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Patterns of economic and social participation among FaCS customers

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Contents

Executive Summary	vii
1 Introduction	1
2 The benefits of participation	5
2.1 Forms of participation	5
2.2 Assumptions underlying the value of participation	7
2.3 Job search theory	8
2.4 Labour market trajectories	11
2.5 Principal focus and aims of this study	12
3 Previous research on the impacts of participation	13
4 The FaCS Customer Participation Survey (CPS): methodology and conduct	19
4.1 Survey methodology	19
4.2 Scope of the survey	21
4.3 Sample characteristics	22
5 Defining different types of participation	25
5.1 Economic and social participation	25
5.2 Functional classification of participation	28
6 Patterns of participation	33
6.1 Overall participation rates	33
6.2 Participation sequences	40
6.3 Participation trajectories	43
6.4 Hours of participation	45
6.5 Patterns of participation in specific activities	47
7 Comparisons with other data on participation	61
8 Determinants of participation	65
8.1 Attitudes to participation	65
8.2 Barriers to participation	67
8.3 Characteristics of non-participants	73
8.4 Adequacy of government assistance and support	73
9 Composite indices of participation	77
9.1 Rationale and methodology	77
9.2 Applying the methodology using the CPS data	79
10 Multivariate (regression) analysis of different forms of participation	89
11 Conclusions	93
Endnotes	95
References	99
Appendix A Methodology for constructing the composite indices of economic and social participation	103
Appendix B Detailed logistic regression results	109

List of tables

Table 1:	Selected characteristics of survey population and the total income support population derived from administrative data, July 1988	21
Table 2:	Descriptive statistics for the whole sample	23
Table 3:	Participation rates by type of activity and mean hours in the survey fortnight	
Table 4:	Participation rate by type of activity and selected socio-economic characteristics	34
Table 5:	Participation rates by number of activities	36
Table 6:	Overall patterns of economic and social participation	38
Table 7:	Overall patterns of job-focused and person-focused participation	41
Table 8:	Perceived patterns of participation in the past and in the future (percentages)	42
Table 9:	Defining participation trajectories	43
Table 10:	Individual characteristics of those with different paid work participation trajectories	44
Table 11:	Mean number of hours for different types of participants and selected socio-demographic characteristics	46
Table 12:	Mean number of hours of participation in economic and/or social activities, disaggregated by selected participant characteristics	47
Table 13:	Selected characteristics of participants in paid work (percentages)	50
Table 14:	Selected characteristics of participants in self-employment (percentages)	51
Table 15:	Selected characteristics of participants in job search (percentages)	52
Table 16:	Selected characteristics of participants in study (percentages)	54
Table 17:	Selected characteristics of participants in voluntary work (percentages)	55
Table 18:	Selected characteristics of participants in child care (percentages)	57
Table 19:	Selected characteristics of participants in adult care (percentages)	58
Table 20:	Employment status and usual weekly hours worked, by receipt of a government payment, 1997	62
Table 21:	Comparison of participation rates for selected activities and income support receipt, using time use data	63
Table 22:	Customers' nomination of the most important activities by selected characteristics (percentages)	66

Table 23: Nominated future activities (not currently undertaken) by selected socio-demographic characteristics (percentages)	68
Table 24: Participation by type of activity and potential barriers to participation	69
Table 25: Economic and social participation rates and mean hours worked, by the presence of children and age of youngest child	70
Table 26: Selected characteristics of non-participants (percentages)	74
Table 27: Descriptive statistics for composite indices of economic and social participation	83
Table 28: Component contributions to the composite participation indices	84
Table 29: Disaggregation of the Composite Index of Economic Participation (composition of quintiles by selected characteristics)	86
Table 30: Disaggregation of the Composite Index of Social Participation (composition of quintiles by selected characteristics)	87
Table 31: Summary of logistic regression results by participation activity	91
Table B1: Parameter estimates: paid work	109
Table B2: Parameter estimates: self-employment	110
Table B3: Parameter estimates: job search	111
Table B4: Parameter estimates: study	112
Table B5: Parameter estimates: child care	113
Table B6: Parameter estimates: adult care	114
Table B7: Parameter estimates: voluntary work	115

List of figures

Figure 1: Forms of participation	6
Figure 2: Overall patterns of economic and social participation by total hours over the previous fortnight	28
Figure 3: Classification of participation activities	31
Figure 4: Overall patterns of job-focused and person-focused participation by total hours over the previous fortnight	32
Figure 5: Perceived barriers to paid work identified by job seekers	71
Figure 6: Perceived barriers to finding full-time work identified by those working part-time	72
Figure 7: Perceived employment barriers identified by those not employed and not involved in job search	72
Figure 8: Perceived adequacy of government assistance and support	74

Executive summary

Recent debate on welfare reform has acknowledged the important role of economic and social participation. Economic participation in the form of paid work is a major source not only of income, but also of self-esteem. Social participation helps to strengthen community networks in ways that may increase the opportunity to participate and may enable people to develop the skills required to participate economically. Encouraging participation has thus become one of the explicit goals of the welfare system.

This report reviews current knowledge on social and economic participation by FaCS customers, identifies the factors that determine different types and levels of participation among different groups of customers, and examines how income support recipients view the purpose and value of different kinds of participation.

The available Australian and overseas (mainly United Kingdom (UK)) research indicates that participating in part-time work while on income support significantly increases the chance of coming off benefit, particularly for unemployed recipients and sole parents. There is also evidence from Europe that participating in volunteering has the potential to improve confidence and skills and can lead to paid employment. Volunteers also tend to be more integrated into the community and more likely to be involved in other forms of social interaction and participation.

To provide additional research on participation among FaCS customers, the Customer Participation Survey (CPS) was undertaken in July and August 1998. This report is based on a detailed analysis of the data from the CPS that covers over 2000 FaCS customers. The sample is representative of the total income support population in terms of observable characteristics and has been weighted to reflect that population.

The overall pattern of hours spent participating is U-shaped, with most people who participated engaged in either less than 20 hours over the fortnight or more than 80 hours. Around 14 per cent of CPS respondents reported no form of participation during the survey fortnight.

Most of those participating in economic activity only, participated for less than 20 hours over the fortnight. Virtually all of those whose economic participation absorbed more than 80 hours a fortnight were also engaged in some form of social participation (primarily child or adult care). In contrast, many of those who participate in social activities spent very long periods (over 80 hours in the survey fortnight) on these activities.

In aggregate, more than one-fifth of FaCS customers participated in paid work over the fortnight while close to two-fifths participated in job search activity. Participation rates were lower for those engaged in study (11 per cent) or self-employment (5 per cent). Overall, well over half reported participating in some form of economic activity.

The mean number of hours spent over the fortnight on economic activity varied from 11 hours per fortnight in the case of job search to 28 hours for paid work, 31 hours for self-employment and 33 hours for study or training. The great majority of those reliant on income support are participating in economic activities. The overall impression is one of considerable (though varying) activity in the identified forms of economic participation.

In terms of social activity, just under half of the sample participated in child care, with around one in eight participating in adult care and one in five engaged in some form of voluntary work. The mean amount of time spent on the two forms of caring exceeded that devoted to all other forms of participation, while volunteer work accounted for 14 hours per fortnight on average, well below the time spent on all other economic and social activities with the exception of job search.

While women are considerably more likely to participate in paid work than men, men's participation in job search is more than twice as high as that for women. Female participation in all three forms of social participation is above that of men (particularly in relation to caring for children and adults), as is their participation in domestic activities.

Most forms of participation tend to decline with age, the main exceptions being self-employment (up to age 50 only), voluntary work and caring for adults. Younger customers who receive Newstart Allowance and Parenting Payment (Single) are more likely to participate in economic activities that are motivated by financial considerations, whereas older customers are more likely to participate in social activities that are motivated by altruistic concerns.

The presence of dependent children does not act as a barrier to participation, except for a few years when the children are very young. In overall terms, those with children are more likely to participate in all activities except job search and caring for adults.

Those reporting an on-going medical condition have lower rates of participation in all forms of economic and social activity except caring for adults. However, this may in part reflect the fact that many of these people also face barriers because of child care responsibilities.

There is relatively little variation in rates or patterns of participation according to location, as between those living in capital cities, other urban locations and rural areas.

More than one-third of the sample participated in a single activity, while a slightly lower proportion participated in two activities. The proportion that participates in more than two activities falls off sharply, with 12 per cent participating in three activities and less than 4 per cent participating in four or more activities.

Volunteers are more likely to be female than male, and there is a tendency for those engaged in voluntary work to be older, without dependent children, residents of rural areas (where many participate for only a few hours each week) and not have an on-going medical condition. Voluntary work increases with age and is most commonly performed in either welfare or community and sporting or recreational organisations, although volunteering for churches and other religious organisations is also common among those aged over 50.

Almost one-seventh of the sample did not participate in any of the nominated activities over the survey fortnight. These non-participants were mainly male and predominantly aged over 50 and experiencing an on-going medical condition. Poor health and older age are thus two factors that restrict the ability to participate.

The main employment barriers identified by survey participants relate to their own circumstances rather than to structural conditions in the labour market. The perceptions of job-seekers also reflect their understanding of labour market conditions, and an improvement in these conditions may be necessary to overcome the perception of many job seekers that they cannot compete successfully in the labour market.

Almost half of those whose participation in paid work can be traced over time had a rising paid work trajectory, while almost another quarter had a stable trajectory. Of the remainder, only 8 per cent had a falling trajectory while 21 per cent had a mixed pattern that had either fallen but was expected to rise, or vice versa. These trajectory differences are significantly related to age, family status and payment duration.

The various forms of economic participation can be combined into a single measure that reflects the probability that each form of participation will result in a paid work outcome. This index indicates that the average degree of economic participation among all Newstart Allowance recipients is equivalent to just over eight hours a week of paid work. The figure for those receiving Parenting Payment is just over five hours, and is below two hours for those receiving other payments.

Regression analysis is used to explore which factors explain whether or not customers are participating in each activity. The results indicate that the decision to participate varies systematically with personal characteristics including age, family type, the presence of children, payment type, payment duration and country of birth, although the precise effects vary. The analysis also highlights the role of poor health and the presence of a child aged three or under as factors that limit participation, particularly having a medical condition that requires on-going treatment.

1 Introduction

The nature and extent of economic and social participation have received increased attention in recent discussion of welfare reform. This reflects the growing attention directed to social exclusion as an aspect of, but also a factor contributing to, economic and social disadvantage. Social exclusion is closely related to, though distinct from, other aspects of social deprivation such as poverty and unemployment. Its main advantage as the basis for an organised and analytic framework is that, being a relational concept, social exclusion focuses attention on the processes through which people are excluded and the underlying dynamic forces that drive them. This serves to promote research focusing on the need to identify the processes that lead to exclusion and the development of policies designed to combat exclusion. The alternative involves providing 'passive' income support which effectively condones exclusion by not attempting to address it.

Changes in the nature and diversity of employment opportunities generated in the labour market have increased the incidence of active participation among those receiving income support. As Pech and Landt (2001, p. 27) have observed, the proportion of working-age recipients combining employment with income support more than doubled between the early 1980s and mid-1990s. With the past trend towards increased diversity of labour market attachment expected to continue, the income support system is expected to play an important role in supporting those striving to participate in an increasingly insecure labour market. Encouraging participation among income support recipients is thus both a response to emerging labour market trends and a goal for future policy.

This view has already assumed considerable significance in the welfare reform debate. In its Interim Report, the Reference Group on Welfare Reform (RGWR) argued that the social support system should encourage and enable marginalised people to participate more fully in society and the economy (RGWR 2000a, p. 12). The participation support system proposed in its Final Report derives from the belief that:

Participation in paid employment is a major source of self-esteem. Without it, people can fail to develop, or become disengaged from, employment, family and community networks. This can lead to physical and psychological ill health and reduced life opportunities for parents and their children. ... Central to our vision is a belief that the nation's social support system must be judged by its capacity to help people participate economically and socially, as well as by the adequacy of its income support arrangements. (RGWR 2000b, p. 3)

In the report, participation was regarded as a desirable end in itself and also as a means of achieving other important goals. The report argues that economic participation in the form of paid work is a major source not only of income, but also of self-esteem. Social participation not only helps to strengthen community networks in ways that may increase the opportunity to participate, it is also valuable in itself and may enable people to develop the skills required to participate economically.

The evidence shows that the community supports requiring those who receive income support to engage in different forms of participation as a condition of receiving support and as a way of increasing their prospects of finding a job. In a recent Social Policy Research Centre (SPRC) study, Eardley et al. (2000)

report findings from the survey on *Coping with Economic and Social Change*. The findings show that support for requiring different groups of the unemployed to look for work varies between 33 per cent and 93 per cent, depending on the characteristics of the unemployed person (Eardley et al. 2000, Table 10). Similar levels of support (though generally somewhat lower) also apply to requiring the unemployed to complete a dole diary documenting their efforts at finding work, undertaking training or re-training programs and being involved in 'useful community work'. All this supports the view that these forms of participation are seen by the community as desirable forms of activity to encourage unemployed people who receive income support.

Reflecting its commitment to these ideas, the Commonwealth Government's initial response to the RGWR proposals, *Australians Working Together—helping people to move forward* (FaCS 2001) contains a number of measures designed to increase participation among FaCS customers. A number of initiatives have been taken to examine patterns of participation of FaCS customers and investigate how responsive these are to changes in the way support is structured and delivered. A series of Welfare Reform Pilots are using experimental design techniques to examine the impact of participation plans on actual patterns of participation among FaCS customers. In addition, a national survey of participation activity among FaCS customers was conducted in 1998. The survey provided valuable information on existing patterns of participation among FaCS customers, why different forms of participation activity are undertaken, the main barriers to participation and (to a limited extent) attitudes to the role and value of different forms of participation (FaCS Strategic Policy and Analysis Branch 1999a, b & c).

While encouraging participation is already a key goal of social support policy, it is useful also to explore what the various forms of participation activity involve in practice, why and how they contribute to increased life satisfaction and whether and how they promote financial independence among those who participate. These are relatively new topics and have not been researched extensively, because of the lack of relevant and timely data. Detailed examination of the data that are now becoming available can assist the process of policy development by elucidating the nature of participation and identifying the factors that cause it to vary between different groups.

This report examines a range of data sources to assess the extent to which they shed light on these issues. Attention is focused on the analysis of data from the CPS undertaken on behalf of FaCS by Roy Morgan Ltd. in July and August 1998. This is supported by additional work involving analysis of data from ABS time use data that includes aspects of participation activity and from the SPRC survey *Coping with Economic and Social Change* that was conducted in mid-1999 (Eardley, Saunders & Evans 2000; Saunders, Thompson & Evans 2001).

The main aims of this study are:

- to review current knowledge on social and economic participation by FaCS customers
- to identify the factors that determine different types and levels of participation among different groups of customers
- to examine how income support recipients view the purpose and value of different kinds of participation.

The report is divided into sections: **Section 2** examines the concept of participation, including the difference between economic and social participation, the linkages between participation and life satisfaction and how participation can serve as a pathway to increased employment and financial independence. **Section 3** reviews available research on what determines the scope and patterns of participation, what barriers prevent it and the outcomes that flow from it. **Section 4** describes the FaCS CPS, including its underlying methodology, how it was conducted and a summary of the main sample characteristics. **Section 5** introduces the alternative classifications of participation around which the empirical analysis is structured. **Section 6** provides a detailed examination of the participation patterns present in the CPS data, including a thorough statistical examination of the data focusing on the role, extent and value of different forms of participation activity. **Section 7** examines the patterns of participation implied in data on time use collected by the Australian Bureau of Statistics (ABS) in its latest *Time Use Survey*, and compares these estimates with those derived from the CPS. **Section 8** discusses what the CPS data reveals about the determinants of participation, including the role of barriers and attitudes—in isolation and in combination with other factors. **Section 9** draws on recent research that has developed a composite index of participation activity that is outcome-focused and applies this methodology to the CPS data, and presents and discusses the results. **Section 10** presents estimates derived from a multivariate regression model which incorporates the impact of personal characteristics, attitudes and potential barriers on participation patterns. The study's main conclusions are summarised briefly in **Section 11**.

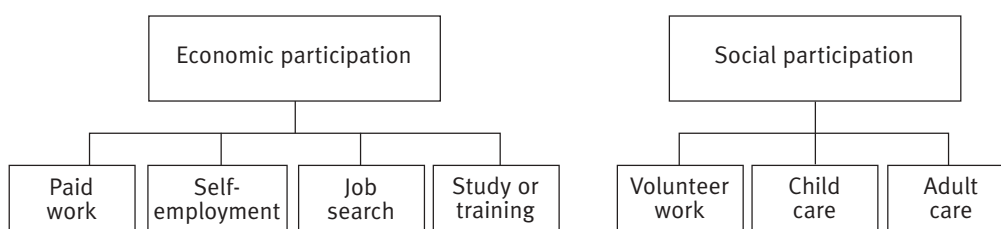
2 The benefits of participation

2.1 Forms of participation

Although by definition participation relates to any activity, its use in the social policy and welfare reform debate is restricted to those forms of participation that contribute directly or indirectly to the well-being (or the standard of living) of particular groups of individuals or of society as a whole. In relation to individuals, the focus is generally on those receiving government income transfers, when participation is part of the broader aim of moving from a passive safety net to an active system of social support. This includes participation in paid work (the main route off benefits into financial independence for most people) and activities that are likely to increase the probability of finding a job, such as job search, training or study. It also includes social participation such as caring activities (provided to adults or children) that is a form of social contribution which promotes the well-being of others (in the process often reducing the barriers that prevent them from participating in the labour market). The idea that many forms of participation are socially useful and contribute to an 'active society' was recognised by Atkinson (1993), whose proposal for a 'participation income' embraced a broad definition of participation as work or social contribution (see also Cass 1994).

This report considers seven forms of participation, four representing economic participation and three covering aspects of social participation (Figure 1). Although it is argued below that the demarcation between economic and social participation is problematic, the seven types of participation cover the activities that have raised most interest in policy discussions surrounding the role of participation in the context of mutual obligation. These forms of participation are also those for which there is currently most data available for FaCS customers, and it is these data that form the basis of the analysis that follows.

Most definitions of economic participation include all activities that either represent increased paid work or raise the probability of achieving an outcome that involves a degree of paid work. However, this classification ignores the fact that some of the activities that are undertaken to achieve this outcome (including study or training) may be motivated by the desire to improve one's knowledge without regard to their impact on the probability of employability or labour market success. These are included as part of economic participation because they contribute to the overall knowledge base of society in ways that enhance social capital and may make it easier for communities to generate more participation opportunities. As in the case of employment itself, these activities may increase self-esteem and/or psychological well-being, and this may in turn indirectly affect the probability of finding paid work.

Figure 1: Forms of participation

It can be argued that to exclude these activities would involve adopting a definition of economic participation that depended on the motives of those engaging in them and this would create unnecessary and unhelpful definitional uncertainty. Against this, it is the case that motivation is important and part of the challenge facing moves towards a more active system of social support is to introduce measures that influence the motivations of recipients in ways that promote employment outcomes. It thus seems valuable to try to distinguish between forms of participation activity on the basis of their underlying motivations, not least because these are likely to influence the outcomes that are generated. Study undertaken for the specific purpose of getting a job is likely to be more successfully related to employment prospects than study undertaken to expand one's knowledge or for reason of personal development. There are, of course, practical problems with identifying the motivations of those engaged in different forms of participation activity. These might be overcome by distinguishing between vocational and non-vocational courses, for example, although this would not resolve all the definitional problems. Rather, the possibility of building a motivational dimension directly into how participation is defined is explored later in this report.

These problems are more acute in relation to defining social participation. Activities generally included under social participation are caring for those with special needs (children, particularly young children and the elderly, particularly the frail elderly or other adults with a disability) and other forms of socially useful unpaid volunteer work (Saunders 2000, p. 2). In these cases, participation is deemed to be socially valuable either because it directly addresses the specific needs of vulnerable individuals or because it promotes the self-esteem of the participants themselves. Both are desirable from the point of view of society as a whole and they may also lead to an increase in the probability of finding paid work if they increase the confidence or self-esteem of participants or involve increased social interaction with other people. It is well known that many jobs are found through word of mouth and other informal processes (ABS 2001), but only for those who are interacting in some kind of social network. Caring activity can also give those who would otherwise have to provide the care greater freedom to engage in paid work, thus adding to their economic participation.

Again, however, issues of motivation are important. Particularly in relation to participation in volunteer work, some may undertake this primarily because it provides skills and experience that are seen to increase employability—either directly by raising human capital and productivity, or indirectly by expanding contact networks in ways that may increase knowledge about job opportunities.¹ The labour market outcomes are likely to differ for those who are motivated by each of these reasons and it seems reasonable to explore the extent to which it is possible to differentiate between participants according to the motivations that underlie their participation in social activities.

In summary, while increased participation in paid work is an important theme underlying the concept of both economic and social participation, the links between participation and employment success can operate through a variety of direct and indirect channels. These are likely to affect the labour market success not only of participants themselves, but also of those who benefit from the services provided by participation. However, there are also several forms of participation whose impact on employment is likely to be very low, or even non-existent. The justification for encouraging participation in these activities rests not on the benefits of promoting financial independence and all the other positive outcomes associated with having a job, but rather with the positive social contribution they make to the lives of those who engage in them and to others. Both aspects are important from the perspective of society and its functioning, although the former has more relevance in the context of implementing welfare reforms that encourage financial independence and reduce the incidence of welfare receipt.

2.2 Assumptions underlying the value of participation

This brief outline of some of the conceptual basis for the notions of economic and social participation indicates that several key assumptions underlie the positive value attached to most forms of participation. One of these is the idea that all forms of paid work are desirable and thus to be encouraged. Those who argue that low-paid, insecure jobs offer few financial or non-financial benefits relative to social transfers have questioned this assumption. Furthermore, they argue that forcing people to participate in them will ensure their on-going viability, thereby eroding conditions in the labour market generally. While there is some truth in these arguments from a short-run perspective, this may not be the appropriate framework for assessing the underlying issues. If low-paid, insecure ('junk') jobs represent a stepping-stone to a better job, then a longer-term dynamic analysis might arrive at a different assessment of the merits of encouraging people to accept them in the short-run. This kind of argument has been influential in the welfare reform debate, when it has been argued that the benefits of economic participation need to be evaluated over a long enough period to capture the 'stepping-up' as well as the initial entry effects on those who enter the labour market (Mead 2000).

Another assumption that permeates much of the discussion of participation is that the closer other forms of economic participation are to employment (in the sense that the greater the likelihood that employment is the eventual outcome) the more valuable they are. This may be reasonable from a policy perspective (see below), but it has less appeal from a broader social or community perspective. Voluntary activity may be regarded as extremely valuable (for both

the provider and recipient) even though it may not lead to any positive paid employment outcomes. Similar arguments apply to other forms of social participation, when again the desirability depends on the value attached to their social contribution rather than the increased probability of generating a positive employment outcome.

Additional assumptions surround the impact of participation on the self-esteem of participants, as is apparent from the earlier quote for the Final Report of the RGWR. It is true that there is a large literature demonstrating that unemployment is associated with a number of adverse effects on the well-being of unemployed people (Saunders and Taylor 2002). On these grounds, few would dispute the claim that employment is preferred to unemployment and that the monetary gains associated with the switch are likely to underestimate the overall welfare gains to those affected. However, it does not follow from this that requiring the unemployed to engage in a variety of participation activities that may increase the probability of employment can be justified in terms of increased well-being. If it were, the solution would be to adjust the macroeconomic policy settings to create more jobs. The choice confronting many welfare recipients is between remaining outside the labour force and dependent on the welfare system or participating in one or more approved mutual obligation activities. In these circumstances, it is not clear that empirical evidence on the damaging effects of unemployment relative to employment has any relevance. Again, what also matters is the nature of the job and the extent to which it serves as a stepping-stone to better labour market outcomes.

2.3 Job search theory

Notwithstanding all of the above qualifications, it is useful to explore the implications of the standard approach in which attention is focused on the impact of participation on the probability of finding paid work. In this context, the basic theory of job search activity provides the reasoning behind the standard rationale for encouraging (or requiring) some form of participation from those who are out of work. Job search theory indicates that the probability of a given individual who is unemployed (or out of the labour force) finding a job depends upon the arrival rate of job offers, the intensity of the individual's job search activity and the individual's reservation wage.

The first of these, the arrival rate of job offers, will depend upon the overall state of the economy (which will determine the total number of job offers) and the structural conditions that determine the kinds of jobs being offered (in terms of their skill and experience requirements). Thus, individuals who have skills that correspond to the available job opportunities will receive a greater flow of job offers than others. However, because of incomplete information, individuals must engage in job search activity in order to come into contact with the available jobs and the harder they try, the more potential job offers they will have to choose between. Once a job offer is received, the individual must decide whether or not to accept it. This decision will be influenced by the individual's reservation wage) —the wage floor below which a job will not be regarded as worth accepting. Within this basic job search model, the probability of finding a job is thus positively related to the flow of job offers and the intensity of job search activity, and negatively related to the level of the reservation wage.

Over time, as the duration of joblessness increases, all three variables are likely to change. The number of job offers will fall as human capital (and hence the level of marketable skills) is eroded through lack of use. This effect will be reinforced as job search activity declines due to the effects of joblessness on morale and self-esteem. The unemployed may also be subject to ‘scarring’ effects, whereby the mere fact of their unemployment may be taken by potential employers as a signal of inferior performance on the job. Labour market discrimination against the unemployed may further reinforce these effects. Through these processes, the unemployed gradually become disconnected from the labour market. At the same time, however, the reservation wage will fall as the individual recalculates the probability that a better job offer will come along in the light of their past failure to find work. While the first two sets of effects will act to reduce the probability of finding work as the duration of unemployment increases, the fall in the reservation wage will have the opposite effect. The net impact is thus theoretically indeterminate, with the outcome depending on how the different effects vary with unemployment duration. Most empirical studies suggest, however, that the combination of effects means that the probability of finding a job declines with unemployment duration, leading to entrenched unemployment among many of those who become jobless.

It is clear from this brief outline of job search theory that the existence of unemployment benefits can have a major impact on the labour market dynamics of job exits and entries. One of the effects of unemployment benefits is to provide an income guarantee that allows unemployed workers to set a higher reservation wage, thus adding to the aggregate level of unemployment associated with a given set of labour market conditions (while reducing the risk that unemployment will increase poverty among the unemployed and inequality generally). It has also been argued that within this framework the provision of passive support for the unemployed also reduces the intensity of their job search activity, further reducing their prospects of finding a job. If the flow of job offers is constant, then the combination of an increase in the reservation wage and a reduction in job search activity will lead to an unambiguous decline in the frequency with which the unemployed find jobs, leading to an increase in unemployment duration and entrenched unemployment.

It does not follow from this that unemployment benefits should be abolished. One of the purposes of these schemes when they were originally introduced was to provide the unemployed with an income that would allow them to search for jobs that best fit their skills and circumstances, rather than having to accept the first job offer that they received. By providing this income cushion, the existence of unemployment benefits allows a better match between the skills of the unemployed and the needs of employers, thus increasing labour market efficiency. While this effect remains valid, the negative impact of the benefit system on job search intensity has given rise to calls for mutual obligation requirements designed to help the unemployed to break out of the cycle of entrenched unemployment by encouraging (or requiring) them to engage in activities that increase their exposure to the labour market networks from which job offers flow. From this perspective, encouraging participation among the unemployed is a rational response to the undesirable incentives that resulted from a passive welfare benefit regime.

The key question is whether requiring unemployed people to undertake mutual obligation requirements will increase their employability. It seems almost self-evident that encouraging or requiring the unemployed to engage more actively with the labour market is likely to increase their exposure to job offers. However, while this is true for the individual, when all unemployed people are expected to increase their job search activity at the same time, the flow of job offers to each of them is not guaranteed to rise. These circumstances are likely to reinforce in the minds of those who are unemployed the idea that competition for jobs is intensifying and this in turn may lead to a lowering of the reservation wage which will increase the probability of finding work, at least for some. Overall, however, these arguments suggest that increased job search activity by the unemployed may increase their employment, but this outcome is not automatic.

Increased participation in other forms of activity, to the extent that they lead to increased social engagement, may also result in an increased awareness of and exposure to a flow of job opportunities among the unemployed. At the same time, it is argued that participation in education and training schemes raises skill levels and thus (if these skills correspond to those demanded by employers) will reinforce the effect on the flow of job offers. Both effects will thus improve the prospects of finding work and **unless they also result in an increase in the reservation wage**, will increase the probability that the unemployed will be able to compete for the available jobs. How far this leads to an increase in actual employment among the unemployed will depend upon the imbalance between demand and supply in the labour market. **If there is chronic excess supply of labour, improving the flow of job offers to the unemployed will have little impact on overall employment outcomes—even if the employment prospects of some unemployed people are improved.** It is also possible that the measures could be counter-productive if job aspirations rise to an extent that cannot be fulfilled, leading to further loss of morale and increased despair among the unemployed.

These arguments suggest that a note of caution should be applied when considering the impact of reforms designed to increase different forms of participation among the unemployed. The links between increased participation and positive employment outcomes are complex and the size of many of the underlying effects is unknown. At the same time, labour market conditions will have a major bearing on the overall effect of any attempt to increase the employability of the unemployed (unless this results in a fall in the level of wages at the bottom of the labour market and that, in turn, leads to a marked increase in the demand for labour). However, even in circumstances when the employment effects are very small, it does not follow that encouraging participation is undesirable. As noted earlier, many forms of participation are intrinsically desirable irrespective of their employment impacts, not only for the participants themselves, but also for those who benefit from the activities they engage in. The effects may be small but cumulative, implying that the gains may be very small in the short-run, but increase over time. Labour market conditions may also change in ways that produce larger effects over time.

Finally, the move from a passive to an ‘active’ system of welfare support for the unemployed sends a message to those who become unemployed that they cannot expect to receive social support without fulfilling a set of prescribed requirements, linked to labour market success. Over time, this message may have a major impact on the perception that the unemployment benefit system is

becoming too much of a ‘soft touch’ for the work-shy. By reinforcing the work ethic in this way, the changes may make an important contribution to the functioning of the labour market and to labour market outcomes.

2.4 Labour market trajectories

The above discussion emphasises that one of the main reasons for encouraging both economic and social participation is the belief that it increases the probability of achieving a positive employment outcome for those receiving social benefits. One of the goals of this research is to try to identify those patterns of participation that are most closely associated with this outcome. In turn, this can contribute towards the design of participation programs in ways that maximise their contribution to this type of positive employment transition.

An obvious question to ask that is relevant to this issue is what kinds of participation trajectories are most likely to result in a positive employment outcome? Is it the **nature** of the participation activity that matters, the **motivation** for undertaking it, the **intensity** with which it is undertaken, its **duration**, or simply the fact that **any form of participation is being engaged in**? Answering these questions provides information that can assist in the process of structuring participation activity so as to maximise its potential employment effects. If, for example, a given budget is available to devote to supporting participation activities, should this be directed at increasing participation among those already participating, or on requiring it from those who are currently not participating? If the former, should the aim be to increase the time devoted to existing forms of participation or to increase the range of activities engaged in? If the latter, which forms of participation should be undertaken first, or is it better to think in terms of a sequence of participation activities as being most likely to produce a successful employment outcome? If so, what form should these sequences take?

The value of identifying and examining different trajectories has emerged in recent British research on income dynamics using data from the early waves of the British Household Panel Survey (BHPS). Drawing on work by Jarvis and Jenkins (1997), Hills (1998, Figure 7) distinguishes between the following five types of income trajectory:

- ▶ **flat**—when income movements through time do not move the recipient across more than one quintile of the income distribution
- ▶ **rising**—when two or more quintile boundaries are crossed upwards, possibly separated by a flat trajectory
- ▶ **falling**—when two or more quintile boundaries are crossed downwards, possibly separated by a flat trajectory
- ▶ **blips**—when boundaries are crossed in sequence in both upwards and downwards directions around a trajectory that is generally flat
- ▶ **other**—when there is no clear pattern to the income movements through time.

This taxonomy provides a useful framework for thinking about income trajectories as well as participation trajectories, and is likely to be of particular value if the upward trajectories can be identified not only with increased

participation, but also with exit from the income support system. This is not currently practical, although the CPS data do allow the nature of participation trajectories to be traced out in an exploratory way.

