The Household, Income and Labour Dynamics in Australia (HILDA) Study

Release of Wave 1 data

Minister for Family and Community Services, Senator Amanda Vanstone, released the first annual wave of HILDA interview data at the Melbourne Institute’s Public Economics Forum on 15 October 2002. The launch was jointly organised by the Melbourne Institute and the Department of Family and Community Services (FaCS). The following is an excerpt from the Minister’s speech.

‘The Government is very proud to be able to release the first wave of HILDA data to the public.

‘This data is an Australian first. It represents the start of the first Australian longitudinal survey on the income, labour market and family characteristics of all members of a household. It will provide sound evidence for policy development and help us address the root causes of disadvantage and develop measures that build stronger families and communities.

‘Longitudinal data is a vital part of the evidence base we need for better policy.

‘We do have some existing (Australian) longitudinal surveys, they have been focused on sub-groups like Australian youth or Australian immigrants... (T)he narrow focus of these surveys means that we haven’t been able to look at what is happening to families and households across Australia.

‘The importance of longitudinal data is underlined for me by the fact that you cannot understand even seemingly simple things like poverty without it.

Senator Vanstone releasing the data
The conventional approach to measuring poverty looks at the community in cross section. In essence, we count how many households fall above or below a line. Leaving to one side whether it is sensible to draw a line and claim that everyone under it is in ‘poverty’—measuring financial hardship might be a better way—this static approach does not tell us about movements into and out of poverty. Families’ incomes vary over time. A household that appears to be income poor at one point might not be at another.

So, the conventional approach cannot tell us much about what sort of people are at most risk of falling into poverty and remaining there, and what factors might be assisting others to escape poverty.

The fact that households move in and out of poverty also means that conventional approaches have a hard time measuring change. For example the rate of poverty, as measured by the proportion of persons whose current income is less than 50 per cent of average income, has been relatively stable in Australia over the last two decades. However, this almost certainly disguises a high volume of change—people moving into and out of poverty.

Overseas longitudinal data shows that many people experience poverty as brief episodes that may recur—rather than as a chronic, static state. This points to the importance of identifying people who find themselves in an episode of poverty, and assisting them to prevent future episodes.

In Australia, we already recognise the importance of prevention.

However, we hope that the HILDA data will help us refine our approaches by answering questions like:

- what happens before people experience an episode of poverty?
- what are the likely outcomes of interventions to help people experiencing an episode of poverty?

In addition to information on income, HILDA will shed light on:

- savings
- taxes and benefits
- employment
- family formation and breakdown
- neighbourhoods/locations
- job search
- health.

So, HILDA won’t just tell us about movements into and out of poverty. We will be able to learn a lot more about a wide range of relationship and wellbeing issues such as:

- how and why the composition of households change
- how and why relationships form and break up
- the relationship between education levels and labour market experience for different groups and generations
- the life satisfaction and health status of different groups and generations.

HILDA is already telling us a diverse range of new stories about life in Australia. For example:

- HILDA tells us that, not surprisingly, women are more likely than men to work in ‘family friendly’ jobs
- women are more often in permanent part-time work (81 per cent of women and 58 per cent of men)

Other speakers and panel discussants at the Public Economics Forum (from the left) Ms Kerry Flanagan (Executive Director, Strategic Framework and Coordination, FaCS), Dr Ken Henry (Secretary, Commonwealth Treasury), Professor Mark Wooden (HILDA Principal Investigator, Melbourne Institute) and Professor Bruce Chapman (Director, Centre for Economic Policy Research)
women work in jobs with better access to unpaid maternity leave (78 per cent of women and 55 per cent of men)

women work in jobs with better access to paid maternity leave (51 per cent of women and 40 per cent of men)

however there appears to be no association between fertility and access to family friendly entitlements.

‘The first wave of HILDA also tells us that:

men (particularly younger men) are more likely than women to expect childlessness (no surprise)

women who remain childless are more likely to have high-employment, occupational and education status (no surprise).

‘However, in contrast, men who remain childless are more likely to have very low employment, occupational and education status.

‘Finally, while we are on the topic of family relationships, we know that a feature of contemporary Australia is the relatively high-rate of marital separation and the high-incidence of childbirth outside marriage. One of the consequences of this is the relatively large number of children who reside with just one of their biological parents. According to HILDA, 15 per cent of all children aged 17 years or less have another parent who does not reside with them (at least half the time). According to resident parents who live with their children at least half of the time, 39 per cent of the youngest children in the family (aged 17 years or less) have had no contact in the last 12 months with their other parent who lives somewhere else.

‘Obviously these new stories are only the start. There is a need to look at them in more detail using the Wave 1 data, and to test them using future waves of the data.’

Access to Wave 1 data

As previously reported (in FaCS Research News issues 12 and 13), the confidentialised Wave 1 HILDA data has been available to approved public users via the HILDA web site (http://www.melbourneinstitute.com/hilda/) since 15 October 2002.

Intending users should download the application form and licence from the HILDA web site before sending their completed forms to Ms Penny Hope at the address shown on the HILDA web site. Intending FaCS users should email helen.boden@facs.gov.au for the FaCS application form and IT security application form.

March 2003 HILDA conference

As previously reported (in FaCS Research News issue 13), FaCS and the Melbourne Institute held the first HILDA conference on 13–14 March 2003 in Melbourne.

Day One of the conference (13 March) featured presentations on social policy issues showcasing the HILDA data by prominent Australian and international experts. A user workshop on Day Two provided a guided exploration of the research and analysis potential of the HILDA data, plus ‘hands-on’ experience with the data files. More information will be available in future issues of FaCS Research News.

Papers available

A number of papers have recently been added to the HILDA web site.

These papers include the Wave 1 Annual Report and the following preliminary research papers disseminated at the launch:

‘Fertility pathways in Australia: Relationships, opportunities, work and parenting’ by Kathleen Fisher (FaCS)
‘Youth in focus: Interaction between educational participation, educational attainment and labour force activity’ by Val Pawagi (FaCS)


Technical papers on the Wave 1 coding framework, Wave 1 survey methodology, Wave 1 data quality and Wave 1 weighting are now available on the HILDA web site.

