

# States, Markets, Communities: Remapping the Boundaries, Proceedings of the National Social Policy Conference, Sydney, 16-18 July 1997, Volume 1

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**STATES, MARKETS,  
COMMUNITIES:  
REMAAPPING THE  
BOUNDARIES**

PROCEEDINGS OF THE NATIONAL  
SOCIAL POLICY CONFERENCE,  
SYDNEY, 16-18 JULY 1997

**VOLUME 1**

edited by Peter Saunders and Tony Eardley

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# Foreword

The National Social Policy Conference, hosted by the Social Policy Research Centre at the University of New South Wales has become a biennial event of considerable importance among people with a wide range of interests in social policy from a variety of fields: departmental policy-makers and administrators, academic teachers and researchers, workers in non-government organisations as well as members of the general public.

The theme of the Fifth Conference, *States, Markets, Communities: Remapping the Boundaries*, attracted a large number of participants who were able to hear more than 100 papers over the three day period, 16 - 18 July. This collection, the first of two volumes to be published based on the conference proceedings, includes the keynote address, one plenary and nine contributed papers. It also contains an introductory statement by Sheila Shaver, Deputy Director of the SPRC, which discusses the conference theme and the reasons for its particular relevance at this time.

Belinda Probert in her Keynote Address looks at changes in employment as they affect women and impinge upon households differentially according to class and socio-economic status. John Myles, in his Plenary Address, places the welfare state in the context of the market, an ageing population and other post-industrial changes, contrasting their effects with the resiliency of the forces which shaped welfare states. Although his paper focuses primarily on development and debates in North America and Europe, there are obvious lessons and implications for social policy in Australia. The themes in these two papers are taken up in the contributed papers, some of which have applied them to specific population groups: Aboriginal and Torres Strait Islander people, the unemployed, the homeless, the poor, the young and the old. All of these have in some way been affected by the 'remapping of boundaries'.

The theme of the conference was explicitly chosen as one which looks to the future; the changes taking place will have effects beyond what has already happened. The Social Policy Research Centre is aware of its unique position in being able to bring these issues to the public in this period of increasing marketisation and globalisation.

The papers in this volume and its companion should stimulate interest in a range of concepts, providing a balance between analytical, theoretical and practical approaches to social policy.

Peter Saunders  
Director

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# Introductory Statement on Conference Theme

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The theme of this conference, States, Markets, Communities: Remapping the Boundaries, was chosen because it evoked important dimensions of change in social policy taking place in many areas of the world at the present time. With the benefit of hindsight, we can see that these changes have been underway for quite some while. Most commentators believe they were set in motion in the 1970s, and began to take their present shape in the 1980s. By now, in the late 1990s, it is clear that they amount to no less than the restructuring of the postwar welfare state.

But that may say both too much and too little. First, we have to assume that change is still going on, and it is too soon to know what will be its full extent or final outcomes. In particular, it is difficult to know how to distinguish between ordinary, incremental policy changes, responding to the ebb and flow of economic cycles and the play of political competition, and those changes which make a fundamental break with established structures and institutions. It takes time and distance to be sure which is which.

Second, and most important perhaps, is the fact that there is no one model or template for welfare state restructuring. While there are undoubted similarities in policy changes taking place across countries, the patterns and to some extent even the directions of these changes differ from one country to another, and in different regions of the world. Eastern European nations are adapting the institutions of socialist social policy to a capitalist environment, while the developing economies of other parts of the world are creating policy institutions to deal with the consequences of rapid economic growth. In Europe social policies are subject to harmonisation under the rules of the European Union, and to constraint in accord with the requirements for entry to the European Monetary Union. In New Zealand and Australia there has been a divergence in social policy traditions after almost a century of parallel development.

The sources of change are both economic and cultural. Capitalism itself is changing. Post-industrial capitalism is more intensive, and more selective, in its use of labour than earlier forms. Some of its key markets, especially capital

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markets, now operate on a global basis. Employment, income and assets are becoming more unequally distributed in many countries. There has been a tendency toward 'jobless growth', and the persistence of historically high levels of unemployment. There is greater mobility of population and labour than in the past, and the ethnic make-up of nations is more complex. Changes in work and in families are closely connected. Dual-earner families are increasingly the norm, and their lives are more complex than in the past. The daily lives of their members are now more distinct and separate, but also more interdependent in the organisation necessary to buy a home, care for children, and plan for retirement. The implications of this are far-reaching, for income, housing, transport and the structures of our cities as well as in work, education and child care.

A number of developments have given impetus to welfare state restructuring in many countries, but three stand out from all others. These are the expectation of continuing high levels of unemployment; instability of marriage and family life; and population ageing, especially in company with expensive high-technology health care. All have increased the cost burdens of the welfare state, and have done so at a time when economic pressures are setting limits to welfare state growth.

A further, cultural development is less tangible. This is the belief, expressed in widely varying terms, that there is a moral or ethical crisis associated with the growth of the welfare state. The common element of this belief is a perception that there has been an erosion in the commitment of the citizen to fulfil social responsibilities such as work or taxation. The critique of dependency is one version of this anxiety, but it is equally reflected in claims that the middle classes have captured disproportionate shares of welfare state benefit. There is a version of it implicit in the OECD (1994) program for 'new orientations in social policy', which calls for social policies predicated on partnership between the individual and the state in the encouragement of human potential and the pursuit of social goals. The same sense of ethical decay informs communitarian calls for renewed investment in social capital.

Given the powerful forces increasing social need, contemporary changes in social policy are less a retreat from the welfare state, though there is some of that, than steps in its reshaping. Even among the countries with which we are most familiar, there is considerable variety in the paths being followed. Esping-Andersen (1996) points to three different policy routes taken by nations in Europe, North America and Australasia in addressing changes in employment, all of them problematic. Scandinavian countries have expanded the public sector and attempted to harmonise work and family life, while others of Continental Europe have encouraged early retirement by older workers and discouraged married women's

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employment. English-speaking countries, Australia included, have tended to favour market-driven responses based on labour market deregulation.

It is worth mentioning briefly two or three kinds of change which have been taking place in many countries in the last decade.

- There has been a fairly widespread move in many countries to replace provision through the state with provision in the market. An obvious example is the shift toward greater use of targeted benefits, and especially of targeting based on income. If change of this kind has been less pronounced in Australia than many other countries, it is only because Australia has always been more accustomed to targeting than most countries with advanced industrial economies. This involves a shift in social support of middle and higher income groups from the state toward both market and community, here more often than not the community property of the married couple.
- In addressing employment questions, we may need to think less about oppositions between state and market than about orchestrated combinations of support from both of these. In recent years there has been sharp policy debate about the relative emphasis that should be given to social investment approaches based on education and training, including the active society strategy propounded by the OECD, and approaches based on de-regulation of the labour market. At first sight it might appear that this second approach gives a lesser role to the state. In practice, this may not be the case because lower wages may mean increased expenditure on social security support to families through payments such as the higher rate of family payment.
- In Australia as elsewhere, much service provision is being re-organised in a new kind of mixed economy of welfare. These developments draw on new public management theory and argument about the benefits to be gained from the introduction of competition into the public sector. Changes are being introduced to separate the agencies who fund and regulate services from their direct provision, and there is now also a bewildering variety of strategies being implemented to improve the co-ordination of services. Some of these rely in market or market-like mechanisms, but others do not. In the case of frail aged persons and persons with disabilities at least, care by family members is a key resource in this co-ordination.

We chose the theme *States, Markets, Communities: Remapping the Boundaries* because it seemed to speak to these and other facets of change in social policy in Australia and elsewhere. We do not mean to impose our own diagnosis on the trends and events under discussion. But with the theme we hoped to signal the

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complexity and multi-dimensionality of policy development in this historical moment.

With that aim, we have meant the terms to have broad compass. We have meant to give 'communities' a particularly broad meaning, referring to families and non-government providers as well as communities of residence and association. By 'remapping the boundaries' we aimed to put the focus of discussion on the relation of states, markets and communities to one another as much as on each in its own right. Some of the changes taking place in social provision involve relatively simple movements in the boundaries between state, market and community, but many are rather more complex than this. There is much to discuss here: in describing these changes, identifying their likely consequences for clients, citizens and workers in social policy, and discussing their implications for theories, concepts and reflective critique.

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# The Social Shaping of Work: Struggles Over New Boundaries

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## 1 Introduction

This paper is about the relationship between employment changes and changes in two key axes of inequality and difference in contemporary Australian society - those based on gender and class.<sup>1</sup> It is about not only the observable patterns of change in who does what kind of work, but also about the way these changes are experienced within different kinds of households. It is also about the limitations of the analytical frameworks which seem to dominate interpretations of cause and effect, particularly those which have assumed that the

gendered nature of the division between paid work and domestic labour would be negotiated in the face of changing employment circumstances for men and women. The theoretical foundation for this assumption comes from ideas about the rational deployment of resources in terms of time and labour, or 'household strategies'. (Morris, 1995: 97)

In particular I want to argue that assumptions about appropriate gender roles play a most significant role in shaping the new patterns of work, and that such assumptions are becoming increasingly differentiated across class lines. It is about the sort of issues we need to unpack in responding to the Prime Minister's comment, in response to the June unemployment figures, that he is very attracted to the idea of a home-maker's allowance to encourage 200 000 parents to give up their jobs (*Sydney Morning Herald*, 11 July 1997: 1).

The paper is organised in this way. First, it reviews women's changing experience of work, arguing that the picture is more complex and contradictory than it is often presented. Then it examines men's experiences, but with a focus on the way men's and women's needs and interests interact with each other

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1 The concept of class being used here is relatively underdeveloped, and essentially refers to observable patterns of socio-economic inequality which relate also to significant variations in experience and orientation. The concept of gender is developed in a more relational sense.

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within households to produce particular patterns of adaptation or resistance to change. As Lydia Morris noted in her research on an English community in economic decline, 'given the clearly gendered nature of changing employment patterns, the question of how men and women as domestic partners are negotiating change seemed of central importance' (1995: 19). And finally, the paper raises a series of questions about some key policy issues which flow from these findings.

## 2 Women's Work: Changing Boundaries

I want to start by talking about changes to women's working lives because it is this which is often seen as one of the most significant dimensions of social change in recent years. For example, Ilene Wolcott and Helen Glezer from the Australian Institute of Family Studies introduce their book on work and family with the following claim:

The increase in the number of women in the workforce, especially of married women and mothers of dependent children, is considered one of the fundamental social changes of this century to modify the nature of family life and the family as an institution. Paralleling changes in the family sphere are transformations in how work is structured and organised within an altered economic climate. (Wolcott and Glezer, 1995: 3)

A similar claim is made by a British sociologist who opens an article on the 'superwoman syndrome' with the comment: 'The greatest social change over the past two decades has been the increase of women in the labour force' (Newell, 1993: 275). The hugely increased employment of married women compared to their counterparts in the 1950s and 1960s is seen as not only transforming the lives of such women, but of bringing with it changes in social policy, community attitudes, and everything from child-rearing practices to eating habits. In countries like Australia,

the extent to which women are integrated into the labour force is often treated as an important - if not the most important - indicator for the degree of equality between the sexes, as a question of the 'modernity' of the gender relationship in society. (Pfau-Effinger, 1994: 4)

There is, of course, some disagreement about whether all these changes are desirable or not, but few seem to doubt their significance. This helps to explain the startled reaction among feminist scholars to recent work by the British

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sociologist Catherine Hakim (1996). In this work Hakim insists that the sociological significance of women's increased labour force participation has been grossly exaggerated, mainly because of a failure to recognise that part-time labour market participation is a qualitatively different kind of behaviour to full-time participation. We should not, argues Hakim, expect labour market activity per se to have particular social outcomes: we need to know what it *means* for different people.

Before taking up this question of how we might know what work *means* for different people, it is worth pausing to look at the statistics on women's employment in the way Hakim suggests. There is little doubt that the statistics on women's labour market participation are generally presented in such a way as to maximise their significance. And this impression is strongly reinforced by the steady stream of news comment about male job loss, and new kinds of male disadvantage (especially at all levels of education). Every headline about the continued expansion of part-time jobs at the expense of full-time jobs can be read as a story about the feminisation of the economy. Yet, this is in some respects an extremely misleading picture. First, if we take the proportion of all women over 15 who are employed in full-time jobs, there has been almost no change for the last 60 years. In 1933, 25.2 per cent of working age women worked full time; in 1966 it was 26.9 per cent. In April this year it was about 28 per cent.<sup>2</sup> Similarly, if we look at hours worked rather than the number of jobs, then the total volume of women's employment has only increased by six per cent overall.<sup>3</sup> Such data does not tell us much about the significance of changing employment patterns, but it is worth noting that the scale of the changes is not quite what most people seem to imagine.<sup>4</sup>

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2 According to Gregory and Hunter (n.d., 1996: 4), 'at August 1995 the proportion of women employed full-time is only 5.0 per cent more than at August 1976. Unemployment among female full-time workers has increased from 4.3 per cent in 1976 to 8.9 per cent at April 1996'.

3 If, following Hakim, we convert women's part-time jobs into full-time equivalents we find that the total volume of female employment (rather roughly calculated) has only increased from 31 to 37 per cent of women of working age. Similar calculations have been done for European data, and even the much vaunted higher labour force participation rates of Swedish women, for example, largely disappear when a market-hours rate is used to measure participation rather than simply numerical participation rates (Jonung and Persson, 1993)

4 It is possible that journalists and academics (who do a lot of the social commentary) move in circles where there has been a significant increased visibility of women working, and have come to believe that this can be generalised across the wider community!

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More contentious than the figures themselves, however, are the interpretations we are offered for their significance. What provoked widespread media coverage and academic point and counterpoint, both in Australia and in Britain, was Hakim's claim that the expectation of social revolution resulting from women's demands for equal employment opportunities was based on a fundamental misconception. Women who have pushed up the participation rate by taking part-time jobs are not, according to Hakim, the harbingers of a new gender order and new workplace cultures. They are, in fact, just like the full-time home-maker of the 1950s and 60s. British part-timers are, she argues, 'twice as conservative as full-timers in their emphasis on a wife's housekeeping activities taking priority over paid employment outside the home' (Hakim, 1993: 106). For Hakim this difference is critical in explaining women's failure to win equal rights in the workplace with men.

Part-time workers are not a salient sector of the workforce; they are the most unstable members of the workforce; their primary identity is as homemaker or student rather than worker; they are highly satisfied with their jobs; and their contribution to household finances is generally too small to have a major impact on their role and power within the family (Hakim, 1996: 67)

Hakim's work produced a flurry of denunciations. *The Age* reproduced a hostile response from *The Guardian* newspaper, and agreed that 'Hakim has set the [feminist] movement back 20 years by reviving stereotypes' (4 April 1996). Two sociologists from the ANU's research school were moved to come out into the open and tell about the hostile reaction they received to their research on women's preferences for part-time work. What was really striking about these largely futile exchanges was the extent to which both sides sought to rely on rather crude measures of women's attitudes as unproblematic signifiers of what 'women really want'. But there are at least two major limitations to the form of this debate, one which is empirical and one which is conceptual. The first concerns the limitations of attitude surveys as a method of determining what anyone 'really wants' and why they want it, and the second concerns the problem of focusing on women rather than gender, or the *relationship between* men and women around these issues.

Let me start with the first issue: the question of women's attitudes to work and family. Hakim is right to insist on the importance of women's intentions and preferences, but the methodological individualism of her attempt to 'measure' these reflects the limitations of empiricist sociology. As Lydia Morris has argued:

The focus on supply-side relationships suspends an understanding of processes that underlie the construction of different labour 'types', particularly as these relate to general expectations concerning obligations for household income maintenance. In this sense, household structure, and the domestic division of labour, are not separable from patterns of labour demand and gendered earning differentials. (Morris, 1995: 78).

We need to know what women mean when they say they choose to put their families first.

Domestic circumstances, in particular the length of commitment to full-time child care and domestic duties among women, are not straightforward constraints on their labour supply behaviour, since the pattern of these activities is itself related to economic inequality. (Morris, 1995: 80)

We need to know why, in the 1990s, some women see the tension between work and family as impossible to resolve while others are determined to 'have it all'. We also need to know why the extent of women's integration into the paid workforce appears to vary so greatly between societies of roughly similar economic and social development.

It is this latter question which the German sociologist, Birgit Pfau-Effinger (1993; 1994), has addressed in her comparison of women's labour force participation in Germany, Finland and the Netherlands. Pfau-Effinger is particularly concerned to develop a theoretical model in which women are active participants rather than simply ciphers responding to a range of factors such as availability of child care and state support, development of service sector employment etc. Her approach 'pays particular attention to the way cultural factors - compared with economic and institutional factors - are responsible for variations between European countries and how they are related to social, institutional and economic factors' (1994: 9). In particular, she points to the importance of the 'main societal models of the family' as a crucial cultural determinant of the importance that waged work has for women (Pfau-Effinger, 1994: 9).

What I think is particularly helpful in this framework is the concept of a gender contract which Pfau-Effinger uses in explicit contrast to the more widely used concept of gender relations, seen as a basic structuration principle in modern societies. The concept of gender contract

emphasises more explicitly the contribution of all actors, including that of women themselves, in the reproduction and changing of structures. Moreover, it stresses the importance

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of negotiation processes between actors for social change, even if these are based on unequal preconditions with respect to power. (Pfau-Effinger, 1994: 10)

This is not the place to elaborate on Pfau-Effinger's comparative account. What is significant here is her conceptual model which seeks to locate the framework of individual choices within an analysis of national culture - or to put it another way, in terms of 'societal effects'.<sup>5</sup> The contrast between the dominance of the male-breadwinner model in West Germany (and its general acceptance among women) and the Finnish dual-earner family based on two autonomous people with equal rights living together, each maintaining themselves through their own employment, and individual social insurance, is very sharp indeed.

Even within the socially accepted norms defining the gender contract, which shape women's attitudes to work and family, there are further layers of meaning which are erased by the methodology of the attitude survey. In my own research involving lengthy interviews with women about their working histories I have heard many accounts of the specific ways in which young women's educational and career aspirations have been cut short for gender specific reasons, not by choice but by necessity.<sup>6</sup>

I would now like to return to the question of women's labour force participation patterns in Australia, and the issue of what has changed, and at the same time to suggest that the conceptual framework we use to analyse the significance of changes in the boundaries between men's and women's work needs some more refinement yet. While the concept of the gender contract is an important one as a framework for interpreting women's attitudes to work and family, and for insisting on the importance of women's beliefs, we need to know more about how the different elements are articulated together. It has generally been assumed that in the shifting boundaries between paid and unpaid work the driving force lies in the feminisation of employment opportunities, bringing with it the need for changes in other dimensions of social and economic life, such as the need for various kinds of parental leave from work, the provision of childcare and, ultimately, changes in men's participation in domestic labour. But it might be argued that more attention needs to be paid to the domestic side of the gender

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5 For another analysis of the importance of 'societal systems' in shaping gender differences in working time see Rubery, Smith and Fagan (forthcoming). In Pfau-Effinger's work she goes on to provide historical explanations for the nature of different gender contracts.

6 The most common stories involve the death of their mother and the requirement that they take over that role in the family, or the withdrawal of financial support for post-compulsory education where this was not confined to traditional feminised training, in business studies for example.

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contract, and the role of strongly held beliefs about appropriate male and female behaviour. As Lydia Morris suggests in the English context,

the power of such gender ideology is likely to vary by class and by region, but the probability is that the tradition of male breadwinner and female housewife will find strongest support in precisely those areas where male unemployment is high; areas of heavy manufacturing decline where the history of the local economy encourages the idea of male manual workers supported by the domestic services of wives and mothers. (Morris, 1995: 97)

In my own research it has been ideologies of child care which have surfaced as the central motif in explanations for different patterns of paid and unpaid work. In Pfau-Effinger's (1993) comparative study one of the most striking differences to emerge between Finland and Germany is the extent of divergence in the care of young children, with on the one hand the development of society-wide systems of socialised care and on the other, total reliance on mothers in the private sphere.

Once our attention focuses on the ways in which women manage domestic labour it becomes impossible to ignore the 'contractual' element, and the way women must necessarily negotiate such arrangements with men. For, as I pointed out at the outset, the debate about 'what women really want' is constantly in danger of losing sight of the role of men and the way men's and women's needs and interests interact within particular kinds of households.

I would now like to suggest (somewhat tentatively) a rather different reading of women's changing relationship to paid and unpaid work in Australia, which pays more attention to the role of domestic ideologies, while recognising that these are in turn shaped by the structure of opportunities available to different women.

### **3 From Shared Experiences to Polarised Opportunities**

In the 1950s and 1960s the gender contract which dominated all classes of Australian society was premised on men's responsibility for providing a household or family income and women's responsibility for the home and the care of children. The survival of the marriage bar within the Commonwealth Public Service until 1966 captures the essence of the deal. Among Australian-born women over 15 years of age, the labour market participation rate in 1961 was a mere 19 per cent (ABS, Census 1961), the majority of whom would have been working prior to marrying or having a family. (The picture is complicated by the very different patterns of work among migrant women from southern

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Europe, with for example, a 41 per cent participation rate among Greek-born women.)

What Australian women shared, above all, was sole responsibility for domestic labour (caring for children and maintaining homes) on an unpaid basis, and in this respect their lives had much in common. The houses in which they lived varied in size and comfort, but what women did in them was rather similar. Indeed, the dispersion of household income between richer and poorer neighbourhoods was relatively narrow up until the mid-1970s<sup>7</sup>. The employment-population ratio for women in 1976 was only marginally less in low socio-economic status neighbourhoods, and 'the employment-population ratio gap between the lowest and highest five per cent of neighbourhoods was small' (Gregory and Hunter, n.d.: 12). Perhaps the most significant underlying trend differentiating women's experience was access for some to more years of education. Looking at the organisation of domestic labour in Britain after the second world war, Gregson and Lowe (1994) come to a similar conclusion about the shared experiences of women.

For much of the post-war period in Britain, women's relation to domestic labour has influenced profoundly the form of their participation within paid employment. The traditional form of the gender division of labour and the culture of domesticity affected all women regardless of class. (Gregson and Lowe, 1994: 233)

In other words, the reproduction of labour power had become increasingly similar for both the middle class and the working class, with women in both instances carrying it out on an unpaid basis with the aid of new domestic technologies such as the refrigerator and washing machine. Although varying no doubt in the ways in which they performed domestic tasks, working-class and middle-class women seem to have been equally exposed to post-war ideologies of domesticity and homemaking (Gregson and Lowe, 1994: 234).

This experience of a narrowly confined domestic sphere was, as early second wave feminists so eloquently wrote, a powerful impetus behind the women's liberation movement of the late 1960s and early 1970s. For middle-class women who now had many more years of education, the 'problem that has no name' was soon identified: 'Our window on the world is looked through with our hands in

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7 According to Gregory and Hunter (n.d., 1996: 8), in 1976 the weekly income gap between average household incomes from the bottom one per cent of C[ollectors'] D[istricts] and the average household in the median CD was not large. 'An additional part-time job for nine hours per week at \$12 per hour would close the gap'.

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the sink and we've begun to *hate that sink and all it implies - so begins our consciousness*' (Rowbotham, 1990: 3).

By the mid-1990s the picture is strikingly different. Women's experiences are now increasingly differentiated. The labour force participation rate for Australian born women has risen to 53 per cent by 1991 (ABS Census 1991), but this is a misleading figure in the aggregate. Between 1976 and 1991 the employment-population ratio falls, but it falls extremely unevenly. According to Gregory and Hunter's data, for men it falls nine per cent in the top five per cent of SES neighbourhoods and by 37 per cent in the lowest five per cent. The pattern of employment change for women is similar but the contrast is even greater. 'For the top half of neighbourhoods the proportion of women employed increased approximately 16.2 per cent. For the bottom half of neighbourhoods the proportion fell by 3.0 per cent. For the bottom decile the fall was 17.5 percent' (Gregory and Hunter, n.d., 12). 'By 1991 the probability that a woman would be employed if she lived in the top five per cent of SES neighbourhoods was 78 per cent more than if she lived in the lowest 5 per cent of SES areas' (p. 12). As Gregory and Hunter conclude, 'it is a shock to see that in 1991, and for half of Australian neighbourhoods, the average proportion of women employed in the labour market is less than in 1974' (Gregory and Hunter, n.d., 12).

These increasingly divergent patterns of paid work among women are associated with increasingly divergent views on appropriate roles for men and women. In recent research for the Brotherhood of St Laurence's Future of Work project we interviewed a wide range of men and women about the meaning of work in their lives (Probert with McDonald, 1996). Women were interviewed in groups divided by years of education, employment status and age of children.<sup>8</sup> What was most striking about the responses of women to questions about work commitment and family commitment was the similarity within each of the groups and the variation between them. There was remarkably little in the way of common beliefs and aspirations across the different groups but, rather, a clear polarisation of views which appear to be directly linked to socio-economic status.

What is distinctively new in the mid-1990s is the appearance of the two-income household in which women working full time explicitly reject the older gender contract. For them there is no breadwinner in the household, but rather two earners. These women may take short periods of leave when their children are born, but are employed in occupations where there is little question of long career breaks. They continue to work full time because they enjoy their work, and because they are of the view (and this is a widely held view at senior levels of all organisations) that their jobs cannot in fact be done on a part-time basis. They are

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8 For a more detailed analysis of five of the different groups of women see Probert (1997).

taking advantage of the results of rapidly increasing levels of education together with the expansion of professional and managerial employment over the last two decades.<sup>9</sup> What is striking about these households is that the transformation of the women's role has not led to significant changes in the domestic division of labour.<sup>10</sup> Nor is their employment success made possible by major changes in the traditional patterns of work which grew up around the needs and interests of breadwinners with wives at home. What is critical to these women's new working lives is a substantial reliance on paid domestic labour of various kinds, as well as the use of community or work-based child care. It is here as much as in different relations to paid work that major discontinuities in women's experiences and interests begin to emerge.

Alongside these new kinds of households where women talk about their work and careers in ways very similar to men, there are still those where women intend and expect to give up paid work shortly after marriage, and certainly when their children are born, hoping to rely on the male breadwinner. This withdrawal from the labour market is often accompanied by the appearance of 'separate spheres' in the relationship, which may be almost impermeable. At one extreme a very young mother whose husband only just earned enough to keep them going simply commented: 'He has his job and I have mine'. Indeed, rather than the women taking on part-time employment to ease acute financial pressures, some of their male partners had taken on a second paid job (although in all cases this had proved too damaging to health and family life). The existence of these separate worlds was intimately tied to the decision to put mothering before work. This is not seen as simply a matter of 'choice' by these women, but also a matter of values and judgements. In their eyes women *should* put their children first by being with them, by 'being there', and they recognised that this meant putting their own interests second. As one woman put it, 'It's my responsibility'. Another mother of older children insisted, 'there is no such thing as quality time' and 'all the time I spend with my children is quality time'.

For many such women this traditional sexual division of labour is not experienced as a choice in the sense suggested by Hakim. Given their husbands' earning power, however meagre, compared to their own, and their husbands' very clear preferences for maintaining separate spheres, together with the lack of work which can be structured to fit around their beliefs in good mothering - 'Everyone

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9 For an analysis of these new employment opportunities and women's success within them in the British context see Savage and Witz (1992).

10 This seems to be consistent with aggregate research which suggests that remarkably few men have altered the amount of housework they do despite the so-called revolution in women's working lives. See Bittman and Pixley (1997) for detailed analysis of changes in domestic labour.

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wants a nine to three job' - the options are not very obvious. In addition, the longer these women had been out of the paid work force the more impossible it seemed to re-enter. 'Who would look after the kids if they are sick?' 'What about the school holidays?'. Not only could many of the women who defined themselves primarily as mothers not imagine leaving a child in a child care centre, but they were equally opposed to school holiday or after-school programs.

These increasingly divergent ways in which women manage domestic labour are perhaps a more significant cause of differentiation and division than variations in employment status. They also challenge the assumption that there is any necessary link between changes in the employment status of men and women and the form of the domestic division of labour. Of particular relevance here is the possibility that a previously shared female experience (and source of both shared identity as well as shared dissatisfaction) is being replaced by radically different experiences shaped by the increasingly different opportunities now on offer to women according to their socio-economic status.

A very detailed study by two British geographers of the growth of cleaning and nanny services in Great Britain during the 1980s raises a series of significant questions about new relations between different classes of women. They argue that the enormous reliance of new middle-class dual-income households on waged domestic labour has meant that for women, 'fundamental class differences have been reasserted' (Gregson and Lowe, 1994: 231). In the 19th century, domestic service was central to the construction of class-based forms of femininity (Davidoff, 1983). During the 20th century, as domestic labour came to be performed by working-class and middle-class women alike, it can be argued that it began to play a consistent part in shaping constructions of femininity. Although varying no doubt in the ways in which they performed domestic tasks, working-class and middle-class women seem to have been equally exposed to postwar ideologies of domesticity and homemaking. In the 1990s, by contrast, 'with the resurgence of waged domestic labour, such commonalities appear to be in the process of breaking down, if not quite collapse...Middle class women assume the role of "the manager" of domestic labour and domestic workers' (Gregson and Lowe, 1994: 234). We are, according to Gregson and Lowe, seeing the re-establishment of employer-employee relations between the middle classes and the working classes around domestic labour. These changes

would seem to offer at least the possibility for the construction of new forms of femininity for middle class women, ones in which the workplace (rather than the home) is foregrounded, and in which domestic labour figures both as an expression of middle class women's organisational capabilities (i.e., as reconfirmation of workplace skills/assets)

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and as a signifier of the home as a locus of pleasure... Ultimately, the prospect which waged domestic labour raises is one which permits once more the construction of contrasting femininities. (Gregson and Lowe, 1994: 235)

The contrast between this method of integrating some groups of women into the post-industrial labour market and that which has emerged in Sweden, Norway or Finland, for example, is stark, both in terms of the employment opportunities created for women and the ideologies of child care involved. In societies where the gender contract continues to allocate to women at home primary responsibility for the care of children, middle-class women's careers can still be achieved by the purchase of mother substitutes, and a continued emphasis on the home as the appropriate place for pre-school children. (The very low levels of provision of socialised child care services clearly necessitates a reliance on nannies in Britain, but a preference for nannies appears to be more significant.) As Gregson and Lowe conclude:

whilst the employment of the nanny form of waged domestic labour enables middle class households with both partners in full-time service class occupations to combine paid work and parenthood, such employment is, at the same time, reproductive of very traditional ideas about the care of young pre-school-age children. (Gregson and Lowe, 1994: 120)

It also generates forms of employment which are based on what Gregson and Lowe call 'false kinship'.

In some of the Scandinavian social democracies, by contrast, child care has been increasingly socialised, and as a result of this and the general expansion of welfare provisions, there has been a massive increase in female public sector employment. At the same time there has been a clear public consensus about the need for all women to remain active in the paid labour market, and for men to share in domestic labour.

#### **4 Men: Work and Continuities**

If we want to understand more about how women respond to changing opportunities and needs for paid work, then it is essential that we consider the relationship between men and women in particular kinds of households. As many observers have commented in relation to Australian data, what is rather extraordinary about women's increased labour market participation is the absence of a corresponding increase in male participation in domestic labour (Wolcott and Glezer, 1995: 95-102). A significant element of the English middle-class dual-

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income household's reliance on nannies and cleaners was the fact that women organised (and often paid for) this domestic labour, with little involvement or responsibility from men. This can be contrasted with what would be required of men if they were reliant, for example, on work-based child care, at *their* place of work.<sup>11</sup>

While it is also true that men's employment opportunities have been becoming more polarised over the same time period as women's,<sup>12</sup> the framework within which men make sense of changing patterns of employment remains remarkably constant. When men talk about the link between paid work and their own sense of identity, there are common themes which run across the divisions of class and status. It seems likely that these are the same themes which dominated men's lives in the 1950s and 1960s. Mark Peel's (1996) oral history research tells us much about these themes and their historical basis.

In my work on Elizabeth, I suggested that the structure of work, household labour and wages in such suburbs tended to reinforce rather than weaken women's roles as mothers, wives and neighbours and the expectation that men could and should be providers. In part, married women with children simply found work hard to get and to keep. *But the centrality of paid work to male identity also precluded any shift.* (Peel, 1996: 3; emphasis added)

In working-class communities of the 1950s

the story of manhood centres on providing and, to a significant extent, on domestic work and fathering. Manliness was measured first and foremost in the identity of the 'breadwinner', in a man's responsibility to provide for his family...In his ability to secure his children's future and keep

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- 11 For young men (and young women) who are already climbing into managerial positions in large corporations there may be serious obstacles to the use of work-based child care. We interviewed one father who had his young daughter in his work-place child care centre, and discovered that despite his very early morning arrivals, it had been made quite clear to him that if he wanted to be taken seriously he could not expect to leave everyday before the child care centre closed. Since his wife had an equally demanding full-time job located too far away from the centre, they were obliged to enrol the child in *two* child care centres, to allow them to take it in turns to stay late (Probert with McDonald, 1996: 62).
- 12 According to Gregory and Hunter (n.d., 1996: 12) the employment-population ratio for men had fallen by eight per cent in the top five per cent of neighbourhoods and by 37 per cent in the lowest five per cent of neighbourhoods.



his wife away from paid work, he had his strength and his status. (Peel, 1996: 3)

For Mark Peel looking backwards from the 1950s the picture is one of discontinuities, for 'what is most striking is their stress on the novelty of this experience of successful manhood in the 1950s. Essentially, working men could be the providers their own fathers had not been or could not be.' For women their identities are

embedded in a narrative about 'motherhood' and 'women's lot' which links 1950s working class mothers back to the hard-working women of the 1930s, and to the war widows and temporarily deserted working wives of the 1940s...What was different for the mothers of the 1950s and 1960s was, first, the relative ease secure income gave their accustomed duties, and, second, that they could usually count on their men. (Peel, 1996)

In the 1990s there are few men who are able to imagine themselves without the identities they derive from their paid work. In my own qualitative research, it is the continuities and commonalities in the way men describe themselves which stands in contrast to the variations in women's stories. The clearest articulation of the link between work and identity was provided by a group of tradesmen in their forties and fifties who had recently, and for the most part reluctantly, accepted departure packages when they found their jobs being restructured out of existence. They lived in a Victorian region heavily dependent since the 1920s on one major industry which has experienced massive reductions in its labour force. These men had all been given financial advice before 'taking the package', and were not yet in any financial difficulties, but they had not thought about the psychological impact of this step. One of these men captured their sense of loss particularly clearly: 'I *now* know how important a job is. A man's reason for being on earth is to work...For each individual person, that's your identity - for example electrician. Once your job's gone, you're a nothing.' (He did not, however, mean that *any* job would do. This group of men had finally accepted a package only because the meaning had been taken out of their jobs as part of the industry's restructuring, and they found themselves rendered irrelevant, parked in 'Clayton's jobs' which was also unbearable.)

There are, of course, some women who talk about their identities as being inseparable from their occupations, especially nurses and teachers. But it was nearly always men who talked about their jobs as the exclusive source of their sense of themselves as successful adults. A group of younger middle-managers expressed very similar sentiments to the redundant tradesmen. There was, for example, general agreement when one of them commented: 'Work means you are

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productive - if you are not productive you are not valued. So the most devalued people in the world are those without work - disabled, black people. Having grown up in Australia in the last few years you would want to be productive.' Another member of this group was absolutely clear about why he would not want to be in his wife's shoes. He could cope with being away from work for short periods because 'I know when I go back to work I will be me again - I've got the business card, mobile phone, the company car. The thought of giving these things away - it wouldn't be me without them. I have seriously looked at giving them away, and that was a heavy thing to look at. If you didn't have work what would you say you did? Saying I'm unemployed, or I'm a housewife - that's a downer.'

Men's shared sense of the central role of paid work in their identities, across very unequal occupations and incomes, was manifested in another way. When asked how they defined themselves, many referred to themselves primarily as 'providers'. While their jobs created meaning in their lives, this was explicitly linked to the notion that it enabled them to be providers for their children and families. It is significant that so many men chose the term 'provider'. Asked a similar question, almost all the women who had children immediately identified themselves as 'mothers', even if this was a secondary identification after their occupations. None of the men we interviewed spontaneously defined themselves as fathers. This was not because they did not see themselves as part of a family. On the contrary, many men take pride in their identities as family men, and distance themselves from men with families who continue to be 'blokey', and to spend their spare time with their mates. But most of the men we spoke to described this family identity in terms of their position as financial providers rather than in terms of the emotional relationships it entailed. As one recently retired TAFE teacher put it: 'The mother tends to do the deeper emotional level with [the children] - not that I'm not interested.'

For most men, the sense of being a provider was something that only developed after they had children. In contrast to the way women talked about their intention to become mothers, men had not intended to become providers. For many, having children changed their lives. Their role as a provider developed out of their paid work because of the earning capacity it created. A group of male teenagers still at school, but working in the fast-food industry, had what appeared to be far more pragmatic views about their future role as providers. They did not expect their wives or girlfriends to be the ones to stay at home when they had children, but thought it should depend on which of them had the best earning capacity. The likely result of this strategy is, of course, that their wives and girlfriends will indeed stay at home.

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However, it is not only the question of earning power which shapes men's increasing commitment to paid work as they get older. Many of the men we spoke to also expressed an explicit dislike for what they came to see as the downside of family life. At the most extreme, one tradesman with three very young children said he liked his work partly 'because I like to get away from the kids. Kids have interfered with my life. I can't do what I used to do.' The desire to get away from the young kids seems to be an important element shaping men's commitment to the world of work. In a large scale survey of the determinants of trade union activism, Barbara Pocock (1995) found that 'men's activism is higher with increasing numbers of children (from a score of forty in households where there are no children to fifty-two where there are three or more children'. Not surprisingly, the relationship was the opposite for women.

Men's incomes and years in the union are not suppressed in the same way by parenting: men's activism is *positively* associated with their greater number of years in the union and higher incomes, which are in turn associated with lesser parental responsibilities. (Pocock, 1995: 387)

Most of the men with young families whom we interviewed were acutely aware of the particular strains caused by living with very young children. However, it was not simply the demanding nature of young families which deterred men from family commitment. They also described their aversion to both the physical labour of housework, as well as the emotional labour. The male middle managers described their own paid work as very demanding and increasingly insecure, with rather fewer rewards than they had expected at this stage of their lives. They appeared to derive some satisfaction, however, from comparing their working lives with those of their wives, nearly all of whom had a marginal attachment to the labour market because of responsibility for children. All the men in this group (and most others) expressed a strong dislike of housework, and of ironing in particular. They were sure that their wives hated it too.