2.5 Principal focus and aims of this study

The above discussion highlights that different forms of participation reflect differing assumptions about the nature and impact of participation, the latter depending in turn on assumptions about how the labour market operates and the role of job search activity. Overlaying these factors is the idea that patterns of participation differ according to the characteristics of participants themselves (an issue examined in detail in Section 3). While these variations will partly reflect variations in the policies that affect those on different payment types (including the structure of the income test and differences in the taper rate), it is important to gain some insight into the other factors that are relevant to the determination of participation.

The data examined here (described in detail in Section 4) provide a basis for comparing the extent and nature of economic and social participation according to the principal characteristics of those receiving working-age income support in mid-1998. Much of the analysis that follows thus simply examines the characteristics of those who engage in unusually high (or low) rates of participation. In conjunction with research that focuses specifically on the causal processes that underlie these observed associations, this study contributes towards a better understanding of what determines participation and thus how it may be changed. For this reason, a study that examines how patterns of economic and social participation vary between different groups of income support recipients has a role to play in the broader task of understanding the causes and impact of participation.

It is important to note that the results presented here draw on data that pre-date recent welfare reforms designed to promote greater participation among FaCS customers. They can therefore be seen as providing a benchmark against which to assess the impact of those participation-enhancing policies that have been recently introduced. Although any conclusions can only be preliminary and somewhat speculative, they serve to promote understanding of an issue that is still relatively under-researched and in need of further examination.

The hypotheses that are examined in this research are restricted by the nature of the data available, specifically by the fact that its coverage is limited to those receiving income support. This makes it impossible to test hypotheses that relate to the factors that contribute to a movement off the income support system into paid work. The focus is thus on a descriptive analysis of patterns of participation designed to highlight differences among customers and point to the factors that promote or impede participation in different activities. By testing for the statistical significance of these observable differences, the study provides a basis for examining the factors that cause customers to participate more systematically in future research.

3 Previous research on the impacts of participation

There is a substantial literature on transitions from welfare to work, especially from the United States (US). While the impact of welfare reform in the US is a highly complex story, evaluations of the 1996 reforms, and the various state-based waiver programs that preceded them, are broadly in agreement on a few key points (for reviews of recent findings see, for example, Berlin 2000; Michalopoulos, Schwartz & Adams-Ciardullo 2000; Schoeni & Blank 2000). First, compulsory job search activity tends to reduce welfare receipt and to increase recipients' market earnings. Secondly, employment-focused programs tend to be more effective than education-focused programs for the most disadvantaged. Thirdly, programs that provide a mix of these two types of activity tend to help the broadest range of participants. Finally, although compulsory welfare-to-work schemes in the US tend to improve earnings they often have only a modest impact in themselves on poverty reduction, which is affected more by in-work support through schemes like the Earned Income Tax Credit.

The US research findings, however, mainly derive from very specific types of programs and policy settings in place in the US and mostly apply to sole parent welfare recipients. As such, while offering some general lessons about incentives and compulsion, they have only limited relevance to the Australian system of income support for people of workforce age. These studies also tend not to address the specific relationship between different forms of social and economic participation and movement off benefits into employment—what we term above the 'direct effects' of participation.

There is some evidence on these effects from research in Australia and also from the UK, whose income support system is much more similar to Australia's than that of the US. One recent Australian study uses the FaCS administrative data set sample (the Longitudinal Data Set (LDS)) to look at income support recipients' engagement with the labour market over four years from 1995–99 (Flatau & Dockery 2001). The longitudinal nature of this data set allows the authors to capture transitions off benefit. Thus, it addresses one of the key limitations of the CPS referred to earlier—that recipients executing successful transitions into employment are out of the survey's scope, although it is not possible to tell directly from the LDS how many of those leaving benefit are doing so for employment reasons.

Flatau and Dockery found that levels of participation in paid work by different client groups are broadly as would be predicted from the structure of the different payments. Thus the highest rate of employment while on income support is amongst recipients of Parenting Payment (Single), who, while not at present required to seek work, are able to keep substantially more of their part-time earnings through the income test than are Newstart Allowance recipients. Taking into account other determinants of earned income receipt, sole parents are still more likely than others to be employed while on income support and to have higher earnings levels. They also found that recipients of Newstart Allowance and Youth Allowance (the two main unemployment payments) typically have both shorter income support spells, shorter episodes of employment while on income support, and higher levels of multiple employment episodes than other client groups. The pattern of engagement for sole parents is therefore much more one of long duration spells on income support and stable patterns of employment than for other unemployed recipients.

There are three important findings that are of particular relevance to this study. First, there is a relatively low incidence of part-time employment amongst recipients with medium to long duration spells on income support. For example, amongst male unemployed recipients aged 21 or over with benefit durations of two years or more, 46 per cent had not had a single recorded episode of employment during their spell on income support. As Flatau and Dockery point out, this is of concern because it suggests discouragement, skills deterioration and detachment from the labour market among the very long-term unemployed.

To some extent this is a consequence of the second key finding, which is that having some employment while on income support does significantly increase the chance of coming off benefit. This is true for sole parents as well as unemployed recipients, although the effect is considerably stronger for the latter, supporting a hypothesis that sole parents are more likely than other recipients to maintain a voluntary combination of income support and part-time employment. Similar results were found in an earlier analysis of FaCS administrative data by Warburton, Vuong and Evert (1999). Their research also showed that the likelihood of exit increased with the level of on-benefit earnings.

Third, while sole parents are more likely to maintain this pattern of stable employment combined with income support than other recipients, there is still a substantial degree of what Flatau and Dockery call 'part-time earnings persistence', or the use of income support as a long-term supplement to paid work amongst recipients more generally. Thus, amongst those with earnings in July 1996, 44.4 per cent of women and 24.9 per cent of men were still both on income support and receiving earnings from employment in 1998.

More recent work by Barrett (2001) using the LDS for 1995–99 again shows that sole parents who have some work attachment tend to have shorter spells on Parenting Payment (Single) and that the greater their earnings the higher their exit rate. Barrett notes, however, that it is difficult to determine the cause of this association using just the administrative data. It may reflect the importance of work experience in leading to opportunities for greater self-sufficiency (the 'stepping-stone' hypothesis), but it could also simply reflect other underlying factors such as education levels, previous employment experience or individual motivation and ingenuity.

The stepping-stone hypothesis for part-time work while on benefits, which was discussed in the previous section, has mixed support from UK research. Evaluation of the Job Seekers Allowance (JSA), which introduced greater job search requirements into unemployment benefit receipt, found that it had little net impact on the level of part-time work whilst on benefits, even with a new Back to Work Bonus (Ashworth & Youngs 2000; Rayner et al. 2001). This seems to be partly a consequence of the disincentive effect of very low earnings disregards for unemployed beneficiaries in the UK system, as well as a problem of barriers to part-time work, including the costs of working and of child care. Part-time work while claiming also seemed to have little effect on movements off benefit, although there was evidence that voluntary work assisted some groups of JSA claimants to achieve full-time work. There were also contradictory effects from participation in education. Those who studied while on benefits tended to be those who were already relatively well-qualified, and while possessing educational qualifications was associated with an increase in the speed of

leaving benefits, studying while on benefits significantly **reduced** the speed of return to work. This is because participants preferred to complete their courses before moving into work.

The effect of educational qualifications in improving employment prospects for female income support recipients, especially sole parents, is clear from studies in a number of countries (Harris & Edin 2000; Barrett 2000). But as both the UK research and that in Australia by Flatau and Dockery (2001) shows, educational participation may not have an immediate effect.

As part of the JSA evaluation, Elam and Thomas (2001) looked at how far beneficiaries themselves perceived participation through part-time work and volunteering as stepping stones to full-time work. Their in-depth interview sample included both current JSA recipients and formerly unemployed people who had previously worked part-time or volunteered while on benefits. They found that an important factor was whether the part-time work opportunities available were seen as 'worthwhile', both financially in terms of possible disruption to the family and in terms of whether it was likely to lead to further or more lucrative work. Women tended to be more positive about part-time work than men, who were more inclined to view it as low paid, low status and likely to **prevent**, rather than enhance, full-time employment prospects. Also, while many of the formerly unemployed had made use of the in-work benefit Family Credit, for most of those currently unemployed, judgements about the financial viability of part-time work were made without reference to in-work benefits. A number of studies have found that the level of understanding of in-work benefits and the degree of certainty felt about incomes including them is often low (Corden 1987; Eardley & Corden 1996; Stephenson 2001).

It is not clear how far a similar lack of knowledge of the actual returns from part-time work while on income support is widespread among Australian beneficiaries. In many ways the Australian income support system provides a simpler and more attractive platform for part-time employment than the UK system, which has required the claiming of a separate in-work benefit by those working more than 16 hours per week. Australian data show that the overall level of part-time work by income support recipients has been increasing steadily, and that there has been a measurable response by recipients to policy changes which have improved the net value of this work (Warburton, Vuong & Evert 1999). However, this response has often been strongest amongst women, including the female partners of unemployed men, and over some periods men's part-time work levels have actually fallen (Pech and Landt 2001).

More recent research on the working patterns of families in range of the UK Working Families Tax Credit is more positive about the impact of part-time work. Using the longitudinal (BHPS, Iacovou and Berthoud (2001) found that while only one-quarter of non-working couples with children had a parent in work one year later, those who did move into work had a high chance of staying there. Taking a part-time job, even for a few hours per week, significantly improved people's future chances of moving up the income ladder. They also found that what they called 'mini-jobs' (those providing less than 16 hours per week—which is the limit allowed for continuing receipt of income support) offered a greater boost to future employment prospects than going on a training course.

These studies from Australia and the UK tend to suggest that part-time work while on income support should be encouraged, including perhaps by relaxing further the withdrawal rate for earnings (Warburton, Vuong & Evert 1999). The Organisation for Economic Cooperation and Development (OECD) (2001), however, has argued for caution in this approach on several grounds, not least that the process of transition first into part-time work and then into full-time work is too complex to be assisted easily or to be made compulsory.

One reason for the complexity of this process from a policy design perspective is that the formal structure of benefit entitlement and recipient response captured by surveys of the kind discussed above is only part of a larger picture. Sociological and ethnographic studies of the activities undertaken by people claiming welfare benefits show that many develop complex alternative solutions to the economic marginality they experience (Jordan et al. 1992; Dean & Taylor-Gooby 1992; Leonard 1994; MacDonald 1994; Smith 2000).

These alternative solutions include undeclared work and informal exchange of goods and services, which by their nature are difficult to measure. At one level this may be described as 'benefit fraud', but this categorisation oversimplifies the often contradictory 'moral repertoires' (Dean & Melrose 1995) which people develop to explain their activities. For many of those involved there is no contradiction between maintaining a strong work and family ethic alongside a moral view of the rights and obligations of income support recipients, while undertaking undeclared cash economy work. This is because it represents a rational means of providing an adequate lifestyle for themselves and their families within the context of the reduced options available. This is particularly the case when the precarious and fragmented nature of the employment available has blurred the boundaries between formal and informal work, and when the framework of social support itself is experienced as increasingly coercive (Smith & Macnicol 2000).

Little research of this kind has been carried out in Australia, but there seems no reason to assume a greatly different situation from that in the UK. Taking this into account has two consequences. First, we have to assume that bureaucratic definitions of activity and participation may only have limited purchase for a proportion of income support recipients, for whom social exclusion is partly a consequence of the income support system. Second, quantitative estimates of the impact of part-time work on movements off benefit become more uncertain. They could be **overstated** because not all part-time work is being counted, but if some of the movements off benefit currently attributed to non-work reasons turn out to be related to undeclared part-time earnings, then they could be **understated**.

The question of how far one can directly link particular kinds of participation with socially inclusive outcomes has been the subject of some research in the European Union (EU), where social exclusion and inclusion are key concepts in the development of a common European social policy framework. A recent study funded by the European Commission has looked at these issues across six EU countries in the context of 'activation' policies. It concluded that different types of participation offer different opportunity and risk structures which are important in shaping their inclusionary or exclusionary potential (van Berkel 2000; INPART 2001). The researchers argue that participation needs to be seen in the

context of different ‘domains’ – economic, social, political and cultural – when people have varying needs that different kinds of participation may or may not be able to meet.

Although this approach takes in the elements of participation for income support recipients captured in the Australian CPS, it is also wider in that it goes beyond the goal of labour market engagement, noting that other forms of participation may, in some circumstances and for certain groups, be as or more inclusionary than paid work. The researchers point out that types of participation may either open up or block future developments for participants, with some acting as springboards and others as dead-end activities, trapping people in a process of endlessly recycled activation. They argue that when activities are compulsory there is a need for opt-out arrangements or regular reassessment to ensure that the activities are meeting people’s individual needs.

The thrust of this research is not dissimilar to the conclusions of the former Department of Social Security’s Community Research Project (CRP), which investigated how community-based initiatives contributed to improved living standards. Summarising the results of the CRP, Smith and Herbert (1997) suggested broadening the definition of work for social security purposes to include other useful forms of social activity, including community-based voluntary work and caring for dependants. However, they also argued that to maximise the societal and personal benefits from involvement in this kind of social activity it should be encouraged through incentives and freely chosen, rather than enforced.

Volunteering is one of the types of participation most commonly seen as beneficial to social inclusion and likely to improve labour market opportunities. Most research agrees that it has the potential at least to improve confidence and skills, and can in some cases lead to direct paid employment opportunities. Volunteers tend also to be more integrated into the community and more likely to be involved in a range of social, sporting and community groups and civic activities, as well as volunteering itself (Wilson & Musick 1998).

However, the interaction between volunteering and unemployment is not straightforward and there are often barriers to voluntary activity for income support recipients (Davis Smith & Locke 1998). In the UK, from the perspective of unemployed people, these include lack of familiarity with the concept of volunteering, worries about potential costs, concerns about whether they have skills to offer, perception of voluntary activities being incompatible with employment plans, and fear of being seen by the benefits authority as not available for work (Elam & Thomas 2001). Perhaps as a result, the rates of volunteering among unemployed people in the UK fell between 1991 and 1997, from 50 per cent to 38 per cent (Institute for Volunteering Research 2001).

In Australia, volunteering is now a legitimate activity for the purposes of income support activity testing and one of the options for compulsory mutual obligations for some clients.² As the CPS shows, around one-fifth of income support clients were engaged in some volunteer work at the time of the survey, slightly more than were engaged in paid work, although the average number of voluntary hours in the survey fortnight was fairly small (14.3) compared with many of the other recorded activities. It is not clear how much this has changed over time.

The next section discusses further the extent to which one should count different types of volunteering as economic or social participation. UK research suggests a number of factors involved in whether voluntary activities are perceived by beneficiaries as a stepping stone to paid work:

- whether volunteering was part of definite plans for job search
- the degree of similarity between the type of voluntary work and the type of employment sought
- whether volunteering was an acceptable route into employment
- the extent to which an individual saw volunteering as a direct stepping stone to the same type of work
- likely employer intentions (that is, do these jobs exist only because they are done by volunteers?) (Elam & Thomas 2000).

Respondents in the Elam and Thomas study also suggested a number of changes that they felt would increase the possibilities of voluntary work leading to employment. These included breaking down stereotypes of volunteering, offering volunteering advice tailored to recipients' needs and skills, promoting the benefits of volunteering more widely, ensuring that benefit staff and recipients are aware of the regulations governing volunteering while claiming benefits, and ensuring that recipients' out-of-pocket expenses are covered. Many of these were also implied in Smith and Herbert's (1997) CRP study, and some are indeed part of the FaCS's current agenda.

Attempts to increase the level of productive volunteering amongst the unemployed could, however, run up against wider changes in the nature of volunteering in Australia. There is evidence that the demand for volunteers in the non-profit community service sector in particular is shifting towards higher skills and more professionalism, because of greater expectations for business-like approaches, pressure for innovation in service delivery, challenges to current modes of service activity, and increasing legal responsibilities (MacDonald & Warburton 2000). It is argued that, this is leading to a dual market with traditional unskilled volunteers increasingly engaged in menial and repetitive tasks which by definition are less likely to lead to employment opportunities. One organisation—the Smith Family—which is in the process of moving from a charitable model to that of a 'social enterprise' has identified these trends within its own volunteer workforce and is looking at ways to develop appropriate volunteer training and support (Zappala, Parker & Green 2001).

This section of the report has reviewed relevant research on the impact of participation for income support recipients. It is clear that the forms of participation vary systematically by payment type, reflecting the eligibility requirements and incentive structures built into each payment. It is also clear that participation in paid work—and in some instances in volunteer work—increases the probability of achieving financial independence. But this outcome is not guaranteed and issues of motivation, attitudes and barriers also have a role to play. These findings have shaped the types of analysis undertaken and reported on below. It is also worth noting that many of the topics discussed in the literature are being examined in FaCS Welfare Reform Pilots, which will provide valuable additional data when they are completed. The next section analyses the results of the CPS.

4 The FaCS Customer Participation Survey (CPS): methodology and conduct

4.1 Survey methodology

Background information on the CPS, including its purpose, methodology, reliability and analytical framework are provided in the report prepared for FaCS by the Roy Morgan Research Centre and in the first issue of the *Participation Bulletin* (PB1) released by the Strategic Policy and Analysis Branch of FaCS. Initial results from preliminary analysis of the data are contained in issues 2–6 of *Participation Bulletin* (PB2–PB6). These focus on the overall incidence of economic and social participation (PB2) and how participation varies with gender (PB3), age (PB4), geographic location (PB5) and payment category (PB6).

The survey was undertaken by the Roy Morgan Research Centre (1999), which interviewed 2027 income support recipients in July and August 1998 using computer-assisted telephone interviewing. The sample was restricted to those of workforce age (men aged under 65 and women aged under 61) and was stratified by payment type, location, age and/or gender (PB1, pp. 2–3). The original sample contained 12076 customers drawn from the FaCS administrative database, all of whom were sent a letter of introduction by the department inviting them to participate in the research and providing them with a 1800 number to call if they did not want to take part. Around 1900 of those contacted withdrew at this stage. The contact details of the remainder were provided to the survey agency, which conducted the interviews until the required number of (stratified) responses was reached.

Information provided in the Morgan Report and in PB1 indicates that 3650 contacts were made to achieve a sample of 2027 (PB1, Table 1, p. 5). Of the remaining contacts, 208 were not receiving income support or a relevant payment, there were 574 refusals and 841 terminated the interview before it was completed. Excluding the invalid cases, the implied response rate is thus equal to $2027/(3650-208) = 58.9$ per cent. However, the percentage of completions to contacts is somewhat lower, at $2027/3650 = 55.5$ per cent and the refusal rate (including terminated interviews) among all contacts was $(574+841)/3650 = 38.8$ per cent. Among all valid contacts, the overall refusal rate was even higher, at $(574+841)/(3650-208) = 41.1$ per cent.

However, these response rates take no account of the numbers who withdrew after the initial contact letter, an approximate refusal rate of $1900/12076 = 15.7$ per cent. If this is applied to the implied response rate for those who agreed to participate in the survey (58.9 per cent), the adjusted response rate becomes $58.9(1-0.157) = 49.7$ per cent. Even after this adjustment, the response rate is still reasonably high for a survey of this type, although some people might have expected a higher response to a survey of FaCS customers undertaken with the clear support of FaCS.³ A series of weights was developed by FaCS so that when applied to the survey data they provide an accurate representation of the whole income support population.

Table 1 compares the characteristics of the survey sample (unweighted and weighted) with those for the entire income support population. These comparisons reveal that there was some loss of representativeness in the sample, specifically that the subgroups that are under-represented in the survey are customers aged 18 to 39, those from non-English speaking or Indigenous backgrounds, single people and people with children and/or large families. These areas of under-representation were not considered ‘significant enough to warrant concern about the overall representativeness of the sample survey’ (PB1, p. 6). This claim appears to be based on the broad similarity in the survey and population profiles shown in Table 1, but it remains possible that there are biases in the survey that relate to unobservable factors that could correlate with the attitudes and motivation of customers, and thus with their approach to participation. It is worth noting, for example, that the under-represented groups include those most susceptible to social exclusion (for example, Indigenous Australians, younger people and large families) whose involvement in participation is likely to be very low. These observations suggest that a degree of caution should be applied to the survey findings.

A perhaps more important area of concern with the sampling methodology relates to the exclusion of those who were no longer receiving a payment when they were contacted for interview.⁴ Had these customers been interviewed, their responses might have provided some insight into the factors that helped to determine their exit from the benefit system and how this related to the extent and nature of their participation activity while receiving benefit. This group may also have included some that no longer received payment because they failed to satisfy activity test requirements. In these latter instances, it would have been useful to understand more about why this had happened, just as in the former case it would have been helpful to know more about how or whether participation was a factor in assisting people off the benefit system.⁵

Exclusion of those no longer receiving a payment highlights a more general limitation of the survey methodology. This relates to the fact that, by restricting the sample to those receiving payments, individuals whose economic participation resulted in exit from the income support system are not included. With benefit exit defined as a ‘successful economic participation outcome’, the exclusion of those who have succeeded results in a sample that is biased towards unsuccessful cases.⁶ To give an analogy, it is like trying to identify the factors that determine successful entry to the tertiary education system by only interviewing those students who are still studying at high school.

There are, admittedly, good practical reasons why it would have been difficult for FaCS to conduct a survey that included those who have exited the payments system by the time the survey was conducted. At the very least, this would have required a separate questionnaire for these people—although that would not be difficult to design. However, the primary purpose of the CPS was to survey what people were actually doing, not to try to identify what activities lead to successful outcomes (in terms of exiting the income support system). A consequence of excluding these people from the CPS is, as noted, that the study investigates the factors that lead to successful economic participation strategies by studying only those who have not yet achieved this outcome. This inevitably limits the ability of the data to identify the factors that lead to successful outcomes.

Table 1: Selected characteristics of survey population and the total income support population derived from administrative data, July 1988

CHARACTERISTICS	SURVEY POPULATION		TOTAL POPULATION (%)
	UNWEIGHTED (%)	WEIGHTED (%)	
Age (years)			
18 to 24	11.5	15.3	15.8
25 to 39	27.0	35.7	35.6
40 to 49	19.7	18.8	19.4
50+	41.7	30.2	28.8
Mean (years)	43.6	40.2	39.7
Country of birth			
Australia	77.4	76.2	72.8
<i>Indigenous</i>	0.7	0.7	5.6
Overseas, English-speaking	10.3	9.6	8.0
Overseas, non-English-speaking	12.4	14.2	19.2
Marital status			
Single ^(a)	46.6	54.5	58.7
Married	53.4	45.5	41.3
Recorded children^(b)			
Yes	25.3	29.9	34.6
No	74.7	70.1	65.4
Number of children			
One	38.0	39.8	39.0
Two	37.0	35.9	35.4
Three	18.0	18.3	16.8
Four	4.8	4.1	6.0
Five or more	2.1	1.9	2.6
Mean number of children	1.96	1.93	2.04
Age of youngest child (years)			
Newborn to 3	33.7	33.5	35.5
4 to 6	23.4	23.7	22.0
7 to 12	28.7	28.6	30.1
13 to 15	14.1	14.1	12.3
Mean age of youngest child (years)	6.25	6.26	6.28

Notes: (a) Single includes divorced, widowed and separated.

(b) Children are defined as dependent children aged under 16. The reported data are not always accurate, particularly for male customers.

Source: *Participation Bulletin No. 1*, Appendix D.

4.2 Scope of the survey

The survey instrument was designed to obtain information on the extent of a range of economic and social participation activities. Those that are of interest here (in terms of economic participation) are paid work, self-employment, job search and study, and (in terms of social participation) volunteer work, caring for children and caring for adults with a disability. These are defined and explored in detail later. Five aspects of participation were covered in the survey: the **rate of participation** in each activity, the **intensity of participation** (as measured by the time devoted to each activity), the **extent to which participation has varied** over time, the **motivations for participation** and the **perceived barriers to participation**.

These dimensions can be related to other characteristics of respondents, as provided through the survey and as supplemented subsequently from FaCS administrative records.⁷ There is also some detail provided on the activities themselves, including whether or not the job was casual, the kind of course being studied, the qualification sought, and the kind of organisation worked for as a volunteer. These details allow the different forms of participation to be distinguished in terms of their affinity with paid work and the motivations that underlie them, and, to a limited degree, allow the construction of sequences of participation trajectories over time.

4.3 Sample characteristics

Table 1, compares selected characteristics of the sample of interviewees with the total income support population in July 1998. So that the sample provides a more accurate representation of the entire income support population at the time of the survey, a series of weights was developed by FaCS for this purpose. It is important to emphasise that while use of the weighted data provides a more accurate representation of the relevant population being studied, weighting will not reduce the extent of any biases in the sample that may arise for the other reasons discussed earlier. Weighting corrects for the variation in response across different observable categories, but cannot adjust for any response bias that is related to other (unobservable) characteristics of respondents. Indeed, it is possible that the weighting process could exacerbate response biases existing in the survey data. Even so, the weighted data are preferred when examining the descriptive aspects of the survey findings and the weighted data are used in describing the participation patterns.

Table 2 provides a detailed breakdown of the CPS sample according to the socio-demographic circumstances of respondents. This reveals that the sample was evenly split between males and females, and between those aged under and over 40. The mean age was just over 40 and the median was 39. Over half (54.5 per cent) were either single or not partnered (including sole parents), while only 13.2 per cent were married with children.⁸ Almost one-quarter (23.8 per cent) were born overseas, with 9.6 per cent born in an English-speaking country and 14.2 per cent born in a non-English speaking country. Over half (53.4 per cent) of the sample were married, although the majority of these (32.3 per cent of the sample) did not have children. Of those who were living with dependent children (including sole parents), most (70 per cent) had one or two children, while only 9.3 per cent had four or more children. Just over one-third (36.9 per cent) had a youngest child aged three or under and a further 21.7 per cent had a youngest child aged between four and six. Only 12.7 per cent had a youngest child in the teenage years, ages 13 to 15.

Table 2: Descriptive statistics for the whole sample

CHARACTERISTICS	SAMPLE SIZE (WEIGHTED)	SAMPLE SIZE (UNWEIGHTED)	%
	n	n	
Gender			
Male	809	956 893	45.7
Female	1 218	1 135 337	54.3
Age (years)			
18 to 24	234	320 239	15.3
25 to 39	548	747 076	35.7
40 to 49	400	393 032	18.8
50+	845	631 883	30.2
Mean	40.2		
Median (years)	39		
Family status			
Single	568	755 191	36.1
Separated/divorced/widowed	377	385 297	18.4
Married—no children	792	675 073	32.3
Married—with children	290	276 669	13.2
Country of birth			
Australian born	1 569	1 595 498	76.3
Indigenous	15	1 427	0.7
English speaking born overseas	208	200 559	9.6
Non-English speaking born overseas	250	296 173	14.2
Dependent children			
Yes	642	79 7884	38.1
No	1 385	1 294 346	61.9
Number of children			
One	235	293 815	36.8
Two	227	266 585	33.4
Three	124	163 269	20.5
Four	40	49 174	6.2
Five or more	6	25 042	3.1
Age of youngest child (years)			
Newborn to 3	227	291 552	36.9
4 to 6	139	171 935	21.7
7 to 12	190	227 191	28.7
13 to 15	84	100 102	12.7
Location			
Capitals	678	917 183	43.8
Urban	674	698 324	33.4
Rural	675	476 724	22.8
Payment type			
Newstart Allowance	511	781 959	37.4
Parenting Payment (Single)	208	336 052	16.1
Parenting Payment (Partnered)	204	219 656	10.5
Mature Age Allowance	100	23 877	1.1
Widow Allowance	99	22 816	1.1
Partner Allowance	101	73 052	3.5
Disability Support Pension	401	497 900	23.8
Carer Payment	206	30 641	1.5
Wife Pension	197	106 279	5.1
Years on payment			
0 to 1	801	846 779	40.5
1 to 2	373	374 066	17.9
2 to 3	238	245 057	11.7
3 to 4	171	160 767	7.7
4 to 5	115	118 938	5.7
5 to 6	76	86 930	4.2
> 6	253	259 693	12.4
Mean (years)	2.5		
Median (years)	1		

The percentages living in capital cities, other urban areas and rural areas were approximately 44 per cent, 33 per cent and 22 per cent, respectively.⁹ In terms of payment type, approaching two-fifths (37.4 per cent) of the sample were receiving Newstart Allowance, just over one-quarter (26.6 per cent) were receiving Parenting Payment (Single or Partnered) and slightly less than this (23.8 per cent) were receiving Disability Support Pension. Of the remainder, 5.7 per cent were receiving one of the three payments that are directed to older people (Mature Age Allowance, Widow Allowance or Partner Allowance), while slightly more than this (6.6 per cent) were receiving either Carer Payment or Wife Pension. In terms of payment duration, just over two-fifths (40.5 per cent) had been receiving their payment for less than one year, and a further 17.9 per cent had been on payment between one and two years.¹⁰ Over one-fifth (22.3 per cent) had been on payment for more than four years, and among these, 12.4 per cent had been receiving their payment for more than six years. The mean duration of payment receipt was 2.4 years, with the median falling in the one to two years' category.

5 Defining different types of participation

5.1 Economic and social participation

The CPS survey identified ten different forms of participation. Of these, four (paid work, self-employment, job search and study/training) are basically economic in orientation and are subsequently referred to as **economic participation**. Three (volunteer work, child care and adult care) are basically social and are referred to as **social participation**, and the other three (medical care, unpaid domestic work and home production) relate to personal activities. This report focuses on economic and social participation, with only limited reference to participation in personal activities.

Any method for classifying different types of participation activity is likely to have its problematic aspects. This is recognised in *Participation Bulletin No. 1*, which notes that the dividing lines between the above definitions of economic, social and personal participation are ‘somewhat arbitrary’ (PB1, p. 7). It then cites the example of study undertaken for purposes other than getting a job that could be classified as personal rather than economic activity. In a similar vein, some forms of personal medical activity may be employment-focused and be more appropriate to include as a form of economic participation. The dividing line between some forms of domestic activity and self-employment may also be difficult to discern (see Eardley and Corden, 1996), adding further ambiguity to the differentiation between the above three types of activity.

What each of these examples highlight is the important role that the motivation for undertaking a specific form of participation plays in deciding how to categorise it. The same activity (defined solely in terms of the **nature** of the activity) may reflect very different **motivations** and a more motivationally-oriented perspective would treat them differently. This distinction is of more than just semantic interest. If the focus of interest in the whole issue of participation reflects a desire to encourage income support recipients into paid work, then the motivation for undertaking specific activities will be of critical importance. Study undertaken to acquire skills required in the labour market is, from this perspective, significantly different from a course of study undertaken to ‘broaden the mind’ or for reasons of personal development. If this is the case, the ways in which different forms of participation are distinguished should extend beyond the nature of the activity to also embrace the reasons for undertaking it. An attempt is made later to adjust the existing participation categories to reflect these concerns.

We begin, however, by examining patterns of reported participation using the distinction between economic and social participation introduced above. Information was obtained on the extent and nature of participation in the two-week period prior to the CPS interview and Table 3 summarises the overall patterns of participation in each of the 11 identified activities over the survey fortnight.¹¹ Among the economic and social activities, the participation rate was highest for child care, followed by job search, paid work, volunteer work, adult care, study and self-employment. Participation in unpaid domestic work was higher than in any of the seven forms of economic or social participation, while it was also very high (43.1 per cent) in the case of medical activity. This latter result

reflects the high incidence of medical problems among the sample.¹² In aggregate, more than one-fifth (21.1 per cent) of FaCS customers participated in paid work over the fortnight while approaching two-fifths (39.2 per cent) participated in job search activity. Participation rates were lower for those engaged in study (11.2 per cent) or self-employment (5.4 per cent), but overall well over half (57.6 per cent) reported participating in some form of economic activity. The mean number of hours spent over the fortnight on economic activity varies from 11 hours in the case of job search to 27.6 hours for paid work, 30.9 hours for self-employment and 33.1 hours for study or training. There is thus a (weak) inverse relationship between the **rate** of participation in these economic activities and the **mean number of hours** spent on each activity. However, the most significant aspect of these results relates to the volume of economic participation that is occurring. There is little sign of any tendency to rely solely on income support in these statistics. On the contrary, the overall impression is one of intense and prolonged activity in the identified forms of economic participation.

