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Future Directions in Australian Social Policy New Ways of Preventing Risk

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Committee for Economic Development of Australia

Future Directions in Australian Social Policy: New Ways of Preventing Risk

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Foreword

The papers in this volume grew out of a research project entitled 'A New Social Settlement: Rethinking Social Policy Across the Life Course'. This two-year ARC Linkage project aims to develop a framework for rethinking the future of social policy in Australia, with an emphasis on the impact of labour market and household change on current policy settings.

Increasing income inequality and emerging forms of labour market disadvantage suggest the breakdown of the postwar social settlement based around standard employment relationships, the male breadwinner family model and residual social security. This breakdown is accompanied by the emergence of new risks, often mutually reinforcing. There is the economic risk faced by the individual worker engaged in precarious employment arrangements within a volatile labour market. This is compounded by the social risk that arises as household relationships, once part of an important redistributive system, become, like work relationships, increasingly serial and contingent. Finally, there is the political risk arising from the collapse of the consensus around state capacity for intervention, expenditure and public service provision.

The New Social Settlement project aims to identify how transformations in Australian working life and family life affect wellbeing across the life course. What is increasingly clear is that the lifetime experience of that cohort of Australians who entered the labour market or formed families after the mid-1970s will vary greatly from that of the immediate postwar generations. The new types of arrangements that have been identified in both working life and household formation will not be confined to the periphery of society or the labour market and will demand new policy responses. The project focuses on how labour market and household change demand a new set of approaches in key policy areas.

The project involves research partnerships between Professor Brian Howe at the Centre for Public Policy at The University of Melbourne; Associate Professor Linda Hancock of the Public Policy and Governance Program at Deakin University; Associate Professor Maryann Wulff of Monash University; the Brotherhood of St Laurence; and the Committee for Economic Development of Australia. Funding has come from the Australian Research Council, the Brotherhood of St Laurence, the Committee for Economic Development of Australia and The Myer Foundation.

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Executive Summary

The papers presented in this issue of *Growth* aim to explore the scope for new directions in social policy in the light of critical shifts in working life, household relations and the economy.

These are informed by concerns about the widening divisions and inequalities in Australian society, an increasing burden on individuals to cope with new uncertainties and risks, and a questioning of the balance between reliance on the market as a distributive mechanism and a role for government in risk prevention and mitigation, social investment and social protection.

These new uncertainties and risks are captured in the experience of our 'barometer cohort' aged 25 to 34. Compared with the baby boomer generation, the Generation Xers face a very different lifecourse trajectory under current policy settings. We look at how they are faring, as well as examining the experiences of young people and older workers, in the areas of family/work policy, income security, education and training, housing and labour market regulation.

Compared with the baby boomer generation, the Generation Xers face a very different lifecourse trajectory ... linear transitions from school to work and to independent living for people aged 15–25 have eroded.

The first four papers take as their focus key periods in the contemporary life course. In examining the position of young people, Valerie Ayres-Wearne notes that the linear transitions from school to work and to independent living for people aged 15–25 have eroded. Transitions are more fluid, with greater overlaps between study and work and increased dependency of young people on their parents. Some young people are particularly vulnerable in their attempts to develop a secure attachment to the labour market. Ayres-Wearne also traces the developments in youth policy since the mid-1970s and seeks to identify how elements of this policy response need to be strengthened to address vulnerability, build resilience and promote social protection for these young people in the context of a risk society.

The life period 25 to 34 years of age, the Generation Xers, is the focus of research presented by Fiona Macdonald and Sonya Holm. Key events during this period include the establishment of independent living arrangements, entering couple relationships and having children. From a lifetime perspective, the imperative to gain relatively secure and financially rewarding work at this age is high. Nevertheless, there is much less full-time employment for this age group and generally lower wages compared with the generation that preceded them. This research brings into focus the extent and nature of some of the risks associated with the changed labour market in Australia for young people who are not finding it easy to make the transition to the full-time labour force. Individual case studies provide insights into the lived reality of the transformed labour market for this cohort.

Social policy in Australia has traditionally taken for granted family formation on the male breadwinner/female homemaker model. With the increase in women's labour force participation, and the diversification of households, this assumption is no longer sustainable. Elements of the old 'gender contract' appear irrelevant, although the domestic division of labour, particularly around caring work, has been slow to adapt. New and emerging forms of risk are placing more strain on households and families at exactly the time that their capacity to cushion risk is

diminishing. Many families are squeezed by the demands of paid employment, insecure or precarious forms of work, childcare and elder care. Acknowledging the need for an integrated policy response, Linda Hancock's chapter canvasses the need for a new social protection framework that emphasises decent jobs that can both sustain households and a better balance between home and work. This would entail a new role for government in 'upstream' preventative measures as opposed to a focus on mitigation and coping.

Working life is being shortened not only by the slower entry of young people, but also by earlier exit. Julia Perry points to the dramatic fall that has been occurring in workforce participation among mature-age workers, especially men. A recent Commonwealth government survey showed that while many older males choose to 'retire' early, quite large numbers of men see themselves as being forced out of the workforce in their late fifties and early sixties. While government policy still favours early retirement it is clear that for many people of low socioeconomic status early withdrawal from the workforce may result in significant hardship.

What might this new distribution of risks across the life course mean in terms of social policy options in the Australia context? The remaining four papers examine aspects of policy regarding income support, education and training, housing and labour market regulation.

Anthony O'Donnell offers a survey of current trends in social security reform in Australia. On the one hand, there is a move to make income transfers more available to working families. He contrasts this approach with an increasingly conditional or moralised approach to income support for the unemployed and other jobless groups, an approach encapsulated in the rhetoric of 'welfare dependence' and 'mutual obligation'. In making an invidious distinction between the working and non-working poor, this combination of policies will only further feed 'downwards envy' and undermine popular support for the redistribution necessary to both protect people at their most vulnerable and to provide for people during key life course transitions. Alternative options range from incremental improvements to the current social security model so as to enhance both its protective function and its potential as a means of managing life course transitions, to instituting a new tier of contributory entitlement, perhaps utilising the infrastructure currently in place for superannuation.

The capacity of individuals to take up labour market opportunities across their life course is increasingly linked to education and training. The new rhetoric is one of 'lifelong learning'. Yet a key concern is the growing core/periphery divide in relation to the provision of vocationally oriented education and training, with those in non-standard employment increasingly less able to access education and training opportunities. Marion Frere draws attention to the ways in which current trends in lifelong learning policy, with its emphasis on individual responsibility for skill development, will further reinforce a shift to personal learning investment. Such a move raises questions as to how we spread the cost of lifelong learning equitably between the various beneficiaries without promoting inequalities. There may be scope here, too, for reshaping our social policy to place importance on building a savings infrastructure that would also allow a balanced investment policy in terms of people's need for lifelong education.

Working life is being shortened not only by the slower entry of young people, but also by earlier exit. A dramatic fall has been occurring in workforce participation among mature-age workers, especially men. For many people of low socioeconomic status early withdrawal from the workforce may result in significant hardship.



Increased fragmentation in the conditions of labour hire and the growth of so-called 'atypical' employment, mean many more workers fall outside the protective net.

Under the old social settlement, home ownership was an integral part of economic and regional policy, with government investment assisting entry into home ownership. This, in turn, has been a buffer for ageing postwar generations. As Maryann Wulff points out, social and economic transformations mean that for an increasing proportion of Australians, rental tenure is no longer temporary or transitional. Wulff argues there has been a shift from housing as a common good to housing as a private individual and market responsibility. The policy challenge is to extend the benefits of home ownership to those who may never be owners.

The regulation of work and the employment relationship has also been a key site in which important outcomes around living standards, equality of earnings, social participation and economic efficiency were achieved. Richard Mitchell, Jill Murray and Anthony O'Donnell recognise that these outcomes were partial and qualified for much of the twentieth century. But they have become even more attenuated as we enter the twenty-first century. Because of the increased fragmentation in the conditions of labour hire and the growth of so-called 'atypical' employment, many more workers fall outside the protective net. At the same time, political and economic pressures have been brought to bear on the idea of traditional labour regulation. Mitchell, Murray and O'Donnell consider a number of possible bases for a re-regulation of the labour market, and in doing so seek to revitalise some of the founding aspirations of the past. These include extending the scope of labour law to include at least some of the new kinds of labour hire and work arrangements and a restructuring of institutions around different forms of participation, with a new mix of multifaceted, integrated regulatory approaches.

1 A national youth policy: Achieving sustainable living conditions for all young people

Valerie Ayres-Wearne

Introduction

Australian young people today can no longer assume access to paid employment, transition to independence and full participation in the social and economic development of their community. Notwithstanding the intense policy concern about the employment needs of young people over two decades, a growing number of young people face increased insecurity. In contrast to their peers in the previous generation, young people today are less assured of achieving sustainable living conditions over their lifetime.¹

Two recently released reviews conducted at the direction of the Howard government represent attempts to respond to these issues: *The McClure Report*² and *Footprints to the Future*.³

Footprints to the Future calls for the development of local partnerships within a network governance framework⁴ based on a place management approach⁵ to strengthen the commitment to young people in developing a learning pathway plan to ensure the transition to independence and full economic and social participation in the community. Based on a similar structure, the *McClure Report* calls for the development of training and employment opportunities in socially and economically disadvantaged areas to promote greater economic and social participation and decreased reliance on income support for unemployed people of all ages.

Since the mid-1970s, when unemployment started to rise in Australia, much attention has been given to issues affecting young people. The Taskforce that prepared *Footprints to the Future* called for the need to develop an action plan that aims to support young people's transition to an independent livelihood, rather than just focusing on young people's transitions through education and training into the labour market. They also claimed that the failure of the wide range of services provided for young people to work together as part of a co-ordinated whole is at the core of the systemic weakness pointed to by other reports on youth services.⁶

The report sets out to identify the central features of a comprehensive Youth Pathway Action Plan with the aim of generating a sense of shared responsibility between governments, community-based organisations, businesses, schools and communities for supporting young people's transition to independence. Within the context of a National Commitment to all young people, their recommendations support the development of a coherent and integrated youth transition system to ensure that young people have the ideas, knowledge and skills to take advantage of opportunities, and to participate in the social and economic life of the community.

The focus of the *McClure Report* centres on the perception that joblessness, unemployment and reliance on income support remain unacceptably high despite eight years of strong economic growth. The key overall objectives of the report include the following: the achievement of a significant reduction in the incidence of jobless families and jobless households, a significant reduction in the proportion of working-age population that need to rely heavily on income support payments, and stronger communities that generate more opportunities

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Joblessness, unemployment and reliance on income support remain unacceptably high despite eight years of strong economic growth.



Australia's steady economic growth has not been shared equitably. There has been increased economic division between job-rich and job-poor households; and an increasing number of people are in danger of an intergenerational cycle of significant joblessness.

for economic and social participation. Guided by the principle of social obligation, the report calls for the development of a participation support system, a focus on building community capacity in disadvantaged areas, and an increase in social and economic participation through social partnerships. The report also claims that the emphasis on capacity-building through social partnerships indicates an expanded role for government beyond the existing focus on economic growth and the maintenance of an adequate safety net, and it may require increased social investment especially in the formative stages.⁷

Tracking changes in the labour market

Over the last twenty-five years, labour markets in Australia have experienced enormous structural changes. The resultant emerging trends in the labour market that became evident in the 1970s have continued into the 1980s

and 1990s. These have been characterised as: rising female labour force participation, the increasing incidence of part-time and casual work, the greater importance of educational attainment as a precursor to employment, the shift in employment from manufacturing to services and increasing locational disadvantage. During this period, 'education [has become] a prerequisite for and the key to a person's social functioning in the contemporary industrialised high technology society'.⁸

While these fundamental changes to the Australian economy have resulted in steady economic growth it has not been shared equitably. There has been increased economic division between job-rich and job-poor households; an increasing number of people in danger of an intergenerational cycle of significant joblessness; a widening gap in the workforce in terms of skills and incomes; and major inequalities in resources, infrastructure and employment and opportunities between regions around Australia.⁹ Such locational disparity highlights the need for people and place-based policies to address such inequities.¹⁰

Youth policy responses

Full employment, complemented by a strong arbitration system represented the major social protection strategies in post-World War II Australia. Along with free university education, universal health care and increased access to credit and hire purchase, labour market policies led to significant benefits for the postwar generation. In fact, this generation has been attributed with being the biggest consumers and the worst savers in Australia's history. As a result, government policy in the 1970s was geared to controlling inflationary pressures and a tighter rein on government spending. Within this context, full employment was redrawn as a social goal and investment in capital for employment-related activities was discouraged.

Since the mid-1970s policies focused on full employment and the maintenance of a living wage have been increasingly replaced by an emphasis on growth, employability and mutual obligation. Such policies primarily characterise difficulties experienced in securing a foothold in the labour market as a supply-side problem.

While Australia has never had a national comprehensive and integrated youth policy, the period from the mid-1970s to the late 1980s can be characterised as

the rise and fall of attempts to develop a national youth policy, illustrated by four phases of youth policy development.¹¹

The first, in the early 1970s, was represented by strategies of adjustment to continuing high levels of unemployment. The second, in the mid-1970s, involved the discussion of youth policy centred on a 'youth guarantee', a commitment to the provision of work, education and training for all young people accompanied by the assurance of a guaranteed standard of living or a living wage. The third, in the early 1980s, focused on youth as 'priority one' and youth policy was turned into a policy of education and training. The fourth, in the mid-1980s, in the wake of the International Year of Youth, became more clearly related to 'disadvantaged' or 'marginalised' youth; in contrast to the 'universalist approach' of the late 1970s and early 1980s, in which youth policy was focused on all young people.

Each of these phases was associated with the dominance of either federal or state players in policy formulation. In the first three, there was a shift towards responsibility by the federal government while the fourth represented a move back to the states. This was also related to the central state assuming a dominant role in economic policy and its related education and training agenda while social policies for youth were moved from the centre. This represented a shift in all areas of youth policy to push development away from centralised bureaucratic authorities towards a context of policy development within the community.

By the early 1990s, youth policy was generally understood as a clustering of youth issues moving beyond earlier notions of a comprehensive youth policy, to the provision of pathways through education and training and concern with other youth issues such as justice, drug and health issues, citizenship and participation in decision-making.

Despite decades of policy development, there remained a continuing crisis of youth unemployment. In the absence of full employment, guarantees of providing a transition from youth to full citizenship were increasingly under question.

At the Youth Summit in 1992, the existing federal policy on dealing with youth unemployment was confirmed. It reinforced the mix of vocational training and job placement, an emphasis on traineeships and subsidised youth wages in the private sector. Most significantly, the 'youth guarantee' of the early 1980s was transformed into a commitment by government to support for those young people who had been unemployed for six months or more.

This reformed commitment, embodied within the concept of a 'job compact' was outlined in the release of the *Working Nation* document in 1994.¹² This document acknowledged that the re-emergence of large numbers of jobs for unskilled workers was highly unlikely and that teenagers were particularly disadvantaged in competing for newly created jobs because of their relative lack of experience, skills and qualifications. As a result of changes in technology and the developments in work practices, it was asserted that the teenage years needed to be seen as a period to invest in education and training.

Since the election of the Coalition government in 1996, the *Working Nation* program has been abolished. Further changes that reflected broader trends in social policy included: dramatic cuts to labour market programs; tightened

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eligibility and means testing for the unemployed receiving income assistance; the imposition of a tighter work test for the unemployed; the development of a uniform youth allowance; the introduction of the Work-for-the-Dole scheme; and major changes in infrastructure, including the establishment of Centrelink as the service agency and the privatisation of employment services.¹³ Also, New Apprenticeships have been introduced as a principle strategy for reducing joblessness among young people. In response to a belief that businesses were discouraged from employing apprentices and trainees because of high levels of youth training wages and laws to minimise unfair dismissal, this strategy includes a commitment to deregulate the training market, the establishment of an enterprise culture in schools, and the transfer of control for entry-level funding and course provision to employers. Critics have challenged the effectiveness of this strategy especially with regard to the decline in skill levels attained.¹⁴

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Guided by the mutual obligation principle, the current 'welfare-to-work' strategy reinforces the belief that the problem of unemployment is in large part a problem of the people themselves, including their lack of skills and attitudes to work required by employers. Within this strategy, unemployed people are targeted by increasingly strict policies to monitor their willingness and availability to work. Young people claiming long-term benefits are offered places in subsidised employment, in training and education, in voluntary work or in an environmental taskforce. Failure to take up these opportunities results in heavy penalties in terms of reductions in payments over a specified time.

One of the major shortfalls of the 'personal deficit' approach lies in the fact that the supply of jobs available for those who want to work is inadequate.¹⁵ Solutions are needed to address the sources of large-scale insecure employment which include: the Australian experience of globalisation, the relocation of unskilled and semi-skilled labour demand to developing countries, and the application of labour-saving technology in industries that once offered most young people their first employment opportunity.¹⁶ It is also difficult to see how the welfare-to-work programs will do little more than reinforce the insecure cyclical transitions of economically marginal young people without a sustained and ambitious program to provide long-term, secure employment after government training and 'make-work' schemes.

However, there are many who do not see the solution to labour market uncertainty for young people as primarily a supply-side problem. While acknowledging the importance of strengthening supply-side initiatives,¹⁷ they assert that policies aimed at stimulating economic growth within a neo-liberal framework are not sufficient to address the structural changes in the labour market. Increasing attention is being given to demand-side initiatives within an enhanced social investment framework aimed at yielding long-term benefits.¹⁸ This is also clearly asserted in a report published by CEDA on long-term unemployment. This report, prepared by a broad coalition of business and community groups, asserts that current growth policies alone are not sufficient to address today's level of labour market uncertainty. Based on strong economic and social argument, they call for determined immediate action to reduce long-term unemployment, expressing particular concern for early school leavers, older workers and those living in economically disadvantaged regions.¹⁹

Changing transitions in the late 1990s

In the midst of significant structural changes in the labour market, patterns of work are changing. With the emergence of the risk society²⁰ characterised by flexibility, complexity and uncertainty, the character of lifestyle stages like childhood and adolescence, the role of schooling, and the nature of school-to-work transition and the transition to adulthood and independence are being transformed. Rather than the linear progression from school to work and the transition from youth to adulthood and independence, which characterised the lives of young people in earlier generations, young people's lives today are more multi-dimensional, with greater overlap between study and work, and increased interdependency between young people and their parents.²¹

With the long-term collapse of the full-time youth labour market, the 1990s have been characterised by the removal of early work experience in a full-time job as the major stepping stone into adult working life. In the late 1990s, the transition from the education system into the workplace can no longer be characterised by a single step. Rather, it is a process that can extend for some time with neither an obvious starting point nor a clearly defined end. In the transition from youth to adulthood and independence, employment has lost its permanence, moving from full-time to part-time or contractual work. Housing and mortgages in the context of uncertain income for the long-term future are no longer a realistic consideration for many young adults.²²

For young people endeavouring to gain adult status in the late 1990s, a number of hurdles have to be negotiated. They have to complete their initial education, find work, leave the parental home, set up new living arrangements and form personal relationships outside their family. The acquisition of stable employment has been shown to markedly affect the chances of youth achieving the transitions to adulthood.²³

Given the diverse nature of youth transitions in the current context, it is important to see youth as a process rather than focusing on age categories in which all young people are assumed to have equal opportunities; with the onus being on them to realise these by making the right choices. These transitions also highlight the increasingly complex process of reaching adulthood and have significant impacts on how the concept of 'youth' needs to be understood. Rather than defining 'youth' as an increasingly extended period of people's lives, young people are entering into and shaping a 'new adulthood' in stages that start relatively early, involving an overlap between the once-separate stages of youth and adulthood.²⁴ Within this new 'adulthood', young people are choosing to combine study, personal pursuits and work, and the transition from secondary school to post-school options increasingly involves a continuation of the effort to balance a broader range of life interests. As institutional arrangements offer less predictability, young people are forced to 'make their own arrangements'. Within this context the degree of personal 'agency' expected of young people has greatly increased. In reality, this means that young people are being required to make more decisions about their lives in the absence of predetermined linear pathways. While individual agency is becoming increasingly emphasised, the importance of the social and economic context influencing the young person's circumstances needs to be recognised.

Recent research has revealed that marginalisation and poverty are affecting substantial numbers of young people beyond those who are unemployed.

In the transition from youth to adulthood and independence, employment has lost its permanence, moving from full-time to part-time or contractual work. Housing and mortgages in the context of uncertain income are no longer a realistic consideration for many young adults.