In her British research into gender differences in attitudes towards equal employment opportunities at work and domestic responsibilities at home, Newell (1993) found that sex was the strongest determinant of attitudes about appropriate roles for men and women, with younger men likely to have significantly more traditional views than older women, for example. She concludes that 'clearly, the emancipation of men lags more than a generation behind the changing attitudes of females' (Newell, 1993: 281). Here, Newell seems to slide into a more familiar 'evolutionary' explanation which again implies that attitudes to domestic labour will, eventually, change in line with new patterns of behaviour in the labour market. What is lost in this conception of the problem in terms of attitudes and lags is any consideration of the gender relations as relations of inequality. As

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another group of feminist scholars have insisted, we need a focus on the material advantages derived from power relations between men and women, and the active resistance to be expected where change threatens these advantages (Eveline, 1994). Or, as one young tradesman commented about the traditional sexual division of labour in his house: 'It's her job to look after me'.

It was the emotional labour of the home, however, which elicited the lengthiest discussion. These men were agreed that even their jobs were easier than the work expected of them in the home. 'There's far less risk and expectation at work'. 'You can employ strategies at work which you can't at home. If you are in a bad rut at work you take a sickie. You can't take a sickie from a relationship'. 'At work you enjoy a certain status and people take notice of that - you don't have that with your kids; you can't do a PDR [position description review] or development reviews. You might use the same 'tools' but they are also bound up with emotional issues. If you're looking at teams, work and home are similar but at home it is too emotive - you can distance yourself at work.' This shared view of the downside of domestic life was linked to a way of talking about wives as managers of the family and household who needed very high levels of organisational skills and commitment which they, as individuals, simply did not have (and did not wish to have).

This explicit evaluation of the work that goes into households is surely a powerful factor in shaping men's commitment to paid work, and to the way they seek to maintain the separate spheres, including the precise boundaries between them. It helps to explain these men's response to what in fact sound like declining levels of work satisfaction, and to the widespread work intensification which keeps them at their jobs for increasingly long hours (so that their children are generally in bed by the time they get home). These middle-class men had imagined that at this time in their lives they would have achieved some control over their work, and found some measure of career stability. In reality, they were finding that there was more pressure in their workplaces than ever. New management theories which insist that performance be constantly evaluated as the basis for reward, rather than experience or loyalty, means that 'there are no jobs for life'. At the same time, new forms of work organisation based on self-managed teams and flatter hierarchies were seen by almost everyone we spoke to as increasing their workload, even if it also sometimes increased job interest. One of these middle managers described how he works late every evening, and only manages to spend time with his children at weekends, but 'in my head I never leave work'. He was having to work out conscious strategies for finding time to spend with his wife. Another member of the group described similar pressures. 'We flattened the structure at work. I have fewer people under me - more competent, but I work harder.'

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These men were well aware of the ways in which the pressures of their working lives created family strains, but thought that most men were worse than they in failing to put sufficient effort into sustaining their relationship with their wives. At the same time, they themselves were resigned to the demands of work, and while being sympathetic to their wives' desires, were similarly resigned to being unable to fulfil them. As one of them said about his wife: 'She's correct - she says that she wants to spend more time one on one, talking about [personal matters]. I'd rather do anything else than talk about those things. But she's right - they have got to be discussed. We have great discussions at night, when she's in bed and I'm trying to get to the shower - half hour discussions that should take five minutes - because that's the time we have together when I've just breezed in from somewhere and she has all these things which are important to *her*. Sometimes they are important to me and sometimes they aren't.'<sup>13</sup>

## 5 Men and Women in Households

As many writers have pointed out, men's investment in the role of provider leaves them extremely vulnerable in the 1990s. It is precisely the continuities in men's working aspirations which creates such difficulties in the new economy. If we return to the household as the place where men's and women's responses to economic change are negotiated, we will have a better understanding of new patterns of structured inequality. There are perhaps three main types of household divisions of labour in Australia today.

The first is the household based on the traditional sexual division of labour, in which paid work is the responsibility of the male breadwinner, while the woman (who generally has far less earning capacity) at some point withdraws from paid work to take almost total responsibility for home and children. Such households are less numerous than they were 30 or 40 years ago, but nor should we think of them as 'lagging' behind the transformation (feminisation) of the paid labour market. There are significant social strata where women's participation in paid work has been declining over the last 20 years; nor do such households adopt different divisions of labour in the face of male unemployment.

The phenomenon of unemployed men being married to unemployed women is one which exercised the authors of *Working Nation* (Australia, Prime Minister, 1994).<sup>14</sup> However, the introduction of increased financial incentives to encourage women's active search for employment is unlikely to have a great impact on

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13 This sense of the emotional unavailability of many men was strongly confirmed by many of the women who have accepted the role of home-maker and mother.

14 See Bradbury (1995) for an analysis of this issue in Australia.

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behaviour which is so deeply embedded in a particular gender contract and women's disadvantage in the labour market. In the British case, Morris (1995) concludes that the benefit system which restricts the earnings of partners of a claimant is not a particularly significant cause of married women's failure to take up paid employment when their husbands are unemployed. Among the more complex factors she lists are 'poor employment prospects, early parenting among the wives of unskilled workers,...an ideology supporting the idea of a male breadwinner...and even an increased domestic burden resulting from the presence of the man in the home' (Morris, 1995: 94-5). Such households are also particularly vulnerable to the decline in real wages at the bottom end of the labour market. The Federal Government's on-again, off-again interest in abandoning minimum wages is an issue which is of profound importance for these households whose existence is premised on something like a 'family wage'. Recent increases in the incidence of poverty in households with one full-time worker are another illustration of their vulnerability (Eardley, 1997). Needless to say, higher rates of divorce and separation are also particularly devastating in such households.

The second type of household contains two full-time earners who continue with this shared approach to earning the household's income even with the arrival of children. Such households tend to have higher levels of education, and the women have been the beneficiaries of the expansion of professional and managerial occupations in the service economy. In such households there has been a substantial increase in waged domestic labour, although it would not appear that the use of nannies is nearly as widespread here as in Britain. Nonetheless my own interviews tend to confirm the conclusion reached by Gregson and Lowe in Britain:

Many dual career households ... *are* willing to construct solutions to the crisis in social reproduction which are grounded in the reproduction of gender inequalities around domestic labour. It seems too, that many of the women with whom we spoke were reluctant to acknowledge the way in which domestic labour works to the ultimate benefit of men. Rather, they preferred to couch things in terms of enabling *themselves* to cope with both full-time service class employment and the social reproduction of the household. (Gregson and Lowe, 1994: 241)

In my interviews with working mothers who had successful careers, I was struck by the highly individualistic frameworks within which they defined their lives. They were adamant that they would never give advice to other women about how to manage the tensions between work and family, and that there was no 'correct' way to resolve these tensions. Women needed to make up their minds about what

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they wanted, something which was elaborated in the distinctively contemporary language of personal performance appraisal: 'setting your own goals', 'knowing what you want', 'asking for what you need'. Such women did not refer to problems created by men and the 'dominant workplace culture'. In this respect, their language is not one of women's rights in a collective sense. Their perspective resonates with the increasingly common argument that policies to assist women with their family responsibilities should (and can) be shown to improve the corporate 'bottom line', by cutting turnover costs, for example, or retaining skilled and valuable staff. In other words, if you are valuable enough to your employer to win good conditions out of the process of enterprise bargaining, then good luck. If you are too weakly positioned in the labour market, or work in a declining industry, then bad luck.

In terms of the polarising nature of these arrangements, there is some evidence that in Victoria career-oriented women are turning to the private school system to assist them, with such schools moving to provide wall-to-wall care for children from pre-school to VCE. The dramatic expansion of domestic cleaning services is likely to have very varied outcomes in terms of employment opportunities and class relations between women. While there is undoubtedly an increased supply of domestic labour as other employment opportunities for working-class women decline, there are also other groups responding to the increased demand for domestic waged labour. This includes the appearance of men in the industry, and some forms of small business which are seeking to 'overcome its stigma of menial and feminine servitude, and to improve their rewards and working conditions' (Meagher, forthcoming).

The extent to which women must fight individually for equal employment policies and for things like parental leave and work-place childcare is likely to have some impact on the third type of household, the modern housewife marriage, in which women maintain strong links to paid work, but in ways which leave largely unchallenged the man as breadwinner and the traditional domestic division of labour. In other words, women's earnings remain clearly secondary. Within such households there are a number of ways in which recent or mooted policy changes, together with changes in employment patterns are likely to have some impact. Changes in working hours may create some new opportunities for female part-time work, but they may also create increased stress. First, the full-time working hours of many male partners are on the increase, especially among 'prime age' workers, many of whom have dependents (Buchanan and Bearfield, 1997: 68). At the same time, conditions of part-time work are being eroded as a result of changes to the industrial relations system (Charlesworth, 1996). Women's ability to control their hours appears to be declining; the spread of hours in feminised industries such as banking and retailing has expanded

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dramatically, and under the Workplace Relations Act awards will no longer be able to specify minimum hours in a day.

At the same time as the conditions of part-time work are being eroded, there have been increases in the cost of socialised child care with the removal of Federal subsidies to child care centres. The size of these increases (\$30 and above) represent far larger shifts in costs than any of the other recent incremental changes to payments for women at home or at work. For women with pre-school children at least, the ability to earn more than it costs to work is being seriously threatened. This is not to suggest, however, that such financial considerations are the primary driver of women's labour market behaviour. The suggestion that 28 000 full-time female employees have left the labour market since January because of the introduction of the family tax incentive seems entirely fanciful (Max Walsh, *Sydney Morning Herald*, 11 July 1997: 1).

## 6 The Context of Policy Making

There are no simple policy rabbits to be pulled out of this hat. What this essay has helped me to do is to understand better the reasons for policy confusion and even contradiction. It is hardly surprising that feminists should disagree about the value of parenting allowance as opposed to measures to encourage women into the work force. What this essay has also tried to do is to remind us yet again of the extent to which men of all classes have been able to resist change. Middle-class women with good employment prospects may have been able to find a way around this, but the cost may turn out to be a return to relatively conservative ideologies of child care and domestic labour. As Gregson and Lowe point out, the rise of nannying in Britain reflects the 'ideological construction of childcare as something which should be home-based, child-centred and performed by the child's natural mother' - or at least a hand-picked mother substitute should the mother not care for the role (1994: 180). In other words, women's choices are profoundly constrained not only by the increasingly polarised world of employment opportunities, but by the refusal of men to play an equal part in all forms of domestic labour.

The changes and increasing differentiation of women's working experiences in the 1990s make it increasingly difficult to talk about 'women's interests'. What does, nonetheless, seem clear to me is that we cannot simply seek to resolve the issue of conflicting needs and interests by insisting on the importance of 'choice'. It is critical that those of us who wish to influence the development of social policy around these issues should recognise the inadequacy of measuring existing attitudes as though these represented comparable (and unproblematic) different preferences. If the choices which women make between work and family are strongly correlated with their educational experiences and their employment

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opportunities, then it is essential to recognise that these experiences and opportunities are becoming more unequal. In an ideal world, policy aimed at maximising women's choices would need to address this fact as well as responding to the preferences which come to be expressed. What these considerations remind us of are the extreme limitations imposed by an environment of high unemployment and increasingly unequal wages, and the central importance of these issues in thinking about good social policy.

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# When Markets Fail: Social Policy at the Turn of the Century

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## 1 Introduction

In a remarkable essay first presented at Cambridge in 1949 (see Marshall, 1964), British sociologist T.H. Marshall pointed out that the history of Western capitalist democracies has been inextricably linked to the development of citizenship: rights and entitlements that attach to persons by virtue of membership in a national community rather than to their property, status, or market capacity. In the 20th century *social rights* of protection from economic insecurity were added to the *civil rights* and *political rights* that had been evolving in the West for over 250 years.

Following Marshall, social scientists of the 1950s and 1960s saw the dramatic expansion of the welfare state in the 1950s and 1960s as the natural - and irreversible - result of a long term process of democratic modernisation. Now, at the century's end, we are less confident. Everywhere, the welfare state institutions created during the golden age of postwar expansion have been thrown into question. Is the welfare state withering away? Is it sustainable? What kind of welfare states and social policies are we likely to have in the future?

In response to the first question - Is the welfare state withering away? - there are, not surprisingly, two schools of thought with contradictory answers. The pessimists tend to start with the 'independent variables': the social, economic and political forces that shape welfare states. The typical culprits include the economic forces associated with globalisation and technological change, the impact of population ageing, the resurgence of conservative ideologies and political parties, and transformations of the class structure associated with post-industrialism. Together, it is argued, such forces are undermining the systems of market regulation and welfare state institutions created during the golden age of postwar economic expansion. As McKenzie and Lee succinctly put it:

The recent revolution in computer and information technology has enabled firms to move assets around the world at the touch

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of a button. It has also caused an explosion of competition not only among businesses, but among national governments seeking to attract new business and to keep existing business within their borders. This competition has forced governments to reduce tax rates, spending, and regulations, and to lower trade barriers. The resulting loss of fiscal and regulatory power has put a severe crimp in the very ability of these governments to govern. (McKenzie and Lee, 1991: 1)

Irrespective of their own predilection for redistributive welfare policies, governments that fail to provide tax and regulatory environments favorable to capital investment will be punished in the market, leading all countries to converge on a common neo-liberal institutional framework. The alternative for most nations, many believe, is economic oblivion.

A second group of observers are highly skeptical of this view. Those who have studied the retrenchment process carefully - the dependent variable if you will - have been mainly impressed by the resiliency of the welfare state institutions created in the past.<sup>1</sup> Paul Pierson's (1994) award-winning analysis of the Reagan and Thatcher administrations emphasises the limited capacity of these two highly committed and comparatively powerful political leaders to effect radical structural change in welfare state programs. Past policies that are well institutionalised, he argues, create 'lock-in' effects that create prohibitively high costs of exit from current policy arrangements. Politicians, whatever their colours like to get re-elected and there is a profound difference between extending benefits to large numbers of people and taking those benefits away. The most likely reform is the one that alienates the smallest number of voters. As a result, retrenchment is likely to be incremental in nature. Changes are made 'at the margin' where, in the short run at least, they affect a small number of voters and leave the basic structure of the system more or less intact.

So here we have two rather different views of our current situation. If you believe that the forces of economic globalisation and/or technological change are forcing all nations to adapt to the whip hand of the global marketplace, that the welfare state will wither away, you will find no shortage of supporters for your point of view. If you would like to believe that welfare state institutions created in the past will survive well into the future, there is plenty of solace for you from the research community. But which view is correct?

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1 See especially Pierson (1994) and Kitschelt et al. (forthcoming)

The answer is probably neither since we are asking the wrong question. As long as there have been nation states there have been welfare states, state institutions designed to harmonise the production of wealth with its distribution. So one could say that the welfare state is forever. But no *particular* welfare state is forever. Elizabethan poor laws were followed by the 19th century poor house. The 20th century brought new principles of distribution based on need, citizenship and social insurance. The important question is not *whether* there will be a welfare state but rather *what kind* of welfare state we will have in the next century.

So what sort of welfare state will we have? The old welfare state paradigm has broken down. But given the nature of historical change we cannot know what new model will replace it since unlike mathematics, social problems rarely have a unique solution. In the social world, 'solutions' are the result of experiments that are always evaluated against a set of historically contingent background conditions such as the racial cleavage that divides US social politics or the deeply embedded role of organised labour in the social politics of many European nations.

Uncertainty, however, does not mean that we are intellectually (or politically) helpless in the face of change. We can begin to identify the problems that the old welfare state paradigm has been unable to solve - the origins of the 'crisis'. We can also point to the emergent strategies proposed to solve them, and evaluate their likely consequences. So let us begin with what we know.

## 2 Market Failure

The main reason the contemporary welfare state is in trouble is not difficult to identify. To put matters simply, the market let us down. Despite enormous diversity in outcomes, all welfare states constructed in the postwar decades rested on a common fundamental assumption, namely that expanding labour markets and rising wages would be the main source of welfare for most people most of the time. One need only read James Tobin's (1994) poignant discussion of the failure of President Johnson's 'War on Poverty' to appreciate the dimensions of this 'market failure.' Tobin, a Nobel prize winning economist, describes how he and other well-meaning (and well-informed) economists in the 1960s believed the 'war' could be won through the magic of the market. Poverty in America, they believed, was a result of *social* and *legal* barriers to market entry, the result of racial and other traditional forms of discrimination. Remove the barriers - through civil rights and other legislation - and poverty would disappear. As we all now know, they were to be sadly disappointed. By the early nineties, child poverty in America had risen back to

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21 per cent, the same level as in 1965 when President Johnson announced his 'war on poverty.'

Were Tobin and other leading economists of the sixties naive? Only in hindsight. Like Yahwe at creation, American economists in the mid-sixties looked at the market and 'saw that it was good.' During the previous quarter century, the market had brought rising real welfare and security to Americans in at least three ways. The first was a dramatic rise in real living standards, the result of equally dramatic increases in productivity. Under the rules of the postwar 'social contract,' these gains were shared with workers who proceeded to purchase suburban homes, automobiles, appliances and the other accoutrements of a 'middle-class' life style. Second, the labour market brought more, not less, equality. The 'Great Compression', as it is called, brought a marked decline in wage inequality in the 1940s and 1950s, the result of wartime wage controls, increased demand for unskilled labour, and a comparatively strong labour movement. Third, the market became a source of increasing income security as unions fought for, and won, pension, health care and other benefits at the bargaining table. A rising tide was lifting all boats; the trick was to ensure that no one missed the boat.

American policy-makers were reluctant welfare state builders because of their enormous confidence in the market to deliver welfare to all. But this same confidence in markets encouraged policy-makers elsewhere to expand their welfare states. Because one could expect high levels of employment, and high and rising wage levels, nations could afford to build luxurious welfare states, the assumption being of course that at any point in time very few people would need it. To illustrate, consider the following fantasy.

Imagine that you are a public official in a world where real earnings are rising two to three per cent year after year; where unemployment is four per cent; where there are pockets of both poverty and wealth but where the majority of people are busy acquiring homes, automobiles, and the other accoutrements of a middle-class life style. Imagine also that even your most cynical Treasury advisers reassure you that things will go onward and upward like this forever.

Under these conditions, your main challenge is to see that those groups and regions who have missed the rising tide of prosperity are brought on board. So you begin to build a modern welfare state. You take advantage of rising prosperity to provide better pensions for old people, to make health care widely accessible, to make it possible for families to survive periods of unemployment or illness financially intact.

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As you all recognise, this fantasy was no fantasy in the policy world of the 1960s. The fantasy begins to crumble because the labour market crumbles. It no longer delivers the jobs and wages that came to be expected as normal in the 1960s. In North America it is a story of stagnant real earnings and growing inequality in the labour market; of declining real wages for young adults and a growing gap between low-income earners and everyone else. A similar if more muted pattern is also evident in Australia (Saunders, 1995). In Europe, it is a story of slow employment growth: of continued security for the 'insiders' and growing insecurity for those whose entry into the labour market is blocked.

### 3 New Family Forms

Just as the labour market did not live up to the expectations of postwar policy-makers, neither has the family. Policy-makers in the postwar decades built their designs on the assumption that dad would be employed at a decent wage most of the time. Mom would stay home to look after the children and provide personal and caregiving services to dad, the kids, and, when required, to grandma and grandpa as well. Both normatively and behaviorally, most marriages were assumed to be relatively stable. Since then, as we all know, both family structure and behavior have undergone massive change.

Mom and dad now both go to work. The emergence of the dual-earner household has been risk reducing in the sense that families are no longer as vulnerable as they once were to the loss of wages by a single breadwinner. It is risk-creating in the sense that the conventional one-earner family is no longer a very good hedge against child poverty. Solo parents, usually female, are especially vulnerable and their risk is augmented by the fact that normative foundations of social policy have also adapted to the dual-earner model: single mothers are increasingly expected to be in the labour market like everyone else.

Families need jobs and this requires access to affordable services especially for child care. In America the demand is partially met by a huge pool of low-wage workers, often in the informal economy. Elsewhere, as in Sweden or France, the state helps meet demand. Where neither markets nor states do the job, the result is low fertility which in turn exacerbates the problem of population ageing.

In a stylised way we can sum up the crisis of the 'old' welfare state by considering the main parameters that determine the financial viability of the pay-as-you-go welfare programs created or expanded in the post-war decades. In a simple accounting sense, the financial viability of pay-as-you-go welfare states depends on

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the average annual growth in total real wages.<sup>2</sup> The growth rate of total wages is in turn the product of three variables: the annual growth rate in average wages, the rate of population growth and the level of labour force participation. In the 1960s, all three parameters were favorable to an expansionary welfare state. In varying degrees, depending on the nation, all three have become a constraint on the welfare state in the 1990s.

- Central banks and finance ministries have determined that the high wage growth of the 1960s is untenable because of its inflationary consequences. As a matter of policy then, fueling wage growth as a solution to the welfare state crisis has been ruled out of the picture.
- Population growth has fallen dramatically since the sixties and dramatically so in the former high fertility countries such as Italy and Spain. Pay-as-you-go welfare states need babies who eventually become wage earners and pay taxes. But for a variety of reasons - low wages, lack of employment, inadequate child care - young people in many countries are reluctant to produce them.
- Labour force participation rates have been stagnant or even falling in many countries, especially after adjusting for hours worked (Freeman, 1994). The notable exceptions include economies, such as the American, where wages are deregulated and allowed to fall to market-clearing levels.

The result is the dilemma posed by the OECD in its famous 1994 *Jobs Study*: modern economies face a trade-off between jobs and wages. You can have lots of jobs *or* high wages, it is claimed, but not both. High employment levels require downwardly flexible wages, low fixed wage costs, and employer discretion to hire and fire in response to market demand. For welfare states, the result is a zero-sum game. With one strategy you expand the ranks of the unemployed and, with the other, of the working poor.

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2 The following discussion is applicable to the main form of social transfer system adopted in most countries in the postwar years, namely pay-as-you-go social insurance benefits financed out of payroll taxes ('returns to labour'). Nations such as Australia that finance social benefits out of general revenue face a somewhat less difficult situation to the extent that they also capture some share of returns to capital. On this see Brown (1996).

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## 4 New Welfare State Models?

If these are the problems, what are the solutions? I do not mean solutions in any absolute sense, either analytically or normatively. Rather, I mean solutions that are part of real world national experiments or are being given serious attention as potential policy experiments by national policy elites. My attention focuses mainly on those strategies built around the assumption that future welfare state designs will be built around the first of the two alternatives highlighted above: flexible labour markets and a growing number of low wage jobs.

### 4.1 Subsidising Low Wage Employment

If you cannot have enough high-paying jobs for everyone and you still want high levels of employment, perhaps the answer lies in a welfare state whose main task is to subsidise the incomes of low-wage workers. In a recent paper (Myles and Pierson, forthcoming), we describe this strategy as *Friedman's Revenge* since it bears an uncanny likeness to Milton Friedman's model of a negative income tax or NIT, a design widely discussed but rejected during the formative 1960s and early 70s. Friedman's (1962) strategy was strikingly simple. In good times, he suggested, workers would pay taxes to the state; in bad times, the state would pay taxes to workers. It is worth noting that this represents a radical change from the old welfare state created from the fifties through the seventies. Then the assumption was that the main task of the welfare state was to provide you with an income when you were out of work through illness, unemployment or old age. This new strategy reverses the assumption and suggests a major task of the welfare state in the future will be to subsidise the wages of the employed.

The starting assumption then is that high employment in post-industrial labour markets requires greater tolerance among Western publics for low-wage employment. This is because future employment growth will primarily be in services where possibilities for productivity growth is low. Given this assumption, the question is whether it is possible to move to a low-wage regime without creating a permanent low-income underclass of the 'working poor'. The answer, especially popular among American economists (e.g. Danziger and Gottschalk, 1995: 158), is yes. One way of doing this is to provide income-tested wage subsidies, a refundable tax credit, to low-wage workers. Indeed the US has been doing this since 1975 when the Earned Income Tax Credit (EITC) was implemented. And unlike traditional social assistance programs for the poor and even 'middle class entitlement' programs, EITC benefits have been on an upward trend since the mid-eighties. The annual cost of the once-modest EITC grew from \$2 billion in 1986 to \$25 billion in

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1996: almost double the level of federal expenditures on AFDC, the traditional social assistance program for low income families. In 1986, seven million families were covered by the EITC. By 1996, the figure was approaching 19 million.<sup>3</sup>

While part of the EITC's growth was due to rising demand, the main reason for expansion has been sizable real benefit increases introduced in 1986, 1990, and 1993.<sup>4</sup> The shifting character of the American income transfer system reflects both the expansion of the EITC and the retrenchment of traditional means-tested programs (most dramatically in the welfare 'reform' legislation of 1996) and social insurance programs like unemployment insurance. Though it bears some resemblance to traditional means-tested programs for the 'poor', the design and implementation of NIT-style programs are very different. Eligibility is determined exclusively by income reported in a tax return (there is no assets test). There is no surveillance of beneficiaries or administrative discretion beyond that normally associated with the auditing of tax returns. Tax back rates on earnings and other sources of income are typically low so that work incentives are maintained. And benefits can reach well into the ranks of the middle class, albeit at a diminishing rate.

Thus far at least, rising EITC benefits have made only a small dent in US poverty rates. Despite the upward trend, benefits are still modest and the non-working poor are excluded. A more successful variant of this design, however, has been implemented north of the US border. Since the later 1970s, Canada has been restructuring family, unemployment and old age benefits, along NIT lines and the result is that overall income inequality and child poverty rates have been relatively stable despite rising inequalities in the labour market (Picot and Myles, 1996).

My aim here is not to regale you with the details of these North American experiments. Rather, I want to make two points. First, unlike the three traditional designs for cash benefits - earnings-related social insurance, means-tested social assistance, and universal flat benefits - all of which have been left to stagnate, cut back, or eliminated, NIT-style programs have enjoyed unprecedented expansion in this age of retrenchment. Second, through the eighties and early nineties, the Canadian experiment was remarkably successful at stabilising the distribution of income among Canadian households. Could this be the model of choice for the future or at least one of them?

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3 See United States House of Representatives, Committee on Ways and Means (1994: 704).

4 The maximum value of the EITC is currently around \$3500, and some benefits are available to families earning up to \$28 500 a year.

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Because there is little historical experience with NITs - 'means tests that exclude the rich' - there is much uncertainty and nervousness over this design. The negative connotations associated with traditional 'means-testing' - programs that are for the poor alone - remain vivid. To many policy advocates, *any* form of selectivity or targeting is a slippery slope. Commenting on recent US proposals to income-test benefits for high income seniors, Erik Kingson and James Schulz for example, write:

... there is good reason to believe that the introduction of such a means-test would, in the long run, undermine the political support, the legitimacy and, ultimately, the financial viability of Social Security. (Kingson and Schulz, 1997: 55)

The reasons are not technical but political: once you exclude a politically influential sector from the benefits of the welfare state you begin to undermine the political base of support for such programs. In the long run, so the argument goes we will end up back in the 'poor law' tradition of the pre-war era.

A second source of concern is economic. Wage subsidies to low-wage workers are also subsidies to low-wage industries and firms, low productivity enterprises that could not survive in the absence of these subsidies. The result could be the Speenhamland effect identified by Karl Polanyi. NIT-type designs stand the risk of creating a vicious circle. Wage subsidies for low-wage work create incentives to employers to create more such jobs, creating more inequality in the labour market and more demand for such benefits.

Because there is limited historical experience, there are no clear answers to these sorts of concerns. We will have to wait and see. But it would seem to me that there may be much to be learned from the Australian experience where there is a long tradition of 'means-tests that exclude the rich'.

Let me now turn to a second model of the future welfare state, one widely discussed but still slow to be implemented.

#### **4.2 Rethinking Inequality: The Social Investment Strategy**

In a provocative essay Gosta Esping-Andersen (1996), one of Europe's leading social democratic thinkers, has argued that welfare state advocates and other equality seeking groups must rethink their understanding of inequality. The welfare state egalitarianism that characterised the 1960s, he argues, became fixated on equality in the 'here and now'. We might think of this as a preoccupation with 'point-in-time' inequality, the sort that shows up in an annual survey of national incomes. For a

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variety of reasons, associated with the character of post-industrial labour markets, globalisation, and new family forms, he concludes, it is difficult to see how we can avoid growing inequality in the 'here and now', that is on a cross-sectional basis. The new welfare state, he argues, must focus on life-time inequality:

accepting inequalities for some here and now, but guaranteeing at the same time that those who fare less well here and now will not always do so; that underprivileged will not be a permanent feature of anyone's life course. (Esping-Andersen, 1996: 264)

Our concern should be with forms of entrapment and exclusion that lock individuals and families into a vicious cycle of relatively permanent membership in low-wage, low-income poverty traps.

This dynamic approach to inequality leads Esping-Andersen to a concern with services such as child care that enable mothers to enter the labour market. But his main emphasis is on the now popular idea that the solution lies in enhanced investments, or more productive investments, in education and training; education and training not just for the young but over the whole of the adult life course. This conclusion is based on the observation that those who are suffering most from the effects of globalisation and technological change are the least skilled members of society. They are the ones most likely to be working for low wages or to experience long spells of unemployment. Providing people with better skills or a new mix of skills, he argues, is the best insurance of escape from entrapment on the margins of the labour market.

There is much to be said for this view. During the 1980s, Canada escaped much of the rise in wage inequality that occurred in the US by virtue of the fact that the rate of growth in post-secondary graduates kept pace with demand, the result of a publicly funded and relatively inexpensive university and college system. And a number of studies show that inequality in national wage distributions looks remarkably like the distribution of inequality in national test scores. The most dramatic illustration of this conclusion is found in the OECD's international literacy study (OECD and Statistics Canada, 1995). Rather than measure educational inputs, such as the number of years of school completed, it measures educational outputs: the capacity of individuals to extract and manipulate information expressed in words, symbols and numbers. At the most basic level, for example, it determined whether individuals could follow instructions on an aspirin bottle. A more complex task required readers to determine the percentage of calories in a Big Mac that comes from total fat based on a table providing a nutritional analysis of this famous food product. What was striking in the results were not the national differences in

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*average* literacy levels but in their *distribution*. The United States, as one might expect, had a large number of people with very high literacy levels but an equally large number with very low scores. Approximately one-fifth of American workers are functionally illiterate compared to ten per cent in Germany and six per cent in Sweden. Earnings inequality is high in the United States because the distribution of human capital is very unequal. The American system of education and training - a neglected aspect of welfare states - does a marvelous job for the top third of the population but very little for the bottom third.

Let us pause for a moment and think of what all this might mean. If you were suddenly elected President of the United States and decided you wanted to bring poverty levels down to more tolerable levels, what strategy would you choose? You notice that earnings inequality has risen dramatically since the 1970s so you decide to expand wage subsidies for the working poor. Well, American economists have run the numbers on this and decided that to bring earnings inequality back to 1979 levels would cost about four to five per cent of GDP (Blanchard, 1995: 51), a lot of money in an age of austerity. You might turn next to revamping the education and training system to upgrade the skills of your workforce and especially of the least skilled workers. The economists have run these numbers as well and report that providing workers with sufficient skills to restore the 1979 earnings distribution would also cost about three per cent of GDP.

The moral of the story is that once you let the 'gini' of wage inequality out of the bottle and allow labour market earnings to become very unequal, it is very difficult to put it back again.<sup>5</sup> It is both hard and very costly to go back.

The problem is compounded by the fact that raising four per cent of GDP for any redistributive exercise is made *politically* more difficult precisely because earnings inequality is high. When earnings inequality is high, large amounts of money have to be taxed from the few in order to provide for the many. The welfare state becomes an exercise in taking from the rich to give to the poor and distributional conflict is intense. Where wage inequality is low a great deal can be accomplished by taxing small amounts from the many to benefit the few in need. In these conditions, the welfare state is more like a public good, sort of like the public library that everyone uses though perhaps more intensely at some stages of the life course than others.

But why worry about inequality at all? Is not all this concern about inequality a little old fashioned and out of date? Paradoxically, there is growing evidence that we

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5 The Gini index is among the more commonly used measures of inequality.

should be concerned with inequality not just for normative or social reasons but for economic reasons as well. Traditional economic theory has long made an argument that there is a trade-off between equity and efficiency. Recent economic work, however, suggests the opposite may be true. The new endogenous growth models argue that, *ceteris paribus*, more equal economies will expand more quickly than less equal ones.<sup>6</sup>

I am not an economist and I will not attempt a technical presentation of the argument and evidence. The argument is easy to illustrate, however. Children from low-income families typically perform less well in school and are less likely to go on to higher education. As a result, societies with many such children - high inequality societies - will produce a lower stock of skilled, well-educated workers than low inequality societies. In a world where workers must increasingly compete with their brains rather than their brawn, I think the implication is obvious: high levels of inequality are bad for society, bad for the polity, and bad for the economy.

## 5 Conclusion

Faced with historically high and, until now, relatively tenacious unemployment levels, many political leaders around the world have looked with both curiosity and some envy on the American model of deregulated labour markets and flexible wages as a potential solution to their problems. What the American experiment of the past two decades clearly tells us, however, is that there is 'no free lunch'. In the event that falling wage rates do in fact raise employment levels for some, governments must be prepared to raise expenditures for other things: wage subsidies for the working poor, training and other labour market programs to ensure that low-wage jobs do not become low-wage traps. There is of course a third possibility: simply to allow overall income inequality to rise. But this too is probably a false economy on the part of policy-makers. As the American experiment also illustrates, the likely consequence is rapidly rising public budget for prisons and law enforcement agents. Prisons and police have become one of the growth poles of the American economy since the 1970s. Faced with life in a low wage ghetto, many young men find the risks associated with the very lucrative drug market more attractive than its alternative.

As I understand the Australian model, the 'wage-earner's welfare state' has always been premised on the assumption that letting the labour market get out of control - letting the genie out of the bottle - is a major threat to the welfare of nations. This, it

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6 For a review, see Osberg (1995)

seems to me, still remains a reasonable starting point for redesigning our welfare states for the 21st century.

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# Research Strategies for Measuring Indigenous Poverty

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## 1 Introduction

The many facets of poverty means that it is not appropriate to rely solely on income-based measures to indicate disadvantage (Travers and Richardson, 1993). The movement away from a reliance on such measures is embodied in the diversified strategy being considered by the Department of Social Security (DSS) in developing a framework for determining the adequacy of social security payments (DSS, 1995). Clearly, the historical failure of income measures to capture the non-monetary spheres of welfare has distorted our overall picture of poverty.

Among the indigenous poor, the need for a more expansive definition of poverty is obvious. Cultural heterogeneity also reduces the ability of researchers to interpret data with any confidence as their benchmarks are based on certain, potentially culturally sensitive assumptions. The circumstances facing many indigenous people are so different from other Australians that income measures probably misrepresent the nature and extent of income poverty among this substantial portion of Australia's disadvantaged (Altman and Hunter, 1997).

This paper summarises the recent history of measurement of indigenous poverty and reflects upon viable strategies for measuring all the dimensions of disadvantage besetting indigenous Australians.

## 2 Indigenous Poverty Since the Early 1970s

The history of measuring indigenous poverty is a history of income-based measures of poverty. While several existing studies attempt to control for the composition of income units and even certain non-monetary factors, such as housing stock, the limitations of existing data and the failure to consider other factors has limited our understanding of indigenous poverty. The first extensive analysis of indigenous poverty, and still probably the best, is the Henderson Report (Commission of Inquiry into Poverty, 1975). This section gives a brief synopsis of how indigenous poverty has changed since that seminal Report.

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## 2.1 Data Limitations

At the outset, it is important to recognise that available data about indigenous well-being are limited. At the time of the Henderson Inquiry in the early 1970s the only reasonably reliable official information was from the 1971 Census. This was the first census, after the 1967 Referendum, that attempted full enumeration of the indigenous population. At that census, though, only 115 953 indigenous Australians were counted (Altman and Nieuwenhuysen, 1979: 4). Unfortunately, the 1971 Census did not collect information about individual or household incomes. This is partly why Henderson needed to commission special surveys of both the total Australian and indigenous populations; it is also why these studies remain important as the baselines of poverty measurement.

The availability of official statistics to assess indigenous poverty has increased in the last 20 years. In particular, an income question has been included in all censuses since 1976 and a special National Aboriginal and Torres Strait Islander Survey (NATSIS) was undertaken in 1994. However, there are still some problems. In particular, household-based ABS surveys on income distributions do not include an indigenous identifier and the NATSIS did not generate information directly comparable with the general population.

## 2.2 The Henderson Report

Indigenous Australians in the early 1970s were estimated to constitute less than one per cent of the Australian population. The Henderson Commission of Inquiry into Poverty's First Main Report of April 1975 placed indigenous (then generally termed Aboriginal) poverty issues firmly on the national policy agenda in two key ways. First, prior to Henderson, indigenous poverty was largely regarded as an issue limited to rural and remote parts of Australia. Two of three case studies commissioned by Professor Henderson for the Poverty Inquiry focused on the metropolitan centres of Adelaide and Brisbane and demonstrated that indigenous poverty was also prevalent in metropolitan Australia. Second, the Henderson Inquiry provided a perspective on indigenous poverty based on urban cycles of poverty. It highlighted the historical legacy of indigenous exclusion from the mainstream provisions of the Australian welfare state and encouraged holistic analyses of the inter-relationships between structural elements of indigenous poverty that went beyond locational and cultural factors.

Henderson's discussion of indigenous income poverty uses data from two studies sponsored by the Commission of Inquiry into Poverty and undertaken in Brisbane (Brown, Hirschfeld and Smith, 1974) and Adelaide (Gale and Binnion, 1975). The results of a third related study undertaken in Perth (Killington, 1977) were

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not available at the time the First Main Report was completed in 1975. Table 1 presents these results alongside contemporaneous estimates of poverty among the total population.