In terms of social activity, Table 3 indicates that close to half (46.9 per cent) participated in child care, with around one in eight (12.4 per cent) participating in adult care and one in five (19.4 per cent) engaged in some form of voluntary work. The mean amount of time spent on the two forms of caring exceed that devoted to all other forms of participation, with child care accounting for an average of 66.3 hours amongst those participating over the fortnight (equivalent to almost five hours a day on average), and invalid care 44.3 hours (three hours a day). Volunteer work accounted for only 14.3 hours per fortnight on average, well below the time spent on all other economic and social activities with the exception of job search. Unlike with economic participation, there is a tendency for the average time on the different types of social participation to be positively related to the participation rate itself. But there is again evidence of widespread participation, with over three-fifths (61.7 per cent) of the sample engaged in at least one form of social activity.

Table 3 also shows the incidence and extent of participation in unpaid domestic work (including home maintenance), home production (including sewing, knitting and large scale food production) and other activities. Of these, domestic work is the most important both in terms of the percentage participating and the average hours spent each fortnight on the activity. The other notable feature of the results is the high percentage of people (43.1 per cent) reporting an on-going medical condition. Among those with a medical condition, considerable time was devoted to treatment, with 11.3 hours spent on average on treatment for those who needed to attend to their condition. For these people, there is the possibility that the amount of time spent treating their medical condition will reduce their ability to engage in other forms of economic and social participation. This issue is explored later.

Table 3: Participation rates by type of activity and mean hours in the survey fortnight

ACTIVITY	NUMBER OF PARTICIPANTS (UNWEIGHTED)	PARTICIPATION RATE (WEIGHTED) %	MEAN HOURS IN FORTNIGHT (STANDARD ERROR IN BRACKETS) ^(c)
Paid work	382	21.1	27.6 (0.04)
Self-employment	101	5.4	30.9 (0.08)
Job search	591	39.2	12.0 (0.01)
Study	183	11.2	33.1 (0.05)
Economic participation ^(a)	958	57.7	
Child care	860	46.9	66.3 (0.03)
Adult care	440	12.4	44.3 (0.08)
Volunteer work	417	19.4	14.3 (0.03)
Social participation ^(a)	1306	61.7	
Medical ^(b)	879	42.9	11.3 (0.02)
Unpaid domestic work:	1796	87.4	
Domestic work	1591	78.9	39.6 (0.02)
Home maintenance	1064	57.3	10.2 (0.01)
Home production	445	18.0	11.2 (0.02)

Notes: (a) These categories include people who participated in one or more activity(ies).

(b) While 879 respondents said they had a significant medical condition, 263 did not spend any time in treatment for that condition during the survey fortnight and a further 50 could not say how much time was spent on their condition. The mean of 11.3 is for those who indicated that they spent at least one hour on treatment during the survey fortnight. Including the zeros causes the mean to decline to 7.5 with a standard deviation of 15.4.

(c) Mean number of hours in the last fortnight for those who participated in the activity.

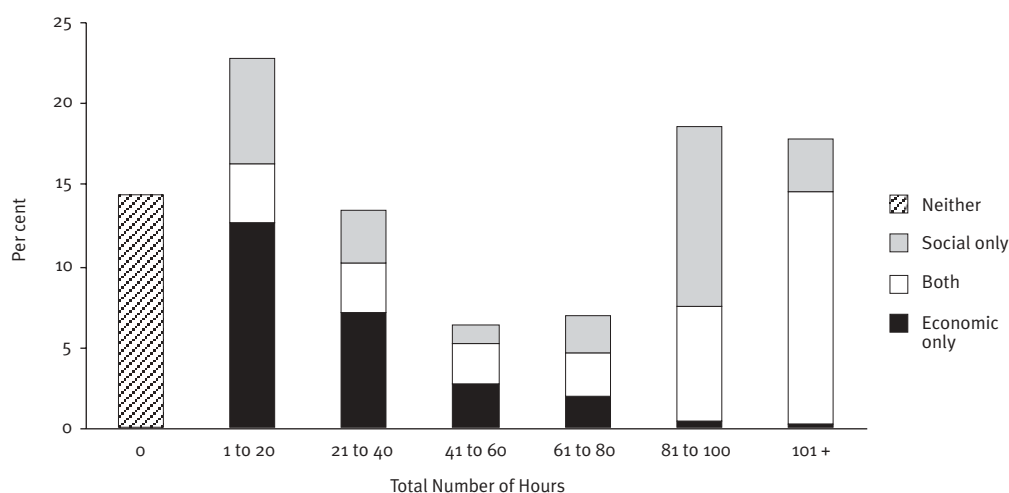
One caveat that applies to all of the results is that there is considerable variation in the intensity of participation among participants, as can be seen from the size of the standard deviations shown in the final column of Table 3. The extent to which this variation reflects systematic differences in the participation profiles of different groups of payment recipients is another topic examined later.

Figure 2 shows the distribution of the total hours spent on economic and social participation over the survey fortnight for participants and the percentage of non-participants. The first column indicates that around 14 per cent of CPS respondents reported no form of participation during the survey fortnight. For those who did engage in some form of participation, mean hours have been separated into hours spent on economic participation only, hours spent on social participation only and hours spent on both forms of participation. (Thus, the distribution of mean hours spent on economic participation overall is equal to the sum of the first and second categories, while mean total hours spent on social participation is equal to the sum of the second and third categories). The overall pattern of hours spent participating is U-shaped, with most people who participated engaging in either less than 20 hours over the fortnight or more than 80 hours.

For those participating in economic activity only, the great majority participated for less than 40 hours, with most of these participating for less than 20 hours and with very few people participating for more than 40 hours. Virtually all of

those whose economic participation absorbed more than 80 hours a fortnight were also engaged in some form of social participation (primarily child or adult care). In contrast, many of those who participate in social activities spend very long periods (over 80 hours in the survey fortnight) on these activities, with relatively few people spending between 40 and 80 hours on social participation. Overall, hours spent in social participation show a strong U-shaped pattern and this dominates the overall profile of economic and social participation intensity revealed in Figure 2. These very long hours of social participation mainly reflect time devoted to caring activity (see below) but it is also of interest to investigate the factors that determine the patterns at lower levels of participation intensity displayed in Figure 2. This is another issue examined later.

Figure 2: Overall patterns of economic and social participation by total hours over the previous fortnight



5.2 Functional classification of participation

It has already been noted that the distinction between economic and social participation is to some extent arbitrary. The main reason for this is that the definitions are based on the **nature** of the activity being undertaken rather than the **purpose** that has motivated each form of participation. Thus, study is classified as a form of economic participation, even though only some of those who engage in study activity will be motivated by a desire to increase the probability of finding a job. Participation in a course of study out of pure interest has more in common with social participation (or with unspecified domestic participation or leisure) than with study undertaken specifically to increase the prospects of finding a job. At the same time, some of the activities currently included as a form of social participation (providing child care for one's own children, or caring for a frail elderly parent) do not necessarily involve any interaction with others (aside from the care recipient, of course)—yet interaction in this broader sense is a defining feature of social participation generally.

To classify those interactions that take place within the realms of the family as social participation is to miss an essential feature of participation, which is that it involves interacting with other people in a **social** context. The same cannot be

said of care provided outside of the family home to other people's children or elderly relatives, when the claim that this represents a form of social participation has more legitimacy. Much of this caring work is undertaken as voluntary work and is rightly considered a form of social participation. Not to do so would be to introduce a new level of ambiguity over the identification of these forms of social participation. In practice, there is no substantive difference between offering to care for a neighbour's elderly relative and providing the same level of care through the intermediary of a voluntary organisation.

It seems better to regard participating in activities that involve caring for one's own children or adult relatives (since they do not involve an element of choice to anything like the same degree as caring for other people's children or elderly relatives) as representing a **barrier to participation** in the wider (social) sense, rather than constituting social participation as such (see Thomson, Turvey & Fine 1996).¹³ This line of argument suggests that a better approach would involve classifying child (or adult) care as social participation not by the **nature** of the activity itself, but rather according to the **relationship** between the person performing the task and those who receive the services provided.

It is possible to apply these ideas to develop a revised taxonomy of participation using the CPS data because it contains information (albeit limited) on the reasons for participating in some forms of activity and on the relationships that exist between those providing care and those who receive it. This new classification defines participation in paid work or self-employment as the two primary forms of direct economic activity. Many other forms of participation either involve or are motivated by employment considerations and increase the probability of finding paid work, and it is these links that have become the focus of interest in the recent welfare reform debate, including the idea of a participation support system developed by the RGWR (2000). Those activities that do not fall into either category (such as undertaking a course of study for personal reasons, performing voluntary work or caring for other people's children for altruistic reasons) embody a social contribution and may also lead to interactions with others that result (unexpectedly) in an employment outcome. Finally, there are those activities such as caring for one's own children or for those with an invalidity that are undertaken for altruistic reasons, broadly defined, that represent a demand on people's time that they may choose to undertake, and when it is full-time or time-intensive, may prevent them from engaging in other forms of participation.

With these distinctions in mind, the following alternative classification of participation activities has been developed:

- **direct participation**—which includes paid work and self-employment
- **instrumental participation**—which includes job search, study and voluntary work that is undertaken with the specific purpose of increasing the chances of finding paid work
- **developmental participation**—which includes non-direct forms of participation that are undertaken for personal reasons other than increasing the prospects of getting a job
- **altruistic participation**—which includes time spent volunteering or caring for non-family members with special needs that is motivated primarily by altruism.

These four new types of participation can be further aggregated into two main categories. The first of these includes direct and instrumental participation and encompasses all forms of participation that are primarily **job-focused**. The second aggregated category includes developmental and altruistic participation and encompasses all forms of participation that are primarily **person-focused**. These two broad categories correspond to the conventional economic and social participation categories defined and presented in Figure 1.

The alternative classification of participation types excludes care provided to one's own children or to adult family members with special needs. These forms of caring fulfil a very important social function, but they are not a form of participation as conventionally conceived because the activity takes place within the family home and does not necessarily involve interacting with others.¹⁴ These activities are best regarded as a **barrier to participation** in other forms of employment-focused activity and they are treated as such in the alternative functional classification.

Figure 3 sets out how the alternative three-way classification of participation activities is related to the seven out of ten basic activities that underlie the distinction between economic and social participation that forms the focus of the CPS. The upper section of Figure 3 links the seven individual participation activities to the existing classification into the two broad areas of economic and social participation. The lower half of Figure 3 shows how the new four-way classification of forms of participation (plus participation barriers) is derived from the factors that motivate some activities and from the relationships that exist between those engaged in caring activity. The numbers falling into each of the individual cells on which the two classifications are based are also shown. The alternative classification highlights how many people are involved in caring activity that represents a barrier to other forms of participation. As can be seen, a total of 905 out of the total of 2027 CPS respondents (44.6 per cent) participated in caring activities that reduced their capacity to engage in other forms of participation. To ascribe these as participating in social activity is to give a misleading account of the overall extent and nature of participation activity.

Figure 4 replicates Figure 2 using the alternative classification of participation activities. As with Figure 2, the categories are shown so that the first category includes those engaged in job-focused activity only, the second those involved in both job-focused and person-focused activity, and the third category those engaged in person-focused activity only. Thus, the sum of the first two categories includes all of those engaged in some form of job-focused activity, and the sum of the last two includes all of those engaged in some form of person-focused activity. Those who report involvement in no activity (in the sense that it absorbs none of their time) are again shown separately, while those engaged in activities that are defined as barriers to participation are excluded from the analysis.

Figure 3: Classification of participation activities

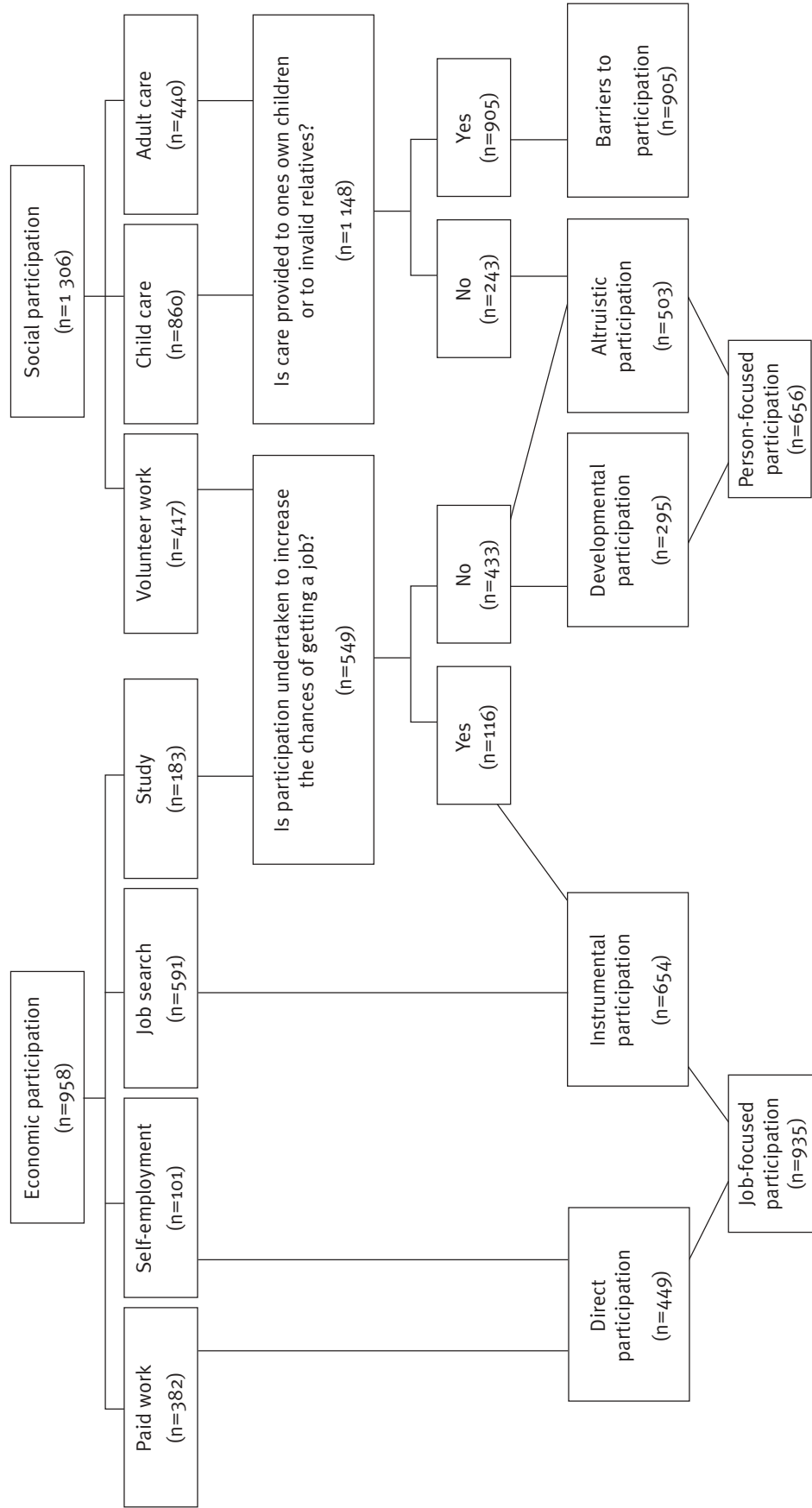
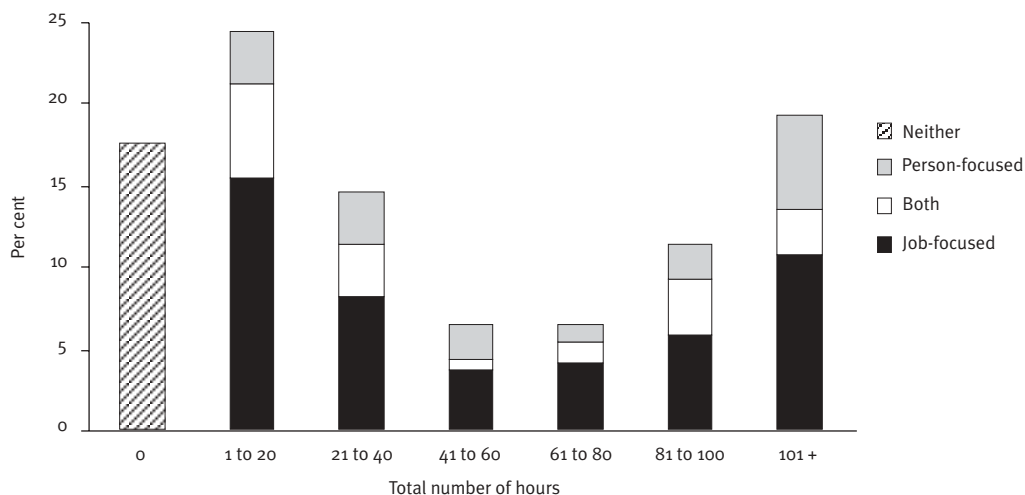


Figure 4: Overall patterns of job-focused and person-focused participation by total hours over the previous fortnight



Note: These results highlight the useful contribution that the functional classification of participation activity can play in helping to elucidate and understand participation patterns of FaCS customers. There may be value in further exploration of the new classification, although the remainder of this report focuses on the standard classification into economic and social participation so that its results can be compared with other on-going analyses that use the standard approach.

The overall U-shaped pattern of participation shown in Figure 4 differs from that in Figure 2 only in the exclusion of caring activities now defined as a barrier rather than as a form of participation. There are, however, some differences in the patterns of participation. Whereas Figure 2 shows very few people engaged in more than 60 hours a fortnight of economic participation, Figure 4 reveals that there are many people spending long hours participating in activities that are job-focused (including study and voluntary work). It is also apparent that person-focused activity tends to absorb a lot of time for those who participate in it, and that relatively few people participate to any significant degree (more than 20 hours a fortnight) in both job-focused and person-focused activity.

6 Patterns of participation

6.1 Overall participation rates

Tables 4 and 5 present information on overall rates of participation and the number of participation activities in each of the eight separate activities identified in the CPS and aggregated into the broad categories of economic and social activities and job-focused and person-focused activities. These two tables present information separately for those receiving each of nine separate payment types, although for ease of presentation, later tables provide a less detailed breakdown, in which the responses are aggregated into five main payment groupings.

Table 4 indicates that whereas women are considerably more likely to participate in paid work than men, men's participation in job search is more than twice as high as that for women.¹⁵ Female participation in all three forms of social participation is above that of men (particularly in relation to caring for children and adults), as is their participation in domestic activities. The new classification of participation activities (introduced in the previous section) indicates that female participation exceeds that of males in all activities except those that are instrumentally job-focused. Women are more likely to engage in altruistic forms of participation and are far more likely to be involved in caring for relatives (young or old). However, other findings (reported in Table 3 above and Table 4 below), suggest that these activities do not act as a barrier preventing women's participation in paid work (relative to men).

Most forms of participation tend to decline with age, the main exceptions being self-employment (up to age 50 only), voluntary work and caring for adults. Although implied by these figures, the fact that altruistic participation increases with age is more clearly apparent from the alternative classification shown on the right hand column of Table 4. The presence of dependent children (particularly young children) is likely to act as a barrier to participation, but also to promote participation in paid work to meet the increase in family needs. These counteracting factors may explain why there is no tendency for participation rates to be lower for those with dependent children. In fact, the opposite is the case, with those with children more likely to participate in all activities except job search, caring for adults and in altruistic activities generally.

There is relatively little variation in rates of participation according to location — a finding that is repeated in many of the other tabulations presented below. Of greater interest is the fact that those reporting an on-going medical condition have lower rates of participation in all four forms of economic activity, as well as in forms of social activity except caring for adults. Although this suggests that medical factors serve as a participation barrier for those with an on-going condition that requires treatment, many of these people already face barriers relating to their child care responsibilities. Whether or not medical factors act as an independent barrier preventing participation is another issue explored later.

Some of the differences already highlighted in Table 4 reflect the different payments received by different people, since these affect the nature of the activity test and the kinds of participation activity that are expected of those receiving income support. This is confirmed in the bottom panel of results in

Table 4: Participation rate by type of activity and selected socio-economic characteristics

	PARTICIPATION RATE (% OF TOTAL POPULATION: WEIGHTED)																
	ECONOMIC ACTIVITIES				SOCIAL ACTIVITIES				DOMESTIC			JOB-FOCUSED			PERSON-FOCUSED		
	Paid work	Self-employment	Job search	Study	Volunteer work	Child care	Adult care	Domestic activities	Direct	Instru-mental	Develop-mental	Altruistic	Barriers				
n	382	101	591	183	417	860	440	1796	449	654	295	503	905				
Gender																	
Male	15.7	7.1	53.2	11.3	15.7	32.0	9.4	80.1	20.0	55.2	13.2	16.8	29.3				
Female	25.6	4.1	27.4	11.1	22.4	59.5	15.0	93.5	28.7	32.3	15.6	27.0	56.8				
Age (years)																	
18 to 24	23.7	1.2	71.1	27.1	11.4	28.5	2.4	79.1	24.1	77.2	19.7	15.9	20.2				
25 to 39	25.1	5.4	42.5	14.1	19.4	67.6	6.7	90.9	28.9	48.0	13.2	17.3	65.8				
40 to 49	26.9	9.9	41.0	7.4	19.9	54.9	18.1	91.6	32.7	42.9	15.1	20.8	58.1				
50+	11.3	4.8	18.0	1.9	23.1	26.7	20.6	84.8	15.1	19.0	12.9	32.7	22.3				
Dependent children																	
Yes	25.1	9.6	30.6	12.5	23.1	94.3	8.4	94.6	32.0	36.0	15.5	21.1	92.8				
No	18.5	2.8	44.5	10.3	17.0	17.7	14.9	82.9	20.2	46.9	13.8	23.1	14.4				
Location																	
Capitals	21.7	6.0	41.4	11.8	19.5	44.6	13.1	87.2	26.2	45.7	14.3	22.6	41.5				
Urban	19.9	4.0	38.7	11.5	19.3	49.5	12.7	88.0	22.2	41.8	15.0	22.2	45.9				
Rural	21.5	6.5	35.6	9.4	19.2	47.5	10.5	86.9	25.7	38.6	14.0	21.9	46.9				
On-going medical condition																	
Yes	14.0	2.9	25.9	6.5	17.1	34.1	14.7	82.6	15.7	28.9	12.0	23.3	29.8				
No	26.4	7.3	49.2	14.6	21.1	56.5	10.6	91.1	31.6	53.1	16.5	21.6	55.0				
Payment type																	
Newstart Allowance	25.7	5.6	83.8	15.2	12.7	29.8	7.6	84.3	28.1	85.7	12.1	15.3	24.9				
Parenting Payment (Single)	35.1	7.4	22.7	15.7	22.7	96.1	4.2	97.8	41.5	31.7	15.8	21.3	94.1				
Parenting Payment (Partnered)	16.6	12.3	11.8	9.8	30.1	95.1	8.6	96.8	25.9	16.4	20.7	25.0	94.6				
Mature Age Allowance	8.6	2.0	21.5	1.3	19.7	26.2	8.9	92.1	9.6	21.5	14.9	37.3	3.6				
Widow Allowance	20.5	1.6	13.0	3.6	18.5	27.5	13.6	88.3	21.5	16.6	11.0	34.6	11.1				
Partner Allowance	12.9	3.3	8.9	2.7	19.3	31.2	31.9	93.9	16.2	10.8	15.1	38.3	28.6				
Disability Support Pension	9.6	2.1	9.0	6.6	21.7	26.5	12.4	78.3	11.7	12.2	15.0	25.6	21.0				
Carer Payment	8.6	4.2	6.7	4.3	17.1	24.6	96.2	94.5	10.6	8.5	12.2	20.4	88.0				
Wife Pension	18.0	2.9	1.9	3.1	25.8	39.3	44.7	92.9	19.9	1.9	13.3	40.2	47.8				

Note: Where the estimates are underlined, this indicates that the sample cell size is less than 10.

Table 4, which shows that job search is very high among those receiving Newstart Allowance, child care is very high among those receiving Parenting Payment (Single or Partnered) and adult care is very high for those receiving Carer Payment. In addition, there are a number of other interesting patterns linking participation activity to the type of payment received. These include: the relatively high incidence of participation in paid work among those receiving Parenting Payment (Single) and Widow Allowance; the high rate of self-employment among those receiving Parenting Payment (Partnered); the relatively high participation in job search for those receiving Parenting Payment (Single) and Mature Age Allowance; and the high rate of participation in study among those receiving Parenting Payment (Single).

Participation in voluntary work is high among those receiving Parenting Payment (Partnered) and Wife Pension and lowest among those receiving Newstart Allowance. Participation in child care and adult care are lowest among those receiving Carer Payment and Parenting Payment (Single), respectively.

Thus those whose payment status depends upon specific caring responsibilities are (not surprisingly) less likely to be engaged in other forms of caring. In overall terms, job-focused participation is highest among those receiving Newstart Allowance and Parenting Payment (Single), while person-focused participation (particularly its altruistic variants) is highest for those receiving Wife Pension and Partner Allowance. Participation barriers are most commonly found among those who receive Parenting Payment (Single or Partnered) and Carer Payment—these findings effectively replicating earlier results in a different guise. These results suggest that, for most sole parents, caring for children does not act as a practical barrier to participation.

Many of these differences by payment type reflect the patterns of participation variation by age shown in earlier sections of Table 4. Thus, younger FaCS customers who receive Newstart Allowance or Parenting Payment (Single) are more likely to participate in economic activities that are motivated by financial considerations, whereas older customers are more likely to participate in social activities motivated by altruistic concerns. It thus appears that some of the differences in participation patterns reflect generational differences, although establishing the extent to which this in turn reflects differences in the activity test for different payments or attitudinal and behavioural differences requires a more detailed multivariate investigation (see below).

Table 4 examines patterns of participation from the perspective of the activities engaged in. When analysing the results from the perspective of the participant, it is useful to begin by examining the extent to which individuals are involved in more than one form of participation. This is examined in Table 5, which shows how the number of participation activities varies with the characteristics of participants as defined in Table 4. Almost one-seventh (13.9 per cent) of the sample did not participate in any of the nominated activities over the survey fortnight. These non-participants were mainly male and predominantly aged over 50 and experiencing an on-going medical condition. Poor health and older age are thus two factors that restrict the ability to participate.¹⁶ Customers aged over 50 are more than six times as likely to be non-participants as those aged between 18 and 39. Non-participation is also over 10 times more likely among those without dependent children than among those with children, reflecting the high incidence of participation in child care among those with young children (see Table 2).

Table 5: Participation rates by number of activities

	n	NUMBER OF ACTIVITIES (%)					MEAN	MEDIAN
		0	1	2	3	4+		
n	2027	324	795	621	222	65	1.6	1.0
Gender								
Male	809	18.2	37.2	30.1	11.9	2.7	1.4	1.0
Female	1218	10.3	36.5	36.6	12.3	4.4	1.7	2.0
Age (years)								
18 to 24	234	5.0	39.6	41.8	12.0	1.5	1.7	2.0
25 to 39	548	5.0	34.4	40.7	15.6	4.3	1.8	2.0
40 to 49	400	9.0	34.3	35.4	13.6	7.7	1.8	2.0
50+	845	31.9	39.7	19.9	7.1	1.3	1.1	1.0
Dependent children								
Yes	642	1.8	27.0	45.1	19.5	6.6	2.0	2.0
No	1385	21.3	42.8	26.5	7.6	1.8	1.3	1.0
Location								
Capitals	678	13.2	36.4	33.8	13.2	3.4	1.6	2.0
Urban	674	13.7	35.8	36.0	10.9	3.6	1.6	2.0
Rural	675	15.6	39.0	29.7	11.7	4.0	1.5	1.0
On-going medical condition								
Yes	879	27.7	40.9	21.8	7.6	1.9	1.2	1.0
No	1136	3.5	33.6	42.4	15.5	4.9	1.9	2.0
Payment type								
Newstart Allowance	511	3.9	38.1	37.0	16.6	4.4	1.8	2.0
Parenting Payment (Single)	208	0.5	24.9	52.4	16.1	6.1	2.0	2.0
Parenting Payment (Partnered)	204	1.6	37.7	41.9	14.8	4.0	1.8	2.0
Carer Payment	206	37.3	42.7	15.9	2.8	1.3	0.9	1.0
Disability Support Pension	401	32.6	42.0	19.9	5.5	0.0	1.0	1.0
Wife Pension	197	28.1	41.8	23.1	5.7	1.3	1.1	1.0
Partner Allowance	101	39.7	39.4	15.7	3.9	1.4	0.9	1.0
Widow Allowance	99	2.3	51.0	32.6	11.5	2.5	1.6	1.0
Mature Age Allowance	100	18.5	40.8	30.2	7.7	2.9	1.4	1.0
Mean (for population)		13.9	36.8	33.6	12.1	3.6	1.6	-

More than one-third (36.8 per cent) of the sample participated in a single activity, while a slightly lower proportion (33.6 per cent) participated in two activities. Participation in more than two activities then falls sharply, with 12.1 per cent participating in three activities and only 3.6 per cent participating in four or more activities (most of them participating in only four activities). This group of multiple activity participants consists primarily of women, people aged in their 40s, those with dependent children, those without an ongoing medical condition that requires treatment and/or are receiving Parenting Payment (Single). Participation in child care is clearly a factor underlying these patterns. For the sample as a whole, the mean number of activities participated in during the survey fortnight was 1.6. Only two groups (those receiving Carer Payment and Partner Allowance) had a mean number of activities below 1.0, while the mean is equal to 2.0 for those with dependent children and those receiving Parenting Payment (Single)—this latter finding again reflecting the role of child care.

The fact that individuals can participate in more than one activity implies that the percentages participating in separate activities reported in earlier tables cannot be aggregated without double counting some participants. This possibility should be

taken into account when estimating the numbers who participate in the broader categories defined earlier, viz. economic and social participation, or job-focused and person-focused participation. Since there are clear differences between the nature and motivations driving these higher-level categories, it is useful to examine how participation rates differ at this level of aggregation. This is done in Tables 6 and 7 respectively. Because these tables show activities aggregated into broad categories, some additional detail is provided on the characteristics of participants, specifically family status, the number of children, the age of youngest child, country of birth and payment duration.

Table 6 shows the patterns of economic and social participation by selected customer characteristics, broken down into those who engaged in economic participation only, those who engaged in social participation only, those who engaged in both, and those who engaged in neither. For this and subsequent tables, a restricted classification of payment types has been used to simplify the exposition. Thus, the nine separate types shown earlier have been collapsed into the following five broader categories:

- ▶ Newstart Allowance
- ▶ Parenting Payment (Single and Partnered combined)
- ▶ Disability Support Pension
- ▶ Carers payments (Wife Pension and Carer Payment)
- ▶ Payments for older people (Mature Age Allowance, Partner Allowance and Widow Allowance)

As indicated earlier (when discussing Figure 1), total economic participation is equal to the sum of columns one and three, while total social participation is equal to the sum of columns two and three. In overall terms, economic participation is greater among males (64.6 per cent) than females (51.8 per cent). The rate of social participation is considerably lower than the rate of economic participation for males (46.7 per cent compared to 64.6 per cent), although the opposite is true for females with the social participation rate at almost three-quarters (74.3 per cent) well above the economic participation rate of 53.3 per cent. Economic participation declines sharply with age, from well over 80 per cent for those aged 18 to 24 to less than 30 per cent for those aged over 50. In contrast, the rate of social participation is at its highest for those aged between 25 and 49 (once again reflecting child care), is below 40 per cent for those aged under 25 and just over 55 per cent for those aged over 50.

Economic participation only is very low for those with dependent children, implying that child care tends to supplement other forms of participation rather than replace them. This general pattern exists for those with differing numbers of children and for those with youngest children of differing ages, although in most cases the participation rate of both economic and social activity approaches or exceeds 60 per cent. Social participation is high among those with children, reflecting the prevalence of child care; again, the results illustrate that the presence of children brings caring responsibilities that prevent some from participating in economic activity or limits it to only a supplement to social participation. Economic participation is slightly higher for those born in Australia than for those born overseas, though the differences in social participation according to country of birth are very small. As in earlier tables, there are no differences in participation patterns according to location.

