

# ASSESSING THE 'RADICAL EXPERIMENT': THE JOB NETWORK AFTER FOUR YEARS

BY TONY EARDLEY

When the Job Network began operating in May 1998, replacing the former Commonwealth Employment Service and contracted-out case management agencies, it was variously described as a 'radical experiment' and a 'revolution in employment services'. Now four and a half years old, this quasi-market in employment services is to undergo another transformation to fit the new 'Active Participation Model' (DEWR, 2002a), itself devised to reflect what has been learned about the Network's successes and failures over the last four years.

Until recently there has not been much detailed information available about the workings of the Job Network and it is still the case

that independent researchers are unable to access much of the original data on which official evaluations are based. However, the Productivity Commission's (2002a) final report on the Job Network has now been published, along with the Government's response (Campbell, 2002). The Department of Employment and Workplace Relations' (DEWR) third evaluation report (DEWR, 2002b) was also released at the same time, with interesting new data on net employment impacts. It is therefore a good time to take stock of what we now know about the radical experiment and to consider what is promised under the new model from mid-2003 onwards.

## Job Network Outcomes

The latest reports provide a mixed picture of the Job Network's achievements. Overall they confirm earlier estimates that outcomes, while gradually improving, appear broadly similar to those of the previous Working Nation programs at their peak, taking into account differences in program participants, the external employment environment and methods of assessment. On the other hand, the Productivity Commission also confirms what earlier research, including our own (Eardley, Abello and MacDonald, 2001), has suggested, which is that weaknesses in the funding structure have led to widespread 'parking' of harder-to-place job

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## FEATURE

Tony Eardley discusses the Job Network experience

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♦ REGISTERED BY AUSTRALIA POST ♦ PUBLICATION NO. NBP4766 ♦ ISSN 1324 4639 ♦

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## STAFF AND VISITOR UPDATE

### NEW ARRIVALS:

DUNCAN ALDRIDGE has been appointed to the Centre as Events and Promotions Coordinator, he will primarily be working on the 2003 ASPC and Centre publications.

ELISABETH EMRYS has been appointed as a Research Officer and is working on the FaCS Project, *The Impact of Breaches on Income Support Recipients*. KIMBERLY FISHER has been appointed as a Research Associate to work with Michael Bittman.

SONIA HOFFMANN has been appointed as a qualitative Research Officer and is working on the *Families First Evaluation*.

FENG PING has returned to the Centre as a PhD student

MARGOT RAWSTHORNE has joined the Centre to work on the FaCS project *Compacts, Partnership and the Impact of Reporting requirements and accountability on NGOs*.

JACQUELINE TUDBALL has moved from Staff to Research Scholar to begin a PhD studying, Children's constructions of health and illness with asthma as the case study and how these can be measured and incorporated in the policy process.

### VISITORS:

LAURA ADELMAN is visiting the Centre from the Centre for Research on Social Policy, Loughborough University, UK.

YASMIN HADI is visiting the Centre to work with Peter Baume on his project *The Methods of Measurement of Socio-economic Status in the Elderly* from the School of Public Health and Community Medicine, UNSW.

GABRIELLE MEAGHER is visiting the Centre from the School of Economics and Political Science, University of Sydney.

PROFESSOR TIM SMEEDING visited the Centre between January and June, from Syracuse University USA.

ANDREE TATANG (Social Work student from University of Sydney) completed his placement at the Centre working on the Mental Health Integration project.

### DEPARTURES:

LINDA ARNOLD will take up a position as Policy Officer at The Department of Family and Community Services in Canberra whilst finalising her PhD thesis

JUDE ECCLES has left the Centre to return to the UK.

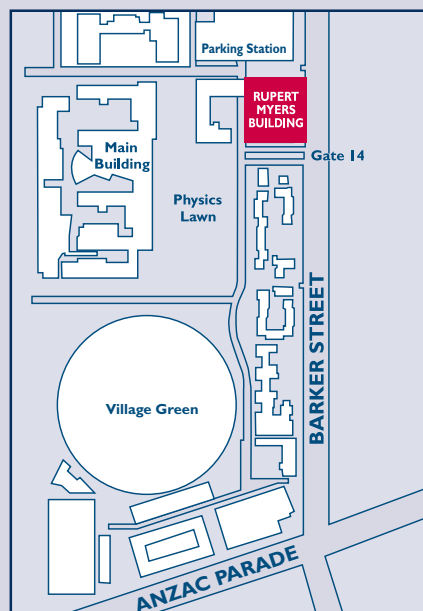
CARLA JANSSEN has taken up a position at the Ministry of Social Development in Wellington NZ.

JUDY SCHNEIDER has submitted her thesis entitled *Income Sharing Between Young People and their Parents*.

## THE SOCIAL POLICY RESEARCH CENTRE

The Social Policy Research Centre is an independent research centre of the University of New South Wales. Under its original name, the Social Welfare Research Centre was established in January 1980, changing its name to the Social Policy Research Centre in 1990. The SPRC conducts research and fosters discussion on all aspects of social policy in Australia, as well as supporting PhD study in these areas. The Centre's research is funded by governments at both Commonwealth and State levels, by academic grant bodies and by non-governmental agencies. Our main topics of inquiry are: economic and social inequality; poverty, social exclusion and income support; employment, unemployment and labour market policies and programs; families, children, people with disabilities, and older people; community needs, problems and services; evaluation of health and community service policies and programs; and comparative social policy and welfare state studies.

*The views expressed in this Newsletter, as in any of the Centre's publications, do not represent any official position of the Centre. The SPRC Newsletter and all other SPRC publications present the views and research findings of the individual authors, with the aim of promoting the development of ideas and discussion about major concerns in social policy and social welfare.*



**The Social Policy Research Centre is located on Level 3 of the Rupert Myers Building, South Wing, Kensington Campus. Enter by Gate 14, Barker Street.**

# FROM THE DIRECTOR

BY PETER SAUNDERS

Recent debate over work and family issues has focused on the decline in the fertility rate and what can be done about it. How times change! Not so long ago, we were being informed that since most social policies have perverse and/or unintended effects, government was best advised to do nothing since most of what it did do was either benign or counterproductive. Forget social engineering, and leave things to the market! Now we are being exposed to claims that relatively minor changes in financial incentives are capable of inducing women (and men) to revise their reproductive plans in ways that will increase the birth rate and offset the ageing of the population. Yet the research suggests that while pro-natalist policies *can* have an impact, they are unlikely to bring about major change over the short-term, particularly when the (financial) magnitudes involved are small.

