



FaCS Research News 18

Strategic Policy and Knowledge Branch

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Stronger Families and Communities Strategy evaluation

The Stronger Families and Communities Strategy (SFCS) supports and provides funding for prevention and early intervention programs for families and communities, with emphasis on those at risk of social, economic and geographic isolation. The three key approaches are prevention, early intervention and capacity building, which aim to help families and communities address issues before they become serious problems, while taking advantage of emerging opportunities. In recognition that communities are often best-placed to identify

and respond to their own local issues, project officers from the Australian Government Department of Family and Community Services (FaCS) work with communities to develop projects that are relevant to, and effective in, their local community context. The four community-based initiatives of the SFCS are:

- ▶ Stronger Families Fund
- ▶ Early Intervention Parenting and Family Relationship Support
- ▶ Potential Leaders in Local Communities
- ▶ Local Solutions to Local Problems.

More than 600 projects have been funded so far.

Evaluation methodology

The evaluation of the SFCS is being conducted by a consortium of organisations led by the Royal Melbourne Institute of Technology's (RMIT) Collaborative Institute for Research, Consulting and Learning in Evaluation (CIRCLE). The evaluation will examine:

- ▶ how the various elements of SFCS work
- ▶ what could be improved
- ▶ what the SFCS means for families and communities.

As part of the reporting requirements for each project, project teams provide FaCS with regular performance progress reports as well as a final report. In many cases, project teams also conduct their own evaluations, including

some with a substantial action research element. To assist, the Australian Institute of Families Studies (AIFS) has provided intensive support for the action research components of the Stronger Families Fund initiative.

In order to reduce the reporting burden while supporting the partnership principles of the SFCS, data and other information (at the project level) is collected from existing reports and included in the evaluation. The RMIT evaluation consortium also collects additional information for all projects using web-based questionnaires.

Data is collected and analysed using multiple strategies:

- ▶ thematic studies of clusters of projects will inform ten separate discussion papers around SFCS principles and key issues. The five thematic papers currently underway are:
 - community capacity building
 - early intervention projects for the period before and after the birth of a child
 - economic and social participation
 - networks and partnerships
 - sustainability.
- ▶ community case studies of either individual projects, or groups of projects within a community, have been purposefully designed to build on and support each other. The first two case study reports—an individual project in South Australia (The Gilles Plains Community Garden), and a group of projects in a targeted region in Western Australia (Mandurah/Peel District)—are nearing completion
- ▶ evaluation of the SFCS overall will use a synthesis of the multiple data sources, and include an analysis of issues identified across the entire strategy.

Indigenous communities

Funding of more than \$20 million was made available for projects within Indigenous communities. The RMIT evaluation consortium includes specialist researchers who provide advice on, and conduct case studies of, these communities. The first case study of a SFCS

project within an Indigenous community will report on the Women's Centre in Ramingining, Northern Territory. The fieldwork for this case study is scheduled to begin soon.

Early findings

This is a formative evaluation in which emerging findings are reported progressively in order to inform ongoing policy development, project development and implementation, and decisions concerning the evaluation. The early evaluation findings are based on:

- ▶ analysis of reviews of project documentation for clusters of SFCS projects
- ▶ the first two community case studies
- ▶ a review of relevant policy and research
- ▶ self-completion questionnaires from projects. (Initial questionnaires were sent to 502 projects and final questionnaires were sent to 162 completed projects. About half of the completed projects and half of the continuing projects have completed questionnaires at this stage.)

Looking for long-term outcomes

The SFCS promotes approaches that are as concerned with long-term impacts—including projects with outcomes projected for periods of up to 20 years—as it is with immediate and short-term results.

While initial results should be seen either during or towards the end of each project, the 'ultimate' outcomes, such as capacity building, are likely to be evident only after some time, and may be dependant on other external influences.

Commenting on longer-term outcomes, one project explained:

'This project started a process of attitude change. This could be expected to take years—we have made a good start and thus achieved what we wanted, but our longer-term goals will take a lot more work. In some ways it was much better than expected.'

Identifying outcomes and distinguishing between immediate, medium-term and desired long-term outcomes is made possible by applying an outcomes hierarchy model. The theory behind this model is that expected outcomes can be linked—logically and theoretically—to short-term results where there is established research evidence to support the links. By using this model, events and activities can be ordered in a manner that follows a logical sequence, leading eventually to determine the likely long-term or ‘ultimate’ outcome.

The majority of responses to the final questionnaire reported that the completed projects had satisfied most or all of respondents’ needs, and many indicated that they expected further development for those who had participated in the project.

Evidence from completed projects suggest three possible types of outcomes:

- ▶ short-term outcomes for individual participants and families (and the extent to which these might be maintained and develop over time)
- ▶ capacity building of organisations (that will then be more able to achieve subsequent outcomes for other individuals, families and communities)
- ▶ capacity building of communities (that will then be more able to achieve subsequent outcomes for individuals, families and the community).

The immediate and direct outcomes of SFCS projects, subsequent changes expected, and indications and evidence of flow-on effects, will be examined as part of the evaluation.

Outcomes in the context of their community

The SFCS emphasises coordination and collaboration, and encourages communities to work together in partnerships and networks, integrated coordinated services and capacity building. While some projects feature multiple funding sources, other projects rely on allied project activities or services in order for them to operate.

Stakeholder consultation during the development of the evaluation framework identified the importance of previous and concurrent activities in the success of many projects. These insights were confirmed in the questionnaires from completed projects. (Interestingly, community projects appeared to be more influenced by other activities than family projects.)

Early findings about partnerships show that all community projects have built partnerships as part of the project, although most have taken the form of an informal working relationship. A detailed examination of the circumstances, roles and consequences of networks and partnerships is the focus of a thematic discussion paper currently underway.