Table 6: Overall patterns of economic and social participation

Characteristics	PATTERN OF PARTICIPATION (PERCENTAGES)				
	n	Economic only	Social only	Both	Neither
All	2027	24.4	28.4	33.3	13.9
Gender					
Male	809	35.1	17.2	29.5	18.2
Female	1218	15.4	37.9	36.4	10.3
Age (years)					
18 to 24	234	57.5	9.1	28.4	5.0
25 to 39	548	20.6	29.0	45.4	5.0
40 to 49	400	23.1	26.4	41.5	9.0
50+	845	12.9	38.8	16.4	31.9
Family status					
Single	568	43.9	13.4	33.7	9.0
Separated/divorced/widowed	377	17.2	29.3	34.8	18.7
Married—no children	792	16.3	33.9	28.6	21.2
Married—with children	290	1.1	54.8	41.4	2.6
Dependent children					
Yes	642	2.4	37.4	58.3	1.8
No	1385	37.9	22.9	17.9	21.4
Number of children					
One	235	4.0	33.1	59.1	3.7
Two	227	<u>0.7</u>	39.1	59.4	<u>0.8</u>
Three	124	<u>3.6</u>	43.5	52.7	<u>0.3</u>
Four	40	0.0	41.4	56.9	<u>1.8</u>
Five or more	16	<u>0.0</u>	<u>26.0</u>	74.0	<u>0.0</u>
Age of youngest child (years)					
Newborn to 3	227	<u>0.0</u>	43.7	54.9	1.4
4 to 6	139	<u>2.3</u>	41.8	55.2	0.7
7 to 12	190	<u>1.7</u>	34.4	61.0	3.0
13 to 15	84	<u>7.1</u>	22.1	68.3	2.6
Location					
Capitals	678	25.0	26.0	35.8	13.2
Urban	674	24.4	29.8	32.2	13.7
Rural	675	23.2	31.1	30.1	15.6
On-going medical condition					
Yes	879	19.1	34.1	19.2	27.7
No	1148	28.5	24.3	43.9	3.5
Country of birth					
Australian born	1569	26.3	28.0	33.2	12.5
English speaking born overseas	208	18.4	30.5	32.7	18.3
Non-English speaking born overseas	250	18.0	29.6	34.1	18.4
Years on payment					
0 to 1	801	33.3	19.3	39.3	8.1
1 to 2	373	29.9	24.0	34.5	11.6
2 to 3	238	19.3	35.2	30.9	14.5
3 to 4	171	14.9	31.3	29.6	24.1
4 to 5	115	15.1	39.3	29.8	15.8
5 to 6	76	<u>5.4</u>	42.3	28.1	24.2
>6	253	8.8	46.8	19.5	25.0
Payment type					
Newstart Allowance	511	53.8	4.0	38.3	3.9
Parenting Payment (Single/Partnered)	412	1.9	42.1	55.1	0.9
Disability Support Pension	401	11.4	39.0	9.9	39.7
Carers (Wife/Carer)	403	4.9	62.9	17.4	14.8
Older (Mature Age/Partner/Widow)	300	12.9	41.4	14.9	30.8

Note: Where the estimates are underlined, this indicates that the sample cell size is less than 10.

There are, not surprisingly, considerable differences in the patterns of economic and social participation according to payment type. (Here, the truncated five-way payment type classification is introduced for expositional ease). Economic participation is highest, at over 90 per cent, for those receiving Newstart Allowance but falls off sharply for those receiving other payments, though participation in economic and social activities remains high for those receiving Parenting Payment (Single and Partnered). The overall rate of social participation is over 90 per cent for those receiving Parenting Payment (Single or Partnered) and is just over 80 per cent for those receiving a Wife or Carer Payment. Social participation is lowest among those receiving Newstart Allowance (42.3 per cent), followed by those receiving Disability Support Pension (48.9 per cent) and then those receiving one of the payments for older people (56.3 per cent). There is a strong tendency for economic participation (whether undertaken alone or in addition to social participation) to decline with the duration of payment receipt. This trend is not, however, a smooth one. There is a sharp drop off in economic participation after payment duration of two years, and another drop after five years on payment.¹⁷ In contrast, social participation increases steadily (though modestly) with payment duration.

The incidence of neither economic nor social participation is higher among males than females, highest for those aged over 50, far higher when there are no children present (reflecting the role of child care as social participation for those with children), higher for those living in rural areas, higher for those with an on-going medical condition, and higher for those born outside of Australia. Non-participation tends to increase with age, as well as with payment duration. The rate of non-participation is more than six times higher among those aged over 50 than among those aged under 25 and is more than three times as high for those on payment for five years or more than for those who have been on payment for less than one year. Recipients of Disability Support Pension and payments directed at older working age people (Mature Age Allowance, Partner Payment and Widow Allowance) have the highest rates of non-participation.

An interesting question that can be examined initially using the data in Table 6 is whether or not economic and social participation activities are substitutes for each other. If they **are** substitutes, one would expect to find an inverse correlation between the two sets of participation rates across different socio-demographic categories. The evidence suggests that this is the case. Looking, for example, at the differences across payment types, there is a clear tendency for the highest rates of economic participation to exist in those payment types with the lowest rates of social participation alone, and vice versa. Another way of observing this trend is to note that the variation in participation rates for those who engage in both economic and social participation is less than the variation in the rates for those who engage in only one form of activity alone. However, these patterns are not particularly strong across all of the payment types and the apparent trends may reflect the impact of other confounding factors that may be observable (such as age, family status, health status or payment type) or non-observable (such as personality type or the strength of existing networks).

Table 7 presents a similar breakdown of results to Table 6 using the new classification of participation activities introduced earlier. In overall terms, participation in job-focused activity (56.2 per cent) is well above person-focused participation (30.4 per cent), with 27.7 per cent participating in neither form of

activity. Job-focused participation is higher among men than women, with person-focused participation higher for women, although the differences between those with and without children are relatively small. Job-focused participation declines with age, particularly after age 50. It also declines steadily (and in overall terms, markedly) with payment duration. In contrast, overall participation in person-focused activities shows relatively little variation with either age or payment duration. Job-focused participation is lowest among those living in rural areas and those born overseas. The participation patterns vary with payment type as expected, with job-focused participation highest for those receiving Newstart Allowance and person-focused participation highest among those receiving Carer Payment or one of the payments for older people.

6.2 Participation sequences

The CPS collected some information on how participation varies over time. This involved asking those who participated how their current level of participation (in terms of hours spent on each activity) compares with that existing one and five years ago, and how they expect participation in one year's time to compare with that currently. In relation to past patterns of participation, attention here focuses on how participation has changed over the last year only, as the question relating to what was happening five years ago is likely to be subject to significant recall errors and covers only a small fraction of current participants.¹⁸ Problems with the quality of recall data relating to activities undertaken one year ago, as well as the reliability of forecasted levels of participation in one year's time, may affect the accuracy of results and this needs to be borne in mind when interpreting these results.¹⁹

The reported responses on past and future levels of participation have been compared with current levels to calculate whether participation has been (and is expected to be) falling, rising or has remained stable. The results covering those activities when it is possible to compare how participation has changed over time are summarised in Table 8. Compared to one year ago, the pattern for the five forms of economic or social participation for which information is available was predominantly stable over the last year. This is particularly true for the three forms of social participation, with between 50 and 60 per cent reporting a stable pattern. For those currently participating in paid work, 34.9 per cent reported a stable pattern compared to one year ago, just over one-quarter (26.7 per cent) reported that participation had fallen, while close to two-fifths (38.4 per cent) reported that it had risen. The changes in self-employment are broadly similar, though with more indicating that participation had declined and fewer reporting that it had risen. Less than 20 per cent reported that social participation had fallen over the last twelve months and here the pattern was far more likely to be characterised by stable or rising participation.

In trying to interpret these results, it is important to bear in mind that some (possibly many) of those who were participating one year ago will have found a job and left income support. From this perspective, those **current recipients** who have been receiving benefit for at least one year are an unrepresentative sample of all those who were **on benefit one year ago**. Presumably, many of those for whom past levels of participation activity have been successful in securing a return to the labour market and off the welfare system will not have been included in the CPS, so that their successful transitions are not captured in the CPS data.

Table 7: Overall patterns of job-focused and person-focused participation

Characteristics	PATTERN OF PARTICIPATION (PERCENTAGES)				
	n	Job-focused	Person-focused	Both	Neither
All	2027	40.7	14.9	15.5	27.7
Gender					
Male	809	49.4	12.0	14.0	24.6
Female	1218	34.2	17.7	17.1	31.0
Age (years)					
18 to 24	234	56.9	5.0	26.8	11.2
25 to 39	548	50.3	11.0	14.3	24.4
40 to 49	400	46.2	12.2	16.6	25.0
50+	845	18.8	27.0	10.9	43.3
Family status					
Single	568	54.6	7.0	21.4	17.1
Separated/divorced/widowed	377	38.3	17.4	12.9	31.3
Married—no children	792	33.6	21.3	10.8	34.3
Married—with children	290	26.7	19.1	15.5	38.7
Dependent children					
Yes	642	41.9	12.8	16.9	28.4
No	1385	40.7	16.5	14.9	27.9
Number of children					
One	235	45.3	8.4	16.4	30.0
Two	227	40.7	15.0	17.8	26.5
Three	124	36.2	20.4	16.3	27.0
Four	40	44.5	<u>5.4</u>	12.4	37.8
Five or more	16	<u>47.2</u>	<u>5.3</u>	<u>26.8</u>	<u>20.7</u>
Age of youngest child (years)					
Newborn to 3	227	41.4	12.3	11.5	34.8
4 to 6	139	34.7	16.3	23.0	26.1
7 to 12	190	40.6	13.6	19.2	26.5
13 to 15	84	57.1	<u>7.4</u>	15.9	19.7
Location					
Capitals	678	42.5	14.3	17.6	25.7
Urban	674	42.6	16.8	12.8	27.8
Rural	675	36.6	14.1	16.1	33.2
On-going medical condition					
Yes	879	28.1	19.6	10.1	42.1
No	1136	50.7	11.8	19.8	17.7
Country of birth					
Australian born	1541	42.9	15.0	16.2	25.9
English speaking born overseas	205	34.5	20.3	13.5	31.7
Non-English speaking born overseas	247	36.4	11.9	14.2	37.4
Years on payment					
0 to 1	789	53.3	10.0	17.0	19.6
1 to 2	366	45.9	12.0	17.3	24.8
2 to 3	233	36.2	17.1	16.4	30.3
3 to 4	170	32.4	20.1	11.3	36.2
4 to 5	114	24.4	21.4	20.1	34.1
5 to 6	72	23.6	19.8	11.6	45.0
>6	249	18.1	26.7	10.0	45.2
Payment type					
Newstart Allowance	504	70.3	3.4	20.6	5.8
Parenting Payment (Single/Partnered)	409	38.4	14.9	17.1	29.6
Disability Support Pension	395	12.6	25.3	8.9	53.3
Carers (Wife/Carer)	395	11.0	30.6	10.1	48.3
Older (Mature Age/Partner/Widow)	290	16.4	33.1	10.9	39.7

Note: Where the estimates are underlined, this indicates that the sample cell size is less than 10.

Table 8: Perceived patterns of participation in the past and in the future (percentages)

	n	FALLING	RISING	STABLE
Type of participation compared to one year ago				
Paid work	382	26.7	38.4	34.9
Self-employment	101	37.6	25.1	37.4
Child care	860	16.3	24.6	59.1
Adult care	440	12.1	33.9	54.0
Volunteer work	417	15.8	31.9	52.4
Home maintenance	1064	15.8	19.2	65.0
Home production	445	16.3	22.1	61.6
Expectations one year ahead				
Paid work	382	4.2	52.5	43.3
Self-employment	101	11.5	45.1	43.4
Child care	860	25.4	11.0	63.6
Adult care	440	20.2	31.7	48.1
Volunteer work	417	15.4	18.8	65.7
Home maintenance	1064	13.7	13.9	72.3
Home production	445	10.9	20.1	69.0

Notes: Those who answered 'can't say' were counted as missing. Those who predicted 'not doing activity' in a year's time were counted as expecting to experience falling participation. Those who did not do the activity one year ago and who were doing the activity at the time of the survey were counted as experiencing rising participation.

Although a considerable proportion of FaCS customers report that their participation intensity has declined over the last year, this provides a misleading impression as it will include those who were recalling a period of full-time employment prior to coming onto payment.²⁰ Because of this, it is not appropriate to interpret the results as implying a decline in the willingness and/or enthusiasm of longer-term FaCS customers to engage in significant economic participation for long periods. The fact that more than one-third report a stable pattern of participation in paid work and self-employment suggests that these activities do not always lead to welfare exit and may even allow those on welfare to achieve an equilibrium in which a part-rate welfare benefit is supplemented by a modest but stable flow of earnings. The estimates in Table 8 can thus be viewed from a number of different perspectives.

Table 8 also indicates that the degree of participation stability expected over the next twelve months was generally greater than had actually been experienced over the last twelve months. Of greater significance is the fact that the percentage who expect economic participation (both paid work and self-employment) to rise over the next year is far greater than the percentage who expected it to fall and greater than the percentage for whom it had actually risen over the past year. The message that participation is an expected requirement of welfare receipt thus appears to be getting through to FaCS customers. Over 90 per cent expect their participation in paid work or self-employment to remain stable or increase over the next twelve months. The expected future patterns of social participation are again different, with the percentage expecting participation to fall over the next twelve months exceeding that for whom it has fallen in the past. This may reflect changes in external circumstances rather than any change in attitudes or commitment. Thus, for example, the fact that one-quarter (25.4 per cent) expect their participation in child care to decline over the next twelve months may largely be a reflection of the changing age of their child(ren).

6.3 Participation trajectories

A participation trajectory summarises the trend in participation activity over several years. The CPS data allow two-year trajectories to be developed by linking the responses to questions about how participation has changed over the last year and is expected to change over the next year. These trajectories reflect the influence of people’s aspirations and their actual experiences. Thus, someone who one year ago may have been optimistic about their participation prospects may have found it difficult to find a job and may thus have become pessimistic about their current prospects. Someone else may have had past pessimistic prospects turned around by unexpected labour market success. Starting people off on a particular participation trajectory may thus have important consequences for their motivation, and hence participation, over the longer-term.

Constructing trajectories even over a relatively short (two-year) period may be asking more than the CPS data can deliver and the following results should be seen as indicative only. Reflecting these uncertainties, trajectories have been developed for participation in paid work only, although the method could also be applied to other forms of participation. Examining paid work trajectories has the potential to provide useful insights into how participation in paid work is changing over time and what factors are associated with different trajectory profiles.

Table 9 explains how the reported CPS information on how participation has changed over the past year and is expected to change over the next year was used to distinguish between participation trajectories that are rising, falling, mixed or stable. Because there are three separate observation points (now, one year ago, and one year hence), the number of possible trajectories is increased to include, in addition to those shown in Table 8, the ‘mixed’ category.²¹

Table 9: Defining participation trajectories

		PARTICIPATION LAST YEAR COMPARED TO NOW		
		More	Less	Same
Expected participation next year compared to now	More	Mixed	Rising	Rising
	Less	Falling	Mixed	Falling
	Same	Falling	Rising	Stable

In describing the specific results in Table 10 in more detail, attention is focused only on those in the rising trajectory category. Females are more likely (50.7 per cent) to be in the rising trajectory than males (43.7 per cent) and women’s paid work trajectories are generally more stable than those for men. As with some of the earlier results, there is a clear age pattern for those whose participation in paid work follows a rising trajectory.

While almost two-thirds (65.3 per cent) of those aged under 25 had a rising trajectory, this percentage declines steadily with age, reaching only 26.5 per cent for those aged over 50. Single people are more likely to experience a rising trajectory than those in other family circumstances—particularly couples without children. The differences between those with or without children are relatively small, as are those according to the number of children or the age of the youngest child.²² Compared with other categories, the percentage experiencing a rising trajectory is highest for those living in rural areas, for those born in Australian and for those without an on-going medical condition.

Table 10: Individual characteristics of those with different paid work participation trajectories

	ALL (n)	RISING (%)	FALLING (%)	MIXED (%)	STABLE (%)
n	334	152	38	57	87
All	100.0	48.4	8.3	21.0	22.3
Gender					
Male	99	43.7	10.5	28.3	17.4
Female	235	50.7	7.3	17.4	24.7
Age (years)					
18-24	50	65.3	<u>2.0</u>	31.0	<u>1.8</u>
25-39	106	52.5	9.0	19.8	18.8
40-49	81	44.0	<u>7.6</u>	19.6	28.8
50+	97	26.5	15.0	15.1	43.4
Family status					
Single	114	59.4	<u>5.9</u>	24.1	10.7
Separated/divorced/widowed	79	45.3	8.5	<u>11.3</u>	34.8
Married— no children	99	33.9	13.9	24.4	27.9
Married—with children	42	45.3	<u>5.2</u>	<u>21.2</u>	28.3
Dependent children					
Yes	127	49.0	7.9	19.5	23.5
No	207	47.8	8.7	22.3	21.2
Number of children					
One	51	49.5	<u>4.6</u>	20.7	25.1
Two	48	52.2	<u>13.2</u>	<u>15.8</u>	<u>18.8</u>
Three	19	<u>45.0</u>	<u>6.3</u>	<u>18.6</u>	<u>30.0</u>
Four	6	<u>22.7</u>	<u>0.0</u>	<u>55.6</u>	<u>21.7</u>
Five or more	3	<u>65.9</u>	<u>0.0</u>	<u>0.0</u>	<u>34.1</u>
Age of youngest child (years)					
Newborn to 3	30	51.7	<u>0.0</u>	<u>25.2</u>	<u>23.1</u>
4 to 6	31	49.1	<u>16.7</u>	<u>4.8</u>	<u>29.5</u>
7 to 12	41	50.7	<u>7.4</u>	<u>18.9</u>	<u>23.0</u>
13 to 15	25	42.5	<u>7.8</u>	<u>32.1</u>	<u>17.6</u>
Location					
Capitals	111	46.4	<u>5.6</u>	25.2	22.7
Urban	109	45.8	10.2	19.8	24.2
Rural	114	55.3	11.0	14.8	18.8
On-going medical condition					
Yes	98	42.9	13.1	14.6	29.4
No	236	50.3	6.7	23.1	19.9
Country of Birth					
Australian born	290	49.8	7.8	20.5	21.9
English speaking born overseas	27	<u>37.8</u>	<u>20.4</u>	<u>13.1</u>	<u>28.7</u>
Non-English speaking born overseas	17	<u>41.1</u>	<u>0.0</u>	<u>40.1</u>	<u>18.8</u>
Years on Payment					
0 to 1	154	40.7	10.1	36.6	12.7
1 to 2	63	68.6	<u>5.7</u>	<u>3.1</u>	22.6
2 to 3	26	53.7	<u>8.2</u>	<u>17.6</u>	<u>20.5</u>
3 to 4	26	46.7	<u>1.4</u>	<u>11.4</u>	40.4
4 to 5	23	<u>30.2</u>	<u>10.6</u>	<u>12.2</u>	47.0
5 to 6	11	<u>53.7</u>	<u>15.0</u>	<u>0.0</u>	<u>31.3</u>
> 6	31	53.6	<u>6.5</u>	<u>2.1</u>	37.8
Payment Type					
Newstart Allowance	119	55.6	<u>5.2</u>	30.8	8.4
Parenting Payment (Single/Partnered)	94	51.5	<u>7.5</u>	14.7	26.3
Disability Support Pension	36	28.1	<u>18.9</u>	<u>6.3</u>	46.7
Carers (Wife/Carer)	44	21.0	<u>10.6</u>	<u>14.3</u>	54.0
Older (Mature Age/Partner/Widow)	41	21.9	23.5	<u>6.8</u>	47.8

Note: Where the estimates are underlined, this indicates that the sample cell size is less than 10.

The percentage with a rising paid work participation trajectory increases sharply with payment duration after twelve months, then falls back before rising again for those who have been on benefit for more than five years.²³ In fact, the percentage of rising trajectories among those on benefit for five or more years is higher than the percentage for those on benefit for less than one year (although sample size is again a problem here). Overall, these duration patterns suggest that the eagerness of benefit recipients to engage in paid work is initially high but then falls if they are still on the benefit system after two years, before rising again several years later.²⁴ Comparisons of the incidence of rising trajectories across payment types shows that it is greater among those receiving Newstart Allowance and Parenting Payment than among those receiving other payments. Finally, it is worth observing that the combined incidence of rising and stable trajectories for those with an on-going medical condition (72.3 per cent) is above that for the whole sample (70.7 per cent).

6.4 Hours of participation

Having described the overall patterns of participation as reflected in how the rates of participation vary between demographic groups, attention now focuses on the intensity of participation as measured by the average number of hours devoted to each activity.²⁵ These estimates refer to the average number of hours devoted to each activity over the previous (survey) fortnight and are expressed as averages for those who actually participated in each activity.

The results, summarised in, indicate that some activities are more time-intensive than others. In general, caring for children or adults with a disability absorb far more time (generally between 40 and 80 hours a fortnight) than the next most intensive activities (paid work, self-employment and study) which account for between 26 and 36 hours a fortnight. Although the rate of participation in job search activity is high (Table 4), it accounts for less time than other activities, averaging out at around 12 hours a fortnight or 6 hours a week.

Most of the gender differences in hours of participation are not large, aside from the greater time spent on child care and the less time spent on job search by women. Participants aged under 25 generally spend more time on average on all forms of participation activity except child care, whereas those aged between 25 and 39 spend considerably more time. Among the oldest (50+) age group, participants spend most time on self-employment and caring for children and adults. The main difference in average hours between those with and without children is, not surprisingly, the time spent on child care, although child care also accounts for a considerable portion of the time of those without children of their own. Time spent in self-employment is high among those living in rural areas and those experiencing a medical condition, possibly reflecting a relative lack of suitable paid work available to these two groups (Eardley & Corden 1996). Self-employment also accounts for a considerable amount of the time of those receiving payments for older people, possibly reflecting the response to the relative lack of formal labour market openings.

Despite the variation in hours worked, the estimates in Table 11 put to rest the view that recipients of government income support are idle. It has already been demonstrated (Table 4) that participation rates are high for those receiving income support and this is backed up by the fact that many of those who are

participating are spending long hours doing so (Table 3). It is noticeable, for example, that the average hours spent in paid work by those with an on-going medical condition is very similar to that for others, even though the participation rate is only around half for the former group (Table 4).

Table 11: Mean number of hours for different types of participants and selected socio-demographic characteristics

	PAID WORK	SELF- EMPLOY- MENT	JOB SEARCH	STUDY	VOLUNTEER WORK	CHILD CARE	ADULT CARE
n	382	101	591	183	417	860	440
Gender							
Male	29.6	27.8	13.9	35.6	16.9	54.1	39.8
Female	26.6	35.2	8.9	31.1	12.7	71.8	47.0
Age							
18 to 24	33.2	<u>40.3</u>	12.5	36.5	17.7	56.9	<u>56.8</u>
25 to 39	27.7	30.5	12.1	29.3	14.9	78.2	29.3
40 to 49	27.8	31.6	12.1	39.6	10.5	68.9	47.5
50+	21.1	29.2	10.8	25.1	14.8	31.6	47.9
Dependent children							
Yes	27.3	30.4	11.6	33.2	12.5	79.4	42.0
No	27.9	31.9	12.3	33.0	15.8	25.4	45.1
Location							
Capitals	26.2	27.3	12.7	33.4	14.5	63.5	43.4
Urban	28.8	26.6	12.6	30.8	14.8	68.3	42.6
Rural	28.9	40.8	9.7	36.7	13.1	68.5	49.7
On-going medical condition							
Yes	28.0	21.3	11.3	29.8	14.9	49.5	41.3
No	27.5	33.9	12.3	34.3	14.0	74.1	47.6
Payment Type							
Newstart Allowance	30.7	29.2	13.5	36.1	18.3	51.4	33.7
Parenting Payment (Single/Partnered)	26.5	35.1	5.3	31.3	12.4	84.3	29.4
Disability Support Pension	23.3	<u>11.3</u>	7.2	28.9	14.0	41.3	36.2
Carers (Wife/Carer)	22.0	29.6	5.2	23.2	13.3	48.1	69.0
Older (Mature Age/ Partner/Widow)	20.1	<u>42.8</u>	7.8	<u>24.8</u>	10.5	25.4	45.5

Note: Where the estimates are underlined, this indicates that the sample cell size is less than 10.

The average time spent on the activities identified in Table 11 is greater than 20 hours a fortnight for many of the categories shown and there are many instances when average hours of active participation exceed 40 hours a fortnight. In aggregate, the economic value produced by participation in these activities is considerable, whether it is measured in terms of an estimate of the market wage for each activity, or on the basis of the imputed value of the time of those engaged in unpaid work. Many FaCS customers are thus 'giving back' substantial amounts of market and non-market activity in exchange for the income support assistance they receive.

Table 12 shows mean total hours of participation over the survey fortnight for those who engaged in economic activities only, social activities only or both forms of participation. In overall terms, average hours of participation for those who participate in social activities is more than double that for those who only participate in economic activities. Average hours are lowest for those who

participate in economic activity only and they tend to decline within this group with age. For those who participate in only social activities, average hours are higher for females, rise and then fall with age (being highest for those between 25 and 49), are much lower for those without children, those with an on-going medical condition and those receiving Disability Support Pension or one of the payments for older people. This pattern reflects the role of caring identified in earlier tables.

Table 12: Mean number of hours of participation in economic and/or social activities, disaggregated by selected participant characteristics

	ECONOMIC ONLY	SOCIAL ONLY	BOTH
n	397	745	561
Average number of hours	27.9	62.6	86.1
Gender			
Male	27.6	43.9	77.4
Female	28.4	69.9	92.0
Age (years)			
18 to 24	34.6	76.4	65.6
25 to 39	23.7	81.2	98.5
40 to 49	27.4	79.1	90.2
50+	20.8	37.7	56.7
Location			
Capitals	28.0	60.9	78.6
Urban	26.5	63.4	93.1
Rural	29.6	64.1	92.0
Dependent children			
Yes	25.5	88.8	104.1
No	28.0	36.7	50.1
Ongoing medical condition			
Yes	25.1	45.3	73.7
No	29.3	81.0	90.5
Payment type			
Newstart Allowance	28.7	45.4	72.9
Parenting Payment (Single/Partnered)	28.3	88.5	105.5
Disability Support Pension	25.4	39.2	58.0
Carers (Wife/Carer)	24.7	71.1	81.4
Older (Mature Age/Partner/Widow)	16.8	33.0	56.9

6.5 Patterns of participation in specific activities

In examining differences in specific participation activities, the small number of observations in some cases makes it necessary to combine some of the categories included in earlier tables to maintain the reliability of the comparisons. Since there is a large amount of information relating to each participation activity, the text draws out only some of the more significant findings rather than attempting to summarise all of them. The full details are provided in the statistical tables that accompany the text. The detailed classifications used in Tables 13 to 19 (for example, the ranges in which information on average hours of participation is reported) reflect those contained in the CPS.

Participants in paid work

In relation to those who participated in paid work in the survey fortnight, Table 13 indicates that participants were more likely to be female than male (see also Table 4). Around one-quarter of participants worked less than 10 hours over the fortnight, with around 18 per cent working more than 40 hours. Those working fewest hours tend to be aged over 40, while those working longest hours tend to be aged under 40. Most participants were engaged in temporary work, with this being particularly prominent for men and for those without children, those living in rural areas and Newstart Allowance recipients. Almost half of participants indicated that the hours worked vary a lot, this being particularly the case for men, younger people and those without children.²⁶ More than half (54.8 per cent) of all paid work participants reported being in continuous paid work for more than twelve months, with over one-fifth (21.1 per cent) reporting continuous duration of more than five years.²⁷ The proportion of participants reporting a long (more than five years) duration in continuous paid work increases with age, reaching over 38 per cent of those aged over 50. This proportion is also high for those receiving payments that reflect their disability or carer status, or old age.²⁸ These people appear to have accepted that they may remain permanently on income support as a top-up to a small but on-going amount of earnings from paid work.

The intensity of participation in paid work (as reflected in hours worked) is greatest among those receiving Newstart Allowance, with almost one-quarter (24.2 per cent) reporting work for more than 40 hours over the previous fortnight. The extent of this intensive participation in paid work is far higher among those receiving Newstart Allowance than recipients of all other payments. In spite of this, those receiving Newstart Allowance are less likely to have permanent jobs than those receiving all of the other payment types except those for older people and the same pattern exists for the proportions reporting that their hours of work vary a lot. In terms of employment duration, there is a clear tendency for those reporting a short continuous duration to decline with age and those reporting long duration to increase with age. Thus, comparing those on Newstart Allowance and payments for older people, the proportion in paid work for less than six months is more than three times higher for the former group, whereas the proportion in work for more than five years is almost three times higher for the latter group. This pattern is consistent with those on Newstart Allowance moving off income support relatively quickly (or becoming less committed to paid work if they do not), with many of those receiving payments for older people gradually adjusting to a combined income support/earnings income package the longer they remain on the benefit system.²⁹

Participants in self-employment

Although the numbers in this category are quite small, the results nevertheless reveal some interesting patterns (Table 14). Participation in this form of economic activity is low, but a high proportion of those who do participate do so for long hours and for long periods. This is particularly the case for women and (in relation to continuous duration) for those aged over 50. There is also quite a high number of self-employment participants living in rural areas. Variations with payment type provide little additional information, although the tendency for intensive participation in self-employment to be strong amongst older people is

confirmed by these patterns. However, these estimates are all based on small numbers of cases and are thus subject to considerable sampling error, making them somewhat unreliable.

Participants in job search

Although job search is a widely reported activity in the CPS, there are still around 10 per cent of job search participants reporting that no employer contacts were made over the previous fortnight (Table 15). Most participants (62 per cent) spend less than 10 hours in job search activity, although a significant proportion of men and those living in capital cities spend 21 hours or more looking for work. Almost three-quarters (74 per cent) of men and the majority (56.5 per cent) of women made four or more contacts with employers over the survey period, equivalent to more than two a week.

Among men, the proportion of active job seekers looking for full-time work (49.4 per cent) was more than four times that looking for part-time work (11.3 per cent), while around two-fifths (39.1 per cent) were looking for either a part-time or full-time job and would presumably accept part-time work if they found it. In contrast, similar proportions of women (around 30 per cent) were looking for full-time and part-time work, although again close to two-fifths (38.9 per cent) were looking for either full-time or part-time work. Overall, part-time work is more preferred among women than men, though a majority of women would work full-time if that was the only option available to them.

The preference for full-time work amongst job seekers is highest among the youngest age group and then declines somewhat with age, while the reverse applies to job seekers looking for part-time work. The incidence of job search activity is greater among those without children, as is the time spent looking for work and the number of contacts made with employers. Not surprisingly, those with children are more likely to be looking for part-time work than those without children. There is also a tendency for part-time work to be the focus of job search activity to a greater extent among those living in the capital cities.

Job search activity is greatest among those receiving Newstart Allowance, with over one-fifth (22.7 per cent) of recipients spending more than 21 hours looking for a job and almost three-quarters (74.8 per cent) reporting four or more contacts over the previous fortnight. The next highest (in terms of the number of contacts made) was for those receiving Parenting Payment (Single or Partnered), when the percentage making four or more contacts was close to two-fifths (40.4 per cent). Aside from those on Newstart Allowance, most income support recipients spent less than five hours on job search and made fewer than four employer contacts. The percentage looking for part-time work is lowest among those on Newstart Allowance (10.1 per cent) but far higher (between 47 and 67 per cent) among all other recipients except those on payments for older people, with just over one-quarter (28.4 per cent) reporting looking for part-time work only. This latter group was more evenly spread among those looking for part-time, full-time or either form of work, suggesting a more flexible attitude and a greater preparedness to accept whatever type of work is available.