Underemployment, intergenerational poverty and the rise of the working poor are the new phenomena increasing the precarious nature of today's labour market that is being experienced by young people.²⁵

As a result, the single unemployment rate is not able to capture the complexity of what is happening in the youth labour market. In determining the size of the population considered to be marginally attached to the labour market, it is useful to follow Freeland's classification, which includes those who are not studying and in part-time work or who are actively looking for work (the unemployed), and those not in work and not considered as actively seeking work (not in the labour force).²⁶

In May 1999, Curtain estimated that 500 000 people between the ages of 15 and 24, representing about 19 per cent of the total youth cohort, could be viewed as being in a precarious labour market situation. In May 2000, Curtain's analysis provided a clear indication that the number of young people who are especially vulnerable in the youth labour market demonstrate an upward trend.²⁷

There is a need to reconceptualise the interdependence between education, welfare and work so that young people are assured of decent living standards throughout their lives. This necessitates the development of a comprehensive and integrated policy and programmatic strategy.

While marginality is not restricted to young people experiencing socio-economic and cultural discrimination and disadvantage, these young people continue to be especially vulnerable in the transition to adulthood. The quality of the attachment to the labour market is particularly important in gauging the likelihood of the young person's progression from part-time, low-paid and low-skills jobs through to more career-oriented opportunities. A supportive family, educational attainment and personal resilience have been shown to significantly increase the individual's capacity to make such a transition in today's more flexible, diverse and skills-oriented jobs market.²⁸

The period since the 1970s has been characterised by an unprecedented and significant intergenerational investment in education,²⁹ both as a public good and as a means of personal fulfilment (although recent reductions are of increasing concern). Despite this investment, there is a serious mismatch between education policy and the deregulated flexible and unpredictable 'market forces' that in turn have eroded the protective capacity of employment. This challenges the concept of transition to independence as a fixed point even if it is extended to twenty-five years or beyond. It also points to the need for a reconceptualisation of the interdependence between education, welfare and work so that young people are assured of decent living standards throughout their lives. This necessitates the development of a comprehensive and integrated policy and programmatic strategy. Such an approach needs to embody a more holistic view of how all young people shape their lives and must look at the parallel transitions young people make in relation to family formation, housing, school and work.

Strengthening social protection

Traditionally in Australia, the federal government placed strong emphasis on risk reduction through centralised wage fixing and active labour market policies and to a lesser extent, the more residual coping strategy of income-tested support payments for those unable to participate in the labour market.³⁰

In recent decades, the social protection framework embodied within the workers' welfare state has been eroded. There has been a move away from publicly managed or funded risk-reduction strategies embodied in a major retreat from full employment policies and the dismantling of centralised wage fixing. This has led to an emphasis on risk-coping strategies that has placed the government income transfer budget under considerable pressure.

In the light of major economic changes since the mid-1970s, many governments are in the process of restructuring the welfare state. Mitchell describes two distinct pathways being followed as an alternative to the Keynesian consensus.³¹ The first is the individualistic scenario characterised by a reduction in the role of government in all domains, including social programs, economic regulation and public enterprises. The emphasis is on individual choice and the potential to reap rewards (opportunities) of improved market efficiency. Everyone is portrayed as a potential 'winner'. The second is the solidaristic scenario, characterised by decentralised public institutions and shared local values. Bureaucracies are replaced by local familiar organisations where individuals are obliged as members of the community to participate directly. Local wellbeing that embraces and partially merges elements such as medical care, education and welfare programs into the overarching notion of a 'healthy community' becomes the responsibility of the community.

While the Howard government has fully embraced the individualistic scenario, both the *McClure Report* and *Footprints to the Future* embody a growing commitment to the second as a complement to the first.

Using Mitchell's framework, it is possible to classify the push for individualised service delivery present within McClure (case management) and *Footprints to the Future* (strong youth transition system) as risk-reduction strategies at an individual level.

While acknowledging the importance of the significant commitment in human capital and the proposed social investment within disadvantaged communities to promote capacity building, the social risk framework exposes the need for greater social investment at a macro level to address poverty alleviation, job creation and to maximise life chances.³²

If the localised initiatives in the *McClure Report* are to be anything more than specific adjustment assistance programs, and the full potential embodied within the National Youth Commitment in *Footprints to the Future* is to be realised, these reforms need to be integrated within a national strategy of regional economic and employment development. The Australian Catholic Social Welfare Commission sees this as the first step to ensuring more sustainable social and economic development across all Australian communities. In their view such a strategy will: 'increase public investment in the economic and social potential of regions; provide greater levels of employment and training support which are fully integrated with programs of regional development and industry assistance; maintain and protect market wages and income support entitlements for unemployed and vulnerable workers; and, increase the level of local ownership and support of initiatives and processes of development'.³³ A conceptual framework of wellbeing, which encompasses the key components of income, resources and capacity development, can inform such an agenda that aims to ensure decent living standards for all young people and other community members.³⁴

If the localised initiatives in the *McClure Report* are to be anything more than specific adjustment assistance programs, and the full potential embodied within the National Youth Commitment in *Footprints to the Future* is to be realised, these reforms need to be integrated within a national strategy of regional economic and employment development.



Conclusion

Over the period from the mid-1970s to the present day, linear pathways to employment for young people have been replaced by less predictable institutional arrangements where young people have to form their own options. While many young people are managing to negotiate the labour market characterised by flexibility, diversity and uncertainty, at least one in five are especially vulnerable. There is an increasing body of evidence that challenges the capacity of the current youth policy mix to address this situation.

The fulfilment of social protection for all Australian young people calls for the development of a national integrated and comprehensive youth policy within a national strategy for regional development that endorses

co-ordination and co-operation between the Commonwealth and State governments; supports greater state intervention in social investment in the recognition that growth within a neo-liberal framework is inadequate for dealing with labour market vulnerability; endorses proactive as well as reactive strategies to minimise risk and vulnerability; promotes integration across policy sectoral areas with intervention across a range of policy areas including employment opportunities, enhanced labour market regulation, a greater capacity to fulfil caring responsibilities and to obtain affordable housing; operates with a mainstream rather than a marginal focus on young people; generates enhanced social wage and public transfer strategies to complement human capital investment; and endorses a commitment by the state to manage uncertainty in the context of active and responsible citizenship.

While many young people are managing to negotiate the labour market characterised by flexibility, diversity and uncertainty, at least one in five are especially vulnerable.

Endnotes

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2 Employment for 25- to 34-year-olds in the flexible labour market: A generation excluded?

Fiona Macdonald and Sonya Holm

Introduction

In an attempt to bring into focus the extent and nature of some of the risks associated with the changed labour market in Australia, this paper examines data on the work and living circumstances of an age group that is often neglected in social policy discussion: 25- to 34-year-olds. Individual case studies provide insights into the lived reality of the transformed labour market for some people for whom the likelihood of long-term disadvantage appears high. It is argued that there is increasing inequity in employment opportunities among this group and that this inequity is one indicator of the potential for disadvantage to become entrenched over the life course. It is suggested that, without attention to broader structural issues, policies targeting specific events or transitions in individuals' lives are unlikely to achieve positive outcomes for the significant minority of people who are likely to be faring most poorly in the labour market.

There is increasing inequity in employment opportunities among 25-to 34-year-olds and this inequity is one indicator of the potential for disadvantage to become entrenched over the life course.

25- to 34-year-olds

While significant social and economic change has occurred in the latter half of the twentieth century the period of life from 25 to 34 years remains one in which many major life events occur, including the establishment of independent living arrangements, entering couple relationships and having children. It is also now a time of life when the imperative to gain relatively secure and financially rewarding work is high. Indeed, underlying the labour market, income and education policies framed around the concept of young peoples' 'transition' to adulthood is the crucial assumption that there will be an adequate supply of full-time jobs as people move beyond their teenage and young adult years into their late twenties. With large declines in full-time employment among under 25 and over 54-year-olds, earnings in the middle years appear to hold increasing significance for individuals' lifetime market incomes.

The lifetime risks for those in this age range who have not yet established themselves in sustainable employment with a living wage may be significant. They face potential disadvantage through the delayed establishment of independence and family formation, the inability to enter home ownership, or a lack of access to employer and own superannuation contributions.

This paper first examines labour force data and research findings to ascertain the extent to which individuals in this age group are experiencing difficulty establishing themselves in sustainable employment. Following this, the implications of the changed labour market for people who are not in standard employment are considered through a small number of case studies.

Labour force participation, employment and unemployment

Generally, the work and living circumstances of the group in their early prime wage-earning years from 25 to 34 are far more diverse than those of the generations preceding them. They also appear to be characterised by a widening gap in opportunities.

The current cohort of 25- to 34-year-olds is perhaps the first to enter a changed labour market characterised by high levels of part-time jobs and less standardised

employment arrangements.¹ The experience of unemployment, underemployment and low-paid insecure work is more common among this age group than for many going before them. For some individuals the risks associated with these circumstances may be short-term uncertainty and low income as they pursue longer term career goals or take on caring responsibilities. For others the risks may be much greater.

While nowhere near as dramatic as the changes for teenage and younger adult men, changes in employment patterns for 25- to 34-year-olds males have been significant with an overall reduction in opportunities from full-time work since the 1970s. The trends for men have been for declining labour force participation, declining full-time employment and increased unemployment.² A more recent increase in part-time employment has been accompanied by increased underemployment with more than 40 per cent of 25- to 34-year-old men who are employed part-time preferring to work more hours.³

Another indication of declining labour market opportunities for men in this age group is increased income support recipiency: the proportion of all 25- to 34-year-old men receiving income support payments because of unemployment increased from 5.8 per cent to 10 per cent in the 10 years from 1989 to 1999.⁴

While women aged 25 to 34 years have increased their full-time employment since the 1970s, the combination of persistent unemployment, high levels of underemployment and, for sole parents, high rates of unemployment and income support recipiency suggest a deterioration in labour market outcomes for some sub-groups of women in this age group. While women's unemployment rate is similar to that for men, the overall numbers are smaller, reflecting women's lower labour force participation.⁵ The proportion of the female population of 25- to 34-year-olds receiving income support payments in respect of unemployment has doubled between 1989 and 1999—from 1.6% to 3.3%.⁶ While one in three employed 25- to 34-year-old women is working part-time about 30 per cent of them are underemployed.⁷

Just over half of all women aged 25 to 34 years have children and, of these, one in five—10 per cent of all 25 to 34 year-old women—is a sole parent. Just under 40 per cent of these sole parents are employed, and unemployment among these women is high—20 per cent in June 2000. Across the broader age range of 20 to 39 years the proportion of women receiving income support payments because of sole parenthood increased by 50 per cent between 1989 and 1999—from 6.6 per cent to 9.1 per cent of the population.⁸

Insecure and low-paid work

Casual employment is strongly associated with young people's employment, particularly with young people combining work with education participation. However, the growth of casual employment has also been significant for older workers. Among the broader group of prime-working age men—those aged 25 to 54 years—casuals have increased from under 7 per cent of employees in 1984 to almost 18 per cent in 1998.⁹ The rate of casualisation over the last fifteen years or so has been highest for full-time employees, the largest group of whom are aged between 25 and 34 years, and who are mainly males.¹⁰

While nowhere near as dramatic as the changes for teenage and younger adult men, changes in employment patterns for 25- to 34-year-old males have been significant with an overall reduction in opportunities from full-time work since the 1970s.



In addition to casual employment there has been an increase in the incidence of other forms of insecure employment over the last decade or so, including labour hire and restricted tenure.

In addition to casual employment there has been an increase in the incidence of other forms of insecure employment over the last decade or so, including labour hire and restricted tenure. In 1998, 30 per cent of female and almost one in five of male employees aged 25 to 34 years were in casual, labour hire or restricted tenure jobs.¹¹ A significant issue for this group is whether or not casual work provides a stepping stone from low-paid work to more secure and better paying work and there is evidence that it does not perform this role for some groups of casual workers.¹²

The extent to which low-paid work is prevalent among younger adults in the prime working years of 25 to 34 is not known. However, there are indications that a substantial group of adults may be finding it difficult to gain a foothold in adequately paid work. For those unable to find work, which provides a living income on entering what should be their 'peak-earning years', there may be serious consequences for economic wellbeing over the lifetime.

Although starting on a low wage doesn't necessarily mean long-term disadvantage through low wages, the evidence suggests that generally this is the case. Mitchell points to two ways in which low wages can disadvantage young people in the long-term: through reducing the capacity of individuals to form autonomous households and through the inability to accumulate occupational benefits reliant on self-contributions (such as superannuation). She concludes the earnings prospects for this group looked bleak and, combined with their lack of savings for old age, indicate that they are at risk of accumulating disadvantage over their working lives.¹³

For the group of men under 35 years as a whole, Gregory has found that the ability to accumulate income from full-time work to finance household formation or to support children has fallen to a very large degree. Young men's ability to separate themselves financially from their parents has weakened.¹⁴ For under 25-year-olds the major factor in declining labour market incomes over the last twenty years has been reduced full-time employment. For those aged between 25 and 34 years Gregory, suggests a major factor is lower wages compared to the generations before them.

Work, family and independence

Examination of the changes that have occurred in the living circumstances of 25- to 34-year-olds provides some evidence to indicate that a reduction in full-time employment opportunities may be preventing some people from gaining economic independence and possibly also delaying or preventing family formation. More men and women aged 25- to 34-years live in the parental home now than did so 15 years ago. Among men who live with their parents, employment rates are lower and unemployment rates higher than for other men. There has been an increase in the proportion of 25- to 34 year-old males who have not entered into couple relationships—from approximately 37 per cent to 46 per cent between 1986 and 1996. Unemployment is more common among those who are not in couple relationships than it is for other men and these differences in partnering rates increase with age.¹⁵

A major difference among men and women in their late twenties and early thirties in regard to living arrangements is that sole parents make up almost a third of women without partners. Two-thirds of women are in couple relationships and the highest rates of employment are among women in couples without children

(92 per cent employed) while the lowest rates are among those with children (51 per cent among women in couples and 39 per cent among sole parents).

A third of men and a half of all women in the 25- to 34-year age group have children. While 90 per cent of men with children in this age group are in full-time work, care of children continues to be a major influence on the work patterns of women and this is the period of life during which women are most likely to have preschool aged children. Among women of all ages with children under five years, just under half are employed with little change in this proportion since the mid-1980s.¹⁶

Women are much more likely to be reliant on their own earnings for individual and family wellbeing over the lifetime than was the case two decades ago. At the same time the persistence of sharp gender divisions in paid and caring work among young couples is likely to place some women in situations of vulnerability, particularly in the event of relationship break down.

Individual employment histories

The broader labour market trends suggest increased disadvantage among the 25- to 34-year-old age group with a growing minority of this group unable to access full-time employment. A cursory examination of data regarding the living circumstances of men and women in this age group points to the possibility of negative long-term impacts for these individuals. In this section we examine the employment histories and experiences of a small group of men and women in this age range. Semi-structured interviews were undertaken with fourteen individuals, nine women and five men aged from 25 to 33 years. The fourteen were in part-time, casual or other insecure work, in low paid work, or were unemployed

Interviewees were asked about their employment histories and their experiences in work and seeking work. They were also asked for their views on the opportunities and options available to them, and about the impact of their current situations on their ability to establish independence.

Several key themes emerged from the employment histories of the people who spoke to us and each of these is examined in the discussion in this section.

The casualised labour market: stuck in the revolving door?

As separate and distinct categories 'employed' and 'unemployed' seem rather unhelpful descriptors for the situations of some people. A common experience for many of those we spoke to was of having only 'bits and pieces' of work over long periods. This was experienced both by people who were in their chosen fields and by people who were simply trying to earn an income while pursuing career interests through other activities. For most the reality of this was underemployment in jobs characterised by unpredictable hours and insecure incomes, often on low hourly rates and without protections and entitlements such as paid leave, employer superannuation contributions or workers' compensation. Income support payments provided some certainty and continuity of income for a number while earnings from cash-in-hand casual work (generally \$10 an hour) could not be relied upon.

The unpredictability of her on-call contract cleaning work through an agency is a constant concern for Jodie, aged 27, who worked 'anywhere from no days a week to five days a week' and '... can't make plans because I don't know when I'm working.'

The persistence of sharp gender divisions in paid and caring work among young couples is likely to place some women in situations of vulnerability, particularly in the event of relationship break down.



Unsustainable jobs and poorly valued work

It would be easy to characterise the problems faced by some people as temporary difficulties if it were not for the length of time they had been actively engaged in the full-time labour market. Four of the fourteen interviewees had largely only ever had precarious casual jobs since they left school. Others had trained and worked full-time in occupations that no longer held any prospects. In common, these people felt they had somehow 'outgrown' the work.

Some people found the areas they had worked in had become casualised and there were no longer full-time jobs on offer and others found they were unsuccessfully competing with younger people for work. Many spoke of their needs changing; primarily that they now wanted work with more certainty, more predictability and more hours than their work had offered in the past. Some said they just could not make a living.

The top priority in life for most interviewees was 'finding a good job' on which depended the possibility of realising a range of other aspirations.

Danny had irregular sub-contracting work as a plumber and hated that he never knew when and if he would be paid. He left this and took up a permanent part-time job as a transport worker with a large company because of 'the security' it offered and is now much happier. Nevertheless, his part-time earnings are not enough for him to move out of his parents' home. While Danny has been underemployed in his current job for 18 months he believes he will have a full-time job if he waits another six months and he judged his position to be far more secure and far preferable to the uncertainty of his previous work.

There were five people who were less concerned than the others about the insecurity of their work or the low pay they received. These five said they were able to take risks and were in circumstances of their own choosing. Generally, these people had greater resources and supports the others did not have; in particular, financial or other support from their families.

Rachel is in her chosen field (childcare) and is not greatly concerned about the short-term nature of her two part-time jobs. She is relatively highly qualified in her field and believes she is employable. Rachel says she has always been prepared to take risks to get interesting jobs. She says her husband's earnings are enough for the couple to live on if she were not working.

There were two other women in casual and low-paid jobs for whom job insecurity was not a concern. These two mothers are combining paid work with looking after small children.

Malia, who had been 'doing odd jobs' since the birth of the first of her two children four years ago, had this to say, 'To me it's like a hobby. It's like a social thing, going out.' Malia's husband works night shift as a maintenance tradesperson in a factory and his income, including overtime, is sufficient for the family to live on.

Traditional aspirations, delayed possibilities

The top priority in life for most was 'finding a good job' on which depended the possibility of realising a range of other aspirations. Most who were not in relationships and did not have children had very traditional desires for marriage, children and home ownership. For some, finding a partner and having children were goals that could be pursued 'when I get established' or 'before I get too old'.

Others had very definite plans for the future but were a long way from achieving the financial position necessary to pursue them, including two people with long-term plans to run small businesses. Home ownership was something almost all aspired to: for privacy, their own space, for independence, as an investment and, most commonly, 'for security'. However, a number said they couldn't see how they could ever afford to buy a home. Three people had several hundreds, and in at least one case thousands, of dollars in debts mainly from credit cards and mobile phone bills, while a few also had HECS and other debts. Four people were living rent-free with their parents although this was not a preferred option for any of them and they did so because they could not afford to move out. A number had parents who had been out of work themselves.

Two young men, Scott and Greg, have fathered children but neither live with them. Scott's priority is to get full-time work so he can take responsibility for his son and so he and his girlfriend can 'eventually move in together and do everything properly'. Greg has less contact with his child and her mother but says he would like to have a job 'for security' in case his daughter ever needs his support.

'More options, less jobs': the illusion of choice?

'This is going to sound really weird. I don't know if I'm explaining it right, but now we've got so many choices, yet kind of can't get to them.' Claudia.

'I guess they [my parents] had maybe less options but they were easier. ... What was there [in the past] were plenty of jobs.' Andrew.

Everyone we spoke to thought there were 'a lot of options', including different occupations that could be pursued, opportunities to train in different areas, different avenues for getting jobs. Few were not engaged in some sort of activity they believed would lead to new opportunities. However, at the same time, most believed it was much more difficult for them to find full-time jobs than it had been for their parents. Most believed there were fewer full-time jobs in existence now than in the past.

Training was seen by the majority as the most important prerequisite for gaining a 'good' job and only one of the fourteen interviewed did not have some post-school vocational training. Overall, investment in education and training among the group was remarkably high, although for many this consisted of a series of shorter courses rather than substantial training in one field. Two people, in their thirties, were completing vocational qualifications in a third or fourth occupational area after being unsuccessful getting work in previous areas of study. Similarly, many were following up multiple options in the job market with some visiting all the job network agencies they could find to give themselves a better chance in the belief that their persistence would eventually pay off. Voluntary work and unpaid trial work were actively pursued and regarded as necessary, either to get experience or simply to prove you could do the job.