**Table 1: Weekly Income of Income Units in Relation to Poverty Line: 1973 and 1974**

Survey	Less than poverty line (very poor)	100-120 per cent of poverty line (rather poor)	Total poor
<b>Australian population</b>			
National Income Survey	12.5	8.1	20.6
<b>Indigenous population</b>			
Brisbane, May 1973	48.0	7.0	55.0
Adelaide, May-June 1973	22.4	33.1	55.4
Perth, late 1974	58.3	18.3	76.7

Sources: Brown, Hirschfeld and Smith (1974); Gale and Binnion (1975); Killington (1977); Altman and Nieuwenhuysen (1979)

Within these specific case studies there is substantial variation in poverty. More than twice as many indigenous income units in Brisbane as in Adelaide were classified as very poor: 48 per cent of Aboriginal Brisbane households compared to 22.4 per cent of Aboriginal families in Adelaide (Altman and Nieuwenhuysen, 1979: 167). The rate of poverty among Aborigines in Perth was almost 60 per cent (58.3 per cent). Henderson speculates that the higher levels of poverty in Brisbane were due to the larger numbers of recent arrivals from rural Queensland.

Henderson attempts to capture the 'depth' of the experience of poverty among urban Aboriginal families by measuring those income units which are rather poor, with income between 100 and 120 per cent of the poverty line. If these rather poor income units are included then the level of indigenous poverty was almost identical in Adelaide and Brisbane. Given that indigenous poverty is very sensitive to the definition of the poverty line, these findings raise doubts about the adequacy of a single poverty line which compares poverty in both the indigenous and non-indigenous contexts.

Henderson's coverage of indigenous poverty is necessarily incomplete because there was then no existing rural study of indigenous incomes. However, he speculates that rural poverty will be more prominent because of higher levels of unemployment in such areas (Commission of Inquiry into Poverty, 1975: 261).

Indigenous poverty varied from 32.5 to 58.3 per cent of income units in the three urban samples; non-indigenous poverty was estimated, using National Income Survey data, at 12.5 per cent. If we include all income units with income of less than 120 per cent of the poverty line, the range of indigenous poverty increases to between 55 and 76.7 per cent and non-indigenous poverty to 20.6 per cent (Table 1). These estimates based on sample surveys indicate that a far larger proportion of indigenous income units were very poor (that is, below the poverty line) compared to all Australians, ranging from 1.8 times in Adelaide to 3.8 times in Brisbane and 4.7 times in Perth. When those who are 'rather poor' (income between 100 and 120 per cent of the poverty line) are added, the differential declines somewhat overall, to 2.7 times in Brisbane and Adelaide and 3.7 times in Perth.

### **2.3 Indigenous Poverty Since Henderson**

How has the overall poverty of indigenous Australians changed since the early 1970s? Interestingly, there have been very few attempts to answer this question. This is partly due to methodological and data source problems. Most estimates of poverty for the total population are derived from the ABS's Income and Housing Surveys (ABS Cat. No. 6502.0). However, these surveys do not include an indigenous identifier and even if they did would only include about 300 indigenous individuals (Ross and Mikalauskas, 1996: 3). It was only in 1990, that Ross and Whiteford (1992) innovatively addressed this problem by merging the detailed income data from the Income and Housing Costs and Amenities Survey with data from the one per cent public use unit record file from the Census. These results have been published using 1986 (Ross and Whiteford, 1992) and 1991 (Ross and Mikalauskas, 1996) Census data and 1985 and 1990 Income Survey data.

The focus on indigenous Australians in metropolitan areas in the 1975 First Main Report means that one must be careful when making comparisons over time with the most recent Income Survey estimates that use a sample of 340 indigenous families spread across all sections of State. After all, the geographic processes which underpin indigenous poverty include variable access to mainstream employment, different preference structures of the respective indigenous populations and different access to education, health and other government services.

The recent analysis by Ross and Mikalauskas (1996) is far more detailed than the case study material available to Henderson especially as poverty is analysed within various family types. Notwithstanding substantial differences in the family composition and the geographic distribution of income units of Henderson's and Ross and Mikalauskas's estimates, it is instructive to compare the respective

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poverty estimates (Table 2). Ross and Mikalauskas found that among indigenous families with children, 50.1 and 61.5 per cent were classified as 'very poor' and 'rather poor' respectively. Among non-indigenous families the corresponding proportions were 20.9 and 31.3 per cent. Despite large increases in the proportion of poor in the non-indigenous population, indigenous poverty remains remarkably close to the range described by the Poverty Inquiry.

**Table 2: Comparison of Proportion of Income Units Below the Henderson Poverty Line: 1991**

Income unit type	Indigenous	Non-Indigenous
	Percentages	
Couple with:		
one child	15.7	8.1
two children	23.3	9.4
three children	43.6	17.6
four or more children	74.4	32.5
Sole parent with:		
one child	67.6	46.3
two children	79.1	57.5
three or more children	88.6	67.8

Source: Ross and Mikalauskas (1996)

Despite potential problems in comparing Henderson's urban samples with the more extensive sample examined by Ross and Mikalauskas, Tables 1 and 2 show that there has been some improvement in the level of indigenous poverty. Certainly relative to the total population, indigenous poverty has declined from a factor of 2.7 to 3.7 in the early 1970s to a factor of 1.96 in 1991. The differential in the early 1990s remains substantial, but the trend is in the right direction. Interestingly, the persistently high levels of indigenous families in poverty is corroborated by other research findings. For example, Altman and Daly (1995: 70) calculated change in indigenous and non-indigenous median individual incomes between 1976 and 1991 (using constant 1981 dollars) and found that the former increased by 4.8 per cent and the latter declined by 12.1 per cent. The relative improvements in indigenous poverty are more the result of increases in the proportion of low-income non-indigenous individuals than reductions in the proportion of low-income indigenous individuals.

## 2.4 The Role of Housing

Poor housing is one of the most visible manifestations of poverty among indigenous families, with many living in substandard and overcrowded accommodation. The Brisbane study on which Henderson based much of his paper on Aboriginals included an estimate of 'after-housing' poverty (Brown, Hirschfeld and Smith, 1974). On the whole the after-housing measures of poverty do not change much with slightly fewer households being classified as very poor and more households being classified as rather poor, 44 and 59 per cent respectively (Commission of Inquiry into Poverty, 1975: 260).

Brown, Hirschfeld and Smith (1974: 24, 44-6, 59) concluded that low-income extended family households lived in overcrowded dwellings as a result of economic necessity rather than choice. This conclusion probably remains valid. In 1994, Jones's study of the housing needs of indigenous Australians based on 1991 Census data reports continuing lack of housing, overcrowding and after-housing poverty. His analysis indicates that eight per cent of indigenous families either live in an improvised dwelling or share an overcrowded dwelling with another family; 21 per cent of indigenous households are inadequately housed; and almost 40 per cent of family households in rented government housing are in after-housing poverty (Jones, 1994: 149-54, 164). Jones's estimate of after-housing poverty is similar to that estimated by Brown, Hirschfeld and Smith (1974: 60).

In summary, there is evidence of moderate improvement in the economic status of indigenous Australians. Unfortunately, the lack of a consistent application of the existing methodology has hampered the proper evaluation of poverty trends. The next section questions whether the conventional poverty methodology adequately captures important aspects of indigenous poverty.

## 3 Conceptual Complexities Underlying Indigenous Poverty

Poverty, like economic status, is a value-laden concept that reflects the mainstream society's priorities. In assessing the extent of indigenous poverty, the diversity of indigenous circumstances and the dominance of alternative value systems, in many situations, must be recognised. This is not merely an epistemological issue. In the last 20 years, under the broad policy ambit of self-determination, many indigenous people have chosen to move from townships to small outstation communities distant from mainstream labour markets and commercial opportunities. These choices limit options to alleviate poverty as measured by standard social indicators. Similarly, many mainstream measures of well-being, like home ownership and low household population densities are

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either not options for indigenous Australians owing to residential location, or are low cultural priorities. Any discussion of changes in indigenous poverty must recognise emerging indigenous priorities, as increasingly articulated by indigenous people themselves. Accordingly, the following discussion addresses a select range of key issues that operate as an overall caveat questioning whether conventional poverty analysis is applicable to indigenous Australians.

### **3.1 Subsistence Activities and Indigenous Poverty**

In many situations, contemporary indigenous cultures recognise the social and economic significance of hunting, fishing and gathering. Such activities play a crucial role in providing for the welfare of the community over and above the direct sustenance they might provide. Despite the intrusion of non-indigenous settlement, they still play an important economic role in many remote and rural communities. Income-based measures used in conventional poverty analysis fail to capture the role of such informal productive and income-generating activities.

One rationale for devising a distinct measure of indigenous poverty rests on the ability of subsistence activities to provide an alternative to money as a means of sustenance. If we can demonstrate empirically that hunting and gathering is a significant substitute for monetary income, then it may need to be given a monetary weight so that it can be incorporated in existing measures of poverty.

The NATSIS data indicates that there is little difference between the personal income distribution for indigenous people who did and did not engage in subsistence activities such as hunting, fishing and gathering (Altman and Hunter, 1997). This may reflect the fact that there is little substitution between non-market subsistence and monetary income. If this is the case, then income-based measures of poverty may provide a relatively accurate measure of indigenous poverty. However, intrinsic differences between the income units used to measure poverty in the indigenous and non-indigenous communities may provide a rationale for a separate poverty line.

### **3.2 Family/Household Size and Composition**

Research by Daly and Smith (1995) suggests that indigenous families experience substantial and multiple forms of economic burden arising from the size and structure of families and households. Indigenous households are more likely to have more than one family in residence than other Australian households and are more likely to be multi-generational with older indigenous people more likely to be living with younger people in extended family households.

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Henderson attempts to control for differences in family size and composition in his research by using equivalence scales derived from US studies of poverty in the 1950s. These scales estimate the incomes required by different families to attain the same standard of living. The underlying assumption of these scales, that the relative expenditure patterns and needs of modern Australian families are similar to those derived for 1950s New York families, has been described as 'heroic' (Stanton, 1980). Such an assumption is particularly problematic when one considers how different indigenous expenditure patterns and cultures are from those of New York families in a bygone era. The appropriate income unit for indigenous Australians is an extended family with potential for income sharing across several generations and families rather than a conventional western nuclear family.

The large differences between the size of indigenous and non-indigenous families and households mean that the issue of economies of scale in household production has important implications for the measurement of indigenous poverty. For example, equivalence scales should accurately reflect the real cost of raising large families. Unfortunately, the range of equivalence scales used by poverty researchers becomes significantly wider as the number of children increases (Whiteford, 1985: 13, 106-7). More importantly, while the majority of Henderson's equivalence scales do not differ markedly from other researchers, they do diverge for large income units (Saunders, 1994: 251). Given that the average size of indigenous households was almost twice that of other Australian households in 1991, the large variations in the poverty line estimates for large households cannot be ignored. This is an important area for reform of poverty lines if they are to be relevant for analysis of indigenous poverty.

### **3.3 The Role of Relative Prices and Expenditure Patterns**

Conventional poverty measures typically do not adequately account for the differences in purchasing price of necessities. Therefore where there are large differences in the relative price of daily necessities, it is difficult to compare the levels of poverty between groups (Sen, 1992: 115). To the extent that indigenous people are disproportionately concentrated in high-cost rural and remote localities, the basic poverty comparisons between indigenous and non-indigenous Australians are problematic. However, Henderson's original contribution to indigenous poverty analysis does not suffer from this problem as it concentrates on metropolitan indigenous populations for whom the prices of daily necessities would have been much the same as for other urban residents.

Overall the differences in relative prices between remote/rural and urban areas mean that poverty lines must distinguish between the cost-of-living faced by the various groups identified as poor. That is, conventional poverty lines may

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understate the level of poverty of remote indigenous populations relative to other populations.

One criticism of existing measures of indigenous poverty is that there are large differences in patterns of indigenous expenditure on food, housing and transportation compared to other poor people. Low-income indigenous households appear to spend a higher proportion of their incomes on the basic necessities of life, such as food, than the lowest-income households amongst the total population. Indigenous expenditure patterns are also characterised by expenditure on poor quality, cheap foodstuffs, second-hand goods, reliance on credit and on subsidised services (Smith, 1991). However, it should be recognised that such expenditure patterns partially reflect the high price of consumer goods and services in remote and rural areas *vis-à-vis* indigenous incomes as much as cultural differences in the value of such goods. That is, poor quality and cheap consumer goods may be consumed because that is all poor people in remote and rural areas can afford.

The NATSIS data confirm that indigenous people in rural and remote areas have substantially lower cash income than in capital cities (Altman and Hunter, 1997). However, while it is true that many consumer goods and services will be more expensive in remote Australia, the greater supply of cheap land tends to lower housing prices. It will not be possible to adequately summarise indigenous poverty or changes in indigenous poverty until the large regional differences in prices and expenditure patterns are adequately accounted for in poverty analysis.

## **4 Alternative Strategies for Measuring Indigenous Poverty**

### **4.1 The Full Income Approach**

One failing of existing income based measures of indigenous poverty is that it fails to account for the welfare (utility) generated by accumulated long-lived assets such as cars and houses (Travers and Richardson, 1993). The full income approach calculates the potential income stream from such assets and non-market goods and combines it with the conventional monetary measure of poverty. While few indigenous people have substantial accumulations of capital, there may be some merit in valuing the produce of traditional activities. Unfortunately, the heavy demands on data caused by, amongst other things, the many imputations required to derive a full income index of poverty, tends to reduce the overall credibility of the index. In any case, the lack of data which documents either the assets or subsistence activities of indigenous Australians severely circumscribes the usefulness of the full income approach to indigenous poverty. Notwithstanding the difficulties in constructing this index, the ideal indigenous

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poverty measure should account for possible substitution between the subsistence activities and market goods.

## 4.2 Summary Indexes

Summary measures of poverty attempt to capture the diverse facets of poverty in a single index. For example, income, housing, health, personal security and incarceration all contribute to indigenous well-being and should be included in any measure of indigenous poverty. Distance measures and principal component analysis,<sup>1</sup> are two techniques which can summarily combine both qualitative and quantitative data on living standards.

The distance function technique evaluates how individuals fare relative to some reference standard of functioning or capability using computationally intensive techniques (Travers and Richardson, 1993). While the complexity of technique reduces the power of the reader to judge how plausible the results are, distance functions have the advantage that they can be estimated using existing NATSIS data.

Principal component technique selects weights for the variables thought to contribute directly to welfare, so that a linear combination explains the maximum variance of poverty outcomes. While this technique can be criticised because there is no theoretical rationale for the weights, apart from the statistical property described above, the method can be used to indicate whether there is more than one dimension to the data

The single index number produced by these summary indexes has the advantage that it indicates whether someone suffers multiple disadvantage. However, if there are no common dimensions to disadvantage, then focusing on a single number will induce the appearance of spurious homogeneity among the poor. If the different facets of poverty are poorly, or even negatively, correlated, then it is more appropriate to use several indicators of disadvantage.

## 4.3 Multiple Indicators of Disadvantage

The Scandinavian levels-of-living measures is an example where multiple indicators of poverty are more appropriate than a single index (Erikson and Uusitalo, 1987). Detailed surveys of nine different dimensions of individual standards of living have been conducted in Sweden since the late 1960s. The

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1 Principal coordinate and factor analysis are related indexes which exhibit similar strengths and weaknesses as principal component analysis and are consequently not examined here.

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surveys cover: health, employment, economic resources, education, security of person and property, family and social environment, housing and local resources, recreation, political resources. The need to use multiple indicators of poverty is based on the observation that the ranking of individuals varies considerably from one dimension to another. This information would be lost if the dimensions were to be compressed into a single index.

The disadvantage of this approach is that it probably over-emphasises the autonomy of the spheres of poverty. While it is important to recognise the differences in facets of poverty, it would be a mistake to ignore the behavioural inter-relationships between the apparently disparate spheres of living.

#### **4.4 Revealed Preference Approach**

The theory of revealed preference provides a basis for examining the relative welfare of several groups of citizens using price and quantity data on existing consumption choices. The basic idea is that if a consumption bundle could have been purchased by a person, but was not, then the goods and services that were purchased is revealed preferred to the other bundle.

The major advantage of the revealed preference approach is that it is firmly rooted in economic theory and provides a means of identifying the importance of differing preferences in indigenous and non-indigenous communities. By using information on both price and quantity, this approach overcomes the problem arising from measuring poverty in the presence of widespread regional variations in the prices of goods and services.

The approach can potentially incorporate a wide range of welfare related entities for which no natural price exists. For example, Dowrick, Dunlop and Quiggin (1994) included life expectancy in their international study of living standards. Another advantage is that, the possibility of substitution between subsistence and market goods can be incorporated in the poverty ranking by valuing the produce of traditional activities at market prices.

One disadvantage of the revealed preference approach is that it requires more detailed consumption and price data than are currently available. One way of operationalising a revealed preference theory in the indigenous context is to compare the consumption bundle of several groups of indigenous Australians from remote outstations, rural or urban areas with some recognised benchmark of poverty.

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#### **4.5 Budget Standards**

One response to the mounting criticisms of the Henderson poverty line is the Budget Standards project commissioned by DSS and conducted by the Social Policy Research Centre (SPRC). The Budget Standards Unit (BSU) of the SPRC is attempting to determine the budget necessary for particular types of households to achieve a modest but adequate standard of living (Saunders, 1996). Given the problems with using a single Australia-wide poverty line noted above, the geographic dimension of budget standards provides an unambiguous improvement in the measurement of indigenous poverty. While the budget standard will provide a recent estimate of the cost of children and potential economies of scale within various income units, it may not capture the diseconomies of very large indigenous families and inherent differences in the income sharing arrangements within indigenous and other Australian households.

The budget standards provides a relatively transparent benchmark by which indigenous poverty can be measured. While the budget standard developed by the BSU will not capture the diverse situation of indigenous Australians, especially the differing prices faced by remote and urban communities, it should be theoretically possible to use the standard, in conjunction with the theory of revealed preference, to rank the relative welfare of several representative groups of indigenous Australians and the consumption benchmarks developed by the BSU.

### **5 Concluding Remarks**

Henderson's Report provides a rudimentary baseline for the analysis of indigenous poverty. Unfortunately, the lack of consistent application of poverty techniques since that time has rendered comparisons with Henderson's baseline problematic. Notwithstanding these difficulties the conclusion that there has been some reductions in indigenous poverty relative to the rest of the population is robust. However, most of the improvement occurred because of the increase in the level of poverty among other Australians rather than any absolute improvements in indigenous poverty.

The comparative assessment of indigenous poverty in the 1970s and 1990s is complex because the indigenous population for which official statistics are available has fundamentally changed. The increased willingness to identify oneself and one's family as indigenous may have profound implication for interpreting changes in economic status. For example, the moderate improvement in real income status noted in this paper may reflect the recent self-identification of previously 'integrated' indigenous people who would have probably already enjoyed a relatively higher income status.

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The conceptual problems for indigenous poverty raised in this paper are largely recognised as a problem in the general poverty literature (Saunders, 1994; Sen, 1992). The problems for poverty analysis arising from non-market work, family size and composition, relative prices and the geographic distribution of the population indicate that there is a need for better measures of poverty rather than a specific measure for indigenous poverty. The major challenge is to ensure that the distinctive circumstances of indigenous people are taken into account in any reform of Henderson's equivalence scales and general methodological approach.

This paper suggests several alternative strategies for measuring indigenous living standards. Unfortunately, these measures are either difficult to construct, at least in the short term, or difficult to interpret. Notwithstanding, a worthwhile research program into indigenous poverty would be to explore the multidimensional nature of indigenous poverty using the NATSIS data. Eventually, after the relevant price and quantity data are collected, it should be possible to use a revealed preference approach to identify how indigenous poor fare relative to other poor.

Given the difficulties in measuring and interpreting indigenous poverty it is worth asking whether poverty lines tell us anything that creative and sophisticated use of unit record files data do not? It is likely that concerted analysis of several social indicators will provide a better perspective on indigenous well-being than one single measure of well-being. Our understanding of indigenous poverty will be enhanced by examining the problem from several angles rather than placing too much emphasis on a summary measure which may misrepresent the problem in important ways. For example, income-based poverty measures should be supplemented with research into the underlying causes of poverty including employment prospects, the housing stock, welfare dependency and even more general social indicators such as long-term health status and arrest rates. Without rigorous analysis of the social and economic interactions which underscore indigenous (and other) poverty, discussion can degenerate into a media induced anecdote.

Future research should also make it a priority to tease out the social interactions between outcomes that determine the well-being of the poor. For example, high rates of arrest contribute to indigenous poverty through reduced employment prospects, lower incomes and directly reduced utility for the period of incarceration (Hunter and Borland, 1997). While income measures give a rudimentary feel for the extent of indigenous poverty, they do little for assisting formulation of useful policy. Analysis of indigenous poverty should avoid an excessive focus on the relative sterility of poverty lines by devoting more attention to the economic, social and institutional factors which keep many indigenous people 'poor'.

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# **Empty Streets: Current Policy Relating To Long-term Homelessness**

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While many post-Fordist countries are experiencing an increase in the extent and visibility of homelessness (Evans, 1996; Blasi, 1994; Snow and Bradford, 1994; Rossi, 1990), Australia, until recently, has been relatively successful in containing homelessness. It is suggested that this containment is largely the result of the style of societal management adopted within Australia (Crane and Brannock, 1996: 8, Burke, 1994: 13-16).

The 1990s have seen the welfare state in Australia, as in other post-industrial countries, struggling to meet new challenges. These challenges include the impacts of globalisation and changes in the labour market (Neil and Fopp, 1994; Dalton, 1992) rising levels of unemployment specific to certain industries and geographical locations (Hunter, 1996; Gregory and Hunter, 1995; Winchester, 1991), growing social inequities (Davidson, 1996; Hunter, 1996) and a redefinition of the role of government and the welfare state (White, 1996a; Mishra, 1995). The response to these pressures has been a movement towards economic rationalism characterised by labour market deregulation, the pruning back of centralised wage fixing, privatisation and a philosophical orientation to individualism, self help and consumer choice (Burke, 1994: 13-16).

Burke suggested that if Australia pursued an economic rationalist path an increase in the number of people experiencing homelessness in Australia would be likely to occur (1994: 13-16). While it is difficult to state categorically that the number of homeless people in Australia has increased, anecdotal evidence from service providers suggests that this is so. Some sectors of the homeless population have increased, for example the number of homeless young people (Chamberlain and MacKenzie, 1994, 1996).

In addition to a simple increase in numbers, the picture is complicated by the recognition and servicing of newly identified groups of people experiencing homelessness, such as homeless families (Neil and Fopp, 1994; McCaughey, 1992). While policy struggles to respond to these newly identified groups, an already identified and known group are being increasingly obscured. Since the early 1970s, there has been clear recognition in legislation and policy of the existence of long-term homelessness (Neil and Fopp, 1994; Wilson, 1990;

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Chesterman, 1988; DSS, 1984; *Homeless Person's Assistance Act*, 1973). While there is recognition of long-term homelessness, there is a lack of agreement about what constitutes long-term homelessness.

This paper, then, will first establish a definition of long-term homelessness. It will then provide an overview of policy directed at ameliorating and/or preventing homelessness, focusing on the Supported Accommodation Assistance Program (SAAP) as the chief mechanism of service delivery to people experiencing homelessness. A critique of SAAP in the context of other government policies and initiatives will be offered, as well as an attempt to identify the policy directions which are needed to address long-term homelessness.

There are some definitional difficulties to be negotiated before the term 'long-term homelessness' takes on any shape. If long-term homelessness is defined arbitrarily by the length of time spent as homeless (and the negotiation of how long is 'long enough' will undoubtedly prove problematic), there is a failure to take into account individual differences, experiences and reactions in the process of becoming homeless (Neil and Fopp, 1994: 9-11; Koegel, 1989, 1992). If long-term homelessness is defined as lack of accommodation commensurate with community standards (Chamberlain and MacKenzie, 1992) over time, then the difficulty of whose cultural standards to apply as well as the difficulty of distinguishing the inadequately accommodated from the long-term homeless arises. And while street people are commonly associated with long-term homelessness, such a view does not accommodate those who may be homeless by definition (Burke, 1994; Chamberlain and MacKenzie, 1992) but housed.

Definitions which stress the social and economic disconnection of the long term homeless (for example DSS Guidelines for the Administration of the Homeless Person's Assistance Act, 1983: 24) give no clues as to the ways in which such disconnection may manifest, and the ways in which such disconnection impacts on the long-term homeless specifically - as opposed to the longer term unemployed, those in institutions or those with disabilities. My experience as a worker with homeless people in an inner city area of Brisbane suggests that the identifier of long-term homelessness is a discrepant use of public space (Sibley, 1981).

For those experiencing long-term and literal homelessness, public spaces are the only spaces which are available (Sandercock, 1997; Erikson, 1991; La Gory, Ritchey and Fitzpatrick, 1991; Rosler, 1991). Their lives are lived out on the streets, in parks, bus shelters and doorways. For those whose long-term homelessness is characterised by insecure, inadequate and frequently changing accommodation - generally in boarding houses, caravan parks and in some cases SAAP services (Gevers and Street, 1993) - public spaces are used as supplementary living areas for meeting friends, having a drink (both of which are

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often restricted or prohibited in the accommodation they access) or escaping the stresses of living in a small area in close proximity to other people.

In the absence of a culturally sanctioned place to call home, the long-term homeless construct their homes where they can, since even applying the label 'homeless' does not negate the need for a place to be (Erikson, 1991). The long-term homeless appropriate specific public spaces and by their use of and association with them remake them as places of significance - as *de facto* homes (Crane and Heywood, 1997).

If long-term homelessness is characterised by the discrepant use of public spaces, and the changing of these spaces into places, the nature of public space - specifically contested space - assumes paramount significance for people experiencing long-term homelessness. It is in these spaces that different interpretations and uses of space are manifest. The dominant discourse, which shapes space as a commodity and relates the use of space to commercial purposes (Sandercock, 1997; White, 1996b: 38), is heard, while other discourses are muted or inaudible (Sibley, 1981; Ardener, 1975; Hardman, 1973). The muted discourses may represent public spaces as sleeping places, socialising places or meeting places but generally these uses are illegal or discouraged.

Long-term homelessness, then, can be defined as the discrepant use of public space resulting from the lack of any other place which can fulfil the functions of home (White, 1995: 172; La Gory, Ritchey and Fitzpatrick, 1991), and can be said to exist where the process of homelessness has become influential in determining the construction of another world view (Sibley, 1981; Berger, 1979). Long-term homelessness is characterised by a sophisticated and entrenched adaptation to being without a home, so much so that a process of reconceptualising home/a place to be, has occurred or is in the process of occurring. Identifying long-term homelessness in this way allows the distinguishing features of homelessness - as opposed to other forms of marginalisation - to be established, and focuses on long-term homelessness in a way which describes its positive features rather than its absent features.

Those whose homes are on the street are not only deprived of the security and comfort of home, disadvantaged by tenure bias (Neil and Fopp 1994; Paris, 1993; Flood and Yates, 1987; Kemeny, 1981, 1983) and regarded as suspect by the housed population (Richards, 1987; Perin, 1977). They are additionally penalised as their attempts to establish something resembling home wholly or partly in public spaces are restricted by local by-law, action by police and security guards, design technology (White and Sutton, 1995; Davis, 1990) and hostility from mainstream community members who wish to access the same spaces. The long-term

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homeless are restricted from acting upon their own world view, a view that has been nurtured by the inability of the mainstream to include all citizens.

Social policy has the ability to promote social inclusion or to exacerbate exclusion. Policy regarding long-term homelessness can focus on the situation of individuals with a defined need or it can focus on broader policy objectives relating to inclusion and exclusion. While policy directed at all Australians impacts on people experiencing long-term homelessness, policies relating to housing and the labour market are generally identified as having particular relevance.

This perception is debatable. In a high unemployment situation, those who have most recently left the labour market with skills can be assumed to be the most likely to be employed. Given the current shrinking of employment opportunities and increased competition for jobs in certain sectors of the market, it is highly unlikely that the long-term homelessness - 11 per cent of SAAP clients have never worked (SAAP, 1993) - will be absorbed into the labour market. Add to this the complications of disabilities, drug and alcohol dependence, inability to access showers, washing machines or mailing addresses, and the development of survival skills which may be at cross purposes to the skills needed to secure and maintain employment (Fopp, 1996; Neil and Fopp, 1994: 9-10; Koegel, 1992: 13), and the likelihood of immediate participation in the labour market by the long term homeless decreases further.

The labour market and work as it is currently constructed (Langmore and Quiggin, 1994) does not seem to present a realistic way for the long-term homeless to access money, resources or meaningful integration in the mainstream community. The provision of housing, particularly at the bottom end of the market, is often cited as a necessary part of policy response to homelessness, and while this position cannot be argued against theoretically, the reality is that many people who are experiencing long-term homelessness are not ready prospective tenants.

Long-term homelessness, as already noted, is a state and a process. To live long term on the streets, in shelters, or even in sub-standard accommodation, requires the development of a particular mind set and a range of behaviours which are often seen as inappropriate in more mainstream settings. People's street skills do not mean that they are ready to move into 'enclosed' accommodation, to live a life stable enough to pay rent weekly, to be in close proximity to a number of other people. This is not to suggest that the long-term homeless are not capable of acquiring these skills, but merely to make the point that it is rarely possible to take people off the streets and to address their homelessness simply by giving them shelter. It may be that many of the long-term homeless were deprived from an early age of the opportunity to learn the business of living in the mainstream community. It is therefore not enough to rehabilitate people, but necessary to habilitate them (Coleman, Cramp and Johansen, 1995). The programmatic

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acknowledgement of this is the emphasis given within the SAAP to transitional support.

The Supported Accommodation Assistance Program is described as '... Australia's main response to people who are homeless or in crisis ...' (SAAP, 1993: 1). The program will now be discussed in the context of wider policy directions with particular reference to how effective it is in addressing the issues of long-term homelessness.

SAAP, jointly funded by the Commonwealth and the States, came into operation in 1985 and integrated a number of programs which had operated prior to that time. These were the Homeless Person's Assistance Program (1974), the Youth Services Scheme (1979), the Commonwealth Family Support Scheme (1979) and the Women's Emergency Assistance Program (1984). These were reconstituted under SAAP as the General Supported Accommodation Program, the Youth Supported Assistance Program and the Women's Emergency Services Program. SAAP's focus was on the provision of supported accommodation for people who were experiencing long-term homelessness or temporary homelessness as a result of a crisis.

This move recognised various forms of homelessness and the diversity of people experiencing it. This was essential, but also created a tension within SAAP caused by the incorporation within a program of limited resources target groups with fundamentally different issues depending on whether they were experiencing either long-term or crisis homelessness. The tension arises because the responses needed to address the issues are different, the work styles demanded are different and the basic assumptions behind the provision of service are different. SAAP services are implicitly expected to work from different premises and in different ways.

Figures from 1993 show that those identified as the long-term homeless were concentrated in three of the eight SAAP service types. The three were single men's services, multiple services and day centres (Ray Morgan Survey, 1993 quoted in SAAP, 1993). The needs displayed by the long-term homeless in their use of services suggest that all are not looking for supported accommodation in order to reenter the mainstream, and that their use of services seems more related to a need for a place to be and people to be with, rather than an expression of the need for accommodation only.

Since the inception of SAAP in 1985, there has been a shift in the values and ideologies which underpin the construction of social policy. This shift has intensified since the election of the Howard Government and is embodied in terms like economic rationalism, neoliberalism, mainstreaming and broadbanding, and

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privatisation and competition. The formulation of policy to respond to long-term homelessness has been influenced by these shifts, as has the nature of the SAAP.

The 1993 Strategic Directions document reflected this change. These new program objectives centred around the achievement of self reliance and independence for clients, and 'reintegration into mainstream society', with the explicit comment that the long-term homeless were included in the pursuit of these objectives (SAAP, 1993: 5).

Such a formulation is encouragingly inclusive but it overlooks several key factors. Firstly, the implicit assumption here is that everyone who accesses a SAAP service, including the long-term homeless, lacks self reliance and is dependent rather than independent. This simplistic notion is challenged in the literature on homelessness (Koegel, 1989; Hopper, Susser and Conover, 1985) and by the practice wisdom of many SAAP workers, who see the long-term homeless as often too independent and too self reliant. For many of the long-term homeless what needs to be learned is interdependence.

The second assumption is that the long-term homeless want to be part of the mainstream and conversely that the mainstream has a place for all the homeless. This is not the case. Many of the long-term homeless have become disenchanted with what the mainstream has to offer, or hurt and embittered that the mainstream has had so little to offer them. There seems little point in taking away the support networks which do exist among the long term homeless to 'reintegrate' them into a mainstream community which 'does not want them' (Neil and Fopp, 1994: 86).

It has been previously suggested in this paper that the long-term homeless have experienced life events which have meant that they have not been part of the mainstream for significant amounts of time. If people who experience long-term homelessness wish to be integrated into mainstream society, this will require a long process with appropriate support and not a simple 'reintegration'. The third key factor is that these objectives rest on the ability of SAAP to deliver these objectives within the framework it has constructed for itself.

SAAP's framework has been reworked to emphasise short-term intervention, the implementation of individually focused case management strategies and a growing reliance on early intervention. The strategies which SAAP has adopted are being implemented in ways which obscure the needs of the long-term homeless and militate against their ability to participate in society in a way which makes sense to them individually. Many of the strategies to achieve reintegration within a SAAP framework are irrelevant for the long-term homeless. For example, the growing focus on early intervention and prevention of homelessness (Crane and Brannock, 1996) while laudable is utterly inappropriate for addressing long-term homelessness.

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Case management which has become the Holy Grail of the SAAP services has a number of negative implications and consequences for the long-term homeless. If case management, which is the drawing up of individual plans, is adopted as a strategy, it is hard to understand this response in any way other than as a signal that the reasons for homeless do lie within the individual. This is a return to a victim blaming mentality which has no place in the delivery of services to the long-term homeless.

SAAP service figures indicate that there is an over-representation in SAAP of the following groups: indigenous people, people with physical and intellectual disabilities, people who are unemployed, people who receive DSS pensions and benefits, people in contact with mental health services and people with drug and alcohol issues (Econsult and Neil, 1994; SAAP, 1993). These are people who, regardless of whether they are housed or homeless, are denied full participation in community and access to full citizenship rights. No amount of focus on case planning will make the wider system more accommodating. To a person who sees themselves as lacking, or 'less than', by mainstream standards, case management can too easily be just another unneeded reminder that you are not up to scratch. While SAAP case management is couched within a framework of better outcomes, increased service accountability, and client rights and participation, there is no reference to the right to refuse case management (National Practice Principles in SAAP Case Management, November, 1996).

Another factor limiting the usefulness of case management is the dwindling time line within SAAP. Case management is offered on a time limited basis, as is all support within SAAP. The imposition of time lines in SAAP case management, coupled with increasing demands from funding bodies for outcomes and throughput, will severely disadvantage the long-term homeless who are by reputation difficult to engage in the first place and who often require the input of significant amounts of time before the basis of a working relationship can be formed (Heath, 1977). Whereas the basis of SAAP in the past was the relationships developed between worker and client, the new language of SAAP reduces people to the status of 'cases', which must be assessed, monitored and evaluated.

Even client assessment which has the potential to identify individual approaches which could be useful to individual people is restricted in its usefulness to the long-term homeless, again because there are time lines set for how long support can be provided by SAAP services. Without sufficient time, long-term issues which often underlie homelessness cannot be identified or worked on. For example, there is some evidence that there are high numbers of people with sexual abuse histories accessing SAAP services (Doyle, 1996; SAAP Report, 1991). Anecdotal evidence suggests that it is also likely that there are many survivors of incest and abuse

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within SAAP who have not been identified. To break the silence that often surrounds such abuse takes a degree of trust. Long-term homeless people are often self-contained, unlikely to trust 'welfare' people and in chaotic situations which make the disclosure of and working on abuse issues difficult. Without a program which can respond by allowing time as required by each individual client, these issues cannot be raised within the SAAP context.

The prospects for the long-term homeless within SAAP are bleak because SAAP as it is constructed presently is incapable of responding appropriately. Yet the prospect of the long-term homeless accessing other, more mainstream services is even bleaker given the inability of most mainstream services to provide service appropriate for the homeless, particularly the long term homeless (SAAP Evaluation, 1994). The 1993 Strategic Directions document acknowledges this clearly. After stressing the need to return SAAP clients to the mainstream by increasing options and contact with 'external services and programs' the report goes on to say 'the long-term homeless, for whom this may not be possible or practical, must not be disenfranchised' (SAAP, 1993: 6).

Yet SAAP seems to be in the process of doing just that. Can SAAP move to address the issues of long-term homelessness, and what other processes and resources can be mobilised to achieve policy which recognises and begins to address these issues?

I suggested earlier that SAAP was under difficulty from its inception because of the requirement that SAAP serve what are essentially two disparate client groups (as well as a number of sub-groups within these two groups): those experiencing crisis homelessness and those experiencing long-term homelessness. I want to suggest further that moves within SAAP since the early 1990s have taken SAAP in a direction which attempts to address short-term and crisis homelessness in a framework which makes it more and more difficult to tackle issues relating to long-term homelessness. As discussed previously, the SAAP Strategic Directions document (1993) set out objectives that were aimed at the reintegration of homeless people back into the mainstream and the achievement of independence.

The SAAP evaluation reports (1994) clearly indicated that for many SAAP clients the prospects of integration into the wider community, even access to mainstream services, was still not a realistic prospect. In spite of this, however, the objectives set for SAAP services on behalf of their clients have not been modified and in fact subsequent objectives identified in SAAP continue to stress reintegration, independence and case management.

As well as an unchanged focus on goals that are quite at odds with long-term homelessness, the National Strategic Plan 1996-99 Update (December, 1996) suggests that current directions for SAAP - in the context of continued neoliberal

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economic reforms - will further marginalise people experiencing long-term homelessness. When viewed through the lens of economic rationalism, the strategies within SAAP are co-ordinated and single purposed. Case management and mainstreaming are strategies aimed at through-put of clients in SAAP services (within externally imposed time frames) and referring clients on from SAAP to more mainstream services. Both of these strategies are often inappropriate for people who have been homeless long term but are efficient in lessening the demands for service within SAAP. Those clients who need the shortest interventions and are easiest to move on from SAAP become the most attractive clients, and there is already anecdotal evidence from within SAAP services that the process of 'creaming' clients has become more entrenched.

If we want to respond to long-term homelessness, we can only do so by starting from the ground up, by formulating policy and designing programs from what we know about the people whose need they are designed to meet. We need people who are intimately acquainted with long-term homelessness to speak about what they have learned, and we need policy processes which welcome this knowledge and facilitate its input.