Table 13: Selected characteristics of participants in paid work (percentages)

	n	HOURS WORKED			TYPE OF WORK		VARIABILITY OF HOURS		DURATION OF CONTINUOUS PAID WORK					
		<11	11 to 20	21 to 40	41 or more	Permanent	Temporary	Stay about the same	Vary a lot	< 6 months	6 to 12 months	1 to 2 years	3 to 5 years	> 5 years
All	382	25.2	29.1	27.8	17.9	34.5	65.5	54.0	46.0	29.7	15.5	13.5	20.2	21.1
Gender														
Male	117	26.1	34.1	22.0	17.7	23.9	76.1	40.3	59.7	41.1	19.2	7.8	13.8	18.2
Female	265	24.7	26.4	30.8	18.0	40.0	60.0	61.1	38.9	24.0	13.7	16.3	23.5	22.5
Age (years)														
18 to 24	55	9.4	42.0	23.7	25.0	36.8	63.2	46.1	53.9	44.8	19.8	7.9	21.0	6.5
25 to 39	129	24.8	26.3	29.5	19.4	38.0	62.0	55.8	44.2	31.4	12.3	14.8	18.8	22.6
40 to 49	88	32.4	19.9	32.4	15.2	33.5	66.5	57.3	42.7	19.8	21.7	19.0	21.8	17.7
50+	110	32.4	36.6	20.8	10.2	24.1	75.9	53.0	47.0	23.4	10.2	7.5	20.8	38.1
Dependent children														
Yes	146	24.2	22.9	35.7	17.1	42.9	57.1	60.5	39.5	22.3	18.5	15.9	23.4	19.9
No	236	26.0	34.3	21.1	18.6	27.4	72.6	48.5	51.5	35.8	13.1	11.4	17.6	22.1
Location														
Capitals	129	30.0	27.3	28.9	13.7	36.0	64.0	51.5	48.5	31.2	13.7	15.8	18.9	20.3
Urban	124	18.0	30.9	29.7	21.3	35.9	64.1	60.5	39.5	29.8	15.7	11.6	25.4	17.6
Rural	129	25.7	29.9	23.0	21.4	29.7	70.3	50.2	49.8	26.4	19.2	11.2	15.7	27.5
On-going medical condition														
Yes	117	33.4	22.1	31.8	12.7	27.9	72.1	55.8	44.2	30.7	13.3	13.3	17.7	25.0
No	265	21.9	31.6	26.4	20.1	37.1	62.9	53.4	46.6	29.4	16.3	13.6	21.3	19.3
Payment type														
Newstart Allowance	133	23.4	34.4	18.0	24.2	23.2	76.8	37.7	62.3	41.5	17.0	12.9	13.8	14.8
Parenting Payment (Single/Partnered)	109	22.8	22.5	40.2	14.5	49.7	50.3	66.4	33.6	19.0	16.1	17.0	27.3	20.7
Disability Support Pension	45	36.3	23.4	31.6	8.7	36.6	63.4	72.5	27.5	29.0	9.8	8.9	20.5	31.8
Carers (Wife/Carer)	50	35.1	25.1	29.7	10.1	34.1	65.9	76.8	23.2	12.1	11.6	7.2	25.9	43.1
Older (Mature Age/ Partner/Widow)	45	26.3	48.2	16.5	9.0	23.7	76.3	55.6	44.4	12.6	15.0	9.2	22.2	41.0

Note: Where the estimates are underlined, this indicates that the sample cell size is less than 10.

Table 14: Selected characteristics of participants in self-employment (percentages)

	n	HOURS WORKED					CONTINUOUS DURATION OF BUSINESS				
		<15	15 to 28	29 to 42	43 or more	< 1 year	1 to 2 years	3 to 5 years	> 5 years		
All	101	35.1	29.9	9.8	25.2	21.4	11.2	26.0	41.4		
Gender											
Male	49	34.0	36.1	12.7	17.2	21.9	12.4	23.5	42.2		
Female	52	36.6	21.2	5.7	36.5	20.7	9.3	29.8	40.2		
Age (years)											
18 to 24	3	51.9	14.0	0.0	34.2	86.0	0.0	14.0	0.0		
25 to 39	35	36.9	32.4	0.0	30.7	26.9	19.0	31.7	22.4		
40 to 49	32	30.0	25.4	23.8	20.8	15.4	12.7	29.7	42.2		
50+	31	37.1	34.9	5.0	23.0	13.4	0.3	15.5	70.8		
Dependent children											
Yes	58	33.3	32.2	10.3	24.2	19.1	8.3	32.0	40.6		
No	43	39.5	24.4	8.5	27.6	26.2	17.2	13.6	42.9		
Location											
Capitals	31	32.4	41.3	6.4	19.9	17.5	11.8	28.8	42.0		
Urban	27	50.3	14.3	17.4	17.9	30.3	15.4	17.2	37.2		
Rural	43	27.4	22.3	9.7	40.7	20.4	6.4	29.1	44.0		
On-going medical condition											
Yes	25	46.6	28.9	13.7	10.7	24.4	7.5	14.3	53.7		
No	76	31.5	30.2	8.6	29.7	20.5	12.3	29.6	37.6		
Payment type											
Newstart Allowance	31	30.7	39.5	6.9	22.9	26.7	11.2	26.1	36.0		
Parenting Payment (Single/Partnered)	39	30.3	30.5	8.0	31.2	14.9	8.4	29.4	47.3		
Disability Support Pension	8	75.5	0.0	24.5	0.0	41.6	28.9	0.0	29.5		
Carers (Wife/Carer)	16	36.6	12.7	33.7	16.9	9.8	10.0	41.5	38.7		
Older (Mature Age/Partner/Widow)	7	57.5	0.0	0.0	42.5	4.4	0.0	35.6	60.0		

Note: Where the estimates are underlined, this indicates that the sample cell size is less than 10.

Table 15: Selected characteristics of participants in job search (percentages)

	n	HOURS SPENT LOOKING FOR WORK				NUMBER OF EMPLOYER CONTACTS				TYPE OF WORK		
		<6	6 to 10	11 to 20	21 or more	None	1 to 3	4 to 6	7 or more	Full-time	Part-time	Both
All	591	36.6	25.4	19.0	19.0	9.5	23.2	33.9	33.4	43.0	17.9	39.1
Gender												
Male	339	32.2	22.7	20.5	24.6	6.1	19.8	34.4	39.6	49.4	11.3	39.3
Female	252	43.9	29.7	16.6	9.8	14.9	28.7	33.0	23.5	32.2	28.8	38.9
Age (years)												
18 to 24	150	33.0	28.8	18.3	19.9	4.7	21.8	38.9	34.6	47.7	14.7	37.6
25 to 39	172	36.1	26.6	17.8	19.6	10.2	21.4	31.5	36.9	43.9	18.0	38.0
40 to 49	136	35.7	22.9	22.3	19.0	10.0	25.5	39.6	25.0	37.3	22.5	40.2
50+	133	47.4	18.0	19.4	15.3	16.8	28.0	22.3	33.0	38.6	17.2	44.2
Dependent children												
Yes	162	42.0	24.8	16.9	16.3	18.4	21.4	27.9	32.4	40.3	26.5	33.2
No	429	34.3	25.6	19.9	20.2	5.7	24.0	36.4	33.9	44.1	14.2	41.7
Location												
Capitals	214	37.2	21.6	18.6	22.6	11.3	22.0	33.6	33.2	43.2	21.7	35.1
Urban	201	33.4	26.2	21.4	19.0	9.7	21.5	32.1	36.8	43.6	12.9	43.5
Rural	176	40.6	32.5	16.0	10.9	5.0	29.0	37.5	28.6	41.4	17.3	41.3
On-going medical condition												
Yes	186	44.3	19.8	14.8	21.1	14.0	24.6	28.3	33.1	34.6	27.5	37.9
No	405	33.5	27.4	20.9	18.3	7.5	22.7	36.0	33.5	46.6	14.0	39.7
Payment type												
Newstart Allowance	419	30.0	25.6	21.8	22.7	4.1	21.1	37.0	37.8	48.4	10.1	41.5
Parenting Payment												
(Single/Partnered)	73	62.9	30.5	4.9	1.7	32.4	27.2	26.3	14.1	23.8	47.2	29.0
Disability Support Pension	46	65.4	12.8	14.6	7.2	29.1	37.5	13.2	20.1	11.6	60.4	28.0
Carers (Wife/Carer)	16	60.8	32.2	7.0	0.0	15.3	78.7	6.0	0.0	26.0	67.0	7.1
Older (Mature Age/ Partner/Widow)	37	59.8	18.1	9.5	12.6	33.2	30.8	14.3	21.6	24.8	28.4	46.8

Note: Where the estimates are underlined, this indicates that the sample cell size is less than 10.

Participants in study

Table 16 indicates that almost 60 per cent of those engaged in study during the survey fortnight were women. However, for those who were studying, more than one-quarter of both men (26.9 per cent) and women (27.4 per cent) participants spending 43 or more hours in this activity over the period. The most common forms of study were for a degree or some form of vocational qualification, with those aged under 40 favouring the former and those aged over 40 favouring the latter. Those living in rural areas were more likely to be studying for some form of trade qualification or as apprentices than those living in capital cities or other metropolitan areas (though the numbers involved here are very small). The main reasons cited for undertaking study or training was to get a job or better job, or to improve qualifications and thus improve job prospects.

Relatively few participants were studying primarily out of personal interest, though this was commonly identified as a factor among those aged in their forties. Study is most prevalent among Newstart Allowance and Parenting Payment recipients, as is the time devoted to the activity and the likelihood that study or training was being undertaken mainly to get a job or better job. Study towards a tertiary qualification is most common among Parenting Payment and Disability Support Payment recipients, while the more vocationally-focused forms of training are most common among recipients of Carer Payment and payments for older people (when personal interest was also a more commonly expressed motivational factor).³⁰

Participants in voluntary work

Volunteers are more likely to be female, although the incidence of longer hours of participation is higher among males, with almost one-fifth (19.3 per cent) spending more than 29 hours on voluntary work (Table 17). There is a tendency for those engaged in voluntary work to be older, not to have dependent children, to be residents of rural areas (where many participate for only a few hours each week), and to not have an on-going medical condition. Voluntary work is most commonly performed in either welfare or community and sporting or recreational organisations, although volunteering for churches and other religious organisations is also common among those aged over 50. Volunteering for all kinds of organisation increases with age, with the exception of organisations such as school or other education institutions, where the incidence of volunteering declines with age.

Most of those who participated in voluntary work did so to help other people or the community, this being almost twice as popular a reason as self-focused motivation such as personal interest or to keep active and meet people. Aside from those aged under 25, relatively few people did voluntary work to gain employment experience and even among the younger group, only one-quarter (24.5 per cent) mentioned this as a factor (although here again the numbers involved are very small). The proportion of Newstart Allowance recipients spending more than 29 hours over the fortnight on voluntary work was higher than for those receiving other payments.³¹ It is among this group that the proportion citing employment as a reason for doing voluntary work is also highest, at 19.6 per cent. Most of those receiving Parenting Payment volunteered mainly for educational organisations (such as sole parents helping out in school canteens and clubs), while those receiving Disability Support Pension, Carer Payment or payments for older people volunteered mainly for welfare and community organisations.

Table 16: Selected characteristics of participants in study (percentages)

	n	HOURS SPENT STUDYING				QUALIFICATION STUDIED FOR					MAIN REASON FOR STUDY				
		1 to 14	15 to 28	29 to 42	43 or more	Under post graduate degree	Secondary pre-tertiary	Trade/apprentice	Pre-vocational	Other/no qualific'n	Get a better job	Better qualific'n	Personal interest	Part of help job	Improve language/literacy
All	183	28.9	20.9	23.1	27.1	43.0	8.4	11.6	26.7	10.2	51.9	34.6	10.1	1.4	1.8
Gender															
Male	74	23.0	16.5	33.6	26.9	34.7	11.1	13.8	28.8	11.6	44.4	44.8	7.7	0.0	3.1
Female	109	33.7	24.4	14.6	27.4	50.2	6.1	9.8	24.8	9.1	58.4	25.9	12.3	2.7	0.7
Age															
18 to 24	63	15.3	34.4	18.5	31.7	42.0	9.8	18.6	20.7	8.9	53.0	36.1	10.9	0.0	0.0
25 to 39	71	39.7	8.1	31.8	20.4	48.3	7.4	6.8	24.8	12.7	57.2	30.8	7.1	3.3	1.6
40 to 49	29	22.3	29.9	7.7	40.1	34.2	11.4	4.5	43.7	6.1	37.4	39.3	20.1	0.0	3.1
50+	20	50.7	9.4	19.3	20.6	26.2	0.0	20.9	44.2	8.7	35.4	44.3	6.4	0.0	13.9
Dependent children															
Yes	73	29.8	18.0	24.4	27.8	50.9	7.1	7.8	28.3	6.0	54.3	34.3	8.5	1.9	0.9
No	110	28.1	23.1	22.1	26.6	37.2	9.4	14.5	25.4	13.5	50.2	34.8	11.3	1.1	2.5
Location															
Capitals	67	24.3	22.5	29.2	23.9	49.9	7.8	9.8	22.6	10.0	55.9	30.8	9.1	1.8	2.5
Urban	67	36.7	19.9	17.7	25.7	34.7	9.2	11.0	31.3	13.8	51.0	33.1	12.2	1.8	2.0
Rural	49	25.5	18.5	17.8	38.2	41.5	8.6	17.3	28.1	4.5	44.0	47.1	8.9	0.0	0.0
On-going medical condition															
Yes	56	37.1	17.7	25.7	19.5	47.4	14.1	7.1	18.4	13.0	52.9	34.6	9.8	0.0	2.7
No	127	26.0	22.0	22.2	29.8	41.6	6.5	13.2	29.4	9.3	51.6	34.6	10.3	2.0	1.5
Payment type															
Newstart Allowance	68	22.6	20.6	26.3	30.4	32.2	10.0	16.0	29.1	12.7	50.8	35.6	10.4	1.2	2.0
Parenting Payment (Single/Partnered)	53	33.2	20.9	17.9	28.0	56.7	3.8	8.8	23.8	6.8	56.1	33.8	7.5	2.6	0.0
Disability Support Pension	39	37.1	20.9	25.2	16.8	56.4	12.4	4.4	18.3	8.5	54.0	31.8	9.3	0.0	4.8
Carers (Wife/Carer)	16	33.2	38.1	11.9	16.8	24.7	18.9	3.2	53.2	0.0	13.0	44.9	42.1	0.0	0.0
Older (Mature Age/ Partner/Widow)	7	59.6	0.0	29.0	11.4	16.8	0.0	0.0	49.3	33.9	32.5	33.6	24.1	0.0	9.8

Note: Where the estimates are underlined, this indicates that sample cell sizes are less than 10.

Table 17: Selected characteristics of participants in voluntary work (percentages)

	n	HOURS SPENT IN COMMUNITY WORK				MAIN TYPES OF ORGANISATIONS				MAIN REASONS FOR VOLUNTEERING				
		1 to 7	8 to 14	15 to 28	29 or more	Welfare or community	Education/ school or recreation	Sports/ recreation	Religious/ church	Health	Help community/ people	Personal interest	Keep active and meet people	Employment experience
All	417	44.4	27.1	15.9	12.6	37.5	26.0	17.5	16.6	8.5	60.4	30.3	29.9	11.3
Gender														
Male	139	42.2	28.0	10.6	19.3	38.1	27.7	20.6	14.2	4.1	56.1	30.0	26.5	7.3
Female	278	45.7	26.5	19.1	8.7	33.2	29.5	16.0	7.4	5.4	62.9	30.5	31.8	13.7
Age (years)														
18 to 24	28	51.0	16.3	12.7	20.1	45.0	16.7	6.4	5.2	2.4	41.9	50.1	22.5	24.5
25 to 39	115	46.2	23.9	14.6	15.3	22.5	36.0	18.3	7.6	2.4	54.6	27.7	24.4	14.5
40 to 49	78	44.2	35.5	15.2	5.0	25.1	22.9	24.5	10.8	2.5	66.7	34.2	34.2	12.5
50+	196	41.0	28.4	18.4	12.1	50.3	1.9	16.4	13.0	9.4	67.4	25.9	34.8	4.3
Dependent children														
Yes	155	48.1	27.0	15.4	9.4	21.3	37.0	21.6	9.8	0.6	66.3	31.5	24.4	9.3
No	262	41.3	27.1	16.4	15.3	46.6	4.8	14.4	10.0	8.6	55.5	29.3	34.4	13.0
Location														
Capitals	134	43.2	27.0	15.3	14.4	36.5	17.1	16.2	10.4	6.6	52.2	28.8	28.4	15.5
Urban	134	39.6	29.4	19.1	11.9	31.8	23.8	19.3	10.1	5.4	67.0	33.6	31.1	8.0
Rural	149	53.6	23.7	12.6	10.2	36.7	18.1	18.2	8.9	0.9	66.7	28.4	30.9	8.1
On-going medical condition														
Yes	154	47.2	21.5	16.7	14.6	41.4	8.4	16.6	16.9	16.9	57.1	24.7	39.3	12.7
No	263	43.1	30.5	15.7	11.6	35.7	37.4	16.5	15.8	3.0	62.7	34.3	24.1	10.7
Payment type														
Newstart Allowance	72	40.1	21.5	14.8	23.6	44.0	6.8	13.6	8.8	1.2	46.8	26.1	19.2	19.6
Parenting Payment														
(Single/Partnered)	109	47.1	28.6	15.1	9.3	20.9	45.1	19.4	7.1	0.8	69.1	35.2	26.1	10.1
Disability Support Pension	80	43.6	28.8	19.2	8.4	41.6	3.5	18.0	11.3	13.7	55.9	29.3	41.6	9.8
Carers (Wife/Carer)	93	45.5	27.5	15.6	11.4	34.8	10.4	18.1	17.9	8.5	74.9	24.9	31.0	0.5
Older (Mature Age/ Partner/Widow)	63	48.2	33.3	10.9	7.5	53.5	2.3	23.0	15.3	1.9	65.9	30.6	42.7	5.3

Note: Where the estimates are underlined, this indicates that the sample cell size is less than 10.

These groups also formed a majority of those working voluntarily for religious organisations, and were more likely to cite helping other people or the community or keeping active and meeting people as the reason for volunteering.

Participants in child care

Many of the patterns shown in Table 18 about participation in child care reflect the fact that this activity absorbs a large proportion of the time of those with children and of child-rearing age. Caring for children is far more common among women, although almost one-third (31.8 per cent) of men involved in child care also report that child care took up more than 85 hours over the previous fortnight. However, while almost one-half of women (49.1 per cent) provide child care by themselves, the vast majority (84.4 per cent) of men share child care with someone else. Quite a large proportion of those without children report participating in child care, although again this tends to be for shorter periods and is predominantly shared with others. One in eight (12.5 per cent) of those who participated in child care were grandparents of the child they cared for, almost all of whom (97.5 per cent) did not have any dependent children of their own.

Over one-quarter (27.5 per cent) of those aged under 25 who participated in child care did so for a relative other than their own child. Close to two-thirds (65.7 per cent) of child care participants had been providing some form of child care for at least five years.

Among payment types, those receiving Parenting Payment were (not surprisingly) far more likely to spend long hours in child care, with close to four-fifths (78.1 per cent) spending more than 85 hours a fortnight—more than double the proportion spending this amount of time on child care among other payment classes. This group was also more likely to have been providing child care for more than five years. While far fewer Newstart Allowance recipients report spending long hours in child care, many spend shorter, though still significant periods looking after children or step-children and more than half (57.7 per cent) have been doing so for more than five years. Many of these Newstart Allowance recipients (93.2 per cent) were sharing their care with a partner, suggesting that it would not necessarily impinge on job search or other forms of participation.

Participants in adult care

As in the case of child care, here again the patterns of participation reflect the age and payment circumstances of those caring for adults with a disability (Table 19). Again, the participants were predominantly female and most were aged over 40 and did not have dependent children of their own. At the same time, however, although the absolute number is small, a significant proportion of men and younger people also report participating for long periods (more than 85 hours a fortnight) in adult care. Unlike in the case of child care, when most of the care provided was shared with someone else, those who provided care to adults tended to do so on their own, with just under 60 per cent of participants reporting this to be the case. Most were looking after their partner or another close family member (a parent or child) although younger participants in this form of caring were more likely to be looking after a more distant relative.

Table 18: Selected characteristics of participants in child care (percentages)

	n	HOURS SPENT PROVIDING CHILD CARE					CAREER STATUS			RELATIONSHIP TO CHILD(REN) ^(a)				NUMBER OF YEARS CARING		
		1 to 28	29 to 56	57 to 84	85 or more	Only	Shared	Parent/step parent	Grand-parent	Other relative	Other	< 2	2 to 5	5 or more		
All	860	20.4	11.7	13.6	54.3	39.3	69.7	80.3	12.5	6.2	7.0	15.9	18.3	65.7		
Gender																
Male	240	27.9	19.7	20.6	31.8	15.6	84.4	78.6	14.7	3.9	6.5	17.2	19.0	63.8		
Female	620	17.0	8.1	10.5	64.5	49.1	50.9	81.1	11.5	7.2	7.2	15.3	18.0	66.6		
Age (years)																
18 to 24	70	36.1	5.1	8.5	50.3	38.6	61.4	63.6	1.5 ^(b)	27.5	14.7	40.3	39.6	20.0		
25 to 39	381	7.2	8.9	15.0	68.9	38.8	61.2	94.8	0.4 ^(b)	4.8	7.1	11.1	18.1	70.8		
40 to 49	193	13.4	16.0	21.0	49.6	42.2	57.8	91.3	5.3	2.8	5.9	8.4	9.7	81.8		
50+	216	61.5	18.1	2.4	18.1	33.9	66.1	24.9	71.9	2.7	3.4	28.4	18.2	53.4		
Dependent children																
Yes	602	4.9	10.2	16.5	68.4	40.8	59.2	98.0	1.4 ^(b)	2.5	4.8	10.5	16.1	73.4		
No	258	68.9	16.3	4.6	10.1	12.0	88.0	13.3	54.9	20.1	15.3	36.6	26.7	36.7		
Location																
Capitals	281	22.4	13.5	14.0	50.1	40.0	60.0	76.3	14.3	6.4	8.3	21.3	17.7	61.0		
Urban	298	19.7	9.1	12.9	58.3	40.1	59.9	82.0	12.2	5.5	6.1	12.3	18.9	68.8		
Rural	281	17.6	12.4	14.0	55.9	37.0	63.0	85.3	9.8	6.6	5.9	11.3	18.7	70.1		
On-going medical condition																
Yes	293	36.9	19.2	11.0	32.9	26.2	73.8	64.1	27.9	5.7	6.8	17.5	17.8	64.7		
No	567	12.6	8.3	14.9	64.2	43.8	56.2	87.2	6.0	6.4	7.1	15.3	18.7	66.0		
Payment type																
Newstart Allowance	141	29.9	21.5	18.2	30.4	6.8	93.2	72.2	4.6	14.7	13.3	22.6	19.7	57.7		
Parenting Payment (Single/Partnered)	392	2.8	5.6	13.5	78.1	51.4	48.6	98.5	1.1	2.7	5.1	10.0	16.2	73.8		
Disability Support Pension	116	49.7	14.5	10.9	24.9	21.9	78.1	49.2	42.9	6.8	5.4	22.2	23.1	54.7		
Carers (Wife/Carer)	125	42.5	16.2	6.0	35.4	54.2	45.8	43.8	52.2	2.7	3.4	20.1	18.6	61.2		
Older (Mature Age/ Partner/Widow)	86	68.1	17.8	6.6	7.5	9.5	90.5	0.6	90.8	6.6	5.6	38.8	26.5	34.7		

Notes: (a) Multiple responses for some individuals. (b) There is one 21 year-old female Newstart Allowance recipient with no children under 16 and two respondents aged between 25 to 39 who said they are grandparents to the child they mind. (c) Where the estimates are underlined, this indicates that the sample cell size is less than 10.

Table 19: Selected characteristics of participants in adult care (percentages)

	n	HOURS SPENT IN PROVIDING CARE				CARER STATUS			RELATIONSHIP OF CARE RECIPIENT			
		1 to 14	15 to 42	43 to 84	85 or more	Only	Shared	Partner	Parent/child	Other relative	Other	
All	440	38.6	15.7	14.7	30.9	59.7	40.3	39.3	35.4	17.1	13.0	
Gender												
Male	145	47.7	10.6	13.1	28.6	58.3	41.7	32.2	30.8	19.2	20.4	
Female	295	33.2	18.7	15.7	32.3	60.4	39.6	43.0	37.8	16.0	9.2	
Age (years)												
18 to 24	8	40.3	2.2	0.0	57.5	33.2	66.8	0.0	51.0	47.7	1.3	
25 to 39	57	48.9	22.5	20.3	8.3	60.1	39.9	29.8	22.8	31.3	18.8	
40 to 49	117	34.9	18.7	11.5	35.0	53.6	46.4	28.8	53.2	12.2	11.1	
50+	258	36.4	12.1	15.1	36.3	64.4	35.6	51.1	29.5	12.4	12.6	
Dependent children												
Carers (Wife/Carer)	277	9.6	13.2	20.1	57.0	72.7	27.3	65.0	24.6	11.1	5.1	
Older (Mature Age/Partner/Widow)	55	36.9	<u>12.1</u>	<u>21.3</u>	29.7	64.7	35.3	48.2	39.0	<u>15.1</u>	<u>6.1</u>	

Note: Where the estimates are underlined, this indicates that the sample cell size is less than 10.

Table 19 (continued): Selected characteristics of participants in adult care (percentages)

	n	MAIN TYPES OF CARE PROVIDED									
		Housework/ shopping/ transport	Meal preparation/ feeding	Psychological/ moral support	General supervision	Help with medication	Communication assistance	Help with mobility	Bathing and dressing		
All	440	71.4	62.3	46.9	38.5	37.5	33.7	32.1	30.1		
Gender											
Male	145	66.5	58.0	47.3	35.2	37.0	29.3	29.0	28.4		
Female	295	74.0	64.6	46.8	40.2	37.8	36.0	33.7	31.0		
Age (years)											
18 to 24	8	93.6	100.0	42.3	3.3	61.4	31.2	63.4	54.3		
25 to 39	57	69.2	47.7	43.5	22.8	12.7	21.2	27.9	28.8		
40 to 49	117	64.1	57.3	43.5	39.0	40.6	34.3	27.7	31.3		
50+	258	75.0	68.5	50.4	46.4	44.0	38.3	34.3	28.6		
Dependent children											
Yes	91	57.0	54.5	37.6	39.5	32.9	24.3	31.1	28.5		
No	349	76.4	65.1	50.2	38.1	39.1	37.0	32.5	30.7		
Location											
Capitals	150	75.4	60.3	45.5	30.9	32.3	33.0	31.3	30.9		
Urban	151	70.2	66.1	54.7	43.9	44.1	37.8	33.0	27.0		
Rural	139	64.0	60.6	36.6	47.3	38.2	28.0	32.4	33.7		
On-going medical condition											
Yes	177	69.0	64.0	51.8	38.5	38.1	31.3	30.1	28.1		
No	263	74.0	61.6	41.9	38.4	36.8	36.2	34.2	32.2		
Payment Type											
Newstart Allowance	40	79.7	51.9	46.2	18.0	27.3	29.6	33.6	33.8		
Parenting Payment (Single/Partnered)	27	67.9	50.8	26.0	23.9	14.9	23.3	21.1	17.0		
Disability Support Pension	41	64.1	61.1	52.5	37.9	37.7	31.6	26.1	19.0		
Carers (Wife/Carer)	277	68.2	74.7	51.4	60.6	51.9	41.1	45.5	46.5		
Older (Mature Age/Partner/Widow)	55	83.0	66.7	48.5	39.4	45.4	38.8	18.8	17.6		

Note: Where the estimates are underlined, this indicates that the sample cell size is less than 10.

There was a great variety of care provided for adults, although the two most common forms are helping with housework, shopping or transport and helping with meal preparation or feeding—the basic daily tasks that enable people to live independently. The majority of those providing adult care do not have dependent children (and are thus free from the caring responsibilities that this entails). Although the absolute numbers are quite small, it appears that many Disability Support Pension recipients spent significant amounts of time providing care to other adults, particularly close family members. However, most participants who devoted long hours to this activity receive Carer Payment, and 57 per cent of these spent more than 85 hours over the fortnight on adult care. These people devoted time to all of the individual tasks associated with care provision, with the main forms of activity being meal preparation and feeding, household tasks, shopping, transport and general supervision. Newstart Allowance recipients were mainly involved in providing help with housework and other basic tasks.

7 Comparisons with other data on participation

Having described at length the participation patterns reported in the CPS, this section compares these estimates with that derived from other sources. The data used for this purpose were those collected in the *1997 Time Use Survey* conducted by ABS. The survey covers over 4500 households containing 8600 people and it is possible to separate recipients into whether or not they were receiving a government payment, allowing a sub-sample to be derived that corresponds to those included in the CPS. This is used to validate the participation patterns reported in the CPS and to make comparisons between those receiving and not receiving income support.

The basic purpose of ABS Time Use Surveys is to measure the daily activity patterns of people, with information collected in the form of a time use diary in which participants recorded the main activity they were undertaking at each point in time through two successive days. Information collected includes time spent in paid work, self-employment, education and study, job search, caring for children and adults, community participation, voluntary work, travel and leisure activities. These time use categories provide the basis for comparing the results with those generated by the CPS, although several assumptions have had to be made to derive these results and there are a number of important qualifications that apply to the estimates themselves. These are briefly described as the results themselves are presented.

One aspect of the Time Use Survey methodology has an important bearing on the interpretation of the results derived from it. This relates to the fact that participants were asked to complete diaries describing the nature, duration and timing of their main and any simultaneous activities over two specified days (ABS 1998, p. 60). A consequence of this approach is that it is likely produce an under-reporting of activities undertaken relatively infrequently. This is important when comparing results from the *1997 Time Use Survey* with those from the CPS, since the latter covers a longer period (a fortnight) and there is evidence that the time spent on some of the activities reported in the CPS (for example, paid work—see Table 13) vary considerably over the fortnight.

Table 20 uses the Time Use Survey data to compare the employment status and hours worked of those who receiving a government payment with those who are not.³² These estimates provide the basis for comparing how selected patterns of participation vary with the receipt of income support and provide a benchmark for comparing the participation patterns reported in the CPS with external estimates. In relation to the former aspect, participation as an employee among those receiving income support (14.4 per cent) is less than one-fifth of that for others (74.2 per cent). Furthermore, employees who are receiving income support are far more likely to be working part-time, generally for less than 15 hours a week.

Table 20: Employment status and usual weekly hours worked, by receipt of a government payment, 1997

	Usual hours	STATUS IN EMPLOYMENT (%)				
		N/A	Employee	Employer	Own account worker	Contributing family worker
Receive government payment	0	100				
	1 to 15		54.8	28.6	36.0	50.0
	16 to 34		29.6	28.6	36.0	50.0
	35 and over		15.7	42.9	28.0	0.0
(n=798)	All	80.8	14.4	0.9	3.1	0.8
Do not receive government payment	0	100				
	1 to 15 hours		6.6	7.4	13.4	14.4
	16 to 34 hours		15.1	6.7	16.7	6.4
	35 and over		78.3	85.9	69.9	12.8
(n=4425)	All	14.4	74.2	3.4	7.6	0.4

Source: ABS, 1997, confidentialised unit record file.

The overall participation rate in paid work as an employee among income support recipients reported at 14.4 per cent in Table 20 is well below the corresponding figure 21.1 per cent recorded in the CPS (see Table 3).³³ One possible explanation for this difference is that it reflects a degree of over-reporting of participation in the CPS, although there are no obvious reasons why this should be the case. The earlier comments about the impact of the Time Use Survey methodology are of more relevance here. It is clear from Table 13 that almost half (46.0 per cent) of CPS paid work participants experience hours of work that vary a lot. This implies that many of this group, if included within the Time Use Survey would not have been working in the two-day diary period, producing an under-estimate of the extent of their participation in paid work. In light of this variability, in combination with the different reporting periods used in the CPS and the 1997 *Time Use Survey*, the differences between the participation rate estimates do not seem unduly large.³⁴

In relation to the rate of participation in self-employment, the ABS estimate of 3.1 per cent for those receiving income support (Table 20) is also below the CPS figure of 5.4 per cent (Table 3). The difference, though not large in absolute terms, may reflect the way that CPS respondents interpreted the question, which asked whether or not people had been working in their own business. This may have produced a different response in terms of what constitutes one's 'own business' than the official definition incorporated in the ABS data.