Stacey, aged 29, had taken on full-time voluntary work for a small family business as a receptionist and administration assistant to gain experience. After two months she felt confident with the work and decided to leave as she was not getting enough time to search for work and because her employer had made it clear that they 'just couldn't afford to pay me'. Stacey approached a job network agency for assistance and was advised to do more voluntary work. For the past two weeks Stacey has been doing full-time voluntary work in office administration with the job network agency. She has not yet been referred to a vacancy for paid work.

Home ownership was something almost all aspired to, however, a number said they couldn't see how they could ever afford to buy a home.



The experiences of some suggest they may be in danger of not gaining their economic independence at all, let alone ever finding themselves with the sorts of investments such as superannuation and home ownership that it is assumed will support them in their old age.

Security, risk and managing uncertainty

For most of those we spoke to the immediate risks of unemployment, precarious employment and low income were managed by accessing government income support payments. While these payments were also regarded as insecure, most people saw them as providing a more solid foundation than their earnings from work. Additional support and resources for some came from parents and a few avoided hardship through remaining in the family home. A few people who seemed to manage easily the uncertainties of insecure work and low pay were those for whom it did not present an immediate risk: the women with partners who had good incomes, the women for whom employment was currently secondary to mothering and the one or two people who had left higher paying work to pursue strong interests.

In summary

Over their lifetimes the risks for many of these young adults may be significant. The experiences of some suggest they may be in danger of not gaining their economic independence at all, let alone ever finding themselves with the sorts of investments such as superannuation and home ownership that it is assumed will support them in their old age. Those with the fewest resources for managing at the present time are likely to have few resources in later years. This group is likely to include those who have not maintained some sort of connection to training institutions and those who have always relied on very limited networks of 'mates' for jobs.

Those people managing well at the present time look to be less at risk in the long term. However, the uncertainties of relationships and labour markets require management for the longer term. In particular, the women in insecure and low-paid work who rely on their partners' employment over long periods may face insecurity in the future in the event of relationship breakdown or partner's unemployment.

Conclusion

The central role of the labour market in driving the social divisions in Australia has been emphasised in research recently undertaken by Borland and others¹⁷. The evidence presented here indicates increasing inequity in employment opportunities in Australia for a particular subset of the population for whom the long-term negative impact of current labour market disadvantage is potentially very significant. The employment experiences of the small group of people reported in this paper provide a graphic illustration of the reality of 'getting by' in the casualised labour market in Australia today.

Clearly there is far greater diversity in the patterns of employment and labour market participation of young people than there has been in the past and many people have an increased range of choices. However, in a labour market characterised by increasing inequality, the immediate and longer term prospects for some groups look to be very poor.

While we seem to lack a clear strategy for reducing inequity in employment, some of the current policy directions have the potential to worsen the situation. In particular, a continued emphasis on young people's reliance on the family is likely to see the gap in opportunities widen significantly and with it increased potential for intergenerational disadvantage.

Current employment and training and income support policy frameworks promote the notion of a very lengthy transition to independence for young people, a transition during which it seems employment is almost regarded as an adjunct to education and training activities. This allows enormous scope for neglecting the problem that there are not enough employment opportunities to provide young people with ongoing work that is economically and socially sustainable. There may be a significant minority of young people who never properly make the transition to independence at all.

The problem of entrenched disadvantage for some groups is unlikely to be solved by further shifting risk on to individuals or by income support policies that rely heavily on redistribution across an individual's life course.

Indeed, the current shift to life-course approaches to social policy may provide us with better responses for dealing with short-term income risks in particular problem sets of circumstances or transitions (which appear to be much more common than in the past), but they also contain the danger that the persistence of lifetime disadvantage and poverty for some people may be neglected.¹⁸ We should not lose sight of the fact that both the risks and their consequences are far from evenly distributed and some groups are far more vulnerable than others.

Policies designed to target specific events, transitions or episodes in peoples' lives will do little to prevent lifetime disadvantage if not accompanied by strategies for more equitable distribution of employment and opportunities for training and education. The individual transitions focus must, therefore, be accompanied by attention to the broader structures and institutional arrangements.

A continued emphasis on young people's reliance on the family is likely to see the gap in opportunities widen significantly and with it increased potential for intergenerational disadvantage.



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3 Precarious work, over-work and family time

Linda Hancock

Introduction

What is the impact of the prevailing policy mix on the relationship between employment, care and family time? Numerous reports have canvassed policy and corporate best practice options for 'family friendly policy'. However, these studies have tended to work from a limited notion of 'caring' (concentrated on families with young children), have frequently focused on the voluntary innovations of individual corporations (rather than systemic change), and have lacked a broader intersectoral approach to government policy. It makes sense to define caring broadly to encompass 'community and family time', care for children, ageing relatives or friends, and those with disabilities or special needs.

This paper extends beyond the usual narrow reading of household/family. It incorporates the moral underpinnings of communities and caring that draws on values of mutualism rather than individualism, and explores how we can rethink a new mix of state, market and family/community responsibility in relation to employment, care and family time. This may entail 'bringing government back in', where market failure has imposed unsustainable risk on to the private sphere of household, family and community.

Labour market shifts are central to this policy area. With one of the highest incidences of atypical work and the second highest rate of overwork in developed countries (full-time workers working over 49 hours), the shifting experience of the Australian workplace is impacting detrimentally on the work/life/care balance. These shifts undermine the capacity of families to both cushion risk and to meet caring needs.

This paper deals with two major paradoxes. First, that women's entry into the labour market in unprecedented numbers has not changed the domestic division of labour or challenged the expectation and reality of women taking the major responsibility for unpaid caring work. The second paradox relates to risk: while the risks of life-course transitions are now compounding (episodic, unpredictable and frequently, multiple rather than serial and predictable), the capacity of many families and households to cushion risk is diminishing. With deepening inequalities, this capacity is unevenly distributed.

Labour market and industrial relations changes, combined with major social and demographic shifts, such as divorce and population ageing, and increasing expectations for 'community care', are contributing to a 'care crunch'. Social policy needs to develop a social risk protection framework, with an explicit moral foundation, that enables a better balance between caring, work and family time.

Other countries handle this balance in different ways. In Sweden the state supports work release and caring; in The Netherlands a shared care model provides sufficient wages for parents in part-time work to support a household together with government income transfers for care-giving. The Netherlands 'half plus half' model is in stark contrast to the Australian 'one-and-a-half' model, where married women's part-time work as a supplement to a male full-time earner is perceived as the minimum level of paid work necessary for supporting a household.

The paper addresses three main issues: the breakdown of the old social settlement breadwinner/carer model and new patterns of risk to households; policy shifts over

Women's entry into the labour market in unprecedented numbers has not changed the domestic division of labour or challenged the expectation and reality of women taking the major responsibility for unpaid caring work.



the 1990s in employment, care and family time areas; and the need for a new social protection framework that accords with reality.

Breakdown of the old gender contract and impact on households

Rather than dealing specifically with income security, industrial relations, housing and education and training, this paper focuses on their interaction and the impact on households.

- Demographic trends reveal declining fertility, delayed child-bearing, an increase in smaller households and changing family structures. In particular, there is a decline in couple families and the rise in single-parent families (predominantly female-headed¹).
- Population projections suggest that average household size will continue to decline over the next two decades, lone-person households will increase in number, couple-families *without* children will overtake couple families with children, while the number of children in two-parent families is expected to decline.² The traditional family of male breadwinner and full-time female care-giver now accounts for only about one-third of Australian families.³
- Despite low inflation and sustained growth, the reduction in full-time work and proliferation of casual atypical work have brought new patterns of labour market inequality that reflect a widening earnings gap between workers.⁴
- The real winners in terms of income and the capacity for working families to live *the good life*, afford home ownership and self-invest in education and training are those households in the top part of the income distribution that have increased their workforce participation over the past two decades (jobs growth in part-time work has been mainly taken up by middle-class women). At the lower end of the salary scale, there is a striking increase in the risk of poverty. One in four of all children in poverty live in working families,⁵ even if social wage adjustments (mainly via forms of family allowance) have tended to have an ameliorative affect for families hovering around the poverty line.
- For those on the margins of the labour market, new patterns of work define flexibility on employers' terms and do not pay a living wage. Mitchell et al. in this volume discuss the retreat of industrial protection. And, as Probert observes, '(r)elatively few women actually earn enough to be independent'.⁶ Nor can we assume that women have another earner-provider to fall back on as about 40 per cent of marriages in Australia end in divorce.
- A household's financial wellbeing is increasingly defined according to the number of earners. Of direct concern is the growth of 'no jobs' and single-parent households with dependent children whose low incomes, whether through employment or social security, consign many to poverty.
- Most studies indicate that the risks associated with labour market restructuring are falling unevenly, suggesting a diversified labour market in which earnings, hours worked and job opportunities are increasingly polarised around age, skill, gender, household type and geographic location.⁷

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- For those employed full-time, an intensification of work has occurred, especially where downsizing has been prominent and where work relies on professionalism and a reluctance to sacrifice service levels.⁸ A number of studies have highlighted the declining satisfaction with work intensification and with the balance between work and family life.⁹

Given other demographic changes, the fragmentation of extended families, and the decreasing size of households, their ability to support and cushion individual members through life-course transitions—unemployment, underemployment, divorce, parenting responsibilities, education or ill health—is diminished.

A major paradox is that despite diversification of family forms, declining male labour force participation, increased female labour force participation and shifts in attitudes to women with children working there has been little change in domestic divisions of labour and responsibility for unpaid work.¹⁰ Women's increased participation in paid work is accommodated in better off dual income households by contracting out domestic work and childcare, and in lower income households by the dual burden or triple shift for women and a patchwork of informal and frequently unsatisfactory arrangements for care.

Policy shifts under the neo-liberal agenda: A new gender contract?

The increasing reliance on market models as allocative mechanisms for scarce resources and gendered assumptions underpinning the labour and care policy mix characterise the policy shift in this period. In this analysis, particular gender contracts and caring regimes are linked to the types of values, institutions, assumptions and policies that have constituted women's family relationships and caring work.¹¹ The mismatch between the old gender contract and the reality of modern living becomes clear. Coalition policies are based on an outdated model of women's citizenship, with incentives for married women to care full-time for children.

Although the federal Labor government (1983–1996) embraced the neo-liberal policy agenda, its approach to social policy attempted to soften the impact of the market, on low-income families in particular, by using targeting mechanisms.¹² Policy also tended to support a citizen/worker model for women, facilitating their workforce participation while recognising the economic vulnerability of low-income and single-parent, post-divorce families (with the Child Support Scheme established in 1988 to determine non-custodial parents' payments to assist in supporting their children). Labor sought to address the real costs of children and introduced programs to assist women's transition into paid employment. The raft of reforms included a national childcare system delivering more affordable and available childcare,¹³ maternity leave provisions (especially in the public services), a Carer's Pension and provision for respite care for the disabled (not withstanding continued high levels of unmet need).

Mitchell¹⁴ characterises this as a shift from the traditional policy concept of the dependent spouse towards women as independent carers or wage earners. There was tacit recognition of the 'one-and-a-half model', whereby the entry of many married women into paid work largely supplemented a partner's full-time wage. However, women were still under-represented in all levels of government and the wages

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gap between men and women, and under-achievement of equal pay for work of equal value, continued.

After the Coalition government's 1996 election victory, policy shifts reflect a reversion to a conservative gender contract that both encourages and assumes a woman's role as that of unpaid carer within a couple relationship. (And tax initiatives also increased the disposable incomes of non-employed single parents.) Such policies reflect a return to earlier notions of a citizen-carer model for women; at precisely the time when increasing numbers of households do not conform to this model. In contrast with Labor's parallel support for women at home and in paid work, the Coalition government has emphasised policies supporting traditional home-makers.¹⁵

In its 1996/97 budget, the government stripped \$36 million from family program expenditures, re-introduced tax rebates for non-employed spouses under Family Tax Assistance measures and introduced a Partner Allowance and wife pension paid to the spouses of male pensioners.¹⁶

The main point is to note the inequities that flow from a Family Tax Benefit initiative that is not income- or asset-tested. Although low-income earners also gained if the spouse was not working, the additional assistance to families with young children was incorrectly targeted in that it gave disproportionate assistance to high-income earners with a dependent spouse.

With two basic forms of family assistance delivered through the tax system, assistance is more beneficial to higher income tax earners. Peter McDonald describes the Family Tax Benefit as 'the most lucrative government child benefit available to middle or high-income couples' and 'an incentive for women not to work'.¹⁷ In fact, the benefit is reduced rapidly when the wife earns additional dollars but remains fully intact as the husband earns more dollars. It is also an incentive for husbands to work longer hours and participate less in family life. For a wife who chooses paid work over homemaking, the lifetime returns from Child Care Benefit are small in comparison to benefits paid to stay-at-home wives under Family Benefit.¹⁸

Industrial relations policies also impact. During the 1990s, governments have encouraged the use of enterprise-level bargaining as the preferred means of regulating relationships between employers and employees, while maintaining the award system as a 'safety net'. The Coalition government has intensified this process, with measures that limit the scope and weaken the status of awards and marginalise the role of third parties in bargaining, such as the Industrial Relations Commission and trade unions. Burgess and Strachan¹⁹ point to an extension of direct and indirect employer control over the labour process. This has particular impact on women and on industries dominated by migrant or low socioeconomic status women and those with high numbers of female outworkers, such as clothing and textiles.

The record on maternity and family leave is patchy. Industrial relations legislation since 1994 has provided for unpaid parental leave for 52 weeks for employees with 12 months of full-time continuous services and family leave test cases have provided for access to sick leave for family purposes through industrial agreements. However, Australia has not taken up any uniform approach to the ILO paid maternity leave proposals and such leave is more common in the public service and the professions.

While enterprise bargaining is seen by some as an opportunity to address work/family issues, others argue that hard-won gains are being bargained off by the trend away from centralised institutional settlements. In such negotiations, some groups of women, such as Indigenous, disabled and non-English-speaking women, are culturally and historically disadvantaged due to their lack of negotiating experience, less formal education or an aversion to confrontation. An assessment of enterprise agreements outcomes concluded that family-friendly measures were disappointing and were included in only 10 per cent of agreements.²⁰

Women's increased workforce participation has not necessarily been supported by continued expansion of state-provided childcare. Whereas Labor favoured an expansion of publicly subsidised childcare places with the introduction of a Child Care Rebate and quality regulation, the Coalition government has favoured direct assistance to families under its Family Tax initiatives. Critics have questioned whether policy intervention should focus on non-specific assistance to families (towards the costs of raising children) or whether it should be targeted at making childcare services more accessible and affordable to facilitate parents of young children into work or further education and training.

Analyses of Coalition policies on childcare reveal a retreat; savings of \$546 million in the 1996/97 federal budget and a further savings of \$326.7 million over four years in the 1997/98 budget.²¹ These substantial budget cuts were followed by a high rate of closures of community childcare centres (frequently placed in areas of lower income); and rises in the cost of childcare at about three times the rate of inflation.²² The 1999 Census of Childcare Services and the 1999 ABS Child Care Australia survey indicate that low utilisation rates of childcare services relate to increased numbers of families using and paying for fewer hours of care rather than a decrease in the number of families using care.

Access and affordability issues are significant barriers, as the childcare system shifted from community (government) to private-for-profit centres. Despite increases in the number of childcare places and the number of centres providing care, these changes have not provided equitable access for working and for poorer women. Higher charging private childcare centres have set up in middle-class areas, leaving some lower income areas without services and creating cost barriers for low- and middle-income families and there are significant levels of unmet need for childcare.²³

The Coalition government's record reveals a retreat from the strong collectivist approach of the early 1990s.²⁴ Family policy has embraced the language of choice, fairness and equity, but has effectively privileged better-off, two-parent families and base benefit-rate single-parent families. Even though single parents reliant on benefits are marginally better off, this is whittled away by the costs of the GST. Other single parents in shared care arrangements, or those who have lost the single-parent rebate, are worse off. At the same time, shifts in industrial relations law and regulation have withdrawn hard-won industrial protections or refused to engage with areas such as maternity protection. Shifts in spending priorities have also back-tracked on gender equity by closing several public-sector gender-equity monitoring units.²⁴

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Given the unravelling of the old social settlement it is useful to develop a framework of social risk protection that responds to structural changes to households and the labour market and a new policy mix for labour and care.

As Probert (2001) sums up:

Good workplace policy development is being undermined by other changes such as longer working hours, increased childcare costs, loss of award protection, and the failure of enterprise bargaining and individual contracts to give women's needs and interests higher priority.²⁶

The Coalition's current social policy reflects a typically conservative gender contract that mobilises 'choice' within a policy mix which encourages a return to a breadwinner/carer model. This model clearly conflicts with changes to family structures and the needs, experience and expectations of work.

Conclusion: A social risk protection framework

Families are expected to provide stability in a rapidly changing world. However, trends to smaller families, shorter child-rearing cycles, the diversification of family types and women's intensified involvement in paid work are impacting upon their capacity to do so. Just as these intensified expectations are put on the family, it is less capable of delivering on them.

How can social risk be addressed? And how can the responsibility for labour and care be dealt with? Exploration of the answer to these questions draws on a social risk protection framework that enables discussion of which responsibilities might be borne by state, market and family/individuals to prevent, mitigate and cope with risk.²⁷ The challenge for any framework is threefold: to establish a citizenship model that can balance an 'ethic of care' with a work ethic; provide an analysis that can reconcile conflicting models of women's citizenship as both worker or carer; and one that also gives some attention to achieving balance between caring, work and quality of life.

Given the unravelling of the old social settlement, one useful avenue is to develop a framework of social risk protection that responds to structural changes to households and the labour market and a new policy mix for labour and care. The social risk protection framework would also need to develop or incorporate a citizenship model based on an ethic of care and a merging of citizen as worker and as carer. It would need to determine what responsibilities might be borne by state, market and family/individuals to prevent, mitigate and cope with different dimensions of risk across the life course.

Holzmann and Steen's Social Risk Management framework²⁸ for social protection cross-tabulates strategies for dealing with risk (classifying these as preventative, mitigating or coping strategies) with differences in the allocation of responsibility borne by the state, the market or families (that is, the public, market or informal/private spheres). The current policy mix in Australia is concentrated on 'downstream' mopping up or coping strategies based on market models. The focus on individuals bearing responsibility for risk shifts responsibility away from 'upstream' strategies, where the state would take more responsibility for risk reduction or mitigation, through devices such as macroeconomic settings, centralised wage-fixing, measures designed to improve labour markets, enhance skills and so on. The role of government as social risk 'manager' involves three major tasks: to allocate different risks between individuals, markets and the state; to make the social investment decisions that lead to prevention or mitigation of social risk; and to maintain a balanced portfolio of these different strategies that presents a coherent response to globalisation and promotes social cohesion.²⁹

Central to risk reduction relevant to labour and care would be government investment in a new policy mix focused on investment in risk-reduction strategies.³⁰ This would need to include a broader strategy for ‘decent jobs’ creation; publicly funded, accessible high-quality childcare; family-friendly work environments; industrial protections for part-time workers and a reduction in casual labour; paid maternity, parental and family leave; and services designed and run by local communities. This would take further the commitment to strengthen and preserve families,³¹ Wilkinson emphasises strengthening fragile or vulnerable families, enhancing fathers’ role in family life and various welfare-to-work programs for enhanced participation in paid employment for those on the margins of the labour market. Also, Wilkinson argues that workplace cultures and entrenched expectations in relation to women’s and men’s relative engagement in paid work and family life need to be challenged. ‘In the end’, she concludes, ‘our policies for family-friendliness in employment will depend on how far we can foster a more child-friendly culture overall, radically affecting the design of our public spaces and our community facilities as well as our workplaces’.³²

With rising resentment from childless people towards cross-subsidisation for families with children, or for public funding of measures such as maternity or parental leave, a more politically astute approach might also emphasise the need to accommodate care, including aged and disability care, rather than focusing concerns solely on child care. Aside from direct service provision, new policies could address carers’ unmet needs for respite leave, carer allowances and home maintenance services. These concrete proposals could be underwritten, as Fiona Williams suggests, by combining a ‘new politics of care with a new politics of time.’³³ Taking into account Australia’s record on hours of over-work, this would encourage a more sustainable balance between work, home and quality of life.

