Few topics have attracted as much attention in the research literature, or in the media, as what is happening to inequality in general and to the income distribution in particular. There is a widespread view that income disparities have widened over the last two decades, due mainly to the increasing influence of market forces. The state has reduced its role and this has inevitably weakened its overall redistributive impact. It has become almost commonplace for the media to describe the trends in terms of an increasing rift between the ‘haves’ and the ‘have nots’, as a situation in which ‘the rich are getting richer while the poor get poorer’, or as a ‘disappearing middle’.

In fact, the reality is somewhat more complicated than this. There is broad agreement among researchers that income inequality widened over the 1980s, but the jury is still out on whether this trend has continued into the 1990s. Over any period, the precise pattern of inequality change depends upon which income measure one uses (earnings, market income, pre-tax or post-tax income) and whether it is the income of individuals, of families or of households. (The impact of these different measures has been explored in research conducted by the SPRC’s Gerry Redmond, reported in an earlier issue of the SPRC Newsletter and in the latest issue of Australian Social Trends – see Redmond (1998; 1999).

It is all too easy to get lost in these technical details and to lose sight of (and interest in!) the overall picture. This is understandable for researchers, but is not something that the community as a whole has much time for. They want to know what has happened in general terms, but are happy to leave the details and qualifications to the experts.

The problem is that the experts tend to disagree, even over the shape of the general picture. For example, research undertaken by NATSEM suggests little overall change in the distribution of income after taxes and benefits between 1982 and 1993-94 (Harding, 1997). Within this picture of overall stability, there are shifts in the fortunes of different groups, with those at the top and bottom of the distribution doing better than those in the middle. This has led to the emergence of the popular catchcry that the Australian income distribution has experienced a ‘disappearing middle’ – a theme developed in earlier research by ANU economist Bob Gregory (Gregory, 1993).

Against this, research reported by both the ABS (1997) and, most recently, in a paper presented to this year’s Symposium of the Academy of the Social Sciences in Australia (Barrett, Crossley and Worswick, 1999), suggests that the trend to income inequality has continued into the 1990s. The ABS estimates that between 1984 and 1994, the main change in the distribution of household disposable income took place at the top, where the highest quintile (20 per cent) of households increased their income share from 38.8 to 40.4 per cent. This may not seem a large shift, but it corresponds to an increase in the average income of households in the top fifth of the distribution of almost $29 a week, after adjusting for movements in the CPI. The corresponding change for households in the bottom fifth was an average fall of over $17 per week after adjusting for price movements (ABS, 1997, p. 118).

The increase for the top fifth was accompanied by a fall in the income share of the lowest 60 per cent per cent of households (if one group’s share increases, someone’s share must decrease).

“...In fact, the reality is somewhat more complicated than this.”

It has become almost commonplace for the media to describe the trends in terms of an increasing rift between the ‘haves’ and the ‘have nots’...
Kuru Pancharatnam has taken leave of absence for one year to travel around India.

Sharon Hancock, Publications and Information Officer, has left the Centre, initially to complete her Honours Degree in Philosophy. We would like to thank Sharon for her contribution over the last two and a half years and wish her well in her future career.

Julia Perry has been seconded from the Department of Family and Community Services for one year, to work on a study of older people and the labour market. Julia is a longstanding and very experienced member of the DFaCS and former DSS policy staff and we look forward to working with her.

Markus Jäntti, from Åbo Akademi University, Finland, has been visiting the Centre. Markus has been working with Bruce Bradbury on the UNICEF study of child poverty in 25 countries.

The SPRC has moved!

After eight years in the Samuels Building, the Centre has now moved offices to the brand new Rupert Myers Building off Barker Street in the middle UNSW Campus (see map below). Please note the new phone and fax numbers, and also see future Newsletters for information about the location of SPRC Seminars.

The Social Policy Research Centre was established in January 1980 (originally as the Social Welfare Research Centre) under an agreement between the University of New South Wales and the Commonwealth Government.

The Centre operates as an independent unit of the University. The Director receives assistance in formulating the research agenda from a Board of Management and also through periodic consultation with the community. The Director is responsible to the Vice-Chancellor for the operation of the Centre.

The SPRC undertakes and sponsors research on important aspects of social policy and social welfare; it arranges seminars and conferences, publishes the results of its research in reports, journal articles and books, and provides opportunities for postgraduate studies in social policy.

The Centre’s current research agenda covers social policy issues associated with changes in employment, income support and the labour market; changes in households and families; poverty, needs and economic inequality; and the restructuring of forms of social support.

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.
In early October, I spent two weeks in China under an Exchange Program jointly funded by the Academy of the Social Sciences in Australia and the Chinese Academy of Social Sciences (CASS). The visit started very well. On my first day, a front-page article in the *China Daily* headlined ‘Social sciences key to nation’s progress’, reported the contribution of social sciences and humanities research to China’s progress over the last five decades. The claim was made by a group of senior social scientists (from CASS, no less), but even so I was impressed by the attention it attracted. I couldn’t imagine a similar claim in this country being seen as anything other than self-serving, which says a lot about how much we value social science research (and research generally) in Australia. One of the scholars cited in the article was quoted as arguing that: ‘During the periods in which social sciences research was neglected, the State often faced obstacles to development’. This is a universal truth that we would do well to reflect on.

My visit gave me a unique opportunity to discover something about social policy issues and research in China, and to experience Chinese society first hand and for the first time. It coincided with celebrations of the fiftieth anniversary of establishment of the People’s Republic of China. This added extra interest to my visit, as Beijing was full of people from all over China who came to take part in the celebrations. A few days before I arrived, the whole country was on holiday. This meant that many of the meetings originally arranged for me in that week had to be re-scheduled. However, being able to witness the joy and pride of the thousands (millions probably) who flocked to Beijing more than compensated for this.