This interdependence and use of partnerships poses some challenges to traditional methods of evaluation, which are often based on an assumption that a project is both necessary (the only way) and sufficient (will work in isolation) to achieve the intended outcomes. Determining whether the SFCS has actually made a difference requires consideration of the feasibility of alternative causal processes. The community case studies will examine the contribution made by SFCS funding and additional support and contributions made by other initiatives, programs and services.

Where to next?

Work over the next few months will focus on:

- ▶ finalisation of the five thematic discussion papers and case studies currently underway
- ▶ in-depth analysis of the quantitative and qualitative data from all projects
- ▶ exploration of areas of common interest with the Australians Working Together (AWT) evaluation.

Evaluation requirements for the new ‘Early Childhood Initiative’ are also being considered.

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Departmental research updates

Parenting Payment Intervention Pilot: analysis of longer-term outcomes

A number of articles on the Parenting Payment Intervention Pilot (PPIP) have appeared in past editions of *FaCS Research News* (November 1999, June 2000 and December 2001) outlining the purpose and initial findings of this research. This article reports the research findings on the impact of the Intervention on customers' longer-term outcomes. The intervention consisted of a face-to-face and follow-up interview by Jobs, Education and Training (JET) advisers to encourage customers to consider and prepare for their future, and act to avoid long-term welfare dependency. Customers were also linked to assistance appropriate to their individual needs.

The evaluation framework

The pilot randomly assigned four different types of Parenting Payees to voluntary and compulsory intervention and control groups to test whether there was an intervention effect and whether this varied by target group. The four target groups were parents with teenage children, parents recently granted payment, single parents on payment for over five years and workless couples who both received payment for over six months.

Short-term findings from the PPIP influenced the design of the Helping Parents Return to Work measure introduced in September 2002.

The PPIP evaluation of longer-term outcomes aimed to identify whether:

- ▶ intervention groups increased their participation levels more than the control group
- ▶ changes to participation levels differed for a voluntary versus compulsory intervention
- ▶ the response to the intervention differed among target groups.

The evaluation used FaCS Longitudinal Dataset (LDS) to follow the pilot customers for 18 months following the PPIP. Thorsten Stromback and A.M. Dockery of Curtin University were contracted to conduct the evaluation and compare pilot participants on a range of outcome measures, including:

- ▶ the incidence and level of earned income while on benefits
- ▶ the level of change in earnings from a baseline prior to the intervention
- ▶ whether participants had exited the program at 18 months
- ▶ any change in the proportion of fortnights on payment since the intervention
- ▶ participation in education and training programs (including the JET program) and receipt of the Pensioner Education Supplement (PES).

Findings

The evaluation found consistently better outcomes did not occur for all intervention groups on all measures, making it difficult to develop a robust finding on the intervention's impact. However, some significant positive outcomes for the intervention group compared to the control were found for some target groups. These include improved earnings for workless couples and parents with teenage children, higher exits by recent grants, and greater participation in education and training programs.

For parents with teenage children, those assigned to the compulsory group had significantly better earnings than both the control group and, to a lesser extent, the voluntary group. This was consistent across almost all earnings measures. The increase in the incidence of earnings from the baseline was 8.4 per cent for compulsory compared to 1.3 per cent for the control, while the increase from the baseline of \$36.36 in fortnightly earnings for compulsory is significantly higher than the \$16.92 increase for the voluntary group.

For workless couples both compulsory and voluntary groups had an increase in the proportion with earnings. Compulsory

increased by 7.8 per cent in the proportion with earnings from the baseline, compared to 0.9 per cent for voluntary, and minus 8.4 per cent for the control. The other significant earnings result is for long-term single parents where the compulsory group has a higher incidence of earnings relative to the voluntary group.

New grants were the only target group where the intervention group had significantly higher exits at 18 months. This finding suggests that early intervention with new grants could be a 'success factor' for an intervention. Single parents had significantly higher exits under both compulsory (30.2 per cent) and voluntary (31.2 per cent) intervention compared to the control (15.6 per cent).

Receipt of PES was significantly higher for long-duration single parents in the compulsory group (12.4 per cent compared to 5.9 per cent control), and for recent grants in both intervention groups (6.8 per cent compulsory and 5.9 per cent voluntary compared to 1.2 per cent control). Participation in JET is significantly higher for almost all target groups assigned to any intervention. Participation in training programs is highest for a compulsory assignment, significantly higher than voluntary.

Issues for analysis identified in the evaluation report

The report covers a range of complex methodological issues, and identifies potential sources of bias in the results. Selection impacts in particular have a strong influence and need to be controlled for in the evaluation.

A number of selection processes affected the level of intervention received and meant that not all of those assigned to an intervention received the full intervention. This is likely to have resulted in those who had the full intervention being inherently different from those who were assigned to, but who did not have the intervention. Selection processes occurred at a number of stages, for example, whether a letter was sent, whether the letter was received, or whether an interview was agreed to by the customer (even 'compulsory'

reviews could be avoided by those so motivated). It is likely that customers have unobservable characteristics related to both their selection into the intervention and their performance on outcome measures.

Under a voluntary intervention long-duration single parents who declined an interview had worse outcomes, while those who had an interview had higher earnings. This suggests a 'creaming effect' where more motivated parents select to have an interview. Yet recent grants who opted not to have an interview tended to have better outcomes, possibly indicating that they declined an interview because they felt they did not need additional assistance.

Under a compulsory intervention only a few parents refused an interview, but significant differences in outcomes are observed between those who had an interview and those who did not. Both long-duration single parents and workless couples who declined an interview had higher exits. Parents of teenagers who declined an interview had a significantly higher incidence of earnings and a greater proportion of fortnights with earnings than the control, but minimal change in earnings from the baseline. This suggests those with higher work levels in the past opted to avoid the compulsory interview.