SAAP has made some provision for the inclusion of homeless people in policy formation and planning, but does not seem to have provided the support or skills sharing that would make these processes available to the long-term homeless. There needs to be recognition within SAAP but also at the level of policy formation that long-term homelessness is different in nature to crisis homelessness, and that response to one should never be at the expense of the other.

SAAP needs to recognise and respond to the internal pressure generated by the different needs of those experiencing crisis homelessness and those experiencing long-term homelessness, and to build in appropriate responses for both groups. If this is not done, increasing pressure for policy to deliver cost-effective and measurable results within unrealistic time frames will result in SAAP services who offer services to the most promising clients and select out those experiencing longer-term and more entrenched homelessness.

SAAP in the past has funded a small number of services to deliver non-accommodation services to homeless people, and it is these services which are highly valuable to the long-term homeless. These services include drop-in centres and outreach services. Funding to these services must be continued, although current pressure towards mainstream services for all SAAP clients may militate against this.

In terms of advancing the interests of homeless people, the long-term homeless must be able to access advocacy services from within SAAP, however their

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advocacy needs may be outside what is currently provided for by SAAP. The long-term homeless need advocacy in regard to their rights to access public space in a way which recognises the rights of the wider community but also recognises the significant ties that may develop between the long-term homeless and areas which they use over time. In the case of inner city redevelopment and gentrification, SAAP services need to be prepared to support the long-term homeless to articulate their links with place and community rather than facilitating the removal and relocation of people to other areas.

In terms of the wider policy arena we need to begin to consider more consciously the social costs of inclusion and exclusion. There are some who have never been included, whose lives have been played out on the edges, sometimes in the streets. If all society is prepared to offer to the marginalised is the streets, then contested space issues become central for long-term homeless people and people who work with them. We need to understand that the fact that for a person who has been long-term homeless within an area over time, one park is not the same as any other. We need to question whether the right of companies and corporations to revitalise inner city space should always be placed ahead of the right of people to have some control over the space in which they live.

Local community responses need to be encouraged, since it is at this level that homelessness is most visible and at this level that immediate responses to homelessness occur. Community development needs to become an integral part of policy response to homelessness.

Where the long-term homeless have developed links with an area and with other homeless people and members of the mainstream community within that area, relocation - often facilitated by service providers - has proved to be ineffectual (Vincent, Deacon and Walker, 1995). The preference seems to be for retaining links over 'better' accommodation. There are undoubtedly some who believe that the current retreat from the issue of long-term homelessness will conceal the presence of those who are already experiencing long-term homelessness, or that less access to resources will force the recalcitrant homeless back to the mainstream, leaving the streets empty, clean and aesthetically pleasing. I do not. I believe that of all the issues relating to homelessness, long-term homelessness represents the greatest challenge to our ingenuity and to our belief in the level playing field. Many of us consider the right to choose as one of our basic rights. If society cannot find places for all, should the long-term homeless be doubly penalised by the expectation that they return to the mainstream that in reality they were never part of?

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# **The Economic Status of Indigenous Sole Parent Families: A Challenge For Social Policy**

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## **1 Introduction**

This paper is part of an ongoing research project on the economic status of indigenous families and households. In the earlier research we noted the low economic status of indigenous sole parent families as a cause for particular concern and recommended further investigation (Daly and Smith, 1996b). We decided to begin that investigation by identifying their key socioeconomic characteristics relative to other sole parent families, and examining the factors associated with their ongoing high levels of economic disadvantage.

Inevitably, a number of important conceptual issues arise when trying to define and describe sole parenthood in a cross-cultural context. In the longer version of this paper (Daly and Smith, 1997), we identify a range of culturally-based behaviours and practices amongst indigenous families reported in the ethnographic literature, and consider their significance for program and policy. In particular, we examine their implications for the issues of adequacy of income support and welfare dependency. This paper summarises the key findings and issues raised.

To put the issue into broad context, according to 1991 Census data, sole parent families represented 18 per cent of all Australian families with children. This group has been a focus for research and policy concern because of the high incidence of poverty among sole parent families and fear of an intergenerational cycle of deprivation being established. By comparison, indigenous sole parents constituted a significantly higher 34 per cent of indigenous families with children - yet they have remained virtually invisible in most mainstream policy debate and research inquiry.

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Research in this area has been limited, so we have begun by presenting some descriptive material based on data from the 1991 Census, the 1994 National Aboriginal and Torres Strait Islander Survey (NATSIS) and aggregate administrative data provided to us by the Department of Social Security (DSS). This has been complimented by ethnographic case study information.

## **2 Indigenous and Other Sole Parent Families Compared**

In the national censuses, the Australian Bureau of Statistics (ABS) defines a family as 'a group of related individuals where at least one person is aged 15 years or over' (ABS, 1991: 47). Indigenous families are defined here as those families where at least one adult within the family identified themselves on the census form as indigenous (Aboriginal or Torres Strait Islander).

A number of conceptual and methodological issues arise from attempting to define an indigenous sole parent family. There are, for example, well-documented difficulties in the capacity of ABS census categories and coding procedures to adequately reflect indigenous family forms and practices (see Daly and Smith, 1995, 1996a; Martin and Taylor, 1996). Firstly, geographic dispersion and mobility amongst the indigenous population makes it relatively inaccessible to census and survey data collection methods. Secondly, the census is conducted at a point in time and presents an essentially static model of family structures. Thirdly, indigenous marital relationships are not easily established by interviewers, and considerable difficulty may be experienced in translating complex kin relationships to the census format (for example, in dealing with several families in one dwelling; in determining the relationships of visitors to 'usual residents'; and in identifying the relationship of offspring to adults). Fourthly, the ABS focus on creating the primary family around the basic nuclear couple family and limiting the classification of families to three per household may mean that sole parents residing in multi-family households will be reported as having less relational complexity (because other individuals and visiting children will be coded only to the primary couple family). It may also mean that some have been disbanded as a distinct family type and coded as separate individuals to the primary family. The extent to which this has occurred is unknown. However, the ABS does recognise the importance of extended family formations and that there will be deficiencies in estimates of families for indigenous populations as a result of its definitional focus on the 'residential family' (Paice, Dugbaza and Taylor, 1996).

How indigenous sole parent families might be more validly defined, and how they might conceive of themselves and be conceived of by other indigenous people, remain key issues. Unfortunately, there is no available research on these matters. In mainstream Australian society, sole parent families have historically tended to

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be regarded as a deviation from the norm of the couple family and taken as a sign of family breakdown (McHugh and Millar, 1996 ; Saunders and Matheson, 1991; Swain and Howe, 1995). Whether this is also the case in indigenous society is a moot point. Researchers have documented the important contemporary role of matrifocal (female-centred) families and of the female networks within them in indigenous society (Collmann, 1988; Davis, 1992; Finlayson, 1991). It has been argued that such families are not necessarily evidence of a deviation from the nuclear family norm, or of a transition from some 'traditional' male-centred family. Rather, such families may also reflect the continuing role women have had in determining the composition of domestic groups, and indicate an ongoing, preferred form of female co-residence and support, especially between female siblings and uterine kin (Finlayson, 1991; Peterson, 1978; Smith, 1985).

In the absence of other detailed research, census and survey data remain a critical source of information about indigenous sole parents. While they are not the most convenient or appropriate tool for researching the dynamic aspects of indigenous sole parent family life, this is so for all families covered. Importantly, what census data do provide are a valuable snapshot in time of certain tightly defined family structures and their economic well-being. Importantly, and in contrast to ethnographic case studies, census and survey data are available for indigenous families at a national, State and section-of-State level and enable an assessment of their status relative to other Australian families. The following section highlights some of the key differences between indigenous and other Australian sole parents. The implications for policy and program delivery will be discussed below.

### **3 A Statistical Comparison of Indigenous and Other Sole Parent Families**

As Table 1 shows, since 1976, sole parent families have accounted for a rising proportion of both indigenous and other Australian families with children. In 1991, 34 per cent of indigenous families with children were sole parent families compared with 18 per cent of other Australian families with children. Over 90 per cent of sole parent families were headed by women. On average, indigenous sole parent families had larger numbers of children than other Australian sole parent families. This is also reflected in 1997 DSS data: amongst the 20 096 indigenous sole parent pensioners, one-quarter have three or more children compared with 15 per cent of other sole parent pensioners, and these children are also generally younger.

An important difference between indigenous and other sole parent families was in the share of families which included foster children. About one-quarter of

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**Table 1: The Proportion of Families with Children by Family Type: 1976, 1991 and 1994**

	1976		1991		1994
	Indigenous	Others	Indigenous	Others	Indigenous
Sole parent	0.28	0.12	0.34	0.18	0.35
female head	0.24	0.10	0.28	0.15	
male head	0.04	0.02	0.05	0.03	
Median no. children	n.a.	n.a.	2.7	1.9	
Two parents	0.72	0.88	0.66	0.82	0.65
Median no. children	n.a.	n.a.	2.8	2.4	

Source: Population Census, 1976 and 1991; NATSIS, 1994.

indigenous sole parent families included foster children (i.e. fostered legally or by customary practice according to ABS definition) compared with only nine per cent of other Australian sole parent families.

The fact that a relatively large proportion of indigenous sole parent families contain foster children raises further questions as to how these families are established. The ethnographic evidence suggests that the 'fostering' adults are often close kin. In particular, female siblings and grandmothers are kinds of parents, effectively acting as 'sole mothers' for the children of their daughters or sisters, often for extended periods of time. In these circumstances older women may retain an extended parenting role for small children long past their own reproductive years.

Table 2 presents evidence on the distribution of sole parent families across Australia. In 1991, non-indigenous Australian sole parent families were heavily concentrated in the major urban centres where over two-thirds of them lived. In the case of indigenous sole parent families, only a third lived in major urban locations; the largest concentration (44 per cent) was in the smaller urban centres covered by the 'other urban' category. A significant proportion (23 per cent) lived in rural areas compared to 10 per cent of other Australian sole parent families. This geographic distribution is roughly similar to that for the total indigenous population with a somewhat higher concentration of sole parent families in major urban areas than the indigenous population as a whole (34 per cent compared with 28 per cent).

The NATSIS data show little change in the geographical distribution of indigenous families between 1991 and 1994. Figure 1 presents a further geographical breakdown by Aboriginal and Torres Strait Islander Commission

**Table 2: The Geographical Distribution of Sole Parent and Two Parent Families: 1991 and 1994**

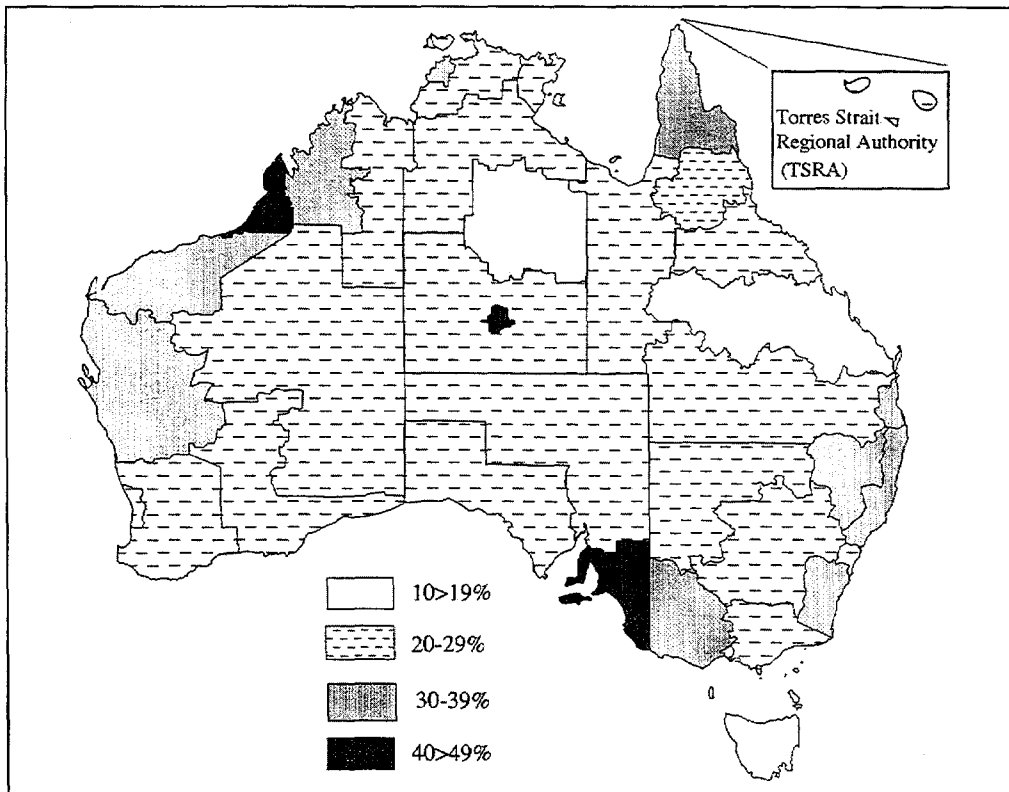
	Major urban	Other urban	Rural	Total
1991				
Indigenous Families				
Sole parent	33.8	43.7	22.5	100.0 (18 682)
Two parents	28.0	41.3	30.8	100.0 (35 718)
Other Families				
Sole parent	67.5	22.8	9.8	100.0 (513 033)
Two parents	63.3	21.0	15.8	100.0 (2,248m)
1994				
Indigenous Families				
Sole parent	32.6	43.4	24.0	100.0 (22 108)
Two parents	21.2	44.0	34.8	100.0 (39 086)

Source: 1991 Population Census; NATSIS, 1994.

(ATSIC) region of the proportion of indigenous families who were sole parent families. Sole parent families accounted for a higher proportion of all families in the coastal regions, particularly in New South Wales, Western Australia and South Australia. An exception was the high concentration in the Alice Springs region. In the ATSIC regions of Alice Springs, Broome and Adelaide over 40 per cent of indigenous families were sole parent families. This distribution has implications for targeting of service delivery.

While there may be a range of historical factors behind this distribution pattern, the availability of State Government housing is also a key factor. The 1991 Census data report that a far greater proportion of indigenous sole parents are reliant on State Housing Commission accommodation (42 per cent) than other sole parents (17 per cent), and are generally more reliant upon rental accommodation (78 per cent compared to 42 per cent). State housing tends to be concentrated in metropolitan and rural townships which may encourage the distribution of indigenous sole parents towards those locations.

Indigenous sole parents differ from other Australian sole parents in several other important ways. Firstly, they had a different age profile to other sole parents.

**Figure 1: Sole Parents by ATSIC Regions**

Forty per cent of the females were under 30 years of age compared with 22 per cent of their other Australian counterparts. There were also substantial differences in marital status. In 1991, about half of both male and female indigenous sole parents stated they had never been married compared with less than one-quarter for other Australian sole parents for whom the major categories were 'separated' and 'divorced'. The largest group of widowed sole parents were non-indigenous males and nine per cent of both indigenous and non-indigenous female sole parents were widowed.

These results need not imply that indigenous sole parents had not been partners in a long-term relationship prior to sole parenthood. It is possible that partners in a de facto relationship which had dissolved would state that they were 'never married'. It is also possible that many indigenous people remain reluctant to provide any family information to government departments. However the results raise an important issue: namely, sole parenthood for the wider population

generally follows the breakdown of a long-term relationship, but these data question whether this is true for indigenous sole parents. Indigenous sole parent families may be established through a different process than is typical for other sole parent families.

In an earlier paper, we documented the relatively low levels of education and employment of indigenous Australian sole parents (Daly and Smith, 1995). A larger proportion of indigenous sole parents (94 per cent of females and 80 per cent of males) had no educational qualifications than among other adults (80 per cent of females and 70 per cent of males). These lower educational levels are reflected in differential employment outcomes. Only 22 per cent of indigenous female sole parents were in employment compared with 41 per cent of their female counterparts. (For men the picture was slightly better, 42 per cent of indigenous male sole parents were in employment compared to 59 per cent of other male sole parents).

Educational levels and employment status have important implications for income status. Indigenous sole parent families had lower median incomes (at \$16 320) than other Australian sole parent families (at \$19 870). These differences were compounded when a rough correction for the number of people in the family was introduced. 1997 DSS data support this continuing comparative picture: 92 per cent of indigenous pensioners had no income apart from the sole parent pension, compared to a lower 81 per cent of other sole parent pensioners. The issue of access to maintenance payments from the non-custodial parent will be discussed below.

Not only is the income of the family important but where they are living in a shared household, the income of the other individuals in the household is important. Households containing indigenous sole parent families had lower median incomes than households with other Australian sole parent families and given the larger indigenous household size, there was a smaller income per household member. Ethnographic evidence suggests that indigenous sole parents form an important source of financial support for other adults lacking independent incomes of their own. This is a difficult hypothesis to test at the aggregate level, but 1991 Census data show that in only 12 per cent of households which were occupied by an indigenous sole parent were all the adults of working age in employment. This compared with 36 per cent of households including a non-indigenous sole parent.

In summary, census and survey data show that indigenous sole parents compared with other sole parents were younger, had lower educational status, were less likely to be in employment and had more children to support. Their median family income was lower, and the households in which they lived had lower

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household income. These data together suggest that they may have markedly lower standards of living than their counterparts.

This conclusion is reinforced by a consideration of the proportion of sole parent income units which fell below the Henderson poverty line. While the Henderson poverty line has been the subject of considerable debate, it remains the most widely quoted measure of poverty used in Australia (Saunders, 1994). The measure has certain important limitations but the general message of Table 3 remains clear. Sole parenthood is closely associated with poverty for all Australians (estimated at 54 per cent of sole parent income units) but particularly for indigenous Australians (estimated at 78 per cent of sole parent income units).

**Table 3: Indigenous and Other Australian Income Units with Incomes Below the Henderson Poverty Line: 1986 and 1991**

Income unit type	Indigenous		Others	
	1986	1991	1986	1991
Percentages				
Couple with:				
one child	12.2	15.7	3.6	8.1
two children	27.3	23.3	8.0	9.4
three children	50.0	43.6	14.2	17.6
four + children	48.7	74.4	25.1	32.5
Total	30.5	34.2	8.8	12.0
Sole parent with:				
one child	46.3	67.6	25.8	46.3
two children	77.3	79.1	51.0	57.5
three + children	92.3	88.6	82.1	67.8
Total	64.9	78.2	41.8	53.5

Source: Ross and Mikalauskas (1996), Tables 6 and 7.

Earlier results of a survey conducted for the Henderson Poverty Inquiry in Brisbane in 1973-74 estimated that 79 per cent of indigenous sole parent families fell below the poverty line (Brown, Hirschfeld and Smith, 1974). This suggests that there may have been little change in the relative income status of indigenous sole parent families over the recent past. As the Henderson measure of poverty is a relative one, this result however, does not imply that there has been no improvement in the real income level of indigenous sole parent families over the period.

## 4 Implications for Policy and Program Delivery

This comparison of indigenous sole parent families with other Australian sole parent families has important implications for the issue of the adequacy of income support and for program delivery for indigenous sole parent families. In this respect we wish to briefly discuss four major issues:

- the definition of indigenous sole parents;
- the problem of 'welfare dependence';
- the issue of maintenance; and
- the position of children in sole parent families.

As discussed earlier, perceptions of sole parenthood within the indigenous community may differ from the widely-held view that sole parenthood is a sign of family breakdown and a deviation from the norm. Researchers have documented the important role of matrifocal families and networks and for many these may remain the preferred family form.

The available ethnographic evidence suggests that one must question the extent to which indigenous sole parents are in fact 'sole' in respect to parenting. A common interpretation of the wider indigenous social context in which they operate is that it provides critical forms of support to sole parent families. But the converse has also been documented: namely, that sole parents with a stable pension income provide important economic security and support for other impoverished adults and their children. Other important definitional issues include the extent to which indigenous sole parenthood is a transitory or recycling life-cycle state; its duration; and the degree of support a sole parent receives from the non-custodial parent and any subsequent partners.

The second issue for discussion is that of welfare dependence. Our research indicates a high level of welfare dependence among indigenous sole parents implying their long-term absence from the labour market and the entrenchment of poverty at an intergenerational level. There is also concern that the high replacement ratio of potential employment income by welfare income may discourage indigenous sole parents from seeking employment and gaining work experience, locking them into a cycle of welfare dependency. Estimates using 1986 data show that about one-third of indigenous women had replacement ratios above 60 per cent (Daly, 1992). Preliminary estimates using 1994 NATSIS data suggest that high replacement ratios still remain an important issue for them.

While high levels of welfare dependence may be undesirable, given the ongoing poverty reported here for indigenous sole parents, there would be serious implications for them of any substantial reduction in pension payments, especially in the short term. In particular, it is important to remember that

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improved access to welfare payments is one probable explanation for the rising real incomes of indigenous women since 1976, and so may also have brought important financial benefits to these families (Daly and Hawke, 1995).

The Jobs, Education and Training (JET) program was established in 1989 to offer DSS case-management to sole parent pensioners to overcome welfare dependency by improving their employment prospects. The program offers a wide range of options, including assistance with access to education, training and employment programs. Participation in the program is voluntary and DSS clients who subsequently undertake any training or education retain their pension.

For indigenous sole parents, given their low economic status and supply-side skills, the JET program offers a potentially key service. However, DSS is of the opinion that indigenous sole parents are not accessing the assistance offered by the JET scheme to the same extent as other sole parents (Silkstone and Peard, 1996). The evaluation of JET strategies found a range of barriers facing indigenous sole parent clients including: lack of supply-side skills such as literacy and numeracy, lack of confidence, lack of support from family and friends, lack of culturally-appropriate child care, lack of appropriate courses and outcomes - especially in remote regions, lack of telephones, isolation, inadequate housing, and high costs associated with education and transport (Silkstone and Peard, 1996). A number of strategies have been proposed to improve JET service delivery but the effects of these changes await further evaluation. However, overseas evidence suggests that it is important not to place too much reliance on schemes such as JET as a means of raising the labour force participation of sole parents (Jones, 1996).

Interestingly, it does appear that some sole parents are accessing the CDEP scheme as participants. An important reason is that many schemes provide them with transportation to work and child care. There are a number of issues that are raised by this participation but we suggest that there may be good reasons for regarding participation by indigenous sole parents in a CDEP scheme as the equivalent of a JET outcome; that is, as an entry into part-time employment or a training program. Given their attraction to the scheme, perhaps greater formal co-ordination between JET and the CDEP programs could have benefits for indigenous sole parents and for the delivery of the JET program.

The issue of welfare dependency and income adequacy is directly related to the third issue raised by the research: the problem of maintenance. The DSS is able to exempt sole parents from its initial mandatory requirement to seek child-support maintenance from the other parent. Once exempted, a sole parent obtains the higher rate of DSS family payment, but nevertheless remains financially worse off than the average sole parent who has sought and is receiving child-support maintenance from the other parent (reckoned by DSS to be an average of \$88 per

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person per week for those pensioners receiving maintenance in 1997). In 1997, only 23 per cent of indigenous pensioners are receiving maintenance payments compared with 41 per cent of other sole parent pensioners.

There are several likely explanations of this difference. The high rates of male mobility and unemployment, their low levels of income, and their rates of incarceration, mean that adult males will not be contributing maintenance payments to their partners to the same extent as for other Australian sole parent families (Taylor and Bell, 1996).

Finally, we would like to consider the position of indigenous children in the delivery of welfare income support. An area of potential mismatch between indigenous cultural practice and program delivery occurs in respect to the DSS definition of what constitutes an 'SPP child'. An SPP child is classified as one who:

- (a) (i) is a 'dependent' child of the adult; *or*
- (ii) a 'maintained' child of the adult; *and*
- (b) (i) has not turned 16 years; *or*
- (ii) is a child for whom the adult is qualified for a child disability allowance; *and*

any of the following applies:

- (c) (i) the young person is the natural or legally adopted child of the adult; *or*
- (ia) the adult has specific order issues under the Family Law Act 1975 in relation to the young person; *or*
- (ii) the young person is in the adult's legal custody; *or*
- (iii) the young person has been wholly or substantially in the care of the adult for a period of at least 12 months immediately before the day on which the adult claims a sole parent pension; and is in the opinion of the Secretary likely to remain wholly and substantially in that adult's care permanently or indefinitely (summarised from the *Australian Social Security Guide* s.250(1).

The DSS criteria referred to in the last part of s250(1) which potentially recognises more informal fostering arrangements, nevertheless, does not accommodate the more dynamic child care arrangements of children who frequently change residential location. In addition, the periods of 'parenting' time involved in this recycling pattern may not necessarily be as consecutively stable as 12 months, but they may nevertheless be considerable in accumulation.

The consequence of this mismatch is that female kin who are engaged in providing substantial periods of care for the child of a sole parent may not have

access to the pension payment specifically allocated for that child's care. These eligibility difficulties may create substantial economic burdens for the adults concerned and disadvantage the child. Arguably, greater program flexibility in the treatment of indigenous sole parents is warranted, but there are no easy answers.

One option is to shift the focus more towards the actual care situation of the children. This could be achieved by a combination of measures including expanding the definition of what constitutes 'adoption' in the classification of an 'SPP child'. Another option is to accommodate periods of time shorter than 12 months, or to include accumulated recurrent periods of time spent with other primary carers. However such changes are likely to be more difficult in the current political climate which leans towards the restriction of eligibility to welfare rather than a more flexible expansion. Perhaps other mechanisms for targeting children in sole parent families might be more effective, for example, by the funding support of more informal indigenous family day-care arrangements.

## 5 Conclusion

The research analysis presented here reveals a particularly disadvantaged group within the indigenous population, that is, sole parents, a group which appears to have been largely ignored in the field-based case study research. Importantly, they are more socioeconomically disadvantaged compared to other Australian sole parents. Indigenous sole parents were younger, had more children to support and lower educational status and were less likely to be in employment than their other Australian counterparts. These factors, their lack of maintenance support and their supporting role for other adults not in employment meant that they had lower family and household incomes.

Given their continuing relative disadvantage compared to other sole parents, it is strongly recommended that DSS target this client group for a comprehensive adequacy assessment of their income support. Such an assessment will be significantly enhanced by the parallel conduct of an in-depth survey of the living standards of indigenous sole parent families and the households in which they live. The DSS is understood to be currently investigating the feasibility of incorporating an indigenous sample into just such a national Living Standards Survey.

By and large, indigenous sole parents will continue to be younger than other such parents when their children turn 16 years of age. Their access to education, training and employment skills should be especially critical, not just for DSS, but perhaps even more so, for ATSIC and DEETYA. More targeted program delivery by those departments based on the current and projected characteristics of this family type could play an important role in raising their employment and educational opportunities and their income levels.

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# Administering the Unemployed Citizen

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## 1 Introduction

By March 1997, a certain shrillness had entered political debate and argument concerning the question of unemployment in Australia. The occasion for a renewed round of electoral politics over unemployment was the introduction of the *Social Security Legislation Amendment (Work for the Dole) Bill 1997* into the Australian House of Representatives. The justification of the bill by the conservative Liberal-National Coalition Government was to establish 'pilot' projects by which younger unemployed people, 18 to 24 years, would be required to work on 'community projects' at award rates of pay up to the value of unemployment benefits. The terms of the justification of the bill by the Minister, Dr David Kemp, are interesting precisely because by 1997 they had become so commonplace:

It will help break the cycle of despair experienced by thousands of young Australians who have been unemployed for many months or years. They will now be able to make a valuable contribution to the community through a worthwhile work experience. It will help build up their self esteem and help establish a work ethic. (Media Release, 19 March 1997)

Much to the consternation of opposition parties, however, the bill contained no delimitations by age or project nor any 'sunset clause' envisaging an end to compulsory work programs. As one senior political journalist pointed out at the time, the only necessity for the bill was its establishment of compulsion and its implied rescinding of a right to assistance for the unemployed (Ramsey, 1997). As the wrong-footed opposition Labor Party fumbled for a response that maintained the delicate balance between criticising the legislation and not the principle of working for benefits, it became clearer that the bill conformed to the 'local cynicism' of a certain kind of political logic rather than to an explicit

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1 For a considerably expanded version of this argument, see the author's contribution to M. Dean and B. Hindess, eds (1998), *Governing Australia*, Cambridge University Press.

governmental rationality. It is indeed tempting to agree with that journalist that its numerical concerns attended more to the opinion polls than the unemployment statistics. Nevertheless, this legislation is not without salience to governmental concerns as much as narrowly conceived electoral politics. For this rather astute political manoeuvre had its conditions in the recent history of the 'problematism' of the government and, indeed, self-government of the unemployed in Australia.

The work-for-the-dole legislation appears after a decade of recurrent problematisations of the role of national governments in regard to unemployment. One recent example is the Ministerial Statement of August 1996, *Reforming Employment Assistance: Helping Australians into Real Jobs* (Vanstone, 1996). This statement is in part a response to the previous Labor Government's *Working Nation* White Paper (Australia, Prime Minister, 1994). With *Working Nation*, the Commonwealth Government undertook to introduce case-management approaches to unemployment, deployed contractualist techniques, and coordinated access to job-search assistance, employment exchange services, training, job-creation schemes, and subsidised jobs. Perhaps the most radical feature of *Working Nation* was its Job Compact, under which the long-term unemployed were to be offered a job placement after 18 months. The unemployed entered into a contract with the Government that promised access to benefits and services, and included a guarantee of a job, in return for their compliance and participation in activities that were to make them 'job ready'. Under *Working Nation*, as in contemporary approaches of the Organisation of Economic Cooperation and Development (OECD, 1988, 1990; Gass, 1988), the language of the 'jobseeker' displaced that of the unemployed, and an 'active' system of income support was held to displace the 'passive' system of welfare benefits that rendered recipients prone to the 'risk of dependency'.

The Ministerial Statement of the Liberal-National Government, elected in March 1996, retains the language of the 'jobseeker' and 'active' labour-market programs but inflects them with what had hitherto been a subsidiary term in Australia, 'enterprise', and appeals to the objective of placing the unemployed in 'real jobs'. It signals the abolition of the Commonwealth Employment Service (CES), the public employment service created 50 years earlier, and the establishment of a new statutory authority for those seeking access to publicly provided benefits and services (the Commonwealth Service Delivery Agency - CSDA). Many of the functions of the CES are to be relocated within a 'corporatised' 'public employment placement enterprise' (PEPE) which will be in a position of 'competitive neutrality' in respect to a market in employment placement services. The Statement rejects notions of a guarantee of a job and previews the 'cashing out' of most publicly funded job-creation and wage-subsidy schemes in order to provide the financial resources to establish this competitive market in what it

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calls 'employment placement services'. In other words, it announces plans to use funds committed for programs to be abolished and their administration costs to finance the provisions of services through a competitive price-based tendering mechanism. The funding of 'employment placement enterprises' (EPEs) will be in terms of performance measured in terms of outcomes: outcomes being defined primarily as placement in 'real jobs'. In effect, the Ministerial Statement rescinds the notion of a contract between the Government and the unemployed and replaces it with the myriad of contracts that will constitute the market in employment placement services: between the Department and private case-managers and service providers, and between the unemployed and the service provider.

There is a case for regarding the artificial employment services market as a fundamental change in policy direction. The decrease of public expenditure, the establishment of a market in services for the unemployed, and the abolition of direct job creation schemes, all mark a significant retraction of the Commonwealth's involvement in the government of the unemployed. However, the plans announced by the Statement build upon aspects of the development of labour-market programs and services under the Labor Government in a number of ways: the use of the language of the 'jobseeker' and 'active' labour-market policies; the emphasis on case-management; the employment of publicly funded private and community service providers; and the continued use of policy evaluation and advice from the OECD. It would be a mistake, above all, to think that these changes amount to a retraction of Commonwealth *responsibility* toward the unemployed. The new institutional arrangements, including the establishment of a market in services provided by competing EPEs, mark a shift in the instruments of the government. They are a clear example of what might be thought to be a recurrent refrain of 'liberal' government: the attempt to govern better by governing less. Nevertheless, I want to suggest, an intense concern for the ethical life of the unemployed remains.

I have suggested elsewhere that we can ask several types of questions concerning practices of government to the extent that they seek to form selves in certain ways (Dean, 1995, 1996). First, we can ask questions of *what* is to be governed, or of what I have called the *governed substance*. This is the part of ourselves and others we seek to know and act upon in a certain way. We are able to ask, secondly, questions of *how* we govern, of what I have called the *governing work*. This refers to all the means, techniques, rationalities, and forms of knowledge that are used to accomplish the enfolding of authority. Thirdly, we might ask questions of *why* we govern ourselves and others in a particular manner, with the position we take or are given in relation to rules and norms. This aspect concerns what I have called the *governable subject*, the mode of obligation of the subject in relation to rules and norms. Finally, we can pose questions of *who* it is hoped we

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might become when we are governed or govern ourselves in a particular way. This could be called the *telos of government* - that is, the systems of purposes that lead us to adopt certain practices, the plans and design of which they are a part, the mode of being we hope to create, and what we seek to produce in ourselves and others.

It is these questions I shall now pose to the successive official problematisations of the government of the unemployed.

## 2 The Governance of the Unemployed

This paper deals with the relation between the ethical and the governmental aspects of our current regimes of government regarding the unemployed. While these dual aspects of the government of the unemployed are necessary to one another, there is a sense in which they remain an irreducible source of tension. Over the last 20 years in Australia, 'labour-market' and 'income support' policies and practices began to take a form that was relatively independent of goals such as the provision of income security or facilitating entry into the labour market. They came to be concerned with the formation and reformation of the capacities and attributes of the unemployed citizen. Moreover, especially under Labor, these policies marked an 'ethicalisation' of government in that they began to oblige the unemployed to participate in practices of self-shaping, self-cultivation, and self-presentation. These practices were hence not simply governmental practices but ethical practices, and what emerged was a kind of national government organisation and resourcing of certain kinds of ethical practice or what might be thought of as forms of asceticism.

With the Liberal-National Government one might suspect a retraction of the ethical aspects of government of the unemployed in line with its retraction of publicly funded labour-market programs and its talk of 'helping Australians into real jobs'. Indeed, its plans exploit the tension between such 'commonsense' objectives and the proliferation of labour-market programs, with their 'ethical' designs, under Labor. However, under the Coalition, the retraction of public provision, and the establishment of a market in services for the unemployed, presages a continuation of the intensive scrutiny of the self-governing capacities of the unemployed. In relinquishing direct mechanisms, such policies are clearly hoping to rely on the ethical capacities of the unemployed - including and importantly, their capacities of rational choice as customers within a market - as a means of placing them in such real jobs. The change of policies thus achieves a retraction of formal public authority by a reliance on the capacity for the self-direction of conduct of the unemployed. If it is possible to use a quantitative term, the government of the unemployed appears to have become *more* ethical.

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Let us, then, address the four types of questions that we might pose to the idea of unemployment as 'governmental-ethical' practice. *What* do they seek to govern? There is a fundamental continuity along this dimension. Practices of assisting the unemployed have come to govern what they consider the social and personal effects of unemployment (Cass, 1988: 129-38). These include the erosion of self-esteem, the effects on physical and mental health, the isolation of the unemployed from social networks, their marginalisation from the labour market, their poor morale and motivation, their attitude to the labour market, their boredom and their loss of social obligation. In other words, an 'active system' of income support for the unemployed not only acts upon the financial plight of the unemployed, and on their job prospects, but also upon those attitudes, affects, conduct, and conditions that form a disposition that prevents the unemployed returning to the labour market, and alienates them from social networks and obligations.

This disposition is conceived positively as the attribute of 'job readiness' or 'work readiness' of the unemployed. A 1993 Green Paper, *Restoring Full Employment* (Committee on Employment Opportunities, 1993: 97), argued that higher rates of economic growth will bring more jobs but it is necessary to increase the job-readiness of unemployed to ensure that the long-term unemployed attain a greater share of them and to prevent high unemployment coexisting with high levels of vacancies. In this it follows the OECD arguments (OECD, 1990: 62-3) that social protection solely in the form of income support carries the risk of discouraging re-entry into the labour market and that maintaining job-readiness by active labour-market programs can actually lead to a reduction in the total cost of support.

The disposition of the unemployed is conceived, secondly, as the potential of a 'risk of dependence'. The suggestion here is that, by analysing the different subjective phases of unemployment, it is possible to identify the point at which the unemployed person risks falling into a cycle of long-term dependence on welfare benefits (Cass, 1988: 132-3). What these systems seek to govern, then, are the attitudes, feelings, and conduct decreasing the job-readiness of the unemployed and constituting the risk of dependence. Indeed, the very fact of addressing this risk distinguishes an *active* system of income support from a merely *passive* system of benefits (for example, Cass, 1988: 4; OECD, 1988: 7-8).

One innovation of *Working Nation* was that it used these two versions of the 'governed substance' to regulate the flow of clients through the system of employment services. At registration, clients were distinguished into those already 'job ready' and those 'at a high risk of long-term unemployment'. The assessment takes into account factors such as skill levels, English language ability, age, and whether the client belongs to a disadvantaged group such as

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Aborigines and Torres Strait Islanders, sole parents, people with disability, and those absent from the workforce for a long period (Australia, Prime Minister, 1994: 111). At particular points - for instance, at a six month assessment - those formerly designated 'job-ready' can be judged to have become 'at risk' and their status changed accordingly.

Once these ways of conceiving what is to be governed are constituted, it is possible to construct quite different policies in relation to them. Thus one could argue that those at high risk require early intervention to prevent long-term unemployment before it becomes manifest. Conversely, one could argue, as does the recent Ministerial Statement (Vanstone, 1996: 40), that the long-term unemployed should receive the largest share of intensive assistance, presumably because they manifest the danger of which others are merely at risk. Furthermore 'job-readiness' becomes something that can be assessed through specific instruments. There are a range of existing screening and classification instruments of the job-readiness of the unemployed to identify those at 'high-risk' and classify the level of placement difficulty (DEETYA, 1996: 109). The Ministerial Statement announces the introduction of a new method of screening and assessment of jobseekers, the Jobseeker Classification Index, based on questions about factors that increase risk of long-term unemployment such as

...age, educational attainment, access to a viable labour market, disability, country of birth, English speaking ability, reading and writing ability in preferred language, Aboriginal and Torres Strait Islander status, duration of unemployment, recency of work experience and stability of residence. (Vanstone, 1996: 41)

In regard to the conception of what is to be governed, however, there is little difference between the Liberal-National Government's policies and those of its predecessor.