Whilst in Beijing, I met with scholars from the Institute of Economics, the Rural Development Institute and the Institute of Sociology, all part of CASS. My main interest was in poverty research and trends in poverty in different regions of China, as well as in the current state of development of the Chinese social security system. I was briefed by an official from the Social Insurance Institute at the Ministry of Labour on the nature and extent of China’s pension reforms over the last fifteen years. In addition, I had several meetings with scholars from the Institute of Sociology discussing a broad range of research issues. This Institute has recently established its own Social Policy Research Centre and I spent an evening with some of their SPRC researchers discussing areas where we might collaborate. Again, they were very interested in Australian research, particularly comparative studies of social security design and impact.

There was considerable interest throughout all of these discussions in social security in Australia and what lessons China can learn from us. There are, of course, many but identifying them is by no means straightforward. First, one has to establish a common language - by which I mean a shared understanding of the nature of the issues being addressed and the range of practical policy responses to them. The discussions themselves brought the importance of this simple message home to me. Many times we encountered misunderstandings that revolved around the different meanings we attached to terms such as ‘poverty’ and ‘social security’. In part, the different understandings of these terms reflects different research methodologies - how one conceives of and measures poverty, for example, affects the nature of poverty itself; where it is located; the characteristics of the poor; and, perhaps most important, what is happening to the poverty rate over time. Other differences are more fundamental. These reflect differing views on the role of the market, nature and scope of state intervention and what is practical given the prevailing economic and social conditions.

In general, the term social security in China is used to describe not only income transfers to the poor, but also a variety of schemes that are designed to raise the efficiency and productivity of small enterprises, particularly agriculture. This was brought home to me most clearly during a lively discussion with a group of economists and sociologists at the Shaanxi Provincial Academy for the Social Sciences in Xi’an, in Shaanxi province, where I spent three days after Beijing. They expressed the view that provision of financial assistance to poverty-stricken areas tended to induce dependency and that the preferred strategy was to encourage ‘self development assistance’ by identifying key incremental development projects at the local level and then providing loans. Assistance to households living in poor environments to allow them to relocate to areas more conducive to productive activity was cited as another successful strategy. Underlying these strategies is, of course, a market model of development that is now being embraced by China, although it is not without its critics.

The ways of thinking that underlie these approaches have relevance to Australia, where they are not that far removed from the current welfare dependency debate we are embarking on. The discussions brought home to me how similar many of the policy issues we face are, at least when the differences in the prevailing conditions are stripped away. This does not mean that we can immediately import China’s self development assistance programs, any more than they can introduce a market system or a comprehensive system of social security cash transfers overnight. Social policy does not operate in a vacuum, but must work within parameters set by social and economic conditions. What it does mean, however, is that scholars have much to gain from interacting and analysing social problems in order to understand how and why they, and the responses to them, are conceived differently. We need to do more to engage with scholars in the region as part of the broader task of promoting our place in the move towards regional development.
else’s share must fall), but the decline was spread fairly evenly, with no support for the disappearing middle hypothesis.

Barrett and his colleagues, using the same basic data source as the ABS, find that before-tax income inequality rose substantially (by 17 per cent) between 1975 and 1994, with the rate of increase tending to accelerate after 1988. They also find little support for the view that there has been a hollowing out of the middle of the distribution.

**Perceptions of Increased Inequality**

So much for ‘the facts’. What about the perceptions? Until recently, most people researching social policy have paid relatively little attention to what people think is happening, preferring instead to concentrate on describing what is actually happening and informing the public about their findings. But the perceptions – as reflected in ‘public opinion’ – seem very resistant to publicised research findings, and public opinion holds far greater sway over the minds of those responsible for policy.

These perceptions are influenced far more by media headlines than by the findings reported in scholarly journals. Politicians understand this all too well, but researchers have often paid far too little attention to the nature of public opinion, how community perceptions are formed and what might be done to change them.

Despite all the qualifications that attach to the income distribution statistics, there is a very widespread perception in the community that income inequality in Australia has increased over the last fifteen years or so. Furthermore, most people appear to accept the ‘disappearing middle’ hypothesis - at least as it has been expressed in terms of the declining fortunes of ‘the battlers’ relative to both rich and poor.

Public opinion data, although sparse, tends to support the view that Australian attitudes to inequality are hardening. A recent report in *Australian Social Monitor* indicates that Australian views have become slightly less egalitarian between 1987 and 1993 – although they were a good deal more favourable to equality than the views of many other industrial countries (Kelley and Zagorski, 1999). The authors conclude that market-based economic reforms are able, over time, to shift public opinion in their favour. They suggest that the ‘distributional goalposts’ have moved as a result of increased deregulation and the accompanying shift towards less equality of economic outcomes.

**SPRC Attitude Survey**

These are very important matters that cannot be ignored if social policy research is to provide a more informed basis for policy decisions. With this in mind, the SPRC has undertaken a major study of Australian attitudes to a range of forces that are shaping the social and economic agenda. Earlier this year, a questionnaire was distributed to a sample of just over 4,000 people aged over 18, drawn at random from the electoral roll. The survey elicited just under 2,400 responses (a response rate of 62 per cent). A research team comprising myself, Tony Eardley, George Matheson and Cathy Thomson is in the process of analysing what is a very rich source of information on Australian attitudes to change and to the causes of poverty and unemployment, and on what needs to be done in these areas. The survey also seeks views on the whole question of mutual obligation, a topic that is being addressed by the Committee recently established to review the welfare system (Newman, 1999).

The research team has been analysing the responses and assessing how representative the sample is of the population as a whole. In general, we have found that the sample is broadly representative in most dimensions. There are, however, some groups who are under-represented – as they often are in postal surveys of this type. Three main groups are under-represented: the young (those aged between 18 and 30), those who are in the labour force (whether employed or unemployed) and those on low incomes. We have used the 1996 Census to adjust for bias by re-weighting the data and we are confident that the weighted data are now as close as we can get to being representative of the general population. (Weighting the survey data does not rid it of all potential biases. Even after weighting, for example, those on high incomes are over-represented, with the sample containing just over 30 per cent of people from the top quintile - or highest fifth - of the income distribution).