Summary

This evaluation has shown that the response to the intervention, in terms of outcomes and selection impacts, varies for parents with different characteristics, varying by target group, partner status, intervention group, and by outcome measure. It has shown that selection impacts are reduced under a compulsory intervention. It found some significantly positive outcomes for some groups on some outcome measures but did not find an across-the-board positive impact. A possible reason proposed by the researchers is that more intensive assistance is required to make an impact.

The evaluation findings indicate that many aspects of the Helping Parents Return to Work measure are in the right direction. These aspects include:

- ▶ provision of a far greater level of resourcing, intensive support and follow-up
- ▶ a compulsory approach leaving less room for selection impacts
- ▶ the extended new claim interview focus on participation accords with the success of the pilot's early intervention approach with the new grant group
- ▶ the application of activity testing to those with teenage children accords with the success on earnings measures for this group.

Further information:

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FaCS longitudinal research updates

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

HILDA is Australia's first nationally representative household-based panel survey. It tracks all members of an initial sample of households over an indefinite life. The first wave of interviews was conducted in 2001, and the second in 2002. The data collected includes household structure, family background, marital history, family formation, education, employment history, current employment and job search, income, health and wellbeing, child care and housing. The longitudinal nature of the survey enables analysis of the changes to families and individuals over time, which is not possible with cross-sectional data.

Wave 3 fieldwork

Wave 3 interviewing started in August 2003 and finished in February 2004. Wave 3 data will be available in December 2004. A short module of questions on retirement transitions and intentions for people aged 45 and over has been included. The Wave 3 survey instruments are available from <<http://www.melbourneinstitute.com/hilda>>.

Wave 4 planning

The design of the Wave 4 survey instruments started in September 2003. FaCS is considering including additional questions on disability and will consult with stakeholders about other possible new questions. Skirmish testing took place in February 2004. As in previous waves, face-to-face interviewing will be the main mode of data collection supplemented by the self-completion questionnaire.

Release of Wave 2 data and access arrangements

Wave 2 interviews were conducted in the second half of 2002 with 13 041 members of

7245 households. Eighty-seven per cent of Wave 1 respondents were re-interviewed in Wave 2.

Release 2.0 of HILDA data is now available, comprising Wave 2 data and revised Wave 1 data. The Wave 1 data includes some new variables such as imputed household income and a series of derived after-tax income variables. The Wave 2 data includes wealth information collected in the new Wave 2 wealth module.

The application process for data is similar to Wave 1. Intending users should download the application form and license (where applicable) from the HILDA website and send their completed forms to the address shown on the HILDA website. A small fee is payable. Intending FaCS users should email <carole.heyworth@facsgov.au> for the FaCS application form and IT security form.

Further information:

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The Longitudinal Dataset (LDS)

LDS-user workshop and birthday celebrations

For the past three years FaCS has organised a one-day FaCS Longitudinal Dataset (LDS) workshop where those who develop, maintain and use the LDS can meet to share their experiences and knowledge of the dataset. The 2003 workshop was held on 26 November at the Tuggeranong Homestead. The workshop was well-attended with representatives from FaCS, Centrelink, other government departments, universities and other research organisations.

The FaCS LDS is created from data drawn from Centrelink's administrative payments records systems and includes fortnightly records of people receiving income support payments

and non-income support payments. It currently contains data for the period July 1995 to June 2002.

The 2003 workshop coincided with the fifth anniversary of the release of the LDS 1 per cent sample that is used for research and analysis purposes. To acknowledge this important milestone, FaCS celebrated with a small cake-cutting ceremony that was attended by Wayne Jackson (Deputy Secretary FaCS), Robert Porteous (Assistant Secretary, Strategic Policy and Knowledge Branch), and Liz Pugh (Business Information Solutions Branch). Ms Pugh is a Business Analyst with the LDS Team that was heavily involved with the original design of the LDS in 1998.

The papers presented at the workshop covered a wide range of topics, including:

- 'Parents on Low Income Study' (Vic Pearse, FaCS)
- 'How parenting affects couples' transition from income support into the paid labour market' (Jenny Chalmers, University of New South Wales)
- 'Long-term outcomes from the Parenting Payment Intervention Pilot' (Thorsten Stromback, Curtin University)
- 'The General Customer Survey and the Longitudinal Dataset (Justine Gibbings, FaCS)
- 'Part-time work past retirement' (Sandra Dandie, Australian National University)
- 'Marriage and taxes, and the impact of welfare' (Bob Gregory, Australian National University).

FaCS staff, Yvonne Dunlop (Welfare Reform Taskforce), Michelle Brady and Helen Moyle (Strategic Policy and Knowledge Branch) also gave presentations on changes to the LDS, the new *Workforce Age Longitudinal Extract* and the importance of understanding the policy context when using the LDS.

To close the day Michelle Brady gave a summary of the research that used the dataset. She reported that, at the time, there were 70 approved LDS-users outside

FaCS and that, since the release of the LDS 1 per cent sample in 1999, there have been approximately 60 major reports, journal articles and conference papers completed on research using the LDS. Some of the major themes in this research are:

- ▶ characteristics of Parenting Payment recipients
- ▶ the relationship between geographic location and income support
- ▶ labour market participation while on income support
- ▶ dependence on income support.

The LDS has also been used extensively to evaluate FaCS policy changes and pilots.

Some of the most significant results from the research conducted since 1999 are:

- ▶ lone parents rely on income support for long periods of time
- ▶ there are relatively high levels of disability among single Parenting Payment recipients
- ▶ people on unemployment benefits move in search of cheaper housing and also move away from poor labour markets
- ▶ people on Disability Support Pension are moving to temperate coastal regions and, overall, to areas with poor labour markets.