In terms of the moral underpinnings of such a model, autonomy, mutualism and care are central. As outlined by Fiona Williams:

The principle of autonomy needs to be understood as part of the principle of mutualism, where interdependence and care underpin collective risk-sharing. In addition, the principle of inclusive diversity goes beyond tolerance and demands a re-accommodation of new forms of family and nation. The last principle of voice provides the means to translate what matters to people into what works for them.³⁴

Policies in the 1970s and 1980s took up the challenge of supporting women in paid work, with reforms around equal opportunity and affirmative action, the establishment of a public childcare system and attention to carer issues, which reflected a move to a notion of individuals—both women and men—as ‘citizen-workers’. Yet more recent policy settings around childcare and assistance to families with children have taken a conservative U-turn back to a mother/carer citizenship model for women. Ironically, new concern about these issues is driven by the downward slide in fertility.³⁵ Perhaps younger women are thinking it is just too hard to combine paid work with children.

Workplace cultures and entrenched expectations in relation to women’s and men’s relative engagement in paid work and family life need to be challenged.



Endnotes

- 1 Couple families decreased from 89 to 83 per cent between 1980 and 1999, and single-parent (predominantly female) households increased from 11 to 15 per cent over the same period. Australian Bureau of Statistics (ABS) *Household and Family Projections Australia 1996–2021*, cat. no. 3236.0, AGPS, Canberra, 1999. Only 3 per cent of children of divorced parents are in (equal) shared care arrangements, the majority (88 per cent) live with their mothers and less than half the families where a natural parent lives elsewhere receive child support payments. Bittman, M., 'Review: Australian social trends 1999', *SPRC Newsletter*, vol. 74, 1999, pp. 74–5.
- 2 Ibid. ABS 1999, cat. no. 3236.0.
- 3 Office of Women's Policy, *The Work and Family Report*, Government of Victoria, Melbourne, 2000.
- 4 Recent work by three prominent Australian economists argues that macroeconomic indicators of growth mask 'the disadvantage and distress in many Australian communities'. Borland, J., Gregory, B. and Sheehan, P., 'Inequality and economic change' in Borland, J., *Work Rich, Work Poor: Inequality and Economic Change in Australia*, Centre for Strategic Economic Studies, Victoria University of Technology, Melbourne, 2001.
- 5 Harding, A. and Szukalska, A., *Making a Difference: The Impact of Government Policy on Child Poverty in Australia, 1982 to 1997/98*, NATSEM (National Centre for Social and Economic Modelling), Canberra, 2000. p. 4.
- 6 Probert, B., 'Grateful slaves' or 'self-made women': a matter of choice or policy?' Clare Burton Memorial Lecture 2001, RMIT Storey Hall, RMIT University, Melbourne, 2001.
- 7 See O'Donnell, A. and Hancock, L. 'Introduction: the challenge of reshaping the social settlement', in *Growth*, vol. 48, 2000, pp. 1–18. Compared with the standard working week (40 hours for the majority of workers in the 1970s) one-third of the workforce now work a standard week, with greater numbers working less than a standard week and one-third working more than 49 hours a week (ACTU 2001).
- 8 ACIRRT (Australian Centre for Industrial Relations Research and Teaching) *Australia at Work—Just Managing?*, Prentice Hall, Sydney, 1999, p. 20.
- 9 Morehead, A., Steele, M. Alexander, M., Stephen, K. and Duffin, L., *Changes at Work: The 1995 Australian Workplace Industrial Relations Survey*, Longmans, Sth Melbourne, 1997; Office of Women's Policy 2000.
- 10 See Bittman M. and Pixley J., *The Double Life of the Family*, Allen & Unwin, Sydney, 1997. Probert, Murphy and Wiseman's study of 170 men and women, comparing respondents who were parents in the 1950s with those who are parents in the 1990s, found that while the expectation that parents engage in paid work is 'a new dominant paradigm', attitudes to motherhood and children's needs 'are remarkably unchanged in the 1990s'. In particular, the practice of fathering is relatively unchanged despite the changes in expectations since the 1950s', Probert, *Grateful Slaves*, pp. 9, 12).
- 11 Lewis, J., 'Gender and welfare regimes: further thoughts', *Social Politics*, Summer, 1997, pp. 160–77.
- 12 In this period, social wage adjustments tended to have an equalising effect, mainly via family allowances and supplements (see Harding and Szukalska, *Making a Difference*). But targeting benefits to low-income households became one way to reconcile the increasing demand for social services with fiscal austerity imposed by governments.
- 13 Commonwealth initiatives spawned a range of community childcare centres supported by capital, infrastructure and fee relief funding as well as funding for family day care.
- 14 Mitchell, D., 'Family policy and the state', in Hancock L. (ed.) *Women, Public Policy and the State*, Allen & Unwin, St Leonards, 1999, p. 74.
- 15 See P. McDonald, 'Social reproduction: the need for a new social contract', *Growth*, vol. 48, 2000, pp. 33–6; Mitchell, in *Women, Public Policy and the State*.
- 16 Age restrictions acknowledged the poor employment prospects of older women by quarantining that group born before July 1955 from activity-testing.
- 17 McDonald, P., 'Family support policy in Australia: the need for a paradigm shift', in *People and Place*, vol. 9, no. 2, 2001, p. 15.
- 18 Ibid.
- 19 Burgess, J. and Strachan, G., 'The expansion in non-standard employment in Australia and the extension of employer's control', in Flestead, A. and Jewson, N., *Global Trends in Flexible Labour*, Macmillan Business, Houndmills, 1999, p. 121.
- 20 ACIRRT (Australian Centre for Industrial Relations Research and Teaching), *Agreements Database and Monitor*, 16, University of Sydney, 1998, p. 30.
- 21 Uniting Care Australia, 'Child care at a crossroads: impact of funding cuts on community-based child care', in *Institute of Family Studies Conference: Family Futures—issues in Research and Policy*, Sydney, 2000, p. 4.
- 22 Tasker, G. and Siemon, D., *Is Child Care Affordable? Pressures on Families and their Use of Formal Long Day Care*, Brotherhood of St Laurence, Melbourne, 2000. Cuts were implemented by the loss of the operational subsidy to long day care centres, limits placed on hours of care, tighter eligibility criteria for Childcare Assistance, reductions in the Childcare Cash Rebate, a limit of 20 hours per week of care for non-work-related Childcare Assistance recipients and a limit in the number of long day care places eligible for Childcare Assistance each year. Ibid, p. 5.
- 23 Lee, J., Carlson, E. and Mitchell, W. F., *Child Care for Low-Middle Income Families: Current Trends and Unmet Demand Estimates*, Centre of Full Employment and Equity, University of Newcastle, Newcastle 2001.
- 24 O'Connor, J., Orloff, A. and Shaver, S., *States, Markets Families: Gender Liberalism and Social Policy in Australia*, Cambridge University Press, Melbourne, 1999, p. 225.
- 25 Sawyer, M., 'The watchers within: women and the Australian state', in Hancock L. (ed.) *Women, Public Policy and the State*, Allen & Unwin, St Leonards, 1999.
- 26 Probert, *Grateful Slaves*, p. 2.
- 27 Holzmann, R. and Steen, J., *Social Risk Management: A New Conceptual Framework for Social Protection and Beyond*, Social Protection Discussion Paper 0006, the World Bank, Geneva, 2000.
- 28 Ibid.
- 29 Mitchell, D., 'Globalisation and social cohesion—Risks and responsibilities', in *International Research Conference on Social Security*, 25–27 September, Helsinki, 2000, p. 7.
- 30 Ibid, pp. 9–10.
- 31 Wilkinson H., 'The family way: navigating a third way in family policy', in Hargreaves Ian and Christie Ian (eds), *Tomorrow's Politics: The Third Way and Beyond*, Demos, London, 1998, p. 115.
- 32 Ibid, p. 123.
- 33 Williams, F., 'New principles for welfare', in *Impact*, May, 2001, pp. 8–9.
- 34 Ibid, pp. 8–9.

4 The new moral economy of retirement

Julia Perry

Introduction

Retirement is a period of socially sanctioned leisure after a career in paid employment. Retirement age, whether mandatory or culturally expected, has generally been associated with the age of eligibility for various retirement income provisions. Although the incidence of disability increases with age, retirement is not only for those who are no longer capable of working but also for the able-bodied. Thus it is not based on a defined barrier to work but on a socially constructed norm.

One way of looking at the changing patterns of retirement and the life course and the challenges for public policy is through the concept of 'moral economy'. I wish to argue that the moral economy of retirement is currently in a state of disequilibrium with the obligations of various parties no longer matching their rights in a coherent system.

Thus, in Australia, we are moving to a view where self-provision for retirement, particularly through tax-assisted superannuation, is regarded as morally preferable to the revenue-funded Age Pension, while many of those reaching pension age have had inadequate access to superannuation funds through most of their working lives.

We place a strong moral emphasis on employment, yet have a number of policies and practices that exclude mature-aged people from employment, encourage employers to adopt early retirement schemes, encourage individual workers to retire early and provide little assistance for mature-aged unemployed people and injured workers to return to paid work. Many mature-aged people, for whom permanent full-time employment has been an integral part of their social identity, find themselves severely psychologically affected by retrenchment and their inability to find new employment.

Despite the pressure of demographic trends to encourage later retirement, we allow those who are more employable access to one form of retirement income, superannuation, at 55, while tightening access to social security benefits for those who are less employable.

The traditional family roles of a male breadwinner and a female secondary earner or dependent spouse are becoming less tenable at all ages, because of falling rates of male employment, increasing rates of female employment and decreasing proportions of traditional couples. Among those who are currently aged in their fifties and sixties, traditional role expectations are deeply ingrained and the falls in male employment place adverse pressure on marriages and on men's self-respect. Mature-aged women, many of whom carried the primary role of raising children and other unpaid domestic roles, now find themselves either divorced or separated, or having to take on the role of primary breadwinner because their partner is out of work.

The concept of moral economy

The term moral economy was introduced by Thompson¹ to describe social rights and obligations based on tradition and popular consensus. Kohli² argues that the market economy itself gives rise to a new moral economy on which it depends for its functioning and which is based on norms of reciprocity. These norms are often

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Rather than a stable career path to retirement at pension age, there is now a diverse range of ages and pathways from work to retirement, such as retrenchment, voluntary early retirement, unemployment, later life career change, and moves from full-time permanent work to part-time or casual work, self-employment or unpaid work.

defined in terms of social contracts and include cultural values and expectations, and beliefs about rights and obligations between workers and management.

The key points are, first, that an individual lives in a complex system of interacting roles in relation to his or her family, employer, society and the state. Second, these roles are reciprocal: the individual's obligations are part of a moral order that also involves the obligations of these institutions. Third, people's moral interpretation of their roles, being both based on tradition and built up over their life course, is likely to adjust slowly, so that the faster and more radically things change around us, the more likely it is that we will experience distress and conflict between expectations and experience.

Moral economy and retirement

The moral economy also applies to appropriate roles across the life course. The idea of retirement is embedded in popular values about the duties of citizens to contribute to economic production for a culturally determined portion of their life course and their corresponding right to paid work. The retirement contract is the right to a period of leisure at the end of each person's working life and the duty to leave the paid workforce to make way for the succeeding generation. It also entails the system of retirement income—whether that is through publicly regulated deferred earnings from a lifetime of economic production, intergenerational social transfers unrelated to the individual's lifetime earnings or non-regulated patterns of self-provision.

Retirement has been described in terms of a tripartite career life course: socialisation and education in childhood and youth to prepare for a career in work, working in a career over the course of adult life, and the conclusion of work life and retirement.³ This model, although useful to describe the ideal life course for men, particularly in the post-World War II period, was not applicable to most women, who more typically experienced a career of paid work terminated or interrupted by marriage and child-rearing. Very few women were in full-time paid employment up to the pension age. Most mature-aged women were financially reliant on their spouses' earnings or received widow or wife pensions.

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Early exit for men, later exit for women

Throughout the developed world, including Australia, over the last quarter century, there has been a major trend towards early exit from the labour force for men. The term 'early exit'⁵ is used here in preference to early retirement because it has not been given an unambiguous social legitimacy, and because it includes both voluntary retirement and involuntary exclusion from access to paid employment.

Three-quarters of men aged 60 to 64 were in full-time work in 1970, by 2000 only a third were. The full-time employment-to-population ratio of men aged 55 to 59 fell from 88 per cent to 60 per cent in the same period and for those aged 65 and over it fell from 16 per cent to 6 per cent. The main falls for men aged 60 to 64

and 65 and over were between 1975 and 1985, and their rates have been stable or have risen since then. The falls for men aged 55 to 59 were less severe but continued until the early 1990s. Part-time employment has increased among men aged 55 to 64 but is still relatively uncommon, compared to part-time employment among women or young men.

Mature-aged men who are not employed are far more likely to be categorised as not in the labour force than as unemployed. When asked why they left their last job, nearly half of men aged 50 to 64 report that it was due to retrenchment, redundancy or other job loss, around a fifth say it was because of disability or poor health, and others give voluntary reasons. Employed men aged 50 to 64 do not appear to be more likely to leave or lose a job than are younger men, but those who do are far less likely to get another job.

Much of this has come about because of industrial changes and labour surpluses, with men of older cohorts being seen as lacking the appropriate skills, qualifications and/or personal attributes for the new labour markets.⁶ For employers and unions, the shedding of mature-aged employees has been seen as a relatively acceptable way to reduce unemployment and modernise workplaces, particularly if there is some form of compensation for those affected, such as early retirement schemes, redundancy packages and so on.

Among women, there has been a substantial increase in both full- and part-time employment since 1970. The full-time employment to population ratios of women at all age groups between 25 and 54 have increased strongly since the mid-1980s, and there has been a lesser, but still substantial increase in full-time employment among women aged 55 to 59, from 15 per cent in 1985 to 23 per cent in 2000, with little increase among women aged over 60. The incidence of part-time employment has increased at all ages, more than doubling for those aged 55 to 59 and 60 to 64.

Women who are not employed have lower rates of unemployment than men, and mature-aged women have lower rates than prime-aged or young women. Single women have relatively high rates while married women have low rates.

Mature-aged women are somewhat less likely than men to be retrenched or made redundant and are more likely to leave work because of caring responsibilities. They also report a high level of disability. While mature-aged women are less likely to leave or lose a job than are prime-aged women, those who do are less likely to return to employment than are younger women or men, particularly if they are aged 55 or over.

Women's career patterns have been converging with men's through increasing employment rates. Skills obsolescence and discrimination in the labour market also affect mature-aged women, but each succeeding cohort has a higher average level of skill and career experience. Cohort analysis does not provide evidence for a tendency towards earlier retirement among women. It should be remembered, however, that mature-aged women's employment levels are still well below those of men of the same age.

New pathways and the changing life course

These changes of the last 25 years have had very profound changes on the life course. Men who began their careers in the 1950s and 1960s had a reasonable

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The effects can be severe for those who lose a job and are unable to find another, those who are unable to work because of ill-health or caring responsibilities, or those who leave a job voluntarily, underestimating the impact and the barriers to re-employment.

expectation that they would have a lifetime of stable employment up to pension age, getting promoted by their employer as their experience and skills grew. The defining norms for men were their identity through their job and their role as family breadwinner. Women of the same cohort expected to have a stable marriage with a husband who could support them during working life. Most women expected to leave full-time work when they married or had children, and maybe return later to part-time work as a secondary earner.

What has happened to this cohort is very different to the life its members had planned. They have experienced higher rates of separation and divorce, with men often then marrying younger women and commencing a second family, while fewer women re-partner. In these circumstances, mature-aged women need to rely more on their own earning capacity than they perhaps expected, while the capacity of mature-aged men to save for retirement may be reduced because of the need to support a second family.

Education and trade training does not seem to be lasting the distance over careers as new technology and work environments replace the old. Industrial restructuring and the rapid changes in the technology and skills required have seen many men retrenched or made redundant well before 65, particularly in the manufacturing industry and privatised public utilities.

For those who choose to retire early, with a realistic expectation of its effect on their lives, it is good to have the option. However, for those who lose a job and are unable to find another, those who are unable to work because of ill-health or caring responsibilities, or those who leave a job voluntarily, underestimating the financial, social and psychological impact and the barriers to re-employment, the effects can be severe.⁷

As well as the financial implications, these changes have required social redefinition of people's roles within their families, in relation to the labour market and in relation to retirement. According to Inkson et al., 'For older workers, work gains its texture and its dynamic, not just from the day-to-day activities, events and relationships of the present, but from its status as a centrepiece of the closing chapters of an ongoing, cumulative career ...

If the "organisation man" or "loyal company servant" was the prototype of the old organisational era ... the prototype of the new twenty-first century career will be the contract worker, the self-employed or mobile knowledge worker'.⁸ Those whose careers have been mainly with a single employer are faced with having to negotiate an external labour market for the first time for many years.

Although the evidence and experiences are very mixed, women, by and large, seem not to have fared so badly in terms of work. The industries where women have traditionally been employed have been growing and the employment of older women has risen. Anecdotal evidence suggests that women recover faster from losing their jobs. This may be partly because women's social identity is not so strongly determined by the work that they do but is often also based on unpaid activities, their status as a mother or friendships formed outside the workplace. It may be partly because they don't have the same expectations of loyalty from a long-term employer and are more used to casual or part-time jobs. However, wives of jobless older men are much less likely to be employed than wives of employed men. It is not clear how much this is due to deeply held beliefs about the roles of husbands and wives and how much is due to other factors.

The policy dilemma

At the same time as the trend to early exit has been occurring, public policy has been faced with the problem of the aged making up an increasing proportion of the total population. In Australia, life expectancy at 65 is 16.3 years for a man and 20.0 years for a woman. This is about four years more than in 1970, and it is projected to grow by another three years over the next 50 years. At an individual level, longer life expectancy combined with exit at 55 means that the number of years of male retirement would be 26 years, over twice the average number for a man who left work at 65 in 1970.

Changes in fertility rates will have a much greater effect than increasing longevity on the age structure of the population.⁹ Generally high fertility rates from 1946 to 1962 (the 'baby boom'), followed by lower rates thereafter, have created a bulge in the current population profile, between the ages of 40 and 55. While people aged 55 and over are now one in four of the adult population, by 2016 they will be one in three.

However, in a context of prolonged labour surplus and industrial restructuring, employers have shown a strong preference for recruiting younger workers, particularly those with recent qualifications. Surveys of employers in Australia show that while they have both positive and negative attitudes to the capacities of mature-aged workers, the positive characteristics, such as experience and corporate knowledge, tend to be associated with existing employees rather than new recruits, particularly those changing occupations. A 1999 survey by Drake Personnel¹⁰ of preferred ages for staff recruitment found that no employer surveyed preferred those aged 50 or over, and very few expressed a preference for those aged 40 to 49. Although legislation in most Australian states prohibits discrimination in employment on a number of grounds, age discrimination, particularly in recruitment, seems to be one of the most common grounds found in research.¹¹

Australia, like other countries, has tried different combinations of measures to respond to the conflicting pressures of, on the one hand, supporting industrial restructuring and labour market deregulation while compensating those out of work and, on the other, providing incentives for later retirement in the face of this population ageing.

The World Bank has warned against the intentional promotion of early retirement to meet the first of these pressures:

Early retirement, though appealing in the short run, is a costly and short-sighted way to facilitate enterprise reform. It reduces the country's labor force (especially its experienced labor force), shrinks potential output, reduces political pressures to cut unemployment, and results in regressive distributions (World Bank 1994, p. 25).

Australia's response to the high levels of unemployment and corresponding increases in income support dependence since 1975 has involved two strategies: one has been the development of labour market assistance, training and job placement services, reaching a peak with the Working Nation initiatives of 1995 and subsequently contracted out to private and community providers under the Job Network. The other has been an increasing pressure on people claiming

At the same time as the trend to early exit from the workforce has been occurring, public policy has been faced with the problem of the aged making up an increasing proportion of the total population.



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unemployment benefits to prove that they are very actively seeking employment or taking steps to improve their employability through, for example, participating in labour market programs. Other forms of income support have been restructured to reduce access for those who could seek work. These strategies have both been largely focused on younger people.

Mature-aged unemployed people have not received a proportionate share of labour market assistance programs, either because of overt age limits or by the selection process. This bias was far greater in the 1970s and 1980s when over 80 per cent of service expenditure was directed at those under 24 who made up only 55 per cent of the unemployed in 1980,¹² but a bias remained through Working Nation and into the early stages of the Job Network. Over this time there was one pilot scheme in 1990 to assist mature-aged job-seekers. Disability employment programs and rehabilitation for injured workers have been even more strongly targeted, with 55

per cent of Disability Support Pensioners aged 50 and over in 1998 receiving only 9 per cent of places in disability employment services. A number of the current suite of Commonwealth programs outside the Job Network, such as Work for the Dole and other mutual obligation programs, have upper age limits for eligibility, the highest of which is 49.

