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NO 64 FEBRUARY 1997

SPRC Social Policy Research Centre

NEWSLETTER

SEARCHING FOR A 'ONE-STOP-SHOP' AND THE SEAMLESS SERVICE SYSTEM

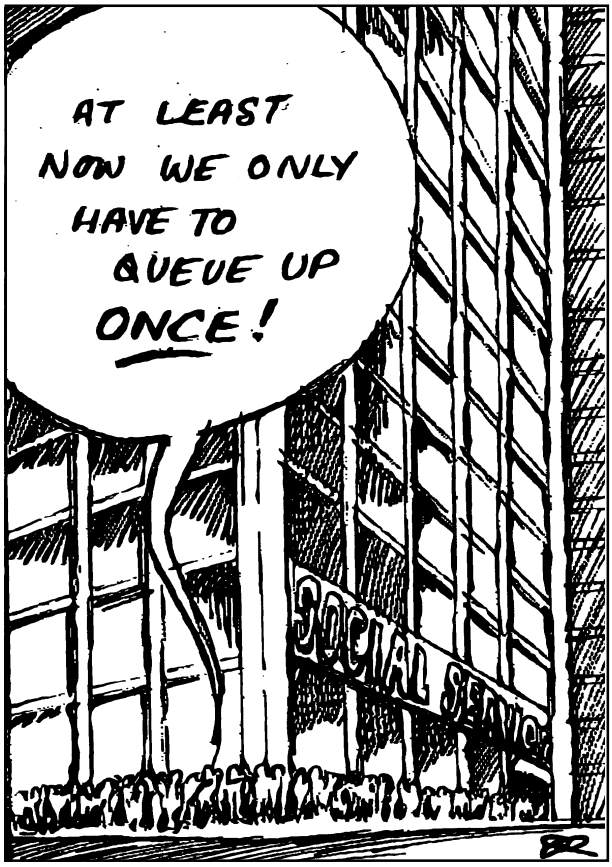
BY MICHAEL FINE

The integration of services is an issue that is already of fundamental importance to a wide range of reforms currently under consideration in the health and social services system at local, state and national levels. A prominent example is the Council of Australian Governments (COAG) coordinated care trials, a series of large scale field experiments with reforms to health and community care. These reforms are, for a large part, concerned with combining cost controls with the development of links between medical and community care, involving hospitals as well as the primary, secondary and community care systems. By pooling funding, the projects hope to draw together fee-for-service based private practitioners, with public and semi-public services funded on an annual or bi-annual basis.

There are many other examples in which similar problems are being addressed, although often with different sorts of solutions in mind. In New South Wales, for instance, the Social Policy Research Centre is currently responsible for the evaluation of a series of large scale Demonstration Projects in Integrated Community Care. The aim of these projects is to trial innovative ways of organising and delivering an integrated system of community support services for aged people and other people with disabilities requiring long term support. Rather than attempting to impose change on a diffuse and relatively low cost system of local services, it is envisaged that different models of coordinated service delivery will be developed by members of local service agencies acting in consultation with consumers, caregivers and other interested parties.

The search for better models of integration extends to almost all types of human services.

cont'd page 3



CONTENTS

Staff and Visitors Update 2
From the Director 3
1997 SPRC Conference 6
From the Projects 8
New Publications 10

FEATURE

Searching for a 'One-Stop-Shop' and the Seamless Service System

SPRC examines the trend toward the integration of health and social services.

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THE SOCIAL POLICY RESEARCH CENTRE

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

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

The Centre 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; levels of social and economic inequality including poverty and the measurement of income and living standards; the changing structure of the mixed economy of welfare and the roles of state, market, household and non-government sectors in meeting social needs; in policies and programs in social security, taxation and the labour market, and in community services policies and programs.

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.

STAFF AND VISITORS UPDATE

MARY-ROSE BIRCH joined the SPRC on a temporary basis in November 1996, after completing her Honours in Sociology Research at the University of NSW. Mary-Rose is working on a study commissioned by the DSS on Rent Assistance for residents of retirement villages.

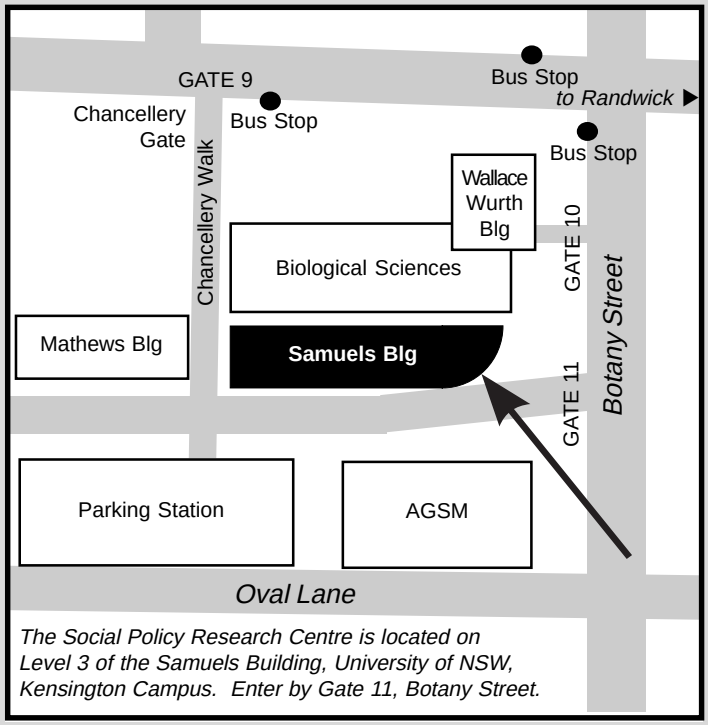
NICK TURNBULL, a final year honours student in Social Science and Policy at the University of NSW, has started work, on a part-time basis, assisting with the entry and analysis of data for the demonstration projects in integrated community care.