A key theme of the debate has been choice, and the federal government has emphasised that its policy development is premised on the need to expand the choices facing Australian families. But there is widespread confusion between initiatives that *expand the range of choices* that people face, and those that simply *alter the terms on which choice is exercised*. Currently - in principle at least (for the purposes of the argument, I will put to one side the uncomfortable fact that not everyone is free to act on their preferred choices) - all women face the same range of choices about whether or not to have children, whether to remain in the workforce after giving birth, at what time to re-enter the workforce, and on what basis.

No policy that I know of actually expands this range of choice. Instead, what they attempt to do is to influence the choices that are made by making some

situations relatively more attractive than others. Thus, policies that increase the provision and affordability of child-care encourage mothers to remain in, or return to, work after the birth of children. In contrast, the recently introduced 'baby bonus' makes it more attractive for women who give birth to remain at home when the child is young. Neither approach offers a choice that was not preciously available, yet both have the potential to affect the specific choices that are made.

To clothe this whole debate within the rhetoric of choice is thus to confuse the issue by promoting 'greater choice' as a policy goal, when the real aim is to change the choices that people make. This is not to argue against the need to influence choice by introducing policies that encourage (or discourage) specific courses of action. That, after all, is what policy is all about. Rather, the point is that when it comes to issues such as whether or not mothers should be encouraged to stay at home when their children are very young, there is no universal agreement (among either researchers or women themselves) as to which is the preferred option. When funds are limited, this suggests that we face a 'zero-sum game' in which the position of one group can only be

improved at the cost to another, and the sooner those who drive the policy agenda acknowledge this underlying reality, the quicker we will be able to engage in a constructive debate on the real issues.

When we get to that point, it will become clear that the contribution of research will be rather limited. There are simply too many normative (value) issues that drive the whole issue, and far too few examples where recourse to the 'objective' evidence allows these disputes to be resolved. Having said this, however, it is still of critical importance that every attempt is made to try to separate the normative from the more objective issues - though some would regard this as an impossible task. It may be difficult, but still worth the effort, at least in my view.

At the very least, we need to expose all of the arguments for what they are, if we are to end up making rational decisions. The challenge facing those who claim that it is possible to increase the range of choices facing all Australians is to substantiate this claim with some hard facts and robust logic, rather than more misleading rhetoric about the intrinsic merits of choice that bear little relationship to the practical realities.



Participants in the SPRC Training Workshop from the Chinese Ministry of Labour and Social Security with in the front row, (from left) Tony Eardley, Michael Bittman, Peter Saunders, Mo Roug (head of delegation) and Xiaoyuan Shang, September 2002

# THE JOB NETWORK AFTER FOUR YEARS

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FROM PAGE 1

“... the Department now estimates that the average net impacts of assistance are much smaller than previously suggested - just over two per cent for Intensive Assistance and between seven and eight per cent for Job Search Training.”

seekers, many of whom receive little help while in the intensive phase of assistance. There are also clearly still problems of access and commencement of assistance for some key groups, including young people and Indigenous job seekers. A number of submissions to the Productivity Commission's review highlighted what they saw as a highly fragmented employment system for young people and a lack of 'joined-up solutions' to their particular difficulties.

As the Productivity Commission notes, gross outcome measures can be misleading and tell us little about the net impact the employment programs have on unemployment. Previous net impact measures have been based on departmental post-programme monitoring studies. These have suggested, for example, that the prospects of Intensive Assistance leaving income support were around 10 per cent greater than those of a matched comparison group (Department of Employment, Workplace Relations and Small Business (DWRSB), 2001). However, both the OECD (2001) in their review of the Australian labour market and the Productivity Commission (2002b) have highlighted methodological problems in the way the Department's post-programming monitoring studies have been designed, which tend to exaggerate the impacts. This has been recognised in the Department's recent evaluation of the net impact of Job Network services, which is based on new methods that take better account of three factors that are likely to be important.

These factors are the *compliance effect* - the effect on job seekers' behaviour from simply being referred to a program; the *program effect* - the actual benefit gained from the services provided on the program; and the *attachment effect* - the generally negative impact of reduced job search effort while involved in a program. On this basis, the Department now

estimates that the average net impacts of assistance are much smaller than previously suggested - just over two per cent for Intensive Assistance and between seven and eight per cent for Job Search Training. Most of the impact (virtually all in the case of Intensive Assistance) seems to be achieved not through program assistance itself, but as a result of people moving off income support simply by being referred to the programs. The assumption in the latter case is that when referred, people either increase their own job search effort or are already working unofficially.

The results are perhaps not as bad as they might seem at first sight. The new estimation methods are tentative and probably conservative, while the averages conceal variations that suggest significantly higher net impacts for more disadvantaged job seekers. Overall the results are not out of line with international experience of the relatively small net employment gains to be had from labour market programs and are also probably similar to those achieved under previous assistance arrangements.

## Cost Effectiveness?

What these smaller net employment gains do bring into question are some of the Government's bolder claims of greatly improved cost effectiveness under the Job Network. Department of Employment and Workplace Relations (DEWR) comparisons of the costs of both gross employment outcomes and net off-benefit impacts (based on their previous methods) from Job Network and Working Nation programs suggest that the former are substantially lower on average. The newer and more modest net impact estimates, however, make Intensive Assistance in particular look a lot more expensive per net employment gain. Similar caveats would also apply to the net impacts of Working Nation programs of course, but as the Productivity Commission states, in noting that

the aggregate cost of labour market programs fell by around half between 1996-97 and 1999-00 without much difference in unemployment levels; 'This may well be the result of greater cost effectiveness of the programs, but it could also be the result of the imprecision with which the small impacts of labour market programs are measured' (Productivity Commission 2002a: 5.24).

There seems little doubt that competition within the framework of Job Network has produced some efficiency gains. It is difficult to pinpoint quite how such gains are achieved because it remains hard to find out much about what different agencies are doing on the ground - too much has been 'commercial in confidence'. But some examples include innovative relationship building between some agencies and employers and other bodies to develop targeted employment opportunities, and the flexible use of outcome funds to meet the range of costs for effective job search and preparation. There was undoubtedly less flexibility for such approaches under the Commonwealth Employment Service.