Job Network quarterly monitoring reports indicate that the employment outcomes for mature-aged people under Job Network are increasing. In addition, the Commonwealth has announced a number of measures to be introduced in the next two years aimed at providing greater assistance to mature-aged job-seekers.

On the income support side, mature-aged recipients of unemployment benefits (Newstart) have been subject to less stringent job-seeking requirements than younger people, and allowed more latitude to meet their requirements through voluntary or part-time employment. In response to very high unemployment rates among men aged 60 to 64, Mature Age Allowance was introduced for long-term unemployed men of this age in 1994. It was, however, tightened in 1996, and will be phased out from 2003.

Women, who formerly had much greater access to payments that did not require the recipient to seek paid work (payments for wives, partners, parents and widows and earlier access to Age Pension), have had access tightened as their labour force participation rates grew. These payments, other than those for parents, will continue to be progressively removed, and parents whose youngest child is 12 or over will be expected to take steps to return to the workforce. These changes accelerated their participation rates, increasing both employment and unemployment ratios among those affected. Payments for partners and widows, without dependent children, are intended to be progressively removed.

A large factor in access to non-market incomes has been the growth in superannuation coverage. Between 1986 and 1992, the Commonwealth took a number of actions to promote the spread of coverage and improve the security of benefits in response to the need to control age pension expenditure in the context of an ageing population. However, in response to the labour market position of mature-aged people and the desires of employers and unions to give priority to the employment of younger people, the age at which people can access their entitlements if they choose to retire is 55, ten years before pension age.

Furthermore, entitlements can be taken in lump-sum form, allowing people to use their superannuation as a bridge between the end of their employment career and the Age Pension. While the preservation age is scheduled to increase gradually to 60 for those born in or after 1960, this will do little to address the pressures placed by the baby boom cohort on the retirement income system.

This strong endorsement of early retirement is quite at odds with the intention that superannuation be used to offset increased age pension expenditure. It is in keeping with policies of directing labour market assistance to younger people.

However, relatively few people in their mid- to late fifties have substantial superannuation entitlements. Those who do not are particularly people with a history of lower status employment or intermittent employment. They are likely to be those with the least chance of remaining employed to the age of 65. Those who do have sufficient superannuation to provide a long-term retirement income are also those with a higher status career background and therefore most likely to be able to continue to work.

Conclusion

Although writers such as Encel¹³ have argued for the merits of flexible retirement such as phased retirement or work past pension age, there is a need for social clarity on what is legitimate and what is not. There is also a need for greater coherence among the policies and constraints affecting the transition from work to retirement. The present system provides a confusing array of messages to people about what is expected. On the one hand they have a social duty to work to age pension age, rather than relying on other social security payments, on the other employers no longer feel a duty to provide employment for them, they receive little assistance or encouragement to find work, and there is a social belief that younger people should have priority.

Encouraged to leave work, excluded from labour market assistance and training, not required to seek re-employment, low-status mature-aged people have very poor probability of re-employment if they do seek it. These are the least likely to have substantial superannuation or other resources and are required to take more stigmatising pathways, at least until they can qualify for the Mature Age Allowance.

High-status workers, on the other hand, who have more choice over whether to leave work voluntarily and have greater potential productivity in work also have more respectable options for alternative income sources if they do leave early, including superannuation.

By excluding people aged 50 and over from labour market assistance and not requiring them to seek work, and supporting early retirement schemes through the tax system, and preserving superannuation only to 55, the Commonwealth indicates that it supports early exit. Yet the pension bonus plan and the retention of the male pension age at 65, the raising of the female age to 65 and the abolition of the mature-age allowance in 2003 signals that it is not acceptable for those without resources for self-support to leave work early.

It seems, therefore, that early access to superannuation is likely to provide a stronger incentive and legitimacy for early retirement among those whom we would want to encourage to remain in the labour force. They are those who set the normative example of a socially sanctioned retirement age.

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What is needed is a concerted effort by governments, employers and the community to increase the employability of mature-aged people.

The tightening of access to income support for mature-aged women and the proposed tightening for mature-aged men are likely to be only marginally effective in their aims of increasing employment among the less privileged sectors of the labour market and will provide, as well, the undesirable consequences of increasing unemployment, financial impoverishment and social stigmatisation. These moves need to be accompanied by changes in employer attitudes to recruiting older job-seekers.

Those with least control over their continued employment and whose labour is in least demand are given the least options for a dignified transition to retirement, while those with most choice to work and whose labour is more valuable are given legitimate access to tax-subsidised retirement income ten years earlier.

What is needed is a concerted effort by governments, employers and the community to increase the employability of mature-aged people, by a greater emphasis on lifelong learning, labour market assistance targeted to the special needs, values and life experiences of mature-aged people. Furthermore, there is a need to change beliefs and attitudes across these sectors to reverse the moral consensus that it is acceptable to exclude the mature aged through retention and recruitment practices affected by prejudice and age discrimination. Income support policies should be determined within such a broader policy context rather than being the focus of concern without regard for labour market constraints. Finally, regulation and tax treatment of superannuation should be overhauled to encourage its preservation to the age of 65.

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5 Savings, risk and redistribution: Some options for working-age income support

Anthony O'Donnell

Two cheers for the Australian social security system?

Current debate on income support in Australia seems finely balanced between 'welfare optimism' and 'welfare pessimism'. The welfare optimists point to what they see as the comparative advantage of the Australian system: that it is flexible, adaptable to changes in both labour market conditions and gender roles, redistributive and, perhaps best of all, cheap. They argue that by being tightly targeted towards the least well-off, the system has proven highly effective at alleviating poverty at a lower cost than many overseas models. With sole parents' benefits, family payments and rent assistance all substantially boosted in real terms, the disposable income of the poorest 20 per cent or so of households has remained more or less constant over the past two decades, despite growing joblessness, the disappearance of full-time jobs, an ageing population and increases in sole parenthood.¹

The pessimists tell a much sadder tale about our system, and tend to now come from both the Right and the Left. They argue that the welfare state has not only failed to help the poor but in fact has made them poorer.

Welfare reform: The story so far ...

In 1999, the Commonwealth government identified modernisation of the welfare system as an important part of its wider reform agenda, establishing a Reference Group on Welfare Reform that delivered its final report, *Participation Support for a More Equitable Society*, in August 2000. Despite its claim to represent 'fundamental reform', the report largely continued in a fairly established pattern of welfare reform debate.

In launching the Review, the Minister for Family and Community Services took the side of the pessimists, placing the issue of 'welfare dependency' at centre stage. By this, she appeared to mean the steady upward trend in the proportion of the workforce-age population receiving government income support payments. It appeared to exclude those on the age pension and those in paid employment receiving family payments. Although longitudinal data on welfare receipt is scarce in Australia, in neither the case of unemployment benefits or single-parent payments is there compelling evidence of a growing 'underclass' that the term 'welfare dependency' evokes. In the case of unemployed people, the Australian system has always relied on an element of compulsion to reduce reliance on benefits, whether through job search or opportunities to participate in labour market programs. In the case of sole parents, payments have been used by divorced and separated mothers for relatively short transitional periods, of around two to three years.

Given the fairly austere nature of Australia's social security safety net, being dependent on welfare—whether unemployed, disabled, or bringing up kids alone—often means doing it hard. Yet there was precious little in the government's discussion paper about hardship or poverty or the capacity of social security to alleviate these conditions. When the Minister talked about welfare dependency in the case of families, it was linked with domestic violence, drug-use and poor relationship skills. When she talked about dependency among youth it signified an attitude problem, a moral failure to cultivate a proper work ethic.

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These are, at root, North American meanings, shorn of their more explicit racial inflection, and exported around the world by various writers and think-tanks. Such meanings resonate for a growing Australian cohort who see themselves as having suffered declining fortunes in terms of wages and conditions, but who feel alienated from an income support system that in many respects has been increasingly targeted on the least well-off and those not in work.

Welfare optimism, by contrast, leads to another policy prescription that attempts to build on what is seen as the successes of the current system in alleviating poverty. It asks that the welfare state simply do more of the same; that is, to use income transfers to compensate or 'top up' the incomes of those bearing the brunt of the new economic hazards. In other words, if trends in work and households are generating increasing levels of market inequality and poverty, then the social security system just has to pedal faster and harder to undo this inequality.

If the provision of adequate incomes and relative equality was once a function of a raft of policies—most notably wage-fixing—with social security playing a residual role, the balance is shifting.

Welfare optimists recognise that the context in which the Australian social security system operates has changed. Our welfare state was always seen as leaner and meaner than its western European counterparts, but our social security system operated in conjunction with a commitment to full employment, centralised wage-fixing, award coverage and widespread home ownership, amounting to what was, by world standards, a surprisingly comprehensive system of social protection. However, as Professor Ronald Henderson discovered in the early 1970s, it was a system of protection that managed to exclude the usual suspects: Aborigines, newly arrived migrants, the aged, single mothers—all those who could not rely on the market or intra-family transfers. In the two decades following Henderson's Commission of Inquiry into Poverty, which reported in 1975, the social security system was substantially upgraded, with regard to coverage, the removal of some, but not all, of the moralism that informed certain eligibility rules, and substantially improved benefit levels; tested against more rigorous notions of need and adequacy. Over the same period those other pillars of the postwar social settlement—a buoyant labour market and centralised wage-fixing, the nuclear family, home ownership—have all, for better or worse, taken a battering.

If the provision of adequate incomes and relative equality was once a function of a raft of policies—most notably wage-fixing—with social security playing a residual role, the balance is shifting. Welfare optimists propose that social security not so much work as a *supplement* to other forms of social protection designed to secure equitable outcomes but, increasingly, as a *substitute*. That is, if the labour market is failing to deliver adequate wages at the bottom of the earnings distribution, the government may have to use income transfers to keep the disposable income of low-wage households at an adequate level. Rather than merely provide an income when a person is out of work, the welfare state would be directed towards 'topping up' the incomes of people in work but on low wages. A key argument made to justify wage 'top-up' proposals is that a fall in the real value of the minimum wage is necessary to reduce unemployment by pricing the low-skilled unemployed back into the market. Government income transfers used as top-ups amount to a de facto wage subsidy for these new low wage workers.

The Reference Group's report only noted in passing that the use of 'in-work' benefits might reduce the cost of low-skilled labour, but the use of some form

of welfare payment to offset the rise in working poverty that would result from falling wages has received renewed attention recently in the Australian context with academics and politicians advocating the introduction of a new tier of income support directed primarily at those in work, perhaps in the form of an earned income tax credit ('EITC').² This would operate as a refundable tax-credit, calculated according to earned income, with a marginal supplement paid for every dollar of income earned up to a certain plateau, and then gradually withdrawn.

If it is important not to uncritically accept the pessimists' diagnosis of dependence, it is also important not to overstate the extent to which social transfers in Australia have actually undone growing *earnings* inequality. Most social security transfers go to those outside of or only marginally and intermittently attached to the labour market. Workers—such as those low-wage male full-time workers who analysts such as Bob Gregory and Jeff Borland identify as suffering a decline in real wages³—are not having their situation much improved by social security transfers. As Harding and Richardson observe: 'It is striking that, among workers, a tiny proportion of their income, on average, comes from government cash benefits ... [F]or some employed families, government assistance for children is significant. But on average it is not. People who rely on wages and salaries have higher incomes than people who rely on social welfare payments. This is the intention of the design of the social welfare system, and it works'.⁴

Nevertheless, as Harding and Richardson note, government income support for some low-wage earners in the form of family payments is a feature of the current system. In fact, means-tested income support extends quite a way up the income distribution of families with children. Such families are, to a greater or lesser extent, insulated from relative wage changes. While many economists see this as producing a disincentive for such households to increase their labour effort (any rise in market income will be offset by a fall in their means-tested family payment and higher taxes), the converse is also true: each dollar fall in market wages is offset by a reduction in tax and an increase in government assistance. For a number of low-wage households across a certain income band, then, the connection between collectively bargained or arbitrated wage outcomes and disposable income has been notably weakened.

In examining this situation, Gregory et al. make a couple of observations. First, the development of these sorts of wage subsidies for workers with children means that the growth of welfare expenditure becomes directly linked to falling low wages. Second, for the workers involved, possible policy changes to the welfare and tax system may be more important than changes in the wage dispersion.⁵

At first glance the two broad approaches to welfare reform outlined here seem somewhat contradictory: one (the EITC) implies expansion of a form of welfare 'dependency' in terms of increasing the number of people drawing means-tested payments; the other calls for its diminution through greater conditionality and administrative surveillance. Yet these two approaches already coexist in Australian social security policy. How does this contradiction play itself out?

We have proceeded somewhat down the 'top-up' path, not just through Family Payments (and Parenting Payments) that allow households to supplement low regular wage income, but also through easing means tests on most pensions

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What the Reference Group on Welfare Reform takes as evidence of a distressing increase in welfare dependency may reflect an *intended* outcome of reforms over the past decade or so that have widened the scope of eligibility and broadened entitlements so as to improve work incentives and increase labour force attachment.

and benefits, which allows income support to compensate for irregular wages. In this situation, what the Reference Group on Welfare Reform takes as evidence of a distressing increase in welfare dependency may, in fact, reflect an *intended* outcome of reforms over the past decade or so that have widened the scope of eligibility and broadened entitlements so as to improve work incentives and increase labour force attachment.⁶ If the spread of family payments—or a new scheme, such as an EITC—offers a *de facto* wage subsidy that allows real wages to fall, this will mean the gap between the minimum wage and social security benefits for single adults or those without dependants will narrow. In order to preserve work incentives, the pressure will then be to decrease benefits or entitlement for these people, leading to an invidious distinction between claimants with children ‘in work’ and those ‘out of work’. This seems perfectly consistent with the approach taken by the current government, which tends to exclude working families drawing family payments from its diagnosis of ‘welfare dependency’. As Gregory et al. observe, ‘[t]he process of tightening access to unemployment benefits is already under way, and at the same time support for those employed at low pay with dependent children is increasing’.⁷

Wages and welfare in a wage earners’ welfare state

A key question is whether either of these versions of welfare reform effectively substitutes for a postwar settlement that secured incomes across the life course or recognises new needs and aspirations for flexibility around non-standardised life courses.

Traditionally, income security in Australia has been a function of both the labour market and the social security system. Frank Castles explained the austere and residual nature of Australian social security arrangements for much of the twentieth century precisely by reference to a prevailing system of labour market regulation that fixed a ‘fair’ or ‘living wage’ for the mass of white male workers.⁸ As Mitchell, Murray and O’Donnell’s contribution to this volume shows, the extension of centralised wage-fixing and the regulation of working arrangements around full-time, ongoing contracts proceeded slowly but was consolidated in the postwar years. This regularisation of employment relations meant that workers not only received a guaranteed weekly minimum, but also had that income secured against sickness, annual leave, long service leave, and, to some extent (through notice provisions), severance and redundancy (although more comprehensive dismissal protection and redundancy provisions did not find their way into industrial awards until the first half of the 1980s).

It is clear that this situation no longer holds. Patterns of labour force participation have changed, with many more women and fewer men now in the labour force. Furthermore, both women and men are increasingly participating under different types of work contract. Around a quarter of jobs are now ‘casual’. Although the work patterns and job durations associated with casual jobs are very heterogeneous, casual workers have no access to sick leave or annual leave and, in the vast majority of cases, no legislative protection against unfair dismissal.⁹ The financial risks of fluctuating demand, redundancy, sickness and so on are transferred to the worker—and the state—rather than being borne (at least in part) by the firm. Similarly, fixed-term employment might provide *de facto* ongoing employment for those with scarce and highly valued skills, but allows employers to avoid redundancy provisions by terminating employment simply through the expiration of the

latest of a series of contracts. Self-employment or independent contractor status also transfers many of the risks to workers who are, in terms of their dependency on a single organisation or firm, employees in all but name. Protection even for standard employees in the case of employer insolvency remains underdeveloped in Australia in comparison with European nations.

From poverty alleviation to risk management: Taking a life course perspective

As a redistributive tool, a properly designed welfare state is capable of alleviating poverty through what is, in essence, a 'Robin Hood' strategy of taking money from well-off households and giving it to poor households, taking money from households with no children and giving it to households with children, and taking money from working-age households and giving it to aged households.¹⁰

Put in this way, as a simple point-in-time analysis of the Australian tax-transfer system, it might too easily support an 'us-and-them' outlook, feeding further resentment towards welfare recipients and undermining broad-based political support for the system. If you think about it, it in fact suggests that many people will move from being net contributors to the tax-transfer system to net beneficiaries depending on life-course circumstance.

Leisering and Leibfried point out how life-course-related welfare state policy (for example, compulsory education for children or the system of old age pensions) are supplemented by a range of income support measures that constitute 'social risk management' policies. These function as safety nets for 'deviant' life courses, reacting mainly to short-term circumstances and episodes that may damage individual lives at various points in the lifetime.¹¹ For men, deviations might mean unemployment or sickness; for women, widowhood or abandonment by a breadwinner.

We can no longer presume 'normal' gendered life courses centred on motherhood or male full-time work. 'New' or intensified risks begin to emerge: unemployment, redundancy, underemployment, under-payment, skills obsolescence, income interruption due to maternity. Leisering and Leibfried refer to the 'democratisation' of risk. Over a span of ten years or so, probably around 40 per cent of the population of many developed countries would be in poverty but for government transfers.¹²

We are seeing manifestations of this new landscape of risk in Australia. Despite the relative stability of the poverty rate, changes in the *composition* of the poor are apparent. In particular, people of working age (frequently unemployed or single parents) now constitute a major group among the poor population.

Drawing on Mitchell's distinction between strategies that prevent, mitigate or cope with risk, Australia's flat-rate, residual system of workforce-age payments was originally intended to provide a risk-coping mechanism, while both macroeconomic settings and labour market regulation attempted to reduce or prevent risks. Home ownership, along with worker's compensation and rudimentary elements of private provision and investment, provided a key element of risk mitigation. A shift away from publicly managed and funded risk reduction and risk mitigation strategies has led to an overemphasis on risk coping. One notable counterpoint, however, has been the introduction of the superannuation guarantee charge. Although superannuation's role as a preventative measure is currently

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limited, structurally the SGC highlights the potential role of government as social risk *manager*, as the actual provision of benefits and its administration is largely borne by individual employees and employers.¹³

Under any new model, the government must maintain a role in managing risk not only because the new environment of risk creates more 'victims' of risk who need protection. Many people desire and pursue flexible, fluid and 'non-standard' life courses: whether leaving a relationship, returning to education to upgrade skills, devoting increased time to caring obligations, seeking the 'right' job and so on. People recognise that this entails taking risks, and want a reasonable relation between the risk and the reward. To think of people as active risk-takers will mean, however, finding a new welfare discourse. The currently orthodox language of 'moral hazard' is dubious. People taking such risks cannot be thought of as fraudulent claimants, nor is their poverty their own 'fault'. Rather, it is a matter of people planning their lives in a way that is meaningful for the individual and legitimate for a dynamic society and economy.¹⁴

Some policy scenarios

If we were to accept risk management as a guiding principle of income support policies, what might such policies begin to look like?

A first *scenario* would be to leave many of the key features of the Australian social security system largely unchanged, but to make more explicit its role and justification as a manager of the risks associated with life-course transitions. This would mean increasing system responsiveness and undoing many of the conditions that currently attach to receipt of benefits and pensions, such as waiting and preclusion periods that require claimants to effectively impoverish themselves before gaining access to transfers. It could also mean moving to a simplified payment structure based around a common workforce age payment able to be directed at specific needs of individuals, rather than making presumptions about aggregate groups such as 'the unemployed', lone parents and so on. Current differentials between pensions, allowances and education payments can create perverse incentives for people attempting to make the transition between different forms of labour market and social activity.