Further information

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Copies of the workshop presentation are available upon request.

Social Policy Research Services (SPRS) agreements: research updates

FaCS has four-year agreements (2001 to 2004) with three university institutions to conduct research on social policy issues. Social policy research services are provided to FaCS through agreements with:

- ▶ The Social Policy Evaluation, Analysis and Research Centre, Australian National University
- ▶ The Melbourne Institute of Applied Economic and Social Research, University of Melbourne
- ▶ The Social Policy Research Centre, University of New South Wales.

Melbourne Institute of Applied Economic and Social Research

The Melbourne Institute (MI), based at the University of Melbourne, has expertise in empirical studies of:

- ▶ the labour market and its interaction with the social security system
- ▶ behaviour policy modelling
- ▶ economic and social research on families and communities.

Further information:

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The importance of where people live for subjective welfare

Mark Wooden and Mike Shields

The objective of this completed research was to identify the relative importance of neighbourhood in explaining variations across individuals in a self-reported measure of welfare, and what neighbourhood characteristics are associated with higher levels of reported welfare.

The paper reports on an analysis of life satisfaction data collected as part of the first wave of the HILDA Survey. More specifically, the clustered nature of the HILDA sample was used to test the role of neighbourhood effects in accounting for inter-personal differences in self-reported life satisfaction scores.

A regression model predicting individual differences in life satisfaction was developed and tested for men and women separately. When this model was estimated allowing for fixed neighbourhood effects (based on the census collection district in which a sample member resides), strong support for sizeable effects was found. Indeed, observable individual and household characteristics (such as age, sex, employment status and household income) were only found to account for about 12 to 14 per cent of the variation in measured life satisfaction. Of the variance unexplained, close to 10 per cent could be accounted for by unobserved differences across neighbourhoods.

While identifying the presence and magnitude of neighbourhood effects proved to be relatively straightforward, determining the source of these neighbourhood differences is a very different matter. Essentially, these neighbourhood effects can arise either because individuals in the same neighbourhood tend to behave similarly (as they face similar environments or have similar characteristics) or because the behaviour of individuals is affected by the behaviour of other residents of the neighbourhood. Some evidence was uncovered to suggest that the latter type of effect might be relatively more

powerful in explaining differences in life satisfaction. Unfortunately, this conclusion is tentative at best, with measurable neighbourhood characteristics only found to have a relatively small impact on the overall explanatory power of the regression models.

Further information:

This research has been published in Melbourne Institute's *Working Paper 24/03*, 'Investigating the role of neighbourhood characteristics in determining life satisfaction'. More information is available at web <www.melbourneinstitute.com.au>.

Economic and sociological analyses of communities: existing research findings

David Johnson, Bruce Headey and Ben Jensen

The purpose of this literature review was primarily to clarify issues and assess evidence in relation to:

- ▶ concepts and competing definitions of community and social capital
- ▶ measurement—how best to measure community integration, social networks and social capital
- ▶ empirical claims about the *sources*, benefits and potential costs of stronger communities and social capital.

Strengthening families and communities is an important goal of government policy. In recent times, interest in community affairs has been highlighted by the development of measures of social capital, which aim to summarise and measure the benefits of communities. A wide range of disciplines, including sociology, demography, political science, psychology and economics, have provided the framework for studies of community and social capital. This review explores the meaning and relevance of community and social capital drawing on all these fields, although the main basis for the review is in the specialist area of economics.

In spite of the difficulties of defining communities, there does appear to be increasing interest in, and public support for, community-based service delivery. The potentially increased responsibility of community organisations raises issues to do with their governance and accountability.

A number of studies have been undertaken in Australia measuring social capital and indicators of community progress more generally. A problem with compendia of social indicators is that it is not obvious what weight should be placed on individual indicators, or (same point) how to construct a weighted summary of them. With this problem in mind, the authors reviewed several approaches to aggregating measures of social capital, including the future possibility of including both stock and flow measures in the National Income Accounts.

For the present, this review has suggested four key principles for measuring community strength and social capital:

- ▶ distinguish between the structure (size, density) of community networks and their content (norms of trust, reciprocity and participation)
- ▶ specify precisely the geographical area and/or type of organisation to which measures apply
- ▶ develop measures of community/networks/ social capital which can validly be presented at both individual and aggregate levels
- ▶ always assess the costs and benefits of social capital empirically and never assume that all social capital is benign.

Further information:

This research has been published as Melbourne Institute's *Working Paper 26/03*, 'Communities, Social Capital and Public Policy: Literature Review'. More information is available at web <www.melbourneinstitute.com.au>.

Conference papers

Disclaimer

The following articles summarise papers presented by FaCS staff at conferences during 2003. The commentary, analysis and/or conclusions expressed in these papers are those of the authors and do not necessarily represent the views of the Minister for Family and Community Services or the Australian Government Department of Family and Community Services.

Hardship and Australian families

Research presented at the 2003 Australian Institute of Family Studies Conference in Melbourne highlighted the important role of employment to positive social outcomes. Following on from FaCS Occasional Paper 4, 'Hardship in Australia', Rob Bray (Director of Spatial and Distribution Analysis, Strategic Policy and Knowledge Branch, FaCS) presented further work examining the experiences of families with children in a paper titled, 'Hardship in Australian families'.