*How* are the unemployed to be governed? By what means is this complex of factors making up the 'risk of dependency' and 'job-readiness' is to be governed. As I have shown previously (Dean, 1995: 573-4), the key here is the administrative practice known as the 'activity test' that replaced the old 'work test' of the system of unemployment benefit (Cass, 1988: 6, 141-7). The activity test marked a move to a more intensive supervision of the activities of the unemployed by which the claimant must demonstrate not only active job-search but also training and job-preparation activities. In the case of the 'long-term unemployed',<sup>2</sup> by the early 1990s this activity test took the form of an agreement

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<sup>2</sup> Those registered as unemployed for 12 months. From 1991, these received Newstart Allowance and entered into Newstart Agreements.

between the client and the Commonwealth Employment Service on what constitutes appropriate job-search, employment and training activities. Included in the activity test, then, was not only active job-search but participation in a wide range of other activities deemed to be, or even agreed to be, useful in promoting job re-entry. These might include: English language courses, linguistic and numeracy competency courses, short courses on particular skills, participation in 'Job Clubs', on-the-job training and training courses, part-time or short-term work, courses and counselling to improve confidence, motivation, and presentation, and participation in voluntary work (DEET, 1992, Chapters 6 and 7).

One might think of all these practices, then, as a kind of administratively governed 'inner-worldly asceticism' to borrow a term from Max Weber which describes the attempt to master what is creatural and wicked within oneself through worldly activities such as work in a vocation (Weber, 1948: 325-6). These forms of asceticism are, needless to say, backed up by sanctions, such as the cancellation of the allowance for varying periods for various groups of the unemployed. The intensification of an administratively directed asceticism is clearly related to the spectre of the punitive exercise of sovereignty.

New agents and forms of expertise are formed in relation to this governing work of the supervision of the various categories of the unemployed. Thus one of the key initiatives of *Working Nation* concerned the resourcing, functions, and training, of a new agent, the case-manager. Under this plan, such case-managers were to operate both in public and private employment services and assist all those at risk of long-term unemployment or the long-term unemployed. The case-manager evinces a kind of 'pastoral' expertise, assessing the needs of clients, helping them prepare a plan to return to work, and directing them toward the activities that enhance their job-readiness (for example, vocational and remedial training, employment programs, counselling, voluntary work, placements under the Job Compact), and reporting breaches of agreements and conditions of allowances (Australia, Prime Minister, 1994: 110-18). The case-manager acts as a position of relay between the unemployed, local employers, and appropriate services and agencies. In order to foster 'healthy competition', private and voluntary case-managers were to compete with public ones, with their activities monitored and accredited by a new Employment Service Regulatory Agency (Australia, Prime Minister, 1994: 129-30).

It is noteworthy that case-management remains the mainstay of the Coalition Government's intended reforms. Here it is viewed as offering personalised relationships, fulfilling a deterrent role, and the means, after the removal of eligibility rules and restrictions on numbers of clients that use private case-management, of delivering flexible and appropriate service (Vanstone, 1996: 8).

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The clear difference is that case-management is largely to be provided by the governmentally contrived market in employment placement enterprises - the EPEs - in which the public employment placement enterprise (the PEPE) is one player in a position of 'competitive neutrality'. The new Service Delivery Agency will be largely concerned to provide self-help facilities and information - via Automatic Job Selection touch-screens - on locally available EPEs or jobs in a national labour-market database. The Commonwealth Government then still acts as a kind of 'obligatory point of passage' (Callon, 1986: 196), for those who apply to it for income support, into the services and expertise that will assist the jobseeker. Now, however, rather than providing or brokering access to services, expertise, training or even direct job placement, it will principally provide access to information about markets: the national labour market or the market in employment placement services. The EPEs will be contracted to provide labour-exchange services (largely the matching of vacancies and jobseekers), job-search assistance (training in resumé preparation, job-search techniques, etc.) or 'intensive employment assistance' (IEA) based on personalised assessment of the long-term unemployed and 'special groups' (for example, training, intensive job-search, or employment subsidy assistance).

The major difference in how the unemployed are to be governed by the Liberal-National Government, then, lies not so much in the instruments and agencies that are employed as in the mode of coordination and regulation of them. Pastoral expertise and access to services is no longer guaranteed by a benevolent state which ensures their provision through a diversity of mechanisms and institutions; rather, they are to be provided, coordinated and regulated through the mechanisms of a governmentally contrived market. Under the Coalition, the individual is less a client of diverse agencies in a relation of obligation to the national government than a consumer exercising choice within a services market contrived by the national government. This observation allows us to move to the question of the 'governable subject'.

Why, then, are the unemployed governed in such a way? What is the mode of obligation that they are placed under by these governmental practices? Here, I think, lies the clearest difference between the successive Governments. For Labor, the obligation was one that took place between the individual and the national government. Fundamental to both the institution of the activity test and the agreements entered into by the long-term unemployed (the Newstart Agreements) was the principle of *reciprocal obligation*. This was formulated thus:

If the Government is providing income support, labour-market programs and other services, it is only fair that clients take up any reasonable offer of assistance and do whatever

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they can to improve their employment prospects. (DEET, 1992: 21-2; compare Cass, 1988: 152-4)

Benefits and services were not granted, then, as a right of citizen or taxpayer but as a part of mutual exchange or contract between the individual and national government in which both parties would accept a certain pattern of obligation. The peak of the practice of reciprocal obligation was the Job Compact of the *Working Nation* policies (1994: 115-6). Here the Government offered an employment placement to the long-term unemployed on the condition that they accept a reasonable job offer or lose entitlement to income support.

The Coalition Government's Ministerial Statement explicitly rejects job guarantees and job compacts and, in so doing, significantly modifies, if not abandons, the idea of reciprocal obligation between client and State. This idea of reciprocal obligation between client and State appears, at least in political discourse, to have been displaced by one of a 'mutual obligation' conceived as a relationship between communities and those for whom they provide support.<sup>3</sup> Certainly, there was a form of tutelage over the unemployed in *Working Nation*. In more than a residual sense the case-manager, as a pastoral agent and state functionary, decided what is best for the client, or at least guided the client to discover what is best for him or herself. Under the Newstart Agreement, the client must agree to perform the activities worked out with the case-manager. Reciprocal obligation - so far as the unemployed person is concerned - thus took the form of placing oneself under the direction of a particular form of bureaucratic expertise. In contrast, the primary obligation for the jobseeker under the Liberal-National quasi-market is to make the right choice between EPEs based on the information made available through the Service Delivery Agency, that is, to act as an informed consumer. Those receiving intensive assistance will enter into contracts not with the national government but with the employment placement enterprise (Vanstone, 1996: 42). The mode of obligation for the jobseeker then is less of a grateful beneficiary of the state's concerned tutelage and more an enterprising consumer of services exercising the best choices possible for him or herself. However, the unemployed citizen who cannot meet the obligation to act as a responsible consumer can legitimately be required by the state to provide work for the community in return for support. The jobseeker is an active subject not only in undertaking agreed-upon activities but also in the very process of gaining access to the services or expertise he or she requires. If there is an obligation upon the national government, it is to contrive a market in employment placement services and to ensure that the jobseeker can enter this market.

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3 See, for example, the Media Release of the Minister, Dr Kemp (1997), cited above.

What is the type of 'relation to self', then, that these practices promote? Strangely enough, under Labor, the *Working Nation*-style practices were ones in which the market remained a kind of 'protected nature reserve' which the jobseeker could enter only after intensive preparation in establishing the proper competencies and capacities under the tutelage of the state.<sup>4</sup> The relation to self was one in which the individual became - under the pastoral state - the proprietor and marketer of his or her skills, qualifications, and even physical and psychological attributes. This was one version of what it might mean to be an active economic citizen or jobseeker. The jobseeker was to replace the individual rendered dependent by the old passive system of unemployment benefit. To be an active citizen was to take an active role in the management and presentation of the self, to undertake a systematic approach to the search for a job, and, ultimately, if possible, to participate in the labour force. If the latter was not possible, the jobseeker as active citizen was to participate in activities that would enhance his or her prospects of entering or returning to paid work, while at the same time remaining bound to social networks and engaging in practices that overcome those attributes (fatalism, boredom, loss of self-esteem) which constitute the 'risk of dependency'. Moreover, by installing the notion of contract in the Newstart agreements, the jobseeker was asked to become the active subject of his or her own destiny at least as far as the labour market is concerned. Under the guidance of state-provided and regulated pastoral expertise, the unemployed citizen was to become an active entrepreneur of his or her own self, ready and able to take up such opportunities as the labour market, social provision, education, and social networks, might provide, and thus able to combat the risk of dependency.

This diagram of the active citizen as entrepreneur of the self, however, is still one largely of the producer. By contrast to Labor's tendency to provide policies which keep the 'market' as something safely maintained at a considerable distance, the Coalition Government's programs of reform take a constructivist view of markets. There is a conscious and active attempt to contrive markets where none had previously existed, or where they had been contrived previously in a very limited fashion. As a consequence, the jobseeker is no longer a client of the state being prepared for the entry into the labour market. He or she is already asked to exhibit the attributes necessary to effective participation in markets by gaining information on services available, making choices between different

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4 I take this image from Graham Burchell's description of an early liberal version of the market as 'an existing quasi-natural reality situated in a kind of economic nature reserve space marked off, secured and supervised by the State' (1996: 23). What is strange here is that an 'interventionist' approach to labour-market programs should maintain such a conception.

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enterprises, and - this can only be inferred - taking or at least sharing responsibility for the risks and hazards of such choices.

Under Labor's policies, there remained a lingering tension between the client-state tutelage and the somewhat deferred goal of forming active economic citizens. Under the Coalition, by contrast, this tension is resolved by making the relation of the jobseeker to required services and expertise itself a market relation. The market is no longer held at a distance from state sponsorship, provision and assistance, but is now a form that can be enfolded into the regime of government itself. The case-manager still exercises a pastoral authority, but this will now be regulated by the rationality of the market, the competition between service providers, and performance outcomes measured in terms of job placements. Expert and consumer gain a kind of formal marketised equality as agents exercising enterprise and regulated by its disciplines.

*Who*, then, do we hope the unemployed will become through these practices of government? What sort of world do we hope they will participate in? What forms of existence do these practices seek to engender? What forms of life do they wish to avoid? This is to address the telos of such practices. I have suggested elsewhere that one influential way in which the telos of these practices has been thought is the through the notion of what the OECD has called an *active society* (Dean, 1995). This is an ideal of a society that displaces the expectation of full employment underwritten by a welfare state, and the assumption that work is full-time wage-labour for all adults up to retirement age, by invoking a society that guarantees access to a range of opportunities over the *life cycle* of the individual (Gass, 1988: 5). In respect of labour-market programs, the ideal implies the existence of an institutional framework for augmenting job-readiness and facilitating entry into the labour force and for the exercise of choice of an active population. I have also argued that the concept of an active society allows this form of political rationality to attach a critique of the welfare state as a merely passive system of handouts to the image of long-term dependency among the population.

This last point allows us to underline a certain common ground between Labor and conservative approaches to unemployment in Australia. For both, the ethical capacities and orientations of the unemployed are central because it is only through these that it is possible to prevent long-term welfare dependency and its consequences. To prevent the formation of such an 'underclass' our governmental-ethical practices oblige the unemployed to work upon themselves so that they may be ready and able to work when opportunities are available.

There is, however, more than one way of achieving the telos of governmental practices toward the unemployed. One way - indicated by Labor's *Working Nation* - is through extensive social provision that prepares individuals for

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participation in the market but which keeps the market as a quasi-natural domain that, if properly regulated, will provide for state and society but which remains at some distance from government itself. The strength of such an approach is that it ensures the provision of and access to such services as are needed by those understood as disadvantaged and the long-term unemployed. The cost of such an approach is that it remains caught in a kind of bind: the unemployed are asked to become active citizens exercising their freedom to participate yet they remain clients of the state. Another way - illustrated by the Coalition plans for an employment placement services market - is to reject the notion of the market as working at a distance, and to contrive a market in services to which national government ensures entry. The beauty of such a plan is the consistency between the means and instruments of government and its goals, between the expectations put upon the unemployed today and the outcomes sought, between the practices and rationality of government and its telos. The down-side is that given the devolution of responsibility for insuring against risk onto the employment placement enterprises and the unemployed as customers of services, there can be no guarantee of any particular set of outcomes (for instance, that all the long-term unemployed will be provided with a job placement). In one case, freedom is to be exercised from a position of tutelage under a responsible and benevolent state that manages the risks of unemployment; in the other, freedom is exercised on a governmentally contrived market in which the individual and service provider are made to accept responsibility for their choices and the risks those choices might entail.

### 3 Conclusion

In conclusion I want to suggest some of the complexity of the comparison between the policies of the two national governments. We have already seen that the language of the active system of income support and of the active jobseeker can remain relatively stable while variations occur along other dimensions. In terms of the work of government, an 'active system' of income support can encompass a pattern of 'reciprocal obligation' envisaging a fundamental role for national government agencies in the provision and sponsoring of job-search and labour-exchange services, training, case-management, and even direct job creation. It can also, however, be articulated upon a conception of provision which limits the obligation of national government to providing jobseekers with entry into a governmentally contrived market in employment placement services. It may, for those who are deemed not to yet have the requisite capacities to exercise responsible choice in such a market, involve coercive work-for-dole schemes as a part of the 'mutual obligation' held to subsist within communities. Further, despite similarities with other diagrams of the economic subject, the language of the active citizen and jobseeker has its own specificity and its range

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of variations: in one version, as we have seen, the jobseeker remains a client of the state who will learn the capacities and competencies to become an entrepreneur of him/herself; in another, the practice of gaining access to services already obliges the unemployed to act as agents within a market. In the former, enterprise is a goal to be achieved under the pastoral state and to be exercised on a market still 'out there'; in the latter, it is a quality to be exercised immediately as a condition of entry to pastoral expertise and services. In the case of *Working Nation*, and Labor's policy record more generally, we witness the attempt to establish a comprehensive set of policies and provisions through which those identified as at risk of welfare dependency can augment their human capital to take up the opportunities that markets and civil society provide. This entailed a protection of the market by social interventions in areas such as health and unemployment assistance and the establishment - particularly in Departments such as DEET - of a bureaucratic officialdom charged with the activist creation of the conditions which allow citizens to exercise their freedom.

There is thus a constructivist dimension to Labor's policies in respect of the market. However, this is limited to constructing the conditions of the labour market and to the establishment of a marketised segment of the provision of employment services. The Coalition policies, by contrast, attempt to construct markets themselves. In this regard, Coalition policies in regard to employment services reject the statist and tutelary dimension of Labor's programs in favour of the confidence that a market rationality can be extended to all spheres and provide policy guidelines for them. Yet as the recent work-for-the-dole and other measures - such as the cutting of immigration intake - suggests, this confidence finds its limits in directly coercive measures. There is certainly confirmation in both Coalition's and Labor's policies of the view that contemporary liberal government is concerned to bring market relations to bear upon previously non-market spheres of allocation under the imperative to increase national economic efficiency provoked by governmental perceptions of economic globalisation (Hindess, 1998). One implication of the present paper, however, is that rather than regard such policies as an expression of a neo-liberal (or 'economically rational') dream trying to insert itself in reality, it is crucial to analyse and distinguish the different regulatory regimes through which such markets are to be constructed in any particular sphere (Burchell, 1994).

Finally, there remain different ways of displacing the welfare-state ideal. The first is one in which the State is constituted as guaranteeing forms of provision through an exchange of reciprocal obligation with the risky citizen. The second is one in which the national government ensures that the citizen can exercise choice and take responsibility for risk by constructing a market in services. The 'enterprisation of assistance' can thus mean either the pastoral promotion by the state of capacities for enterprise or the enterprisation of the very process by which

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the citizens gains access to pastoral expertise. What has occurred is not simply the subordination of older forms of expertise to a new formal rationality but the virtually simultaneous constitution of a pastoral expertise in risk management and its regulation by new calculative regimes. Moreover, we should note that both approaches in Australia maintain the position of the national government as a kind of obligatory passage point into employment services for those who wish to receive public assistance, whether by ensuring provision through itself in conjunction with community and private-for-profit agencies or establishing the market in services.

Under both Labor and conservative rule in Australia, active policies toward the unemployed oblige the citizen to exercise choice, and to undertake an intensive work on the self, as they undertake to ensure that the services and expertise exist to enable that work on self to be performed. What distinguishes them most clearly is how that provision is to be made and the kind of choices that are required of the unemployed citizen. The unemployed citizen, who might have recently become accustomed to a freedom exercised under the benevolent tutelage of the pastoral state, will now, it appears, have to adopt yet another kind of freedom: to exercise the responsible and informed choice that absolves all collective obligation save that of providing the opportunity to exercise that choice.

If, however, we are to take seriously the work-for-the-dole scheme as a key component in the Coalition Government's strategy toward unemployment, we might say that the difference between the strategy of the two governments is something like the following. Under one, power relations operate neither through pure coercion nor pure consent but under the careful cultivation of attributes by which choice can be exercised in relation to a labour-market. This strategy seeks to transform the risky populations into active citizens. Under the other, choice and coercion are bifurcated so that while the active citizen is obliged to exercise choice, (at least some) targeted populations are simply forced to work.

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# Does Australia Have a Problem of Working Poverty?

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## 1 Introduction

In the 22 years since the Poverty Commission reported, considerable policy effort has gone into removing what the Commission identified as the 'pockets of poverty' remaining in Australia (Commission of Inquiry into Poverty, 1975). Poverty in Australia has mainly been associated with not having access to labour market earnings because of unemployment, sickness or disability, sole parenthood or other caring responsibilities, or with the special problems faced by indigenous populations. In the 1980s a new concern with child poverty arose, following research which showed a marked increase since the early 1970s (Saunders, 1980; Cass, 1983; Saunders and Whiteford, 1987). It is generally accepted that since then, while poverty has certainly not been eliminated, expansion of social security coverage and increases in the real value of many payments, especially those for families, has at least had the effect of protecting the incomes of some of the most vulnerable groups.

In the last few years, however, discourse on poverty is increasingly including a concept which has previously been regarded as largely foreign to Australia's 'wage earner's welfare state' - that of the 'working poor'. It is a well-known feature of the United States since the late 1980s that growing numbers of families with children considered to be poor by community standards contain adults in paid work (Levitan and Shapiro, 1987; Bane and Ellwood, 1989; US Bureau of the Census, 1992; O'Connor and Smeeding, 1993). To a lesser extent working poverty has also been identified as a growing problem in the UK, following deregulation of labour markets and abolition of Wages Councils under successive Conservative governments (Low Pay Unit, 1992; Webb, Kemp and Millar, 1996).

In Australia, primary wage income has historically been distributed more equally than in many other industrialised countries (Bradbury, 1993; Saunders, 1995).

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<sup>1</sup> I am grateful to Robert Urquhart for the analysis of ABS Income Survey data included in the paper, and to Bruce Bradbury and conference participants for their helpful comments.

There is evidence that wage inequality increased during the 1980s (EPAC, 1995; Borland, 1996), but the revisionist view that Australia has become one of the most unequal among industrialised countries seems unfounded (Whiteford, 1996). Greater dispersal of wages does not automatically equate to greater poverty, because the latter is mediated by a range of other intervening factors. Nevertheless, the potential for poverty amongst people in the paid work force appears to have been increasing.

At the Social Policy Research Centre, a project charting the dimensions and characteristics of working poverty in Australia and in other comparable industrialised countries has just begun. By looking at this question comparatively we aim to identify and evaluate the constellations of policy in different countries which tend to exacerbate or minimise the problem. This paper is the first output from the project. As such it represents only exploratory groundwork for the longer-term project and does not attempt at this stage to provide a definitive answer to whether working poverty is or is becoming a serious problem in Australia.

The first part of the paper discusses the idea of working poverty and highlights some of the conceptual and methodological questions involved in assessing its scale and nature. Some initial analyses are then presented of trends in Australia during the 1980s according to different concepts of what it means to be working but poor. The concluding section points to the need for the further work which is planned over the next 18 months.

## **2 What is Working Poverty?**

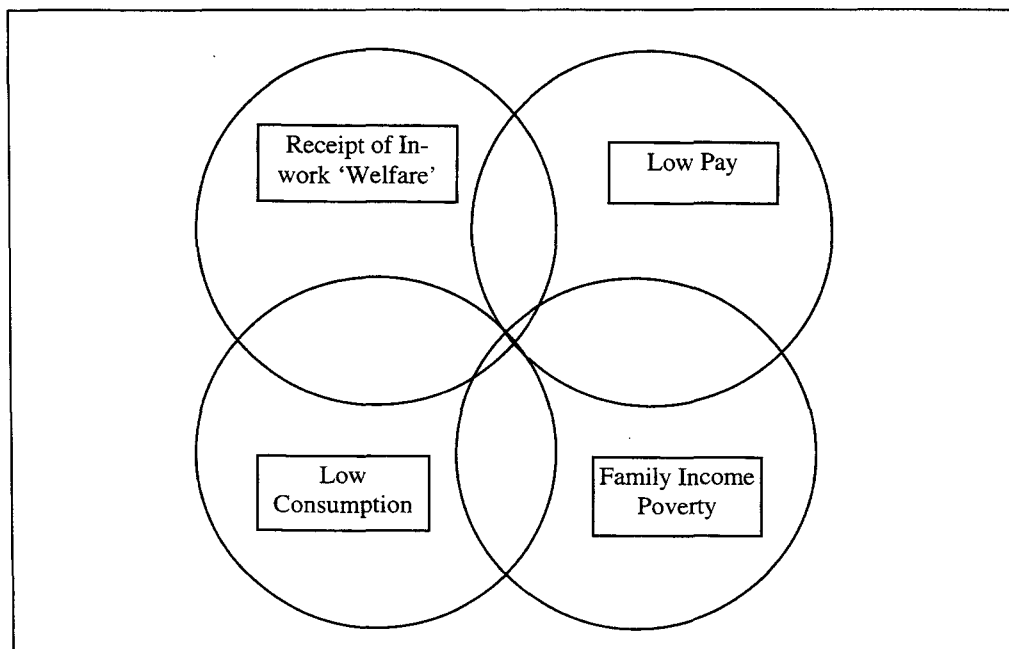
'Working Poverty' is an imprecise term which potentially has as many meanings as the terms 'work' and 'poverty' themselves. To take a broad and inclusive definition, we might describe the 'working poor' as 'people in paid work whose resources leave them below some poverty standard', but this definition begs a number of questions. First, are we talking about individuals, or the family or household units which wages fully or partly support? To be on a low wage in a well-off household does presumably have a different meaning to being on the same wage as the sole earner in a family. Secondly, how much work needs to be involved before someone who is poor becomes one of the working poor? It would not be surprising, for example, for someone who only has 10 hours of work per week to find it difficult to survive on wages alone, even if paid at a high hourly rate. Thirdly, how are we measuring poverty? Aside from technical debates about the setting of poverty lines, there is a broader question raised by groups such as the Australian Council of Social Service (ACOSS) about whether poverty for people in the work force should be judged by the same criteria as those established for assessing the adequacy of subsistence social security benefits

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(ACOSS, 1997). These questions may seem pedantic from the perspective of a family struggling to survive on a low wage, but they have to be addressed if we wish to assess the scale of working poverty in Australia and particularly if we want to see how Australia's record compares to other countries.

There are a number of overlapping but not coincident ways in which working poverty is commonly conceptualised (Figure 1). First, it is often seen as synonymous with low pay. Remarks made earlier this year by the Prime Minister, for example, led to a number of media comments about likely increases in working poverty if such a policy came about. Secondly, it is frequently equated with the receipt of means-tested social security payments by working families - as in the recent paper by Birrell, Maher and Rapson (1997) which received considerable media coverage. Thirdly, working poverty is expressed as the inability of families or households with members in paid work to maintain adequate standards of living. This 'family wage' approach was the basis of the historic Harvester judgement which has been revived as an underpinning for the ACTU's Living Wage claim. The fourth conceptual point is more a question of measurement. Cash income by itself is increasingly seen as a misleading or insufficient way of measuring the extent of poverty, especially when one looks at groups such as the self-employed, so alternatives include the use of consumption or expenditure measures, as well as attempts to estimate the impact of non-cash elements of the social wage.

**Figure 1: Concepts of Working Poverty**





None of these approaches is right or wrong *per se*. They may, however, produce different measures of the scale of working poverty and certainly have different implications for policies aimed at containing or reducing it. The next sections of the paper therefore take a preliminary look at the first three concepts in turn. Alternative measures of poverty will be addressed in future work.

### 3 Low Pay

There are many ways of looking at low pay. Wages are both payments for work carried out and a means of subsistence. Pay can therefore be seen as 'low' relative to the work involved or relative to needs (Webb, Kemp and Millar, 1996). If low pay is seen as primarily an individual labour market issue then wages tend to be judged in terms of a fair return for the work involved. The principle of fairness in this context may take in considerations such as skill levels, differentials, gender equity or economic competitiveness, but it takes no direct account of the social capacity of earnings. The circumstances of wage earners' households are thus irrelevant in determining whether a particular level of pay is 'low'.

This ceases to be true, however, as Webb and colleagues (1996) argue, when low pay is treated as an issue of poverty. For some individuals their standard of living depends on income other than their own wages, while for others their wage has to support other family or household members. Thus the circumstances of individual workers and the types of household in which they live are important in identifying those who are 'working poor'. In the Australian context, the ACTU's recent Living Wage Claim (Harcourt, 1996; Buchanan and Watson, 1997) attempts to make a case on grounds of both the fairness of individual wages and the social capacity of earnings (though it could be argued that it fails to make a sufficiently clear distinction between them).

The social capacity of earnings can be assessed by measuring low pay and poverty separately and then examining the extent to which low-paid individuals live in households which are judged to be poor. So far our project has only begun to look at the first two stages of this process and the third stage has not yet been attempted.

Measuring low pay, however, is also subject to a number of difficulties, of which gender differences in patterns of work and earnings are among the most important. Definitions of low pay commonly use either male or all full-time workers as the base. The Council of Europe's 'Decency Threshold', for example, uses 68 per cent of the average full-time wage of all employees (Low Pay Unit, 1996), while the OECD has used two-thirds of the median full-time wage (OECD, 1996). Data in this form are relatively easy to collect on a comparative basis, but present difficulties when we want to examine the position of women and part-

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time workers - groups which overlap in most countries but which are now well established as major components of the work force and important contributors to household living standards.

For these reasons, this paper follows Webb, Kemp and Millar (1996) in adopting an inclusive definition of low pay:

We ... seek a definition of low pay which is gender-neutral and treats all workers in the same way, a definition that reflects current structures of employment and current patterns of household income composition. Thus the wages of women are to be judged as 'adequate' or not on the same basis as those of men; part-time workers on the same basis as full-time workers; manual and non-manual in the same way; and so on. (Webb, Kemp and Millar, 1996: 10)

Being in low pay is therefore defined here as having an hourly gross pay rate, including overtime, of below two-thirds of the median for the whole working population. The use of an hourly rate avoids the problem of changes in the levels of part-time versus full-time work over time, while allowing part-time workers to be included, in recognition of their growing importance in the work force.

Unfortunately, however, the Income Survey unit record files for 1981-82 to 1989-90 do not give actual hours of work, only hours in bands. After representations from bodies including the Centre, the ABS is releasing actual hours in the new continuous survey unit records and some hours data for 1985-86 have become available, which we plan to match to the existing survey data at a later stage. As an interim measure, individuals' hours are assumed to be at the mid-point of the relevant hour band, or in the case of those in the upper band (50 hours plus in 1985-86 and 1989-90) to be equal to the bottom level of the band.<sup>2</sup> These assumptions clearly leave a lot to be desired. The lower hour bands are wider than those higher up the scale, making a mid-point assumption more hazardous (though fewer people are affected). The top band assumption will also tend to inflate the hourly rate of those working particularly long hours. The problems are even greater for the 1981-82 data, where hour bands are even wider and the top band starts at 35 hours. The results given in Table 1 should therefore be regarded as only indicative at this stage, and as illustrative of an approach which should produce more accurate results in the future.

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2 Hour bands for 1981-82 were 1-14, 15-19, 20-24, 25-29, 30-34, 35 or more. For 1985-86 and 1989-90 they were < 9, 10-19, 20-24, 25-29, 30-34, 35-39, 40-44, 45-49, 50 or more.

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**Table 1: Individuals<sup>(a)</sup> with Low Pay: 1981-82 to 1989-90**

Year	Low Pay Threshold (2/3 median hourly rate) <sup>(b)</sup>	Percentage Below Threshold		
		Men	Women	Persons
1981-82	\$5.33	10.1	23.3	15.2
Weighted numbers <sup>(c)</sup>		318 000	434 000	752 000
1985-86	\$6.03	12.0	17.5	14.2
Weighted numbers		418 000	409 000	827 000
1989-90	\$7.78	11.0	16.0	13.1
Weighted numbers		408 000	439 000	847 000

- Notes: a) Individuals included are those aged 15-64 (men) and 15-59 (women), receiving current income from employed work. Those identified by their labour force status as self-employed are excluded.
- b) Hourly pay rates are based on current gross weekly earnings from first and second jobs, divided by total hours normally worked in first and second job (defined by mid-points in band as discussed above).
- c) Numbers are rounded to nearest thousand.

Source: ABS Surveys of Income and Housing Costs

The lack of more precise data on hours worked makes the 1981-82 figures particularly suspect. Bunching together all those working more than 35 hours per week has the potential effect of raising their hourly rate relative to the median (although the median will itself also be lowered). This means that low pay could be underestimated for this year. The same effect could be taking place in the two later periods, but to a lesser extent because the top hours band is much higher. Because the same method has been used in the two later periods one might expect the effect to be cancelled out in the comparison. However, there was an increase between 1985-85 and 1989-90 in the percentage of people working more than 50 hours (from 16 to 19 per cent). This may result in a small underestimation of low pay in the later period relative to 1985-86.

Bearing in mind all these caveats, the broad impression is one of relatively little change for men, with low pay for women noticeably decreasing on a percentage basis, but still considerably higher than that for men and growing in absolute numbers because of women's increased labour market participation. This is not inconsistent with other data on wage trends over the 1980s (Borland, 1996). It is also in line with the OECD's recent analysis of comparative trends in wage

inequality (OECD, 1996, Chart 3.1). This analysis suggests that in spite of fluctuations during the latter half of the 1980s, the dispersal of male full-time earnings between the top and bottom deciles was not much greater in Australia in 1990 than in 1985. Since 1990, however, the ratio has been rising steadily. For women working full time the dispersal ratio has been falling slowly but steadily since the mid-1980s. In spite of some gains over this period women still make up more than half the low-paid, aside from the fact that they are much more likely than men to work part time.

It is worth noting that in 1990 Australia appears to have had a substantially smaller proportion of workers in low pay according to the measure used here than in the UK. Using the same threshold, Webb, Kemp and Millar (1996) found that about 22 per cent of all employees were in low pay: a proportion which has remained steady up to 1994.

Table 2 breaks down the distribution of low pay by age, this time only for the two later periods. Again, for the reasons outlined above, we have to be cautious about the detailed figures, but the pattern is similar for both periods. Low pay in hourly terms remains predominantly an issue for young people and is restricted to a much smaller group of between six and ten per cent of adults aged 25 or over. In the absence of precise data on hours of work it is not possible to say whether there was any significant change between the two periods. In percentage terms it appear that there was not, but the growth in the paid work force during the period means that the absolute number of people in relative low pay probably increased. Further analysis will bring the picture more up to date, clarify the working hours situation and look at the intersection of age and gender in the receipt of low pay.

As we have seen, low pay on an individual level can be seen as a question of fairness and social justice. It is also an issue of poverty if individual low earnings are the only source of income coming in to families or households, especially those containing dependent children. Since the early 1980s, particularly in the context of wage restraint within the Accord, government policy has addressed this problem mainly through means-tested earnings top-ups via family payments. The next section of the paper therefore considers whether how far we are correct in identifying the recipients of these payments as the working poor.

#### **4 The Working Poor as Recipients of In-Work Family Payments**

In a recent paper on 'welfare dependency', Birrell, Maher and Rapson (1997) pointed to what they saw as worryingly high numbers of parents and children receiving Additional Family Payment (or, as it is now known, the 'more than

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**Table 2: The Distribution of Low Pay by Age: 1985-86 to 1989-90**

Age Group	Weighted Population Numbers <sup>(a)</sup> 1985-86	Percentage Below Low Pay Threshold 1985-86	Weighted Population Numbers <sup>(a)</sup> 1989-90	Percentage Below Low Pay Threshold 1989-90
15-17	177 200	90.7	112 400	87.0
18-24	1 248 800	24.9	1 289 400	25.6
25-34	1 696 100	7.3	1 842 100	6.3
35-44	1 445 900	8.2	1 726 800	8.7
45-54	869 700	9.5	1 081 000	10.5
55-64	388 900	7.6	404 700	9.9
Total	5 826 500	14.2	6 456 400	13.1

Note: a) Population defined as in Table 1 and numbers rounded to nearest hundred

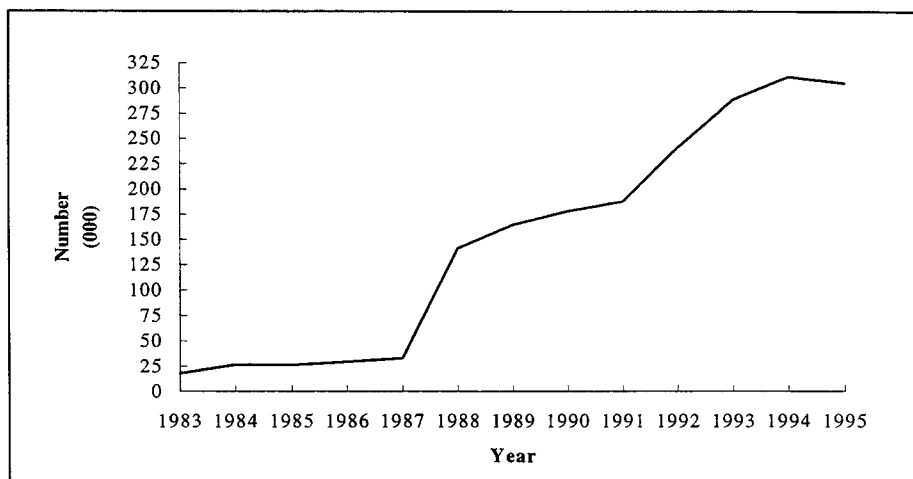
Source: ABS Surveys of Income and Housing Costs, unit record files

minimum rate of Family Payment'). The payment is aimed mainly at families with low earnings from employment and it is these families, according to Birrell and colleagues, who constitute the 'working poor'.

Around one in six of Australian children under 15 live in a family receiving a means-tested top-up to their earnings. This is a substantial number and it has increased rapidly since the mid-1980s. But does getting a means-tested payment automatically mean that the recipient is poor, especially when one of the main reasons for the existence of the payment is to alleviate poverty? As Birrell, Maher and Rapson acknowledge, one of the reasons for the growth in the clientele of social security payments for low-income working families has been the steady widening of the scope of payments since the introduction of Family Income Supplement in 1983.

Figure 2 shows the change in the numbers of families receiving in-work family payments since 1983. A large jump is evident after 1987, following Prime Minister Bob Hawke's declaration that 'no child shall live in poverty' and the introduction of the family package, and the trend has continued upwards with

**Figure 2: Numbers of Recipients of Payments for Low-income Working Families: June 1983 to June 1995**



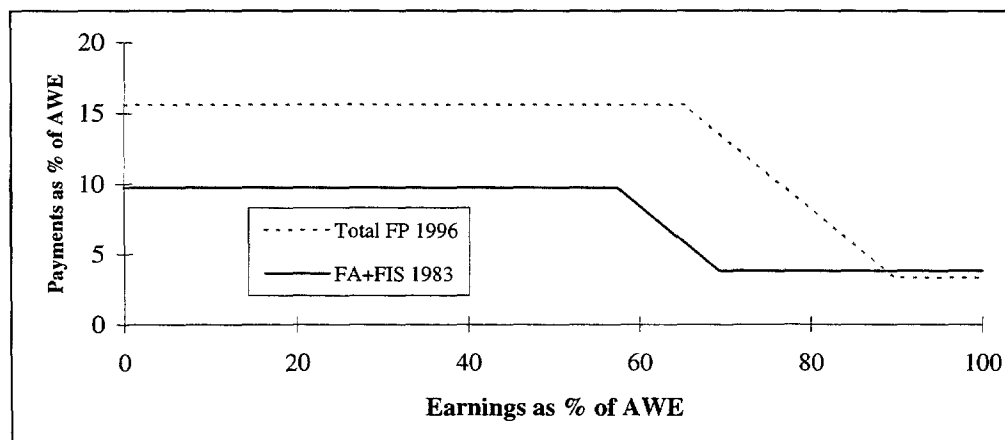
Source: Eardley and Bradbury, 1997, based on DSS administrative data.

further changes to family payment arrangements and levels until 1993, since when it has been falling. In June 1996 the total number of working families receiving the more than minimum rate was just over 261 000 (Department of Social Security, 1996).

Figure 3 gives an illustration of how the structure of means-tested in-work child payments has changed over time. In July 1983, shortly after its introduction, FIS was payable at a rate of \$10 per week per child, with a 50 per cent taper. If we take, for illustration, a couple with two children aged eight and 14, the maximum payment of FIS (\$20) began to reduce at earnings of \$193 per week and then cut out altogether at about \$240. These points were approximately 57 and 68 per cent of the then average full-time weekly earnings rate of \$336 (June quarter) for all employees (ABS, 1983). Not many people received FIS, however. By 1986 the estimated take-up rate amongst those eligible was only about 14 per cent (or 16 per cent of expenditure) (Whiteford and Doyle, 1991).

The maximum FIS payment for this two-child family in 1983 represented 5.9 per cent of average weekly earnings and together with the universal Family Allowance payment amounted to just under 10 per cent of AWE. If the family had earnings of two-thirds of AWE, they could expect to receive a total of \$12.77 per week in non-means-tested Family Allowance and \$4.50 in FIS, together representing just over five per cent of average full-time weekly earnings. Because Family Allowance was then universal, they would have continued to receive the payment even if their earnings rose beyond the FIS cut out.