GIL SRZEDNICKI joined the Centre in December 1996. Born in Switzerland, she has lived in Costa Rica and Bangladesh before settling in Australia in 1989. She brings a wealth of linguistic talent to the Centre, being bilingual in French and German with fluency in Italian and Spanish as well as English.

SHARON HANCOCK joined the SPRC in December 1996 as the Publications and Information Officer. She will be working on the production, sales and distribution of all SPRC publications including editing the SPRC Newsletter.

ASSOCIATE PROFESSOR JØRGEN ELM LARSEN from the Department of Sociology, University of Copenhagen will be at the Centre as a Visiting Scholar from February to April 1997.

The Centre wishes to congratulate Senior Research Fellow TONY EARDLEY on gaining his D.Phil from the Department of Social Policy and Social Work at the University of York.



The Social Policy Research Centre is located on Level 3 of the Samuels Building, University of NSW, Kensington Campus. Enter by Gate 11, Botany Street.

FROM THE DIRECTOR

During the latter months of last year I was overseas, partly on sabbatical leave or Special Studies Leave (SSP) as it is now called. Among the places I visited were the University of British Columbia (UBC) in Vancouver and the Japan College of Social Work in Tokyo. In addition, conferences took me to Aarhus and Odense in Denmark and to Wellington in New Zealand. My visits provided me with valuable insights into the issues, debates and responses shaping social policy in other countries at this critical stage.

At UBC, I had the good fortune to be attached as a Resident Member of Green College which was recently established under an endowment provided by Cecil H. Green. The college houses around two hundred graduate students from a variety of countries (including several Aussies) and is a vibrant and exciting source of intellectual debate and interdisciplinary scholarship - in addition to having a wonderful location on the edge of the UBC campus and (most unusual in such a setting) excellent food prepared by one of Vancouver's top chefs! It was a great experience to see scholarships flourishing so successfully and in so many directions; an opportunity all too rare in today's world of budget pressures, cutbacks and accountability (or as Green College Principal Professor Richard Ericson has called it 'account-ability').

In Japan, I participated in an International Symposium to mark the fiftieth anniversary of the Japan College of Social Work. Other speakers came from Finland, Korea, Thailand and the United States, in addition to Japan, and the Symposium was followed by a formal ceremony attended by His Highness the Emperor. These events provided unique insights into Japanese society and my visit, though brief, highlighted the challenges facing social policy in Japan, including a rapidly ageing population, some suspicion about the benefits of the welfare state and, of course, concerns over its cost.

The East Asian countries generally are trying to encourage the development of a 'welfare society' rather than construct their own 'welfare state', giving emphasis to obligation, voluntarism and personal responsibility rather than relying on mandated social arrangements. In so doing, however, they are eager to study and learn from the experiences of countries like Australia who have progressed far down the welfare state pathway. That process is, or at least should be, a two-way street. We can learn from the experiences, values and customs of our neighbours as they can from us. The ideals of social justice and sustainable prosperity transcend national borders and it is ultimately ideas which will shape their attainment.

After Japan, I spent brief periods in Denmark and New Zealand. In the former, it was interesting to hear several commentators at a Conference organised by the International Social Security Association (ISSA) pay tribute to the role of social insurance in facilitating social solidarity among national populations in Europe, and it was fascinating to see how far the idea of a unified Europe - politically and economically - has come in such a relatively short time.

In New Zealand, my visit coincided with the announcement by Winston Peters that his New Zealand First Party would enter into a coalition with the National Party. Although this came as a disappointment to some, one could sense a clear feeling across a very broad spectrum of the society, a wish for some stability after what has been a prolonged period of radical change.

I enjoyed immensely having this chance to observe other societies in operation first hand and gained much from doing so. Travel broadens the mind in so many ways, but it is always so good to come back to Australia in order to reap the benefits.