Are you interested in joining or re-joining the HILDA stakeholder group?

As previously reported (in FaCS Research News issue 13), the HILDA-L mailing list is an electronic group that will provide you with opportunities to contribute to and obtain current information about the progress of the study. You can subscribe to this group by electronically completing and submitting the application form on the ‘HILDA-L’ sub-directory on the HILDA web site.

For further information:
Enquiries about the HILDA Study or the HILDA Conference should be directed, in the first instance, to the HILDA web site http://www.melbourneinstitute.com/hilda/ (where a provisional booking form for the 2003 conference is now available) or to Professor Mark Wooden, Melbourne Institute tel (03) 8344 8882 or email m.wooden@unimelb.edu.au

For further information about the HILDA Survey: Karen Wilson, Helen Boden or Carole Heyworth, Longitudinal Data Section, Strategic Policy and Knowledge Branch tel (02) 6244 7545


A key event in the research and evaluation calendar, the Social Policy Research Workshop was held on 13–14 November 2002 at the Department of Family and Community Services’ (FaCS) National Office, Canberra.

The workshop presented findings from completed projects, and updates from work in progress, from the three research partners under the Social Policy Research Services (SPRS) agreements:

◗ the Melbourne Institute of Applied Economic and Social Research (Melbourne Institute) at the University of Melbourne
◗ the Social Policy Research Centre (SPRC) at the University of New South Wales
◗ the Social Policy Evaluation, Analysis and Research Centre (SPEAR) at the Australian National University.

FaCS’ Deputy Secretary, Wayne Jackson, opened the event by highlighting the value of the research and sophisticated analysis conducted under this agreement, and its role in developing knowledge around key social policy issues.

Mr Wayne Jackson (Deputy Secretary, FaCS) opening the Social Policy Research Workshop
The program of the workshop ran over two days and included 14 presentations by 18 researchers covering the spectrum of social policy research questions. A selection of overviews is presented below. More information on completed projects will be available through the department’s Policy Research Paper series.

**Economic participation among FaCS customers**

**Professor Peter Saunders and Ms Judy Brown (SPRC)**

This presentation described a program of ongoing and evolving research using new FaCS data sets to explore the role and impact of economic and social participation among income support recipients. The key research issues were:

- identifying the extent of economic and social participation
- identifying the characteristics of participants in each activity
- examining attitudes and barriers to participation
- the role of participation in exiting from the income support system into paid work.

The researchers emphasised the importance of understanding what is meant, theoretically and statistically, by ‘exit’ from income support.

**Findings**

**Economic participation**

To look at the degree of participation in paid work, SPRC used the FaCS Customer Participation Survey 1998 (a sample of all working age income support recipients). It was found 21 per cent of income support recipients, participated in paid work. Of these recipients:

- the average time spent in paid work was around 28 hours over a fortnight
- around 34 per cent reported having permanent paid work
- around 54 per cent reported having stable hours of paid work
- around 70 per cent reported having continuous paid work for six months or more.

The presenters commented that these figures show a commitment to paid work by income support participants, thus demonstrating that the ‘work ethic’ among FaCS customers is alive and well.

SPRC’s research also found that income support recipients contributed approximately 280 million hours of paid work per year, estimated as worth $3.2 billion. This compares with around $9 billion of government expenditure on income support payments (in the same year).

**Characteristics**

The project also used the General Customer Survey (GCS) to analyse customer characteristics for payments such as Newstart Allowance and Parenting Payment (partnered and single). An initial interview was followed up with interviews three and six months later. For the purpose of the project, recipients were defined as either stayers (who remain on the payment for the six month period) or leavers (those who leave the payment within the six month period).

In comparison to stayers, it was discovered that leavers are more likely to:

- be unmarried
- have been on payment for less than one year
- have no transport barriers
- have a non-housing loan

![Professor Peter Saunders (Director, SPRC), Dr Deborah Cobb-Clark (Director, SPEAR) and Dr Robert Breunig (SPEAR)]
be in paid work at Wave 1
use the Internet for job search
have an activity arrangement.

While stayers are more likely than leavers to:
be limited to a high school education
report experiencing a long-term medical impairment.

A range of attitudinal factors were also examined, the results of which indicated that leavers are more likely to support such initiatives as Mutual Obligation and Work for the Dole.

Further research
Future survey work is planned, which will use interviews and focus groups with recent leavers, to look at:
factors associated with finding paid work
attitudes to mutual obligation/participation requirements
role of participation in paid work
suggestions for improvement.

Further information:
p.saunders@unsw.edu.au or jbrown@unsw.edu.au

Researching the circumstances and experiences of disadvantaged unemployment allowance recipients

Dr Tony Eardley (SPRC)
The presentation outlined the findings on two studies, Long-term unemployment in NSW and The impact of breaching on income support customers. Both studies are concerned with how income support and employment policies for disadvantaged job seekers interact at both the aggregate and individual level.

Findings

Long-term unemployment in NSW
Using FaCS LDS dataset for the period 1995–2000, the researchers examined patterns of entry and exit from long-term unemployment (LTU), that is unemployed for more than 12 months. The analysis found that around one-fifth of those entering unemployment payments became LTU. Confirming other studies, it was also found that there is a high degree of churning on payments, with around 60 per cent of those leaving and returning to payments (and a further 10 per cent transferring to another payment directly), with only 27 per cent leaving without returning.

A number of factors were associated with exit from income support amongst the LTU. Earned income increases the chance of exit, but not if customers are working a high proportion of time already. More time spent on job search also increases the chance of exit from payments, as does entry onto income support payments in 1995 or after 1998. This is likely to be related to various policy changes over the period concerned.

The individual qualitative interviews with long-term unemployed people in Western Sydney examined a range of employment barriers. The most common employment barriers identified by those in the interview group included:
physical or intellectual disability
family/relationship breakdown
educational disadvantage
childhood disruption
severe money problems
legal problems.

The problems identified above are, in many cases, interrelated, demonstrating the complexities of the disadvantages faced by the LTU.