The research behind both papers uses data from the Australian Bureau of Statistics (ABS) 1998–99 Household Expenditure Survey, which includes questions on experiences of financial stress. In the analysis presented in 'Hardship in Australia' these experiences were, on the basis of statistical analysis, classified into three factors:

- ▶ *missing out*—the experience of constraint upon household activities
- ▶ *cash-flow problems*—these appeared to have a substantial component of being the means by which household negotiated periods of financial stress
- ▶ *hardship*—this category contained four measures of stress, which included instances of having gone without food or heating; having sought assistance from a community or welfare agency; or having to pawn or sell something because of a shortage of money.

To improve the robustness of the measure, the focus of analysis for both papers was on a measure of *multiple hardship*, where households experienced two or more of the hardship items.

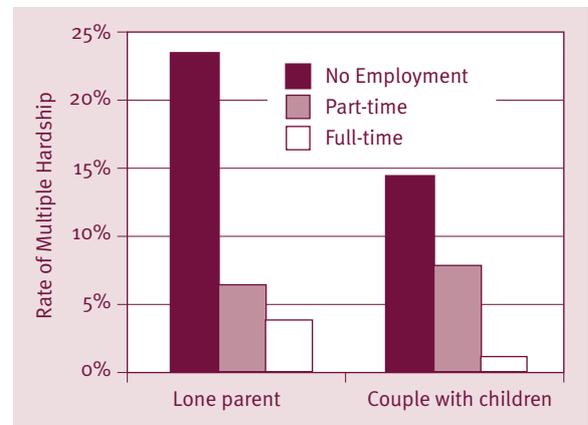
Using this measure of multiple hardship, the AIFS Conference paper, 'Hardship and Australian families', reported that 2.5 per cent of couple families with dependent children, and 14.7 per cent of sole parent families, experienced multiple hardship at some point in the year prior to the survey. This represents some 51 000 couple families, with 100 400 dependent children and 68 000 families headed by a sole parent. These families contained an estimated 118 200 dependent children.

The incidence of multiple hardship was much higher amongst families that had income support as their main source of income. However, not all families experiencing such adverse outcomes had low incomes. Indeed, only just over half (53 per cent) of couple families and just under two-thirds (64 per cent) of sole parents experiencing multiple hardship were in the lowest income quintile. Reflecting this, conventional income poverty measures were found to be relatively ineffective in identifying those households with these severe negative outcomes. Such income poverty approaches also tended to include as 'poor' many households with minimal, if any, indicators of stress.

Higher levels of multiple hardship were also associated with larger family size and the presence of younger children. Parental education also was important. For couples with children the rate was more than double (3.9 per cent compared to 1.4 per cent) if the highest level of parental education was less than Year 12. This was even more marked for lone parents with a rate of 20.1 per cent for those who had not completed Year 12, as opposed to 6.0 per cent for those who had.

A key finding of the paper related to the relationship between hardship and employment. These results are shown in Figure 1.

Figure 1: Families with dependent children, incidence of multiple hardship by employment status



This shows that employment is associated with much lower rates of multiple hardship. While similar patterns of reduced hardship with more intensive labour market participation was present for both lone parents and couples, an interesting finding emerging from this was the relative differences in the role of part-time employment. For a lone parent, part-time employment is associated with a 72 per cent lower rate of multiple hardship than that recorded with no employment—a rate of 6.6 per cent compared to 23.7 per cent. In contrast to this massive fall, the further decline with full-time employment—to a rate of 3.7 per cent—while still strong, is much more modest. In the case of couples, while having at least one person in part-time employment was associated with a 50 per cent fall in the rate of multiple hardship (from 14.3 per cent to 7.7 per cent), the strongest fall being recorded if a person was in full-time employment—where the rate was just 1.3 per cent.

Analysis of the relationship between hardship and employment in 'Hardship in Australia' concluded that the employment effect went beyond simply the contribution which employment made to household income.

Further information:

'Hardship and Australian families' is available from the AIFS Conference website: <www.aifs.org.au/institute/afr8/bray.pdf>. *Occasional Paper 4*, 'Hardship in Australia' is available in electronic format from web <www.facs.gov.au> (follow the links 'publications' > 'research'), or printed copies can be ordered by tel 1800 050 009 (freecall).

The value of child care

Jay Martin (Child Care Benefits Branch, FaCS) presented a paper titled, 'An assessment of the contribution of child care to the Australian economy' to the Australian Early Childhood Association's Biennial Conference, held in Tasmania, July 2003.

High-quality child care contributes to society through promoting children's growth and development. It can be particularly helpful in assisting disadvantaged children to overcome some of the barriers they might face. It also helps parents to better respond to the needs of their children by offering periods of respite, as well as the opportunity to combine parenting with other responsibilities.

In addition, child care makes a substantial contribution to the national economy. It does so not only by producing a service that others buy, but also by supporting parents, particularly those with young children, to work. In this way, the value of the sector is not only what it produces, but also what it supports others to produce.

In the 2001 ABS *Census of Population and Housing* there were more than 2.3 million families with dependent children. Around half of all families will use some kind of child care. The skills and experience of these parents obviously represent a considerable economic and social resource to the community, much of which would be unavailable to employers for substantial periods of time

if child care were not available. In this way, one of the major contributions which child care makes is to enable the nation's pool of talented and skilled parents to engage in the formal economy. This places it among the essential infrastructure of a society—such as transportation, telecommunications or education—without which a range of economic activities would not be possible.

In this way, expenditure on child care could be considered as an enabler of the economic capacity and output of a society, and an investment in creating economic opportunities and activity. This paper attempts to quantify the value of this activity and, in doing so, estimate the economic return that the government receives for its investment in child care.

For the purposes of this paper, child care is defined as supervised care of children, in approved child care services, for which Child Care Benefits is payable.