**Figure 3: The Relative Structure of In-Work Family Payments: 1983 and 1996** (two-parent family with two children, 8 and 14)



In the last quarter of 1996, by contrast, the more-than-minimum rate of Family Payment for a similar two-child family began to reduce at \$448 per week and cut out at \$616 per week. These thresholds were 65 and 90 per cent of average weekly earnings in November (ABS, 1996). The whole of the Family Payment is now means-tested, but the maximum payment for this family was \$107.10 per week, or 15.6 per cent of AWE. At 2/3 AWE (\$457) they would have been entitled to a total top-up of just over \$102 per week, still nearly 15 per cent of average weekly earnings (assuming that eligibility was unaffected by the level of family assets). Also, although the basic Family Payment is now means-tested, this family would continue to receive a payment (at a slightly lower relative level than that of Family Allowance in 1983) until their earnings reached 1.88 times AWE.

Clearly the growth in the clientele for these top-up payments is significant and is partly a response to increasing concentration of lower earnings amongst families. Yet it needs to be recognised that although the relative points at which maximum payments are made have not shifted dramatically, both the value of payments and the range of earnings within which in-work top-ups are available have also risen substantially. Thus many more families have become eligible for payments. It is also probable that more of those eligible are receiving them. There are no recent estimates of take-up, but it is reasonable to assume that both administrative integration and the higher rates of payment will have improved take-up to some extent.

Birrell, Maher and Rapson (1997) point out that three-quarters of AFP recipients in 1995 reported annual earnings of \$24 000 or less. This is true as far as it goes, but if we look at types of earners separately we find that nearly three-fifths of

families with a main earner in waged or salaried employment in September 1995 reported earnings of more than \$25 000 and about 10 per cent were over \$30 000 (Eardley and Bradbury, 1997). The mean figure for all families is affected by the substantial proportion of recipients who are self-employed and whose much lower reported earnings may not always present an accurate picture of their living standards (Bradbury, 1996). The mean figures for wage and salary earners are also artificially lowered in DSS records by the presence of a substantial number of families recorded as having zero earnings. Most of these were families previously receiving AFP as pensioners or beneficiaries (known as AFP-Auto), for whom no taxable income figure for the previous year was required. Excluding them, the mean taxable income reported by waged and salaried recipients in September 1995 was \$23 600. On a weekly basis this amounted to just over 70 per cent of average full-time weekly earnings.

This is not to say that most families receiving these earnings top-ups do not still have very low incomes. Nor does this argument alter the fact that having to rely on a means-tested social security payment to top up a wage may well make people feel poor. In spite of the integration of basic and additional payments, applicants for the latter still have to supply more information to DSS for the means test and some degree of stigma may remain.

The OECD (1997) has recently assessed the merits of this form of in-work means-tested payment in a number of countries and concludes that they are likely to be most successful where earnings are distributed relatively unequally and where payments are kept low relative to average earnings, neither of which is really true of Australia at present. The danger is that if wages are allowed to fall on the assumption that family incomes will be protected by social security, the payments may fail to meet their income support goals even while public spending on them increases.

Another problem with means-tested payments of this kind, as opposed to universal child benefits, is that while they may enhance incentives for people to take lower paid work, they can create poverty traps and may act as a disincentive for women to look for work of their own. Certainly the consequence of raising the cut-off points for eligibility is to increase the number of families with high effective marginal tax rates. Around a fifth of AFP recipient families in September 1995 did actually have both parents in paid work, but the second person's earnings (usually the woman's) were very low in most cases (Eardley and Bradbury, 1997). Quite apart from the possible personal benefits for women of having paid work of their own, disincentive effects of means-tested payments are important if it turns out that the best way of avoiding working poverty for couples with children is to obtain a second income rather than rely on an earnings top-up.

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One way of looking at whether these additional family payment recipients are in poverty, what proportion they represent of the working poor, and how their poverty status is affected by the tax and social security system is to compare family incomes over time against some form of poverty standard. The next section of the paper therefore presents some preliminary data for the period between 1981-82 and 1989-90.

## **5 Income Poverty Trends for Families with Full-time Workers**

This analysis takes a similar approach to that taken O'Connor and Smeeding (1993), in a comparative study using Luxembourg Income Study data, and asks the following three questions. First, is the income of a family when the main earner works full year full time sufficient to keep them out of poverty? Secondly, how is the family's poverty status affected when other earned income of family members is included? Thirdly, once tax is deducted and social security payments accruing to families is included, is a family's cash disposable income then enough to keep them from being poor? The analysis also allows us to see how far recipients of in-work family payments overlap with the working poor under other definitions.

The analysis uses unit record files from the ABS Income Distribution and Housing Surveys for the years 1981-82, 1985-86 and 1989-90. Data for 1994-95 have recently become available, but could not be included in this initial analysis. Thus we do not as yet have a clear idea of what has been happening in the 1990s.

Although in earlier discussion of low pay I argued that it was appropriate to include part-time workers, in this analysis, families<sup>3</sup> are only included if one or more family members aged between 15 and 64 works full year, full time (FYFT). This is defined as working for at least 49 weeks in the year, of which at least half are full time. The full-time work definition is used here to allow future comparison with other data, including international comparisons, but other analyses to be undertaken as the project progresses will also include part-time workers.

Much debate has taken place about the technical measurement of poverty lines, to the point where the causes and solutions of poverty are sometimes overlooked (Saunders, 1997). I do not intend to engage in this debate here, important though it is, except to say that the analysis uses two alternative poverty standards - first

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3 Strictly speaking the unit of analysis here is not the family but the more restrictive definition of the 'income unit'. For convenience of style the term 'family' is used here, but the difference should be noted.

the Henderson poverty line, which although the subject of much criticism remains a common reference point, and secondly a relative measure frequently used in cross-national comparisons. This defines a household as poor if their adjusted income is less than one-half of the national adjusted median income of all households. For each poverty line, family income is adjusted using an appropriate equivalence scale.<sup>4</sup>

Table 3 shows, first of all, the trend in the percentage of income units with one or more persons aged 15-64 in FYFT work, who were income poor on the basis of the reference person's gross earnings from all sources. The second column indicates the effect on poverty rates of including the gross earnings of other members of the income unit. The third column shows what happens once any other income, such as interest, is included and tax and social security payments have been taken into account. Poverty rates are shown according to the two poverty standards described earlier.

The first point to note is that the Henderson Poverty Line consistently gives higher figures for poverty than the 50 per cent of median threshold. This is true for all income unit types, but especially for families with children where the Henderson estimates are approximately double those of the adjusted median. The differences are much smaller for single people, on the other hand.

The underlying pattern is, nevertheless, similar for the two measures and is illustrated in Figure 4, based on the 50 per cent adjusted median poverty threshold. This shows that around 10-12 per cent of working families with children could not expect to stay out of poverty simply on the basis of one parent's earnings, even when the gross wage is measured against a disposable income threshold.<sup>5</sup> The percentage increased in the first half of the 1980s but fell back again in the second half, although for reasons that are not clear couples without children seemed to have fared worse in the latter period.

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4 For the Henderson poverty line, Henderson (simple) equivalence is used, including housing costs. For the median-related poverty line, the equivalence used is the so-called 'square root' scale commonly used by the OECD and others in comparative studies (eg., Hagenaars, de Vos and Zaidi, 1992; Förster, 1993). On this scale, a family of three persons would require 1.73 (3.5) times as much as a single person. This equivalence scale falls around the middle of the range of alternative scales available. While the choice of different scales might alter the levels of poverty found, the pattern detected across the years should not be significantly affected.

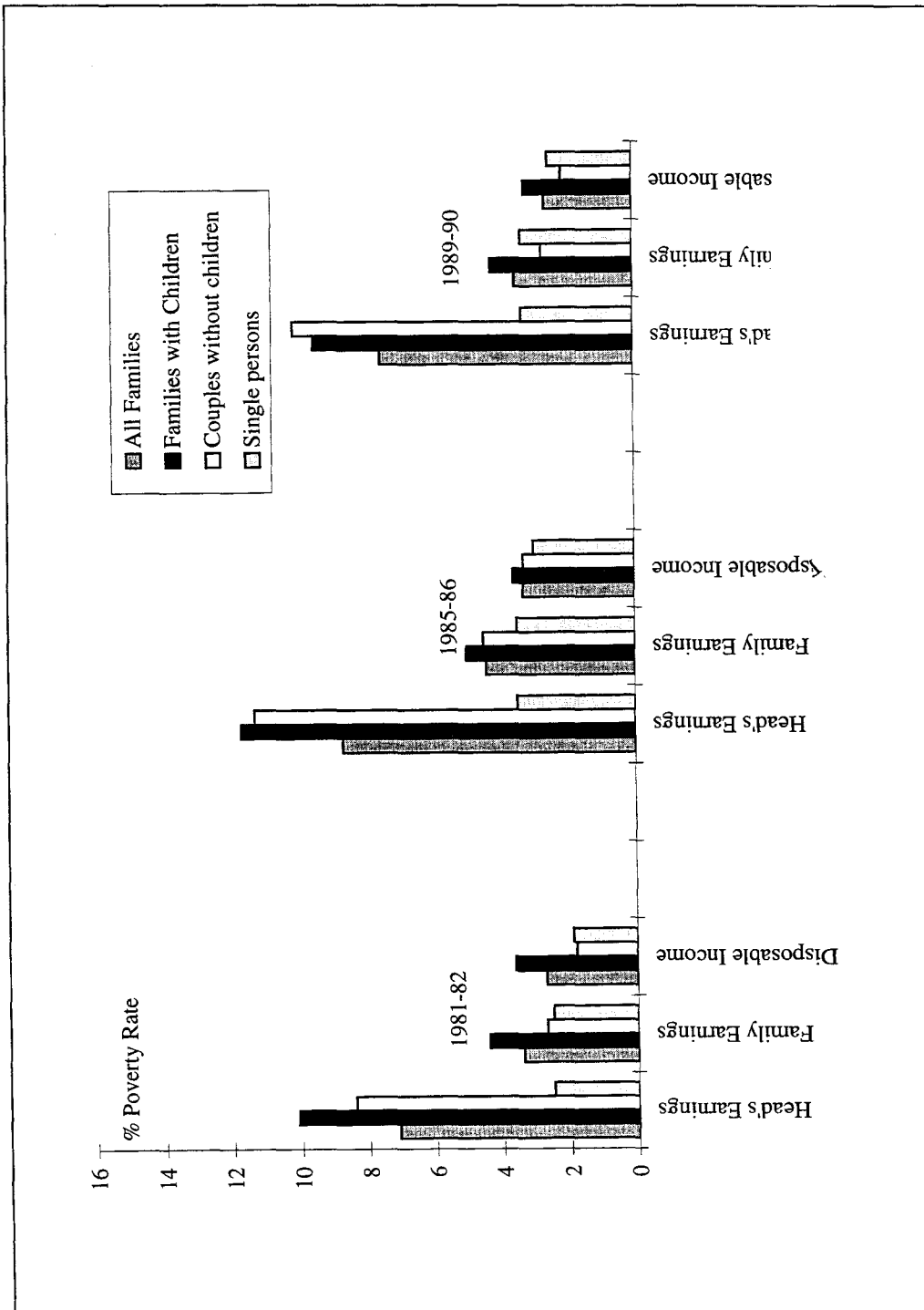
5 It should be noted that in some families the reference person may not be the main earner. This would have the effect of exaggerating these families' poverty status. Further exploration will determine what difference is made by basing the first stage of the analysis on the earnings of the higher earner rather than the reference person.

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**Table 3: Trends in Working Poverty: 1981-82 to 1989-90** (50 per cent of adjusted median income and Henderson poverty line)

Year and Family Type	Poverty Rates %						Weighted Population Numbers
	Reference Person's Earnings		+ Earnings of Other Family Members		Disposable Income		
	50% of adjusted median	Henderson Poverty	50% of adjusted median	Henderson Poverty	50% of adjusted median	Henderson Poverty	
1981-82							
All Income Units	7.1	9.2	3.4	4.5	2.7	3.9	3 785 090
Families with Children	10.1	14.0	4.4	6.5	3.6	6.0	1 700 072
Couples without Children	8.4	9.9	2.7	3.4	1.8	2.4	762 842
Single Persons	2.5	2.6	2.5	2.6	1.9	2.2	1 322 176
1985-86							
All Income Units	8.7	11.8	4.4	6.3	3.3	5.6	3 984 284
Families with Children	11.7	17.0	5.0	8.6	3.6	7.5	1 715 400
Couples without Children	11.3	13.9	4.5	5.5	3.3	4.3	867 913
Single Persons	3.5	4.1	3.5	4.1	3.0	3.9	1 400 971
1989-90							
All Income Units	7.5	11.8	3.5	5.7	2.6	4.6	4 369 920
Families with Children	9.5	17.2	4.2	8.3	3.2	6.6	1 823 169
Couples without Children	10.1	13.7	2.7	4.2	1.7	3.0	1 062 787
Single Persons	3.3	3.7	3.3	3.7	2.5	3.4	1 482 963

Source: ABS Income and Housing Cost Surveys, unit record files

**Figure 4: Trends in Working Poverty: 1981-82 to 1989-90 (50% of adjusted median income)**

Once other family earnings are included, however, there is a substantial drop in the poverty rates for most family types. The effect for couples with children is in fact slightly masked in the diagram because sole parents are included, but is still striking. The change resulting from measuring poverty by disposable family income is, while significant, comparatively muted, although we should note that moving from gross to net earnings has the effect of understating the impact of social security transfers. Even so, it seems clear that having a second earner was, over this period at least, a more effective route out of working poverty for a low wage family than relying on family payments. This should not be regarded as a deficiency of policy, however, since Family Allowance Supplement was explicitly structured so as not to provide too great a disincentive for partners in single-earner couples to seek work.<sup>6</sup>

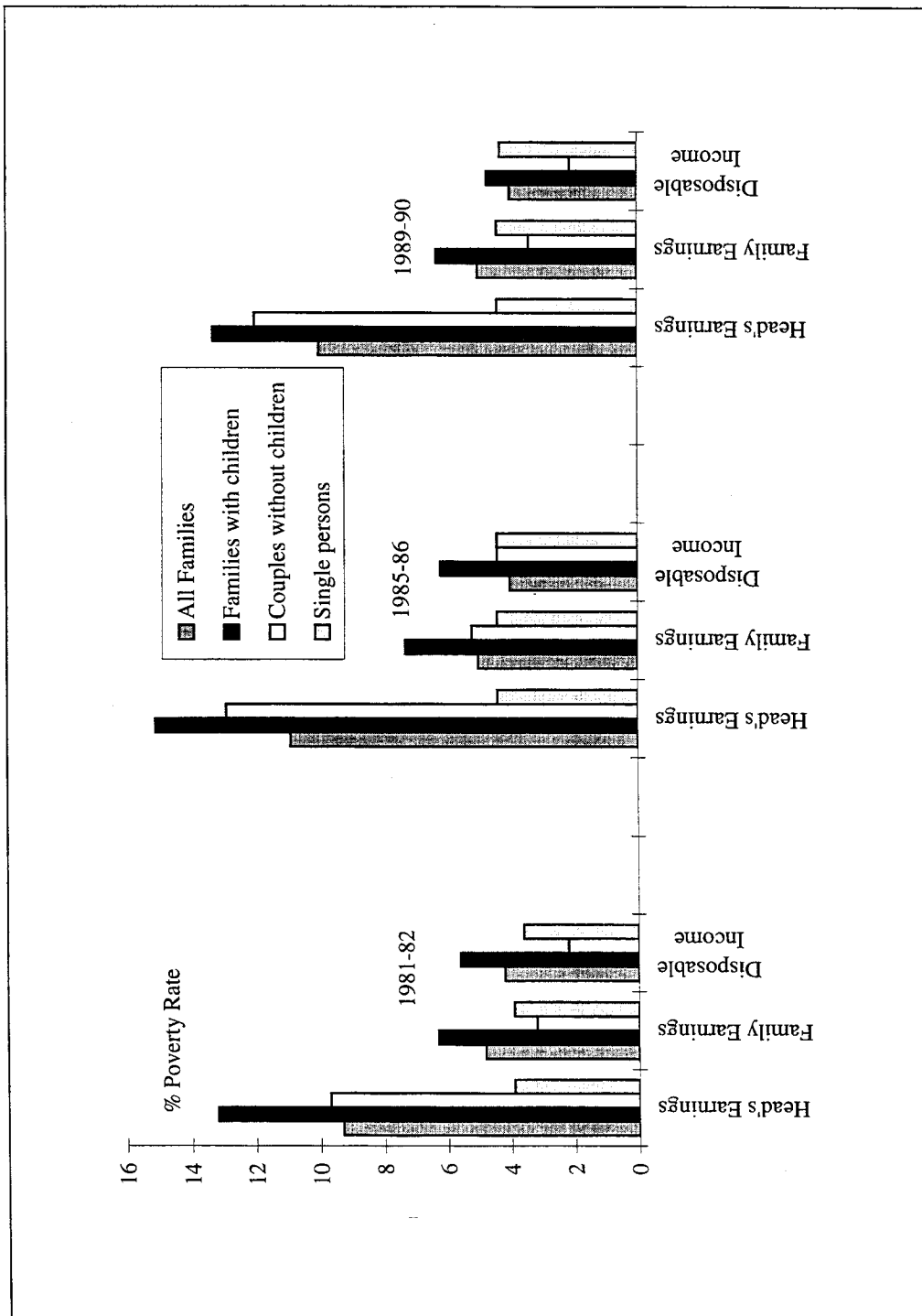
The pattern of change over the 1980s was broadly similar for all income unit types, with increases in poverty in the early years only partly ameliorated in the years up to 1990. The size of the full-year full-time work force increased over the decade, however, so the absolute numbers of income units in working poverty by disposable income increased from an estimated 102 000 in 1982 to 114 000 in 1989-90, according to the adjusted median measure, of whom just over half were families with children. The number in poverty according to the Henderson Poverty Line increased from around 148 000 in 1982-83 to 210 000 in 1989-90, 57 per cent of whom had children.

This headcount measure of poverty clearly has many limitations, and further work is planned to investigate the intensity of poverty as well simply the numbers. As one initial indicator of the sensitivity of the results to the measures used, Table 4 and Figure 5 present the same analysis using 60 per cent of the nationally adjusted median. The pattern remains basically the same, but the overall increase in poverty rates is experienced particularly by families with children on the basis of just the main earner's gross wage, indicating a greater clustering in the margins of poverty amongst this group than among other family types. The move to disposable income, however, has a slightly larger impact here than for other family types. Thus, according to this measure, about 175 000 income units were in working poverty in 1989-90, of whom 49 per cent were families with children.

So how far did receipt of an in-work means-tested family payment coincide with being in poverty? The answer appears to be not very much, at least over this period and according to the 50 per cent of median measure. In 1985-86, just over one in ten families with children with a FYFT worker with disposable income which put them in poverty were recorded as receiving Family Income

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6 My thanks to Chris Butel from DSS for reminding me of this point.

**Figure 5: Trends in Working Poverty: 1981-82 to 1989-90** (60% of adjusted median income)

**Table 4: Trends in Working Poverty: 1981-82 to 1989-90** (60 per cent of adjusted median income)

Year and Family Type	Poverty Rates at 60 % of median income			
	Reference Person's Earnings	+ Earnings of Other Family Members	Disposable Income	Weighted Population Numbers
1981-82				
All Income Units	9.3	4.8	4.2	3 785 090
Families with Children	13.2	6.2	5.6	1 700 072
Couples without Children	9.7	3.2	2.2	762 842
Single Persons	3.9	3.9	3.6	1 322 176
1985-86				
All Income Units	10.9	5.8	5.1	3 984 284
Families with Children	15.1	7.3	6.2	1 715 400
Couples without Children	12.9	5.2	4.0	867 913
Single Persons	4.4	4.4	4.4	1 400 971
1989-90				
All Income Units	10.0	5.0	4.0	4 369 920
Families with Children	13.3	6.3	4.7	1 823 169
Couples without Children	12.0	3.4	2.1	1 062 787
Single Persons	4.4	4.4	4.3	1 482 963

Source: ABS Income and Housing Cost Surveys, unit record files

Supplement, while nearly 80 per cent of FIS recipients were above the poverty line. By 1989-90 Family Allowance Supplement was more extensive and more well-known, and one-quarter of families in poverty were recorded as receiving it, but nearly 90 per cent of recipients were above the poverty line. This analysis does not indicate how far above the poverty line family incomes were and it is likely that using the Henderson measure more FIS/FAS recipients would be below or close to the threshold. Nevertheless, it appears that receipt of an in-work family payment is not necessarily a reliable indicator of working poverty, unless one takes the view that the circumstances of people in the work force should be judged by different standards from those applying to families more fully reliant on income support.

## 6 Conclusions

Until recently, working poverty was not considered to be a significant feature of the social structure of Australia, mainly because of the centralised wage-fixing and industrial relations system which has characterised the 'wage earner's welfare state'. This has produced a relatively equal distribution of pay, with a minimum wage floor which mostly allowed households and families to stay out of poverty.

Wage inequality has been increasing at least since the early 1980s, but whether this can be seen as having led to a concomitant increase in working poverty depends partly on how the 'working poor' are conceived. There has been an increase in low hourly rates of pay for men on average, while women's pay on average has grown less unequal - though still remaining low compared to men's. There has been substantial growth in the number of families with one or both parents in work but receiving a means-tested higher rate family payment. But this is partly a result of the scope and level of payments having also increased. Although many recipient families have low incomes, the majority have total disposable incomes which take them above the relative poverty line, as measured in most international comparisons.

It appears that at the end of the 1980s more than one in ten families with children would have been in poverty by this standard if they had only the main earner's wages to rely on. The expansion of social security support for families has clearly had an impact in reducing the incidence of working poverty, but it seems that having a second earner would be a more effective strategy for most families. This suggests that a concentration on supporting the one-earner family might be counterproductive, especially if in supporting lower wages the family payments bills becomes too large to retain political support.

The research on which this paper is based has only just begun and the data presented are preliminary and incomplete. We do not have a clear picture yet of what has happened in the 1990s - clearly policies such as the Family Tax Initiative will have had some impact - nor have we yet examined the longer-term trends since the 1970s. We have only started to look in detail at the characteristics of individuals and families in working poverty. The project will include an assessment of how effective particular routes out of poverty are for individuals, both men and women, rather than just composite income units, since people live their economic and social lives both as family members and as individuals. Future work will also involve comparisons between Australia and other relevant industrialised countries in order to evaluate the relative impact of different policy approaches.

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# All Work and No Play? Australia's Youth Today

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## 1 Australia's Youth

There is currently much talk about the adverse effects of persistently high levels of unemployment among the young people in Australia. So, what is the real story about young people's economic circumstances in Australia today?

In December 1996 there were 2.7 million people aged between 15 and 24 years in Australia (Figure 1). They accounted for 14.7 per cent of the total population, continuing the downward trend from the post-war high of 17.6 per cent in 1979 toward a projected 12 per cent in 2030 (ABS, 1996c).

## 2 No More Young Families?

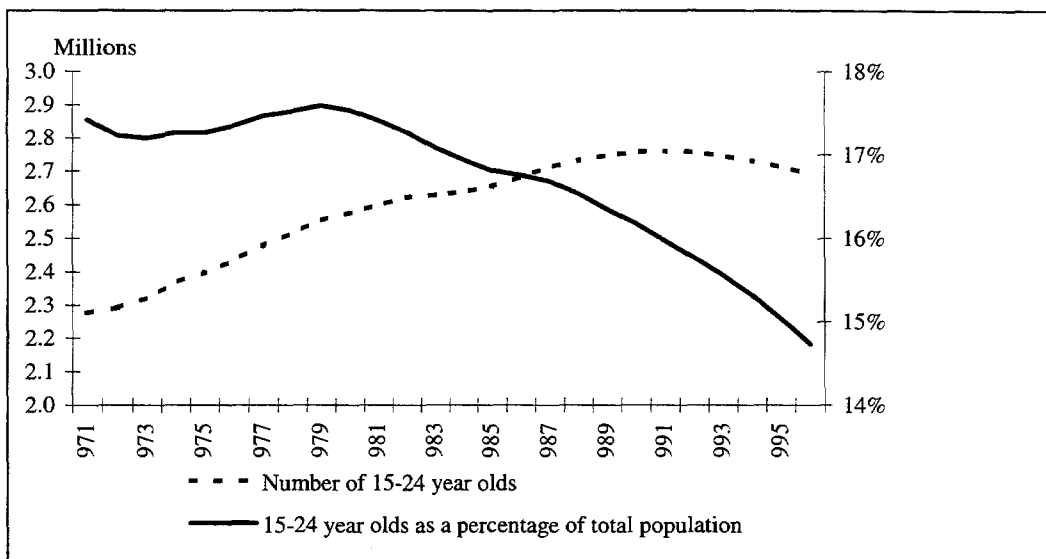
As well as being a declining proportion of the total population, the 15-24 year old group is changing in other ways. Notably, there are more young people choosing to remain single than in the early 1980s and so there are fewer young couples overall but also a lot fewer with children (Figure 2).

During the 1980s there was a small drop in the proportion of young people staying at home with their parents, but the most significant change was the fall in the proportion of couples in this age group having children. In 1994-95 only five per cent of 15-24 year olds were living as couples with children, compared with nine per cent in 1982.

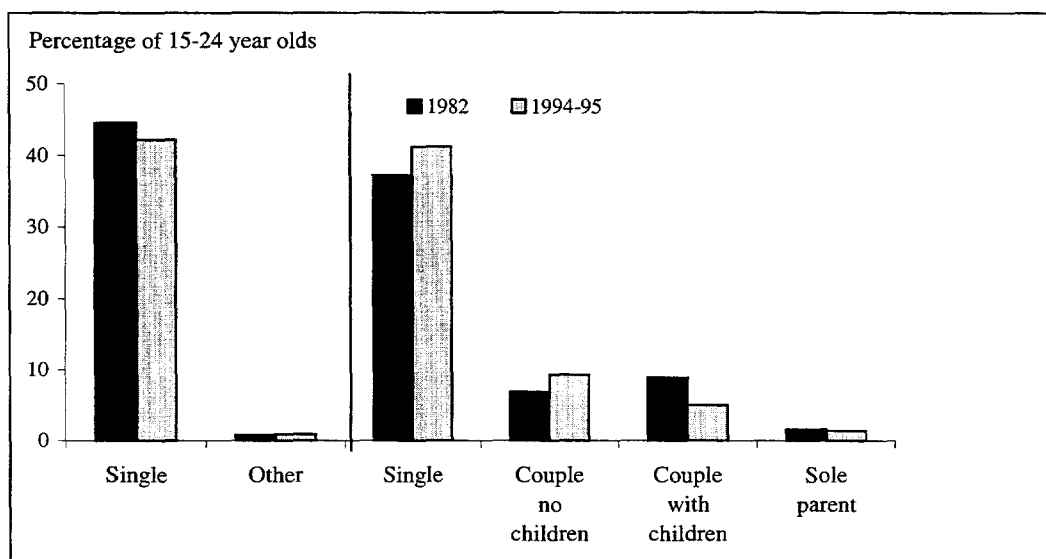
## 3 All Work and No Play?

Most young people are working or studying: around 37 per cent just working, 23 per cent just studying and 24 per cent both working and studying (Figure 3). The big

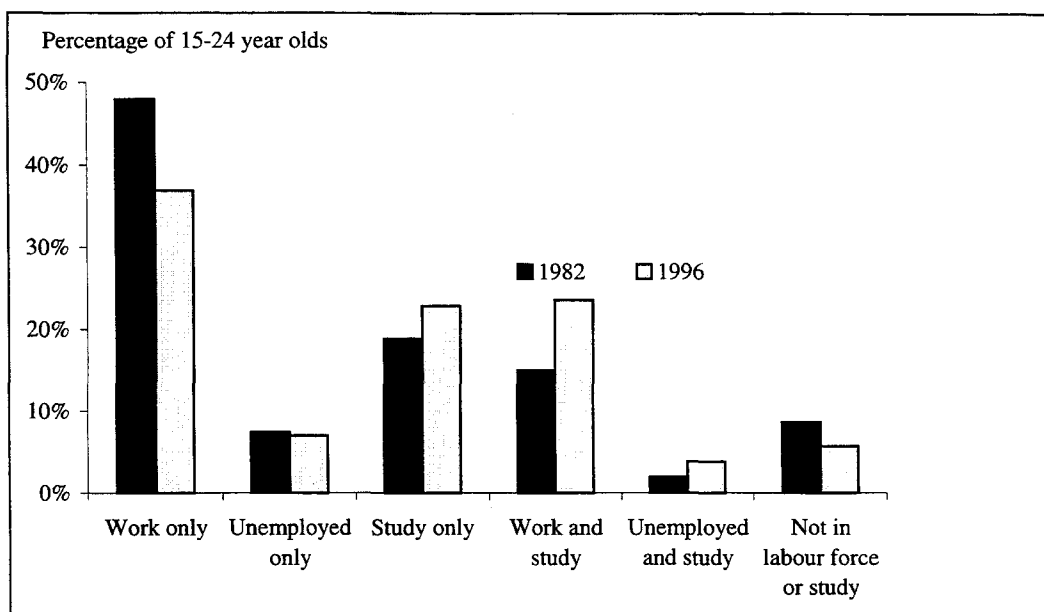
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**Figure 1: Number and Proportion of 15 to 24 Year Olds in the Australian Population**

Source: ABS (various years), *Estimated Resident Population of Australia, States and Territories*, Cat. No. 3201.0.

**Figure 2: Household Types of 15 to 24 Year Olds**

Source: ABS (1982 and 1994) Income Distribution Survey, unit record tape.

**Figure 3: Employment and Study Status of 15 to 24 Year Olds**

Source: ABS (1982 and 1996) *Transition from Education to Work*, Cat. No. 6227.0.

changes over the past two decades have been the large increase in the proportion of young people studying (particularly both working and studying) and the large fall in the number only working. There was relatively little difference between the proportions of 15–24 year olds just looking for work in 1982 and 1996 (both around seven per cent), but the proportion looking for work while studying in 1996 was two percentage points higher than in 1982 (Figure 3).

In line with the drop in the number of couples having children, fewer young people are involved full time in child rearing. The proportion of young people not actively working, studying or looking for a job has fallen from nine per cent of the 15-24 year old population in 1982 to six per cent in 1996.

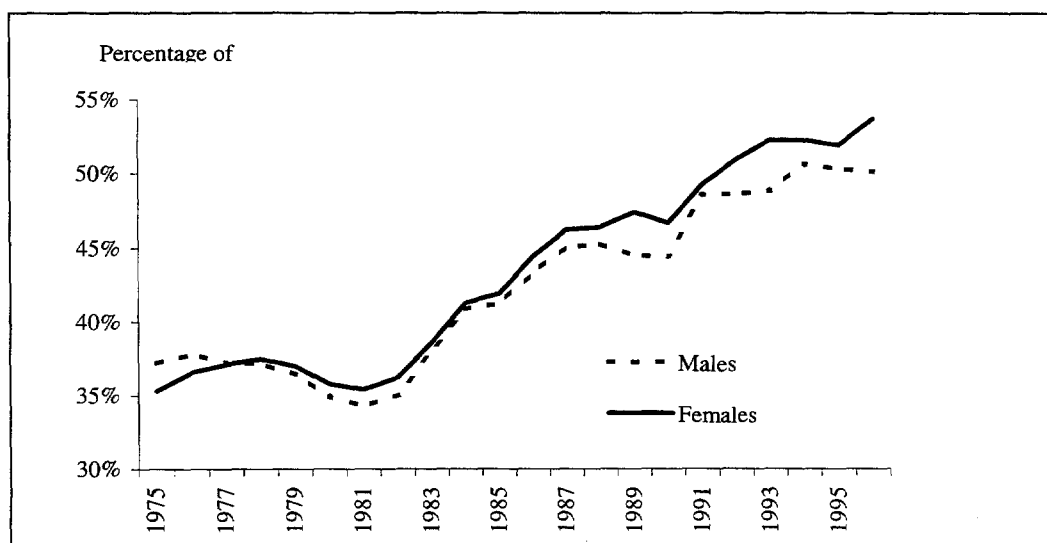
### 3.1 Study

A major priority for government over the past two decades has been to increase Australia's school retention rate. The proportion of 15-19 year olds at school rose from 36 per cent in 1975 to 52 per cent in 1996. The increase was greater for females. In 1975, 37 per cent of male 15-19 year olds were at school and 36 per cent

of females. In 1996, 50 per cent of male 15-19 year olds were at school compared with 54 per cent of females (Figure 4).

The trends are similar for higher education. Since 1986 women's involvement in higher education has exceeded men's and has been increasing at a faster rate (Figure 5).

**Figure 4: Proportion of 15 to 19 Year Old Males and Females Attending School**

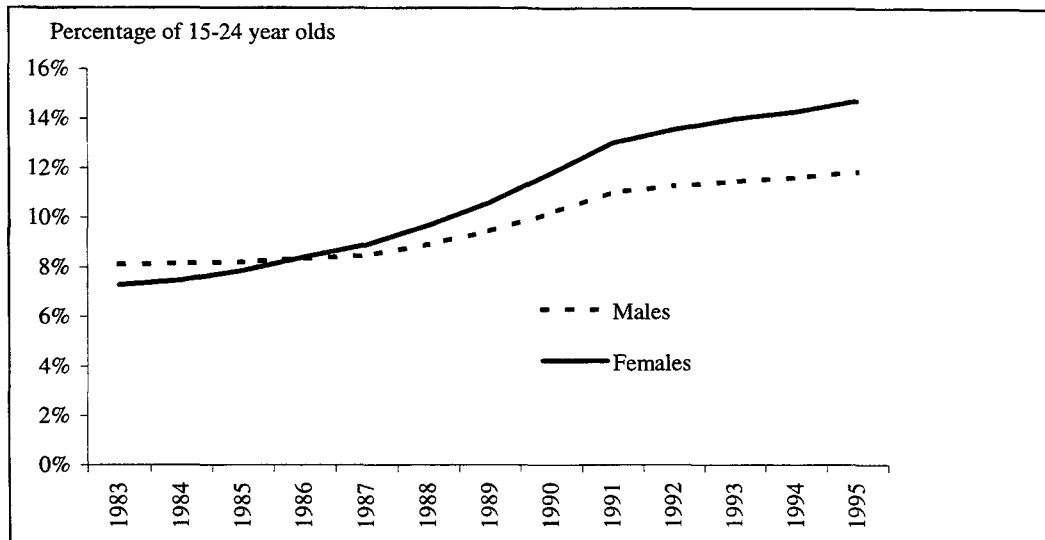


Source: ABS (various years), *Labour Force Survey*, Cat. No. 6203.0, and ABS (various years), *National Schools Statistics Collection*, Cat. No. 4210.0.

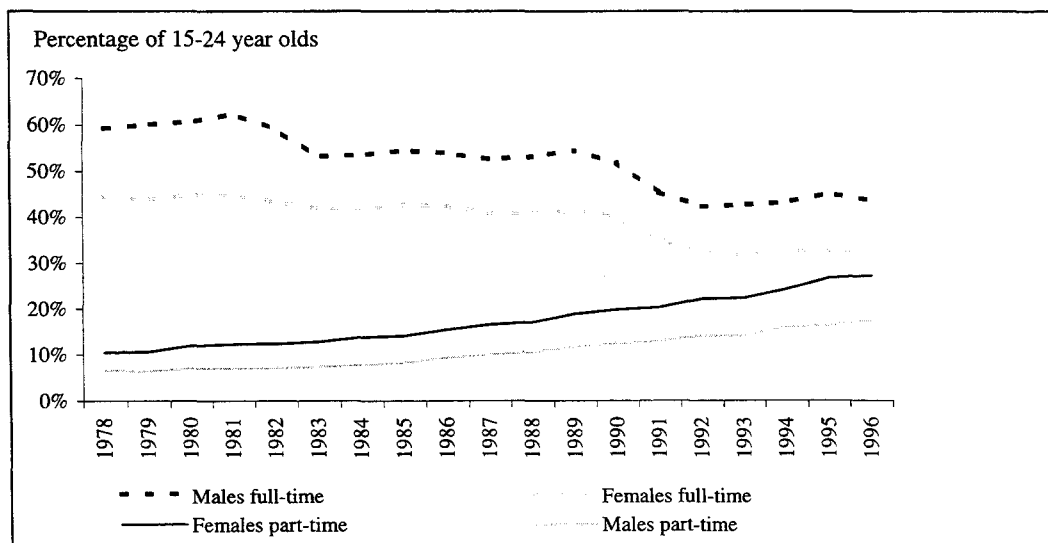
### 3.2 Work

The overall fall in employment hides very different trends in full-time and part-time employment. Between 1978 and 1996 the share of all full-time employment in Australia held by 15-24 year olds fell from 26 per cent to 16 per cent, while their share of part-time employment grew from 23 per cent to 29 per cent.

The proportions of 15-24 year old men and women in full-time employment fell: from 59 per cent to 44 per cent for men and from 44 per cent to 32 per cent for women (Figure 6). At the same time the proportions in part-time employment rose: from six per cent to 18 per cent for men and from 10 per cent to 27 per cent for women.

**Figure 5: Proportion of 15 to 19 Year Old Males and Females in Higher Education**

Source: ABS (various years), *Estimated Resident Population of Australia, States and Territories*, Cat. No. 3201.0, and DEETYA (1996), *Selected Higher Education Statistics*.

**Figure 6: Proportion of 15 to 24 Year Old Males and Females in Full-time and Part-time Employment**

Source: ABS (various years), *Labour Force Survey*, Cat. No. 6203.0.