The impact of breaching on income support customers
The following preliminary findings were reported:

- a higher proportion of younger job seekers and Indigenous customers are breached
- there is a significant association with being breached, and being young, male, renting, and in receipt of Newstart Allowance
- the most common administrative reasons for breaching are failure to attend interviews (with either Centrelink or Job Network agencies) and failure to correctly declare earnings
- very few (under 2 per cent) of imposed breaches are formally challenged by review or appeal.

There is little evidence on the effect of breaching on compliance with administrative and activity requirements. Attitudinal surveys of customers suggest that breaching might lead to a greater effort to meet requirements. Job Network agencies tend to see the threat of breaching as an effective tool for encouraging compliance. Evidence from the United Kingdom (UK) is limited but suggests compliance effect is small, particularly for the disadvantaged. Some evidence from the United States (US) suggests sanctions are more effective when compliance results in immediate restoration of payments.

Further research
A pilot survey of breached customers is currently in the field. The main survey occurred during 2002, and a survey of agencies working with breached customers in early 2003. Qualitative interviews are also being conducted, and a report of findings will be completed by mid-2003.

Further information:
t.eardley@unsw.edu.au

Child poverty
Dr Bruce Bradbury (SPRC)
This presentation was based on a recently completed literature review, which examines the conceptual framework around poverty, including the distinction between relative and absolute conceptions of poverty. The presentation also incorporated ABS income and expenditure surveys to derive alternative estimates of relative child poverty in the 1990s, and make comparisons to the experience of other countries.

Findings
Dr Bradbury explained how simple, income-based indicators of child poverty are limited because they do not address how children’s consumption is determined within the household. He portrayed the intra-household resource flows and trade-offs that influence child wellbeing, demonstrating that children’s consumption depends on a myriad of factors, including parental income (including transfers), parental time, consumption from

Further information:
t.eardley@unsw.edu.au

Dr Bruce Bradbury (Senior Research Fellow, SPRC) and Professor Mark Wooden (Melbourne Institute)
joint household goods, and the flow of child-specific government and community services. Though outside observers cannot see these within-household resource transfers, there are reasons to believe that external policies can influence this behaviour. For example, there is some evidence to suggest that income received by the mother is more likely to benefit children, than income received by the father. Similarly, if income is directed towards lifecycle saving (such as superannuation) this may imply a lower consumption level for children. Parental trade-offs between home and market production are also important for children—though there is only limited evidence on this.

Addressing child poverty requires the use of a range of social and economic policy. Dr Bradbury’s project recommended the following strategies:

- **Resource transfers**: Direct child service provision and income transfers.
- **Modifying demographic behaviour**: Aimed at reducing teenage pregnancy and marital breakdown.
- **Labour market interventions**: Aimed at reducing the incidence of jobless households. It is argued, however, that attempts to increase employment via wage reductions are a poorly targeted intervention strategy, and not supported by cross-national comparisons.

Further information:
b.bradbury@unsw.edu.au

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**Geographic influences on quality of employment**

**Dr Mariah Evans (Melbourne Institute)**

The objective of this study was to analyse the impact of postcode socio-economic status (SES) on occupational status. The project used data from the *International Social Science Survey - Australia* (IsssA)—random samples of adult Australian citizens (from the electoral roll) in all states and territories incorporating 26 000 cases, from 1984 to 2002.

**Findings**

*Occupational status* is determined by a 14-category classification system. It assumes that the true status of an occupation is intimately related to a person’s education, income, and the success of their children in the next generation.

At first glance it would appear that growing up in a community of well-educated, prosperous people in high status occupations would confer a significant advantage when obtaining employment. Possible advantages include better schools, favourable occupational structure, greater levels of social capital, and more favourable peer influences and role models.

It is important to note that the geographical effect on occupational status is a distinct issue from the effect of family background. However, as family background is probably correlated with both occupational status and the SES-status of an area, it is important for the analysis to control for the effects of family background. Therefore, the first stage of the analysis presents a regression model of the effect of family background on occupational status. This analysis confirms the results of many Australian and overseas studies that family background has a major impact on occupational status. The main findings include:

- father’s occupational status is the most important determinant
- parent’s education and cultural background are also significant
- family income and gender appear not to be significant.
However, it was found that family background has no appreciable effect when controlling for education. The completion of secondary school and university has significant positive effects on occupational status.

The researchers identified the ‘effect of measurement error’ as a potential complication, so corrected by using a structural equation (LISREL) model. A model was run both with and without education as a variable. It was found that the effect of SES postcode at age 14 has a significant but small effect on occupational success. However, this effect is not significant when controlled for education.

It appears that the significance of postcode SES at this age appears to be its appreciable, positive effect on education outcomes, which, in turn, enhances occupational status later in life.

Further information:
mariah@international-survey.org

The Workless Families Pilot

Dr Chris Ryan (SPEAR)

The Workless Families Pilot (WFP) was directed towards families in which no adult was in paid employment. In the main element of the pilot, a Centrelink staff member assisted one or both adult members of such families in developing a plan that addressed their particular barriers to greater economic and social participation. This presentation aimed to provide an assessment of the WFP, with a particular focus on:

- Parenting Payment partnered recipients
- their Newstart Allowance Partners
- a third group of Parenting Payment single and partnered recipients who made repeated transitions between single and partnered status (‘repeated transition’ group).

For the purpose of the project, a treatment and control group were identified.

Findings

The following conclusions were presented:

- economic participation improved for both the control and intervention groups, indicating that the pilot had no effect on the level of economic participation overall
- the intervention did, however, appear to have an effect on specific economic activities, for instance the intervention group experienced a reduction in working hours, but an increase in hours spent on job search and study/training for work-related purposes
- the effects of the intervention were more apparent for the ‘partnered’ group than for the ‘repeated transition’ group

The researchers concluded that modest interventions appear to have modest impacts, especially when the focus is on disadvantaged groups. They also stated that the results should be treated with caution, as several weaknesses in the analysis were identified:

- there were differences in certain characteristics between the control group and treatment group (for example, the former appeared more urbanised)
- not all of the ‘treatment’ group received the prescribed treatment
- there was attrition from both control and treatment groups
- data collection methods varied over the trial (changed from face-to-face to phone interview) and differed between the intervention and control groups at the outset.