Table 21 uses the time use survey data to compare the actual participation rates and hours of those who do and do not receive a government payment, derived from their completed time use diaries.³⁵ The upper panel of Table 21 shows that participation rates in paid work and self-employment among those who receive a government payment are again much lower than for those who do not. They are also a good deal lower than those shown in Table 20, irrespective of whether or not the respondent is receiving a government payment. This latter reflects the divergence between reported **usual hours worked** (shown in Table 20) and the

actual hours worked recorded in the time use diaries (shown in Table 21). The estimated rate of participation in paid work for both groups is probably also under-estimated because of variations in the time pattern of paid work activity, as noted earlier.

Table 21: Comparison of participation rates for selected activities and income support receipt, using time use data

		PARTICIPATION RATE (%)						
		ECONOMIC ACTIVITIES				SOCIAL ACTIVITIES		
		Paid work	Self-employed	Study	Job search	Volunteer work	Child care	Adult care
	Diary days							
Receiving payment	1736	4.1	1.8	8.0	6.8	5.2	30.2	6.5
Not receiving payment	9033	46.9	5.5	3.6	1.9	3.8	31.3	3.4
		MEAN HOURS PER DAY OF PARTICIPANTS						
		ECONOMIC ACTIVITIES				SOCIAL ACTIVITIES		
		Paid work	Self-employed	Study	Job search	Volunteer work	Child care	Adult care
Receiving payment		5.2	5.8	4.9	1.4	2.4	2.6	1.7
Not receiving payment		7.7	7.3	4.1	1.0	2.0	2.0	1.0
Diary days		4372	565	435	258	455	3410	438
		MEAN HOURS PER DAY FOR WHOLE SAMPLE						
		ECONOMIC ACTIVITIES				SOCIAL ACTIVITIES		
		Paid work	Self-employed	Study	Job search	Volunteer work	Child care	Adult care
	Diary Days							
Receiving payment	1736	0.04	0.16	0.55	0.09	0.08	0.70	0.07
Not receiving payment	9033	0.36	0.49	0.34	0.02	0.04	0.50	0.03

Source: ABS 1997 Time Use Survey, confidentialised unit record.

Despite these data limitations, Table 21 shows that while the rate of participation in paid work and self-employment is lower for those receiving government payments, those receiving a government payment have higher rates of participation in study, job search, voluntary work and adult care. The middle panel of Table 21 shows that, **among participants** the differences between mean hours devoted to the different activities for those with and without a government payment are generally small, and there are again several cases with the estimates higher for those receiving income support. Finally, the lower panel shows the mean hours of participation by activity, averaged across the whole sample, classified into whether or not they are receiving a government payment (rather than just across participants in each group). In terms of paid work, there is a 9:1 differential according to government payment status and 3:1 for self-employment. For the other activities, however, the differentials are much lower and often in the opposite direction, with notable differences in relation to job search, volunteer work and adult care.

In general terms, therefore, this brief analysis of the ABS time use data confirms the general patterns of participation reported in the CPS. There are, however, several marked differences in participation rates (though not in the mean hours of participation) as between those on income support and other members of the working-age population. While receipt of income support is associated with less time spent in paid work and self-employment (almost by definition) it is often also associated with increased time spent on other activities such as adult care and volunteer work that provide positive benefits to others.

8 Determinants of participation

8.1 Attitudes to participation

The CPS includes a series of questions that shed some light on the attitudes of FaCS customers to different forms of participation. Participants were asked which among the activities currently engaged in was ‘most important’ to them. The responses, summarised in Table 22, reveal a number of interesting patterns. However, it should be noted that these differences might in part reflect the different meanings attached to the word ‘important’ in the survey question, plus the fact that only a single activity was identified.³⁶ This means, for example, that even though child care or medical participation are nominated as the **most important** activity, it does not imply that other forms of participation are unimportant.

For males, the most important activity was job search, which was nominated by more than three times as many men (29.3 per cent) as paid work itself (8.3 per cent). Paid work was identified as the most important form of participation by slightly more females although caring for children or adults were seen as more important by over half (53.3 per cent) of all female participants. Overall, while men nominated some form of economic participation as most important, women were more likely to nominate some form of social activity—generally child care. Job search and study were identified as most important among younger age groups, with economic activity generally seen as more important than social activity. Child care and job search were seen as most important among those aged between 25 and 49, with medical and domestic activities most important (followed by the three forms of social participation) among those aged 50 and over.

For those with children, child care was the most important nominated activity, while those without children saw job search as most important, followed by medical and domestic activities.

The differences according to location are again relatively small. Those customers receiving Newstart Allowance were alone in nominating some form of economic participation as most important, with almost three-quarters (73.24 per cent) in this category.

In stark contrast, the percentage nominating a form of economic participation as most important across each of the other payment types is much lower. These payment recipients nominated some form of social participation as most important, although the precise activity varies in anticipated ways with the circumstances that gave rise to income support receipt.

The responses summarised in Table 22 may reflect current responsibilities and constraints rather than the inherent importance attached to different forms of participation. A second CPS question has the potential to overcome this problem, as it asked which activities not currently undertaken would CPS respondents like to do in the future. The answers are less constrained by current responsibilities and thus in principle can provide a better indication of the underlying preferences than those reported in Table 22. Against this, respondents were asked to nominate an activity that they were **not** currently engaged in, a decision which may bias the responses against those activities (such as job search, child care or domestic activities) that had high participation rates when the CPS was undertaken.

Table 22: Customers' nomination of the most important activities by selected characteristics (percentages)

	n	ECONOMIC ACTIVITIES				SOCIAL ACTIVITIES				Other		
		Paid work	Self-employed	Job search	Study	Volunteer work	Child care	Adult care	Medical		Domestic activities	
Gender												
Male	809	8.3	3.9	29.3	6.9	6.4	15.6	4.1	11.6	11.0	9.6	
Female	1218	9.8	1.4	8.5	4.9	5.5	45.6	7.7	7.9	15.4	4.3	
Age (years)												
18 to 24	234	14.7	1.1	35.7	19.3	3.7	17.5	2.0	3.7	2.9	8.5	
25 to 39	548	8.5	1.6	20.1	5.8	3.2	52.1	2.0	6.9	8.9	3.4	
40 to 49	400	12.6	5.5	16.6	3.1	4.6	37.6	7.2	6.0	12.2	4.9	
50+	845	4.8	2.5	7.4	0.6	11.0	11.8	12.3	17.9	24.7	10.8	
Dependent children												
Yes	641	5.9	4.7	8.6	4.0	2.9	74.2	2.5	2.8	8.4	2.1	
No	1386	11.1	1.2	23.8	6.9	7.7	5.9	8.3	13.7	16.5	9.6	
Location												
Capitals	678	9.5	3.0	19.3	7.2	6.6	31.7	6.7	9.4	12.1	6.2	
Urban	674	8.0	2.4	17.8	5.7	5.8	30.6	6.1	9.8	14.5	7.7	
Rural	675	10.0	1.9	15.9	3.3	4.6	34.2	4.9	9.6	14.3	6.1	
On-going medical condition												
Yes	879	5.9	1.2	9.9	4.3	8.5	18.8	6.9	20.3	18.1	8.5	
No	1148	11.5	3.4	24.2	7.0	3.9	41.8	5.5	1.5	9.8	5.4	
Payment type												
Newstart Allowance	511	16.8	2.9	43.8	9.7	3.5	12.5	2.1	6.4	7.4	7.2	
Parenting Payment (Single/Partnered)	412	4.2	4.4	2.6	4.1	3.4	83.2	1.6	1.3	8.7	1.5	
Disability Support Pension	401	4.3	0.9	3.4	3.9	11.7	13.2	5.8	24.9	18.4	11.0	
Carers (Wife/Carer)	403	4.7	0.9	0.2	1.3	7.8	19.9	39.1	8.1	24.6	5.9	
Older (Mature Age/Partner/Widow)	300	6.6	0.3	1.9	1.4	6.6	12.6	16.4	6.9	40.8	10.5	
Total of customers		9.1	2.5	18.0	5.8	5.9	31.9	6.1	9.6	13.4	6.7	

Note: Row totals do not always sum to 100 per cent as some customers nominated more than one activity and are thus included more than once.

These results, summarised in Table 23, reveal that economic activities (specifically paid work and study) are regarded as far more important than social activities over the longer-term. Virtually everyone would like to participate in either paid work or study, with more men nominating the former and more women the latter. Aside from voluntary work, almost nobody nominated any form of social participation as something they wanted to engage in (but were not currently doing)—a finding that supports the views expressed earlier about the nature of these activities reflect existing constraints and responsibilities rather than underlying preferences. In overall terms, between 40 and 80 per cent of the different payment types nominated paid work as the activity they most wanted to participate in. Participation in study was nominated by between 20 and 50 per cent and in voluntary work by between 13 and 40 per cent. The percentages nominating all of the other categories of participation was very low—generally below two per cent—although around 3 per cent nominated domestic activity as something in which they wanted to engage.

8.2 Barriers to participation

Structural barriers

Two factors have emerged in the above discussion as potentially acting as barriers to economic participation. These are the presence of dependent children or adult relatives who require care and the existence of a medical condition that requires on-going treatment. The impact of the former factor—the existence of caring responsibilities within the family—on various forms of economic participation has been discussed in Section 5, where it was argued that the effects are not clear-cut. Indeed, Table 4 reveals that those with dependent children have higher rates of participation in all forms of economic activity except job search, a finding that is reinforced in several other places (see Tables 5, 6, 7 and 12). The second factor that can act as a barrier to participation—the presence of a medical condition that requires on-going treatment—has been identified in recent work by the department as being related to ‘stark differences in the rates of economic and social participation as well as rates of participation in specific activities’ (FaCS 2001, p. 2). These considerations suggest that a more detailed examination of how participation varies with these two factors is warranted.

Table 24 compares participation rates and mean hours of participation of those who face each of the two potential barriers with those for the remainder of the CPS sample.³⁷ In general, the differences in the **rates of participation** shown in Table 24 are greater and more likely to be statistically significant than the differences **in average hours of participation**. This finding is consistent with the view that the factors being examined do act as barriers that prevent those affected by them from participating at all. Participation in economic activity is around twice as high for those not affected by a medical condition as among those who are and while the differences in social participation are lower, they remain significant.³⁸ However, for those who do participate in economic activity, the differences in mean hours are quite small and generally not significant. In general, the differences in social participation are smaller than those for economic participation, though they remain significant in a number of instances. Here again, the main differences are in participation rates, further confirming the role of the identified factors as barriers to participation.

Table 23: Nominated future activities (not currently undertaken) by selected socio-demographic characteristics (percentages)

	n	ECONOMIC ACTIVITIES					SOCIAL ACTIVITIES				
		Paid work	Self-employed	Job search	Study	Volunteer work	Child care	Adult care	Medical	Domestic activities	Other
All	1368	66.6	2.0	1.4	37.3	19.2	1.1	0.6	0.9	2.3	8.9
Gender											
Male	525	73.3	1.5	1.4	32.0	14.0	0.4	0.0	0.7	0.9	7.6
Female	843	61.3	2.4	1.4	41.3	23.2	1.3	0.8	0.7	2.8	7.9
Age (years)											
18 to 24	190	77.0	0.8	1.2	45.4	8.6	0.0	0.3	0.0	1.7	3.6
25 to 39	435	71.4	2.5	1.5	44.0	17.7	1.0	0.2	0.0	2.5	6.2
40 to 49	297	67.5	3.8	0.8	34.4	18.2	1.1	1.0	2.4	1.0	9.1
50+	446	48.8	0.5	1.7	21.4	31.1	1.1	0.4	1.1	2.1	12.7
Dependent children											
Yes	509	68.4	2.3	1.0	46.4	23.0	1.2	0.2	0.8	2.7	6.6
No	859	65.2	1.7	1.7	30.3	14.1	0.6	0.6	0.6	1.4	8.6
Location											
Capitals	473	64.7	2.1	2.3	39.6	21.5	1.2	0.5	0.4	1.7	6.8
Urban	445	66.3	2.2	0.9	37.0	18.8	0.4	0.6	0.9	2.3	7.5
Rural	450	70.5	1.6	0.3	33.2	15.3	0.9	0.1	1.0	2.1	9.9
On-going medical condition											
Yes	567	62.0	1.3	1.5	28.9	24.0	1.1	0.7	1.6	2.1	12.2
No	801	69.3	2.4	1.3	43.0	16.1	0.7	0.3	0.1	1.9	4.8
Payment type											
Newstart Allowance	395	77.0	2.5	1.7	36.7	13.8	0.4	0.4	0.1	0.9	5.7
Parenting Payment (Single/Partnered)	331	66.4	2.2	0.8	49.0	16.0	1.2	0.2	0.4	2.8	6.3
Disability Support Pension	247	55.8	1.2	1.6	25.2	26.9	0.8	0.6	2.0	2.8	14.9
Carers (Wife/Carer)	237	44.4	0.2	1.8	30.5	36.3	3.6	0.5	0.6	2.5	7.6
Older (Mature Age/Partner/Widow)	158	41.2	1.0	0.5	21.9	38.5	0.0	1.4	2.6	1.9	7.1

Notes: Some percentages do not sum to 100 per cent as some customers identified more than one activity. Where the estimates are underlined, this indicates that the sample cell size is less than 10.

Table 24: Participation by type of activity and potential barriers to participation

PARTICIPATION RATE (%)								
	n	ECONOMIC ACTIVITIES				SOCIAL ACTIVITIES		
		Paid work	Self-employed	Study	Job search	Volunteer work	Child care	Adult care
On-going medical condition								
Yes	879	14.0	2.9	6.5	25.9	17.1	34.1	14.7
No	1148	26.3 **	7.3 **	14.6 **	49.2 **	21.1 *	55.5 **	10.7
Barriers due to caring responsibilities								
Yes	905	24.1	8.1	11.1	30.3	21.0	86.3	24.4
No	1122	18.9	3.4 **	11.5	46.3 **	17.9	13.1 **	2.0
n		382	101	183	591	417	860	440
MEAN HOURS PER FORTNIGHT FOR PARTICIPANTS								
	n	ECONOMIC ACTIVITIES				SOCIAL ACTIVITIES		
		Paid work	Self-employed	Study	Job search	Volunteer work	Child care	Adult care
On-going medical condition								
Yes	879	28.0	21.3	29.8	11.3	14.9	49.5	41.3
No	1148	27.5	33.9	34.3	12.3	13.9	74.0 *	47.4
Barriers due to caring responsibilities								
Yes	905	26.1	30.0	33.1	11.4	12.3	76.2	47.0
No	1122	29.4	32.7	33.3	12.5	16.0	26.1 *	24.0 *
n		382	101	183	591	417	860	440

Note: Asterisks (*/**) indicate that the differences shown are statistically significant at the (5/1) per cent level. These tests are based on the unweighted data.

One possible explanation for the higher participation rates of those with dependent children reported earlier relates to the fact that it is not the presence of children **per se** that acts as a barrier to participation, but **the presence of young children**. To test this hypothesis, the basic participation estimates presented in Table 3 were re-calculated for three sub-groups of CPS respondents: those with a youngest child under the aged under 3; others with dependent children; and those without dependent children. The results of this disaggregation are presented in Table 25. This shows that, in relation to paid work, the participation rate of those with older children is far higher than that for either those with young children or those without any children, although the mean hours worked of all three groups of participants is similar. Across all of the other activities, however, the patterns those with young and older children are similar, but both differ from those for customers without children. The two main exceptions to this pattern are adult care, with the participation rate varying consistently across all three groups and volunteer work, when those with very young children and those without children both have a higher rate than for those with older children.

Table 25: Economic and social participation rates and mean hours worked, by the presence of children and age of youngest child

Activity	YOUNGEST CHILD AGED 3 OR UNDER		YOUNGEST CHILD AGED 4 OR MORE		NO DEPENDENT CHILDREN	
	Participation rate (%)	Mean hours	Participation rate (%)	Mean hours	Participation rate (%)	Mean hours
Paid work	16.0	24.2	30.4	28.2	18.6	27.9
Self-employment	9.3	27.3	9.8	32.1	2.8	31.9
Job search	33.0	35.5	29.2	31.7	44.5	12.3
Study	14.3	11.8	11.5	11.4	10.3	33.0
Economic participation (a)	55.0	63.9	44.2			
Child care	98.3	83.7	92.1	76.7	17.6	25.4
Adult care	6.0	42.1	9.7	41.9	14.9	45.1
Volunteer work	16.5	11.1	26.9	12.9	17.1	15.8
Social participation (a)	98.6	94.1	59.3			

Note: (a) These categories include people who participated in one or more activity(s).

Perceived barriers

In addition to the two structural factors that inhibit economic participation, the incidence of low participation may reflect what customers perceive of as barriers that prevent or limit their participation. To the extent that these exist, it is important to try to identify them since their removal or amelioration is likely to involve different strategies or policy interventions to those designed to reduce the impact of the structural barriers discussed above. Unfortunately, only limited information was collected in the CPS on perceived barriers and it can provide only a preliminary examination of their impact on patterns of participation behaviour.

Barriers to participation in paid work

Three groups of CPS respondents were asked to identify which specific factors prevented them from finding work. These groups were those engaged in job search at the time of the survey, those who were working part-time when the survey was conducted, and those who were not engaged in either employment or job search. Those in each group were asked to indicate which among a group of nominated factors were stopping them from finding a job or, in the case of those working part-time, a full-time job (multiple responses were possible). The factors identified in the survey question(s) can be classified as falling into one of three categories: those that reflect the state of the labour market (**labour market factors**); those that relate to the characteristics of the individual, including their age, health, education and ethnicity (**personal factors**); and those relate to the cost of job search (**job search factors**). The responses provided by current job seekers, part-time workers and those not employed are presented in Figures 5, 6 and 7, respectively.³⁹

Figure 5 indicates that a substantial proportion of job seekers identified a lack of jobs (or suitable jobs) as a factor preventing them from finding work. However, the most commonly mentioned factor was lack of education, while age and health status were also commonly identified as a barrier. Well over half of all job

seekers mentioned that at least one of these three factors (education, age or health status) prevented them from finding work. This implies that problems on the demand side of the labour market are not the only barriers preventing people from finding a job. Problems on the supply-side also have a role to play. Transport problems and the attitudes of employers towards older workers were also mentioned as factors in a number of instances, while around 7 per cent said that a job would not fit in with their current pattern of activity.

Figure 6 explores the barriers identified by those who were working part-time that prevented them from working full-time. The fact that the majority (51 per cent) did not give any reason suggests that they were content with their current working arrangements and were not looking for full-time work. Among those who did identify specific barriers, the most important factors relate to personal characteristics and responsibilities, including injury or poor health, or the needs of their children. Lack of full-time jobs or an unwillingness to work full-time were mentioned by relatively few people and the overall impression given by Figure 6 is that there are few people currently working part-time who are prevented from working full-time by conditions in the labour market. Full-time work is simply not seen as an attractive or viable alternative for those working part-time.

Figure 7 summarises the perceived employment barriers facing those who are not employed and not looking for work. Again, a large number (40 per cent) were unable to identify any specific barriers, suggesting that they were reasonably content with current arrangements. Among those who did identify specific barriers, poor health and old age were the most commonly-cited factors, followed by child care responsibilities and lack of education. Again, the numbers citing these as factors greatly exceeds those who identify more specifically demand-related factors such as a lack of jobs or suitable jobs.

Figure 5: Perceived barriers to paid work identified by job seekers

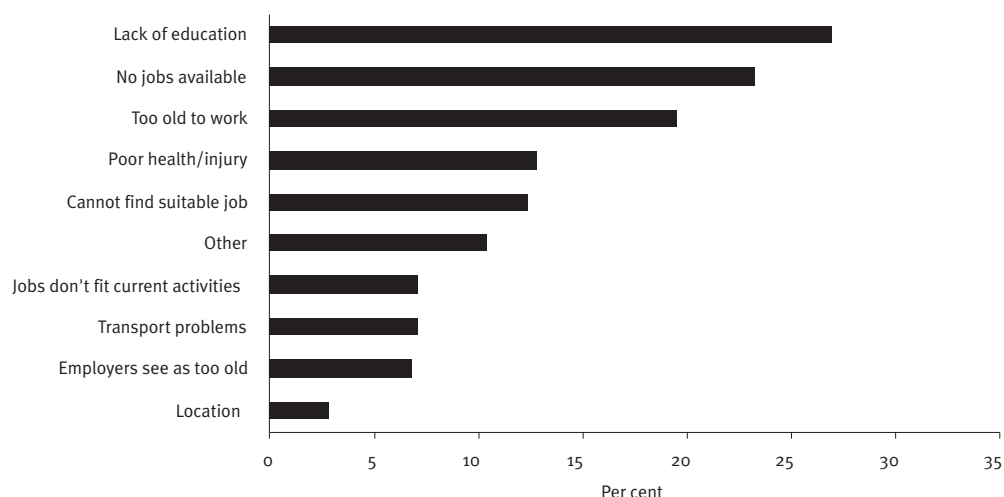


Figure 6: Perceived barriers to finding full-time work identified by those working part-time

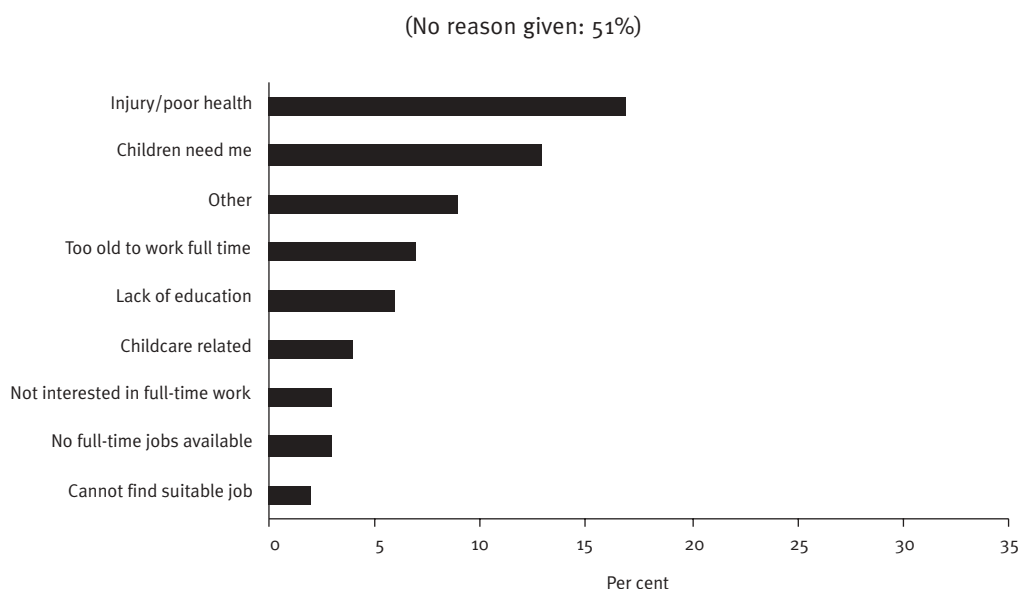
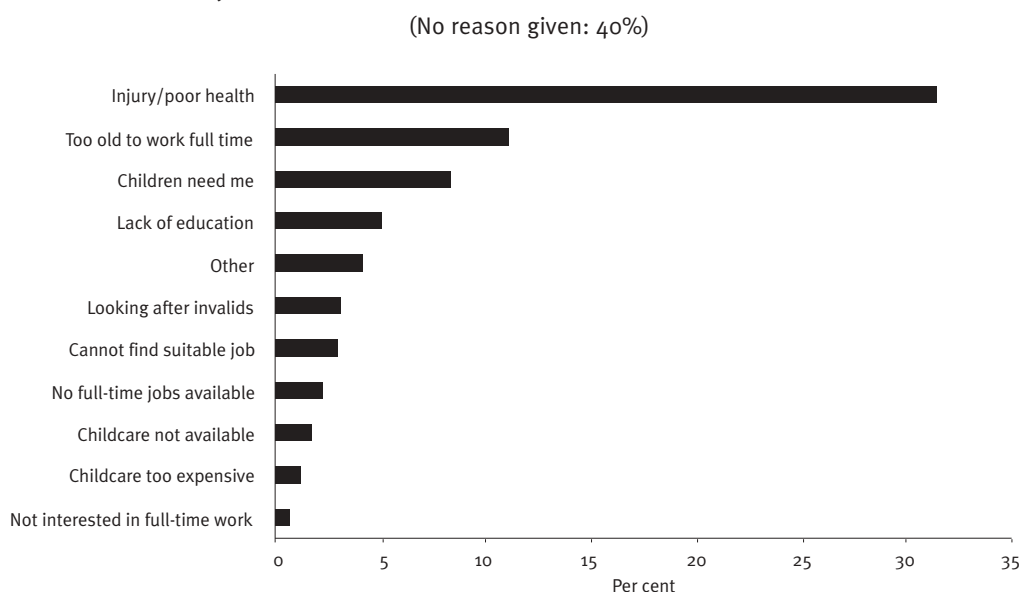


Figure 7: Perceived employment barriers identified by those not employed and not involved in job search



Together, Figures 5, 6 and 7 present a picture in which the main employment barriers identified by CPS participants relate to their own circumstances rather than to structural conditions in the labour market. This does not mean that an increase in the demand for labour would not result in greater opportunities for many of those who perceive their existing inability to find work as reflecting their own health, age or lack of education. The perceptions formed by job seekers about their own labour market prospects reflect their understanding of the balance of demand and supply forces in the labour market. However, the results suggest that without a change in labour market conditions, it will be difficult to overcome the existing perceptions of many job seekers that their own circumstances are the main reason why they cannot compete in the labour market. Turning these perceptions around will take time and effort.

8.3 Characteristics of non-participants

The above discussion of potential barriers draws inferences from the characteristics of participants or is based on the views expressed by participants. An alternative approach to this issue involves examining the characteristics of those who are **not** participating as a way of trying to pin down the factors that may explain their inactivity. This is done in Table 26 (the counterpart to the earlier Table 6) that presents a breakdown of the characteristics of those who were not participating during the survey fortnight.⁴⁰ In total, almost one in seven (13.9 per cent) of the CPS respondents did not participate in any type of either economic or social activity over the survey fortnight. Around two-fifths participated in only economic or only social activity. Of those who were not engaged in economic activity of any kind, most were aged over 50 and/or receiving either Disability Support Pension or Carer Payment. In contrast, those who did not participate in any form of social activity were predominantly under 25, without children and receiving Newstart Allowance.

The main feature of these results is the extent to which they highlight the role of an on-going medical condition as a factor associated with non-participation. Over one-quarter (27.7 per cent) of those experiencing an on-going medical condition were not participating at all, compared with only 3.5 per cent of those without a condition. In terms of type of activity, a permanent medical condition is far more likely to reduce economic participation than social participation. This suggests that strategies for encouraging participation among those with medical difficulties need to take account of the kinds of activities in which those with poor health are prevented from participating

8.4 Adequacy of government assistance and support

Another factor that may prevent participation in the various forms of economic and social activity is a lack of adequate assistance to support these activities. Those who were participating in self-employment, job search, child care or invalid care were asked whether there was enough government assistance and other support services to assist them in their participation activity.

The responses, summarised in Figure 8, again need to be interpreted carefully, as the questions did not stipulate which aspects of government assistance or other forms of support were being referred to. It cannot be presumed, for example, that the responses relate only to assistance provided by FaCS, since it is likely that many other forms of support (or lack of it) affected the responses to these questions.

Table 26: Selected characteristics of non-participants (percentages)

	n	NO ECONOMIC PARTICIPATION	NO SOCIAL PARTICIPATION	NO PARTICIPATION AT ALL
All	2027	42.4	38.3	13.9
Gender				
Male	809	35.4	53.3	18.2
Female	1218	48.2	25.7	10.3
Age (years)				
18 to 24	234	14.1	62.6	5.0
25 to 39	548	34.1	25.6	5.0
40 to 49	400	35.4	32.1	9.0
50+	845	70.7	44.8	31.9
Dependent children				
Yes	642	39.9	4.3	1.8
No	1385	44.2	59.3	21.4
Location				
Capitals	678	39.2	38.2	13.2
Urban	674	43.4	38.0	13.7
Rural	675	46.7	38.8	15.6
On-going Medical Condition				
Yes	879	61.8	46.8	27.7
No	1136	27.7	31.9	3.5
Payment Type				
Newstart Allowance	511	7.9	57.7	3.9
Parenting Payment (Single/Partnered)	412	43.0	2.9	0.9
Disability Support Pension	401	78.8	51.1	39.7
Carers (Wife/Carer)	403	77.8	19.7	14.8
Older (Mature Age/ Partner/Widow)	300	72.2	43.7	30.8

Figure 8: Perceived adequacy of government assistance and support

‘Do you think there is enough government assistance or other support services to help you with ...?’

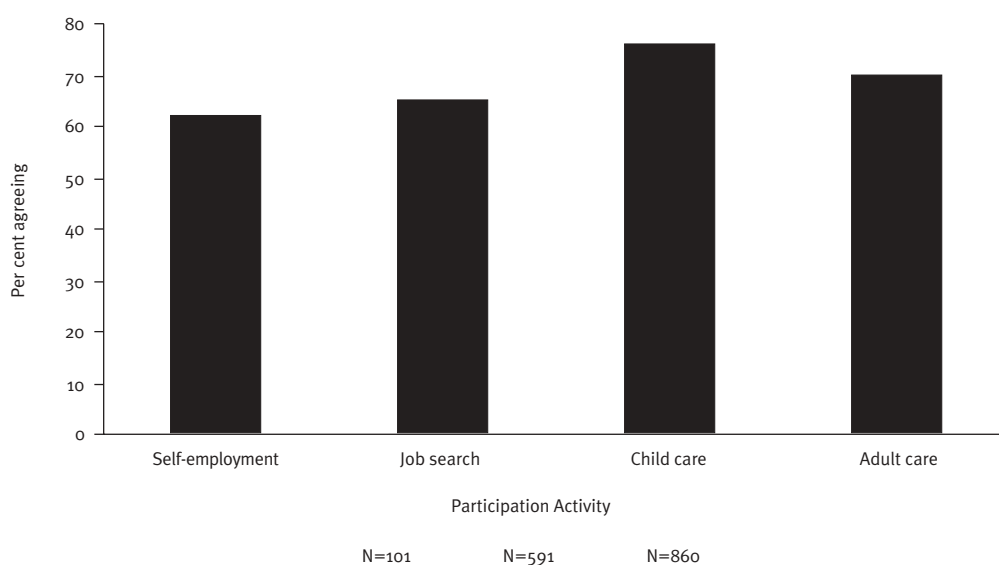


Figure 8 indicates that for all four types of participation, the majority (over 60 per cent) of those participating thought that the assistance and support provided by government was adequate. Those providing child care voiced the strongest support for existing levels of assistance and support, followed by those caring for adults with a disability, those participating in job search and the self-employed. There is a significant minority of participants who thought that not enough assistance and support was being provided, although the shortfall was obviously not so much to prevent them from participating.⁴¹

9 Composite indices of participation

All of the foregoing analysis has been conducted on individual components of participation or on summations of the time spent on several different forms of activity that share common characteristics (as in the case of the aggregations into economic and social participation, or job-focused and person-focused participation). This section builds on the ideas that underlie the development of the concepts of job-focused and person-focused participation activities, when the allocation of each activity was based on the nature of its relationship to paid work. This idea was developed in research undertaken for the FaCS by ACNielsen (ACN, 2001) with the assistance of the SPRC's Michael Bittman. That analysis resulted in the development of composite indices of economic and social participation that were estimated using data from the Welfare Reform Pilots—see ACN (2001, Tables 1 & 2).

The underlying motivation for the earlier analysis was to develop indices of economic and social activity (it was deemed inadvisable and impractical to try to combine these into a single measure) that can be used to measure changes in participation and relate these to different interventions aimed at promoting participation. The indices were designed around a single desirable outcome and reflect efforts taken to achieve this outcome (including the intensity of the effort) as well as any obstacles that prevent participation. It is clear that this line of thinking is similar to that developed above and it is therefore useful to examine the practicality of applying the ACN methodology to the CPS data and, when this is possible, to explore the results of this application.

9.1 Rationale and methodology

Obviously, a single index of participation provides a better basis for comparison (over time, or between groups at a point in time) than a series of separate measures. A single indicator also provides a better basis for assessing how participation is changing, whether it is responding to specific interventions and how effective these are in influencing overall participation. To meet these requirements, it is necessary that the methods used to construct a composite index have a clear rationale that is guided by a specific purpose.