Peter Saunders
Director

SEARCHING FOR A 'ONE-STOP-SHOP' AND THE SEAMLESS SERVICE SYSTEM

CONTINUED FROM PAGE 1

In the field of employment, for example, the former government sought to link social security payments, training and workplace placement through such mechanisms as case management, while the current one has sought to fuse many of the functions of the former departments of Social Security and Employment, Education and Training. Similar discussions are taking place, indeed reforms are being implemented, in such diverse fields as housing, education, child protection, disability services and social advocacy. The list does not stop there.

A common language is used in each case, with phrases such as 'one stop shop', 'seamless services', improved information systems and 'case management' invoking visions of consumer ease. These phrases are often also mixed in with new governance measures involving a shift from direct government provision to contracting-out, the abolition or restriction of public programs, the use of competitive tendering and quasi-markets, and greater differentiation between funders and providers. Not surprisingly, proposals for improving service coordination and integration are often confused with those for privatisation. But while the two may often go together in practice, they are, at the conceptual level at least, logically distinct.

Using examples from the United States, John O'Looney has contrasted two movements for the

cont'd page 4

SEARCHING FOR A 'ONE-STOP-SHOP' AND THE SEAMLESS SERVICE SYSTEM

CONTINUED FROM PAGE 3

reform of human service delivery: a movement towards greater privatisation, long advocated by neo-conservatives; and a movement towards more integration of services, generally supported by more progressive forces including those he terms 'political liberals'. Both movements, he argues, are directed at 'changing the current fractured and bureaucratic system of service delivery, both movements promise greater effectiveness and efficiency, and both offer to increase agency sensitivity to client needs' (O'Looney, 1993: 501). He contends that the two approaches are not necessarily opposed and that there may be a number of different organisational solutions to these problems which draw on both these movements.

A major impetus towards organisational reforms of both kinds arises from the attempt by governments of different persuasions across the English speaking world to reduce expenditure, or at least to ensure that existing resources are used to maximum effect. Accompanying this has been the emergence of new models of organisation and administration. From rejecting Max Weber's long standing orthodoxy that the triumph of bureaucracy in the twentieth century arises from its 'technical superiority over any other form of organisation' (Weber, 1968: 973), new and more creative forms of organisation have emerged.



Bureaucracy and the large scale 'Fordist' mass production systems encountered in both administration and production for most of this century are no longer the ideal model. In this regard, changes in social service delivery run parallel to, and in many senses mirror, other changes taking place in different realms of social organisation – in the corporate world as well as in social movements such as the women's movement, conservationists and the community-based and self-help movements.

The advent of new models of administration to replace the bureaucratic mode of human service delivery has been deceptively long coming – extending from before the small is beautiful approach of community based organisation in the 1970s, to the radical sundering of the public sector heralded by the New Public Management (NPM) of the 90s. Each of these developments has in turn contributed to the fragmentation of service provision. Small, highly specialised services may not have all the problems of large and impersonal institutions, but nor are they are able to provide the comprehensive range of interventions that the larger, traditional institutions encompassed. Similarly, replacing public services with a range of non-government providers not only undermines the sense of ownership and entitlement of citizens to some services, it may also remove their familiarity with the system. While a range of providers may appear to offer choice, finding out who does what can become a complex nightmare, wearying, and perhaps excluding, all but the most determined and informed consumers.

The move towards service integration may be seen in this regard as an attempt to overcome some of the problems most closely associated with post-Fordist types of organisation, as well as to deal with the existing inadequacies of a system that has grown ever more complex and specialised over the course of the twentieth century.

One of the major difficulties encountered by those seeking to improve the coordination of human services is the absence of acceptable solutions to the problems encountered. This is particularly the case given that the one simple, tried and tested method of overcoming fragmentation – reliance on bureaucratic coordination – is so often still ruled out of contention. What we have, instead, is a range of useful techniques, each of which o ffer some prospects but appear unlikely to offer a full solution on their own.

Case management (sometimes termed care management), for example, is a relatively new and still innovative approach to the coordination of services in which an individual agent, usually a professional service official, is charged with the responsibility of organising an appropriate package of services for an eligible client. Such an arrangement may or may not involve the brokerage or purchase of services on behalf of the client. In most instances managers are not themselves direct service providers. Experience in Australia as well as overseas has shown the approach to be of considerable benefit for a significant, but clearly confined group of service users (Davies, 1992). It is also relatively easily adopted for use in a variety of other settings, including both public and private sector initiatives. But its high costs (an additional 20-30 per cent over the services being coordinated) limit its applicability to those with complex needs requiring intense 'management' from a range of different agencies. Too often it is seen as a quick fix for complex problems. As the American case management expert Carol Austin has argued:

> Case management exists because of our market-oriented, fragmented,

illness-based health industry that leaves 34 million uninsured, accepts the *highest infant* mortality rate amongst industrialised nations and ignores long-term geriatric needs. The design, implementation, and effectiveness of case management cannot be understood out of context. In and of itself, it is a piecemeal response to an enormous health and social services problem. ... By itself, case management cannot alter biases and shortages in the delivery system. (Austin, 1992: 64)

Case management is not the only panacea being prescribed for the problems of service fragmentation. Other approaches advocated range from the promotion of formalised sub-contracting between services to the development of multi-disciplinary teams, the co-location of local agencies and the use of information technology to link individuals to physically discrete agencies creating virtual, comprehensive service centres.