This short article reports some initial findings from the survey concerning how Australians perceive their distributional position relative to others. (Other findings will be released in a future issue.)
progressively by the SPRC over the coming months). As will become clear, the findings described here have relevance for the ‘disappearing middle’ hypothesis. Indeed they have a bearing on the whole question of perceptions of how government policies impact on the distribution of income and what role these play in the policy process.

Towards the end of our questionnaire, immediately following a question in which respondents were asked to provide information about the (approximate) level of their (before-tax) family income, people were asked to indicate where they thought their income placed them relative to the incomes of other Australians. The question provided respondents with a scale separated into ten equal segments running from poorest to richest in terms of family income. They were asked to indicate in which segment they thought that their family income placed them. (Distributional specialists will recognise that the question, in effect, asked respondents to identify into which decile of the family income distribution they think that they fall).

Notice that the question asks people to rank their own income against that of all other Australians. It is by no means an easy question; think for a moment how you would answer it. However, although it is not easy to answer such a question with accuracy – even income distribution specialists are likely to find it difficult! – there is no reason why people should bias their answer in any specific direction. Some will have an exaggerated view of how low their income is relative to others, while others will think the opposite. These effects are likely to cancel each other out across the population as a whole, leading to no overall bias. There is, however, another source of bias that may be more systematic, and will thus not cancel out in the aggregate. It is likely that those on very low and very high incomes will be reluctant to acknowledge this, even in an anonymous survey and will thus tend to locate themselves closer to the middle. This will tend to produce too many responses towards the middle of the ranking and too few at the extremes – an expanding rather than a disappearing middle!

Of course, if everyone had perfect information (a utopian fantasy for all but the most extreme economic rationalists), the responses to the income ranking question would be such that exactly 10 per cent of respondents would indicate that their income places them in each of the ten segments. It follows from this that by comparing the responses actually fall across the ten segments with the hypothetical 10 per cent figure, we can gauge how accurately Australians are able to evaluate how their incomes compare with those of others.

The results are, to say the least, surprising but also very revealing. Figure 1 summarises the responses after they have been weighted using the Census data as described above. It shows that the vast majority of Australians (over 93 per cent) believe that their family income places them in the middle six deciles (or three quintiles; a quintile represents two adjoining deciles). Only around six per cent think that they are in the bottom quintile of the distribution, while almost nobody (only two per cent) think that they are in the top quintile. Despite the fact, noted earlier, that our sample actually contains an over-representation of people on higher incomes. Over one-quarter (25.2 per cent) of the sample believe that they fall into the middle (fifth) decile, while almost one-half (48.8 per cent) believe that they fall in either the fourth or fifth decile. (For those who are interested, the bottom quintile contains families whose gross income is less than around $230 a week, while the top quintile refers to families whose weekly income is over $1060. The median level of income is $660 a week).

One explanation of the pattern shown in Figure 1 has already been alluded to. It may reflect the reluctance of those on low and high incomes to be prepared to acknowledge this reality in a sample survey. In order to check the plausibility of this explanation, Figure 2 compares the income quintiles into which people think they fall with what we are able to estimate as the quintiles into which they actually do fall. The latter has been estimated by comparing the survey responses to the actual income question with the most recent ABS data, updated to the time at which our survey was conducted. The red bar represents the percentage of people who correctly placed themselves in each quintile.

Overall, just under one-quarter (24.6 per cent) of respondents were able to guess correctly into which quintile they fell. The remaining three-quarters were wrong - sometimes very wrong - about where their incomes place them relative to others. Although over 30 per cent of the sample had incomes
that placed them in the top quintile of the distribution, almost none of them thought they actually were in the top quintile. Over half of them thought they were in the third quintile – firmly in the middle rather than at the top end. Since the top quintile consists of people whose weekly income is over $1060, Figure 2 implies that most of these people think that many other families have higher incomes than they do, not lower incomes (as they in fact do).

Of those whose incomes placed them in the lowest quintile, almost one-quarter thought they actually were in the bottom quintile - a far better record of accuracy than those with the highest incomes. Overall, Figure 2 suggests that there is a strong tendency for people at all income levels to have a very inaccurate perception of where their incomes place them in the overall distribution. There also seems to be more at play here than just shyness on the part of those with extreme incomes.

What are we to make of all this? A moment’s reflection suggests that we can now see why media accounts of a ‘disappearing middle’ receive such attention, in spite of the fact that the research is divided on the issue. If almost everyone believes that their income places them in the middle of the distribution, then the alleged disappearance of this group (more accurately, a decline in the incomes of this group relative to those below and above it) will be of very widespread interest! So too, will the impact of economic and social policies on the incomes of those ‘in the middle’.

Remember the GST debate? Although many of the welfare agencies were (rightly) expressing concern over the adequacy of the government’s compensation package, the government was equally concerned to demonstrate that the tax change would leave middle income (‘battler’) families better off. Now we can begin to see the wisdom of this approach. Put simply, if the great majority of families believe that they fall in the middle ranges of the income distribution, then political support for change will depend crucially on the treatment of those in the middle of the distribution. This is not to deny that many people adopt an attitude to change that is influenced by more than just how their own incomes are affected by it. Altruism is not dead. Even so, the median voter holds the key, and the survey results suggest that many people think that they are very close to the median, at least in income terms.

Figures 1 and 2 provide a basis for a better understanding of how Australians are responding to change generally and to their perceptions of changes in income distribution in particular. They also give a new meaning to what people understand by the notion of a ‘fair go’. It is stretching things too far to claim that there is widespread misinformation about the extent of income inequality in Australia. It appears that there is a perception of equality in which most people believe that their incomes differ only marginally from the incomes of others, even though the statistics reveal a different story.

Should we worry about the findings reported here? If people think that their incomes place them alongside most other people in a broadly egalitarian society, why should this contentment be disturbed? The answer lies in what motivates us as researchers. We should always seek to represent and understand the ‘truth’ (while recognising that even the notion of truth itself is disputed), if we are to improve the reality of people’s lives. Having said that, however, how people perceive that reality is also something that must be understood and factored into our understanding of society and the changes that are affecting it. The study described here is a small step in that direction.