Findings

Against a total Australian Government expenditure of \$1646 million in 2001–02 on child care, the annual value of the child care sector to the Australian economy, as defined and presented here, is estimated as follows:

- ▶ total economic activity = \$18 801 million
- ▶ total income taxation generated = \$1615 million
- ▶ direct return to the Australian Government Budget, through taxation revenue and savings to social assistance outlays, less child care funding commitment = \$3064 million.

Breaking down these figures further, we can estimate that:

- ▶ every dollar spent on child care returns total economic benefits of \$12.28
- ▶ every dollar spent on child care directly and indirectly supports earnings of \$5.63
- ▶ a dollar spent on child care returns \$1.86 directly to government's bottom line, in the form of increased taxation and reduced government outlays.

These figures are not dissimilar to the results of many international studies. Returns to the government budget, per dollar spent, have variously been estimated at \$1.56 in San Antonio, Texas; \$1.50 to \$3.00 for the US in total; \$1.54 in North Carolina; and \$2.00 in Canada. The differences in methodologies used, as well as fundamental differences in the taxation, social security and child care systems in Australia and North America means that the figures cannot be directly compared. However, they demonstrate a clear pattern—spending on child care has consistently been shown to more than pay for itself.

While parents spend money on child care, it can also be seen that they also have a substantial net gain for this investment. Specifically:

- ▶ For every private dollar spent on child care, parents are, on average, at least \$2.86 better off in terms of disposable income after accounting for income tax liabilities, government benefits foregone and the private costs of child care.

Child care has a host of additional benefits, which it has not been possible to quantify here. These further add to the returns which government, the economy and society in general achieve from funding child care.

These figures raise the question ‘Could child care funding be considered an investment in productive activity, rather than a social outlay?’

Further information:

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Spatial dimensions of income growth

Rob Bray presented his paper, ‘The tide has risen and...: trends in the spatial distribution of incomes 1986–2001’ to the Australian Social Policy Conference in Sydney, July 2003. This paper provided preliminary results from analysis of the geographic characteristics of income growth over the past four censuses.

The paper presented highlighted the strong income growth that had been recorded between the 1996 and 2001 censuses. It reported that between 1996 and 2001 the real equivalised average gross household (based on a couple with one child) increased by 15.7 per cent, from \$50 100 to \$58 000. This growth outstripped that of the previous intercensal periods: growth of 4.3 per cent between 1986 and 1991; and growth of 1.9 per cent between 1991 and 1996.

The focus of the paper was not, however, on these aggregate movements, but rather the geographic distribution of the growth. This was achieved by considering the movements in average income between different Statistical Local Areas (SLAs). These areas, developed by the ABS, are either Local Government Areas (LGAs), or in the case of large LGAs, sub-divisions of a LGA.

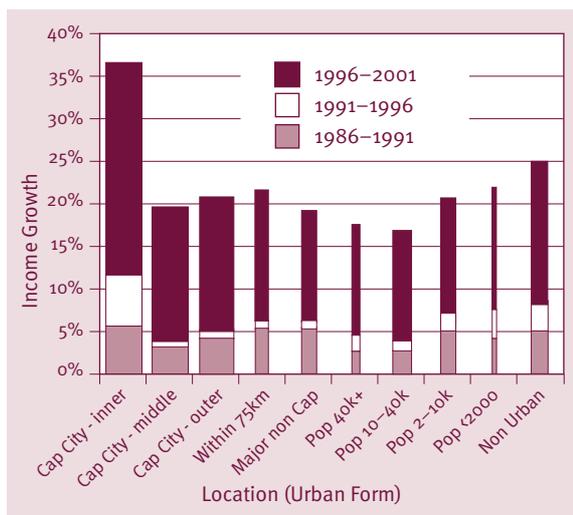
The paper found that, overall, other than some movement around the middle of the distribution, the broad relative ranking of locations had remained constant over the period. The strongest income growth—of around 30 per cent—was recorded in the most affluent 20 per cent of locations; the rate of income growth declined to as low as 15 per cent for some middle ranked locations, before rising to over 20 per cent for the least affluent 20 per cent of locations. The least well-off 5 per cent of locations recorded an average growth rate of 25 per cent.

A consequence of this pattern was that inequality in the distribution of income between locations increased. However, as this increase was accompanied by real income growth that was shared by lower-income

locations, utilising the Generalised Lorenz Curve, analysis concluded that social welfare across locations had improved.

The most dramatic finding of the paper concerned the pattern of growth by type of location. This used a classification system that grouped SLAs together on the basis of the main form of settlement present in the location. The results are shown in Figure 1. As illustrated, a relatively even pattern of growth was recorded across all types of locations—other than the inner ring of capital cities. Whereas the 15-year income growth in most types of location was around 20 per cent, the inner zones of the capitals recorded growth of over 35 per cent.

Figure 1: Relative income growth by urban form¹



¹ The width of the columns represents the relative population size in each location.

In presenting these results, the author noted that this finding was important because many other studies had simply grouped all capital city locations together, and had drawn a dichotomy between the experiences of Australians living in the capitals and those living in other locations across Australia. Rather, these results show a commonality of experience of incomes growth across most of suburban Australia and Australia’s regional cities and rural areas, with only the inner parts of the capitals having a different experience.

A further important question considered by the paper was why the pattern of income growth identified in the study differed from previous studies that had reported that incomes fell in poorer locations and rose in higher ones. The analysis indicated that the explanation for this appears to be the use of unequivalised household income in earlier studies. This approach had not taken account of the more rapid fall in the size of households in poorer locations.

Further information:

The paper, ‘The tide has risen and...: trends in the spatial distribution of incomes 1986–2001’, is available from the Australian Social Policy Conference website <www.sprc.unsw.edu.au/ASPC2003/papers>. A revised version of the paper is expected to be completed in early 2004 taking advantage of the release of revised ABS survey data.