Barriers to work

Through the interviews with the intervention group, the research reported significant difference in the barriers identified by Parenting Payment recipients and the barriers identified by Centrelink interviewers.

Interviewers identified ‘lack of skills’ as the single most important barrier to work (applying to over 80 per cent of the group) whereas very few Parenting Payment recipients (10 per cent) saw this as a problem,
selecting instead barriers such as ‘family matters’, ‘unspecifed barriers’, and ‘no jobs’.

**Further research**

The presenter highlighted two further questions from this research:

- Were the improved outcomes for economic participation (for both groups) associated with particular characteristics or activities engaged in during the early stages of the pilot (for example, study or voluntary work)?
- Did the interventions have a longer-term impact not reflected in the short-term results?

Further information:
cryan@coombs.anu.edu.au

**Developing labour supply models as input for the Melbourne Institute Tax and Transfer Simulator**

*Dr Guyonne Kalb (Melbourne Institute)*

The *Melbourne Institute Tax and Transfer Simulator* (MITTS) is designed to examine the effects on individuals and households in Australia of policy changes to any component of the income tax and transfer payments system. This presentation gave an overview of a number of projects recently completed or in-progress, which involve the re-estimation and extension of the labour supply models used by MITTS to predict future behaviour.

**Project results**

These projects included:

- *Adding more variables and years of data*: The variables added include ‘completed education’, ‘age’, and ‘age of children’. These variables are relevant to the labour supply decision and were found to be significant. Wage equations were also updated using new data.

- *Application of different specifications*: The choice of utility function or number of discrete labour supply points (hourly categories) did not appear to affect outcomes much. Different specifications of the fixed-cost of work were also used, which improved the prediction of part-time hours somewhat, but did not change the simulation results much.

Further information:
g.kalb@unimelb.edu.au

**Exploring patterns of volunteering and participation**

*Mr Michael Bittman and Ms Kimberly Fisher (SPRC)*

The presentation reports on preliminary research into the incidence, motivations and barriers to volunteering using unit record data from the 2000 ABS Survey of Voluntary Work and time-use data collected between 1974 and 1997.

**Findings**

One estimate of the labour input in the volunteering ‘industry’ is over 2 billion hours per year. This level of labour input is comparable with that of the manufacturing, community services (education and health), and finance and business service industries.

Mr Michael Bittman (Senior Research Fellow, SPRC) and Professor Peter Saunders (Director, SPRC)
The findings also estimated the imputed value of welfare services, provided by volunteering, at $25 billion.

Analysis was also conducted to identify possible factors behind volunteering. The extent of volunteering is measured by daily participation, yearly participation and time spent (duration) in organised volunteering. Findings included:

- being aged less than 30 years decreases both participation and time
- not speaking English in the home decreases both participation and time
- living in a capital city decreases both participation and time
- being a manager or professional increases the likelihood of yearly and daily participation (but volunteers in this category tend to spend less time compared to other volunteers)
- having a bachelors degree or higher increases both participation and time
- being employed full-time decreases daily participation and time.

Further information: m.bittman@unsw.edu.au, kimberly@unsw.edu.au

Redrawing the boundaries: Government/non-government partnerships

Dr Margot Rawsthorne and Professor Sheila Shaver (SPRC)

The Partnership Project explores contemporary Australian and international thinking about new forms of relationships between the state, business and the non-profit community welfare sector. Partnerships are becoming more important as government and non-government agencies seek to find effective, long-term, solutions to persistent social and economic problems.

This presentation focused on the first stage of the project, which identified potential models for social policy partnerships:

- social coalitions
- compacts
- capacity building initiatives.

Findings

Social coalitions

Social coalitions encourage participation from governments, community organisations, and communities, but have a particular focus on support from business, believing that they have a 'mutual obligation' to communities. This model highlights the unique skills, experiences and attitudes the business sector can contribute, and the possibility of more innovative solutions to community needs. The limitations identified in this model are:

- it requires considerable time to establish relationships
- it may be of limited value for causes not attractive to businesses’ interest
- ongoing funding is not guaranteed
- participation may be seen by business as a ‘non-core’ activity.

Compacts

Compacts require a formal statement between the government and non-government sectors to articulate roles, rights, and responsibilities.
of the parties involved. This model provides a whole-of-government framework. The advantage of this model is that it provides stability and legitimacy for the working relationships.

Limitations of this model are the difficulties faced in:

- turning policy into practice
- translating national statements to the local level in a meaningful way
- including those parties who are not traditionally included in such forums (for example, minority organisations).

**Capacity building**

In this model, government focuses its resources on developing and empowering non-government organisations (NGOs) to address issues in the community. The advantage of this approach is that it enables citizens to solve their own problems, while recognising and attempting to address the barriers faced by NGOs in providing efficient, effective, and sustainable services.

Limitations of this model are:

- it requires a long-term commitment
- by empowering citizens, there is a potential for ‘unexpected’ results
- the complex nature of the NGO sector demands a tailored response each time, resulting in a time-consuming, costly and difficult implementation
- it is difficult to implement on a whole-of-government basis and may become marginalised.

In summary, partnerships are not inherently good or bad, but there is a question to be asked for each case: what will the partnership achieve that would not otherwise be possible? The partnership model that is adopted needs to be tailored to specific goals and circumstances, and evaluated against these.

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**Flows onto the Disability Support Pension**

*Dr Jenny Chalmers and Mr Peter Siminski (SPRC)*

This project uses the FaCS Longitudinal Data Set (LDS), from 1995 to 2000, to identify the most followed pathways onto the Disability Support Pension (DSP). It also looks at the Australian Bureau of Statistics’ Survey of Disability, Ageing and Carers 1998 (SDAC 98) to provide further analysis of the characteristics of people with disabilities.

**Findings**

The main findings presented were:

- most DSP entrants are aged 50 or more
- the older a DSP entrant, the more likely that entrant will *not* come from another payment
- conversely, the younger the DSP entrant, the more likely that entrant will come from unemployment payments
- a small, but significant number of women enter from parenting payments.

