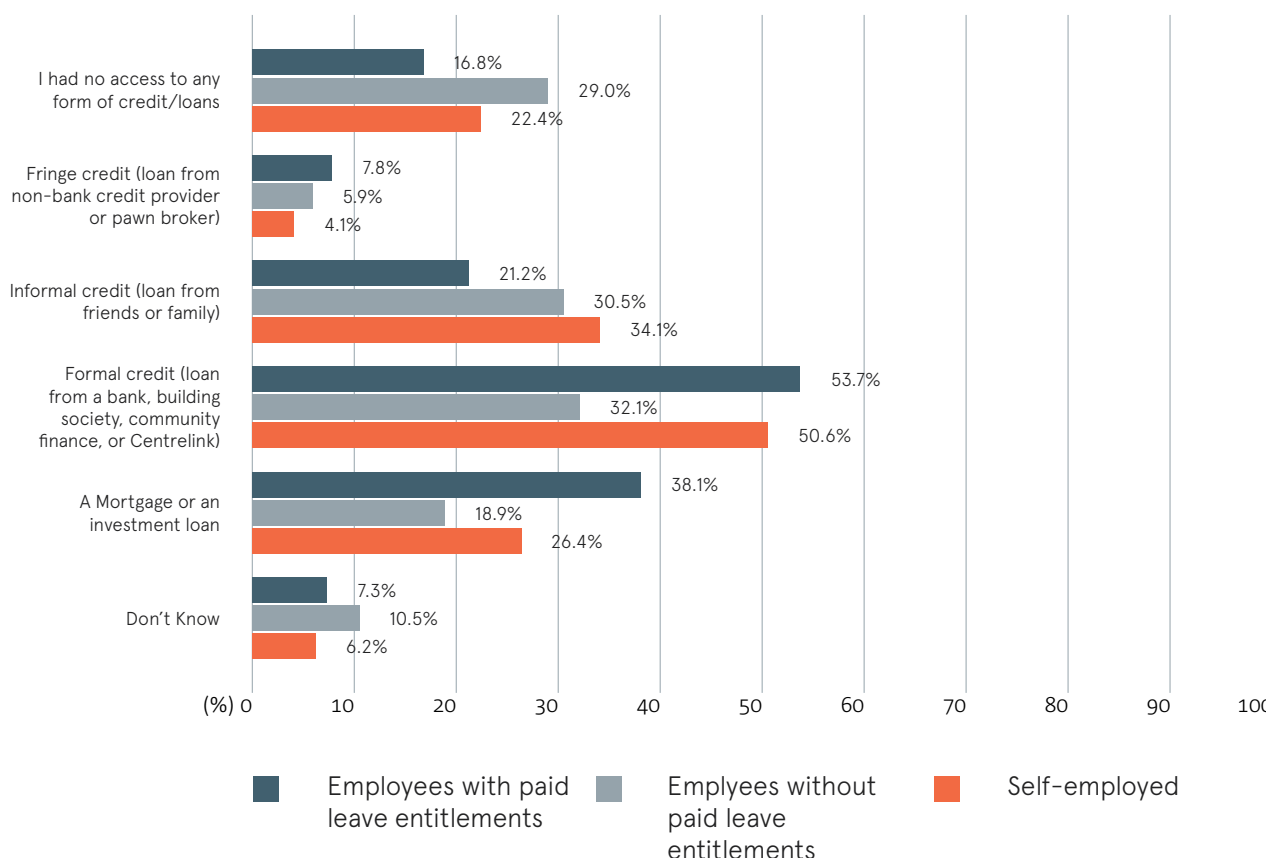


Figure 8 Source: Roy Morgan Research 2016  
Notes: Sample size 2016 = 1184 weighted to be representative of the adult population in Australia aged 18+.

## Financial knowledge and behaviour

In terms of financial knowledge and behaviour, the self-employed group had the largest proportion of people with a moderate or high level of resources in this component (64.5%), followed by people with paid leave entitlements (62.1%) and people employed casually (37.4%).

Particularly, people self-employed reported higher levels of understanding of, and confidence using financial products and services. 19.5% and 18.7% of people self-employed reported a very good understanding and being very confident respectively, compared to 15.1% and 14.7% of

people employed with paid leave entitlements and 7.5% of casual workers.

However, people self-employed were less likely to report engaging in any proactive financial behaviour at all out of all three groups with 11.4% reporting no financial actions in the last 12 months, compared to 8.0% of casual workers and 4.2% of people with paid leave entitlements (Figure 9). In addition, while saving regularly was the most commonly reported financial behaviour by employees with paid leave entitlements (71.6%) and casual workers (64.3%), only 54.7% of people self-employed reported doing so.