In light of the way current employment and household changes have undermined typical life-course income gradients, a second *scenario* would entail thinking more explicitly about life-course transitions and income smoothing through a fairer distribution of financial assets. One example could involve utilising new compulsory superannuation infrastructure for more general life-course purposes. People could have access to a certain proportion of their superannuation savings (capped on an annual and lifetime basis) for other life-course purposes.¹⁵

There is the danger that such a system would merely replicate the inequalities of the labour market (between those able to make regular self-contributions and those who, in a low-wage/no-wage cycle of marginal employment, can at best rely on the minimum employer contributions). This represents a potentially major form of lifetime stratification.¹⁶

One solution would be for governments to make contributions to a person's account on his or her behalf during periods when labour market income falls below a certain annual minimum. This could take the form of a quarantined, refundable tax

credit.¹⁷ This would send a clear message to low-wage workers or those outside of the labour market engaged in unpaid work that the government was providing some form of assistance and recognition of their situation, while avoiding delivering a more direct subsidy to low-wage employers, which is what an EITC tends to do. In many circumstances, people would have the choice of remaining on a basic benefit or pension, with the option of topping up this amount at crucial times, such as when major expenses strike, with drawings on their account quarantined from the operation of existing means tests. Such a scheme could simply finance brief periods out of the labour market that would allow people to reorient their lives without having to deal with the surveillance and conditionality that attaches to many social security payments. The state would thus underwrite a reasonable relationship between risk and reward.

A variation on the above model would take it further by establishing a separate, compulsory, explicit life-course saving account, parallel to superannuation. This could be done through replicating the system of employer/employee co-contributions, or perhaps it could be kickstarted by a hypothecated explicit levy, in the manner of the Medicare levy.

The politics of risk

There is a danger that a focus on risk and risk management reinforces individualist solutions rather than a recognition of collective and social needs, and that the privatised management of risk becomes merely another obligation imposed on citizens as a condition of receiving meagre income support. There is also another danger that the emphasis on asset incomes introduces the risk of capital market failure. Workers, in the case of insolvent companies, are already being asked to bear the risk not just of labour market failure but also capital market failure. The proliferation of individualised ‘savings accounts’ could mean that as people pursue individual certainty through clamouring for optimum returns on asset incomes they spread collective uncertainty through the labour market as ‘shareholder value’ demands corporate restructuring and downsizing. Similarly, as Ian Manning has pointed out in the context of superannuation, the hope of such schemes lies not in the accumulation of asset claims *per se*, but in the accumulation of productive capital yielding national income on which people make their claims.¹⁸

The details of any savings- or asset-based scheme need to be more carefully thought through, but may offer our last best chance to escape from the current impasse of welfare reform in Australia. The alternative—to maintain the current residual, poor law welfare state—offers, as a risk-coping strategy, at best 25 per cent of average weekly earnings, at worst a merry-go-round of work-for-the-dole, sanctioning and breaching and ‘dob-in-a-welfare-cheat’ hotlines. Or, more likely, it will offer both, with meagre privileges extended to those in work, and the further marginalisation of those engaged in less-recognised forms of social activity.

In the second scenario above, there remains a clear role for the state, not merely a morass of individually brokered risk-coping strategies. It is clearly about *social* risk management, as a new savings-fund mechanism would complement existing needs-based, flat-rate provision, rather than substitute for it. The current social security system does partially represent a redistributive risk-pooling mechanism directed at life-course transitions, and we should continue to work for improvements in the adequacy and design of basic income-support payments,

A second scenario would entail thinking more explicitly about life-course transitions and income smoothing through a fairer distribution of financial assets. One example could involve utilising new compulsory superannuation infrastructure for more general life-course purposes.



The state must have a role in building up the accounts of low-income earners—this could ensure vertical redistribution that could undercut the current maldistribution of wealth.

as outlined in the first scenario, above, so that it can fulfil this role more effectively. But, the state must have a role in building up the accounts of low-income earners that, together with an appropriate taxation regime applied to contributions and benefits, could ensure vertical redistribution that could undercut the current maldistribution of wealth and financial assets. By crediting certain individuals not active in the paid labour market, such schemes would mean a broader recognition of what constitutes economic activity or participation.

Savings-based schemes try to avoid both the 'wedge politics' and downwards resentment of the current residual system and some of the elements of compulsion, surveillance and punitiveness of current reform proposals. Life-course savings models mean a proportion of social welfare is removed from the government income and expenditure equation and from the arena of power politics to which the poor are particularly vulnerable.¹⁹

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6 Lifelong learning and non-standard work: Whose responsibility is it?

Marion Frere

The emergence of lifelong learning on to the contemporary policy scene offers an important opportunity to rethink the links between learning and changing life-course experiences. In particular, it enables us to look at the ways in which improving opportunities for people to continue to learn throughout life can strengthen their capacity to manage increased levels of risk at different life stages.

In Australia, there appears to be some uncertainty about both the end goals of lifelong learning and the ways in which it might be put into practice across all sectors of education and training. Rather than embracing the broad policy reform agenda proposed by leading international proponents, debate to date has focused on work-related skill development, framed largely by discussions of productivity and economic competitiveness. Furthermore, despite widespread rhetorical support for lifelong learning, the absence of a shared and clearly articulated national policy for it remains a telling sign of the challenges it continues to pose.

Drawing from both an examination of lifelong learning policy literature and analysis of labour market trends, the emphasis of this paper is on the links between changing employment arrangements and the ways in which we think about one aspect of learning policy: post-compulsory vocational education and training. The focus on the education and training experiences of those in non-standard work aims to open up for discussion some of the key implications of new working patterns for the allocation of learning risks and responsibilities. In this context, it looks at proposals that link learning to an individualised lifelong earnings and investment strategy (specifically the notion of a lifelong learning account) and asks what the broader social equity implications of such a move might be in light of an increasingly fragmented and diverse labour market.

Lifelong learning policy context

The concept of lifelong learning has a long history and, in the 1990s, was subject to a range of conceptual revamps led in particular by a number of key international organisations.² As defined by the OECD, lifelong learning aims to create a society of individuals who are motivated to continue learning throughout their lives—both formally and informally.

Central to the notion of lifelong learning is the importance of spreading educational opportunity over the individual's lifetime, to be available when needed, rather than seeing all efforts concentrated in initial education. This is an important move in that it enables a policy emphasis on ongoing learning for various career pathways rather than limiting learning, and, for that matter, government expenditure, to early stage preparation for lifelong employment in a single industry or occupation. It thereby challenges the traditional 'front-loaded' approach according to which learning is mainly concentrated in a sequence of compulsory schooling, upper secondary and post-secondary stages of the educational system. Instead, learning is seen as a fundamental and lifelong process of human development. It embraces all learning that takes place from infancy through adult life, in families, schools, communities, vocational training institutions, universities and workplaces.

An overview of international trends suggests that the main driving forces behind the current advocacy of lifelong learning are the economic and technological imperatives arising from economies that are increasingly knowledge-and information-based. While broader objectives are taken into account, including

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social cohesion and cultural and democratic values, these are subsumed as products of an economy revitalised through lifelong learning, rather than as the prime movers of the strategy.³ More particularly, though retaining the learning throughout life connotations (cradle to grave), contemporary versions of lifelong learning tend to view the nature and purpose of learning primarily in terms of skills updating and training and development needs related to the workplace.⁴

In Australia, work-related learning, particularly post-compulsory vocational education and training, is the focus of the lifelong learning agenda. While such an approach is a rather narrow interpretation of lifelong learning, it is consistent with the historical emphasis on economic objectives that has been the main driving force in investment in post-compulsory education and training since the 1960s.⁵

Since the late 1980s, in response to both an increasingly internationally exposed economy and an agenda for government reform built around principles of small government and competition, we have seen major reforms in the funding and organisation of vocational education and training.⁶ In particular, we have seen the emergence of a training market, the intention of which is to encourage the growth of training providers in the private sector. Such a move is based on a radical rethink of the traditional role of government in relation to the provision of education and training. It led to increasing emphasis being placed on the steady withdrawal of government from a role of dominant funder, provider and regulator of the delivery of education and training.

There is concern, however, that training markets are subject to various types of failure that may reduce or negate the broader social and economic benefits of education and training. For example, markets tend to prioritise the satisfaction of short-term skill demands rather than the longer term needs of industry and society as a whole.⁷ Furthermore, there are a number of specific market segments in which market imperfections, social externalities and administrative costs make competitive funding processes inappropriate. These include training for small business, rural and regional communities, school-leavers, special-needs groups and short-course provision.⁸ Indeed, some conclude that increased government reliance on private providers may lead to greater inequalities in access to and distribution of training opportunities.⁹

Changes to investment in post-compulsory vocational education and training have significant implications for the allocation of financial risks and responsibilities of work-related learning. While a number of approaches to funding can be identified, from 'free public access' to 'user pays', a general consensus has been reached in Australia on the strength of the case for substantial public subsidisation of generic training, now referred to as initial or entry-level training.¹⁰ For other types of training, in contrast, opinions on who should pay are more diverse. This is an issue with serious implications for those increasing numbers of people who need to move between jobs or in and out of unemployment at different stages in their working life course. Indeed, access to appropriate education and training when they need it (including generic training) may be one of the key facts that enables these workers to successfully negotiate a way forward in the new labour market.

Lifelong learning and non-standard work

The understanding of work that underpins the current lifelong learning agenda expects firms to be calling for flexible, multi-skilled workers whose skills will require constant upgrading to keep pace with technological advances. For some industries this means an increase in demand for high-skill jobs while for others it means a rise in the level of low-skill jobs.

While access to appropriate skill development may indeed assist individuals to negotiate pathways in a radically discontinuous labour market, there is serious concern in the fact that the current skill development agenda has emerged at the same time as we have seen an emphasis on the deregulation of labour markets. For Crouch, this combination of a deregulatory approach and an enskilling one tends to embody opposing logics. While deregulation emphasises ease of employee disposal, enskilling requires that employers regard employees as a long-term investment. In the end, he suggests that this seeming contradiction is solved by the growing segmentation of labour markets and the divergence of the 'occupational fates' of different sections of the working population.¹¹

The implication of this divergence of occupational (and industrial) fates is significant for the provision of education and training. In particular, increases in the number of part-time and casual employment arrangements have impacted on who gets training and who pays for that training. Recent studies show that non-standard employment is negatively associated with both education and training incidence and employer support for education and training. It is a vicious circle, with those in less secure work and with less initial education and training being less likely to access the further training they need to proceed to better and more secure work. Such an outcome has serious flow-on effects, including the impact of increasingly divergent workplace education and training fates on earnings, equity and social cohesion.

In relation to the provision of education and training to non-standard workers, human capital theory points to the logic of a reduced employer commitment to education and training as returns on investment become less certain in a climate of increasingly individualised, discontinuous and flexible employment relations. As labour becomes more mobile, the reciprocal nature of training, wherein employers 'pay back' their training costs by long attachment to the employer, becomes less predictable. Employers become increasingly concerned that they will lose their investment through the 'poaching' of the trainee and, indeed, firms that have previously trained may become poachers themselves.

Recent trends indicate that employers are spending less on training than they had been previously. ABS data indicates a decline in employer spending on training from 2.86 per cent of gross wages and salaries in 1993 to 2.54 per cent in 1996.¹² Furthermore, there is a recorded drop-off in individual employees receiving training with the number of employees who received some training in the previous twelve-month period falling from 85.8 per cent in 1993 to 80.2 per cent in 1997.¹³ Hall, Bretherton and Buchanan argue that at least part of the decline in training has been associated with the rise of casualisation, outsourcing and labour hire. This is particularly the case for casual employees who have always received less training than permanent employees.¹⁴ VandenHeuvel and Wooden also argue that casual workers are much less likely than permanent workers to have participated in

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both in-house training and in external training, with the difference in in-house training being of particular significance. Indeed, their research shows less than half as many casual workers as permanent workers having undertaken in-house training. Even when a range of personal and job-related characteristics were taken into account, VandenHeuvel and Wooden conclude that permanent employees were one and a half times more likely than casual employees to have participated in formal employer-provided training activities.¹⁵ Importantly, and in addition to the decline in overall levels of training, there has also been a change in the type of training with a more limited application of training to highly task-specific and job-specific requirement—what Hall, Bretherton and Buchanan describe as ‘near-fit’ training.¹⁶ As well as posing longer term challenges to the maintenance of the Australian skill stock, these changes also make it more difficult for workers to be recognised for their skills or to transfer the skills acquired during training to other jobs.

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What becomes clear from these research findings is that those in non-standard employment are less likely to receive training from their employer and they are increasingly expected to provide what training they do receive themselves. For those in high-demand skill areas, there may be a strong incentive to train in anticipation of above-average remuneration. However, for those in non-standard, low-skill employment situations, ‘it may be that the lack of accessible or affordable training opportunities are serving to reinforce the “dead-end” character of many of those jobs’.¹⁷ VandenHeuvel and Wooden argue that this lack of access to employer-supported training is addressed in part by casual workers themselves. A number of the results point to what they describe as a ‘substitution’ effect, in which low levels of participation in employer-supported training is offset (in part at least) by relatively high levels of participation in external training that was completed in the worker’s own time. As they rightly point out, however, the important question of whether or not this substitution is the result of the lack of the option of firm-related training could not be answered with the available data.¹⁸

What we are effectively seeing as a result of the growth of non-standard work is a shift in the allocation of responsibilities for education and training in Australia. Employers have been investing less for fear that they will not see adequate returns. Individuals are receiving less training and are increasingly expected to do it in their own time and pay for it themselves. According to Hall, Bretherton and Buchanan, some of the issues facing these individuals include the cost of training (particularly given that most non-standard workers are not highly paid), the capacity to recoup the investment in training, time (particularly in cases of uncertain or irregular employment) and lack of access to information and advice.¹⁹

In addition to the shift from enterprise to individual responsibility in relation to those working in non-standard work arrangements, we have also seen a withdrawal of government from its role as direct provider of post-compulsory education and training over the same period through the development of a training market. What we are witnessing is a growing divide between those who do and those who do not have access to work-related learning. We need to ask about the real costs of these changes and whether the development of a lifelong approach to learning could assist in reversing this trend through both increased overall investment in education and training and a more appropriate spread of learning opportunities and outcomes across all sectors of the workforce.

Learning risks and responsibilities

Broader social goals of democratic participation, equity and community cohesion remain a very significant part of lifelong learning policy discussion despite the emphasis on skill and productivity that has characterised the debate in Australia to date. This broader agenda, epitomised by the OECD's goal of lifelong learning for all,²⁰ provides a useful point from which we can start to address questions on the allocation of learning risks and responsibilities. We need to look at the question of whether or not the benefits of enhanced skill development are falling evenly on all groups or whether, in contrast, certain sectors are benefiting disproportionately. And we need to ask questions about learning equity and the responsibility of the government and private stakeholders towards groups with limited existing (and future) prospects in the labour market.

Overseas experience strongly suggests that questions of lifelong learning policy goals and practices are central to social equity.²¹ In Australia, education attainment is linked intimately to chances of gaining employment for young people²² and higher education qualifications attract higher wages.²³ While the lifelong policy agenda assumes that the market will reward individuals for their education investments, Watson argues that the extent to which this is true depends to some extent on the placement of the individual in the skills hierarchy. Drawing from ABS data that links employment by occupational groups within five bands of skill, she concludes that the workers most likely to be engaged in any form of education or training are those with university qualifications; while those with the lowest level of qualifications were least likely to benefit. This pattern flowed through to the level of employer support for the cost of external training, which declined commensurate with the individual's position on the skills hierarchy. That is, people with the lowest levels of qualifications were more likely to finance what education and training they undertook themselves. As such, the distribution of education and training opportunities is heavily biased towards people with university qualifications and the gap between those with and without skills is likely to widen.²⁴ Rather than narrowing wage or income inequality over the life course, such outcomes suggest it will be exacerbated.

This concern is compounded by the perils of investment in the labour market, with analysts unable to interpret many of the signals from the allocation of education and training investment. For example, differential incomes within occupational groups can confuse the issue of how much a return on investment in learning will actually amount to in terms of future income.²⁵ In other words, individuals cannot be sure that what they pay out for in learning expenses will necessarily come back to them in terms of larger pay packets.

Furthermore, with the increasing inequality in earned income that has accompanied the changing patterns of employment in Australia, questions have been raised about the capacity of growing numbers of families on low incomes to finance education and training from their own resources.²⁶

These factors—the uneven spread of learning opportunities, the entrenchment of differential earnings outcomes through current patterns of access to learning, and the limited capacity of individuals and families on low income to finance education and training—mean that the ways in which we structure learning in order to promote equity is central. Attention must be placed on policy targets that include opportunities for second-chance education or training for early school-leavers,

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those who are marginally attached to the labour force, those in non-standard work, and those who require reintegration into the labour market after career breaks or unemployment. Not surprisingly, the central issue in the implementation of such lifelong learning policy objectives remains how to spread the costs of learning equitably between the various beneficiaries—individuals, employers and the state—and how to do this without promoting inequalities.²⁷

Drawing from an analysis of international and national documents, Watson suggests that a defining characteristic of the lifelong learning policy agenda includes the clause that people and their employers or industry should contribute to the cost of education and training. Although policy documents emphasise the importance of lifelong learning to national economic prosperity, it is difficult to draw out the role of government in financing it: ‘where government involvement is mentioned, it is usually expressed in terms of a partnership with individuals and industry’.²⁸

One influential response in the consideration of lifelong learning has been discussion of individual learning accounts. The idea is that individuals make contributions to a special account set up to help finance their own education and training investments. Employers could be encouraged to make contributions, while other public-funding sources could also play a role.

This observation corresponds with the strong push that we are seeing towards emphasising the private or individual nature of responsibility for education and training. Hodgson and Spours argue that recent discussions of lifelong learning have contributed to an individualisation of responsibility for learning, with a shift towards a requirement for individuals to look after themselves in conditions of uncertainty. They suggest that individuals are not only seen to have the opportunity to participate in learning throughout life, they are also seen as having a responsibility to do so in order to address some of the national and international challenges posed by global economic restructuring and demographic change.²⁹ The underlying danger in all of this is that it raises the potential for social exclusion and poverty to be blamed on those individuals blocked from participation, rather than looking to broader societal trends and issues that caused such vulnerability in the first instance. Hart argues that the overall message is that the problem of threatened economic competitiveness or economic decline rests with the individual. In her words ‘the entire weight of the current “productivity decline” is placed on the shoulders of an “unproductive population”’.³⁰

What we are seeing, therefore, is the shift towards an individualised responsibility for learning in a labour market that is increasingly placing new demands on workers to negotiate their own pathways. This has implications for learning policy, as it seeks to integrate notions of lifelong investment in learning with increasingly diverse life course and labour market participation patterns.

One influential response in the consideration of lifelong learning and investment has been discussion of lifelong or individual learning accounts. The basic idea is that individuals make contributions to a special account set up to help finance their own education and training investments. Under such a scheme, employers could be required or encouraged to make contributions, while other public-funding sources could also play a role.³¹ In the United Kingdom, where individual learning accounts were introduced in 1999, subsidies are provided by government to individuals who undertake recognised courses. In addition, employees are not subject to tax on an employer’s contribution to a learning account, and employer contributions are tax deductible. Curtain suggests that, in Australia, there is room for employer and union participation in funding learning accounts through collective bargaining agreements in a way that is similar to the negotiation of contributions to enterprise superannuation funds.³²

Taking the proposal one step further, the idea of combining the principle of lifelong learning accounts with personal pension schemes has also been mooted in the United Kingdom context. Using the concept of life-cycle earnings and savings, Williams argues that personal pension schemes enable people to build up wealth during the relatively high-earning stages of their lives and use it when their earned income declines. Therefore, what is needed is a single individual human capital account serving simultaneously as a personal pension fund and as an individual learning account. Employers would be required to contribute to each individual's account, as they do for existing occupational pension schemes.³³ For the implementation of such a proposal in Australia, significant changes would be required to our income support system with individual contribution-based superannuation savings providing the most likely source for individual learning finances. As discussed by O'Donnell in this volume, the major risk of a contributions-based scheme is that of replication of the inequalities of the labour market.

Positive aspects of lifelong learning account proposals include the potential of such accounts to increase overall investment in education and training by encouraging both individual and enterprise contributions. This is an important priority, particularly in the light of recent declines in enterprise expenditure on education and training and longer term cutbacks in public investment.³⁴ A further positive aspect of lifelong learning accounts is the chance that they may offer some opportunities to compensate for past inequalities in education, as investment is available for second-chance training. In addition, they may also encourage access to education and training that enables someone to change career or re-enter the workforce after a career break. As we have seen, creating opportunities for people in low-paid, non-standard work to access education and training throughout their working lives is a growing policy priority.