Each of these approaches is likely to have some merit. As to how services can be best coordinated, however, the international evidence remains inconclusive. Further, as perfect coordination between a range of different professions and agencies is likely to remain an elusive goal, whatever measures are taken, it is important that difficulties with coordination are not used as leverage with which to begin the dismantling of entire local systems of support.

As a colleague, a service coordinator who was previously a seamstress, points out: *If you make a garment without seams, it won't fit anybody.*

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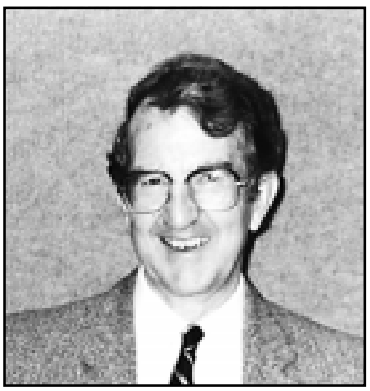
CHANGES TO THE SPRC MANAGEMENT BOARD

PETER SAUNDERS

The December 1996 meeting of the Centre's Management Board was the last meeting held under the Board's Presiding Member, Emeritus Professor John Lawrence, who had submitted his resignation to the Vice-Chancellor in September. John had indicated to me some time ago that he wished to resign in order to concentrate on other activities and allow the timely appointment of a successor. His departure is nonetheless a sad occasion in light of his very long association with the Centre.

He was in fact heavily involved in the discussions which took place before the Centre was formally announced and there can be little doubt that he was influential in seeing it located at the University of New South Wales. In the early 1980s, John served as a member of the Advisory Committee of the Social Welfare Research Centre (as it was then called) and he chaired its Research Management Committee between 1985 and 1989, before being appointed as Presiding Member of the SPRC Management Board in 1990.

The success of any institution like the SPRC depends upon much more than how efficiently its daily operations feed into the production of its various outputs. The framework is also critical, as are the ideals and values that underlie it. Creating a



productive, committed and professional organisation like the SPRC has been the result of a team effort in which many players have been involved. In our case, the Management Board has played an important role in the development of the Centre and John Lawrence has played a vital part in that process. Over the years, he has, through his many contributions to the Board's work, highlighted the importance attached to the Centre being located within a University, both for the kind of questions that have been asked in our research and how the research itself is conducted and disseminated. In particular, he has always emphasised the need for social policy research to be theoretically informed and located within the broader fabric of society and its values.

Personally, I could have asked for nothing other than the support that John has provided to me over my years as Director, both as a sounding board for my own ideas and as an independent source of ideas of his own. I have gained enormously from working with him and greatly value having had him as a colleague and as a friend. Above all, however, John has been a friend to the Centre and to everyone associated with it. Through his involvement with it he has demonstrated his strong commitment to the ideals of scholarship and compassion which have been integral to our success.

The position of Presiding Member of the Management Board will be taken over by Professor John Nevile, while Professor Allan Borowski from the School of Social Work at UNSW will take up his appointment to the Board from the beginning of 1997.

"[John Lawrence] has always emphasised the need for social policy research to be theoretically informed and located within the broader fabric of society and its values."

1997 NATIONAL SOCIAL POLICY CONFERENCE

STATES, MARKETS, COMMUNITIES: REMAPPING THE BOUNDARIES 16-18 JULY 1997

SPRC invites readers to submit papers to this year's National Social Policy Conference, **States, Markets, Communities: Remapping the Boundaries,** to be held at the University of New South Wales, 16-18 July 1997.

This theme addresses a set of arguments about the shifting contours of economic and social welfare in Australia and about the respective roles and responsibilities of different sectors. These debates have been going on for some time in the context of the globalisation of Australia's economy, but have gained extra urgency with change in the political landscape. Changes in family taxation and the financing of child care, devolution of responsibilities for aged and disability services, proposed reforms to wage bargaining structures, compulsory superannuation, full-scale contracting out of services to the unemployed and a recasting of subsidies for low-income housing are just a few of the areas in which shifts are taking place in the traditional boundaries between the state, at different levels, markets, communities, families and individuals. The Conference will provide an opportunity to discuss all these contested arenas of change, through both individual presentations and discussion in plenary and forum sessions.

States, Markets, Communities: Remapping the Boundaries also invites engagement with wider theoretical and practical debates about citizenship and the inter-relation between civil society, the economy and the 'post-bureaucratic' state in constructing workable social policies for the millennium. We hope this theme will invite debate about remapping the boundaries of theory as well as policy.

The format of the 1995 conference seemed to work well overall, so the structure for this year will be a similar mix of plenary sessions, forum discussions and contributed papers in parallel sessions. The aim, as before, is to include the widest possible range of contributed papers, while allowing plenty of time for comment and discussion from the floor.