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**References**


Workshop on Social Security in the Context of Social Development in East and Southeast Asia

Suzanne Vaughan

Since the financial crisis of 1997, the social policy agenda in East and Southeast Asia has become increasingly complex as new issues have arisen in volatile social, political and economic circumstances. Recognising the importance of taking stock of this regional environment, the Academy of the Social Sciences in Australia provided funds for the SPRC to host a Workshop around the above theme. The Centre received additional financial support from AusAID and the University of New South Wales.

This very successful two-day Workshop brought together seven experts from East and Southeast Asian countries with a group of Australian scholars. Participants had expertise in various aspects of social development and social security, and represented a range of academic disciplines including economics, sociology, political science, social welfare studies, demography and gerontology.

The aims of the Workshop included the following:
- to assess the effects of the financial crisis on social reform;
- to identify constraints to the development and implementation of social protection and social security in the countries represented;
- to consider what the Australian social security experience can offer for the design, delivery and evaluation of social security programs;
- to focus attention on informal social protection mechanisms and their viability in the broader context of social development; and
- to promote research that will explore new issues and encourage new forms of collaborative work.

Regional presenters included Associate Professor Saksri Boribanaporkate of Thammasat University, Thailand; Associate Professor Huck-ju Kwon of Sung Kyun Kwan University, Korea; Dr Xiaoyuan Shang of the University of Canterbury, New Zealand; Professor Noriyuki Takayama of Hitotsubashi University, Japan; Professor Tan Poo Chang of the University of Malaya, Kuala Lumpur; Professor Priyono Tjiptoherijanto of the University of Indonesia, Jakarta; and Dr Ching-lung Tsay of Academia Sinica, Taiwan.

Professor Peter Saunders, Associate Professor Sheila Shaver and Dr Tony Eardley presented papers on behalf of the Centre. Other Australian presenters were Professor Gavin Jones from the Australian National University (ANU); Professor John McCallum from the University of Western Sydney; Mr Julian Disney, President of the International Council for Social Welfare; Dr M Ramesh from the University of Sydney; and Dr Paul Smyth from the University of Queensland.

The Workshop papers covered topics including the social policy implications of demographic trends in East and Southeast Asia; lessons from experiences in OECD countries; developments in aged care in Japan; privatisation in social policy delivery; policy priorities for international development agencies; institutional change in social assistance delivery in China; workfare programs in Korea; pension reform in Japan and Taiwan; poverty alleviation during the crisis in Indonesia; and recent developments in social security in Thailand.

The final Workshop session consisted of a panel discussion involving Professor Brian Howe from the University of Melbourne; Ms Alison McClelland of the Brotherod of St Laurence; Professor Nanak Kakwani, University of New South Wales; and Mr David Stanton, Australian Institute of Family Studies. Other participants and observers included Professor Peter MacDonald from ANU; John McWilliam of the International Branch, Department of Family and Community Services; Mr Zhibin Liu, Australian Institute of Health and Welfare; and Ms Tristen Slade from AusAID.

Full details of the Workshop papers may be obtained from Suzanne Vaughan, Workshop Coordinator (email: s.vaughan@unsw.edu.au).
In recent years the Centre has been expanding its range of collaborative research ventures. In addition to our involvement in the Luxembourg Income Study and research partnerships through the ARC SPIRT scheme (see pages 10 and 11 for reports on current and future SPIRT grants), SPRC researchers have been invited to participate in a number of collaborative studies with other national and international agencies. This article summarises the results of three such projects.

**Child Poverty in 25 Countries**

During 1998 Dr Bruce Bradbury was a consultant to the UNICEF International Child Development Centre, undertaking research on cross-national patterns of child poverty in industrialised nations. This research has continued in 1999 with assistance from an ARC small grant. The first stage of the project involved an examination of patterns of child poverty across 25 countries using data from the Luxembourg Income Study (LIS). Countries studied included most of the OECD, several of the important non-OECD economies of Eastern Europe (including Russia) and one representative of the newly industrialising countries of East Asia (Taiwan).

The study uses both relative and ‘absolute’ or constant real price poverty lines. Using the former, the Nordic and Northern European countries tend to have low rates of child poverty, whereas Southern European and English-speaking countries tend to have high rates. Using absolute poverty lines, those countries with higher levels of national income do tend to have lower poverty rates. Important deviations from this relationship are the US, which has a much higher level of child poverty than its national income would suggest, and Taiwan, which has a lower than expected child poverty rate. Unfortunately, Australia is one country where there remains some statistical uncertainty about poverty trends, with different data sources from the Australia Bureau of Statistics showing different results.

Whilst cash transfers to poor families are important for their living standards, market incomes are also important. Indeed, they appear to play a larger role than state transfers in accounting for the cross-national diversity of outcomes for disadvantaged children. The English-speaking countries other than the US, for example, actually provide quite substantial income transfers to the families of their most needy children. The living standards of these children, however, remain relatively low because of low labour market incomes. Labour market policies must therefore be centre-stage in any efforts to increase the living standards of poor children.

A summary of this research can be found in the forthcoming issue of Family Matters, and the full UNICEF report is available from the SPRC web site. The second stage of the UNICEF research project is a study of child poverty dynamics across a smaller set of seven nations (the US, Ireland, the UK, Spain, Germany, Hungary and Russia). Results of this study, involving a large team of international collaborators, will be published next year in a book to be edited by Bruce Bradbury, Stephen Jenkins of Essex University and John Micklewright of UNICEF. In this study, a large team of researchers has drawn upon longitudinal data from the seven countries, describing longer-term patterns of income in families with children.

This focus on dynamics is motivated by two main factors. First, an understanding that the severity of poverty depends very much upon the length of time over which it is experienced. Second, there is a growing recognition that many of the policy responses to counter child poverty must be focused upon key transitions of household demographic and labour market status, rather than on simply providing income support. In order to understand the nature of these transitions, and possible policies that might influence them, it is necessary to follow the household circumstances of children over a number of years.