On the negative side, however, a number of important concerns remain. The first of these is related to the potential that individual learning accounts have for lifelong learning to be seen as an increasingly private investment, particularly if they are not accompanied by substantial long-term government investment in recognition of the public benefit of lifelong learning. This may have grave consequences as decisions made in an individual, or enterprise, vacuum can impact negatively on Australia's economic and social wellbeing in the medium to long term. A second concern relates to the ability of low-income earners and those who are marginally attached to the labour force to contribute to a lifelong learning account. While Williams suggests that, for the less affluent, there is certainly a good case for subsidisation,³⁵ this does not adequately address the challenge that a large number of poorly paid and marginally attached workers pose to lifelong learning policy. Subsidisation of individuals simply may not be enough to ensure that the deepening divide between the learning rich and the learning poor, with its impact on issues of social equity and social cohesion, is given sufficient attention. Furthermore, a subsidisation approach runs the risk of reinforcing the idea that responsibility for addressing low learning/earning capacity must continue to be placed at the feet of individuals. Once again, we see an individualisation of risk, with the government's role limited to a top-up for the most disadvantaged.

While exploring new approaches to investment and learning across the life course is sorely needed, the issues raised above suggest that we should not rush headlong into an individualised account approach without serious attention to the level and allocation of public funding and the equity implications of such a move. We need

While exploration of new approaches to investment and learning across the life course is sorely needed, we should not rush headlong into an individualised account approach without serious attention to the level and allocation of public funding and the equity implications of such a move.



a balanced learning investment strategy intended to direct assistance to those currently missing out, including those in non-standard work.

Endnotes

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7 Out with the old and in with the new?: Housing's role in the new social settlement

Maryann Wulff

Introduction

This paper outlines how shifts in the role of housing exemplify the social and economic transformations that have reshaped Australian society from an 'old' social settlement into a new social policy framework. In general terms, housing in the 'old' social settlement reflected the stability offered in family life and employment. People tended to move through a series of stable stages both in their family formation and life-cycle and in their employment careers. In this social and economic context, housing policy was premised on near universal home ownership and on a philosophy that good quality, affordable housing benefited the society as a whole. In contrast, the 'new' social world is being described as a 'risk society', where the stable markers of the past have given way to uncertainty and unpredictability in many social spheres (such as labour market and family) and housing has become yet another 'risk' shouldered by individuals and families.

These changes can best be seen through a comparison of the stark differences confronting the 25- to 34-year-old age cohort over a fifteen-year period, using 1981 and 1996 ABS data. This is the pivotal age group in terms of family and household formation and in the establishment of a foothold in the housing and labour markets. The comparison highlights different household formation and labour force patterns, alongside a marked decline in home purchase. The paper concludes by raising some policy issues that need to be considered in the new social settlement.

Objectives of housing policy in 'old' social settlement

Max Neutze's companion volumes on Australian urban policy stand today as excellent summaries of the state of urban development and urban policy in the postwar period to the mid-1970s and the policy priority of home ownership.¹ Neutze described a range of policies that were either introduced or in place after World War II; including rent control, low income housing (through the Commonwealth State Housing Agreement), assistance to the building industry, and Defence Service Homes. These policies and programs, stated Neutze, in one way or another 'even if unintended' had the effect of encouraging home ownership primarily by reducing the costs.² 'The fact that measures to reduce housing costs have concentrated on the cost of owning rather than renting reflects in part a belief that families only rent during a transitional phase of the family life-cycle, and in part a belief ... that poor tenants are catered for by government housing authorities.'³

Housing policy during this period was understood in its broadest sense, as an integral part of economic and regional development. For example, the provision of housing for low-income people living in inner-city areas or for workers required in country towns also served purposes such as urban and regional development. Housing was also used as a *de facto* stabilisation policy in that public-sector building programs were often timed to sustain the building industry through the cyclical ups and downs generated by economic fluctuations. Because the general population desired home ownership, promoting home ownership was seen as promoting economic and political stability. In the 'old social settlement', it can be said that government investment in housing was perceived to be in the common good.

Under the 'old' social settlement, housing policy was premised on near universal home ownership and on a philosophy that good quality, affordable housing benefited the society as a whole. In contrast, the 'new' social world is a 'risk society', where the stable markers of the past have given way to uncertainty and unpredictability and housing has become yet another 'risk' shouldered by individuals and families.



This view of housing and the policies that flowed from it were only sustainable in light of the prevailing social and economic patterns and structures of that period. Housing choices and outcomes paralleled stable stages through the life-cycle. The typical (but not universal) sequence followed by most people comprised a series of predictable life-cycle stages starting with moving out of the parental home and into independent living prior to marriage, then to marriage, having children and on into the empty nester stage, and finally widowhood. Housing patterns, including dwelling choices and tenure decisions, were synchronised with these life-cycle stages—so that people moved from rental flats to purchasing their first home, and eventually ‘buying up’ and moving into a larger owned home as the family expanded in size and possibly downsizing again towards the later stages of the life-cycle. The peak of the typical housing career was home ownership and this achievement cushioned people in their retirement years.

Entry into home ownership is becoming increasingly disconnected from other life-course events. Home ownership is less likely to be preceded by marriage and childbirth than in the past. In this sense the chain of marriage, birth of first child, entry into home ownership has been broken.

Moreover, these policies were developed at a time when housing costs were affordable on a single income. Up until the mid-1980s, studies of housing affordability commonly used average earnings for a single income earner as the measure against which house prices were compared.⁴ It was not until the late 1970s that mortgages could even be negotiated on the basis of a two-income family. And finally, secure employment created the confidence and capacity to take on long-term mortgage commitments.

In this context, the role of housing policy was twofold: first, to assist people in overcoming any difficulties in entering the housing market. Neutze described home ownership as an ‘escalator’ and wrote that ‘once a family can find the deposit necessary to buy a house and meet the mortgage payments in the first few years it is likely always to be able to afford adequate housing’.⁵ Second, housing policy aimed to provide low-income families with affordable housing. This was accomplished through the establishment of state housing authorities. During this period, most public housing clients were employed, two-parent families with children and many eventually purchased their dwelling through special low-interest loans from the state housing authority.⁶

Shifting paradigms

The housing, family and labour market stability that marked and defined the ‘old’ social settlement has been challenged by the broad economic and social changes that have transformed Australian society. Globalisation of the economy, economic restructuring, revolutions in telecommunications, changes in family and household patterns, deregulation of the banking industry—these trends swept across the nation and the world and created, in effect, the need for a ‘new’ social settlement. Social theorists describe this new world as the ‘risk society’.⁷ In a ‘risk society’, people are uncertain about ‘what will come next’ in life—‘previous certainties of social life dissolve as, for example, partnering does not inevitably lead to marriage and marriage does not inevitably lead to the birth of children’.⁸ Illustrating how life events are often unexpected or unanticipated, ‘entry into home ownership is becoming increasingly disconnected from other life-course events. Home ownership is less likely to be preceded by marriage and childbirth than in the past’.⁹ In this sense, ‘the chain of marriage, birth of first child, entry into home ownership has been broken’.¹⁰

Several new housing phenomena signify the 'risk society'. The home purchase rate has declined, particularly among people under 35 years, for couples with children, and for younger high-income couples.¹¹ While this in itself is not problematic (particularly if the decline represents delayed purchase rather than constraint), other indicators are more serious. Essentially, home ownership is no longer seen as the secure 'escalator' that once promised a risk-free route to capital gains. An increasing number of households are 'falling out of home ownership',¹² an event unheard of in a 1977 study of recent movers.¹³ Changes in family composition (either divorce or the birth of a child) and unexpected losses in income and employment have been associated with cases of mortgage arrears and defaults,¹⁴ although the precise scale of this problem is difficult to estimate because of financial institutions' restrictions on information. Badcock and Beer suggest that the explanation lies in the 1986 deregulation of the financial system that led to a 'free-for-all as newcomers to the mortgage finance scene jostled for market share'.¹⁵ When, in the late 1980s, unpredictable rises in mortgage interest rates occurred, many households, particularly those with insecure employment, lacked the capacity to meet repayments. Another housing phenomenon appearing in Australia, termed 'entrapment', refers to a bleak housing situation (linked strongly to specific locations) in which home owners have watched their house values decline and their equity erode into a negative figure. The riskiest housing situation of all, of course, is that experienced by the homeless. The increasing incidence of homeless in Australia caused the ABS to collect information on homeless persons for the first time in the history of census-taking.¹⁶

The changes affecting home ownership have led to new and different demands on the private rental market. Coupled with the fact that Commonwealth policy has moved away from supplying public housing to a preference for providing income support to social security recipients in the private rental market, the tenure has been subject to greater and more diverse demands than in the past. Renting can no longer be seen solely as transitional, but now copes with the demand from both 'would-be home purchasers' and increasing numbers of social security recipients unable to access the limited stock of public housing.¹⁷ Insecurity and lack of affordable rentals characterise today's private rental sector.

The idea of housing as a common good has been replaced by housing as a private individual and market responsibility. The housing debate has been increasingly restricted to the provision of rental assistance in the private rental market; with broader housing issues, such as regional development, housing as an economic driver and urban development 'off the policy agenda'.¹⁸

This has created a situation in which maneuvering through the housing market, unlike the stable and secure journey of the past, has become a lottery creating 'winners and losers' or a game of 'snakes and ladders'.¹⁹ A recent analysis of the housing histories of approximately 200 Adelaide households emphasises this point²⁰ and reveals that luck and timing have more to do with housing outcomes than any secure or stable pathway. Unexpected and unanticipated events led to a number of groups in the study losing out in the housing market. These included business-related casualties: people with family-owned businesses who 'felt the double whammy of escalating home mortgage and commercial interest rates'.²¹ As Burke and Hayward point out, being a 'winner or loser' now also concerns geographic location.²² A new social settlement needs to start from the position of a very

The idea of housing as a common good has been replaced by housing as a private individual and market responsibility. The housing debate has been increasingly restricted to the provision of rental assistance in the private rental market.



different housing market with particular spatial dimensions. Some outer suburban and regional areas have experienced real falls in property values while others (mainly inner cities) have achieved very substantial gains. This differential performance has implications for both wealth distribution and life chances and explains the 'entrapment' experienced by some home owners.

An overview of two cohorts: households aged 25 to 34 years

One means of summarising the shifts in Australian housing is through contrasting the social and economic positions of two cohorts of 25- to 34-year-olds, one reaching this age in 1981 when housing was still understood in terms of the old social settlement, the other in 1996, following the recognition that society had shifted into risk and uncertainty. The first cohort, born between 1947 and 1956, reached adulthood during a period of strong economic growth and certainty,

increasing labour force participation and continued favourable housing and finance policies. Significant shifts in the structure of the workforce meant that many households in this cohort had two incomes, at least until the arrival of the first child, a situation that made entry into home ownership and reduction of mortgages easier.

The more recent cohort was born between 1962 and 1971 (a period spanning the latter years of the baby boom—'echo boomers'—and the early years of the Generation Xers) and began to enter the home ownership market during the mid- to late 1980s. Unlike their earlier counterparts, this group grew up during a period of rapid and often uncertain social and economic change. 'Their experience of impermanence and unpredictability has taught them one big, central lesson: *keep your options open*'.²³ For this cohort, changes in the meanings of employment and the importance of a career, together with shifts in household formation, have severed the traditional link between housing careers and family and employment status. This is precisely the cohort referred to by Winter and Stone as spearheading the changes marking the new risk society.

Table 7.1 compares the population and household growth rates for these two cohorts against the trend for the total population. Over the twentieth century, the number of households has been growing at a more rapid rate than the population due to the formation of an increasing number of small households, particularly non-family households.²⁴

Table 7.1 Population and household growth rates, 1981, 1996

Census year	1981	1996	Growth rate
Population 25–34 yrs			
	'000	'000	
Persons	2 395	2 748	14.7
Households	1 078	1 203*	11.6
Total population			
Persons	14 576	18 483	26.8
Households	4 668	6 281*	34.5

*1996 figure excludes visitor-only households
Source: ABS Census of Population and Dwellings, unit record files, 1% Household Sample File, 1981 and 1996.

For the cohort born between 1962 and 1971, changes in the meanings of employment and the importance of a career, together with shifts in household formation, have severed the traditional link between housing careers and family and employment status.

What is notable in Table 7.1, however, is that this is not the case for the 25- to 34-year-old cohort. Between 1981 and 1996, the number of persons in this age group grew by 14.7 per cent against a household growth rate of 11.6 per cent. For the population as a whole, the opposite occurred, the population growth rate of 26.8 per cent was lower than the household growth rate of 34.5 per cent.

The fact that household formation failed to surpass population growth among the 25- to 34-year-olds is associated with a growing tendency between 1986 to 1999 for young adults aged in their twenties to still be living in the family home. Reasons include the trends towards marrying later, longer periods in education, and labour force changes, such as higher unemployment rates and greater proportions working part-time rather than full-time.²⁵

The effects of the postwar baby boom can be seen in the relatively larger size of the earlier, 1981 cohort. In 1981, the 25- to 34-year-old age group accounted for 16 per cent of the population and 23 per cent of all households. By 1996, this cohort's share of the total population had dropped to 14 per cent and made up just 19 per cent of all households.

Table 7.2, based on household information, points to some of the contrasts in family, labour market and housing experiences of these two cohorts. In terms of household type, over half of 25- to 34-year-olds in 1981 were couples with children, a figure that had declined to 40 per cent by 1996. Instead, there was an increase in childless couples, single parents and people living alone in the 1996 cohort. What is also evident is the changing labour market position with a decline in the proportion of full-time employed persons from 77.5 to 59.8 per cent. This has been accompanied by an increase in the proportions employed part-time, unemployed, or not in the labour force. Contrasted against this, however, is a higher education level with the share of this age group holding higher degrees or postgraduate degrees rising from 9.5 to 16.4 per cent. Whereas in 1981, 26 per cent of this cohort had left school before the age of 16 years, this figure dropped to 15 per cent among the more recent cohort.

Along with an improvement in educational attainment, the occupational status of this group rose among the more recent cohort. Paradoxically, despite a lower level of employment among household reference persons in the 1996 cohort, among those employed, the share of managers and professionals rose from 28 to 41 per cent.

It will be interesting to see how and/or whether this higher educational attainment translates into their housing aspirations. In terms of housing tenure outcomes, the earlier cohort, the 'baby boomers' achieved higher levels of home ownership than the more recent cohort (Generation Xers). The home purchase rate among this more recent cohort declined by over 10 percentage points, while their reliance on private rental increased enormously. While the figure is only indicative, it is worth noting that the rate of outright ownership is higher among the more recent group—it is interesting to speculate whether this suggests an increased reliance on parental support among the more well-to-do of this group.

The 'baby boomers' achieved higher levels of home ownership than the more recent cohort (Generation Xers). The home purchase rate among this more recent cohort declined by over 10 percentage points, while their reliance on private rental increased enormously.



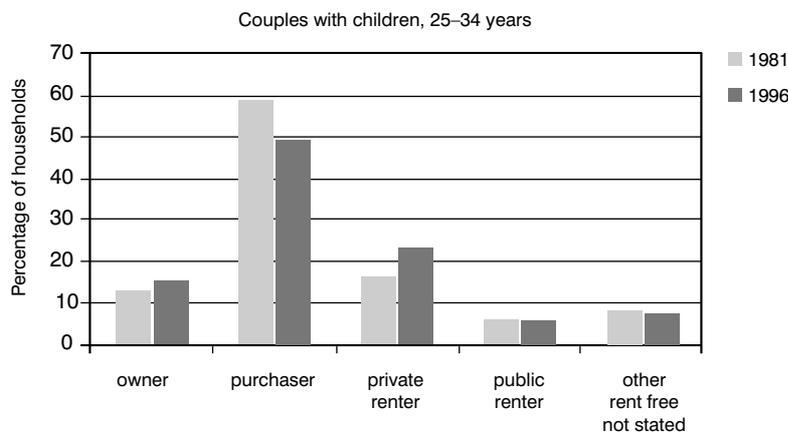
Table 7.2 Signs of change: households with reference person aged 25–34 years, 1981, 1996

Census year	1981	1996
Birth cohort	1947–1956	1962–1971
(Number of households '000)	(1078)	(1203)
Household type		
Couple only	16.6	21.8
Couple family	53.8	40.2
Single parent and dependents	7.9	10.2
Multi-family/related adults	3.6	2.9
Lone person household	11.8	17.7
Group household	6.4	7.2
	%	100.0
Labour force status		
Employed full-time	77.5	59.8
Employed part-time	10.4	16.3
Subtotal (employed)	87.9	76.1
Unemployed	3.2	7.7
Not in labour force	8.9	16.1
	%	100.0
Educational attainment		
Degree or greater	9.5	16.4
Diploma	4.9	7.1
Vocational/trade certificate	27.7	20.7
left school 16–19 years	29.3	37.5
left school < 16 years	25.5	15.4
Not in school	3.0	2.9
	%	100.0
Occupation (employed ref persons only)		
Managers/professionals	27.7	40.9
Trades/vocational	22.0	17.6
Clerical/sales	23.7	24.0
Plant/labourers	26.6	17.5
	%	100.0
(n '000)	91 670	90 090
Housing tenure		
Outright owner	10.4	12.5
Purchaser	49.2	38.2
Private renter	26.7	35.4
Public renter	5.1	6.1
Other/rent free/ not stated	8.7	7.8
	%	100.0

Source: ABS Census of Population and Dwellings, unit record files, 1% Household Sample File, 1981 and 1996.

Clearly, some decline in home purchase can be attributed to other demographic forces affecting this group—later age at marriage, delayed child-bearing, staying longer in education and so forth. But given the extent to which home ownership has been traditionally linked with family formation and children, Figure 7.1 looks at the different tenure outcomes for couples with children between the baby boom cohort and the Generation Xers.

Figure 7.1 Couple families with children, reference person 25–34 years, tenure status 1981 and 1996



Source: ABS Census of Population and Dwellings, unit record files, 1% Household Sample File, 1981 and 1996.

Couples with children, the prototypical life-cycle stage linked with home purchase, are less likely to be owners among recent cohorts of 25- to 34-year-olds than for their earlier counterparts from the baby-boom generation. The purchase rate has declined from just under 60 per cent of these families to 50 per cent. Concomitantly, reliance on the private rental market has risen.

Concluding remarks: some issue for the ‘new’ social settlement

Housing policy in the new social settlement needs to take into account the changed labour market conditions, increasing diversity of life courses, shifting trends in household formation and pressures on rental and ownership housing sectors. In this environment, some analysts argue that home ownership has reached its limit²⁶ or is in steady decline.²⁷ Present-day housing issues require a focus on changing needs of households as they move through the life course; the performance of the ownership and rental housing markets; and the associated impacts of household and housing market changes on the cities and regions in which people live.

The old social settlement, largely built around home ownership, gave most households security, an appreciating asset, and a home that could be extended and renovated to suit their particular life-course stage. In the face of a contracting ownership sector and expanding private rental market, the policy issues for a new social settlement revolve around how to extend many of the benefits of ownership to those who are not now, or may never be, owners. Is it possible to create a private rental sector, or a secondary rental market, that can offer security of tenure and the personal freedom associated with ownership

The policy issues for a new social settlement revolve around how to extend many of the benefits of ownership to those who are not now, or may never be, owners.



Australia would be unwise to simply abandon home ownership and accept any decline as inevitable. It makes economic sense to help households to access ownership instead of long-term assistance via social housing subsidies or private rent assistance.

(such as the ability to redecorate and renovate to suit needs)? Also, can new housing structures be devised (for example, housing associations), that offer many of the benefits of ownership? At the same time, given the achievements and benefits of the past, Australia would be unwise to simply abandon home ownership and accept any decline as inevitable. In many geographic regions, the combination of low-cost housing stock and low interest rates suggests that it makes economic sense to help households to access ownership instead of long-term assistance via social housing subsidies or private rent assistance. To do so, however, requires new financial instruments or subsidies, such as a national housing assistance program, rather than a restricted rent assistance program.

(G)overnments may need to provide an affordable safety net in the form of mortgage insurance provision. They may also take the lead in experimenting with more flexible shared equity schemes which would allow borrowers to cease making full repayments during bad times, thereby blowing out the loan, and to start repayments again when times improve.²⁸

British housing analysts have made a similar appeal for more flexible mortgage products that can respond to the vulnerability caused by unexpected unemployment or reduced wages. 'Flexible payment methods, flexible repayment periods and a greater flexibility of fixed interest are all ways in which the issue could be addressed. Rent-to-mortgage schemes and the designation of flexible tenures would be an innovative policy response.'²⁹

In a new social settlement it is worthwhile to remember the philosophy embedded in the old housing policy is about much more than bricks and mortar. Housing markets shape urban and regional form and the liveability of cities and regions. This calls for programs to renew areas at risk of social exclusion, policies aimed at redeveloping deteriorating public housing estates into areas of greater tenure and social mix, and urban policies that work to mitigate the spatially polarising processes taking place in Australia's major cities. Innovative thinking and debate are required to imagine and design policies and programs that reflect the flexibility and diverse choices open to Australian households today, yet at the same time, assist households as they manoeuvre through the risks inherent in the new social settlement.