The paper identified a number of possible explanations for this finding, suggesting that it may reflect:

- ▶ the overall tendency of higher income areas to have stronger income growth
- ▶ the extent to which the inner cities, especially in Sydney and Melbourne, had gained from the internationalisation of these cities
- ▶ the resurgence of inner-city living, which has seen the development of high-quality inner-urban housing.

Ageing among overseas-born Australians: challenges for social policy and participation

On Thursday 9 October 2003, Zoe Rivers (Victoria State Office, FaCS) delivered a paper on behalf of Darian Clark (Strategic Policy and Knowledge Branch, FaCS) to an international symposium, ‘Ageing well: the multicultural challenge’, organised by the Alma Unit for Research on Ageing at Victoria University, Melbourne.

Recent emphasis on national trends in population ageing has seen limited focus on differences in the scope and pace of ageing in Australia's multicultural communities. Yet the dynamics of structural ageing differ for overseas-born Australians, and this may present different social policy implications. Indeed, with the expected rise in the number of older migrants, it appears likely that these differences will require special consideration in FaCS' policy development around social participation.

Projections of an ageing population

Between 2001 and 2026, the proportion of the total Australian population that is 'older' (aged 65 years or more) is expected to rise from 12.4 per cent to 18.7 per cent, or from 2.4 million to 4.5 million people. Over the same period, the number of older overseas-born Australians is expected to increase from around 770 000 to 1.5 million people, proportionally remaining constant at about one-third of the total older Australian population. However, there will be differences in ageing scope and pace according to country of birth. The United Kingdom, Italy and Greece will continue to be the most common countries of birth for older overseas-born Australians over this period. Those born in Eastern Asia will constitute about 6 per cent of the total older Australian population in 2026, up from about 3 per cent in 2001.

In 2000, the age structure of older overseas-born Australians was 'younger' than that of Australian-born, with a higher proportion aged 65 to 89 years, and a lower proportion aged 85 years and over. This is expected to reverse by 2026.

Social participation

The paper constructed a three-tier heuristic model for understanding social participation—connectedness, contribution and capacity-building. A range of ABS data sources showed that multicultural ageing communities are marked by stronger levels of 'connectedness', but weaker levels of 'social contribution' when compared to their fellow

Australian-born counterparts. For example, when compared to older Australian-born people, older overseas-born are:

- ▶ more likely to be married (60.1 per cent versus 52.8 per cent), but less likely to be widowed (30.6 per cent versus 34.7 per cent) (Proportions of married and widowed differ according to country of birth.)
- ▶ more likely to be living with spouses and/or family members
- ▶ more likely to rely on formal care (86.9 per cent versus 81.8 per cent) but less likely to rely on informal care (51.6 per cent versus 62.7 per cent)
- ▶ less likely to undertake voluntary work than their Australian-born counterparts (however, there are issues in terms of how volunteering is defined by the ABS).

It was also found that proficiency in the English language differs by country of origin, but generally the longer a person has resided in Australia, the better their standard of English.

The implications of diversity

The diversity within this older population increases the challenges for coherent and consistent policy development and program delivery. Some of the social policy implications include:

- ▶ the need for a more robust evidence base in this area
- ▶ the role of policy in facilitating the household formation preferences of older overseas-born Australians
- ▶ the capacity of family support services to meet the ongoing and changing relationship needs of older overseas-born Australians
- ▶ appropriateness of formal and informal aged care provision, as well as carer support
- ▶ potential scope to increase volunteering opportunities for older overseas-born Australians to prevent social isolation and strengthen communities

- ▶ the population growth for those aged 85 years and more for social policy and program delivery given natural 'language loss' and other age-related health problems.

In sum, policies and programs toward the aged should consider the diversity within evident this population.

Further information:

FaCS: Darian Clark (Strategic Policy and Knowledge Branch), tel (02) 6244 7108 or email <darian.clark@fac.gov.au>

Seminar reviews

Disclaimer

The following summaries detail presentations of guest speakers. The commentary, analysis and/or conclusions expressed in these summaries are those of the speakers and/or authors and do not necessarily represent the views of the Minister for Family and Community Services or the Australian Government Department of Family and Community Services.

The social economy in Europe

John Pearce (Director of Community Business Scotland, and Community Enterprise Consultancy and Research, Scotland) presented a seminar on 'Social accounting, triple bottom line reporting and social enterprises for community organisations as they are developing in Europe'. In addition to facilitating social accounting and audit programs throughout Europe and the United Kingdom, Mr Pearce has been an advocate for 'social enterprise'—organisations that combine social objectives with business activities.

Hosted by the Community Branch and Welfare Reform Taskforce this presentation was held at FaCS National Office, Canberra, 28 October 2003. This review was prepared by Lynne Wade (Community Branch, FaCS).



Mr John Pearce (Director, Community Business Scotland Network) at FaCS National Office, Canberra, 28 October 2003.

In his presentation, Mr Pearce highlighted the size and scope of the ‘social economy’, which is often undervalued when compared with the non-trading public sector and the private-for-profit sector. As the ‘third sector’, the social economy includes social enterprises, social businesses and those voluntary organisations that engage in trade.

It is this third sector, with its strong value-base of self-help, mutuality and social purpose, that is increasingly becoming a dynamic force in the overall economy. However, Mr Pearce argues that, for the growing social economy to compete and be part of the broader economy, the sector needs to work towards establishing an accounting and audit framework that demonstrates its credentials in the marketplace. To this end he has promoted the adoption of a social accounting framework to report on activity in the social economy, and the formal auditing of these accounts by independent agents.