Figure 9:

### Proactive financial behaviour by employment type

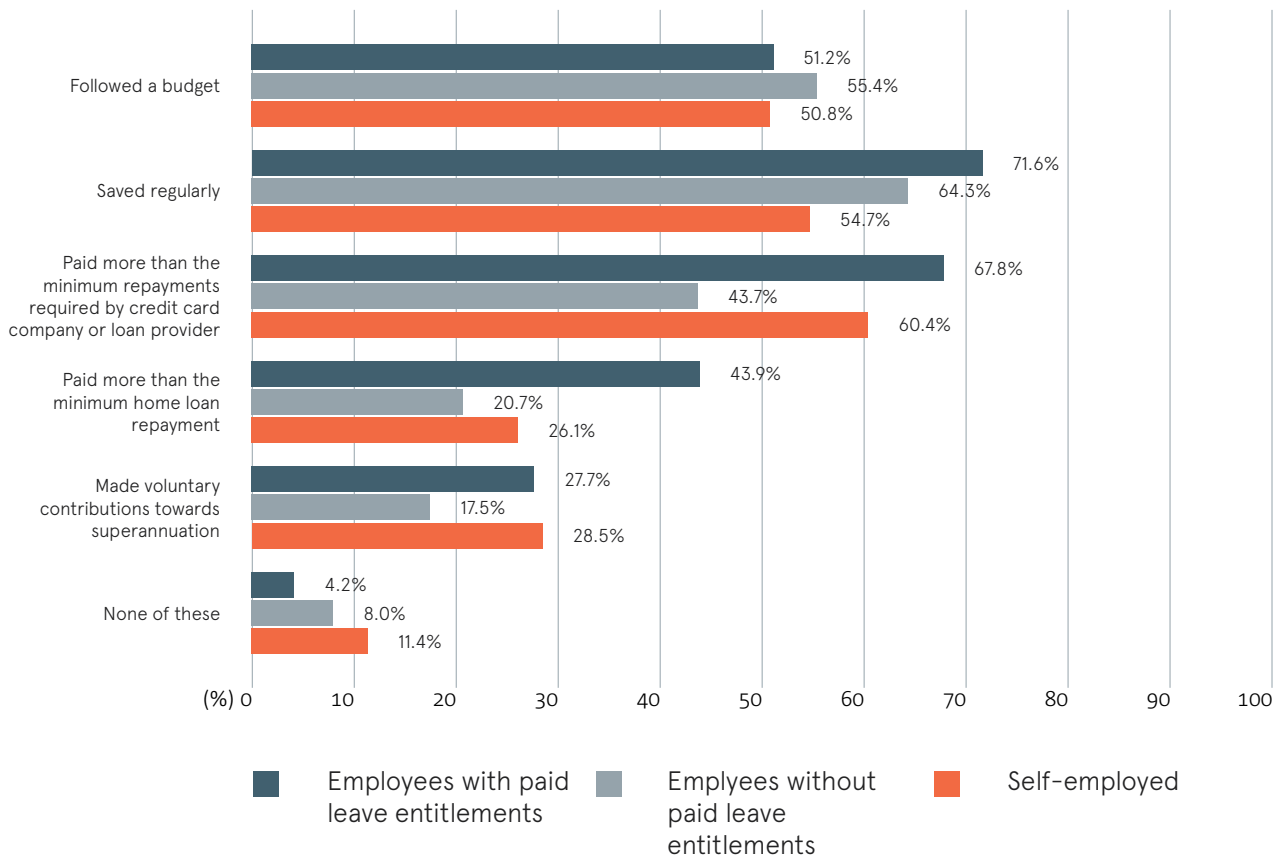


Figure 9 Source: Roy Morgan Research 2016  
Notes: Sample size 2016 = 1184 weighted to be representative of the adult population in Australia aged 18+.

### Social capital

Social capital was high across all groups ranging from 84.4% for the self-employed to over 87% for employees with and without paid leave entitlements.

People self-employed reported the lowest level of contact with their social connections with 3.4% reporting being isolated or alone most of the time, compared to under 1% for the other two groups. People self-employed also had the highest

proportion of people reporting needing government support but having no access to it (9.6%, compared to 9.0% of casual workers and 4.1% of people employed with paid leave entitlements). Similarly, while over 50% of casuals said they would be fairly or very likely to get financial support from social connections, only 41.8% of people with paid leave entitlements and 39.1% of people self-employed reported the same (Figure 10).