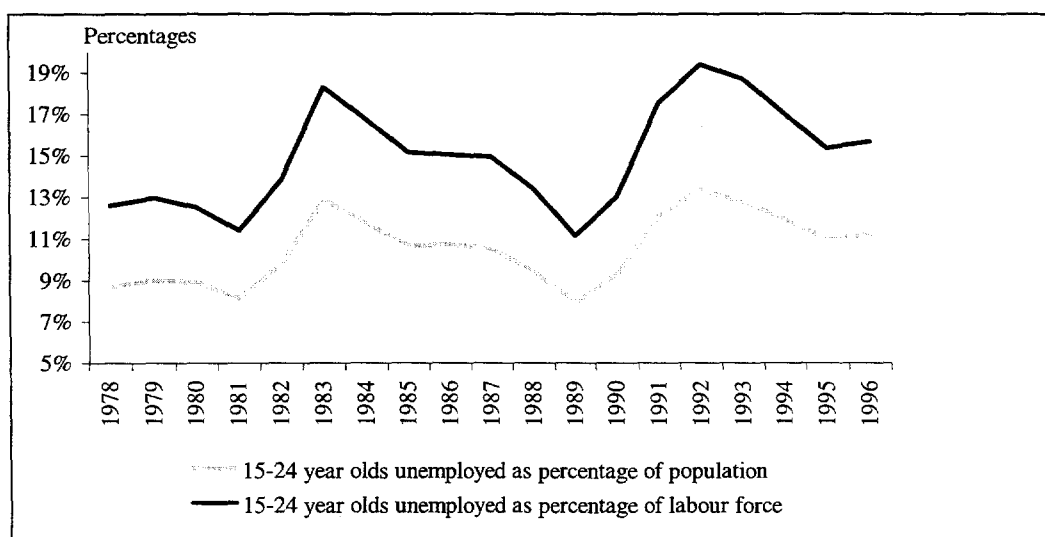


Most of the fall in full-time employment is accounted for by the 15-19 year old population. Part-time employment increased at a slightly higher rate for 15-19 year olds than 20-24 year olds. Full-time employment of 15-19 year olds fell by 55 per cent between 1982 and 1996, falling from 510 000 to 230 000.

### 3.3 Unemployment

Between 1982 and 1996 there were slight upward trends in both the official youth unemployment rate (the darker line in Figure 7) and unemployment measured as a proportion of the 15-24 year old population (the lighter line in Figure 7). The peak in the early 1990s was slightly higher than the peak in the early 1980s.

**Figure 7: Unemployed 15 to 24 Year Olds as Proportions of the 15 to 24 Year Old Labour Force and Population**



Source: ABS (various years), *Labour Force Survey*, Cat. No. 6203.0.

The official rate of unemployment is significantly higher than the proportion unemployed in the 15-24 year old population because the official rate measures the unemployed as a proportion of the labour force (people working or looking for work), which excludes students who are not also working or looking for work.

Because more young people are staying at school longer and undertaking higher education, one would expect the official unemployment rate to have risen by more

than the alternative unemployment measure shown in Figure 7. Yet both measures have similar overall trends. This is because of the large increase in the proportion of students who are also working and thus counted as part of the labour force.

An interesting feature of Figure 7 is that both measures of unemployment show similar trends during the recoveries following the past two economic downturns, the unemployment rates returning to levels similar to those prior to the economic downturns. These trends contrast with the trend for the overall population, which has seen a higher rate of unemployment following each downturn.

Whether the current economic upturn will have a similar impact on the rate of youth unemployment as in the past two economic upswings is currently being debated. The debate hinges on whether the recent increase in the rate of unemployment among young people (Figure 7) is merely a 'pause' in its downward trend or whether the rate will remain above its previous floor: around eight per cent of 15–24 year olds.

Figure 8 highlights that the impact of unemployment has been different for young men and women. Although both groups have faced upward trends in unemployment since the early 1980s, the rate of unemployment for young men is now clearly higher than for young women after beginning the 1980s at around the same level. It is strikingly apparent from Figure 8 that the unemployment rate for men is much more sensitive to economic cycles than is the rate for women, peaking at much higher levels in the two recessions.

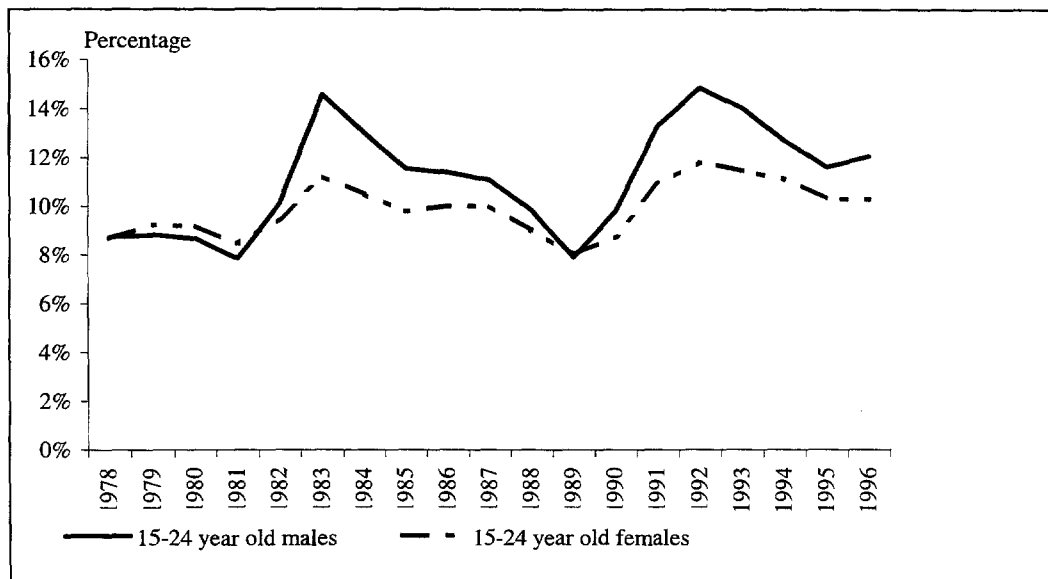
## 4 Incomes

Young people have not fared as well as the rest of the population in terms of income. The average real income of 15–19 year olds (excluding school students for whom only incomplete income data were available) in 1993–94 was 40 per cent lower than in 1981–82 and 11 per cent lower for 20–24 year olds, while the average income of people 25 years and over was one per cent higher (Figure 9). The average falls for young people are due mainly to compositional changes: the large fall in full-time employment and the increased number of students.

Government policy changes limiting access to unemployment benefits and student assistance have also played a role. Among 15–24 year olds, the unemployed experienced the largest fall in real income (32 per cent), followed by full-time students (25 per cent for those who were also working and 17 per cent for those not also working). The incomes of those working full time or part time fell the least: around five per cent (Figure 10).

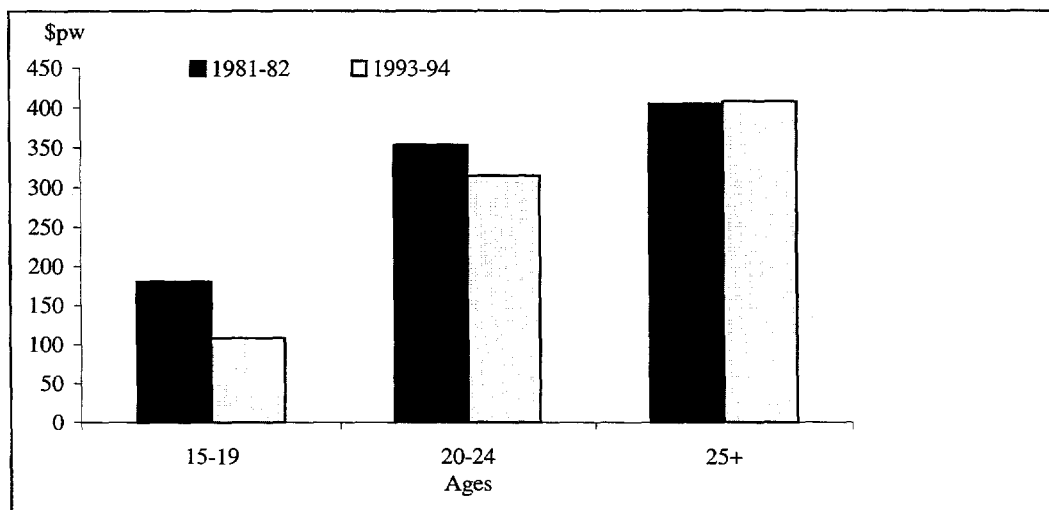
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**Figure 8: Unemployed 15 to 24 Year Old Males and Females as Proportions of the 15 to 24 Year Old Populations of Males and Females**



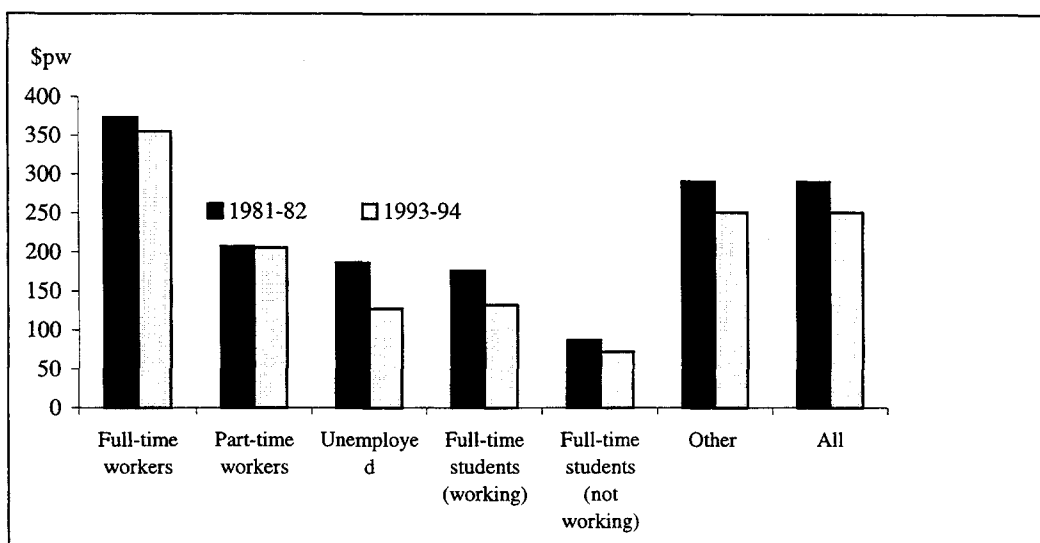
Source: ABS (various years), *Labour Force Survey*, Cat. No. 6203.0.

**Figure 9: Estimated Average Real Incomes of People Not Attending School, by Age Group (in 1993-94 values)**



Source: ABS (1982 and 1994), *Income Distribution Tape*, unit record tape..

**Figure 10: Estimated Average Real Incomes of 15 to 24 Year Olds Not Attending School, by Employment and Study Status (in 1993-94 values)**



Source: ABS (1982 and 1994), Income Distribution Survey, unit record tape, Canberra.

It needs to be noted that these estimates of incomes include the major sources of cash income (wages, social security and education support payments) but do not include the value of any cash or non-cash assistance provided to young people by other family members. This is an important omission as young people often receive significant help from their parents. In the case of the unemployed and students, government policy changes since the mid-1980s have sought to encourage greater levels of parental assistance by introducing parental income tests and making it more difficult to claim independent rates of payments. As noted earlier, the large falls in the real incomes of the unemployed and students partly reflect the impact of these changes.

## 5 Income Inequality

Largely as a result of the increase in the proportion of young people with low incomes, income inequality among 15–24 year olds grew significantly over the period 1981-82 to 1993-94. In 1981-82 the average real income of the 40 per cent of young people with the highest incomes (quintiles 4 and 5 in Table 1) was nearly six times the average income of the 40 per cent with the lowest incomes (quintiles 1 and 2). In 1993-94 it was nine times.

**Table 1: Income Inequality Among 15 to 24 Year Olds Not Attending School: Estimated Average Real Weekly Income by Income Quintile (in 1993-94 values)**

	1981-82	1993-94
	total income (\$)	
Quintile		
5th	611	585
4th	404	359
3rd	266	207
2nd	141	97
1st	32	7
All	291	251
Quintiles 4 and 5/1 and 2	5.9	9.1
Gini coefficient	0.412	0.477

Source: ABS (1982 and 1994), Income Distribution Survey, unit record tape.

The gini coefficient – a summary measure of inequality ranging from zero when everyone has equal incomes to one when one person has all the income – grew from 0.412 to 0.477 over this period, confirming the increase in income inequality.

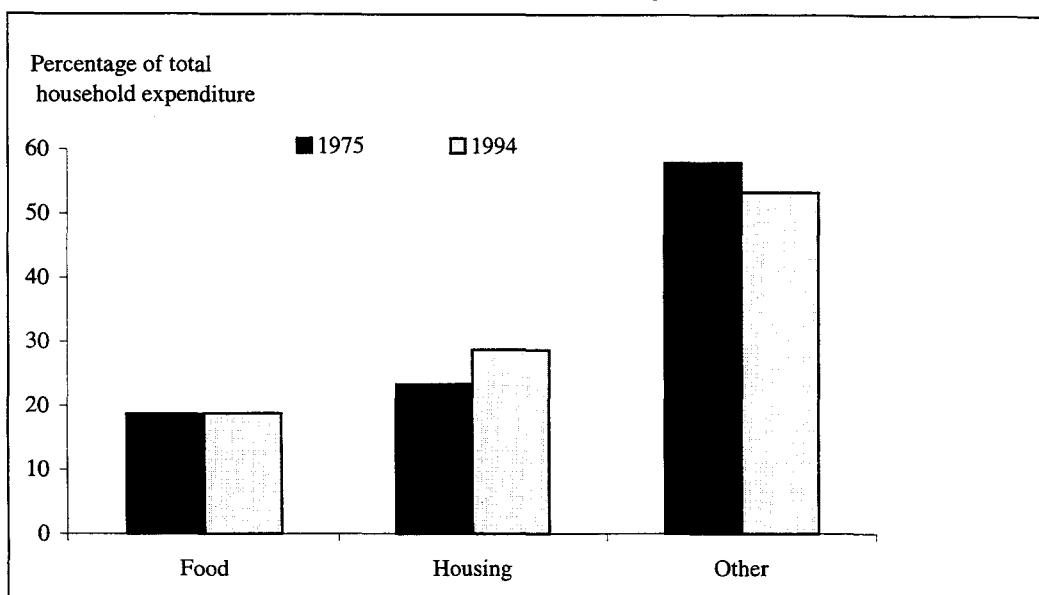
## 6 Household Expenditure

Over the past 20 years the broad spending patterns of households headed by young people have changed very little. The main change in the distribution of expenditure among the three main groups - food, housing and 'other' - has been the increase in expenditure on housing, which has been offset by a fall in 'other' expenditure (Figure 11).

The increase in the proportion of household expenditure on housing largely reflects the higher real property values facing home buyers, which contrasts with the little change in the real level of rents over the past two decades. Also, the overall decline in the real incomes of 15-24 year olds means that their overall expenditure has fallen, and thus housing expenditure accounts for a larger proportion.

## 7 Summary

The big change among Australia's young people over the past two decades has been their increased involvement in education. At the same time they have faced a large fall in full-time employment and a slight increase in unemployment. An increasing proportion of those studying are also working part time.

**Figure 11: Expenditure Patterns of Households Headed by 15 to 24 Year Olds**

Source: ABS (1976 and 1994), *Household Expenditure Survey*, unit record tape, Canberra.

The decline in full-time employment and the rise in the proportion studying and working part time are the main causes of the decline in average real incomes among young people and these have contributed to the less equal distribution of that income.

Full-time employment levels are lower for young women than for young men, but young women are more involved in studying and have been less affected by unemployment than young men.

Young people are likely to be feeling the considerable pressures of fewer opportunities for full-time employment and falling real incomes. Many would also be under pressure to combine study with work. These pressures are likely to have contributed to the overall fall in the proportion of young couples, but especially to the large fall in young families, among 15–24 year olds.

### Technical Notes

The analysis of Australia's youth in this paper is based on the data sources listed below. Population characteristics are based on published ABS estimated resident

population data. The description of the households in which 15-24 year old income units live is based on analysis of the unit record files of the 1982 and 1994 ABS income distribution surveys. Labour force trends are based on published ABS labour force survey data. Education trends are based on published ABS and DEETYA data. Average incomes and inequality statistics are based on analysis of the unit record files of the 1982 and 1994 ABS income distribution surveys, but school students are excluded as no income data were collected for them in the 1982 survey. Expenditure estimates are based on analysis of the unit record files of the 1975 and 1994 household expenditure surveys for households with reference persons aged 15-24 years.

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# Poverty Measurement in Australia: Different Assumptions, Different Results

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## 1 Introduction

The issue of poverty has been the subject of considerable research and debate in Australia for some decades. Despite this, there is no officially recognised poverty line and the ABS does not currently publish poverty statistics. The ABS does, however, have a keen interest in the issues of how to define and measure poverty and it provides most of the income and expenditure data used in poverty analysis.

Any statistical profile of the 'poor' is affected by choices made in the concept of poverty adopted and the measurement techniques used. Varying concepts and measures in different studies affect both the size of the population deemed to be 'poor' and the socio-demographic characteristics of this group. This causes some confusion for both policy makers and the community.

This paper briefly describes different concepts of poverty and a number of different poverty measures commonly used in Australia. By choosing one poverty concept and varying the measures used, the paper illustrates the effects of different measurement techniques on poverty estimates.

A brief discussion on an alternative concept of poverty follows along with a listing of new work being carried out by the ABS to improve the quality and quantity of data available for measuring this concept.

## 2 Poverty Concepts

The first distinction to be made relates to the concepts of absolute or relative poverty. *Absolute* poverty describes a situation where a family has unmet basic needs in terms of food, shelter and other necessities for survival. *Relative* poverty

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<sup>1</sup> Views expressed in this paper are those of the authors and do not necessarily represent the views of the ABS.



describes living conditions that fall below some norm set for that community. This raises a further issue of how to define this 'norm'. Questions of social participation or exclusion also become relevant.

Poverty can also be viewed from either a resources perspective or an outcomes perspective. On the resources side, poverty can be defined as a lack of resources available to a family to provide for a specified standard of living. These resources may include cash income, income-in-kind, assets and perhaps other family assistance. This is often referred to as the indirect measure of poverty. Alternatively, poverty can be viewed in terms of the actual living standards achieved by families. Poverty is seen as relatively low levels of consumption, lack of possessions and perhaps social exclusion. It allows that living standards may reflect not only economic resources available but also other factors such as health, location and support from social or family networks. This is referred to as the direct measure of poverty.

The concept of poverty most often used in Australian studies is relative poverty viewed as a lack of economic resources. Cash income is often used as a proxy for 'economic resources' because of data availability.

### **3 Poverty Measures**

Even when a decision has been made on the concept of poverty to be used, decisions still need to be made on how to measure that concept.

Poverty viewed as a lack of cash income may be measured using a poverty line. Poverty lines are threshold income values. If a family's income is below the value applicable for that family, then that family is deemed to be in poverty. An alternative measure of the 'poverty gap' may also be used where attention is paid to the amount of additional income a family would need to bring it above the chosen poverty line. Additional choices also need to be made with regard to the most appropriate equivalence scales and statistical units to use in the analysis.

#### **3.1 Poverty Lines**

The threshold level of different poverty lines is crucial to the number of families considered to be in poverty. For this study, two poverty lines are used for illustration - the Henderson Poverty Line and a poverty line set at 50 per cent of median equivalent income.

The Henderson Poverty Line is commonly used in Australian studies. It was first drawn up in the 1960s and, for a couple with two children, was set as the Australian basic wage in 1966 plus the value of child endowment (Henderson, Harcourt and

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Harper, 1970). The relativity between this value and average weekly earnings was retained in the poverty line adopted by the Commission of Inquiry into Poverty in the early 1970s. The poverty line has been updated in the subsequent years by two different methods: in the early years by movements in average weekly earnings (AWE) and in later years by movements in household disposable income per capita (HDIPC) from the Australian National Accounts.

During the 1990s, there has been increasing use of an alternative poverty line in Australian studies. This is a poverty line, commonly used in Europe and in international studies, which is set at 50 per cent of the Median Equivalent Income for all families. This poverty line has therefore kept its relativity to current income receipts of families over time.

The different values of these poverty lines (see Section 4) result in very different numbers of families being deemed to be in poverty in 1994-95 and very different profiles of the poor.

### **3.2 Equivalence Scales**

Equivalence scales are factors used to adjust family incomes to take into account the differing costs of families of different sizes and composition. Some equivalence scales are simple and adjust only for differences in the numbers of adults and children in families. This is the approach taken by the Organisation for Economic Co-operation and Development (OECD) in its original set of scales. Other equivalence scales, such as the Henderson scales, take into account additional factors such as age, sex, the cost of working and costs of housing.

The use of different equivalence scales may affect the profile of those families considered to be in poverty.

### **3.3 Statistical Units**

The choice of statistical units is also important. The choice reflects differing assumptions on how income is shared among family groups. The most commonly used unit in Australian studies has been the 'income unit'. This is based on the assumption that sharing of income takes place only within a restricted version of the nuclear family involving couple relationships and relationships between parent(s) and dependent children.

The definition of a 'dependent child' is also relevant in defining statistical units. In the context of the income unit used in this paper, a dependent child is one who lives with parent(s), is aged less than 15 years or aged 15-24 years and a full-time student.

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Some Australian poverty studies use larger statistical units of families or households. In general, it can be said that the larger the statistical unit used, the lower is the level of measured poverty in the population.

## **4 Poverty Estimates for 1994-95**

Two different poverty measures are now used to illustrate the differences these choices of techniques make to measures of poverty. In this analysis, the definitions of cash income and the statistical unit are held constant. However, the poverty lines and equivalence scales differ.

The first measure uses the Henderson (All Costs) Poverty Line (HPL) combined with the Henderson Simplified Equivalence Scales. In 1994-95 the HPL for the standard unit of two adults (both working) and two children was net (after tax) cash income of \$465 per week (IAESR, 1994-1995).

The second poverty line is that set at 50% Median Equivalent Income (MEI) and the original OECD equivalence scales are used to adjust for income unit size and composition. This poverty line for the standard unit was net cash income of \$345 per week.

### **4.1 Poverty Profiles**

In 1994-95, there were approximately 8.7 million income units living in private dwellings in Australia. (The ABS's Survey of Income and Housing Costs does not cover people in non-private dwellings such as hospitals and nursing homes, nor does it survey the homeless; see ABS 1996b). Of these income units, 1.7 million were below the HPL. In terms of people in these income units, the numbers were over 3.1 million (Table 1).

The alternative poverty measure of less than 50 per cent of the Median Equivalent Income (MEI) produced a much lower estimate of poverty. Using this measure, approximately 868 000 income units were below the poverty line, accounting for 1.8 million people.

There were quite marked differences in the types of income units below the two poverty lines.

Of all income units below the Henderson Poverty Line, the largest groups were:

- aged one-person units (22 per cent of all units below the Poverty line);
  - young one-person units (19 per cent); and
  - other one-person units (21 per cent).
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**Table 1: Income Units Below Selected Poverty Lines, Distribution by Income Unit Type: 1994-95**

Income Unit Type	Henderson Poverty Lines Percentage of income units	Less than 50% of MEI
One-person units		
under 25 years	19.2	31.3
25-59/64 years	21.0	17.4
aged	22.3	6.5
<b>Total one-person units</b>	<b>62.5</b>	<b>55.2</b>
Couples, no children		
non-aged couple	8.5	10.5
aged couple	3.5	4.7
<b>Total couples, no children</b>	<b>12.0</b>	<b>15.2</b>
Couples with children	18.0	22.2
One-parent units	7.4	7.4
<b>All Units</b>	<b>100.0</b>	<b>100.0</b>
All Units ('000)	1705.0	867.6
All Persons ('000)	3144.0	1785.4

Source: ABS, Survey of Income and Housing Costs, 1994-95.

Of the units below the 50 per cent MEI poverty line, the largest groups were:

- young one-person units (31 per cent); and
- couples with children (22 per cent).

## 4.2 Poverty Rates

While these profiles tell us who was apparently in poverty, it is also pertinent to ask which units had the *highest risk of poverty* under the alternate measures. Again, there were major differences (see Table 2).

The income units most likely to find themselves below the Henderson Poverty Line were:

- aged one-person units (40 per cent were below the HPL); and
- one-parent units (31 per cent).

Using the 50 per cent MEI measure, those most at risk of being below the poverty line were:

- one-person units under 25 (21 per cent were below 50 per cent MEI); and
- one-parent units (16 per cent).

Table 2: 'Poverty' Rates for Income Unit Types, Selected Poverty Lines: 1994-95

Income unit type	Henderson Poverty Lines	Less than 50% MEI	All income units
	Poverty rate (%)		('000)
One-person unit			
under 25 years	25.0	21.0	1325.2
25-44 years	15.0	7.0	1262.6
45-59/64 years	30.0	11.0	568.1
aged	40.0	6.0	949.9
<b>Total one-person units</b>	<b>26.0</b>	<b>12.0</b>	<b>4105.9</b>
Couples, no children			
non-aged couple	9.0	6.0	1 550.1
aged	10.0	7.0	633.7
<b>Total couples, no children</b>	<b>9.0</b>	<b>6.0</b>	<b>2183.8</b>
Couples with children	15.0	10.0	2019.7
One-parent units	31.0	16.0	407.4
<b>All Units</b>	<b>20.0</b>	<b>10.0</b>	<b>8716.8</b>

Source: ABS, Survey of Income and Housing Costs, 1994-95

The largest variation in poverty rates between the two measures was that in the rates for the aged one-person units. Approximately 40 per cent of all aged one-person units were below the HPL compared to six per cent below the 50 per cent MEI poverty line. This very wide divergence in the poverty rates for single aged people leads us to consider other difficulties involved in measuring poverty - in particular, the sensitivity of poverty lines to income clustering.

## 5 Other Difficulties and Problems

Two additional difficulties with poverty measurement are discussed here. These are:

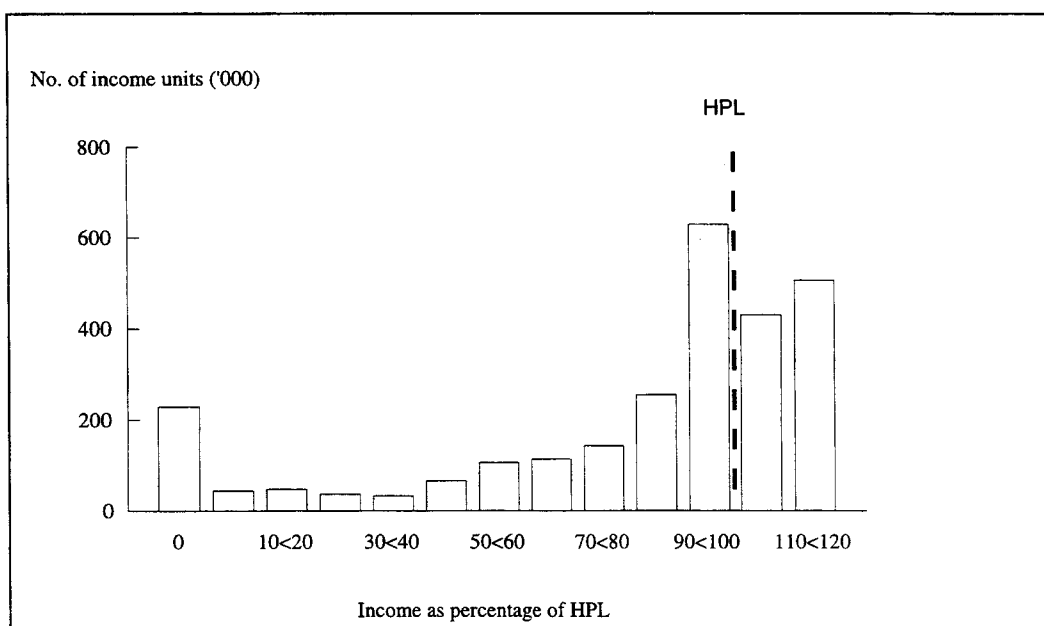
- sensitivity of poverty lines to social security payments, and
- choice of statistical unit for analysis.

### 5.1 Sensitivity of Poverty Measures

Different poverty lines have different degrees of sensitivity to income clustering. Income clustering occurs when very large numbers of units receive almost exactly the same amounts of income. In Australia, with its flat rate social security payments, large numbers of units receive similar amounts of government pensions. In 1994-95, poverty lines for income units such as the aged were particularly sensitive to the

value of the government Age Pension at the time. Of the 629 100 income units clustered at 90<100 per cent of the Henderson Poverty Line (Figure 1), approximately 292 000 were aged one-person units receiving the Age Pension. However, a very slight change in the pension rate or the value of the poverty line may have excluded this group from measured poverty. It would not, however, have reflected any real changes in the purchasing power or living conditions of this group.

**Figure 1: Income Units with Low Income: 1994-95** (net weekly income as percentage of Henderson Poverty Line)



For this reason, an additional measure of a range around the poverty line is often used. Poverty may be measured by including those groups that are up to 110 per cent or 120 per cent of the Henderson Poverty Line. Again, this means different measures and different profiles of the poor.

## 5.2 Statistical Units

Choice of the statistical unit for analysis also has a major impact on poverty estimates. The statistical unit chosen depends on the assumptions the analyst makes on how income is shared within family groups. In Australia, most poverty analysis over the last two decades has used the 'income unit'. The main difference between an income unit and a family unit is that offspring aged 15-24 who are not full-time students are considered to be financially independent.

Yet some of these young people have very little income. In fact, 75 000 young one-person income units had no income in 1994-95. Many of these were still living with parents. This raises the question of whether these young people are actually financially independent of their parents as they are classified in the surveys.

The classification of youth as dependent or non-dependent in poverty analysis is fairly subjective. It is not based on any studies of the actual patterns of youth dependency on parental income. In fact, it is likely that the transition from financial dependence on parents to financial independence is much more gradual than a strict cut-off point when youth leave full-time study or leave home. Parents may continue to support unemployed offspring or those just moving into the work force to varying degrees.

Because of this difficulty in determining when youth actually become financially independent, they are often excluded from poverty analysis. However, excluding them entirely from the poverty studies is a rather blunt method of dealing with them. It leaves their 'living standards' entirely unknown. An alternative approach is to investigate other data that might shed some light on their real living standards.

No data is available on income support paid by parents to offspring who are still living with them. However, it is possible to look at the relationship between the income of the youth and the income of the parents and ask whether the parents of the youth below the poverty line are also poor.

For youth living away from the parental home, some data on parental support is available.

### **Young Income Units Living with Parents**

In 1994-95, approximately 890 700 or two out of every three one-person income units aged 15-24 were living with parents. Of these, approximately 48 per cent were living rent-free. Approximately 224 700 of these young income units had income below the Henderson Poverty Line (Table 3.) This gives a poverty rate of 25 per cent for this group.

However, when the income of their parental unit is also examined, it becomes clear that most of them live in larger family units that are not below the poverty line. Of those 224 700 youth who were in poverty on their own income measure, only 31 700 had parents who were also deemed to be in poverty according to the Henderson Poverty Line. This 31 700 represents only four per cent of all 'independent' young income units who are living with families where both they and their parents were below the Henderson Poverty Line. This is a very different picture from their 'poverty rate' of 25 per cent when only the income of the youth was taken into account.

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**Table 3: Young One-person Income Units (15-24) Living with Parent(s), Poverty Status of Youth and Resident Parents: 1994-95**

Parental units' income compared to HPL	Youths' income compared to the HPL		
	Below the HPL	Above the HPL	All youth units
	Numbers ('000)		
Below the HPL	31.7	61.4	93.1
Above the HPL	193.0	604.6	797.6
All parental units	224.7	666.0	890.7

Source: ABS (1996b), Survey of Income and Housing Costs, 1994-95.

Of course this much lower figure of four per cent assumes the other extreme, that income is shared evenly between parents and offspring. The real situation may fall somewhere between these two measures. However, the choices to be made in the analysis and the results achieved do reinforce the caution of 'different measures - different poverty estimates'.

### **Young Income Units Living Away From Parents**

Many young income units who have left the parental home were also below the Henderson Poverty Line in 1994-95. Of the 434 500 young one-person income units living away from parents, approximately 102 060 (23 per cent) had income below the Henderson Poverty Line.

However, there is evidence that some parents still pass on economic resources to their offspring after they have left home. Any regular cash assistance should have already been reported as part of the youths' income. However, additional data on non-cash support from relatives to non-resident youth is available from the ABS's 1992 Family Survey.

In that year, 39 per cent of the 15-19 year olds who were living away from home were receiving some form of income support from relatives living in another household. Young people aged 20-24 who had left home were less likely to receive some support: 28 per cent in 1992. Those who were full-time students were most likely to be receiving some support (ABS, 1997.)



## 6 Resources Other Than Income

While estimates of (cash) poverty vary according to the measurement techniques used, even more variation is likely when the definition of economic resources is extended to include other factors. For example, living standards of families are also affected by in-kind income such as fringe benefits, pensioner concessions and indirect benefits from government expenditure on education and welfare. Receipt of capital transfers and benefits from families' holdings of assets may also be important (see ABS, 1995).

Some limited data on these factors is available and the ABS is planning to collect more data in the future. Possible uses of these data are illustrated below.

### 6.1 Government Indirect Benefits

One area in which there has been considerable effort devoted to estimating the value derived by families from non-cash benefit is that relating to government expenditure on health, education, housing and welfare.

The ABS has carried out three studies in the last decade that look at the differences in the profile of low-income households when the value of government indirect benefits and indirect taxes is added to the more usual measures of gross income after deduction of direct taxes (ABS, 1996a; see Table 4). (For illustrative purposes, discussion here relates only to the benefits side of the equation and ignores the impact of taxes.)

**Table 4: Households<sup>(a)</sup> in the Lowest Gross Income Quintile<sup>(b)</sup>, Ratio of Adjusted Income to Gross Income: 1993-94**

Lowest quintile for selected income unit types	Gross income per week (\$)	Adjusted income after indirect benefits added (\$)	Ratio of adjusted income to gross income
One-person	104.00	193.00	1.90
One-parent	198.00	378.00	1.90
Couple only	197.00	334.00	1.70
Couple with one dependent child	263.00	398.00	1.50
Couple with two dependent children	313.00	502.00	1.60
Couple with three+ dependent children	251.00	573.00	2.30

Notes: a) Households containing only one income unit.

b) Lowest gross income quintile for that household type.

Source: ABS, 1996a, *The Effects of Government Benefits and Taxes on Household Income*, ABS Cat. No. 6537.0

Large families with low incomes particularly benefited from government expenditure in these areas. Their adjusted income, after inclusion of indirect government benefits was over twice the value of their gross cash income. These units receive proportionately more health benefits due to the larger household size and also receive substantial benefits from education for their children. Similarly, low income one-parent units also receive substantial benefits with their adjusted income being almost double the value of their gross cash income. One-parent and one-person units on low gross cash income received almost as much again in indirect government benefits. Many of these one-person units were aged units who were large users of health services.

This picture is fairly simplistic and there are some arguments against just adding the value of cash and indirect benefits in this fashion. Apart from discussion on the imputation methods, there are other considerations such as whether in-kind benefits, with their limitations on choice for the recipient, should be given equal value as cash income. However, ignoring them entirely also ignores the undoubted benefits they provide in improving living standards for families.

## **6.2 Wealth**

All of the income measures discussed so far, whether cash or in-kind, constitute regular flows of economic resources to families. However, perhaps equally important is the state of a family's stock of net wealth, that is, stock of assets over and above any liabilities they may have.

A stock of wealth may affect a family's economic well-being in a number of ways. Some forms of wealth provide a return to the family in the form of income. This income has already been included in the form of interest, rent and dividends in the definition of income used in this paper.

However, for most Australians, their major wealth holdings are tied up in their housing. While home ownership may not provide for a cash return in the form of income, it offers other economic benefits to its owners such as cheaper housing. It may also offer greater economic security in that such an asset may be borrowed against or the value of the asset may be realised through sale.

The benefits of cheaper housing costs for home owners are well documented in the literature. Indeed, in recognition of these benefits and the effects they have on families who might otherwise be below the poverty line, alternative Henderson Poverty Lines were provided for income after housing costs had been deducted. By applying these 'after housing costs' Henderson Poverty Lines to the 1994-95 data, the poverty rate is reduced from 20 per cent of the population to 17 per cent.

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The reduction in measured poverty when housing costs had been taken into account was particularly beneficial to the aged who have very high rates of home ownership. In the case of aged one-person units, the proportions below the Henderson 'All Costs' Poverty Line and the 'After Housing Costs' Poverty Line were 40 per cent and eight per cent respectively. This reflects the fact that approximately 67 per cent of the aged single units below the Henderson Poverty Line in 1994-95 owned their homes without any mortgage payments.

### **6.3 Capital Transfers**

Another form of economic resources for households is the irregular one-off receipt (capital receipt) that may be used either for consumption or for saving. Such receipts may be inheritances or termination payments when people leave a job and so on. An attempt to measure the incidence and value of such receipts will be carried out by including a set of new questions in the 1998-99 Household Expenditure Survey.

## **7 Direct Measures of Living Standards**

An alternative concept and measure of poverty, noted in Section 2, is that where poverty is seen in terms of the actual living standards achieved by families. This more direct measure is based on the assumption that outcomes themselves are more relevant than a family's potential for achieving these outcomes. This measure of poverty has been used overseas, particularly in the Scandinavian countries.

In Australia, there has been a resurgence of interest in this poverty measure in the last decade. Two projects have been particularly influential. These are the Australian Living Standards Study carried out by the Australian Institute of Family Studies (see de Vaus, 1996) and the work done by Travers and Richardson who published *Living Decently* in 1993. A more recent study of living standards of DSS clients was released by Travers and Robertson in 1996. This latter study reported that there was a poor correlation between those DSS clients who were 'poor' on the income measure and those who were 'poor' on the living standards measure.

This sort of study promises considerable benefits not only for informing policy makers and assisting in targeting benefits to the most needy, but also in informing community debate on disadvantage among Australians.

## **8 ABS Projects on Living Standards**

In recognition of the importance of such work, the ABS is undertaking a number of initiatives to improve the range of data on living conditions in Australia. The first is

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a project on living standards which is being carried out by the ABS in conjunction with the Department of Social Security. The project team will develop a conceptual framework that maps the relationship between family resources and the actual outcomes for families in terms of their living standards. This framework will be used to develop a survey questionnaire and the feasibility of conducting a national survey of living standards will be undertaken.

A second initiative involves the testing of new questions on financial stress for inclusion in the 1998-99 Household Expenditure Survey. The questions are designed to measure households that may have difficulty participating in society because of economic constraints. Some subjective questions on whether families think their living standards are improving or getting worse may also be included.