Six key principles were identified for use by organisations in developing a social accounting framework:

- ▶ adopt a multi-perspective view—what do key stakeholders say, what does the organisation really do, what do others do (history and current practices in different sectors).
- ▶ be comprehensive, report on everything—clarify objectives, state values, identify stakeholders, and determine scope.
- ▶ report regularly on social, business and financial objectives—agree on what indicators will be used to assess performance, identify existing records and data, decide what additional data will be collected and how, agree when and how to consult stakeholders, organise resources, produce a social accounting plan, and implement and monitor this plan.
- ▶ actively compare—set benchmarks with other similar companies. This assists mobility and the development of future targets. In drafting the social accounts use existing information, data collected and views of the stakeholders.

- ▶ verify all information—a Social Audit Panel should verify a sample of the data used and comment on the quality of the social accounting and reporting. The Social Accounts are revised in accordance with the Panel’s recommendations, and a social audit statement is issued.
- ▶ disclosure—publish and distribute a summary of the audited accounts to all stakeholders.

In discussing the role of social enterprises and social businesses in the economy, Mr Pearce saw them as an essential part of a vibrant, rich economy as they readily adapt to changes in service delivery and resource environments. Social enterprise is not the complete answer to unemployment or social problems but it does present another policy option for government to support diversity in the market place and achieve some social outcomes. The potential of social enterprise in regional communities and disadvantaged areas, and in integrating harder-to-help groups back into the workforce, was also highlighted.

Further information:

FaCS: Director (Community Participation and Policy Section), Community Branch, tel: (02) 6212 9386

New publications

Policy Research Paper 21

Estimating the prevalence of mental disorders among income support recipients: approach, validity and findings

Peter Butterworth (FaCS, Centre for Mental Health Research)

There is growing recognition of the significance of mental disorders in terms of prevalence, magnitude and impact. Mental illness (including common mental disorders such as depression, anxiety disorders and substance-use disorders) is one of the leading causes of disease burden in Australia, resulting in significant impairment, functional limitation and role restriction. Around 20 per cent of Australian adults experience a mental disorder in a 12-month period. However, mental health problems are also associated with socio-economic disadvantage. International research shows that welfare recipients with mental health problems are less likely to find and keep a job. For those in employment, mental health problems can result in reduced productivity and increased time off work. Such findings show that understanding mental health—and the types of strategies and approaches that can help people to overcome and manage common mental disorders—is potentially important to the FaCS portfolio. This is particularly the case given current priorities, such as reform of the income support system, a focus on understanding and promoting participation, and responding to structural ageing.

In 1997 the Australian Government conducted the National Survey of Mental Health and Wellbeing to collect data on the national prevalence of mental disorders, the associated level of disability and people's use of health services. This paper reports on analysis of the dataset to estimate the prevalence of common mental disorders within the Australian income support population. Further, it disaggregates the analysis, looking at differences across five distinct client segments: unemployed,

students, partnered women with children, unpartnered women with children, and people not in the labour force.

The report shows that mental disorders are much more prevalent among income support recipients than the rest of the population. Over 30 per cent of income support recipients have a diagnosable mental disorder compared to 18.6 per cent for non-recipients. Substance-use disorders are more prevalent among people receiving unemployment benefits and students. Lone mothers are three- to four-times more likely to be suffering from clinical anxiety or depressive disorders than non-recipients. The report concludes that poor mental health is a factor that is likely to have a major impact on many FaCS clients and reduce their ability to achieve social and economic goals. The report also identifies policy and service delivery opportunities.

Occasional Paper 9

Inquiry into poverty and financial hardship

Australian Government Department of Family and Community Services submission to the Senate Community Affairs Reference Committee

In October 2002 the Australian Senate referred, for inquiry and report, questions related to poverty and financial hardship to the Senate Community Affairs References Committee. FaCS responded to the Committee's request for submissions as part of its information gathering process. The submission by FaCS has been reproduced as *Occasional Paper 9*.

This submission emphasised that, while Australia has high and rising living standards—which have been shared widely across the community—some Australians continue to face disadvantage. Such disadvantage is often complex and compounded by a number of factors. Traditional approaches to poverty, which tend to focus on income measures, are inadequate in identifying disadvantage or informing about its various causes.

The important social policy challenges of tackling multiple disadvantage and improving economic participation, where this is possible, were identified.

Policy initiatives in response—such as welfare reform, early intervention strategies and greater understanding of life events through longitudinal data collection and analysis—were detailed.

The submission also highlighted that the responsibility to address these challenges does not rest with government alone, but also with communities, families and individuals.

The *Senate References Committee Inquiry into Poverty and Financial Hardship* is due to report by 4 March 2004.

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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' > 'research').

Forthcoming conferences (a selection)

In partnership with families: stepping off the roundabout

Fifth National Intensive Family Services Practice Symposium

1–2 April 2004
Sydney, New South Wales

Further information:
tel: (02) 4572 3079
web: <www.mob.com.au/ifs2004>

Globalisation, families and work: meeting the policy challenges of the next two decades

14–18 April 2004
Brisbane, Queensland

Further information:
tel: (02) 6273 4885
email: <conference@familiesaustralia.org.au>

Community development, human rights and the grassroots

15–17 April 2004
Melbourne, Victoria

Further information:
tel: (03) 5227 2113

10th National Conference On Volunteering

17–18 June 2004
Melbourne, Victoria

Further information:
tel: (03) 9509 7121
email: <info@conorg.com.au>

Broadening the vision: building cohesive communities for children and families

Sixth Biennial National Early Childhood Intervention Australia Conference

8–13 August 2004
Melbourne, Victoria

Further information:
email: <mail@cdesign.com.au>

**Population and society: issues, research,
policy**

Australian Population Association 12th
Biennial Conference

19–22 September 2004
Canberra, Australian Capital Territory

Further information:
tel: (02) 6125 0133

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

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