PLENARY SESSIONS

Three distinguished speakers have agreed to address the Conference in plenary sessions.

BELINDA PROBERT

Professor of Social Science at the Royal Melbourne Institute of Technology, will present the Keynote Address entitled "The Social Shaping of Work: Struggles Over New Boundaries". She is widely known for her research on post-industrial society in Australia and the way people are experiencing its effects on their lives at work and at home.

JOHN MYLES

Director of the Pepper Institute on Aging and Public Policy at Florida State University, will present a second Plenary Address, "Decline or Transformation? Western Welfare States at the Turn of the Century", putting the themes of the Conference in comparative perspective. His work in recent years has dealt with employment and income, class and gender, and the reform of retirement income.

ITO PENG

Assistant Professor at Hokusei Gakuen University, Japan will present a paper, "Japanese Social Welfare: Dilemmas of Welfare Society in Transition". This paper will discuss the way Japanese policy makers are approaching the issues of an ageing society including the growing needs of long-term care.

FORUM SESSIONS

Current suggestions for Forum Sessions include the following:

- Gender questions in social policy: has 'generation-f' got a new agenda?
- The contracting state:

balancing the budget, privatisation and the new welfare
- Solutions to unemployment: what works and what doesn't?
- Funding services and evaluating performance
- Supporting families: what directions for policy?
- Commonwealth or State? Remapping the boundaries of responsibility

CALL FOR PAPERS

Contributed papers will form a central part of the Conference, and we are now inviting offers of papers from researchers, teachers and practitioners of Australian social policy. Papers may present the results of research, discuss conceptual approaches, describe work in progress, or raise new issues for debate.

Conference discussion will be organised around the following five social policy areas, including an open section for papers outside of the nominated discussion areas.

1 WORK AND WELFARE

Employment, historically the centre of Australia's 'wage earner's welfare state', is undergoing profound changes. The 'future of work' is much debated, while unemployment has been stubbornly resistant both to job growth and to expansion of active labour market policies. Although the full effects of the *Working Nation* package have only begun to be evaluated, we are entering a new era of 'contestable markets' in employment services, the outcomes of which are difficult to predict. The effects of proposed changes to industrial relations legislation are yet to be seen. All these put new demands, including the threat of new forms of 'working poverty', on the social safety net. It is an appropriate time to reflect on the changes which the social security system has itself undergone in recent years, and on the implications of changing patterns of employment for the welfare of individuals, families and communities.

2 SOCIAL AND ECONOMIC INEQUALITIES

Indications are that social and economic inequalities in Australia are continuing to grow, along a number of dimensions. While this trend is not new, and not unique to Australia, its dimensions and their consequences are not yet fully understood. Recently identified trends have pointed particularly to increasing geographical concentrations of disadvantage and divisions in major cities. There are differences of opinion about its consequences for men and women and younger and older people. Indigenous Australians continue to experience disadvantage, while support for policies to address these inequalities appears to be weakening. There are also calls for new approaches to taxation, but there are conflicting views on what would be an equitable distribution of tax liabilities.

3 FAMILIES, THE LIFE COURSE AND SOCIAL POLICY

Few areas of society have experienced such rapid change in the second half of the twentieth century as family relationships. The strict division of labour according to gender into 'providers' and 'homemakers' has been supplanted by dual-earner families. Marriage is more fragile, the birthrate is low and families are postponing the birth of the first child. Increasing longevity, and early retirement together with more years of education have shortened the years of working life, changed the meaning of 'youth', and increased the significance of the post-retirement years. The state has relied, and continues to rely heavily, on the care provided by family members to each other. Can this continue? Who is advantaged and disadvantaged by various social policies?

4 SERVICES AND SERVICE PROVISION

Community and social services are the frontline of welfare provision. They are at once the main mechanisms of intervention and assistance in human development, and significant employers of labour. Governments have often proposed a greater reliance on principles such as 'community care', but at the same time community organisations are subject to increasing pressures to contain costs. This has resulted in demands for demonstrated efficiency, greater accountability and increased flexibility in dealing with a more diverse range of clients. How these changes have affected community organisations and their capacity to provide services is a key issue for social policy.

5 CITIZENSHIP AND THE PUBLIC/PRIVATE WELFARE MIX

In the past few decades there has been an increased call for applying the logic of the market to the provision of welfare services. Markets, some say, provide choice, and competition promotes better and more cost-effective services. In practice welfare in Australia is provided by a mixture of public, private and community organisations. At present policy makers are considering how to optimise this mix, raising issues about the balance between public and private methods of service delivery, the coordination of these elements and the effects of changes.

cont'd page 11

FROM THE PROJECTS

SOCIAL SECURITY AND THE SELF-EMPLOYED

BY BRUCE BRADBURY

"...recorded income is not a very good measure of the average living standards of the self-employed."

In 1990, the Department of Social Security paid over one billion dollars to families with members working in their own business. Over half of this expenditure was family payments, though it also included pensions and benefits paid to the spouses of self-employed workers.