In the initial results from this study, the economic turmoil of post-transition Russia stands out, with very large fluctuations in children’s living standards from year to year. Across the other countries, the dynamic experience of child poverty has a surprising degree of uniformity. The US, if anything, has less mobility in and out of child poverty - implying that mobility does not offset the higher cross-sectional poverty rates found in that country.

**Australia’s Welfare 1999**

Every second year, the Australian Institute of Health and Welfare (AIHW) releases a comprehensive review of changes in the scope, structure and organisation of welfare services under the title of Australia’s Welfare. As AIHW Director Richard Madden indicated in the Preface to the 1997 edition, the report is ‘an up-to-date, reliable and interesting digest of how Australians need and help each other’.

This year’s edition of Australia’s Welfare includes a special chapter entitled ‘Changing Patterns of Work and the Community Services Workforce’, prepared by SPRC Director Peter Saunders. The chapter draws together some of the themes addressed in more detail elsewhere in the report and focuses specifically on the role and impact of work undertaken in providing community services. This is done against a background of changing patterns of work in Australia as a whole, not only paid work in the labour market, but also unpaid work performed on a voluntary basis for community organisations or in the home.

A distinguishing feature of community services work is that much of it takes place outside of the labour market, most of it unpaid and, at least in statistical collections, often unrecognised.
The chapter draws on a range of statistical information on the characteristics of those formally employed in community services and those providing welfare assistance on an unpaid basis. One of its most important messages is that paid work represents only part of the total activity that Australians devote each year to providing assistance to those who need it.

The chapter also explores how the community services workforce has interacted with the workforce as a whole. It highlights the relative growth of employment in the community services sector and the fact that the services provided by community sector workers has enabled many other people to work - specifically mothers with young children, people with a disability and their carers. These three groups have increased their participation in the labour market in recent years, in part due to the support and assistance provided by those working in community services. At the same time, the demand on the social security system to provide them with income support has declined.

By drawing out these trends, the chapter shows how the growth of the community services workforce has made a direct contribution to overall labour force growth but has also indirectly facilitated increased employment among specific groups. For these reasons, what is happening to the community services workforce will remain a topic of intense practical and policy interest.

**Income Sharing and Income Distribution**

In 1998, the Australian Bureau of Statistics (ABS) invited the SPRC to contribute an article to the 1999 edition of Australian Social Trends. The resulting piece, by Gerry Redmond, examines the effect of the choice of sharing unit on measured inequality in Australia. That is, how do estimates of inequality vary if we assume that people in income units (single people, couples or parents and dependent children only) families (blood relations living in the same household) or households (all people who share a home) share their incomes equally?

The analysis shows that in 1995-96 measured inequality was noticeably lower if sharing among household members, rather than sharing among income unit members, was assumed. It also shows that the contribution of older, non-dependent children to family incomes decreased between the 1980s and the 1990s. One reason for this was that young people’s earnings did not increase as fast as those of older workers over this period. Another likely reason was that mothers’ employment, and therefore mothers’ earnings, increased considerably over the period. Both these factors may point to a gradual change over time in how incomes are shared within families and households in Australia.
The Social Policy Research Centre has again been highly successful in the competition for research grants from the Australian Research Council. In the 1999 round, the Centre has attracted one Large Grant (LG), three Strategic Partnerships with Industry - Research and Training (SPIRT) Grants, including two for Ph.D. students, and a Research Fellowship (APRF). In addition we were awarded a Special Project of the Australian Academy of Social Sciences. The projects receiving awards are as follows.

**Gender and Autonomy: The Role of Policy in Determining Women's Economic Independence (LG)**
Chief Investigators: Associate Professor Sheila Shaver and Mr Gerry Redmond
Total funding over three years: $83,000
This project will examine the relationship between policy and women's autonomy in Australia and other industrialised countries. It will investigate how social and related policies facilitate women's autonomy both within and outside the family, and how other factors, such as women's personal characteristics and the labour market intervene. Research will be informed by theories of gender and the welfare state, and will include comparison of policies, institutions and survey microdata across four industrialised countries.

**Time for Caring: Determinants of Informal Care and Time Use Data (SPIRT)**
Chief Investigators: Mr Michael Bittman and Ms Cathy Thomson
Total funding over two years: $105,198 (including industry partner's contribution in cash and kind)
Currently, care of disabled and elderly people depends predominantly on informal carers in the community. However, little is known about what influences the demand and supply of caregiving. In collaboration with Carers NSW, this project will use the ABS Time Use Survey to study the determinants of the nature and intensity of informal care. It will examine how the care recipient's level of dependency and use of support services together with the carer's own characteristics, affect time spent in caregiving.

**The Provision of Human Services: Funding Models and Outcomes (SPIRT APA(I))**
Chief Investigator: Associate Professor Sheila Shaver
Total funding over three years: $129,720 (including contributions in cash and kind from industry partner)
In partnership with the New South Wales Department of Community Services (DoCS), this project will examine the nature and role of the models used by government to fund community organisations to provide human services, and the linkages between these models and the funding outcomes for organisations and their clients. The research will focus on the funding models used by DoCS, how models are used in different program areas, and how models affect outcomes in human service delivery. The grant provides support for a doctoral student.

**Contestability in Human Service Delivery (SPIRT APA(I))**
Chief Investigator: Associate Professor Sheila Shaver
Total funding over three years: $126,600 (including contributions in cash and kind from industry partner)
This project, again in partnership with DoCS, aims to determine the impact of making human and welfare services contestable on relationships between funder and provider, and on service users. Empirically, the project will contribute to effectiveness, flexibility and efficiency in the organisation of human service delivery. Theoretically, the project will add to conceptual understanding of contestability in instances where competition is based on factors other than price. The grant provides support for a doctoral student.

**Moving Towards an East Asian Welfare Model? China's Social Security System Reforms (APRF)**
ARC Postdoctoral Research Fellowship awarded to: Dr Xiaoyan Shang
Total funding over one year: $48,066
This research will analyse the process of social security reform in China, using a political economy approach. It will situate China in its regional context and explore whether there are elements of similarity and convergence between other East Asian welfare systems and that emerging in China.