On the other hand, competition among service providers has had other spin-offs that are not easily estimated and are not captured at all in the simple focus on measured employment outcomes. For example, a number of providers and individuals consulted by the Productivity Commission, as well as in our own study, pointed to some negative impacts of competition on relations within the not-for profit sector and on communities where long-established local agencies ran into financial difficulties in the earlier rounds of the Network. We also have to bear in mind employment losses, as well as reduced pay levels and stress amongst some placement staff in the privatisation process. The apparent efficiency gains of getting broadly similar outcomes for a much reduced public expenditure dollar have to be set against some

of these displaced costs, which are not well understood at present.

### **Sustainability of Employment Outcomes**

One of the other key questions that needs to be asked in relation to recorded outcomes of employment programs is whether the jobs gained last much longer than the time required to produce a paid outcome. Sustainability of employment for disadvantaged job seekers has become an important goal of policy in countries including the UK and US, in order to avoid the problem of recycling through employment programs. The DEWR evaluation goes some way to addressing this issue through longitudinal analyses of outcomes from different Job Network programs (DEWR, 2002b). It suggests that many of the jobs achieved do last longer than might have been expected. It also points to some upward movement over time in terms of wages and hours of work on the part of Job Network clients - though this trend is less marked among those who began with relatively low-quality jobs.

### **Policy Dilemmas**

The twin problems of 'parking' (a reluctance to put effort or expense into harder-to-place clients) and 'deadweight' (the high proportion of positive outcomes likely to have happened even without assistance) present serious policy dilemmas. On the one hand, the research outcomes suggest the need for a higher threshold of disadvantage for access to Intensive Assistance, in order to reduce the amount of deadweight in the system. On the other hand, there is the equally pressing question of how to help the already more than 60 per cent who receive such assistance without getting an outcome - as well as those coming round for a second time. The question of how to deal with these problems marks a point of distinction between the different responses of the Productivity Commission and the Government.

Overall, the Productivity Commission has, perhaps not surprisingly, opted in favour of greater competition and a purer market-based solution. It suggests deregulating the ways in which providers are able to assist their clients by giving them more freedom to refer on those with greater employment barriers to other programs (such as community work or Work for the Dole). There was strong opposition to this proposal from many of those responding to the Productivity Commission's draft report and the Government has not accepted it at present. However, one way of looking at the restructuring of the former Community Support Program into the expanded Personal Support Program under the Department of Family and Community Services is in terms of movement towards focusing Job Network services more on those with the capacity to benefit.

The Productivity Commission also proposes discarding the system of competitive tendering - which it sees as cumbersome and over-controlled by the Department - in favour of a licensing system, which it argues will provide freer entry for providers to the employment services market. It also advocates giving job seekers more freedom to move between providers.

These proposals run counter to the general thrust of the Government's plans for the next Job Network round (DEWR, 2000c). These emphasise stabilising and consolidating the market around a core group of high-performing agencies, along with some re-regulation to prevent some of the more dubious 'innovations' of previous rounds (such as bogus job creation and other improper practices highlighted in the recent Senate enquiry. They also provide for more rather than less specification of what providers must do for job seekers, in order to address the problem of limited assistance to those who are hard to place. New prescriptions include

contact levels and times, as well as earmarked 'Job Seeker Accounts'. These and other tied fees are clearly aimed at countering the lack of incentives for agencies to invest in disadvantaged job seekers - a problem also identified in the Productivity Commission's review. There will also be less rather than more freedom for job seekers to exercise choice by moving between agencies.

Perhaps one of the biggest changes proposed for Employment Services Contract 3, as the next round is currently known, is an increase in the overall volume of client flow into the Job Network by having every eligible job seeker register with an agency at least for Job Search Support. Managing this is likely to be a challenge both for Centrelink and the provider agencies.

Under the new proposals there is also a complex interrelationship between service fees, quality of outcome related payments and job seekers' unemployment duration. This is designed to weight funds towards more disadvantaged clients. However, in combination with intermittent six month periods of customised assistance over 24 months or more, there appears to be some potential for providers to calculate optimum times to attempt to place job seekers nearing different time thresholds - perhaps in collusion with employers wanting short-term workers. It remains to be seen how this plays out.

### **Contract Rollover**

The main tool for assessing whether agencies get their contracts rolled over into the next round is the controversial 'star rating'. The Productivity Commission (2002b) reviewed the advantages and disadvantages of this ratings system in its draft report, and further independent analysis since then has given it a mainly clean bill of health. However, the star rating system is less than fully transparent and may not accurately reflect some of the complexities of difference

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*"Although the Department's evaluation speaks the language of incremental improvement and fine-tuning, the Government's response to the Productivity Commission report suggests that the door is not entirely closed on proposals for greater market liberalisation."*

# BEWARE THE MEDIAN

BY BRIAN EASTON

In their article *Beware the Mean!*, Peter Saunders and Tim Smeeding argue that median household is a superior reference point for establishing a poverty line than mean household income, concluding 'Put bluntly, the use of a poverty line linked to mean poverty income produces excessively high poverty rates that tend to increase by more when poverty is rising but to fall by less when poverty is falling.' The purpose of this note is to demonstrate that poverty lines based on a fixed proportion of the median income are subject to a fatal flaw, illustrating the consequences of the flaw with recent New Zealand experiences.

A fundamental requirement of any poverty line is that it should be policy neutral, that is a change in distributional policy should not change the line (although it may change the numbers above and below the line). The justification for this assertion is simple. Suppose a poverty line was dependent on distributional policy. Then the policy could deliberately reduce the poverty line, thereby reducing headcount poverty, without changing the material circumstances of the poor.

To illustrate the possibility, median income is policy dependent. In particular, tax and other income transfer policies mean it is possible to transfer income from those in the middle of the income to the rich (as we shall see this happened in New Zealand), where there is no change in national income (and hence average income). Such a transfer is unquestionably an increase in inequality, and does not affect the material standard of living of the poor. However the median income falls, and so a poverty line which uses the median as the reference income also falls. Thus headcount poverty falls.

So we have the following paradox with a median based poverty line: a policy which transfers income to the rich, reducing the incomes of those

below them and decreasing their material standard of living, appears to result in a reduction in headcount poverty even though the poor experience no change (or even a reduction) in their material standard of living. (An (impractical) extreme would be to eliminate all headcount poverty based on a poverty line which is a proportion of median income by allocating all household income to the rich.)

Something like this happened in New Zealand in the late 1980s and early 1990s. Between 1981/2 and 1992/3, mean household real income fell 6.1 per cent, largely as the result of neo-liberal policies which stagnated the economy. However the share in the top decile of households rose from 20.1 to 25.1 per cent of all household income (so they experienced an increase in their real incomes of 17.0 per cent while the real incomes of the bottom 80 per cent of households fell by 14.7 per cent). The Gini coefficient of inequality rose from 0.291 to 0.305. Not surprisingly the median income for the population fell more, some 19.2 per cent over the eleven years (Easton 1995).