Analysis from data collected through SDAC 98 showed that the proportion of the population with a disability increases with age. However, the type of disability changes significantly with age. For school age people the most prevalent ‘main disabling conditions’ were ‘intellectual and other mental’, while for working-age people ‘musculoskeletal’ disabling conditions were the most prevalent.

SDAC 98 was also used to investigate three groups of people considered to be at risk of moving onto DSP:

- female Parenting Payment (single)
- working people with disabilities
- young males with disabilities.

From this analysis, the following findings were presented:

- Female Parenting Payment (single) recipients are more likely to have disabilities than other women. This at least partially accounts for their high risk of entering DSP.
Of employed people with disabilities, those in low-skilled occupations are most likely to have employment restrictions. This may suggest that people with disabilities working in low skill occupations are more likely to move to DSP than other working people with disabilities, or that low skill occupations are more accommodating for people with employment restrictions. Either way, since unskilled work is becoming more precarious, these people should be considered to be at high risk of moving on to DSP.

Young males with a disability have significantly higher rates of unemployment than other males or females. There appears to be a significant flow from unemployment to DSP among young (20–29 years old) males with disabilities. This appears to be related to problems with school-to-work transition.

Why has the Disability Program grown so much? The role of policy

**Professor Bob Gregory (ANU & SPEAR)**

The presentation examined the history and dynamics of the Disability Support Pension (DSP) and the link between unemployment and flows onto DSP. It was based on the PhD thesis by Lixin Cai, *The dynamics of the Disability Support Pension (DSP) recipients in Australia*. The project analysed those in receipt of DSP using the FaCS Longitudinal Data Set (LDS) for the period 1995–96 and 1999–00.

**Findings**

**Historical trends**

A historical analysis of the number and flows onto, and exit from, DSP was performed using aggregate payment data. It was found that the growth in the number receiving DSP has mainly been the result of greater inflows onto DSP. Notably, the authors believe that policy reforms undertaken in 1990–91, when a new set of eligibility criteria for DSP was introduced, had a significant impact on DSP inflows.

It was also found that, historically, labour market conditions have had a significant impact on inflows onto DSP. In particular, increases in the unemployment rate are associated with increased inflows onto DSP.

**DSP and unemployment payments**

The historical connection between unemployment rates and DSP inflow was reinforced by the finding that 50 per cent of new DSP entrants were previously on unemployment payments (UP). The research went further to look at the time spent on UP, finding that, for DSP recipients previously on UP:

- around 50–70 per cent experienced multiple spells on unemployment payment
- between 55–66 per cent reported more than half a year of pre-transition unemployment duration
- they experienced an average duration on UP of more than one year.

Further information:
j.chalmers@unsw.edu.au,
p.siminski@unsw.edu.au
Developing an Indigenous research agenda

What are the critical things we need to know to shape future Indigenous policy directions?

This question was the subject of a workshop run by the Indigenous Policy and North Australia Office (IPNAO) in August. Participants included representatives from most FaCS areas such as: Strategic Policy and Analysis Branch; Family Policy and Family and Children’s Branches; the two Youth Bureau Branches; Child Care Benefits and Child Care Services Branches; Participation Support and Participation Policy Branches; Parenting and Employment Policy, Disability Services Reforms and Community Branches; New South Wales State Office (as lead State on Indigenous issues), the North Queensland Office and Housing Support Branch.

IPNAO is committed to ensuring that future policy, program and service delivery directions are properly informed by an evidence base derived from quality research. To do that, FaCS and IPNAO have identified the need for clear directions on research in order, firstly, to commission or conduct research projects over the next three years and, secondly, to influence or support other organisations’ research agendas.

Based on a discussion of key drivers influencing Indigenous policy issues and priorities—such as demography, political influences and economic concerns—the workshop identified important research themes for FaCS, and burrowed down deeper to develop specific research questions.

This work was further refined after the workshop, with participants involved in deciding on the priority research themes.

As well as research themes and questions, the final agenda will include information on ethics in Indigenous research, foundations/guiding principles, and methodologies. The final
The General Customer Survey (GCS)

Wave 4, 2000 now available

The Wave 4, 2000 dataset is now available to users. Containing information collected from respondents in receipt of Employment Payments (EP) during their fourth interview of the panel, the dataset boasts an improved structure including a variable naming convention that matches the Wave 4, 2000 questionnaire.

The Wave 5, 2000 and Wave 9, 2000 datasets are also scheduled for release in the near future and will also include this improved structure. For enhanced usability, this improved configuration will also be retrospectively applied to all previously released datasets (Wave 1, 2 and 3, 2000), creating a consistent structure across the entire 2000 panel.

New platform for metadata dictionary

The release of Wave 4, 2000 also sees the launch of a pilot version of the new GCS metadata dictionary. The dictionary, as an Access database, can be downloaded from the GCS intranet site, and features improved usability and accessibility. All future dataset releases will be accompanied by the release of an updated dictionary. The current Lotus Notes-based metadata dictionary (covering the existing Wave 1, 2 and 3, 2000) will also remain available to users.

For further information:
Longitudinal Data Section, Strategic Policy and Knowledge Branch, email helpdesk.gcs@facs.gov.au or visit the GCS intranet site (FaCS staff only) http://facsnetwork/generalcustomerSurvey/home.html
New claims survey for Parenting Payment

The department’s Parenting Policy Analysis Section has been undertaking research to increase understanding of the characteristics and needs of new claimants for Parenting Payment and their experiences during the first six months on payment. The survey design includes a comparison group of customers who have received Parenting Payment single (PPs) or Parenting Payment partnered (PPp) for six months or longer.

Interviews for Wave 1 and Wave 2 of the survey and focus group interviews have been completed. The final report on the New Claims Survey for Parenting Payment is to be finalised early in 2003. The survey has been well received by participants. In Wave 1, 2444 interviews were conducted. Of these, 93 per cent (2273) also participated in Wave 2. Some important findings from Wave 1 data are:

Many new claimants have received income support before

- only 17 per cent of new claimants are new to the income support system
- of the 83 per cent who have previously received income support
  - 41 per cent have previously been on Parenting Payment, but not other income support payments
  - 32 per cent have previously been on Parenting Payment and other income support payments
  - 26 per cent have previously been on other income support payments, but not on Parenting Payment
  - the remainder (1 per cent) were unable to recall their Parenting Payment and other income support history.
- around one fifth of new claimants are transferring between PPs and PPp.