The method developed in the ACNielsen Report was guided by a set of desirable properties of an index of this form. These were:

- **validity**—the ability of the index to measure what it purports to measure clearly and without any ambiguity
- **reliability**—the ability of the index to produce results that are consistent and can be replicated, so that different applications of the same intervention, or observations taken at different times or by different groups, produce the same changes in the index
- **sensitivity**—the ability of the index to capture small changes in the many factors that go into its construction
- **ease of interpretation**—the ability of the changes in the value of the index to be interpreted unambiguously and not give rise to misunderstanding.

It may not always be possible to satisfy all of these attributes simultaneously and choices may have to be made between them. Thus, for example, the more sensitive the index is to its underlying determinants, or the greater the effort to improve its reliability, the more complex it will become, raising the possibility that observed changes will be open to alternative interpretation and thus lose their validity.

There is also a range of alternative forms that an index can take. The ACNielsen Report distinguished between a single integrated index, a set of multiple though separate indices, and a **post hoc** index that records actual patterns of participation in ways that reflect the statistical relationships that exist in participation data themselves. There are different variations of these alternatives, further complicating the task of choosing between them. Although the ACNielsen Report argued that there are strong reasons to prefer a single integrated index, it was recognised (ACN, p. 9) that it is very difficult to combine economic and social participation because they represent two distinct spheres of activity. For this reason, the report argued that development of separate indices is preferable because this avoids having to make strong (and contentious) assumptions and judgements about how to combine the different aspects of economic and social participation into a unified measure. The method involves constructing a series of hierarchical but separate indices of economic and social participation, but does not try to combine them.

These conceptual and definitional issues are particularly acute in relation to an index of participation because there are both objective and normative issues at stake. Thus, it is not only necessary for the index to be able to map the direction of changes in participation, but also to ensure that the desirability of these changes is clear and not in dispute. Not only must the index be able to **show when (and by how much) participation has increased**, but it must be constructed so that when it does increase, this is **clear evidence of an improvement**. The nature of the different forms of participation identified earlier in this report presents potential problems in this regard if care is not taken to specify the purposes of the index at the outset and to ensure that its construction adequately reflects this.

The ACNielsen Report took as its frame of reference the concept of participation that has informed the work of the RGWR (2000) and related ideas of participation that have merged in the social policy literature (for example, Atkinson, 1993; 1998). Underlying this notion of participation is the idea that an absence of participation can imply exclusion, or at least give rise to the possibility that exclusionary processes are at work or about to become so. The encouragement of participation is thus a strategy for overcoming exclusion and is justified as desirable from the point of view of society and in most instances, also from the perspective of the excluded themselves. When these are in conflict, it is now widely argued (as in the RGWR Report, for example) that the social perspective should take precedence, with this providing the rationale for requiring those who receive welfare benefits to meet mutual obligation requirements designed to increase either economic or social participation.

Within this policy-focused framework, it is clear that the ultimate policy goal in relation to economic participation is full-time employment. This is partly because it largely guarantees an end to dependence on the support provided by the welfare system, but also because most employment opportunities provided in

the labour market remain full-time. However, the value of other forms of economic participation is also recognised, either because they reflect activity that serves important functions such as caring or voluntary work, or because they are the only viable options given the circumstances of customers (for example, participation in part-time work), or because participation in such activities (for example, study or training) is expected to increase the probability of finding a full-time job eventually.

With this framework in mind, the economic participation index developed in the ACNielsen Report is based on a hierarchical pathways model in which the variables used to construct the Composite Index of Economic Participation (CEIP) are separated into those that reflect **core activities** (which include full-time employment itself and proximal influences such as training, job search and volunteering) and those that reflect **cognitive influences**—the predisposition that each individual has to achieve the employment goal. In constructing the CEIP, its different components are allocated differing weights that reflect the (relative) probability that each form of activity results in a movement into (full-time) employment. These weights, which have an important impact on the index, are derived from estimates of these probabilities based on empirical studies of labour market transitions.⁴²

In relation to developing a composite index of social participation, there is no unique endpoint or single goal that corresponds to full-time employment as a form of economic participation. Instead, a range of different forms of participation is identified as constituting socially useful activity. These can be either **direct** (which includes volunteering for reasons other than as a route to paid work, undertaking study courses for non-vocational reasons, or child care) or **indirect** (building social networks that enhance community capacity and social capital). The pathways and relationships that underpin construction of the Composite Index of Social Participation (CISP) in the ACNielsen Report reflect four groups of determinants. First, are **core activities** such as volunteering for non-vocational reasons and study or training designed to promote personal development. Second are **caring activities**, including caring for one's own children and adult care. Third are factors that reflect **cognitive orientation**, such as feeling that one can influence what happens in one's local community. Fourth are factors that reflect **community connectedness** such as meeting with friends, belonging to a club, or having someone (other than a member of the household) who can be relied on to provide help or support.

The CISP is constructed as the unweighted sum of its various components. The lack of a weighting scheme reflects the difficulty of assigning relative importance to each form of social participation, for which there is no clear hierarchy leading to an ultimate goal (nor a body of empirical research on the probability of different transitions) as there is in relation to economic participation. However, the application of equal weights is an assumption that could be varied if there was a basis on which to determine an alternative set of weights.⁴³

9.2 Applying the methodology using the CPS data

As noted earlier, the ACNielsen Report estimated the values of the composite indices of economic and social participation using data from the FaCS Welfare Reform Pilots. To some extent the indices reflected the scope of the pilots and the variables generated by the pilots. Although many of these variables are also

available on the CPS, they do not always take the same form, while other variables are not available at all in the CPS dataset. For this reason, it is necessary to make a number of revisions to both the CIEP and the CISP before they can be estimated using the CPS data. The most important of these changes concerns the index of social participation, reflecting the fact that the CPS data contain little information on engagement in community networks or perceptions of community connectedness. The absence of this data means that it is not possible to incorporate several of the lower order forms of social participation into the index (as explained further below). The precise methods used to derive the two indices from the CPS data are set out in Appendix A.

Composite Index of Economic Participation

The CIEP developed in the ACNielsen Report can be expressed algebraically in the following form—equation (1):

$$\text{CIEP} = 1.0 \cdot \text{HRS}_{\text{PW}} + 0.6 \cdot \text{HRS}_{\text{ERT}} + 0.5 \cdot \text{HRS}_{\text{ERVW}} + 0.4 (\text{HRS}_{\text{PERVW}} + \text{HRS}_{\text{JS}}) + \text{IJSS} + \text{IJSIA} + \text{IERTS} + \text{SREP}$$

when:

HRS_{PW} = hours spent in paid work (capped at a maximum of 35 hours a week)

HRS_{ERT} = hours spent in employment-related training (capped at 35)

HRS_{ERVW} = hours spent in employment-related voluntary work (capped at 35)

$\text{HRS}_{\text{PERVW}}$ = hours spent in partly employment-related voluntary work

HRS_{JS} = hours spent in job search

IJSS = an intensity measure of steps taken to find work (set equal to 10 per cent, 20 per cent or 30 per cent of the weighted hours spent in job search, according to the number of steps taken to find work over the survey fortnight)

IJSIA = an intensity measure of interview activity (set equal to between 10 per cent and 30 per cent of the weighted hours spent in job search, according to the number of job interviews attended over the survey fortnight)

IERTS = an intensity measure of employment-related training (set equal to between 0 and 30 points, according to the number of steps taken over the survey fortnight)

SREP = a measure of self-rated employment prospects (set to between 0 for 'very poor' to 40, for 'very good')

Each of the hours of participation variables were capped at a maximum of 35 hours a week and the weights in equation (1) reflect the assessed probability of each activity leading to paid work. The rationale for capping hours of participation at 35 is to set an upper limit on the value of the index so as to provide a better basis for comparing different index values. Those who achieve the maximum number of hours of participation are thus assigned the maximum index score and any further hours of participation have no impact on the value of the index. The capping procedure is introduced to reflect the idea that full-time work (that is, 35 hours a week of paid work) is the end-point (or desired outcome) of participation-related activity so that the index score is at a maximum when this is achieved. It does not imply that hours of participation in excess of the ceiling have no value (even though they will not be reflected in the index itself).

After they have been capped, the different forms of hours of economic participation are weighted and re-calibrated to increase the range of the index and thus highlight variations in its value.⁴⁴ This involves setting the capped maximum hours equal to an index score of 1000 in the case of paid work and to weighted equivalents of this in the case of employment-related training (weight = 0.6), employment-related voluntary work (weight = 0.5) and partly employment-related voluntary work and job search (weights = 0.4) (ACN, Appendix 1). This process of calibration has the effect of setting an index score equal to 1000 for someone who is participating in paid work for at least 35 hours a week, whereas someone undertaking a work-related training course for 35 hours a week would receive a maximum index score of 600, and so on.⁴⁵

Most of the variables that appear in equation (1) are available on the CPS dataset. One of the exceptions is the inability to distinguish between hours spent in employment-related and partly employment-related voluntary work, and these have been combined into a single variable (HRS_{erVW}). Although information is available that allows the variable IJSS to be defined, the details of its construction differ slightly because of differences in the data categories. It is also based on the number of **job contacts** made rather than the actual number of **job interviews**. The CPS does not include information relating to the variables IJSIA and IERTS and these cannot therefore be included in the index. Finally, an amended version of the variable SREP has been developed in which employment prospects are rated as good (an extra 30 points in the index score) if the person expects to be spending more hours in paid work in one year's time.

Composite Index of Social Participation

The CISP developed in the ACNielsen Report can be expressed in the following form—equation (2):

$$CISP = HRSV_{NER} + HRSCC_{OTHC} + HRSS/T_{PD} + ICINV + IPDT + HRSCC_{OWNC} + HRSAC + ICINF + ICC_{1-3} + SP_{1-3}$$

when:

$HRSV_{NER}$ = hours spent in voluntary work that is not employment-related

$HRSCC_{OTHC}$ = hours spent caring for other people's children

$HRSS/T_{PD}$ = hours spent on study or training for reasons of personal development

$ICINV$ = intensity of community involvement activity (steps taken)

$IPDT$ = intensity of personal development training (steps taken)

$HRSCC_{OWNC}$ = hours spent caring for own children

$HRSAC$ = hours spent caring for an adult with a disability

$ICINF$ = index of community influence (self-rated index)

ICC_{1-3} = index of community connectedness based on: meeting socially with friends (ICC_1); having a meal out with friends (ICC_2) and membership of clubs (ICC_3)

SP = ability to call on help: to find a job (SP_1); to borrow money in an emergency (SP_2); from someone when in a crisis (SP_3)

Again, each of the hours of participation variables in equation (2) is capped at a maximum of 35 hours a week (for the reasons explained earlier) and in this case all variables are given an equal weighting of 1.0. The hours of participation in different forms of direct social participation (voluntary work, caring for one's own or other people's children, caring for adults with a disability, and study for the purposes of self-improvement) are then each re-calibrated to a maximum value equal to 800, with indirect forms of social participation such as community connectedness accounting for a total of 200 index points, giving an overall total of 1000 points (see ACN, Appendix1).⁴⁶

Many of the variables that appear in equation (2), particularly those that measure aspects of community involvement and connectedness, are not available on the CPS data and the CISP thus had to be adjusted to reflect this. The adjusted variable does, however, include the core hours of participation variables and some of those that capture aspects of cognitive orientation and community connectedness. Further details are provided in Appendix A.

Results I: Basic descriptive statistics

Summary statistics for each of the two composite indices of participation derived using the methodology described above and in Appendix A are shown in Table 27. It is important to note that the derivation of both indices involves a considerable decline in sample size because many CPS respondents did not provide all of the information required to construct the indices and were therefore dropped from this part of the analysis. The CIEP was constructed from 885 cases and the CISP from 667 cases. A consequence of this decline in sample size has been that some parts of the analysis have been undertaken at a somewhat higher level of aggregation to maintain sufficient numbers in individual cells.

In terms of the CIEP, the index value ranges from 14.3 to 2030.0 with an overall mean value of 274.1 and a median of 174.9.⁴⁷ The average value of the index is considerably higher (by 27.1 per cent) for females than for males and increases modestly with age until people are in their 40s, before falling for those over 50.⁴⁸ The mean CIEP score is considerably higher (28.3 per cent) for those with dependent children than for those without children, but the differential between those with and without an on-going medical condition (22.1 per cent) is slightly lower—suggesting that those with medical conditions may be somewhat better able to overcome the barriers they face to participation in full-time paid work.⁴⁹ Among those receiving different types of payment, the mean CIEP score is highest for those on Parenting Payment and Carer Payment, followed by those receiving Newstart Allowance and Disability Support Pension, with those receiving a payment for older people recording the lowest overall mean economic participation score. The index has a higher average among those living in rural areas, reflecting a small number of very high values among rural residents (as is implied by the similarity in median index values across all three locations).

Table 27: Descriptive statistics for composite indices of economic and social participation

	CIEP						CISP					
	n	Min	Max	Median	Mean	(St err)(a)	n	Min	Max	Median	Mean	(St err)
All	885	14.3	2030.0	174.9	274.1	(0.3)	667	40.0	1600.0	145.7	303.2	(0.4)
Gender												
Male	398	14.3	2030.0	144.3	242.1	(0.4)	217	40.0	1291.4	145.7	278.8	(0.5)
Female	487	14.3	2030.0	211.4	307.7	(0.4)	450	40.0	1600.0	145.7	318.2	(0.5)
Age (years)												
18 to 24	176	14.3	1314.0	184.3	267.6	(0.5)	75	40.0	840.0	245.7	310.1	(0.9)
25 to 39	286	14.3	2030.0	187.1	278.9	(0.4)	153	40.0	1311.4	155.7	346.5	(0.7)
40 to 49	202	14.3	1841.4	174.9	300.1	(0.6)	115	40.0	1600.0	145.7	291.5	(0.9)
50+	221	14.3	2030.0	142.9	235.0	(0.7)	324	40.0	1291.4	145.7	269.3	(0.5)
Dependent children												
Yes	317	14.3	2030.0	257.1	315.7	(0.5)	208	40.0	1311.4	145.7	349.8	(0.7)
No	568	14.3	2030.0	142.9	246.0	(0.3)	459	40.0	1600.0	145.7	274.2	(0.4)
Location												
Capitals	315	14.3	1841.4	187.1	262.9	(0.4)	229	40.0	1225.7	145.7	298.3	(0.5)
Urban	292	14.3	2000.0	171.4	269.5	(0.5)	220	40.0	1600.0	145.7	301.7	(0.7)
Rural	278	14.3	2030.0	171.4	306.2	(0.7)	218	40.0	1311.4	145.7	315.6	(0.8)
On-going medical condition												
Yes	274	14.3	1124.0	145.7	236.9	(0.5)	271	40.0	1600.0	145.7	279.5	(0.6)
No	611	14.3	2030.0	189.4	289.2	(0.3)	393	40.0	1311.4	155.7	319.3	(0.5)
Payment type												
Newstart Allowance	429	14.3	1841.4	161.4	257.9	(0.3)	129	40.0	1151.4	245.7	316.8	(0.6)
Parenting Payment (Single/Partnered)	209	14.3	2030.0	285.7	327.0	(0.6)	141	40.0	1311.4	145.7	350.3	(0.8)
Disability Support Pension	96	14.3	1000.0	142.9	234.3	(0.7)	124	40.0	1291.4	145.7	248.7	(0.6)
Carers (Wife/Carer)	76	14.3	1251.4	200.0	317.3	(1.8)	146	40.0	1600.0	215.7	215.7	(1.4)
Older (Mature Age/Partner/Widow)	75	14.3	2030.0	142.9	199.2	(1.6)	127	40.0	1065.7	145.7	239.5	(1.0)

Note: (a) St err = standard error

The mean value of the CISP is slightly higher (by 10.6 per cent) than the mean value of the CIEP. It is also higher for females than males (by 14.1 per cent) and declines after the age of 39.⁵⁰ However, despite this decline, the mean value of the CISP among those in the **oldest** (50+) age group (269.3) is virtually the same as the mean value of the CIEP among those in the **youngest** (under 25) age group (267.6). Not surprisingly, in light of the role played by child care, the CISP is higher when dependent children are present. This adds 27.6 per cent to the average value of the CISP. On the basis of the CISP, the presence of a medical condition reduces overall social participation on average by 12.5 per cent—less than the reduction (21.6 per cent) associated with the presence of children. The locational differences in the mean CISP scores are very small, although like the CIEP its value is higher for those in rural areas. Again as with the CIEP, the mean CISP scores are highest for those receiving Parenting Payment and Carer Payment, followed (closely) by those receiving Newstart Allowance, but with a large gap before those receiving Disability Support Pension and payments for older people.

The breakdown of the CIEP and CISP mean values into their components, differentiated by payment type, is provided in Table 28. (It should be noted that the mean component values in Table 28 have been averaged across those included in the analysis not just across participants, so that the mean values for each separate category sum to the overall mean scores shown in the final row).⁵¹ In relation to economic participation, these estimates highlight the important role that employment in paid work and self-employment play in determining the overall CIEP score.

Table 28: Component contributions to the composite participation indices

	PAYMENT TYPE				
	Newstart Allowance	Parenting Payment	Disability Support Pension	Carer Payment	Payment for older people
CIEP					
<i>Core activities</i>					
Paid work	102.2	101.5	29.1	49.5	33.1
Self-employment	19.8	43.0	3.0	13.0	10.4
Job search	81.6	6.2	3.9	0.9	4.7
Study (work purposes)	19.8	21.3	8.9	0.9	0.4
Voluntary work (work purposes)	4.2	2.4	1.6	0.0	0.7
<i>Cognitive orientation</i>					
Positive expectations about work	5.4	4.0	0.5	0.7	0.3
Total	233.0	178.3	47.1	65.0	49.6
CISP					
<i>Core activities</i>					
Study	28.7	16.4	7.8	7.9	5.5
Voluntary work	21.8	33.1	32.4	33.6	21.9
<i>Caring activities</i>					
Caring for others' children	22.2	62.14	33.9	62.7	68.8
Caring for friend/acquaintance/adult/child	4.7	2.89	5.5	20.2	3.4
<i>Personal development</i>					
Study	1.9	4.15	3.8	4.6	3.4
Total	79.2	118.7	83.4	128.9	103.0

Together, these two forms of economic participation are the most important contributors to the CIEP across all payment types, with the only other significant contributions coming from job search and study among Newstart Allowance recipients and study among those receiving Newstart Allowance, Parenting Payment and (to a lesser extent) Disability Support Pension. Although self-employment has been shown earlier to be undertaken by relatively few people (Table 14), the results in Table 28 indicate that the intensity of effort put into this activity by those who engage in it is very high when measured in terms of the hours spent on it—though still well below the contribution arising from participation in paid work.

It may be useful to express the overall mean values of the CIEP shown in the seventh row of Table 28 in terms of the average number of hours of paid work activity each week that would be required to achieve the same index score. This can be calculated by dividing the mean Index score by 1000 and multiplying the resulting figure by 35. Thus, the average for CIEP value (233.0) for those receiving Newstart Allowance is equivalent to an average of 8.2 hours a week of paid work measured across **all** NSA recipients. Applying the same methodology produces corresponding estimates of 5.1 hours, 1.3 hours, 1.9 hours and 1.4 hours for the other five payment categories shown in Table 28.

Table 28 indicates that the three most important components of the CISP (in terms of weighted hours spent participating) are voluntary work, caring for other people's children and study for other than employment-related reasons. Caring for other people's children absorbs a large amount of the time, on average, particularly among those receiving Parenting Payment, payments for older people and Carer Payment. Time spent studying is an important form of social participation for several groups, including those on Newstart Allowance and Parenting Payment. Of greater importance is the fact that the average CISP scores shown in the lower part of Table 28 are so low compared with the average CIEP scores shown in the top half of the table. This implies (in conjunction with the overall mean scores shown in Table 27) that those who participate in social activities tend to participate in many separate activities, whereas those who participate economically tend to concentrate on a single or small range of separate activities.

Results II: Distribution of CIEP scores

Table 29 presents a more detailed analysis of the CIEP scores by comparing how the index varies across the quintiles of its overall distribution. Quintiles have been used because the numbers within the deciles of the distribution constrain how far it is possible to examine a breakdown of the index values within distributional classes. The top two rows of Table 29 show the quintile boundary cut-offs and the mean values of the CIEP in each quintile, while the remaining rows show the composition of each quintile by the variables used in earlier breakdowns—gender, age, presence of children, location, medical condition and payment type.

The mean value of the CIEP increases almost four-fold between quintiles one and two and then approximately doubles when moving to each successively higher quintile. Men and women are fairly equally represented in each of the lowest three quintiles, but there are a disproportionate number of women in the top quintile at more than three-fifths (62.5 per cent). The lowest quintile contains

relatively more older (50+) people than would be expected in a random distribution with this pattern reversed in the top quintile. Other notable features of these results are the high membership of the lowest quintile by those with an on-going medical condition and those receiving Parenting Payment. Newstart Allowance recipients are clustered in quintiles two and three, indicating that they are participating economically but are not the most active group.

Table 29: Disaggregation of the Composite Index of Economic Participation (composition of quintiles by selected characteristics)

	% IN EACH QUINTILE					
	1	2	3	4	5	All
n	177	177	177	177	177	885
Upper boundary	50.0	115.1	239.7	443.4	2030.0	2030.0
Mean						
(Standard error)	20.9 (0.1)	78.7(0.1)	169.7(0.1)	339.9(0.1)	756.0(0.6)	274.1 (0.3)
Gender						
Male	49.6	64.1	53.7	49.9	37.5	51.2
Female	50.4	35.9	46.3	50.1	62.5	48.8
Age (years)						
18 to 24	22.7	26.4	18.6	22.1	24.1	22.8
25 to 39	37.2	39.1	43.3	46.0	39.2	41.1
40 to 49	17.3	22.5	21.9	16.2	27.1	21.0
50+	22.8	12.0	16.1	15.7	9.6	15.1
Dependent children						
Yes	42.8	25.8	34.8	50.7	48.3	40.4
No	57.2	74.2	65.2	49.3	51.7	59.6
Location						
Capitals	44.7	46.2	48.1	51.3	40.9	46.4
Urban	34.8	30.4	34.5	29.0	34.9	32.6
Rural	20.5	23.4	17.4	19.7	24.2	21.0
On-going medical condition						
Yes	34.5	28.6	34.5	22.6	24.8	28.8
No	65.5	71.4	65.5	77.4	75.2	71.2
Payment Type						
Newstart Allowance	48.0	77.2	64.3	53.7	53.0	59.6
Parenting Payment (Single/Partnered)	33.2	11.6	20.4	33.9	34.9	26.5
Disability Support Pension	11.9	7.5	9.1	7.7	8.3	8.8
Carers (Wife/Carer)	1.7	2.3	2.7	2.8	2.7	2.5
Older (Mature Age/ Partner/Widow)	5.2	1.4	3.6	1.9	1.1	2.6

Results III: Distribution of CISP scores

Table 30 provides a similar breakdown of the composition of the quintiles of the distribution of social participation as reflected in the CISP scores. The mean value of the CISP rises smoothly moving across the quintiles, approximately doubling with each quintile movement. The gender breakdown of those in each quintile shows that women tend to be disproportionately bunched in the top quintile with men disproportionately represented in quintiles two and four. Younger people (aged up to 39) are over-represented in the highest quintile, while older people (50+) tend to be concentrated in the second and third quintiles.

**Table 30: Disaggregation of the Composite Index of Social Participation
(composition of quintiles by selected characteristics)**

	% IN EACH QUINTILE					All
	1	2	3	4	5	
n	133	133	133	134	134	667
Upper boundary	60.0	125.7	245.7	554.3	1600.0	1600.0
Mean						
(Standard error)	46.8(0.01)	91.8 (0.1)	178.6 (0.1)	365.5 (0.2)	806.0 (0.5)	297.8 (0.4)
Gender						
Male	37.2	42.4	36.5	44.5	30.6	38.3
Female	62.8	57.6	63.5	55.5	69.4	61.7
Age						
18 to 24	19.3	8.8	14.8	15.3	16.5	15.3
25 to 39	35.1	23.3	24.3	31.2	37.5	30.8
40 to 49	16.4	22.4	18.0	14.3	17.8	17.6
50+	29.1	45.5	42.9	39.2	28.2	36.3
Dependent children						
Yes	47.4	22.6	30.5	33.0	53.5	38.3
No	52.6	77.4	69.5	67.0	46.5	61.7
Location						
Capitals	47.6	44.4	41.7	47.7	47.8	46.0
Urban	33.5	30.3	35.4	31.7	29.5	32.1
Rural	19.0	25.3	23.0	20.6	22.7	21.9
On-going medical condition						
Yes	32.4	61.0	36.6	42.6	34.1	40.5
No	67.6	39.0	63.4	57.4	65.9	59.5
Payment type						
Newstart Allowance	32.6	25.3	21.3	38.5	28.0	29.6
Parenting Payment (Single/Partnered)	38.5	12.6	27.8	20.5	40.2	28.7
Disability Support						
Pension	17.4	39.1	32.4	24.3	18.1	25.4
Carers (Wife/Carer)	4.5	11.2	9.2	9.4	8.8	8.4
Older (Mature Age/ Partner/Widow)	6.9	11.7	9.4	7.2	4.8	7.8

The top quintile contains more people with dependent children and fewer without children than a random assignment would suggest—a possible reflection of the role of child care in constructing the CISP. Those with an on-going medical condition are under-represented in the top quintile, reaffirming the earlier findings that suggest that poor health is a barrier to participation. Finally, there is an over-representation of Newstart Allowance recipients in the lowest quintile and an under-representation of those receiving Carer Payment. This may reflect the indivisibility of caring responsibilities and the lack of flexibility that most caregivers have to participate for short periods.

10 Multivariate (regression) analysis of different forms of participation

The previous two sections report on a range of statistics that describe how participation varies overall and the characteristics associated with different patterns of participation. The results indicate that there are several important factors affecting the probability and extent of participation, including age, the presence of dependent children and a medical condition that requires on-going treatment. There are also some preliminary indications that attitudes matter—particularly how optimistic customers are about their prospects of finding a job. This section employs multivariate regression analysis to examine whether the variables and factors identified as important when taken in isolation remain associated with participation after controlling for other factors.

A logistic model was used to explain the variation in participation (defined as a binary variable) in each of the seven activities described earlier (see Tables 11 and 13 to 19). The basic set of explanatory variables investigated includes gender, age (specified in four categories, as earlier), whether or not there are dependent children present, payment type (five categories), location (three categories), family type (four categories), payment duration (three categories) and country of birth (three categories).

In addition, five other variables were included in the basic model in an attempt to capture the role of attitudes and barriers to participation, respectively. The first variable reflects whether respondents had experienced a major change in their circumstances in the last year. It was included to test whether the incidence of these changes disrupts participation patterns. The second variable was defined by the response to a CPS question related to whether respondents expected to be in paid work in one year's time. Those who responded positively were assumed to have an optimistic assessment of their prospects and were hypothesised as being more likely to be participating currently. The third and fourth variables reflect whether or not respondents were experiencing each of the two conditions that earlier analysis suggests act as a barrier to participation—that is, whether people are participating in caring for their own children or an adult family member, and whether they are experiencing a medical condition requiring on-going treatment. The fifth variable reflects whether the youngest child is aged 3 or under, as earlier results have shown this to be significantly related to participation activity. With regard to the inclusion of these three latter variables, the hypotheses under examination are whether these potential barriers are inversely related to participation after the effects of other factors have been controlled for in the regression model.

It is important to emphasise that while the regression model can help to identify the independent effects of different factors on participation, the issue of causality remains problematic. In particular, some of the variables that are treated as statistically independent in the analysis might be regarded as endogenous. This is likely to be a particularly acute problem in relation to the role of the 'attitudinal' variables in deciding whether or not to participate. Are negative attitudes to participation a cause of low participation, or do those who fail to participate end up with negative attitudes? The approach adopted here cannot resolve these kinds of issues and the results should be interpreted with this caveat in mind.⁵²

For each type of participation, the regression model was run initially with all of the above variables included. Successive estimates were then derived using backward elimination—excluding those variables that were not statistically significant—until the model was left with only those variables defined above that were **jointly** significant. Thus, for example, the hypothesis that the four age variables were jointly statistically different from zero was rejected, even though this does not require that each individual age variable is significant. The group variables are defined in the first column of Table 31, which also indicates which groups of variables remained in the preferred model and the level of statistical significance attached to them (as a group). The full results with individual parameter estimates and their associated level of statistical significance are presented in Appendix B.

The results show that there are significant gender differences in several forms of participation, with women more likely than men to participate in paid work, voluntary work and child care but with men more likely to participate in self-employment and job search. Age exerts a significant influence on all forms of participation, although the precise nature of the effect of age on participation varies (as can be seen from the detailed results presented in Appendix B). Relative to the youngest (under 25) age group, those in the oldest (50+) group are less likely to participate in study, job search and child care but more likely to participate in self-employment, voluntary work and adult care.

The main feature of the results by payment type is that those on Newstart Allowance are more likely to participate in paid work, job search and self-employment, but less likely to participate in caring (for children or adults). Payment duration has significant effects on the participation rate in study, caring activity and volunteer work, although the areas where those on payment for long periods (more than three years) significantly reduce participation are study and adult care. The opposite is the case in relation to participation in voluntary work and child care. There is no evidence that payment duration has an impact on participation in either paid work, self-employment or job search, confirming the pattern of results presented earlier.

The next three variables—location, family type and country of birth—each appear as significant determinants of several forms of participation. The main finding in relation to location is that those in rural areas are less likely to participate in job search than those living in urban areas (the reference category)—possibly reflecting the relatively poor labour market prospects in many rural areas. Self-employment and voluntary work are both popular forms of participation among married couple families with children, particularly compared to single people. The opposite is the case for patterns of participation in paid work, study and adult care. People born outside Australia are less likely than the Australian-born to participate in paid work and more likely to participate in study and adult care. Within the overseas born group, those from non-English speaking countries are more likely to participate in job search, study and adult care, but less likely to participate in paid work and volunteer work.

The last five variables listed in Table 31 are designed to test the impact of life events, attitudes and barriers to patterns of participation among FaCS customers. The evidence that major life events affect participation is weak and restricted to social participation specifically caring, when it is likely that the event that led to the need to provide care is the change being referred to. Those

who expect to be in paid work in one year's time are more likely to participate in paid work currently (though there are issues of cause and effect to unravel here)⁵³ as well as to participate in study and job search (when the expectation is probably affecting current activity).

Table 31: Summary of logistic regression results by participation activity

Independent variables	PARTICIPATION ACTIVITY						
	Paid work	Self-employment	Study	Job search	Voluntary work	Child care	Adult care
Gender	***	***		***	*	***	
Age		*	***	***	***	*	***
Presence of children	**				***	***	***
Payment type	***	***	*	***		***	***
Location				*		**	
Family type	***	***	***		**	*	***
Payment duration			**		***	**	**
Country of birth	***		***	*	**		**
Changes in last year?						**	**
In paid work in one year's time?	***		*	***			
Permanent medical condition?	***	**	*	***	***		*
Caring barriers?					**	***	***
Youngest child aged 3 or under?	***				*	*	

Note: The number of asterisks indicates whether each group of variables is statistically significant at the 10 per cent *, 5 per cent ** or 1 per cent *** level of significance. A blank entry indicates that the group of variables is not statistically significant. Further details of the regression estimates are presented in Appendix B.

In relation to the three variables highlighted in the earlier results that reflect the impact of barriers to participation, the results in Table 31 again provide less support for the impact of caring barriers on participation than of the presence of an on-going medical condition. Those who face barriers relating to their responsibilities to care for their own young children or an adult are less likely to participate in voluntary work, but not in any of the four areas of economic participation. In contrast, those experiencing a permanent medical condition are less likely to participate in all forms of economic and social participation except child care, and it seems clear from these results that health status is an obstacle to participation in these key areas of activity. This confirms the impression conveyed by the descriptive results in Tables 6 and 24. Finally, there is again evidence that having young children (aged 3 or under) has a negative impact on participation in paid work (when the size of the effect is substantial—see Appendix B and in volunteer work as well (not surprisingly) in child care.

11 Conclusions

Participation has become an important goal of Australia's welfare system, which is increasingly seen as having to combat social exclusion as well as provide income adequacy and security. Yet relatively little is currently known about the determinants of participation, although there is a rapidly growing literature on the topic. More needs to be known about what motivates those on welfare to engage in various forms of participation and what role, if any, the provisions of welfare receipt can affect the decision to participate.