The main distributional changes were the result of government policy. Income taxes cuts on top incomes (the top marginal tax rate was reduced from 66 per cent to 33 per cent) were paid for by higher taxes on those lower in the distribution, and by social security benefits cuts. There is plenty of evidence to suggest that there was a marked reduction in the quality of life of those at the bottom of the distribution, with a sharp rise in the numbers of people using food banks as the most prominent.

The effect on head count numbers of these changes is predictable. If an absolute poverty level is used the numbers below the poverty line rose sharply (the population proportion rose 26.2 per cent if the standard poverty line – based on the assessment of the 1972 Royal Commission on Social Security – is used). Headcount poverty based on the mean as a reference income rose modestly while those

that used the median as a reference income fell (the population proportion fell by 18.3 per cent for a poverty line based on 60 per cent of median household income).

Extraordinarily, both the New Zealand Treasury and the neo-liberal New Zealand Business Roundtable used the median based headcount number to claim that the policies of the previous decade had been a success. They got little support from the poor.

Perhaps neither the median or the mean household income is satisfactory reference income for establishing a workable poverty line. My view is that there is a need to look outside the income distribution at the actual living standards of those on low incomes, and make a social judgement as to an appropriate income line which reflects the community judgements on poverty. Ideally it should be updated, perhaps every five years because any calibration exercise is costly. If it is necessary to make interim adjustments, changes in the mean income are likely to be more satisfactory than changes in the median income. However in my experience, if the mean income changes are large, discussion is likely to get confused between changes in absolute incomes and changes in relative incomes. (If they are small, adjustment may be unnecessary.)

This does not resolve the problem which the Saunders-Smeeding paper addresses of international comparisons. A procedure which established a poverty level based on information from outside the available statistical distributions as discussed in the preceding paragraph is probably not practical, although given the existence of international price comparison data, some progress may be possible in the comparison of country poverty lines in real terms. The obvious options using the distributions themselves are the mean and the medians as discussed in the Saunders-Smeeding paper. Given that the median is not policy neutral we seem left with the mean.

We can deal simply the problem of the fact that the mean is higher than the median, and so generates more headcount poverty, by asking what is particularly sacred about using the relativity of 50 per cent of the mean or median. On the basis of their Table 1, it looks as though typically 50 per cent of the median equals about 45 per cent of the mean. So why not set the standard poverty line at 45 per cent of the household mean? (Better still, give the data for 40, 45 and 50 per cent of the mean.)

This does not resolve the problem of changing mean incomes over time. The response depends upon the judgement one makes of the meaning of a poverty line. If the notion of poverty is intended to reflect some absolute standard of material comfort, the approach may be to identify a particular year (say 1992 which was a decade ago) and use the 45 per cent (or whatever) of

the mean of that year as an absolute poverty line thereafter. On the other hand if the notion is of a relative standard because the community judges the poor should share in its rising standards of living, then the poverty line should be 45 per cent of the current year mean (or an average over surrounding years, if an adjustment for the business cycle is deemed necessary because the poor are entitled to greater income stability). With current computing power it is no great difficulty to provide all the data and leave specialists to choose for themselves, with a careful justification of their decision. Non-specialists might best use the 45 per cent of mean income in a base year (even though it is a different proportion, say 43 per cent, a decade later).

The final point to be made is the Luxembourg Income Study, which precipitated the Saunders-

Smeeding paper, is a heroic venture in international comparative statistics, but the journey is a long one with many difficult obstacles to be overcome. (For instance how to incorporate the differing nationals of income in kind – health and education spending the most prominent – in international comparisons.) It may be that we are asking too much from the program at this stage to give us precise answers on international poverty comparisons. Yet as the Saunders-Smeeding paper shows, careful analysis can throw useful light on some international distributional trends.

#### References

Saunders P. and T. Smeeding (2002), 'Beware the mean!', *SPRC Newsletter*, No 81, May, 1, 4.

Easton, B.H. (1995), 'Poverty in New Zealand: 1981-1993', *New Zealand Sociology*, 10 (2), November 1995, 182-213.

# A BRIEF RESPONSE TO BRIAN EASTON

BY PETER SAUNDERS AND TIM SMEEDING

It is difficult to disagree with much of what Brian Easton has to say in his comment on our *Newsletter* article 'Beware the mean'. Indeed, radically different circumstances either in terms of negative economic progress (as described by Easton occurred in New Zealand), or positive economic progress (as has been seen in Ireland - see Nolan, 2001) may affect pre-ordained measures of poverty in different ways.

In the interests of further perpetuating a debate that can only be beneficial, we will take up a couple of the points raised by Brian Easton.

One of the main points made in our article was that the median was a more robust measure of the central tendency of the income distribution than the mean and thus provides a better benchmark against which to set a relative poverty line. We illustrated the differences between poverty rates using mean and median income based poverty lines using data for

Australia and for a range of other countries based on data from the Luxembourg Income Study. Our intention was not to claim that these results could themselves assist in choosing between the two poverty measures. On the contrary, we very much agree with Brian Easton's assertion that the poverty line must reflect the actual living conditions of those with low income and community judgements about the income levels that correspond to poverty.

He also draws attention to the fact that because mean (but not necessarily median) income is independent of how a *given* level of total income is distributed, it is a preferable measure on which to base the poverty standard. This follows from the principle that the poverty line (though not the poverty rate) should be independent of how a fixed level of income is distributed. This seems like a sound principle, at least on a purely statistical level. But does it make equal sense from a broader

social perspective?

Consider two societies that have the same level of national income, but very different income distributions. In the first, everyone has a very similar income with only a few failing to succeed economically, while in the second there are many at the bottom who have very little and many at the top who enjoy enormous affluence. While we would probably all agree that there is more relative poverty in the second society, it is not so obvious that the two societies would (or should) have the same poverty line.

If poverty is to depend in part on the living standards of the poor and community judgements about the meaning of poverty, it is likely to depend upon many structural aspects of society, including how its incomes are distributed. This is also likely to apply to any relative income standard, including one linked to mean income. In practical terms, it seems extremely likely to

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# FROM THE PROJECTS

## FATHERS' UPTAKE OF FAMILY-FRIENDLY WORKPLACE PROVISIONS

In September 2001 SPRC was commissioned by the Commonwealth Department of Family and Community Services to conduct research into men's take-up of family-friendly workplace provisions. The research consisted of two parts – a review of existing research, and two case studies of companies that had introduced family-friendly policies (and were past finalists in the ACCI Work/Family awards).