**The Economic and Social Costs of Unemployment (Special Academy Project)**
Project Directors: Professor Peter Saunders (SPRC) and Associate Professor Richard Taylor (University of Sydney)
Total funding over one year: $105,000
In a multi-disciplinary collaboration with experts from other academic institutions nationally and internationally, this project will analyse the literature on the costs of unemployment, giving appropriate weight to the social as well as the economic costs in a number of domains, including health. The aim is to identify a framework for estimating the various costs in the context of the social conditions in which unemployment currently is occurring in Australia.
The new Job Network was implemented on 1 May 1998. A radical change in employment policy, the Job Network comprises a quasi-market place of organisations competing for government contracts to provide various employment services. The players in this market include those from the private-for-profit sector, the community non-profits and the government-owned corporation, Employment National, which replaced the Commonwealth Employment Service in February 1998.

The SPRC is currently undertaking a study of the impact of the new arrangements, focusing particularly on the role of community not-for-profit agencies. Partly funded by the Australian Research Council, the research involves a collaboration between the SPRC, the Brotherhood of St Laurence in Melbourne, and Job Futures, a national consortium of not-for-profit employment service providers.

Research instruments were finalised in early October, and fieldwork is now well underway. Interviews and focus groups are being conducted with provider agency directors, managers and staff, unemployed people who are looking for work, employers who use the Job Network and other key community stakeholders (such as welfare services and other employment, vocational training and education providers). The field work is currently being undertaken in ten agencies in NSW and Victoria, reflecting a spread of contract types (‘job matching’, ‘job search training’ and ‘intensive assistance’); urban, fringe urban and regional areas; areas with contrasting levels of labour demand and supply; and areas with high unemployment for specific groups (such as people from non-English speaking backgrounds, indigenous people and young people). Work is also being undertaken in two additional sites where agencies have failed to win contracts or have returned them and closed their operations.

The research will also draw on and analyse any available quantitative data on job seeker and employer processes and outcomes. The first phase of fieldwork will be completed by mid-December, except for the employer surveys, which will take place early in the new year. The jobseekers will be followed up in mid-2000, to gauge any employment, training or other outcomes, and to gain their reflections on experiences within the Job Network system.

It is too early to report on findings from the study. However, the initial fieldwork suggests the importance of both general features of the new arrangements which are likely to be common across most areas, and specific local dimensions which seem to depend on local labour markets and the nature of the employment services involved.

David Abello

The Link between Children’s Services and Child Protection

Research suggests that access to children’s services may be an important factor in preventing young children under school age at risk of abuse and neglect from entering substitute care. However, there is little empirical evidence available to indicate whether the use of such services prevents children at risk from moving further into the welfare system. The Social Policy Research Centre (SPRC) has been commissioned by the Office of Childcare, NSW Department of Community Services to undertake a research project to examine the link between children’s services and child protection.

In order to gain a comprehensive overview of the relationship between children’s services and child protection, the project is investigating how the system currently operates from the perspective of workers involved in both service sectors.

The research is being conducted in two stages. Stage 1 involves the literature review of research undertaken in Australia and overseas on the use of children’s services as a child protection strategy. Stage II is the fieldwork component of the study and involves the collection data from workers in children’s services and child protection agencies using a variety of methods. It will be conducted in four areas, including a metropolitan location, a regional location, a rural area and a multicultural locality. This stage of the project will comprise three elements:

- a survey of directors of children’s services;
- focus groups with workers in children’s services and child protection agencies; and
- the production of the final report.

In order to examine the contribution of children’s services in preventing or reducing the risk of child abuse and neglect in families under stress, it is important to gain some understanding of the context in which the present system operates. The survey of Directors of children’s services in each area will provide this contextual information.

The major focus of this project is the consultation process with workers involved in direct service provision. Two sets of focus groups (one with workers in children’s services and the other with child protection) will be conducted in each field work area. The analysis

Continued on page 12
of the results of the focus group with workers from children’s services and child protection agencies and the data collected from surveys with Directors of children’s services will be written up to provide the basis for recommendations for future policy.

We are currently in the first phase of the project, involving the literature review. The fieldwork component of the study will be conducted in November and early December. The project will be completed early in 2000.

The research team includes Professor Peter Saunders, Karen Fisher, Cathy Thomson and Marilyn McHugh from SPRC, and Dr Elizabeth Fernandez from the Department of Social Work, UNSW.

_Cathy Thomson_

**Casual Jobs in the 1990s: How Do They Affect Career Prospects?**

One of the most dramatic trends in the Australian labour market over the last decade has been the increase in the importance of casual work. In 1996, 22 per cent of working Australians were employed on a casual basis in their main job, compared with 13 per cent in 1982. Though still dominated by mothers and full-time students, the current casual work force comprises a broader demographic than it did in the 1980s. In 1996, females comprised 55 per cent of the casual work force, mostly in part-time work, and males made up 45 per cent, half of whom were in part-time work.

For some the flexibility of casual work may be desirable. However, a substantial number of casual workers would prefer a permanent job. For others the desire to work casually may only be temporary. For example, a mother’s child-care responsibilities do not extend to her retirement age and younger workers might eventually want a permanent job to service long-term financial commitments such as a mortgage.

An important question, therefore, is whether people in casual work can move into permanent work when they want to. This is the subject of research currently being carried out at the SPRC by Jenny Chalmers and Dr Guyonne Kalb, assisted by Kate Norris. The research aims to answer the question of whether casual work operates as a bridge to permanent employment or a trap. Casual work may help to make the job seeker more attractive to employers offering permanent work. Alternatively casual workers and permanent workers may operate in different segments of the labour market, with institutional barriers constraining mobility between the two segments.

Longitudinal information on labour market status and career development is required to undertake this empirical analysis. The release of the Survey of the Employment and Unemployment Patterns (SEUP) by the Australian Bureau of Statistics provides suitable Australian data covering the period from 1994 to 1997.