New claimants have different characteristics from current Parenting Payment recipients

- new claimants are younger, and have younger children than existing customers
- new claimants are more likely to be partnered
- education levels among new claimants are higher than among existing customers, but still lower than the general population
- new claimants have a lower incidence of health issues that restricts them in their everyday activities.

New claimants’ pathways on to payment are more likely to be work related

- the main reason for coming on to Parenting Payment for PPs recipients is relationship breakdown (58 per cent), while the main reason for PPp customers is job loss by their partner (26 per cent)
- compared to existing customers, new claimants are more likely to come onto payment due to job loss, reduced hours of work, or their partner’s job loss
- compared to existing customers, new claimants are more likely to have participated in full-time paid work since leaving school.

New claimants experience a variety of difficulties prior to receiving payment

- the most common difficulties faced by new claimants were:
  - financial difficulties (73 per cent)
  - emotional and stress related problems (56 per cent)
  - conflicts with ex partner (31 per cent)
  - problems experienced by their children (25 per cent).

Many new claimants plan to return to work

- new claimants were more likely to have plans to return to work than existing claimants, with 83 per cent of new claimants not in paid work at that point indicating they planned to return to work in the future, with 43 per cent planning to return within a year
- compared to all new claimants, single parents with the youngest child aged under five years were also more likely to have plans to return to work (88 per cent).

For further information:
Matuna Mostafa, Parenting Policy Analysis Section, Labour Market and Parenting Branch, tel (02) 6244 7592
or email matuna.mostafa@facs.gov.au
Social policy research seminar series

Intergenerational Report—a perspective for FaCS

16 October 2002
Seminar by Phil Gallagher, Commonwealth Treasury
Review by Marianne Madden, FaCS

The FaCS seminar presented by Mr Phil Gallagher (Senior Executive Manager, Retirement and Income Modelling Unit, Commonwealth Treasury) drew on the findings of the Intergenerational Report, released as part of the 2002–03 Budget.

Mr Gallagher began by emphasising that the aim of the Intergenerational Report was to assess risks associated with current trends and policies, rather than an attempt to predict the future.

He highlighted these current trends which are likely to have long-term economic and fiscal implications. A declining fertility rate and increasing life expectancy will lead to a change in the age structure of the Australian population, with the percentage of people aged over 65 years rising from 13 per cent in 2002 to 24 per cent in 2042. Changing labour force trends—including the slowing of labour force growth from 1 320 000 in the 2000s decade to 50 000 in the 2040s decade—also have a substantial influence on future economic and fiscal outlooks. This is despite a projected increase in the labour force participation of women and those aged 15 to 64 years.

The economic impact of these trends, Mr Gallagher stated, will be a reduction in the GDP per capita growth rate, from 2.1 per cent in the 2000s to 1.5 per cent in the 2030s, although this will not slow to the same extent as GDP growth. Population, participation and productivity policies will be the three key drivers of GDP growth into the future.

In fiscal terms, there are substantial implications arising from demographic changes and real increases in per capita spending. Income support as a percentage of GDP is expected to grow from 6.8 per cent in 2001–02 to 7.4 per cent in 2041–42, due to increases in spending on age and service pensions. Health and aged spending is projected to increase from 4.7 per cent of GDP in 2001–02 to 9.9 per cent of GDP in 2041–42, with the majority of the increase due to non-demographic factors such as the increasing cost of the Pharmaceutical Benefits Scheme.

Overall, based on current policies and trends, Commonwealth driven spending is projected to rise by over five percentage points of GDP, from 13.9 per cent in 2001–02 to 19.2 per cent in 2041–42, or $87 billion in today’s dollars.

However, Mr Gallagher noted that Australia’s fertility and immigration is higher than many other countries, and the predicted slow down in GDP growth will occur later, so there is an opportunity to learn from the experience of other countries. If adjustments are made to current policy settings, the consequences of current trends may be more manageable.

Mr Gallagher noted that welfare reform—by influencing the average hours worked, the unemployment rate and participation rates—is one such policy adjustment that can counteract predicted future problems. The broad goals of increasing the participation of women, men and the aged, and maintaining recent productivity growth will assist in ensuring future economic and fiscal sustainability.

For further information
Marianne Madden, Policy Strategies Section, Strategic Policy and Knowledge Branch, tel (02) 6244 7756
or email marianne.madden@facs.gov.au
Combat Poverty Ireland

26 November 2002
Seminar by Helen Johnston, Combat Poverty Agency (Ireland)
Review by Peter Walkear, FaCS

As director of the Combat Poverty Agency (CPA) in Ireland, Ms Helen Johnston shares responsibility for overseeing the implementation of the new Irish National Anti-Poverty Strategy (NAPS). As part of a tour organised by the Australian Council of Social Service (ACOSS), Ms Johnston presented a FaCS’ seminar on NAPS and the political and social environment in which the strategy was developed.

The seminar began with background information that painted an interesting picture of Ireland’s demography. The population of Ireland is comparatively small at 3.9 million people, a third of which live in Dublin. Ireland’s past history of substantial migration has meant that it defies the world trend with a relatively young and growing population. This migration history is reflected in Australia’s own population of which around 30 per cent are of Irish descent.

Ireland features an open, predominantly export-based economy that has demonstrated strong growth in the 1990s. Ms Johnston attributed this growth to a high-level of education and training, strong foreign investment, and development of a strong industrial relationship between government, employers and trade unions. Inflation is currently at 4.5 per cent, while economic growth over the last seven years has averaged 9.3 per cent (although it currently rests at 3.9 per cent).

In terms of poverty, the Government of Ireland’s agreed definition is that ‘people are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living which is regarded as acceptable by Irish society in general. As a result of inadequate income and resources people may be excluded and marginalised from participating in activities which are considered the norm for other people in society.’