Australian fathers are far less likely than mothers to make use of workplace provisions designed to help employees reconcile the competing demands of work and family. According to the ABS Child Care Survey, in 1999 only 18 per cent of fathers used flexible hours to balance work and family, and 73 per cent did not use any of the listed family-friendly provisions at all. Among employees with children under six years of age, most women had taken more than six months leave when their youngest child was born, but 96 per cent of men had taken less than six weeks.

Fathers' reluctance to use family leave is not unique to Australia. Even in Nordic countries, with their generous 'gender neutral' parental leave (in some countries replacing 80 per cent of their salary for up to 13 months), it has been a struggle to get more than four per cent of men to make use of the leave. In order to deal with this, Sweden and Norway have introduced a 'father quota' ('daddy leave'), reserving four weeks of the shared parental leave for the sole use of fathers. This is forfeited if not used and is separate from and

additional to the period of paternity leave. Between 75 and 85 per cent of Norwegian and Swedish men now make use of their four-week period of daddy leave.

The SPRC research uncovered the curious anomaly that, despite men's low rate of take-up of family-friendly provisions, they did want to be good fathers and to develop deep and meaningful relationships with their children. They offered a child-centred view of family, stressing the importance of family leisure and 'being there' for significant events. They felt they belonged to a generation that valued shared parenting and an egalitarian domestic labour. In practice, though, their wives did the lion's share of parenting and domestic labour.

Another curious finding was that providing the family income was not offered as one of the responsibilities of fatherhood, although it was the reason given for many of the family decisions and for the prevailing organisation of domestic labour. And yet men experienced great difficulty fitting family around the demands of work.

The very novelty of the family-friendly provisions themselves, not to mention the idea that men might make use of them, discouraged men from taking them up; and sometimes knowledge of the provisions was not widely disseminated throughout the workplace. The belief that fathers might put family responsibilities on an equal footing with work responsibilities was not widely accepted. There was also the feeling that men's use of family leave might be perceived as a lack of career ambition. Both companies studied offered permanent part-time work, but these positions lacked any real career path. They

also tended to be poorly integrated into the work teams, and placed greater burdens on colleagues because they remained defined as 'full-time' positions, even though the employee was now working fewer hours. Then there was the practice of measuring performance by outcomes. While this has meant a high degree of trust throughout the professional and management levels of both companies, when combined with lean staffing levels it has led to a workplace culture of consistently long hours of work. The climate of ever-present threats of redundancy contributes to the tendency to work long hours. The consequence of all these pressures is that most men's family leave takes the form of crisis coverage – that is, one-off arrangements negotiated with immediate supervisors to cover special non-recurrent events.

Between them, work constraints, the business climate and arrangements at home conspire to prevent men from taking greater responsibility in raising their families. As one man put it: 'You try to be there as much as you can, but you can't be'. A report on this research will be released soon. The SPRC staff involved on the project are Michael Bittman, Sonia Hoffmann and Denise Thompson.

## NGO RELATIONS WITH GOVERNMENT

The Commonwealth Department of Family and Community Services (FaCS) has commissioned SPRC to conduct a two-part study of *Compacts, Partnerships and the Impact of Reporting and Accountability Requirements on Non-government Organisations*. Government accountability requirements from

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non-government agencies have changed dramatically over the past 5 to 10 years. These changes have included greater focus on performance measures, outcomes, fiscal responsibility, contracting, tendering and case-based funding. The same period has also seen discussion in Australia and overseas of new ways that the government and non-government sectors might work together. These have ranged from government support for the Social Coalition to ideas about partnerships and compacts. The project will examine some of these ideas, and explore the experience of non-government organisations with the reporting and accountability requirements associated with new types of funding arrangements.

The research will comprise the following elements:

- a review of the literature on relationships between the government and non-government sectors particularly around 'compacts' and 'partnerships' in both Australia and other comparable western democracies;
- a review of the Australian literature on reporting and accountability requirements associated with service delivery by NGOs on behalf of government departments;
- a survey of diverse service providers and peak bodies to identify issues of reporting and accountability requirements and to seek their views on whether there has been or might be an impact on service delivery or the operation of NGOs following increases in reporting and accountability requirements; and
- analysis of potential connections between reporting arrangements and relationships between government and non-government bodies.

The literature review on relationships between government and non-government sectors will aim to identify similarities and differences in the way 'compacts' and 'partnerships' are understood in various Australian States and in countries such as New Zealand, the United States, Canada, and Great Britain. It will also compare these understandings with the concept of the 'social coalition', as used by the Commonwealth Government of Australia. A key concern of the review will be what these different understandings imply for reporting and accountability requirements in service delivery relationships.

The research will include a postal survey of non-government organisations (NGOs), to be conducted in November and December 2002. The questionnaire will be distributed to a random selection of agencies contracted by FaCS to provide services.

The postal survey will cover the experience of both large national service providers and small local providers; agencies dealing with different departments across the Federal Government; and agencies from all States and Territories. It will include questions relating to:

- The organisation, including size, income, location and program funding. This information will enable the study to be compared with other research such as the Australian Bureau of Statistics Community Services Survey.
- The organisation's experience of FaCS' reporting and accountability requirements
- The organisation's experience of government reporting and accountability requirements generally
- The respondent, including experience, qualifications and personal characteristics. This will provide information about

the types of people employed to meet reporting and accountability requirements and enable analysis to explore the impact (if any) of these factors on NGO experience.

The research is particularly interested in identifying reporting and accountability processes that either aid or hinder the work of non-government agencies.

The results of this research will be written up in reports to FaCS. FaCS will use this information in developing effective partnerships for community service provision.

Those interested in finding out more about the research should contact Professor Sheila Shaver on 02 9385 7820 or Dr. Margot Rawsthorne on 02 9385 7803.

## **MODELLING LOCATION CHOICE AND LABOUR MARKET OUTCOMES OF INCOME SUPPORT RECIPIENTS**

Do housing markets and housing policies provide incentives for economically disadvantaged people to live in areas of low employment opportunities? Does living in such an area actually impede their employment prospects? This project, funded by an Australian Housing and Urban Research Institute grant, examines these questions.