Meanwhile, the ABS is also carrying out work on improving the linking of data available from different social surveys. The introduction of standard questionnaire modules for surveys of income, expenditure, housing, health and disabilities promises improvements in combining data on income and life style indicators in studies of poverty and deprivation in Australia.

## **9 Conclusion**

In summary, the ABS plays an important role in poverty analysis. As the major supplier of statistics on household income and expenditure, the ABS has made possible the large and growing body of research work on poverty measurement in Australia.

The ABS is also aware that use of different concepts and measures result in very different estimates of poverty. The subjective nature of such poverty measures is one of the reasons why the ABS does not currently publish poverty statistics.

However, to ensure that appropriate data continues to be available to analysts, the ABS takes a keen interest in debates on concepts of poverty and appropriate measurement techniques. Indeed, in the area of concepts, the ABS has led the way by producing a model of household economic well-being that goes far beyond the more commonly used concept of cash income (ABS, 1995). On the international scene, the ABS's commitment to this field of enquiry has resulted in its membership of the newly formed United Nations Expert Group on Poverty Statistics that met for the first time this year.

For the future, the ABS is embarking on a number of projects to expand the range of data available for poverty analysis. This work is being carried out in recognition of the growing trend in Australia and abroad to view poverty as a multi-dimensional problem that can best be measured by multi-dimensional indicators. Such indicators

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will provide a fuller picture of both the resources available to Australian families and the actual living standards they achieve.

## Appendix One: Glossary

**Cash Income:** weekly equivalent of all usual, regular and recurring cash receipts at the time of interview.

**Equivalent income** is gross income less tax, with an equivalence scale applied.

**Henderson Poverty Line**, unless otherwise stated, is the 'all costs' poverty line with simplified Henderson equivalence scales.

**Income unit** is defined as one person, or a group of related persons, within a household, whose command over income is assumed to be shared. The relationships allowed for in the definition of income unit are restricted to those of marriage (registered or de facto) and of parent/dependent child. A dependent child in this context is a resident offspring under the age of 15 years or aged 15-24 years who is a full-time student and has no spouse or child of their own present in the household.

**Median Equivalent Income** is derived by adjusting all income unit incomes by the OECD (original) equivalence scales and finding the median point in this equivalent income distribution. These equivalence scales adjust with the following points:

Single adult = 1.0; second and subsequent adults = 0.7; each child = 0.5.

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# **Opportunities and Problems Astride the Welfare/Work Divide: the CDEP Scheme in Australian Social Policy**

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## **1 Introduction**

Australian social policy is characterised by a significant program and institutional divide. On one side of this divide sit the programs and institutions of income support or welfare. On the other, sit the programs and institutions of earned income or work. The rules applying to income derived from each side of this welfare/work divide are substantially different. Income derived from work is subject to regulation through employment contracts or industrial awards, superannuation and workers compensation requirements, and occupational health and safety requirements. Income derived from welfare is subject to none of these, but it is subject to other rules such as income or means tests for both qualification and withdrawal of income support, multiple entitlement exclusions and basic eligibility rules.

Most government programs sit fairly clearly on one side or the other of this welfare/work divide. The programs of the Department of Social Security (DSS), for example, and the education and training course income support programs of the Department of Employment, Education, Training and Youth Affairs (DEETYA) all sit on the welfare side of the divide. DEETYA's employment subsidy programs, on the other hand, sit on the work force side of the divide. So too, more indirectly, do most other government programs which encourage economic development or employment. There is one government program, however, which has sat astride the welfare/work divide for over 20 years and continues to do so. This is the Community Development Employment Projects (CDEP) scheme run by the Aboriginal and Torres Strait Islander Commission (ATSIC).

The CDEP scheme was introduced on a small pilot scale by the Fraser Coalition Government in 1977 in response to the spread of Unemployment Benefit

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payments into remote indigenous communities.<sup>1</sup> The scheme proved immediately popular, but for some years laboured under a number of budgetary and administrative problems which inhibited its expansion. In the early 1980s, around the time when the Hawke Labor Government came to power, these problems with the scheme were, to some extent, addressed and the scheme began expanding quite rapidly (see Table 1). By 1991-92 the scheme operated in almost 200 indigenous communities, involved over 20 000 individual participants and accounted for a third of the ATSIC budget. Since the early 1990s, expansion has been somewhat more tentative (again see Table 1). Problems and criticisms of the CDEP scheme have re-emerged, including allegations that the treatment of CDEP participants by DSS and other administrators of government programs is, in some ways, racially discriminatory. But the scheme is still very popular with indigenous communities.

This paper attempts to do four things. First, it examines the way in which the CDEP scheme sits astride the welfare/work divide. Second, it looks at the opportunities which this position astride the divide has provided for the CDEP scheme, at various levels from organisations to individual participants. Third, it examines the problems and criticisms which the CDEP scheme has endured because of its position astride the welfare/ work divide, and in particular how the allegations of racial discrimination in the treatment of CDEP participants relate to this position. Finally, it asks whether there is likely to be any interaction between or lessons to be drawn from the CDEP scheme for the Howard Government's work-for-the-dole initiative.

## 2 Astride the Welfare/Work Divide

The 'Basic Outline and Guidelines' document, presented to the Commonwealth Parliament in May 1977, identified the CDEP scheme's first objective as:

To provide employment opportunities thereby reducing the need for unemployment benefit for unemployed Aborigines within the community at a cost approximating unemployment benefits. (Commonwealth Parliamentary Debates, House of Representatives, 26 May 1977: 1922)

The document went on to state that grants would be confined to 'remote areas' or 'separate communities' where unemployment was high and 'projects had been specifically requested by a community'. Grants were to be paid to 'Aboriginal

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1 Previously, Unemployment Benefit payments had been largely kept out of these communities through interpretations of the eligibility rules which prevailed within DSS (see Sanders, 1985).

**Table 1: CDEP Participant Numbers and Expenditure: 1976-96**

Year	Number of Communities Participating	Number of Participants (workers)	CDEP Expenditure (\$m)	CDEP Expenditure as Percentage of ATSI Affairs <sup>(a)</sup> Portfolio Expenditure
1976-77	1	100	0.1	0.1
1977-78	10	500	2.0	1.6
1978-79	12	800	2.9	2.1
1979-80	17	700	3.8	2.7
1980-81	18	1 300	6.9	4.3
1981-82	18	1 300	7.0	4.1
1982-83	18	1 300	7.4	3.7
1983-84	32	1 700	14.2	5.8
1984-85	33	2 900	23.5	8.3
1985-86	38	4 000	27.2	9.2
1986-87	63	6 000	39.5	12.0
1987-88	92	7 600	65.5	17.0
1988-89	130	10 800	98.8	22.0
1989-90	166	13 800	133.2	25.0
1990-91	168	18 100	193.1	34.0
1991-92	185	20 100	204.5	32.0
1992-93	186	19 900	234.4	28.0
1993-94	222	24 100	251.9	27.0
1994-95	252	27 000	278.3	29.0
1995-96	274	28 400	310.5	31.0

Note: a) Aboriginal and Torres Strait Islander Affairs portfolio, formerly Aboriginal Affairs.  
 Sources: Sanders, 1988; ATSIC and DAA Annual Reports for various years.

community councils' or 'clan groups' and were 'not to exceed the total entitlement of individual members to unemployment benefits', although there was to be some allowance for 'specific grants' for the 'purchase of materials and equipment'. It then specified that:

Each community will be encouraged to establish its own method of remuneration for its members who participate in the project provided that:

(a) all unemployed community members, eligible to apply for unemployment benefits will be given the opportunity to participate;

(b) each participating community member, provided he contributes the required minimum hours or satisfies other minimum criteria determined by the community, will be guaranteed a minimum income approximating his normal unemployment benefit entitlement (Commonwealth Parliamentary Debates, House of Representatives, 26 May 1977: 1922).

In 1991, Unemployment Benefits were replaced within the Social Security Act by Job Search Allowance (JSA) and Newstart Allowance (NSA) and in 1995, these in turn were replaced for 16 and 17 year olds by Youth Training Allowance (YTA). Reflecting these changes, the 1995 ATSIC guidelines for CDEP stated that:

CDEP is a community development/ employment program for Aboriginal and Torres Strait Islander communities which is funded by the Department of Finance as a partial off-set against unemployment benefit.

To participate in CDEP, persons who are entitled to receive, or who actually receive payment of Job Search Allowance (JSA), Newstart Allowance (NSA) or Youth Training Allowance (YTA) elect to forego the DSS allowance and work for wages which are paid from a government grant to the community. (ATSIC, 1995, Division C, Chapter 1)<sup>2</sup>

Both these sets of guidelines indicate very clearly that the CDEP scheme is an employment program. So participants in the scheme, and income derived from it, could be expected to be subject to the normal rules and regulations of employment or wage income. Yet both sets of guidelines also very clearly link participation in CDEP with eligibility for unemployment-related income support payments. From this, we might expect the normal rules of income support/welfare to apply. So the CDEP sits astride the welfare/work divide and questions of how normal work and welfare rules apply to CDEP participants and income remain somewhat unclear, at least from these general guidelines.

This position astride the welfare/work divide has been a source of both opportunities and problems for the CDEP scheme. The opportunities have, in many ways, outweighed the problems; and this is reflected in the CDEP scheme's growth since the mid-1980s. But the problems have also been significant and need to be understood.

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2 During 1996, amendments to the Social Security Act did away with Job Search Allowance, merging it with Newstart Allowance.

## 2.1 Opportunities

The opportunities which this position astride the welfare/work divide has presented for the CDEP scheme can be analysed in relation to different players, or stakeholders, operating at different levels within the scheme. Three different levels of stakeholders can be usefully identified: the promoting department or organisation (which was initially the Commonwealth Department of Aboriginal Affairs, hereafter DAA, and which in 1990 became ATSIC), the Aboriginal community councils (which are recipients of CDEP grants) and the individual CDEP participants.

For the DAA/ATSIC, the CDEP has offered the opportunity of a budget item which has been seen by governments as directly offset against social security expenditure. This has allowed ATSIC, and the DAA before it, to argue strongly for the build up of CDEP over time and also for some flexibility within annual CDEP budgeting. This has been a major resource for the DAA/ATSIC within Canberra bureaucratic politics, strengthening it in relations with the Department of Finance, as well as with governments of the day and their budgetary processes. It has been difficult, if not indeed impossible, for governments and the Department of Finance to resist arguments that expansion of the CDEP scheme would be largely offset by social security savings and that indigenous communities which wanted to be able to participate in the scheme, instead of receiving social security payments, ought to be able to. Hence, the CDEP scheme's increasing prominence over the years as a proportion of the DAA/ATSIC budget (see Table 1).

The second level at which the CDEP scheme has offered opportunities to stakeholders has involved recipient organisations. Most of these organisations rely for funding on discretionary government grants. However, in CDEP, the element of discretion in the allocation of government grants is considerably reduced, if not indeed eliminated. These are social security payments in a slightly different form, the argument runs, and as such they are legislative entitlements rather than discretionary grants. Given the links in the CDEP scheme's guidelines to the welfare side of the welfare/work divide, this argument too is difficult to resist. So CDEP becomes an almost guaranteed non-discretionary form of funding for participating organisations which greatly strengthens these organisations in their dealings with ATSIC, and also to a lesser extent with other government funding agencies.

CDEP also offers opportunities at the level of individual scheme participants. Procedurally, participants are spared the need to comply with two weekly social security procedures in order to demonstrate their ongoing compliance with the finer points of eligibility for Newstart or Youth Training Allowance, such as being willing and available to undertake suitable work. Instead participants are placed on a three monthly ATSIC-administered CDEP participant schedule,

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which is cross-checked with DSS records only for such gross eligibility issues as instances of double payment.

More substantively, CDEP guidelines are far more generous than NSA and YTA guidelines in allowing additional income to be earned while still retaining eligibility. On CDEP, the ATSIC guidelines state, one can earn:

a maximum gross weekly income of two times the weekly remote per participant rate from permanent part-time work from sources other than CDEP wage component funds before becoming ineligible for CDEP (ATSIC, 1995, Division C, 1.4.8.1)

As the remote per participant rate for CDEP is currently around \$170 per week, this allows CDEP participants, theoretically, to earn up to an additional \$340 per week without losing their CDEP entitlement. On Newstart Allowance, by contrast, payment starts to be reduced by 50 cents in every dollar of additional income earned above \$60 per week.

Recent evidence from the 1994 National Aboriginal and Torres Strait Islander Survey (NATSIS) suggests that this opportunity to earn additional income while on CDEP is being taken up. The income distribution of those who identified themselves in the survey as CDEP participants was significantly higher than those who identified as unemployed, though not as high as those who identified as employed outside CDEP (see Table 2). The median income for CDEP participants was \$11 271 compared to \$7278 for unemployed (again see Table 2).

The other major opportunity offered by the CDEP scheme has been the ability of recipient organisations to provide culturally sensitive working environments for individual scheme participants. These workplaces have been able to incorporate and reflect many indigenous values and social practices, rather than in any way strain against them. This has made CDEP more attractive to some indigenous people than other employment settings. It has, in the process, also strengthened the position of the recipient indigenous organisations.

All these are significant opportunities that the CDEP scheme has offered, at various levels, to stakeholders and participants. They largely explain the popularity of the scheme among indigenous people, indigenous organisations, and the indigenous affairs policy community. All these opportunities are related to the position of the scheme astride the welfare/work divide. They each draw on both the income support and the employment aspects of the scheme. However, this position astride the welfare/work divide has also been a source of problems and criticisms for the CDEP scheme, the most recent and prominent of which have been allegations of racial discrimination in the treatment of CDEP participants by the DSS and other government agencies.

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**Table 2: Income Distribution of Indigenous People Aged 15-64, by Labour Force Status**

Income \$ per annum	Labour Force Status		
	Unemployed	CDEP Employed	Other Employed
Percentage Distribution			
0-3000	12.2	0.2	0.9
3000-8000	44.2	25.7	4.3
8000-12 000	20.8	29.5	8.5
12 000-16 000	16.4	17.2	8.8
16 000-20 000	3.7	16.4	13.9
20 000-25 000	2.2	6.0	23.0
25 000-30 000	0.4	3.1	18.0
30 000-35 000	0.1	1.2	9.7
35 000-40 000	0.1	5.6	
40 000+		0.5	7.4
Total	100	100	100
Number	39 748	16 364	46 575
Mean Income	\$8290	\$12 641	\$24 128
Median Income	\$7278	\$11 271	\$22 971

Source: NATSIS unit record file.<sup>3</sup>

### 3 Problems and Criticisms

Despite its popularity, the CDEP scheme has suffered many problems and criticisms over the years. In the early years it was accused of undermining award wage conditions and of not being able to guarantee participants the equivalent of their social security entitlements. It has been accused of being a 'substitution' funding regime, allowing other government agencies and programs to avoid what

3 The original official report on the NATSIS findings gave income broken down by main source of income (see ABS, 1995: 55). The means reported in this original report by main source of income were: earned CDEP \$12 403, earned non-CDEP \$24 802 and government payments \$9576. This, however, is a less direct way of examining CDEP participants' incomes in comparison to unemployed people's incomes than the breakdown by labour force status used here.

The CDEP figures in this table may include some CDEP administrators, as well as CDEP participants, accounting for the small tale of incomes above \$30 000. While this may push up the CDEP mean slightly, it will not greatly affect the median. Nor does it detract from the general point about the upward shift in the income distribution from the unemployed to CDEP participants at much lower levels of income than \$30 000.

would otherwise be their funding responsibilities. It has also been accused of creating secondary labour market conditions for indigenous Australians and of discriminating against indigenous women in favour of indigenous men (see Altman and Sanders, 1991).

Many of these problems and criticisms have, over the years, been at least partly addressed. But equally, they seem never entirely to go away. Problems and criticisms keep re-emerging in new guises. Why, for example, are CDEP participants exempt from superannuation requirements when other employees are not? This continual re-emergence of problems and criticisms relates in part to the position of the CDEP scheme astride the welfare/work divide. Because the CDEP scheme has links to both sides of this divide, it is always possible to argue that CDEP participants ought to be treated differently than they are.

### **3.1 Allegations of Discrimination**

The latest form of criticism of the CDEP scheme is a stream of complaints to the Human Rights and Equal Opportunity Commission (HREOC) alleging that CDEP participants are being racially discriminated against in their treatment by DSS and other government agencies. The basis of these allegations lies in the fact that CDEP is only open to indigenous people and that, although in the ATSIC guidelines CDEP participants are equated with NSA/YTA recipients, in practice they are not treated this way by the DSS or other government agencies. This sometimes disadvantages indigenous CDEP participants in comparison to NSA/YTA recipients in gaining access to government and even non-government services: and hence the allegations of racial discrimination.

These allegations of discrimination do have considerable *prima facie* credibility. The DSS does not treat CDEP participants in the same way as NSA/YTA recipients, but rather treats them, in all but one instance, as low-income wage earners. While low-income wage earners can qualify for many elements of DSS income support, they do not always do so on the same basis as NSA/YTA recipients. For example, a low-income wage earner without dependent children (and without eligibility for any DSS payment) cannot qualify for DSS rent assistance; whereas an equivalent NSA/YTA recipient can. Similarly an NSA recipient over 60 who has been in receipt of income support for 12 months qualifies for a Pensioner Concession Card, whereas an equivalent CDEP participant/low-income wage earner does not. In the income tax assessment system, NSA/YTA recipients can qualify for a beneficiary tax rebate, whereas CDEP participants, as low-income wage earners, cannot.

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These differences in treatment may seem minor, and they are not always to the disadvantage of CDEP participants.<sup>4</sup> But where they are to the disadvantage of CDEP participants, a strong case can be made that they are racially discriminatory. That case for racial discrimination relates to the position of the CDEP scheme astride the welfare/work divide. For it is the link that is made in the CDEP scheme's guidelines between CDEP participation and eligibility for social security payments which opens the way for and gives credence to the argument that CDEP participants ought to be treated in the same way as NSA/YTA recipients.

As noted above, there is one instance in which CDEP participants are formally recognised as the equivalent of NSA/YTA recipients. This arises from Section 614A of the Social Security Act which states that NSA:

is not payable to a person for period if that person has received, or may receive, income for that period that is paid by a community or group from funds provided under a Commonwealth funded employment program.

Clarifying this final phrase, section 23 (1) of the Social Security Act states that a Commonwealth-funded employment program is:

a Commonwealth program of funding to a community or group where the funding is based wholly or partly, on the number of people in that community or group who are, or are likely to be, qualified for new start allowance.

These two provisions of the Social Security Act were added in 1991 specifically to deny CDEP participants the theoretical ability of perhaps qualifying for part JSA/NSA payment while on CDEP.<sup>5</sup> In the language of the Social Security Act, CDEP participants were, through these two new sections, subject to a 'multiple

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4 The best example of advantageous treatment is the ability, mentioned above, under the CDEP guidelines, for CDEP participants to earn more additional income than NSA recipients, without losing their basic eligibility. Another example is that, since July 1995, CDEP participants have been treated by the Abstudy administration as part-time wage earners, which enables them to qualify for Abstudy living allowances. Previously, along with NSA/YTA recipients, CDEP participants could not qualify for these living allowances because they were deemed to be ineligible through a multiple entitlement exclusion.

5 In the process of reviewing the social security system in the mid-1980s, Cass (1988: 251) pointed out the theoretical possibility of qualifying for part Unemployment Benefit while on CDEP. This appears to have precipitated the 1991 amendments. It is doubtful, however, that this theoretical possibility was ever realised in the period from 1977 to 1991. The idea of CDEP payments and Unemployment Benefit payments being mutually exclusive appears to have been clearly practised by the DSS from the beginning of the CDEP scheme, even if it was not clearly spelt out in the social security legislation.



entitlement exclusion'; i.e. they could not receive two similarly-based entitlements to income support at the same time. CDEP was, for the first time, being recognised within the Social Security Act as the formal equivalent of an income support payment. If CDEP income had been treated totally as wages, on the employment side of the divide, this multiple entitlement exclusion would not have been necessary. CDEP participants would simply have qualified for JSA/NSA on the basis of whether they met the standard eligibility criteria.

#### **4 Lessons and Interactions**

The basic lesson that can be drawn from the CDEP scheme would seem to be that a government program which attempts to sit astride the welfare/ work divide in Australian social policy, can survive, and even flourish, but that in doing so it will experience considerable ongoing problems, as well as opportunities. The Howard Government's work-for-the-dole scheme may not face allegations of racial discrimination, but it will face problems about how participants ought to be treated in comparison to others in the community whose employment and income circumstances fall more clearly on one side or other of the welfare/work divide.

It appears, from current indications, that participants in the Howard Government's work-for-the-dole scheme will be more on the welfare side of the divide than CDEP participants. They will be working for their income support payments, rather than for a wage payment which is notionally offset against a social security entitlement, as in the CDEP scheme. But questions about being treated like employees will still arise, because the work-for-the-dole participants will be working. Will they be covered by workers compensation rules, occupational health and safety rules and superannuation rules? And if not, as workers, why should they not be? The experience of the CDEP scheme, suggests that these sorts of issues will not go away. They will plague the work-for-the-dole scheme, as they have done the CDEP scheme; and this relates to the position of these programs astride the welfare/work divide.

In the longer term, it may be that the Howard Government's work-for-the-dole scheme will have effects on the CDEP scheme, more than vice versa. Once a work-for-the-dole scheme is legislatively established, the question may become why the CDEP scheme remains an essentially non-legislated and informal program. Why can it not too, be clearly legislated, rather than administratively established and only legislatively recognised through one indirect reference in the Social Security Act? Interaction between the schemes could become a two way process.

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## 5 Conclusion

The CDEP scheme has survived, and flourished, within Australian social policy, despite sitting astride a major institutional and program divide between income derived from welfare and income derived from work. This position astride the welfare/work divide has presented the CDEP with both opportunities and problems. While the opportunities appear, in many ways, to have predominated, the problems and criticisms refuse to go away. This can be related to the position of the scheme astride the welfare/work divide. Similar, though slightly different, ongoing problems and criticisms may await the Howard government's work-for-the-dole initiative.

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# Volunteering in the Post-retirement Years

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## 1 The Context

As governments move towards decreasing the size of the public sector, there is a growing expectation that the non-government sector will increasingly deliver public services. This places pressure on a sector which is mainly reliant on volunteer labour. In a parallel trend, demographic changes in society have led to a growth in the period of life spent in retirement, as the indicators are that people are retiring earlier and living longer, healthier lives. This has led to pressure on older people to be 'productive' and to contribute to society.

The result of these parallel trends has been that governments and agencies are increasingly looking to those outside the paid labour market as a source of volunteers. The expectation is that they will be the ones with the time available to volunteer, and that older people in particular will be glad of the opportunity to continue to apply the skills and talents obtained from both the work force and life experience. This view is reinforced by theories of successful ageing which suggest that there are a broad range of psychosocial benefits to be gained by older people in maintaining an active profile in society (Gubrium and Wallace, 1990; Midlarsky and Kahana, 1994).

In the United States since the 1960s, older people have been viewed as a large potential pool of volunteers for organisations. American commentators have suggested that older people are a 'rich' or 'untapped resource', recognising that this group has both the capability and capacity to meet the need for volunteers (see, for example, Kieffer, 1986; Stevens, 1989-90; Cnaan and Cwikel, 1992). White House Conferences on Ageing stress the advantages of volunteering to an ageing population, and volunteering has been championed by conservative American presidents, such as President Reagan who described voluntary organisations as 'a thousand points of light' (Chambre, 1989).

This view has been reflected in the number of government programs in western countries which are aimed at encouraging and supporting older volunteers. These include, for example, Foster Grandparents and ACTION programs in the United States; and in the UK, Retired and Active for Charity (REACH) programs and

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work release schemes for those approaching retirement. The Retired and Senior Volunteer (RSVP) programs also operate in a number of countries in the world. A number of these programs have been implemented in different States in Australia.

In addition, broader policies for older people are now promoting the option of volunteering. Commonwealth government reports investigating future retirement options (House of Representatives, 1990, 1992) tend to stress the importance of maintaining community involvement in retirement for example by volunteering. They highlight the intrinsic rewards of volunteering for those retired from paid work, saying that volunteering 'satisfies the important need to be needed' (House of Representatives, 1990, point 6.1.1). The rationale for this support relates to the current focus of ageing theories which tends to stress the importance of goal-directed purposeful behaviour, and the need for role substitutes for paid work (Gubrium and Wallace, 1990).

These policies and programs indicate a move towards encouraging the expanding retired population, those specifically in their active 'third age', to fill the growing need for volunteers. The suggestion that older people may be a source of volunteer labour has also been reinforced by broader debates about 'productive ageing', generally related to concerns about intergenerational equity and dependency ratios (O'Reilly and Caro, 1994).

However, this policy focus has tended to neglect important elements of the debate. Firstly, it is based on broad assumptions that older people in retirement have both the time and will be willing to use that time to volunteer; further, that they will wish to continue to be 'productive' and to participate in what could be seen as a work alternative. If work is required, then perhaps increased paid work options should be investigated. More fundamentally, these assumptions are based on an inadequate research base as to why older people are currently volunteering and whether more older people would be prepared to volunteer in response to a volunteer supply crisis.

In Australia, the first national survey of volunteers was recently conducted (ABS, 1995) which showed that 19 per cent of the adult population is currently engaged in some volunteer work. However, evidence from this survey supports that from the US and the UK which shows that there is substantially less volunteering undertaken by older people than those in middle age (ABS, 1995; Davis Smith, 1992; Chambre, 1993). This is commonly explained by suggestions that volunteer opportunities often result from paid work and family roles, and that older people are more likely to be excluded from both. This was supported by further investigation of the ABS data, which showed that personal and family involvement was an important reason for getting involved for 47 per cent of those aged 35-44 years, but for only 17 per cent of older people, aged over 65 years.

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The literature also suggests that those in middle age are less likely to be affected by identifiable barriers to volunteering. They are less likely to suffer poor health or disabilities, lack transport, have insufficient income to cover travel or other costs associated with volunteering for an organisation (Fischer and Schaffer, 1993). These factors are more likely to affect older people and would all inhibit volunteering.

More fundamentally, perhaps it should be asked why do people volunteer at all? This question was asked as early as 1970 in a seminal work by Richard Titmuss, and echoed 20 years later by Robert Wuthnow (1991), who talked of the paradox of a society such as the US which gives billions of hours to volunteer activities and has the most developed voluntary sector in the world, and yet is a nation of individualists committed to the pursuit of self interest. These broader questions prompted the current study.

## **2 University of Queensland Study**

This paper is based on the preliminary results of research conducted in 1996, based on a multi-stage and multi-methods survey of older people living in Brisbane. The aim of the survey was to investigate older people's decision-making processes, and specifically the factors which differentiate those who volunteer for an organisation from those who do not. It was conceptualised to include the broader influences that affect people's lives.

The sample was randomly chosen from the electoral roll, and all respondents were aged between 65 and 74 years. Respondents were asked to complete a structured mailed survey and to participate in a follow-up telephone interview. The return rate of the survey was 52 per cent, and a sample of 296 people was included in the study. Table 1 provides a brief overview of the characteristics of the sample.

The characteristics in Table 1 were tested against Brisbane Census data to ensure the representativeness of the sample. The sample was equivalent to the broader population on all social and demographic characteristics. Due to the random nature of the sampling procedure, it is suggested that the results can be generalised to the broader Australian population aged 65 to 74 years and resident in Australia's capital cities.

The data have been analysed and are currently being formed into a PhD thesis. It is expected that this research will also form a series of papers to be published and which will incorporate a more detailed analysis of these results. At this stage, preliminary results indicate that there are some key themes which are emerging which have important policy implications for the recruitment and retention of

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**Table 1: Demographic Characteristics of Participants in the Study (n = 296)**

<b>Characteristic</b>	<b>Percentage</b>
<b>Gender</b>	
Female	51
Male	49
<b>Age</b>	
65-69 years	51
70-74 years	49
<b>Marital status</b>	
Married/living with partner	75
Never married	2
Separated/divorced	4
Widowed	19
<b>General health status</b>	
Excellent/very good	37.5
Good	48
Fair/poor	13.5
<b>Volunteered over the past year</b>	
Yes	52
No	48
<b>Main lifetime occupation</b>	
Manager / prof / para-professional	30
Trade / clerk / salesperson	35
Machine operator / labourer	11
Parenting / household duties	13
Not categorised	11
<b>Main current income source</b>	
Full pension	52
Part pension	15
Other source	33

volunteers, as well as for maintaining people in active life in retirement. It is these key themes which are the focus of this paper.

## **2.1 Study results**

Results from this survey show that people are motivated to volunteer by assessing a range of factors and influences that affect their lives. These include their own deep-rooted value system, an assessment of the personal costs and benefits of volunteering, as well as individual competencies and abilities. Results from the analysis also show that people are affected by the views of those around them, specifically those close to them, but also more general societal attitudes and views towards ageing. These results therefore suggest that the decision to volunteer is

more complex than previously thought, and may thus not be susceptible to a changing political climate.

### **Personal Values and Life Context**

Results from the survey show that people volunteer for both altruistic and egoistic reasons, based in part on an assessment of the costs and benefits of volunteering, with volunteers more likely to see the benefits of volunteering and less likely to consider the costs. There is considerable debate in the literature concerning the motivation for volunteering behaviour, particularly whether altruism exists or whether it is merely self interest (see, for example Piliavin and Charng, 1990). The current view is that altruism is part of human nature, to a greater or lesser degree, despite contradictions in the structures of western societies, and that the motivation to help is a continuum of egoistic and altruistic reasons (Simmons, 1991).

In the current study, this continuum of mixed motives was apparent, with the perceived benefits of volunteering seen as both 'other' and 'self' oriented. Both were apparent in responses which suggested these mixed motives. As one respondent to the University of Queensland study said, 'I associate a generous heart with those who engage in volunteer work... there is to some degree a selfish input but it is still admirable in those who participate'. The altruistic or caring motive, helping others, was strongly expressed by most respondents, and can generally be seen as the specific motive for undertaking volunteering as opposed to another form of activity. In most motivational studies, it is the most commonly cited reason to volunteer (Cnaan and Goldberg-Glen, 1991). However, in this study, as in others, more self-oriented reasons were also cited, for example, meeting people, feeling useful and being busy and active. This suggests that there are both altruistic and egoistic reasons for volunteering, and, as Ralph Waldo Emerson said, 'it is one of the most beautiful compensations in life that no man [sic] can help another without helping himself [sic]' (cited in Midlarsky and Kahana, 1994).

Table 2 shows that, for many, participation in volunteering is often a long-term activity. A fifth of the sample said that they had volunteered fairly constantly all their lives, often for different organisations. In contrast, a third of the sample volunteered not at all or very little in their lives. Other results also show that 60 per cent of the volunteers in the sample currently volunteer for more than one organisation, suggesting a broad volunteer interest. This implies that there may be people who are more inclined by their personalities towards volunteering. This supports the research of Chambre (1987) who suggests a continuity theory approach to ageing, that patterns in later life are similar to patterns earlier in life.

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**Table 2: Volunteer History of Participants from Follow-up Telephone Survey (n = 240)**

Characteristics	Percentage
Volunteer history	
None, not much	33
A little, intermittently	10
Quite a lot	11
All my life	21
Took it up recently / on retirement	20
Gave it up recently / on retirement	6

The lifelong approach to volunteering suggests that many people have a stable internal value system. Many respondents expressed a moral obligation to volunteer, related to a number of factors, such as reciprocity or paying back to society. As one woman said, 'Many older people think they want to give back especially if life has treated them well'. Others mentioned receiving services themselves or for other family members and felt they wanted to return the favour. Another important motive was family background mentioned by several respondents; as one person said, 'my parents set the example'. Religious beliefs might also be a stable belief system for many, with 40 per cent of the sample stating that they attended church regularly. The Church also provides a focus for caring organisations.

Differences between older people who volunteer and those who do not thus show that many volunteers have strong belief systems that incline them personally towards volunteering. These may be morally based or religious based, or a function of their own upbringing. In contrast, as Table 2 shows, later life is a critical period when in response to a crisis such as retirement or widowhood, many re-evaluate volunteering.

Six per cent of respondents said that they had always volunteered but had given up in retirement, which was expressed as 'I've retired from volunteer work' or 'I feel I've done enough'. A further 20 per cent of respondents said that they had taken up volunteering in response to retirement or ageing. For example, one participant said, 'Since I became a recent widow I need that extra something in my life'. This is supported by theories of ageing which suggest that volunteering can mitigate some of the stresses of ageing, allowing for better adjustment to these critical life events in later life (Richardson and Kilty, 1991). These results suggest that retirement and ageing are significant eras in people's lives, and that volunteering is a personal decision based on the context of their lives.

To summarise these results, volunteering is a personal decision based on fairly stable factors and belief systems, as well as on the circumstances of individual lives. The inclination to volunteer appears to be a long-term characteristic, based on internal motivation, and not affected by the current political environment. This was evidenced in the United States, when the Reagan administration reduced public services in attempt to stimulate volunteering (Chambre, 1989). According to Reagan, the reduction of programs is a morally responsible action as it motivates people to become more altruistic. However, it soon became apparent that it was the rhetoric which had changed not the numbers of volunteers. Research showed that this was a result of conflict with individual motivation, specifically that people are not as strongly guided by an abstract sense of civic duty as a desire to help others and to help themselves (Chambre, 1989).

### **Ageism and the Views of Others**

Results from the University of Queensland study also show that people are influenced in their decision-making by the views of others, particularly those deemed close. Results from the survey show that the opinions of partners can be particularly influential, with many couples in retirement more inclined to pursue parallel interests. Many older couples volunteer together, suggested by the numbers of older people who volunteer for Meals-on-wheels, 17 per cent in this sample.

In addition, and perhaps more relevant to this debate is that results also show that the broader views and attitudes of society are important, particularly in relation to expectations relating to ageing. Many respondents expressed a self-directed ageism, which appeared related to broader societal views, and their perceptions of what their role in society should be. Common views expressed were, 'I'm only a pensioner' or 'I'm just a silly, old woman'. Many suggested that they were too old to volunteer, and in fact, there were significant differences between volunteers and non-volunteers in terms of 'feeling too old' but not 'being in poor health'. This suggested that those who felt old were less likely to volunteer, irrespective of their health status. Other respondents, although supportive of volunteering, felt unable to volunteer. For example, 'I don't want you to think I don't support it because I can't do it'. This was related not to specific impediments but to their self-perceptions of appropriate behaviour, particularly for their age group.

These ageist views are very significant particularly in an ageing society such as Australia. It has been suggested that ageism is not only reflected in the high unemployment among older workers in paid work, but may also be reflected in volunteer practices (Davis Smith, 1992). There may be a reluctance by some agencies to encourage older volunteers, with preconceived notions of older people as slow to learn or in poor health. Baldock (1992) talks of the invisibility of

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volunteers in Australian policy documents, which has led to some ageist practices in volunteer agencies.

The current research shows that those still in paid work, while only nine per cent of the sample, were more likely to be volunteering, and that this may be related to feelings of competence and ability. This is supported by other research which shows that older people working either part time or full time are more likely to volunteer than those who are retired (Herzog and Morgan, 1993; Davis Smith, 1992). This is attributed to the association of volunteering with work and family roles. The fear among older people is that if volunteering gets a high priority among policy-makers then less attention will be paid to expanding paid work opportunities (Kieffer, 1986). However, this evidence indicates that policies to provide older people with paid work opportunities, particularly part-time ones, may also encourage more older people to volunteer. They might also help people to adapt to retirement and to view it as a less challenging life event (Richardson and Kilty, 1991).

### **Assumptions about Time**

A further assumption surrounding debates about the volunteer potential of this group is the notion of time. In the current study, many respondents were very busy people. They may not have been volunteering for an organisation, although many expressed very positive views about volunteers. However, many were very busy with other caring roles - particularly looking after their families, caring for grandchildren, providing emotional support to their adult children, caring for elderly relatives, as well as being very active in their communities. As one respondent said, 'I don't volunteer for an organisation, but it doesn't mean I don't need *help*'.

Many older people are busy creating social capital within their local communities, providing a range of informal support. This should not be underestimated particularly in any emphasis on a 'productive ageing society'. Martha Holstein (1992) says that productivity should be based on accomplishment not monetary compensation, and that her main concern is that, 'despite all the sympathetic attention to enriched definitions of productivity, it will yield primarily to a focus on paid work' (Holstein, 1992: 21). Thus a society dominated by economic metaphors will tend to underestimate the immense contribution made by older people to their families and to their communities.

## **3 Conclusions**

The important question in relation to social policy is will older people be prepared to volunteer in greater numbers in order that the government can reduce in size and

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that delivery of services can be left to the not-for-profit sector, which is heavily reliant on volunteer labour. Some key themes emerged from this research which suggest that, despite the emerging policy perspective of older people as a 'rich resource' or potential source of volunteer labour, that older people may not be willing to volunteer in response to such demands. Currently, older people do not volunteer as much as other age cohorts, and it may be a false assumption to presume that they will be prepared to volunteer more. Research into retirement shows that much of the time previously spent in paid work is spent in passive pursuits such as watching television (Fischer and Schaffer, 1993). In addition, many people may not be seeking a 'work' alternative in retirement, and may have been happy to leave work, preferring a period of leisure (Chambre, 1987).

These views challenge the assumptions and debate surrounding 'productive ageing', although this is not to assume that older people are all inactive. With changing social and demographic trends, such as extended lifespans and family breakdowns, many older people are actively involved in caregiving roles with both more elderly relatives or with younger family members (see, for example, Kendig 1986). The assumption that they have time to spare may be inaccurate, as well as the notion that they would necessarily choose to volunteer for an organisation.

In addition, assumptions that older people are the ones with the resources may also be false, as there is a need to accept that volunteers are not cheap and to address the resourcing issue (Baldock, 1992). Suggestions that volunteering may be a positive option for older people may neglect the structural barriers, such as payment of expenses, insurance, transport, recognition, training and coordination. Reports into retirement options (House of Representatives, 1990, 1992) identify these barriers but the funding is not forthcoming to address these issues. In a competitive environment, there may be less likelihood of such funding emerging.

Results from the current study show that formal volunteering does appeal to a subset of the population, including some older people, and that there are undoubted psychosocial advantages to those who choose to volunteer in later life. However, deciding to volunteer involves complex decision-making processes, and it may be simplistic to assume that as the majority of older people are outside paid work, they can be viewed as a 'rich resource' for volunteer organisations.

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