The Irish Government’s agreed measure of poverty is the consistent measure of poverty. The consistent measure is made up of two components. The first incorporates deprivation indicators—which measure an individual’s access to basic items such as food, clothing and heating. The second component is an income measure that is set at 60 per cent of the average income (A$307 per week). According to the consistent measure, 6 per cent (or 200 000 people) of Ireland’s population are in poverty, a substantial reduction from 15 per cent in 1994.

Using this measure of poverty, people identified as being most at risk include the unemployed (just over 20 per cent), people responsible for home duties (18 per cent), and the ill or disabled (10 per cent). Others at risk include households with four or more children, single parents and adults living alone.

Child poverty has been relatively high in Ireland, but according to the consistent measure of poverty it has declined from 24 per cent in 1994 to 8 per cent in 2000. This reduction is attributed to factors of lower unemployment, and the provision of a higher child allowance which all parents are eligible to receive, regardless of their income.

As with all measures of poverty there are limitations to this measure. The consistent measure of poverty is based on national households and therefore excludes travellers and the homeless. Also, the deprivation indicators incorporated in this measure are now considered basic, out of date and limited to ‘male-orientated’ factors. Work recently commenced on upgrading these indicators to better reflect a current understanding of deprivation in Ireland.

The relative income measure of poverty is simply the second component of the consistent measure of poverty. According to the relative income measure alone, poverty has risen to 22 per cent from 16 per cent in 1994. This increase suggests that, despite income increases during the recent period of economic boom (including an increase in welfare payments and incomes in lower wage-brackets), there is still an increasing disparity between the higher and lower levels of income.
It depends on the measure employed in determining rates of poverty, or in fact whether poverty is increasing or falling. Despite the inconsistency of these measures, Ms Johnston maintains their importance for understanding the dynamic of social and economic wellbeing in the community. She also stressed that other structural measures—such as levels of education and health, and the quality of housing and the environment—are also key to developing a comprehensive understanding of the communities’ social and economic condition.

Ireland has seen substantial improvements in its social and economic state over the last several years. These include low unemployment, the end of the civil war and a fall in consistent poverty. Unfortunately, the rate of economic growth is now falling, unemployment is rising, and income poverty is increasing. Furthermore, a significant proportion of Ireland’s housing and schools are still in a dilapidated state.

The new Irish National Anti-Poverty Strategy (NAPS) will assist in developing an understanding of, and dealing with, the welfare problems associated with these conditions. This strategy emerged after the United Nations summit of 1995, at which member nations were asked to draw up an anti-poverty plan. The five major themes to be incorporated into this plan were:

- educational disadvantage
- unemployment (particularly long-term unemployment)
- income inadequacy
- disadvantaged urban areas
- rural poverty.

Stemming from this plan the original NAPS Sharing in Progress was launched in April 1997. The aims of this strategy included:

- developing an agreed definition of poverty
- pursuing an analysis of the causes of poverty and those at risk
- reducing consistent poverty to 10 percentage points
- providing targets, objectives and action for the five major themes
- developing structures for the implementation of NAPS.

A revised NAPS, titled Building an Inclusive Society was launched in February 2002 with a view to achieving key objectives by 2007. These objectives were:

- reducing consistent poverty to 2 percentage points
- building an inclusive society
- developing social capital (especially in disadvantaged areas).

Specific targets included raising the lowest social welfare rate from A$211 to A$270 per week, and increasing child income support from 33 per cent to 35 per cent of the adult level. Areas of priority for NAPS are income adequacy, unemployment, education, health and housing. The groups identified as the most vulnerable include children, women, older people, travellers, people with disabilities, and migrants or ethnic minority groups.

The Combat Poverty Agency has been charged with the role of supporting the implementation of NAPS and assisting it to meet its objectives.

For further information:
Peter Walkear, Research Coordination and Communication Section, Strategic Policy and Knowledge Branch, tel (02) 6244 8680 or email peter.walkear@fac.gov.au
Mental health seminar series

Improving participation, improving wellbeing: Strategies for unemployed people

3 October 2002
Seminar by Associate Professor Peter Creed (Griffith University) and Dr Tony Machin (University of Southern Queensland)
Review by Darian Clark, FaCS

At a well-attended seminar, Associate Professor Peter Creed (Griffith University) and Dr Tony Machin (University of Southern Queensland) discussed how mental health and cognitive wellbeing affect ordinary people’s ability to find and keep a job, and outlined effective strategies that can help to overcome these barriers.

This was the first in a series of four seminars organised by department’s Policy Strategies Section on the topic of mental health. The series has been motivated by international and local evidence (as described below) that economic and social participation could increase through greater attention to common mental health concerns among FaCS’ broader client base, with a possibly more widespread positive effect. Less than one per cent of the Australian adult population experience schizophrenia or other psychoses (around 80 000 people of workforce age), with about 85 per cent of these people receiving some form of Government pension or allowance (around 70 000). By contrast, over 18 per cent of all Australian adults experience common mental health problems (depression, anxiety) and related issues (substance abuse) in any year, and recent departmental research suggests that these are significantly more prevalent among income support recipients. Common mental health problems are also more readily treatable by effective and inexpensive strategies.

In their presentation, Professor Creed and Dr Machin built on the current interest on ‘positive psychology’, derived from the work of Martin Seligman. From this view, our ability to interact with the world can be negatively influenced by learned helplessness, or by what the presenters referred to as ‘wonky beliefs’. Often unemployment can lead to decreased psychological wellbeing, and this is associated with a decreased likelihood of social and economic participation. There is, therefore, the opportunity for preventative interventions to assist people who are unemployed to develop the personal resources and skills that both promote employability and help them cope better with future planned or unplanned job transitions.

Results from these types of interventions have been shown to be positive at the level of personal functioning and return-to-work. Professor Creed and Dr Machin outlined a course that they have developed based on the principles of Cognitive Behaviour Therapy (CBT) targeted at people who are unemployed. This includes helping people to recognise the intuitive negative beliefs that filter the way they perceive events around them (their ‘explanatory style’), and teaching ways to dispute these thoughts and replace them with more functional, self-serving beliefs. Professor Creed and Dr Machin reported that the evaluation of the course demonstrated a positive, lasting impact on the wellbeing of the unemployed participants. Those attending the training courses demonstrated a significant improvement in their level of personal functioning and coping skills when compared to a waiting list control group. In contrast to the results found for many training courses for the unemployed, these benefits were maintained for the duration of the follow-up period. Course participants who reported the lowest initial levels of wellbeing and coping skills achieved the greatest improvements.