The project has the following two objectives:

- To describe the role of employment and housing in influencing the locational choice and geographic mobility of income support recipients.
- To estimate the direct effect of housing location on employment outcomes of income support recipients.

These questions are important both for effective operation of the

labour market and for the well being of individuals. It is often argued that high levels of geographic mobility among job seekers will reduce labour market friction and lead to a more efficient labour market and lower levels of unemployment. Geographic mobility will be most effective if job seekers respond to labour market conditions and move to areas where they are more likely to find employment.

If, however, low incomes together with the operation of housing markets and housing policies lead people to move to regions where they are less likely to find employment, labour market efficiency and individual welfare may be detrimentally affected. To date, there is little evidence for the claim that location is an important influence on labour market outcomes.

The current Social Security legislation in Australia assumes that location matters. For people receiving unemployment benefits Centrelink applies a Move to an Area of Lower Employment Prospects (MALEP) exclusion rule. Under this rule, people who move to an area of higher unemployment may be excluded from benefit

receipt for a period of 26 weeks.

Similarly, the recent Welfare Reform Review considered the characteristics of location, and the factors that encourage people to move to unfavourable employment regions, to be important impediments to full social participation.

The Reference group on Welfare Reform argued that cheaper housing (including public and community housing) in [the most disadvantaged] regions may tend to attract unemployed and underemployed people with lower education and skill levels, including many in receipt of income support, adding locational disadvantage to their existing barriers to accessing employment.

This project examines these issues using data from the Department of Family and Community Services Longitudinal Data Set. The first part of the project examines the determinants of locational choice (building on earlier work by Dockery). The main issues investigated are the role of housing costs and labour market conditions. One methodological issue addressed is the problem of developing accurate indicators of the labour market

opportunities in different regions. For urban dwellers, labour market measures based solely on the local environment may be misleading as they do not take account of the employment opportunities in other regions within commuting distances. One innovative measure used is the 'travel region unemployment rate' - an index for each region based on an average for all regions. Greater weight is given to those regions in which residents of the region in question most commonly work.

The second part of the project investigates the impact of movement between different regions on labour market outcomes. Using longitudinal data allows us to control for individual fixed effects. The project will also discuss the potential impact of unobserved individual changes on the observed results.

The answers to the questions posed above are also relevant to a range of housing policy questions, including

- To what extent is the location of public housing (and other forms of affordable housing) an impediment to employment?
- Should policies such as rent assistance be adjusted to encourage people to move to higher employment regions? The level of rent assistance varies little between areas with high rent (eg Sydney) and low rents (eg Tasmania). This might provide an incentive for people to move to cheaper areas. However, these areas also tend to have the poorest labour markets.
- What policy options are available to improve the characteristics of location to enhance employment outcomes?

The SPRC staff involved in the project are Jenny Chalmers and Bruce Bradbury.



**Delegates at the Training Workshop on Income Support and the Labour Market, September 2002**

## THE TIME COST OF CHILDREN

Social research into the consequences of parenthood has been dominated by an economic approach that conceptualises the costs of children as cash expenditure. This misses the important dimension of time costs. Even financial estimates that include indirect costs such as mothers' foregone earnings due to time spent out of the paid workforce do not show the magnitude of the time demands which home and market work place upon families. This time pressure may be part of the explanation for the plummeting birth rates in Australia and the rest of the western world. Using data from the Australian Bureau of Statistics 1997 Time Use Survey, Lyn Craig, PhD student at the SPRC, is investigating this issue.

As a starting point, the project loosely adapts the marginal costs or equivalence scale approach, which compares household welfare on the basis of family size, to establish the time costs of children. The time cost of children is conceptualised as the difference in daily work time (both paid and unpaid) between households that contain no children and households that do, and the difference in daily work time (both paid and unpaid) between households with one child, two children or three or more children. Because the amount of time children require is known to decrease with maturity, comparisons are between families of different sizes with youngest children of the same age.

Expenditure equivalence scales aim to account for economies of scale in household size, price-like substitution effects and intra-household allocation of resources. This project shows that these also apply to the daily time cost of children. There are considerable



economies of scale in the time cost of children and the biggest single impact is with the addition of the first child. The amount of time allocated to unpaid work in a household with one new child is 9 1/2 hours a day, five hours more than in a childless household. A second child occasions a further hour and a half unpaid work. In larger families, economies of scale operate so effectively that three or more children are associated with a reduction in household workload, and less time spent in child care activities. Some of this can be explained by the fact that parental child care time drops markedly when children go to school, and in our data, children who were the youngest of three were more commonly the only pre-schooler in their family than children who were the youngest of two. It is also possible that older children help to look after their younger siblings. However, we were also able to analyse the type of child care time that is subject to economies of scale in larger families. We found that households with three or more children spend less time in physical care of children, and in playing/reading/talking to children than do households of two children.

This project also found

substitution towards the unpaid work associated with children from other types of time use. The major sources of redirected time are paid work, sleep and leisure. Adults in two-child households find the increased time in the child care activities identified above by spending less time in leisure than families with either one child, or three or more children.

Unlike standard economic data, time use data allow analysis of the intra-household allocation of resources. When household time use is broken down into male and female time, it is apparent that the time cost of children is falling overwhelmingly upon women. Not only are they undertaking the majority of task reallocation, but they are also adding more than are men to their total time in productive activity. On the birth of a first child, female total work time increases by 50 per cent, whereas male total work time rises by only 10 per cent. Mothers are also deepening their time use by undertaking many tasks simultaneously. The next stage of the project is to analyse in greater detail the time impact of parenthood as experienced differentially by men and by women.

# NEW PUBLICATIONS

## **THE TIME PRESSURE ILLUSION: DISCRETIONARY TIME VERSUS FREE TIME**

SPRC Discussion Paper No. 115  
*Robert Goodin, James Mahmud Rice, Michael Bittman and Peter Saunders*

People feel increasingly time pressured, particularly in two-earner households. But much of the time that people devote to paid and unpaid tasks is over and above that which is strictly necessary; in that sense, much of the time pressure that people feel is discretionary and of their own making. The magnitude of this 'time-pressure illusion' varies across population groups, being least among lone parents and greatest among the childless and two-earner couples.

## **CARING DIFFERENTLY: A TIME-USE ANALYSIS OF THE TYPE AND SOCIAL CONTEXT OF CHILD CARE PERFORMED BY FATHERS AND BY MOTHERS**

SPRC Discussion Paper No. 116  
*Lyn Craig*

This paper analyses the 1992 Time Use Survey by the Australian Bureau of Statistics in order to compare contextual aspects of time spent with children by mothers and by fathers. The research finds that when mothers are with children they are more likely to be in sole charge, to perform onerous or routine tasks, and to do other activities at the same time, than are fathers. The paper argues that these findings imply that the experience of child care is qualitatively different for men and women.