The relationship between Social Security policy and the self-employed has been the subject of a commissioned research project recently completed by the SPRC. Results from this project are available in two new SPRC publications, R&P Number 133 *Self-employment and Social Security* by Tony Eardley and Bruce Bradbury and Discussion Paper Number 73 *Are the Low Income Self-employed Poor?* by Bruce Bradbury. (See also "Weighing the Fruits of Enterprise: Social Security for the Self-employed" in SPRC Newsletter No. 61, May 1996).

With the recent changes in labour markets in industrial societies, self-employment has become increasingly important. The figure below shows the growth in self-employment in Australia. In the early 1990s self-employment peaked at over 14 per cent of the non-agricultural workforce, though it has since declined somewhat.

However, many other people have working arrangements similar to self-employment. People who run their own limited liability company are defined by the ABS as not being self-employed. Instead, they are classified as employees of their own company. The limited data available suggest that this group is growing fast, with the number of private companies in Australia doubling between 1983-84 and 1993-94.

At the same time, there has been growth in the numbers of 'dependent subcontractors' – self-employed people working to a single 'employer'. Many of these people may classify themselves as employees in ABS surveys. More generally, there is evidence that many people have taken up self-employment as a refuge from unemployment.

One of the main methods that Social Security policy uses to target assistance to the disadvantaged is by using income tests. But there is anecdotal evidence that measured (or taxable) income is not a good indicator of living standards for people running their own business. This is in part because of the additional opportunities for tax minimisation available to them.

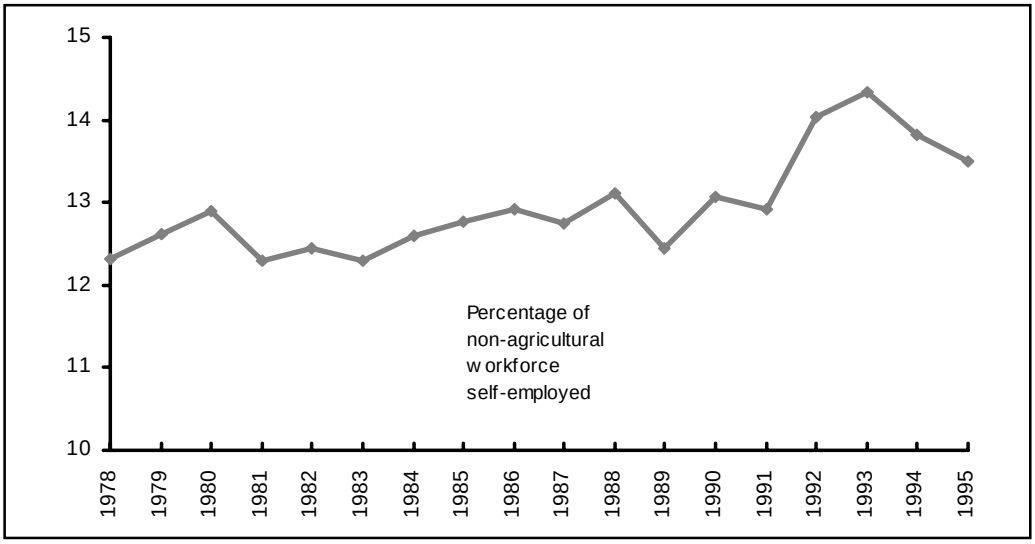
One part of the SPRC research project involved an examination of the living standards of the low-income self-employed. How successful is the means testing employed by Social Security in identifying those families with the lowest living standards? This was examined using information from several ABS household surveys of incomes and expenditures.

These surveys do confirm the view that recorded income is not a very good measure of the average living standards of the self-employed. One way of estimating apparent under-recording of income is to examine the relationship between income and expenditure for the self-employed and employees. In the ABS expenditure surveys of 1988-89 and 1993-94, the self-employed have higher expenditures than incomes, implying a living standard about one-third higher than suggested by recorded income.

In the first of these years, this conclusion is based upon expenditure as conventionally measured, whilst in the second year a more sophisticated weighted expenditure measure is used. However, some of this income discrepancy is simply due to the time lags in income collection in the ABS surveys. If this is corrected for, the income under-recording shrinks to between six and 11 per cent in 1988-89 and 30 to 34 per cent in 1993-94. The main reasons for the difference between the two years are that the estimate for the latter year is based upon a more sophisticated estimate of consumption and includes farmers, whilst the former does not (and the drought of the early 1990s may have led to atypical dissaving patterns). A 'best estimate' of the extent to which average (current) income understates the living standards of the self-employed falls somewhere between these two points.

When the focus is switched to low-income households, it appears that the self-employed have average expenditure levels some 11 to 15 per cent higher than employee households. However this does not necessarily imply that there is less poverty among self-employed households. There is some evidence (though not conclusive) that expenditure poverty in the early 1990s was actually higher for the self-employed than for employees.