The presentation was timely given the recent policy focus on improving social and economic participation. These principles and practices of positive psychology also underpin recent policy initiatives in the United States and United Kingdom, where there have been significant signs of success. In the United Kingdom, an intervention based on
CBT principles for long-term (over 12 months) unemployed professionals resulted in only 25 per cent of the group still being unemployed four months after training compared to 47 per cent of those in a control group (in a program to enhance social support). In an evaluation of the JOBS program in the United States, more people in the treatment group receiving CBT were employed at 1.5 months after intervention (33 per cent to 26 per cent) and at four months (59 per cent versus 51 per cent). The treatment group also enjoyed better quality employment—higher earnings, more job satisfaction and greater likelihood of employment in their main occupation.

Branch news

A new knowledge branch

A new Strategic Policy and Knowledge Branch was formed in November last year to manage a range of functions identified under the department’s ‘key investment’ of knowledge management. The new branch incorporates elements of the former Strategic Policy and Analysis Branch and Information Strategies Branch.

David Hazlehurst (from the former Strategic Policy and Knowledge Branch) and Jeremy Nott (from the Family and Relationships Branch) will head up this new branch. Serena Wilson, former Assistant Secretary of the Strategic Policy and Analysis branch, has been promoted to Executive Director of the Welfare Reform Cluster.

Other than a location change (from floor CE2 to CW2 of the National Office, Tuggeranong), contact details for the branch remain the same.

For further information
Darian Clark, Policy Strategies Section, Strategic Policy and Knowledge Branch
tel (02) 6244 7108 or
e-mail darian.clark@facs.gov.au

The comments expressed in these seminar reviews are those of the authors and does not necessarily reflect the views of the Minister for Family and Community Services or the Department of Family and Community Services

Further information
e-mail publications.research@facs.gov.au
New publications

**Research and Evaluation Digest 2001–02**

The Department of Family and Community Services' Research and Evaluation Digest 2001–02 lists and briefly describes research and evaluation projects undertaken or commissioned by the department for the 2001–02 financial year. The research and evaluation program focuses on the contribution each project can make to the department's three social policy outcomes:

- Families are strong
- Communities are strong
- Individuals reach their potential.

The digest groups each research and evaluation project under one of these outcomes. Some projects also contribute to more than one outcome and are grouped under the heading 'Portfolio-wide research'.

The digest complements information contained in the department's Research and Evaluation Framework. Further information on any of the projects contained in the Research and Evaluation Digest 2001–02 may be obtained from the relevant project officer listed under each entry.

**Australian Social Policy Journal 2001–02**

*Australian Social Policy* publishes current research and analysis on a broad range of issues topical to Australia's social policy and its administration. Regular features include Major Articles, Social Policy Notes and Book Reviews. Major Articles for this journal include:

- Jay Martin, 'Fertility in Australia: Can we afford to keep the Government out of the bedroom?'
- Peter Saunders, 'What future for welfare'
- Habtemariam Tesfaghiorghis, 'Projections of the number of Income Support recipients: 1999–2051'

*Australian Social Policy* supersedes the *Social Security Journal* published by the former Department of Social Security. As of 2001, *Australian Social Policy* will be published once per financial year. All proposed submissions of Major Articles and Social Policy Notes to *Australian Social Policy* are subject to a blind peer review.

**Journal 2003–04: Expressions of interest**

Submissions are accepted from Government employees, academic researchers and other relevant practitioners. Submissions which contribute to current social policy research issues and debates are particularly encouraged. Submissions can be forwarded by email to publications.research@facs.gov.au.

To order publications:

Hardcopies are available from the FaCS publications order line tel 1800 050 009. Electronic versions are available from the FaCS website at www.facs.gov.au (follow the links ‘publications’ then ‘research’).
Forthcoming conferences
(a selection)

**Australian Social Policy Conference—‘Social Inclusion’**
9–11 July 2003
University of New South Wales, Sydney

*Expressions of interest are invited in organising a forum session or thematic set of contributed papers.*

Further information: Social Policy Research Centre
e-mail t.eardley@unsw.edu.au

**Country Children’s Services Association of NSW Conference**
20–22 June 2003
Canberra, Australian Capital Territory

Further information: Country Children’s Services Association of NSW
web http://www.ccsa-nsw.asn.au

**Joined up services: Linking together for children and families**
26–28 June 2003
Dunedin, New Zealand

Further information:
web http://www.otago.ac.nz/CIC/CIC.html

**36th World Congress of the International Institute of Sociology**
7–11 July 2003
Beijing, People’s Republic of China

Further information: International Institute of Sociology

**Children: The Core of Society—Australian Early Childhood Association Conference**
10–13 July 2003
Hobart, Tasmania

Further information: Convention Wise
e-mail mail@conventionwise.com.au

**Connections that count: Young people, social capital and empowerment**
11–14 September 2003
University of Strathclyde, Glasgow

Further information: Faculty of Education, University of Strathclyde
e-mail sarah.harper@strath.ac.uk

**National Carers Conference**
18–19 September 2003
Canberra, Australian Capital Territory

Further information: Carers Australia
e-mail: csweetapple@carersaustralia.com.au

**Action Learning, Action Research and Process Management 6th World Conference**
22–24 September 2003
Pretoria, South Africa

Further information: Faculty of Education, University of Pretoria

**Disclaimer:** Readers should confirm details with the contact organisation listed. FaCS assumes no responsibility for the accuracy of dates, venues or other information presented in this selection.

To submit details of upcoming seminars or conferences, please email publications.research@facs.gov.au
Next issue

FaCS Research Agenda Workshops

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Research Coordination and Communication Section
Strategic Policy and Knowledge Branch
Department of Family and Community Services
Box 7788
Canberra Mail Centre ACT 2610
Internet: http://www.facs.gov.au

Editorial enquiries:
Phone (02) 6244 5458
Fax: (02) 6244 7020
Email: publications.research@facs.gov.au

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