## **THE TIME COST OF PARENTHOOD: AN ANALYSIS OF DAILY WORKLOAD**

SPRC Discussion Paper No. 117  
*Lyn Craig*

This paper uses the 1992 Time Use Survey by the Australian Bureau of Statistics to calculate the amount of time that parenthood adds to daily time commitment, and the impact of parenthood on the daily division of household labour. Because child care is most often performed simultaneously with other tasks, this paper includes secondary activity in calculating the time cost of children. It demonstrates that across the range of variation in labour force status, the time cost of parenthood is high; however, the impact of motherhood on total time commitment and on the proportion of work that is unpaid, is greater than the impact of fatherhood.

## **THE END AND MEANS OF WELFARE: COPING WITH ECONOMIC AND SOCIAL CHANGE IN AUSTRALIA**

*Peter Saunders*

Cambridge University Press  
\$99.95 (Hardback)  
\$39.95 (Paperback)

The book explores the relation between economic liberalism and social policy in Australia. How do social policies operate in a fiercely individualistic market economy, and if the market is expected to provide solutions to social problems, what role ought the government take to ensure that it does so? Why is it that quality of life in Australia has diminished as the economy has undergone sustained growth? These are key questions addressed in this book.

The book draws on the most up to date research, and particularly recent national surveys conducted

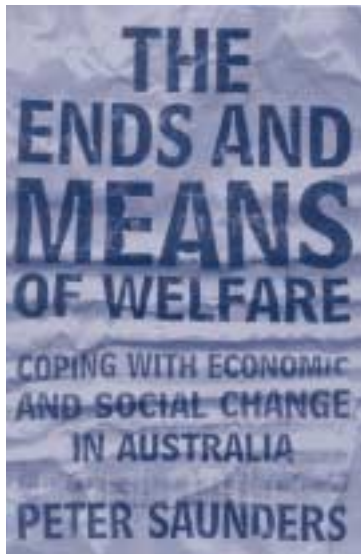
## **SPRC WRITING WEEK**

The Centre successfully ran its second Writing Week in May for all SPRC researchers, including staff and students, as a way of committing time to writing for publication. There are at least three objectives of Writing Week:

- Professional development: to offer members of SPRC the opportunity and experience of writing for a principally academic audience and thereby contributing to quality publications.
- Promoting research findings: to make results of SPRC's research more widely known and to contribute to the development of social policy and adjacent disciplines.
- Research profile: to enhance SPRC's research profile for professional and institutional development.

The goal by the end of Writing Week is that all researchers complete a publishable piece of work or a major task toward that goal. After submitting a proposal, researchers are allocated a mentor to assist with developing the written work. A seminar on tips for writing is held in the run up to Writing Week. During the week, researchers concentrate on their writing, without the distraction of project research; meet with mentors and informally meet with each other. Examples of outcomes from Writing Week have included refereed journal articles, conference papers for publication, book chapter contributions, book reviews and literature reviews.

by the Social Policy Research Centre. It covers the key trends in economic and social policy over the last 25 years, showing how economic liberalism, despite all positive economic indicators has contributed to an increase in unemployment, inequality, social dysfunction and alienation.



## THE PRICE OF PROSPERITY: THE ECONOMIC AND SOCIAL COST OF UNEMPLOYMENT

Edited by Peter Saunders and Richard Taylor  
University of New South Wales Press \$39.95

The book identifies for the first time the nature and impact of the social and economic costs at three different levels: those imposed directly on unemployed people and their families; those that affect the nature of community life; and those that give rise to economy-wide effects on Australian society. In this book, sponsored by Academy of Social Sciences in Australia, with funding from the Australian Research Council, the issues are addressed by a group of leading researchers from a broad range of



social science disciplines. These issues include the impact of unemployment on family life; on retrenched workers and indigenous Australian; and on poverty, health, psychological wellbeing and criminal activity.

*'A powerful analysis of the crippling effects of unemployment on people, families and communities by some of Australia's leading social scientists ... A landmark volume of substance and significance.'*

Professor Leon Mann (President of the Academy of Social Sciences in Australia and Pratt Family Chair of Leadership and Decision Making, Melbourne Business School)

## BEWARE THE MEDIAN CONTINUED FROM PAGE 7

us that the poverty line will inevitably reflect how society chooses to distribute its income, irrespective of the compelling logic proposed so elegantly by our New Zealand colleague.

Brian Easton's account of the New Zealand distributional experience in the 1980s and early 1990s would make amusing reading if its chilling consequences had not actually been experienced across the Tasman. His account confirms the fact that when inequality is rising, mean increases relative to the median so that measuring poverty relative to the mean produces a higher figure than when it is measured relative to the median. The only difference is that in New Zealand over this period, both mean and median income (along with New Zealand national income as a whole) were falling, so that while mean-income poverty rose modestly, the median-income poverty rate actually fell.

This, according to Easton, is inconsistent with the observation that 'real' (and absolute) poverty both increased, the former reflected in the increased demand for food banks and other forms of emergency relief, and the latter reflected in the sharply rising number whose incomes left them below a poverty line held constant in real terms. But this is only the case if we now accept the validity of these alternative ways of estimating poverty, and that decision reflects the judgement that lies at the heart of this whole issue.

The Irish experience further illustrates this point. There, real mean and median incomes have both increased by large amounts over the past 20 years, but with incomes at the top end gaining more than those at the bottom end. Poverty-measured relative to either median or mean income - increased, but by any fixed or absolute poverty measure, there

was great progress and poverty fell dramatically.

The two examples illustrate that there are occasions when the use of a median income based poverty line will produce perverse results when judged against alternative measures. Those who support such a measure will do well to reflect on Brian Easton's arguments and evidence, but they do not of themselves undermine the advantages of the median income approach. What his figures have to say about the success of economic policy in New Zealand, or the luck of the Irish in terms of rapid economic progress over this period, is quite another matter!

### Reference:

Nolan, B. (2001), 'The evolution of child poverty in Ireland', in K. Vlemingckx and T. M. Smeeding, eds, *Child Well-Being, Child Poverty and Child Policy in Modern Nations. What Do We Know?*, Policy Press, Bristol, 255-73.