Self-employment Growth 1978-1995



The reason these two conclusions are not mutually exclusive is that there are significant numbers of self-employed who have low expenditures, but who also have recorded incomes (possibly from earlier years) which place them above the low income threshold. It is difficult to draw firm conclusions about relative expenditure-based poverty rates, however, because of the possible influence of different shopping patterns in different regions of Australia.

However, Social Security policy typically uses more than just income testing to target assistance to the most disadvantaged. Asset tests are also important for the self-employed, and it is possible (for better or worse) that burdensome compliance requirements may mean that only those who really need assistance apply for payments.

An important form of assistance available to self-employed families is the higher rate of family payment paid to low income families. Is this payment well targeted towards the most disadvantaged families?

In the ABS household surveys, it is possible to identify families receiving Family Allowance Supplement (FAS) in 1990 and Additional Family Payment (AFP) in 1993-94. The above table shows a number of different living standard indicators obtained from these surveys.

COUPLES RECEIVING FAMILY ALLOWANCE SUPPLEMENT IN 1990

	Employee	Self-employed	
		Non-farm	Farm
Mean income in 1989-90 ($)	26 930	25 398	21 624
Mean weekly FAS per child ($)	26.9	29.0	29.3
Owner/purchaser or rent-free (%)	62	84	97
Mean dwelling sale price for owners & purchasers ($ '000)	124.4	137.2	158.1
Mean number of rooms in dwelling	8.34	8.77	8.31
Fraction of husbands working > 50 hours per week	0.15	0.53	0.84

COUPLES RECEIVING ADDITIONAL FAMILY PAYMENT IN 1993-94

	Employee	Self-employed	*Ratio (SE/Emp)*
Median net income ($pw)	550	368	*0.67*
Mean weekly AFP per child ($)	28	34	*1.21*
Median Equivalent Weighted Expenditure	493	542	*1.10*

Living Standard Indicators for Low-Income Families Receiving the Higher Rate of Family Payment

In the ABS income survey of 1990, the average income of self-employed FAS recipients (particularly farmers) was lower than for employees, leading to a slightly higher average rate of FAS payment. In terms of housing status, the self-employed were more likely to be home owners, and live in slightly larger households. The other side of the coin, however, is that the self-employed worked much longer hours to reach this living standard.

Similar income and payment relativities apply for AFP in the ABS expenditure survey of 1993-94 (where we cannot separate farmers). Using data on expenditure patterns, this survey suggests that these low-income self-employed have a median living standard around 10 per cent higher than employees.

These estimates of the relatively higher living standards of the self-employed need to be interpreted with some caution. Whilst self-employed family payment recipient families do score higher on housing wealth and other consumption, many self-employed families are financing this higher consumption by running down their assets, or by going into debt. Depending upon the goals of policy, the financing of this consumption from dissaving may or may not be relevant. It is easier for families who can use up savings or borrow to avoid poverty in the short term. Yet this forced dissaving may simply be leading to longer-term problems. Moreover, given the difficulty of targeting assistance to the needy self-employed, the fact that the expenditure level of the self-employed is only 10 per cent higher might be considered a targeting success.

The conclusions of this research are therefore mixed. Whilst there is evidence that some self-employed families are facing hardship, there may be room for improvement in the targeting of assistance to the most needy self-employed.

Faced with similar (or perhaps stronger) concerns over the AUSTUDY parental income test, the Department of Education Training and Youth Affairs has in the last few years radically changed the way it assesses the incomes of people running businesses. A new 'actual means test' is employed which draws upon a wider range of indicators (such as the value of housing) and requires respondents to estimate actual expenditures. Whilst this test has some attractive features, it is unclear whether it will remain viable in the longer run.

Alternately, there are a number of adjustments to the current testing system which could be introduced to increase equity. These include adjustments to prior year incomes to better reflect current circumstances, as well as measures to count the incomes of entities such as private companies and trusts.

All of these options (and others considered in R&P No133) involve trade-offs between targeting precision, administrative complexity and compliance costs for recipients. A full assessment of the optimal balance between these goals requires more detailed information on the nature of business activity among DSS clients, as well as consultation with clients themselves.

NEW PUBLICATIONS

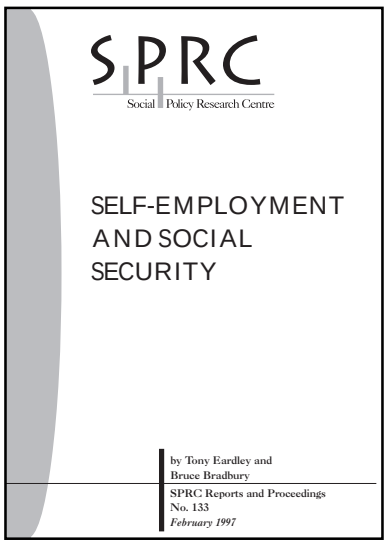
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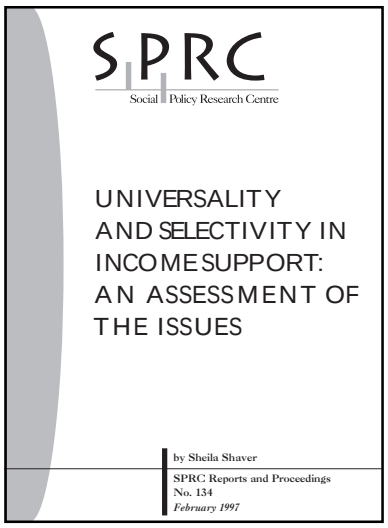
SELF-EMPLOYMENT AND SOCIAL SECURITY