Our analysis to date provides mixed evidence for the claim that casual workers and permanent workers operate in different segments of the labour market.

• It is clear that casual workers are disadvantaged in terms of the training they receive from their employer, both in terms of the likelihood of receiving training and the effectiveness of that training in terms of wage growth.

• However, the wage structures of casual and permanent workers are quite similar. The average casual worker receives much the same increase in wages for each year of work experience as the permanent worker. Also, all men and most women who work casually are paid the same increment for their education as similarly educated permanent workers. However, women with vocational and secondary education are rewarded substantially more for their education if they work permanently rather than casually.

• Furthermore, while education and work experience have little effect on the likelihood that men will work casually, they do play a role for women. Casual work amongst women is most common at the beginning and end of their working lives. The relationship between education and the likelihood of working casually is not straightforward. While the least educated (those who have not finished secondary school) and those with vocational qualifications are the most likely to work casually, the most educated women (those with tertiary qualifications) are the next most likely.

For information on future outputs from this research contact Jenny Chalmers.

_Jenny Chalmers_

**Stocktake of Service Delivery Models at the Boundaries of Aged Care Programs**

This project was commissioned by the Commonwealth Department of Health and Aged Care to "provide current and accessible information as a base for aged care policy development and planning processes in relation to the interface between residential care, community care and health care" (DHAC consultancy brief, March 1999).

The need to address these boundaries has been prompted by a number of recent changes in both the health and aged care systems. In aged care, new programs aimed at providing higher levels of support for frail older people in the community have drawn on services and funding across the boundaries of what had previously been separate and discrete programs. In acute care, elements of post-acute, sub-acute and non-acute care for older people have increasingly been provided outside hospitals and have seen the development of
a number of projects aimed at facilitating transfers from acute to other settings. Commonwealth and State and Territory Governments have jointly and separately supported a number of initiatives to address these trends and to promote effective use of resources in the acute care sector. Beyond these organised programs, a number of individual hospitals and other service providers have also taken initiatives within their own services.

The tasks of the Consultancy were: first, a review of recent international and Australian literature; second, an analysis was made of a range of secondary data sources to provide an account of the flows between health and aged care services that different boundary projects have been addressing; and third, the compilation of the Inventory from readily available published reports and contact with relevant State Government departments. The Consultancy did not conduct primary research or any kind of survey to identify projects. The main aim was to identify the need for, and possible directions of, further research required to gain a fuller account of boundary projects and client flows. Finally, a typology was developed to provide an analytic account of the types of projects in the Inventory.

Fifty-eight projects were identified for the Inventory, although the actual number of service projects is larger, as in several instances one project entry covers a number of service outlets; e.g., the single entry for Community Aged Care Packages (CACP) covered some 221 service projects delivering CACPs as of 1997.

A two-level typology was defined, with four major groups divided into 14 sub-groups. The main groups were defined on the basis of projects being based in hospitals or in the community, and then on the type of services provided, such as coordinated care, rehabilitation, allied health, and transition care.

A number of issues arising from the changing nature of boundaries in the health and aged care systems are reviewed and a number of catalysts to change identified. Also identified were a number of issues that have been substantially resolved and for which sustainable options have emerged and no new options for development were needed.

Three areas were identified as presenting multiple options for future development.

- The need for the consolidation of post-acute boundary projects which were found to be spread across three of the typology groups and represented 23 of the 58 entries in the Inventory.
- Common elements were that all involved Aged Care Assessment Teams (ACATs) for assessment and all carried out coordination functions, but funding arrangements varied.
- The need to streamline the provision of aids and equipment.
- The need to improve basic information collections; conduct further research in a number of specific areas; and develop an ongoing monitoring and evaluation effort in the aged care program.

Lynn Sitsky

Workforce Circumstances and Retirement Attitudes of Older Australians

Over recent decades, there have been substantial changes in the labour force circumstances of people in their fifties and sixties. The proportion of mature age men in full-time employment has fallen, while there has been some increase in part-time work. This trend appears to have ceased since 1993. The proportion of women in both full-time and part-time employment has risen, although there are differences in the trends between partnered and non-partnered women. The unemployment rates are high for single women, and low for partnered women, with men’s unemployment rates in between.

These trends have been observed in most other OECD countries to varying degrees.

The relatively low employment rates (56 per cent) and high level of social security receipt (34 per cent) among 50-64 year olds, and the projected increase in this age cohort as a proportion of the population are a cause for concern. This concern is based on the welfare of the people who are unable to find suitable work (the unemployed, under-employed and discouraged job-seekers), the potential increases in social security expenditure and loss of tax revenue, and the impact on labour market efficiency and flexibility. The loss of potential superannuation savings and the running down of existing assets will have implications for age pension spending and retirement incomes in the future.

A wide range of hypotheses have been put forward for the low employment rates among people of this age. These comprise both supply side and demand side factors such as:

- negative employer attitudes to retention and recruitment of older workers;
- industrial re-structuring, which has disproportionately affected older male workers;
- lack of skills and training demanded by the current job market;
- low expectations and lack of job-finding skills and information among would be workers;
- workforce barriers such as disability, caring responsibilities or other unpaid work;
- easier access to income support, higher replacement rates or other disincentives stemming from the income support structure or income support/tax interactions;
- greater private resources such as redundancy packages, superannuation or higher levels of personal assets; and
- a culture of early retirement.

There has been little empirical work in Australia examining the...
New Publications

SPRC Reports and Proceedings

Social Policy for the 21st Century: Justice and Responsibility

Proceedings of the National Social Policy Conference 1999
Volumes 1 and 2

SPRC Reports and Proceedings Nos. 141 and 142
Edited by Peter Saunders and Sheila Shaver

This year's National Social Policy Conference was the 6th organised by the SPRC and one of the most successful, drawing more than 560 participants from government, academia and the community services sector, and attracting a record number of papers. A refereed selection of papers is now available in two volumes.