**SOCIAL INCLUSION**

The Social Policy Research Centre invites offers of papers for presentation at next year's Australian Social Policy Conference (formerly the National Social Policy Conference) to be held at the University of New South Wales, Sydney, from 9-11 July 2003.

The overarching theme for the 2003 conference will be Social Inclusion. Ideas of how social structures and policies work to exclude certain residents or groups from full social and economic participation are becoming an increasingly important part of the currency of social policy debate in many countries. Likewise there is growing debate about the most effective ways of including those people who for various reasons, such as poverty, poor health or disability, youth or old age, lack access to social citizenship in the broadest sense. In Australia this debate is germane to current notions of inclusion through participation in employment or through alternative approaches such as asset building. It is also relevant in terms of both the continuing gulf dividing many Indigenous Australians from their non-Indigenous fellow citizens in social outcomes and the treatment of refugees and asylum seekers in the context of border protection. These themes will be developed both by invited Keynote and Plenary speakers and in Forum discussions.

**KEYNOTE SPEAKER**

**Professor Hugh Stretton,  
University of Adelaide, Australia.**

Professor Stretton is a distinguished historian, social scientist, public intellectual and author of the controversial *Economics: A New Introduction* (1999).

**PLENARY SPEAKERS**

**Associate Professor Kathryn Edin, Northwestern University, Chicago, USA.**

Dr Edin is a sociologist and ethnographer involved in a number of research studies of low-income families, children and welfare reform in the US. Her most recent book (with Laura Lein) is *Making Ends Meet: How Single Mothers Survive Welfare and Low-Wage Work* (1997).

**Professor Jonathan Bradshaw, University of York, UK.**

Jonathan Bradshaw is Professor of Social Policy and Associate Director of the Social Policy Research Unit at the University of York. He is also President of the Foundation for International Studies in Social Security. His recent research has included studies of the measurement of absolute poverty and of the outcomes of child poverty in the UK. He is also involved in a major national survey of poverty and social exclusion in Britain.

**FORUMS**

As well as contributed papers in parallel sessions, there will, as usual, be a number of forums for public debate on key topics, each led off with brief introductions by a panel of speakers. Details of forum topics will be available at a later stage.

**CALL FOR PAPERS**

The success of the Australian Social Policy Conference is based on the presentation of high quality, original papers across the range of social policy fields. We are now inviting offers of papers from researchers, teachers, students and practitioners of social policy. Papers can present the results of research, discuss conceptual approaches to contemporary social policy research,

describe work in progress or raise issues for social policy debate.

As in previous conferences, discussion will be organised around thematic strands. This time a number of strands or special sessions will be organised or coordinated by members of the social policy community outside the SPRC itself. A final list of these strands and sessions will be available at a later stage. In the meantime, the main broad topic areas from within which the final strands will be selected, and for which we are currently seeking offers of papers, include the following.

- Employment, Unemployment and Welfare Reform
- Income Distribution and Social Inequalities
- The Work/Family Balance
- Retirement and Ageing
- Childhood and Social Inclusion
- Inclusion and Exclusion of Indigenous Australians
- Health, Disability and Inclusion
- Spatial Dimensions of Social Policy
- Citizenship and Inclusion
- Organisation and Delivery of Community Services
- Open

The Open strand will be for papers on other subjects of interest and importance outside the main themes.

# POLICY CONFERENCE 2003

## 9-11 JULY 2003

### SELECTION OF PAPERS

Acceptance of papers for presentation at the conference is necessarily competitive. Selection will be the responsibility of the SPRC, in collaboration with external session organisers, and will be based on the abstracts submitted. Criteria for selection will include academic quality, originality, accessibility and relevance to current debates in social policy. We welcome papers presenting all points of view.

If you wish to offer a paper, please send the title and an abstract of no more than 200 words. Please specify the thematic area into which you feel your paper falls. We reserve the right to place it elsewhere, where appropriate, in the interests of balance.

The closing date for the receipt of abstracts is 7 March 2003. Please send your abstract (preferably by email) to: [aspc2003@unsw.edu.au](mailto:aspc2003@unsw.edu.au)

Or by post to:

Australian Social Policy Conference 2003  
Social Policy Research Centre  
University of New South Wales  
Sydney NSW 2052

Or by fax to: (02) 9385 7838

Telephone enquiries about papers or the conference in general should be directed to (02) 9385 7802. Please note: registration for the conference will not start until 2003 and will be handled by the Hotel Network.

The full conference website will be accessible from early 2003 through the SPRC website ([www.sprc.unsw.edu.au](http://www.sprc.unsw.edu.au)).

## THE JOB NETWORK AFTER FOUR YEARS

CONTINUED FROM PAGE 5

between labour markets and the other contexts in which different agencies are working at a local level. As with many performance indicators there is also some danger of activities being distorted as agencies race to boost their outcomes before contract rollover.

It is difficult to determine from current published star ratings the likely shape of the next round. Clearly, with the proposed rollover of about 60 per cent of business to higher performers there is a major incumbency advantage for providers that manage to get over the line. It seems reasonable to expect some consolidation around major players in both private and non-profit sectors. The new contract will also open up paid Job Matching to other licensed recruitment agencies, so we can expect to see a further shift toward the private sector in this area.

The rollover of course reduces the opportunities for new players to enter the market and it will become

even less meaningful than it is already to talk about the structure as a competitive market. The Government appears to have calculated that it has already achieved most of the benefit it is likely to get from competition in this area and has decided to go for stability instead - which makes sense in view of the enormous transaction costs involved in tendering for each new round of contracts.

Overall, there seems to be some tension between the Productivity Commission's view that further gains can be had from introducing more genuine market features into the Network and a Departmental desire to consolidate it as a highly-regulated quasi-market. Although the Department's evaluation speaks the language of incremental improvement and fine-tuning, the Government's response to the Productivity Commission report suggests that the door is not entirely closed on proposals for greater market liberalisation

(Campbell, 2002). This includes the possibility that DEWR and other agencies may be able in the future to source services from providers other than Centrelink. The radical experiment may not be over yet.

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- No. 115 Robert Goodin, James Mahmud Rice, Micheal Bittman & Peter Saunders, 'The Time Pressure Illusion: Discretionary Time versus Free Time'.
- No. 116 Lyn Craig, 'Caring Differently: A Time Use Analysis of the Type and Social Context of Child Care Performed by Fathers and by Mothers'.

- No. 117 Lyn Craig, 'The Time Cost of Parenthood: an Analysis of Daily Workload'.

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