SPRC Reports and Proceeding No. 133

by Tony Eardley and Bruce Bradbury

Changes in the structure of the labour market over the last few decades have seen an increasing proportion of the population becoming self-employed. At the same time, the nature of self-employment itself has also been changing. The nature of these trends is explored in this report, which then reviews evidence about the relationship between the incomes and living standards of self-employed people. Aspects of the report are described in greater detail on Page 8 of this newsletter in "From the Projects" by one of the authors of the report, Bruce Bradbury.





UNIVERSALITY AND SELECTIVITY IN INCOME SUPPORT: AN ASSESSMENT OF THE ISSUES

SPRC Reports and Proceeding No. 134

by Sheila Shaver

Should pensions be paid only to those with relatively few other resources, so that scarce funds go to the people who need them most? Or is it more just, and are pensions more willingly funded, when everyone can expect to get one in their turn? This report examines this classic social policy question in a comparative analysis of income support in six countries. These are Australia, Germany, Norway, Sweden, the United Kingdom and the United States. The study has been made possible by the availability of data from the Luxembourg Income Study and the International Social Survey Programme. The statistical studies are embedded in a discussion of citizenship, social cohesion and the structure and restructuring of welfare states. In addition the report includes an analysis by George Matheson of attitudes to government support for social expenditure in five of the six countries included in the study.

SPRC DISCUSSION PAPERS

ARE THE LOW INCOME SELF-EMPLOYED POOR?

SPRC Discussion Paper No. 73

by Bruce Bradbury

Poverty measurement in Australia has typically excluded the self-employed because of concerns about a weak relationship between their measured incomes and their living standards. At the same time, however, families containing self-employed individuals receive substantial income support. Is this support well targeted? This paper compares the living standards of low income self-employed families with low income employee families using data from the ABS 1993-94 Household Expenditure Survey. The use of expenditure data for the measurement of living standards poses particular methodological problems, for which some new solutions are proposed. The provisional conclusions of the paper are that: average incomes are a poor indicator of the average living standards of the self-employed; poverty is greater among self-employed families; but, because of the weak association between income and expenditure for the self-employed, the average living standards of low income self-employed are higher than employee families. [See also 'Social Security and Self-employment' on Page 8 of this Newsletter].

SOCIAL POLICY IN EAST ASIA AND THE PACIFIC IN THE 21ST CENTURY: CHALLENGES AND RESPONSES

SPRC Discussion Paper No. 74

by Peter Saunders

This paper adopts a broad regional perspective to review some of the major challenges currently confronting social policy in Australia and other Pacific rim countries. It begins by making the distinction between social policy and social protection and notes that the development of a welfare state is only one possible means through which governments can achieve their social goals. Recognising the specificity of the Western welfare state is an important ingredient to any comprehension of social policy which has broad significance to the region given the different forms and development of social policy currently in existence. Three main social policy challenges are then identified and discussed. They are the economic challenge, the demographic challenge and the political challenge. The broad elements required of any effective response strategy are then outlined and a brief review is undertaken of some recent initiatives that are consistent with the evolution of a regional framework for the analysis of social policy.

DAWNING OF A NEW AGE? THE EXTENT, CAUSES AND CONSEQUENCES OF AGEING IN AUSTRALIA

SPRC Discussion Paper No. 75

by Peter Saunders

This paper provides an overview of the extent of the ageing population in Australia and reviews the evidence and debates that have emerged over the extent of ageing and its consequences for social policy. After a brief historical account of ageing in Australia, the methods used by the Australian Bureau of Statistics (ABS) to project future population movements are described and the latest series of ABS projections are summarised. Particular attention is devoted to the debate over the impact of immigration on ageing and it is argued that the attention devoted to this contrasts with the relative neglect of several other important aspects of the issue. The paper then discusses in some depth the debate over the implications of ageing for social expenditure, drawing on recent work undertaken by the Economic Planning Advisory Commission (EPAC) and the National Commission of Audit. It is argued that the expenditure projections underlying this work are simplistic and fail to take account of the dynamic aspects of ageing and what these imply for the overall economic and social fabric of an ageing society. After providing a few illustrations of how Australian social policy has been responding to ageing, the paper finishes by providing some case study evidence which illustrates the kinds of difficulties encountered by those Australians who are trying to cope with the problems of old age.

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1997 NATIONAL SOCIAL POLICY CONFERENCE

CONTINUED FROM PAGE 7

6 OPEN

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