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8 Labour law and a new social settlement

Richard Mitchell, Jill Murray and Anthony O'Donnell

Introduction: from dispute settlement to social distribution

In the first decade of the twentieth century, Australia's system of labour market regulation was widely recognised as unique in the world. Statutory provisions at both the federal and state governmental level had introduced a relatively uniform system of regulation throughout the country, based on principles of conciliation and compulsory arbitration. The system was a response to the violent industrial confrontations of the 1890s. The rationale behind compulsory conciliation and arbitration was to force employers to negotiate with unions by providing the mechanism whereby parties could apply to an independent tribunal to obtain an arbitrated settlement irrespective of whether employers recognised that a trade union had any legitimate interest in the dispute. Many of the proponents of the inclusion of the conciliation and arbitration power in the Constitution assumed it would rarely be relied on in practice and expected that the normal means of determining the terms and conditions of employment would be through collective bargaining.

Radically altered economic and social conditions have undermined the legitimacy of the Australian system of labour market regulation, as well as its capacity to operate as a system of social distribution for large numbers of people.

For a considerable time after its inception, this is how the system in fact operated, but by the 1920s, arbitrated awards had become the principal means of determining the core terms and conditions of a significant and growing proportion of the workforce. What was designed principally as a mechanism of industrial dispute settlement had become, by the middle of the century, a major mechanism of social distribution. Through setting minimum wages and conditions for a significant majority of workers, it aimed to secure an adequate flow of resources to households to guarantee their material self-sufficiency. Under the principle of what came to be known as 'comparative wage justice', tribunals also attempted to secure similar pay for jobs of similar worth, irrespective of levels of labour demand in particular industries or regions. Movements in pay for different jobs were related to each other; a process which arguably led to a more egalitarian and compressed wage structure in Australia compared with many overseas countries.¹ This system institutionalised the role of collective organisations as bargaining agents and drew them into a wider social accord around key policy issues.

As we argue below, each of these outcomes was partial and qualified, but was widely seen as contributing to an Australian standard of living that many took to be salutary. Today, however, radically altered economic and social conditions have undermined the legitimacy of the Australian system of labour market regulation, as well as its capacity to operate as a system of social distribution for large numbers of people. Rather than argue for a hastened 'deregulation' of the labour market, we maintain the belief that the regulation of working life still has a vital role to play in sustaining Australians' wellbeing. The question for us what type of regulation is adequate for the task.

Labour law and the Australian social settlement: an historical account

The advent of formal regulation of the labour market through conciliation and arbitration at the turn of the century is popularly associated with the idea of 'fair' wages and conditions embedded in an Australian 'settlement' between

capital and labour. A core assumption of public policy settings for much of the twentieth century was that improvements in living standards would be accomplished through interventions in the labour market. In the field of comparative welfare studies, this is recognised as the distinguishing feature of the Australasian model, most famously put by Frank Castles in coining the term ‘the wage earners’ welfare state’.² In short, Castles argued that welfare strategy in Australia focused on ensuring adequate incomes through a centralised wage-fixing system that explicitly embodied, however conditionally and tenuously, a needs component. As Peter Macarthy, Castles and others have noted, the notion of the minimum ‘living wage’ had been rehearsed in the context of state wages boards and arbitration courts and, earlier, in agreements between workers and employers prior to the 1890s depression.³ After Federation, it became part of a distinct regulatory package, with three key dimensions discussed below, whereby protective tariffs were aimed at ensuring markets for local manufacturing and, in combination with immigration control, in promoting employment growth.

First, it was the task of the labour market to provide at least a ‘living’ or ‘basic’ wage to the primary breadwinner (assumed for these purposes to be male) supporting a ‘typical’ family (a wife and two or three children), as decided in the 1907 Harvester Judgement. Relative equality between classes of male workers was ensured through the idea of comparative wage justice and, by the 1940s, through a progressive income tax system. Women and children in families were thus to receive a flow of material resources through household transfers based on the earnings of the male breadwinner. Beyond this, a range of state welfare measures included provision of free education for those preparing to enter the workforce, and pensions for those too old to work and those prevented from working by incapacity. Women were made a one-off payment upon the birth of each child and, in some states, were granted child endowment. These three pillars of provision—regulated labour markets, households and the state—can be seen as providing, in principle, a comprehensive system of social support across the life course.

Second, the formal institutions of Australian industrial relations reflected an adherence to the values of participation in industrial life, or ‘voice’ as it is sometimes called. This occurred primarily through the role established for trade unions in the federal and state tribunal systems, which, in turn, provided in theory at least, an opportunity for individual workers to participate in shaping their working conditions through the award system and through collective bargaining. To the extent that there was an idea in this arrangement of voice and participation, it was through trade unions within the system of industrial regulation.

Third, implicitly these measures were confined by the dictates of economic competition in Australia. It was assumed that the Australian economy had the capacity to pay the minimum standards set down in awards according to the ‘fairness’ criterion and that businesses should not be operating unless they could meet these standards. The reality of the system was somewhat different. ‘Incapacity to pay’ was a permissible ground of argument for particular industries seeking to avoid award regulation, and at the macroeconomic level it was a factor taken into account in National Wage Cases. In particular, the Depression of the 1930s destroyed the consensus around the living wage

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standard set in 1907 and in 1931 the Arbitration Court handed down a 10 per cent cut in wages. The welfare aspect of labour law had always to be vindicated within the particular economic context set by the capitalist economy.

Both the partial and discriminatory impacts of this system of labour market regulation need to be recognised. It was a long time before standard employment relationships and award coverage became the norm rather than the exception. Many areas of irregular employment were only slowly integrated into the award system, through the extension of the notion of the indefinite contract of employment. In the early decades of the twentieth century, the jurisdiction of the industrial tribunals was limited as the term 'employee' was construed narrowly so as to exclude many groups of workers, both at the lower end and higher ends of the market—a situation that continued at least well into the 1920s and probably

beyond.⁴ Furthermore, the use of seasonal, casual and short-term labour suited both product markets subject to uncertainty and fluctuation and labour markets characterised by abundant supply. Even where casual and seasonal employment was regulated by award wages, there was no guarantee of continuous work and hence of secure income. Outside the uncharacteristically high rates of joblessness during the Depression of the 1930s, underemployment, or the prevalence of short-term, intermittent work, was seen as the key labour market problem in the pre-World War II period.⁵ In the early 1940s, social commentators were still pointing to the prevalence of casual labour as a key factor in the persistence of poverty.

The benefit of the 'living wage' thus always extended only to a proportion of male workers and their families. The proportion would have waxed and waned considerably with the rise and fall of unemployment. Even during the peak periods of award regulation from the 1940s to the 1980s, work in some areas of industry (for example, home workers in textile and clothing manufacture) remained regulated more or less through market forces.

Further, regulation sanctioned a lower rate of pay for women, even where identical duties were performed, and this formal discrimination between the 'male' and 'female' rate for the job persisted until the 1970s. Not only did women work for lower award rates of pay, but across their life course women often worked shorter, more irregular hours at paid work than men and withdrew from the labour force for long periods. Awards also set lower rates for outback Aboriginal workers. Many Aborigines in outback areas worked outside of the wage relationship altogether, subsisting on rations in return for their expertise in pastoral work.⁶

A further matter concerns the efficacy of regulation. Historically, one must suppose that the apparent reach of 'fair' terms and conditions of employment through awards was restricted in practice because of the extent of award evasion. The problems of 'compliance' are now recognised as a serious question for the regulatory state and must be taken into account in any proposals for a new social settlement embodying 'command and control' regulatory techniques.⁷

The idea of a 'social settlement' drawn from the mix of state policy interventions at the beginning of the previous century thus needs to be treated with caution as in reality there prevailed diverse forms of employment, working life patterns and family life. In short, it may best be seen as an *emerging* and *partial* settlement,

rather than an established one. Only in the post-World War II period did the model substantially reflect social and working reality. In this representation the historical duration of the 'old' social settlement is relatively short-lived, best describing the labour market, employment and social conditions of the period of the so-called economic long-boom from the 1950s to mid-to-late-1970s.

The fragmentation of the conditions of settlement

Various changes in economic and social conditions and attitudes have combined since the mid-1970s to disrupt the platform on which the 'old' social settlement was founded. As we have noted, gaps in protection and provision always existed, but were generally obscured in the post-World War II period by the widespread availability of and preference for regular full-time employment among workers in the period of the long boom. What has changed since the 1970s is the number of persons now caught in the gaps, and the variety of arrangements and positions—in working life and social life—that have reconstructed patterns of resource flows and risk.

From a labour law perspective, what has hastened change most profoundly has been the fragmentation of the conditions of labour hire and the proliferation of certain types of 'atypical' working arrangements: part-time work, casual work, 'freelancing', 'temping', franchising and so on; often undertaken in combination with other activities such as education and child-rearing. These atypical forms of employment have proliferated so as to include increasing numbers of workers.⁸ Together with the increase of long-term unemployment and of periodic unemployment, the rise of 'atypical' employment has substantially undermined what has been labelled the 'welfare' dimension of labour market regulation.⁹ Other factors have also impinged on the assumptions underlying the old settlement. The rise of unemployment and increased global economic competition have brought on challenges to the supposed 'protective' function of labour law, recasting its outlook more towards economic efficiency and increased productivity. This has necessitated a notional shift from focusing on the putative 'fairness' of the system in securing adequate resources for workers, to focusing on how labour law might be used to support 'flexibility' in employment systems and labour markets to produce more competitive business practices. As a consequence, key objectives of the 'old' settlement—the provision to individuals and households of adequate resources and the maintenance of relative equality between social groups—no longer retain their resonance.

Aspects of the 'old' settlement were based on assumptions about social relations and participation in paid work that have come to be perceived as increasingly out of step with wider social aspirations. As a distributive model, the award system focused on distribution through a typical 'male' worker supporting a 'typical' family. Women's pay and conditions lagged well behind those of males in comparable work, and women were increasingly marginalised industrially because they predominantly made up the ranks of the growing 'atypical' workforce in the fragmenting labour market.¹⁰ Related to this, the 'old' settlement, based on compulsory arbitration also appeared to lack democratic elements of inclusion. 'Rights' were collective, rather than 'individual', and participation in the system, and in workplace decision-making, was through

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the collectivity of the trade union. Industrial tribunals and those trade unions that set much of the bargaining agenda around wages, along with the public face of the trade union movement generally, were overwhelmingly male and Anglo-Celtic in constitution and operation. This was increasingly at odds with the demand from women and immigrant workers for industrial voice and participation, and the democratisation of work relationships.¹¹

Finally, labour law has been singled out for criticism in the political debate over the 'explosion' of regulatory norms, and accompanying difficulties of compliance and enforcement. The analysis above suggests that there has been a growing lack of confidence in the ability of the type of labour market regulation that characterised the 'old' settlement because it supposedly inhibits the flexibility of business organisations, it subordinates (in some quarters) individual rights, and it is too difficult and too costly to enforce, leading to what is described as regulatory failure.¹²

As a result of these various challenges to the labour market foundations of the social settlement, labour law itself has suffered increasing attacks on its relevance and purpose. Ever-growing numbers of workers have fallen outside the protective cover of labour law, which generally was aimed at sustaining those in conventional employment relationships. At the same time, governments of all political persuasions have progressively amended or transformed labour laws to reflect the need for less centralised regulation and greater flexibility. These changes have not, on the whole, produced less regulation. They have, arguably, reduced the degree to which the employment relationship is governed by substantive norms imposed from sources outside of the parties. There has been a consequent restoration of unilateral power to management, with trade unions more easily excluded and the scope for the introduction of 'individualised' employment relations enhanced.¹³ There are, however, limits to this process, and the changes to labour law have increased to a considerable degree the level of regulation in the form of procedural norms.¹⁴

The new social settlement: a renewed approach to labour market regulation

To sum up, it is clear that labour law under the 'old' social settlement embodied certain aspirations. One was the regulation of wages, conditions and job security so as to secure for workers an adequate flow of resources in the context of relative equality. Such resources included not only the weekly wage, but also some security of employment across time and the scope to engage in a range of family, leisure and other commitments. Another aspiration was to facilitate workers' participation or 'voice'. Further, the prevailing system aimed to be sustainable over time, by having regard to the conditions of economic growth and productivity. Finally, labour law proceeded by way of a particular regulatory model founded on bargaining by the industrial parties, backed by the arbitration of disputes.

As we have noted, the extent to which these aspirations were realised varied over time and between groups of workers. We start from the assumption that

the labour market should continue as a major mechanism of social support and distribution. Yet any attempt to ‘re-regulate’ the labour market to meet these aspirations in the context of current labour market fragmentation leads to a complex set of imperatives, which often appear to be in tension. One imperative is to extend the current scope of regulation of wages, conditions and job security to include the increasing numbers of labour market participants who, either currently or at various times across their life course, fall outside of the conventional employment relationship. Similarly, labour law must address the severe escalation of inequality that has arisen in the wake of moves to a less centralised, more ‘flexible’ mode of regulation. At the same time, regulatory models must recognise new forms of association and participation. Regulation must also fit into a new environment of economic competitiveness, marked by globalisation and mobile capital on the one hand, and the need to secure competitive advantage through ongoing, co-operative relations on the other. Finally, the regulatory model must be one that *works*. Given the complexity of the goals being pursued, it may be the case that no single mechanism of regulation is adequate and what is required is a series of different but co-ordinated regulatory approaches.

We address two of these issues: the scope of labour law and the mechanisms of regulation.

The scope of labour law

The scope of labour law needs to be extended in two directions. First, labour law must extend its scope to cover those currently participating in the labour market through proliferating ‘nonstandard’ forms of labour hire. Even here, however, it may be necessary to delineate between classes of workers as to which benefits and protections are extended. Second, the changed aspirations and demands around people’s patterns of participation in paid employment across the life course, regulation must extend to provide integrated and coherent protections around new combinations of paid work, unpaid work, family commitments, education and leisure.

As previously noted, the major forms of regulatory intervention have concentrated on a particular work relationship: that of employer and employee. In Australia, the employment contract has served as a trigger for a wide range of statutory rights and liabilities, including those delivered through the federal and state systems of industrial tribunals, statutory leave entitlements, compensation for work injury and protection against arbitrary dismissal.

Historically, employees were presumed to be engaged in dependent or subordinate work relationships, setting them apart from ‘independent contractors’ or the ‘self-employed’. By virtue of being dependent on a single employer for employment and income, employees’ bargaining power was weak and their susceptibility to certain economic and social risks, such as the risks of unemployment, interruption to income and work-related injury, was increased. Labour law attempted to redress the imbalance of bargaining power and mitigate these risks. The law granted the employer wide implied powers of managerial co-ordination in return for imposing on it the social obligations of risk-shifting and pooling.¹⁵

Labour law must address the severe escalation of inequality that has arisen in the wake of moves to a less centralised, more ‘flexible’ mode of regulation. At the same time, regulatory models must recognise new forms of association and participation. Regulation must also fit into a new environment of economic competitiveness.



If the labour market is to continue as a device for ensuring an adequate flow of resources to allow for material self-sufficiency of households and individuals, the ‘protective’ or ‘welfare’ function of labour law must be brought to bear on all relevant work relationships.

Increasingly transient and contingent forms of labour hire—‘consulting’, ‘freelancing’, ‘temping’, subcontracting, agency work and self-employment—can remove workers from the employment relationship and its associated protections. In some instances this is related to a rising level of skills and qualifications that increases workers’ discretion and professional autonomy and decreases employers’ direct control and supervision. In other cases it represents the outsourcing of business functions in a search for flexibility in a time of uncertainty. In yet others it amounts to little more than employer strategies to evade labour regulations and costs. However, as Collins has argued, despite the seemingly new legal arrangements under which many workers work, ‘in substance the workers frequently appear to be in an equivalent position of social subordination and economic dependence to that of ordinary employees, and so in need of those employment protection rights from which they are often excluded by virtue of having ceased to qualify as employees’.¹⁶

We proceed from the assumption that if the labour market is to continue as a device for ensuring an adequate flow of resources to allow for material self-sufficiency of households and individuals, the ‘protective’ or ‘welfare’ function of labour law must be brought to bear on all relevant work relationships. Labour law frameworks must be adapted to include not only the standard form of employment relationship envisaged in the old settlement, but also to include many of the myriad of employment forms that have arisen with the fragmentation of the labour market.

By this we are assuming that all persons performing work for another are at least potential beneficiaries of some parts of the labour law system. This includes not merely the employee, and the self-employed ‘employee-like’ person, but also persons who run an identifiable business of their own, but who remain, nevertheless, highly economically dependent on one or a few clients for whom they perform personal service. If ‘unfair contracts’ provisions can be used to extend labour law-style protections to ‘independent contractors’ or to persons ‘who perform work in any industry’, there is no reason why such legislation should not be extended to contracts between businesses where the service offered by one business includes substantial personal service. This is not to say that the whole of labour law should apply for such contracts,¹⁷ but there is a case for extending to them some minimum standards, including fairness of earnings, and fairness in terminating such agreements. In business agreements where work is performed by one for another, but there is no offer of personal service, we accept that labour law has no place. There may nevertheless be an argument for extending some labour law *concepts* to commercial law problems arising from the operation of such contracts.¹⁸ However, the extension of labour market-type protections to this greater cohort of work-performance contracts does not cover all contingencies. In particular, as Davies and Freedland have pointed out, non-standard work relationships are subject to increasing complexity, often involving a group of parties engaged with each other in multilateral arrangements. There is as yet no clear conceptual approach that can determine the appropriate distribution of labour law welfare benefits and commercial risks within such groups. For the labour market to act as the distributor of ‘adequate resources’

to all those dependent on their performance of work, further conceptual advance is required in this area.¹⁹

Agents and mechanisms of regulation

Achieving these goals under the general rubric of 'labour market' regulation is quite obviously a challenge to past conceptions and practices of labour law. The new subject of labour law is not the full-time employee pursuing a specific job 'for life', but a person moving between periods of employment, other forms of paid work, unpaid work, training and so on over the course of a lifetime. We still clearly need *regulatory bodies*. However, these need to have a far broader range of powers than are suggested in the terms 'industrial disputes' and conventional employment contracts. The regulators need to be able to engage with other areas of social regulation (for example, social security, superannuation, taxation, education and training) and other areas of law (for example, commercial law). These regulatory bodies need to be able to regulate without the formal involvement of unions and parties to industrial disputes. Adversarial 'industrial disputes' as a mechanism for bringing about regulation of the labour market could be discontinued in favour of regulatory agencies with independent powers to initiate and oversee regulatory outcomes. In setting standards, the appropriate regulatory agency could have regard to detailed information from particular industries and sectors, and could include representation from a broader array of community participants than the previous tripartite (state, unions and employers) model, including NGOs and other community organisations; giving wider ownership of both the regulatory process and outcome, consistent with a revitalised notion of participation and voice.

Any new system needs to operate effectively, through adequate public education, inspection, enforcement and remedial provisions. This is most likely to be achieved where the system is appropriately integrated with other aspects of government and civil society activity. We suggest a 'mix' of regulatory strategies that would 'integrate' with the formal standard-setting body. These might increase adherence to legal standards, and encourage upward movement in actual labour standards. For example, consideration could be given to using taxation and industry policy to encourage and promote good behaviour, by providing incentives for organisations that meet or exceed standards or other benchmarks. Conversely, companies that are found to have breached these standards could be publicly named by a regulatory body. The general goals of transparency and fairness might be furthered by open public accounting of labour standards in organisations' annual reports, and compliance may be assisted by requiring organisations to adopt codes of conduct to give effect to their legal responsibilities.

Successful examples of such agencies can be found in the Economic and Social Councils that exist in some European states. In The Netherlands, for example, the Social and Economic Council (*Sociaal-Economische Raad* or *SER*), comprising representatives of workers and employers and state-appointed independent experts, is acknowledged to have played a significant role in

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fostering economic growth based on socially progressive and innovative policies in that country. This includes the so-called right to part-time work, which was instituted to support the reconciliation of work and family life and to increase employment.²⁰

Any such system would represent a radical break from the 'dispute settlement' model instituted a century ago. Its results are, to some extent, unpredictable. However, it is worth recalling that Australia's radical experiment with labour market regulation 100 years ago must also have been considered unpredictable in its outcome.

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