Figure 10:

### Likelihood of getting financial support from social connections by employment type

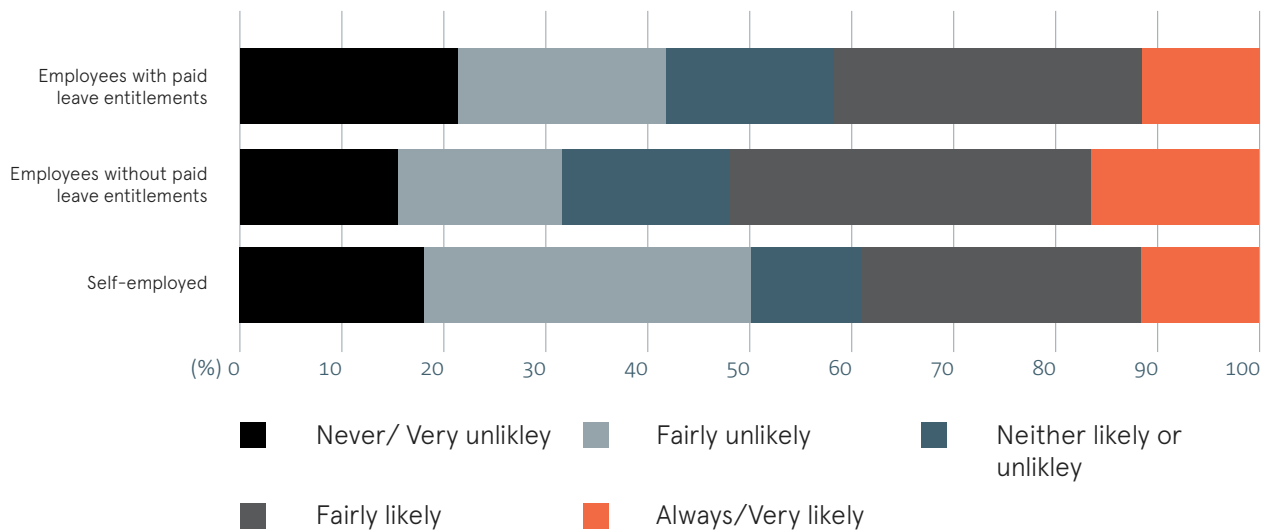


Figure 10 Source: Roy Morgan Research 2016  
Notes: Sample size 2016 = 1184 weighted to be representative of the adult population in Australia aged 18+.

**It is critical to explore and implement a range of affordable, accessible and appropriate supports and safety nets to ensure people do not experience significant financial stress**





# Conclusion

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This report examined two features of financial resilience and employment: labour forces status and employment types.

## Labour force status

People who are unemployed remained most at risk of experiencing severe or high financial stress in 2016. In fact, they were almost four times more likely to experience high or severe financial stress than the general population (41.0% in high financial stress compared to only 12.0% of the general population). Particularly, the proportion of people unemployed who experienced high financial stress was significantly higher in 2016 (41.0%) than in 2015 (25.3%). The pressures facing people receiving Newstart raises particular concern for this group's financial resilience, and more broadly, their ability to escape poverty.

The findings in this report also highlight the underemployed as another vulnerable group. In 2016, people who were underemployed had, on average, the second lowest level of financial resilience, after the unemployed. This group also had the highest proportion of people reporting that they needed but had no access to government or community support (15% compared to 13.5% of the unemployed, and under 5% for all other groups). With a third of people living in poverty in Australia having wages as their main source of income, these results emphasize the need for income support safety nets – traditionally targeted to people unemployed and/or unable to work – to be implemented.

## Employment types

In a context of increasing casualisation of the workforce and the rise of the 'gig economy' this study also shines a light on the financial vulnerability of a growing number of people in Australia. 16.4% of people employed on casual contract experienced severe or high financial stress in 2016, compared to 12.2% of people self-employed and 6.7% of people employed with paid leave entitlements. Future research should assess the impact of recent changes in penalty rates on the financial stress of casual workers in Australia.

While having a job in Australia "has traditionally been, and generally remains, a guarantee against being in poverty" <sup>[22: 16]</sup>, this study shows that for many, this is not the case. With the incidence of casual work, precarious employment contracts and underemployment on the increase, it is critical to explore and implement a range of affordable, accessible and appropriate supports and safety nets (such as financial products and services like low and no interest loans and social security benefits) to ensure people do not experience significant financial stress.

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