Volume 1 begins with Jill Roe's Keynote Speech, Policy and the End of the Cold War: Where Do We Stand?, and Anne-Marie Guillemand's Plenary Address, Work or Retirement at Career's End? A New Challenge for Company Strategies and Public Policies. The 15 other papers pursue topics including globalisation, housing and homelessness policy, social care, contracting and marketisation, and mutual obligation. Contributors include Christine Everingham; Robina Goodlad; Vaughan Higgins and Daniela Stehlik; Andrea Lanyon; Marie Leech; Max Liddell and John Murphy; Hans Lofgren; Jane Robbins; Elizabeth Seddon and Helen Disney; Nick Turnbull and Toby Fattiore; Jocelyn Williams and Frank Sligo; and Anna Yeatman.

Volume 2 starts with Peter Townsend's Plenary Address, Poverty, Social Exclusion and Social Polarisation: The Need to Construct and International Welfare State. Subsequent papers cover topics including wages policy, poverty, income distribution, welfare-to-work, indigenous incomes, welfare dependence, locational disadvantage and unemployment. Contributors include Siobhan Austen and Alison Preston; Maureen Baker; Brain Easton; Catherine Jones Finer; Katja Forssen; Scott Hook; Boyd Hunter and Matthew Gray; David Ingles and Ken Oliver; Deborah Mitchell; Heidi Nietz; Jocelyn Pech and Frances McCoul; Gerry Redmond; David Rowlands; Mohammad Stiapush and Gopal Singh; Ken Smith; Janet Taylor and Rob Watts.

SPRC Research Resources

Budget Standards and Income Adequacy
An Annotated Bibliography

SPRC Research Resources No. 15
Diana Encel

This bibliography has been prepared as a companion to the SPRC's report on Indicative Budget Standards for Australia, which was published in 1998 by the former Department of Social Security. It is concerned with the process of identifying and costing household needs and then constructing the budgets in money amounts required to purchase the goods and services which satisfy those needs. It includes works that discuss the concepts involved, describe aspects of their construction and consider the ways in which budget standards, once constructed, may be used. The uses include: assessing the adequacy of income support payments; exploring the relationship between household incomes, budgets and living standards; deriving equivalence scales for families of different size and composition; estimating the cost of a child, the cost of working, and the extra costs for families which include a person with disabilities; and determining variations according to location.

This bibliography includes works which discuss the ways in which particular levels of need have been decided upon, the criteria used in deciding which budget items should be included or excluded when drawing up the 'basket' of goods and services, and the methods used to distinguish between budgets which correspond to different standards of living.

SPRC Discussion Papers

Tax-Benefit Policies and Parents' Incentives to Work
The Case of Australia 1980-1997

SPRC Discussion Paper No. 104
Gerry Redmond

This paper examines the relationship between unemployment and tax-benefit provisions for families with different numbers of children over the 1980s and 1990s in Australia. How have government policies influenced incentives to work for parents in families with different numbers of children during the 1980s and 1990s? And how can these changing incentives be related to the labour market activities of parents in these families? To examine these important questions we use tax-benefit modelling techniques on hypothetical families to show that for most of the 1980s and 1990s, the Australian tax-benefit system caused considerable incentive problems for low-paid workers, particularly those with several...
SPRC moves towards Internet publishing

The Centre is in the process of moving towards more Internet publishing of its research output. Over the next few months we will be revising and updating the website, and making available all our recent Discussion Papers and Newsletters for downloading in PDF format. We will also gradually be adding on earlier publications, as well as our Reports and Proceedings. For the time being all our publications will continue to be available also in printed form. Please see future Newsletters for details about further changes in the availability of publications, or contact our Publications Officer for more information.

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From the Projects continued from Page 13

relative strength of these factors in influencing the level of employment among people of this age. Yet, if as a society we hope to increase employment, each of these factors requires a different policy remedy. The effectiveness of any remedy would be partly determined by the relative influence of the problem it addresses.

The Department of Family and Community Services has established a project to provide better understanding of the reasons for, and dynamics of, unemployment and labour force withdrawal among older workers, their income support patterns and their financial circumstances. The objective is to enable policy makers to assess what measures Government might be taken by Government to increase employment rates (including job retention and re-entry rates) among 45-69 year olds, and how to target such measures most effectively.

As part of this project, FaCS has commissioned the Centre to carry out a survey of employers to explore their perceptions of and attitudes to mature age workers, to analyse existing literature and statistical sources to test some of the hypotheses above, and to examine public policies affecting mature age employment. It has also seconded Julia Perry, a senior policy officer with the Department, to the SPRC for twelve months to undertake research on this issue.

This work will complement other surveys and analysis that the Department is planning to undertake.

Julia Perry

New Publications continued from Page 14

children. However, we also show that in themselves these incentive problems appear unlikely to be responsible for the consistently high unemployment levels, or low employment levels, found among parents of large numbers of children.

The Responsibility for Child and Aged Care Shaping Policies for the Future SPRC Discussion Paper No. 105

Michael Fine

Like other comparable English-speaking countries, Australia is looking increasingly to the market as the means of meeting human needs. This raises questions about the responsibility of providing care for those who by virtue of their age or other characteristics are excluded from the labour market, and are unable to provide for or care for themselves.

It is widely accepted that, in most instances, families have had and continue to assume primary responsibility for the care of young children and older people in need of support. However, experience in the fields of aged care and child support suggests that state support and intervention has been required when families are unable to continue in those roles. As the existing ‘safety net’ of state intervention is coming under unprecedented demographic, economic and political pressure there is a need to re-examine alternative options for providing care in an ageing society.

Following a brief, comparative review of the history of aged care and child care in Australia, this paper considers the options and implications of shifting the balance between the various potential sources of support. These include care provided by unpaid family caregivers, care provided by the voluntary community-based agencies, market-based care provisions, and care provisions supported by the state. Attention is drawn to the implications of the changing character of aged care as well as to the links between labour force participation and the ability of family caregivers (especially women) to provide care, and to the impact of different forms of provision on equity between and across generations.