The data generated by the 1998 *Customer Participation Survey* provide useful information on the extent of economic and social participation by FaCS customers as well as allowing the nature of the differences in participation to be examined and related to other factors. The survey does not (by definition) include those who had successfully managed to exit the welfare system with the assistance of various forms of participation. However, to understand the factors that make participation more likely, it is still possible to explore how participation patterns vary across different groups of customers. Some of these variables will not be easily changed by policy intervention although the patterns may assist in identifying how intervention is likely to have an impact. One finding that emerges clearly from this analysis, for example, is that most forms of participation are related to age, tending to fall off for those aged 50 and over, which suggests that policy interventions should be age-related and possibly targeted to younger age groups.

Overall, the most significant finding that emerges from the study is that the degree of participation among customers is high. Economic participation rates vary from 5 per cent in the case of self-employment, 11 per cent in the case of study, 21 per cent in the case of paid work and almost 40 per cent in the case of job search. Average hours devoted to these activities over the survey fortnight range from 12 (job search) to almost 28 (paid work), 31 (self-employment) and 33 (study). Those surveyed also contribute considerable portions of their time to social participation, including caring for children and adults and undertaking volunteer work. Close to one-fifth report participating in volunteer work over the fortnight—well above what the available data suggest is the corresponding figure for the population as a whole. Thus, there is no evidence from the CPS data that those receiving welfare payments are idle; on the contrary, many of them appear to be remarkably active.

The survey data are less able to provide any clear insights into the role of attitudes to participation, the impact of potential barriers and views about the adequacy of government assistance that encourages participation. It is clear that caring responsibilities (particularly caring for young children and for adults with a disability) limit the extent to which those affected can participate in other activities. However, those with older children tend to participate economically at above-average rates, suggesting that caring for one's own children is only a barrier to other forms of participation for a few years while the children are very young. The other barrier to participation that appears to have a strong impact is the existence of a permanent medical condition that requires on-going treatment. Although the presence of this condition is defined on the basis of self-reporting, those who do report it tend to have lower rates of participation across the board. If this group is to be encouraged to increase participation, it will involve addressing the barriers that are linked to their medical impairments.

The composite indices of economic and social participation discussed in Section 9 are based on earlier research by ACNielsen and the SPRC's Michael Bittman, commissioned by the department. These indices have the advantage of summarising the different dimensions of participation in a single index that is scaled to fall between zero (when no participation whatever is undertaken) and 1000 (when the equivalent of 35 hours a week are devoted to paid work – this being assumed to be the desired outcome of all forms of economic participation). The index scores (shown in Tables 27 and 28) provide a basis for assessing how close the actual participation of FaCS customers compares with that of someone who is in the paid workforce. On this basis, the results indicate that the average extent of economic participation among Newstart Allowance recipients was equivalent to 8.2 hours a week of paid work.

The two composite indices of participation can be used in this way to examine how the actual degree participation compares with policy goals and thus to explore what can be done to bring the two together. One contribution of the survey data reported here is in highlighting what further analysis and research of this type can be most fruitfully pursued in ways that provide greater insight into what motivates those on the welfare system, how the system itself can best work with them, and what factors are likely to encourage greater participation among FaCS customers.

Endnotes

- 1 The CPS data do not permit a thorough examination of all of these issues because the number of cases involved is often too small. For example, there are only 35 cases where people were undertaking volunteer work to gain work experience.
- 2 There has been some debate recently about whether undertaking a voluntary activity because of government obligation can be classed as 'volunteering' (see Flick, Bittman & Doyle 2000).
- 3 It is debatable whether or not the involvement of FaCS in the initial contact of potential participants in the survey affected the willingness to take part in a positive or negative direction, or not at all. The response rate is not markedly different from that obtained in an SPRC survey conducted at around the same time (see Eardley et al. 2000), which suggests that FaCS' involvement had no effect on the response rate.
- 4 Although there was only a relatively small number of cases (208) where payment was no longer being received, they could have provided useful information relating to the transition off payment.
- 5 It should be noted that any such results would have been based on the re-call of respondents and might thus be regarded as unreliable or inaccurate. Their inclusion would also have necessitated a separate survey instrument designed specifically to meet the circumstances of this group.
- 6 It is important to note that any such bias will not necessarily be removed (or reduced) when the data are weighted on the basis of the observable characteristics of those still in the income support system. It is possible that the weighting process could have exacerbated this aspect of the response bias, though it is impossible to determine whether this has been the case.
- 7 The initial report on the survey provided by Roy Morgan Research (1999, p. 6) indicates that there were some differences between the payment type reported by survey participants and the information contained on administrative records. For this reason, the reported information on payment type was replaced by that derived from FaCS records. In general terms, the data on patterns of participation are taken from the CPS survey, while the characteristics of respondents are taken from FaCS records.
- 8 There is an issue about the CPS data relating to the presence of children and their circumstances. In terms of the participants' own reporting, a total of 661 reported that they were living with children (see Roy Morgan Research 1999, Figure 2) although departmental administrative records indicate that the number is far smaller, at only 516. In describing the results from the survey, the department has acknowledged that 'a number of respondents reported living with one or more dependent children although their administrative records said that they had none' (PB1, p. 7). It also noted that 'There is some doubt about whether the administrative data accurately capture the presence of dependent children in all cases' (PB1, p. 6). Advice provided by FaCS indicates that it is more likely that children are recorded against the mother's record than against the father's. One possible explanation for these differences may be that respondents were living with others who had dependent children, although it is not possible to verify this. For the purposes of this report (following advice received from the department) the latter figures have been used.
- 9 Location was one of the dimensions on which the original stratification of the sample was based (the others were payment type, age and gender; PB1, pp. 2–3), but the estimates in Table 2 are weighted to reflect the entire population represented by the sample.
- 10 The data on payment duration were obtained from FaCS administrative records.
- 11 Because Table 3 refers to episodes of participation, those individuals who engaged in more than one type of participation in the survey fortnight will appear more than once.
- 12 The high incidence of medical conditions and health-related activity is another indication of sample bias, though this is difficult to ascertain with any degree of certainty.
- 13 It is also true that the experience gained as a caregiver and/or homemaker may be regarded as serving as a preparation for certain types of paid work (for example, in sections of the services industry).

- 14 Many of those who are caring for their own younger children (particularly sole parents) do interact with various other people, including home helpers and through their involvement in mothers and toddlers groups, and so on.
- 15 This latter finding may reflect the more active involvement of women in paid work and all three forms of social participation, leaving them with less time available for (and possibly less need for) job search. In general, female income support recipients are also less likely to be required to look for work under the activity test.
- 16 It is also possible that where customers are in poor health, this reflects the participation expectations made of them by Centrelink when implementing the activity test requirements.
- 17 This finding is consistent with other research examining the demoralising effect of unemployment —see Saunders and Taylor (2002).
- 18 Questions about past levels of participation were not asked of those currently participating in job search or study and these categories are thus excluded from this part of the analysis.
- 19 This limitation of the nature of the data used to construct participation trajectories and sequences is reinforced by the fact that the data do not include successful transitions off the income support system, further undermining the reliability of the analysis presented in this and the following section.
- 20 Strictly speaking, since the CPS questions relating to changes in paid work ask only how current levels compare with those a year ago, it is possible that the period in between could have been characterised by continual movements in and out of work rather than a constant involvement in paid work, though at differing levels.
- 21 In order to maximise the sample size, trajectories have also been developed for those who responded to only two of the three observation years. This increases the numbers in the ‘rising’, ‘falling’ and ‘stable’ participation trajectory categories. The numbers whose patterns of past, present and expected future participation in paid work fall into each of the four trajectories is shown in the top line of Table 10, which also summarises the characteristics of each trajectory group. Of the 334 cases where a trajectory could be identified, almost half (48.4 per cent) had a rising trajectory while almost a further quarter (22.3 per cent) had a stable trajectory. Of the remainder, only 8.3 per cent had a falling trajectory while 21 per cent had a mixed pattern that had either fallen but was expected to rise, or vice versa. In terms of overall patterns, statistical tests indicate that the trajectory differences shown in Table 10 are significantly related to age, family status and payment duration.
- 22 Many of the estimates shown in Table 10 are based on small samples and are thus subject to considerable sampling error and should be treated with caution. For example, the high percentage of rising trajectories among those with five or more children represents very few actual cases.
- 23 There are very few cases where this has occurred, making any definitive conclusions impossible to derive.
- 24 When the changes in hours of paid work are cross-classified with payment duration, there is a tendency for those reporting increased hours over the last year to fall with payment duration and for the percentages reporting the same hours to increase, with the percentage reporting fewer hours first rising and then falling back to its original value.
- 25 The information collected in the CPS on hours of participation is only exact in the case of paid work. In the case of the other activities, hours have been recorded in ranges and the mean values presented in this report are based on setting each value equal to the mid-point of the range into which it fits.
- 26 The actual question asked was: ‘Would you say that the total number of hours you work each fortnight varies a lot, or do they stay about the same?’
- 27 It is possible that the reported data on paid work duration may, for some customers, cover periods in paid work prior to them becoming a FaCS customer, although there are unlikely to be many such cases.
- 28 For these groups, there is thus some confirmation of the ‘part-time earnings persistence’ phenomena identified by Flatau and Dockery (2001) and discussed earlier (in Section 3).

- 29 There is also the possibility that some Newstart Allowance recipients will, over time, move onto receipt of one of the payments for older people.
- 30 Small numbers of cases is again a problem here.
- 31 This may also in part reflect the fact that participation in volunteer work is one way of satisfying the conditions of the activity test.
- 32 The estimates in Table 20 and those below using *1997 Time Use Survey* data relate to men aged between 20 and 64 and women aged between 20 and 59 (these being the closest to the CPS age ranges that could be specified in the time use data. Receipt of a government payment includes those who report receiving either Newstart Allowance, the former Job Search Allowance, Mature Age Allowance, Disability Support Pension, the former Sole Parent Pension or any other government payment excluding the former Family Payment or child support maintenance. The time estimates do not include travel time, or work breaks but has been weighted using the ABS weights. The unit of analysis used in Table 20 is the individual. This is to avoid double counting those respondents (the vast majority) who have completed time use dairies for two successive days. However, because the ABS does not provide weights for individuals (only for diary days), the estimates in Table 20 are unweighted.
- 33 Table 20 shows the employment status and **usual** hours worked of respondents as reported in the Time Use Survey, not the actual hours worked on specific days (which are shown in Table 21).
- 34 If, for example, those FaCS customers who participate in paid work tend on average to work on only three (out of five) days during the standard working week, then a 20 per cent participation rate recorded in the CPS would show up as only around 12 per cent in the two-day Time Use Survey data.
- 35 The variables are as defined in the previous footnote, although the unit of analysis is now the diary-day rather than the individual. This implies that most individuals appear twice in the estimates in Table 21 but only once in those in Table 20.
- 36 Despite this, a small number of respondents provided more than one answer, each of which has been included separately in Table 12.
- 37 In calculating the mean hours of participation, it has been assumed that those in the top (open-ended) category participated for 90 hours over the survey fortnight.
- 38 The distributions of hours for some forms of participation are very skewed and do not satisfy the normality conditions on which conventional statistical tests are based. For this reason, a note of caution applies to the test results reported in Table 22. However, application of a more appropriate non-parametric Mann-Whitney U-test produces similar results to those shown, adding weight to their legitimacy.
- 39 No attempt has been made to explore whether the aggregate patterns shown in Figures 5 to 7, apply equally to different groups of customers. It is possible that some of the identified factors may be of greater importance to some groups than others, although small sample sizes are again likely to prevent such analysis from reaching any firm conclusions.
- 40 The final column of Table 26 repeats the estimates shown in the final column of Table 6 but they are included again for completeness.
- 41 It would be of interest to know what those who are not participating regard as the main barriers that explain their non-participation, but this question was not asked of this group.
- 42 An obvious extension of this research would be to assess how sensitive the composite index is to variations in the weights, although this has not been attempted.
- 43 As noted earlier, there is an obvious similarity in the thinking that underlies construction of the CIEP and CISP and that used earlier to derive the new classification of participation activities into those that are mainly job-focused and those that are primarily person-focused.
- 44 There is an issue over whether or not the weighting procedure applied in the earlier study is applicable to a population covered in the CPS—that is, to a group of FaCS customers who already have high rates of participation but have not left the income support system. We have maintained the same weights to allow our results to be compared directly with those derived from the FaCS Welfare Reform Pilots.

- 45 Allowing for the fact that people can participate in more than one activity implies that, in theory, the overall index can have a value that exceeds 1000 (though this is likely to be extremely rare in practice).
- 46 In practice, data on most forms of indirect social participation are not included in the CPS, which has implications for the range of possible CISP scores.
- 47 The Economic Participation Index estimated in the ACN Report (based on weighted data) ranged from zero to 1196.0 with a mean of 147.
- 48 To give some perspective on the estimates in Table 27, each additional hour of paid work activity will increase the CIEP by 1000/35 or 28.6 points.
- 49 The earlier results showing how economic participation differs according to the age of the youngest child should be borne in mind here.
- 50 The overall variation in the CISP is less than that for the Social Participation Index estimated in the ACN report, where the range was from zero to 2391 with a mean value of 367 (again using weighted data).
- 51 The same procedure was adopted in the ACN Report.
- 52 Another limitation of the approach is that it assumes that decisions about participation in each of the activities identified earlier are entered into independently, rather than jointly. Some of the results presented earlier suggest that customers regard the different forms of participation as substitutes, which suggest that a joint decision-making framework may be more appropriate than the binary model that is implicitly applied here. Again, this should serve as an additional caution when interpreting the results.
- 53 The question used to specify this variable asks whether people expect to have started work in one year's time, and thus implicitly assumes that they are not working currently. This will therefore induce a negative correlation between those who respond positively to the question and their current participation in paid work, undermining its role as an indicator of the positive impact of optimistic expectations about future work prospects.

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Appendix A

Methodology for constructing the composite indices of economic and social participation

A.1 Introduction

Separate composite indices (CIEP and CISP) were developed in ACNielsen research (2001) commissioned by FaCS. The aim of both composite indices is to combine and quantify the different dimensions of participation in a way that reflects their contribution to paid work and socially useful activities, respectively. Both measures also incorporate the intensity of participation activity and, in a limited way, the prospects of their success.

Both indices are hierarchical in structure and this structure is based on a model that assumes that there are logical pathways to the nominated end points (ACN 2001, Figures 1 and 2). In the case of the economic index, the logical endpoint is paid work. Within the index, empirical evidence is used to weight the various forms of participation in relation to the probability that they will result in a paid work outcome. For example, time spent in study or training is weighted more strongly than time spent in voluntary work on the grounds that the available research suggests that study is more likely to lead to paid work than unpaid voluntary work. For the social participation index, the nominated end points are those activities that are seen as appropriate substitutes for paid work. These include voluntary work, caring for other people's children and study/training for personal benefit.

In its original form the number of hours spent in target activities were measured over two months. Assuming a 35-hour week, over 8.7 weeks (two months), the total number of hours was capped at 305 hours. The weighted hours were then transformed by dividing by 305 (the maximum number of hours of paid work) and then multiplied by 1000 for the CIEP, and by either 800 (in the case of direct) or 200 (in the case of indirect) for the CISP. Because the CPS refers to participation activities over two weeks as opposed to two months on which the original formulations were based, the index components have been adjusted accordingly.

A.2 Composite Index of Economic Participation (CIEP)

The CIEP has four levels. The first is the nominated outcome activity, which in the case of economic participation, is regarded as full-time employment (or paid work). The second consists of the proximal influences, such as job search activity or study. Third comes the less proximal activities, which indicate that steps have been made towards participation in paid work, study or training. Finally, the most distant activities are those that indicate the cognitive predispositions of participants, such as subjective self-rating of the likelihood of getting a job.

The index was applied in the earlier study using data from the FaCS Welfare Reform Pilots and to some degree its construction reflected those data that were available from the pilots. Not all of these data are available in the CPS and some

of those that do not take a form that allows them to be applied in the same way. For this reason, several modifications have had to be made to the original index, although this was done in ways that are as close as possible to the original so as to allow comparisons between the two studies.

The remainder of this Appendix spells out in detail how the composite CPS-based economic and social participation indices were constructed, with reference to the underlying CPS questionnaire.

First order: Nominated activity (policy aspiration)

Given that full-time employment is seen as the best economic outcome, the index is calibrated so that 305 hours (35 hours per week for 8.7 weeks) of paid work for the two months time period is weighted by a factor of 1.0. The hours worked are then multiplied by 1000 so that the index has the necessary sensitivity to detect differences between cases.

$$\text{Paid work} = \text{hours} * 1 * (1000/305)$$

Second order: Proximal activities

Study/training and voluntary work and job search activities are given various weights as they are seen increasing the likelihood of an individual gaining paid work. Study or training that is orientated towards helping the participant gain employment is given a rating of 0.6 and voluntary work that is again for the purpose of improving chances of gaining paid work is given a rating of 0.4. Job search activities are given a rating of 0.4. This means that participants can be given a maximum score of 400 (0.4*1000).

$$\text{Training} = \text{hours} * 0.6 * (1000/305)$$

$$\text{Voluntary} = \text{hours} * 0.4 * (1000/305)$$

Third order: Concrete steps towards participation

Concrete steps are divided into three types.

1. Intensity of job search behaviour

Indexed points from hours of job search are increased by a factor, depending on the number of concrete steps. The factor for one concrete step is 0.1, for two steps 0.2 and for three or more steps 0.3. Concrete steps include applying for a job, registering with an agency, or searching through newspapers/notices, and so on.

2. Job interviews

Indexed points for hours of job search are increased by a particular factor depending on the number of interviews attended in the prescribed two-month period. If someone had attended one or two interviews, their number of hours in job search is increased by a factor of 0.1. Similarly the weighting for those attending 3 to 4 interviews was 0.15, 0.2 if they attended 5 to 7 interviews, 0.25 for 8 to 15 interviews and 0.3 for 16 or more interviews.

Thus:

$$\text{Job Search} = \text{hours} * 0.4 * (1 + (\text{no of steps (max=3)/10}) + \text{number of interviews}) * (1000/70)$$

3. Steps towards a course of study

Participants received 10 points for taking one step towards training, 20 points for two steps and 30 points for three steps.

Fourth order: Improvement in self-rated prospects

1. Job rating: 40 points were awarded if participants rated their chances of getting a job as 'very good', 30 points for 'good', 20 points for 'fair', 10 points for 'poor' and no points for 'very poor'.
2. If participants had taken steps to do a course for vocational reasons they were awarded 10 points for one step, 20 points for two steps and 30 points for three or more steps.

Changes to the economic index

In adapting the economic index for the Customer Participation Survey (CPS), there are several considerations.

Time frame

The CPS is based on a two-week period whereas the welfare reform pilot was measured over a two months. This means that the maximum number of hours for the CPS should be capped at 70 hours for the two-week period. Thus, the contribution for paid work towards the total index score would be:

$$\text{Paid work} = \text{hours} * 1 * (1000/70)$$

When hours = the actual hours in paid work (defined here to include hours spent in self-employment) as reported in the CPS.

Categorical coding of the number of hours spent in activities

For activities other than paid work the number of hours spent doing that activity is recorded on the CPS as categorical variables. For example, the number of hours spent in training/studying is coded in ranges, from 0 to 7, 8 to 14, 15 to 28, and so on. Because a continuous scale is required, **the mid-point of each recorded category was used to construct the new CIEP.**

Identifying economically-orientated activities

A third consideration is whether it is possible to use the CPS to identify which economically-orientated activities were undertaken with the explicit aim of finding paid work. For both study and volunteer work there is sufficient information on the CPS to identify whether these activities were undertaken to find a job, or for personal and/or professional reasons and the responses to the relevant questions were used to estimate hours devoted to each activity.

Identifying the Number of Steps Taken Towards Getting a Job

A similar weighting system for rewarding the number of steps taken towards getting a job (or the intensity of participation) to that proposed in the ACNielsen Report can be applied to the CPS data, which includes responses to a question about the number of contacts with prospective employers over the survey fortnight.

Number of job interviews

Unlike the Welfare Reform Pilots, which asked participants how many job interviews they had attended, those interviewed in the CPS were asked about the number of times they had contacted employers (see above). This adjustment has already been incorporated (see above) and no further amendment is possible.

Chances of getting a job

CPS participants were not asked about their perceived chances of getting a job. However, they were asked whether or not they expected to be working more or fewer hours in one year's time. This provides the basis for incorporating an estimate of their perceived chances of getting a job. The responses were used to supplement the index components for paid work and self-employment. It was not possible to apply this methodology to other forms of economic activity.

Steps towards getting training

CPS participants were not questioned about any intention to do any study/training in the future. However, the link between the motivations for undertaking study/training and future job prospects has already been incorporated.

Revised Composite Index of Economic Participation (CIEP)

The revised CIEP incorporates the above measures of economic participation after applying the same weights as proposed in the ACNielsen Report—that is, 1.0 for paid work, 0.6 for study (as identified) and 0.4 for voluntary work and job search. The other refinements described were also incorporated into the revised index.

A.3 The Composite Index of Social Participation (CISP)

Like the CIEP, the CISP is developed within a hierarchical structure. However, a distinction is also made between 'directly socially useful activities' and 'indirectly socially useful activities'. The weighted scores for activities that fall into these activities are transformed to have maximum values of 800 and 200, respectively.

Socially-useful activities:

First order: Direct social participation

These include voluntary work and training for non-vocational reasons, caring for other people's children and caring for adults who are not family members. Each type of activity was identified from responses to several questions and these were each given a weighting of 1.0.

Second order: Direct social participation

Points are given if steps are taken to do a course for personal development. Ten points are given for one step, 20 points for two steps and 30 points for three or more steps.

Third order: Direct social participation

Participants were awarded 20 points if they were involved at the local community level by communicating with their local newspaper, Member of Parliament or local council. **It is not possible to apply an adjusted version of this aspect using the CPS data.**

Indirect socially-useful activities:*First order: Indirect social participation*

These included meeting socially with friends, club membership and having support networks. **It is not possible to incorporate into the CISP using CPS data.**

Second order: Indirect social participation

This component is based upon the recorded number of steps taken to increase community involvement. For one step 10 points were awarded, 20 points for two steps and 30 points for three or more steps. A modified version of this approach was applied using the CPS data.

Time frame

As with the economic index, an adjustment to the time frame was made, reflecting the difference in the time periods covered by the Welfare Reform Pilots and CPS.

$$\text{Voluntary work} = \text{hours} * 1 * (800/70) / \text{proportion of total hours} \\ * \text{weight} * 1000$$

Categorical coding of the number of hours spent in activities

As with the derivation of the economic index, the midpoint value was taken for the variables that were coded as categorical variables.

Identifying socially-orientated activities

As already outlined, activities that are nominated for personal/social benefit are easily identified.

Caring for children

Child care in the Welfare Reform Pilots was defined as caring for other people's children, not their own. However, in the CPS participants were asked about the total number of hours spent in child care for all children, including both their own and other people's children. It is not possible to separate hours spent on child care if care was provided for both own and other children. This distinction has already been incorporated into the revised CISP (see above).

Steps towards training/study

CPS participants were not questioned about any intention to do any study/training in the future. **This is not included in the adjusted index.**

Communication with local community networks

CPS participants were not questioned about their level of involvement in local issues. **This is not included in the adjusted index.**

Indirect social participation

These activities were not covered in the CPS interviews. **They are not included in the adjusted index.**

Revised Composite Index of Social Participation (CISP)

The revised CISP only incorporates the first order of the direct social participation. Questions relating to steps taken towards training or voluntary work, community action or social activities were not included in the CPS.

Thus, the revised social participation index consists of:

Revised social participation index = Voluntary work + Caring + Training

when:

Voluntary work = hours * 1 * (800/70)

Caring = hours looking after children * 1 * (800/70)

Training = Hours * 1 * (800/70)

The revised CISP is then calculated using the methods set out above.

Appendix B

Detailed logistic regression results

Table B1: Parameter estimates: paid work

VARIABLE	ODDS RATIO	95% CONFIDENCE INTERVAL	P-VALUE
Gender			
Male			
Female	1.86	1.60 - 2.16	0.00
Dependent Children			
Yes	1.71	1.38 - 2.14	0.01
No			
Payment type	0.00		
Newstart Allowance	2.45	1.96 - 3.07	0.00
Parenting Payment (Single/Partnered)	1.45	1.07 - 1.99	0.23
Disability Support Pension	1.08	0.83 - 1.40	0.78
Carers (Wife/Carer)	0.78	0.62 - 0.99	0.30
Older (Mature Age/Partner/Widow)			
Family status			0.01
Single	1.29	1.09 - 1.53	0.13
Separated/divorced/widowed	1.36	1.13 - 1.63	0.09
Married—no children			
Married—with children	0.65	0.52 - 0.83	0.07
Country of Birth	0.00		
Australian born			
English speaking born overseas	0.71	0.57 - 0.88	0.10
Non-English speaking born overseas	0.44	0.35 - 0.55	0.00
Expect to work in one year			
Yes	0.62	0.52 - 0.74	0.01
No			
Medical condition			
Yes	0.63	0.54 - 0.73	0.00
No			
Children aged under 3			
Yes	0.40	0.32 - 0.51	0.00
No			
Constant	0.10	0.07 - 0.14	0.00

Table B2: Parameter estimates: self-employment

VARIABLE	ODDS RATIO	95% CONFIDENCE INTERVAL	P-VALUE
Gender			
Male			
Female	0.39	0.29 - 0.51	0.001
Age (years)	0.066		
18 to 24	0.23	0.12 - 0.44	0.023
25 to 39	0.64	0.49 - 0.85	0.114
40 to 49			
50 +	0.63	0.46 - 0.85	0.126
Payment type	0.002		
Newstart Allowance	3.24	1.97 - 5.34	0.018
Parenting Payment (Single/Partnered)	6.89	3.86 - 12.30	0.001
Disability Support Pension	1.24	0.68 - 2.26	0.723
Carers (Wife/Carer)	1.94	1.17 - 3.21	0.187
Older (Mature Age/Partner/Widow)			
Family status	0.000		
Single	0.21	0.14 - 0.31	0.000
Separated/divorced/widowed	0.54	0.38 - 0.78	0.092
Married—no children			
Married—with children	0.96	0.64 - 1.44	0.922
Medical condition			
Yes	0.55	0.41 - 0.73	0.038
No			
Constant	0.09	0.05 - 0.15	0.000

Table B3: Parameter estimates: job search

VARIABLE	ODDS RATIO	95% CONFIDENCE INTERVAL	P-VALUE
Gender			
Male			
Female	0.56	0.48 - 0.67	0.001
Age (years)	0.001		
18 to 24	0.94	0.73 - 1.21	0.806
25 to 39	0.82	0.67 - 1.01	0.341
40 to 49			
50 +	0.42	0.34 - 0.53	0.000
Payment type	0.000		
Newstart Allowance	13.17	10.20 - 17.02	0.000
Parenting Payment (Single/Partnered)	0.61	0.45 - 0.82	0.094
Disability Support Pension	0.60	0.44 - 0.82	0.098
Carers (Wife/Carer)	0.20	0.14 - 0.28	0.000
Older (Mature Age/Partner/Widow)			
Location	0.088		
Capitals	1.09	0.92 - 1.30	0.613
Urban			
Rural	0.74	0.62 - 0.89	0.097
Country of birth	0.063		
Australian born			
English speaking born overseas	0.71	0.56 - 0.92	0.175
Non-English speaking born overseas	1.45	1.17 - 1.82	0.091
Expect to work in one year			
Yes	4.55	3.76 - 5.49	0.000
No			
Medical condition			
Yes	0.57	0.47 - 0.68	0.002
No			
Constant	0.53	0.39 - 0.74	0.053

Table B4: Parameter estimates: study

VARIABLE	ODDS RATIO	95% CONFIDENCE INTERVAL	P-VALUE
Age (years)	0.000		
18 to 24	3.37	2.52 - 4.51	0.000
25 to 39	1.66	1.29 - 2.14	0.043
40 to 49			
50 +	0.33	0.24 - 0.47	0.001
Payment type	0.065		
Newstart Allowance	1.40	0.81 - 0.54	0.151
Parenting Payment (Single/Partnered)	2.24	1.28 - 3.93	0.048
Disability Support Pension	3.07	1.74 - 5.40	0.369
Carers (Wife/Carer)	1.64	0.95 - 2.84	0.151
Older (Mature Age/Partner/Widow)			
Family status	0.010		
Single	1.46	1.13 - 1.89	0.142
Separated/divorced/widowed	1.12	0.82 - 1.52	0.714
Married—no children			
Married—with children	0.55	0.39 - 0.79	0.093
Payment duration	0.034		
Less than one year	1.58	1.29 - 1.95	0.027
One to two years			
Three or more years	0.93	0.72 - 1.19	0.763
Country of birth	0.001		
Australian born			
English speaking born overseas	1.49	1.12 - 1.98	0.168
Non-English speaking born overseas	2.39	1.88 - 3.04	0.000
Expect to work in one year			
Yes	1.39	1.14 - 1.70	0.093
No			
Medical condition			
Yes	0.66	0.52 - 0.84	0.085
No			
Constant	0.03	0.02 - 0.06	0.000

Table B5: Parameter estimates: child care

VARIABLE	ODDS RATIO	95% CONFIDENCE INTERVAL	P-VALUE
Gender			
Male			
Female	1.81	1.53 - 2.15	0.000
Age (years)	0.000		
18 to 24	2.29	1.63 - 3.20	0.014
25 to 39	1.47	1.13 - 1.92	0.147
40 to 49			
50 +	1.39	1.12 - 1.74	0.134
Dependent children			
Yes	35.94	26.03 - 49.64	0.000
No			
Payment type	0.000		
Newstart Allowance	0.56	0.43 - 0.73	0.029
Parenting Payment (Single/Partnered)	0.65	0.43 - 0.98	0.298
Disability Support Pension	0.49	0.38 - 0.64	0.008
Carers (Wife/Carer)	0.24	0.19 - 0.31	0.000
Older (Mature Age/Partner/Widow)			
Location	0.037		
Capitals	0.93	0.78 - 1.11	0.684
Urban			
Rural	0.65	0.54 - 0.77	0.015
Family status	0.097		
Single	0.57	0.45 - 0.72	0.018
Separated/divorced/widowed	0.81	0.66 - 0.99	0.288
Married—no children			
Married—with children	0.62	0.43 - 0.89	0.190
Payment duration	0.026		
Less than one year	0.71	0.60 - 0.86	0.063
One or two years			
Three or more years	1.23	1.01 - 1.50	0.291
Major change in last 12 months			
Yes	1.38	1.18 - 1.61	0.040
No			
Children aged under 3			
Yes	2.39	1.49 - 3.84	0.067
No			
Caring barriers			
Yes	4.35	3.63 - 5.21	0.000
No			
Constant	13.83	7.52 - 25.42	0.000

Table B6: Parameter estimates: adult care

VARIABLE	ODDS RATIO	95% CONFIDENCE INTERVAL	P-VALUE
Age (years)	0.000		
18 to 24	0.20	0.12 - 0.35	0.003
25 to 39	0.36	0.27 - 0.48	0.000
40 to 49			
50 +	1.03	0.74 - 1.44	0.918
Dependent children			
Yes	0.04	0.02 - 0.05	0.000
No			
Payment type	0.008		
Newstart Allowance	0.20	0.13 - 0.32	0.001
Parenting Payment (Single/Partnered)	0.13	0.08 - 0.21	0.000
Disability Support Pension	0.39	0.25 - 0.62	0.040
Carers (Wife/Carer)	8.66	5.80 - 12.93	0.000
Older (Mature Age/Partner/Widow)			
Family status	0.002		
Single	3.38	2.37 - 4.82	0.001
Separated/divorced/widowed	1.58	1.14 - 2.18	0.160
Married— no children			
Married—with children	1.83	1.30 - 2.58	0.077
Payment duration	0.008		
Less than one year	0.71	0.54 - 0.92	0.192
One or two years			
Three or more years	0.45	0.34 - 0.60	0.005
Country of birth	0.039		
Australian born			
English speaking born overseas	1.24	0.89 - 1.72	0.525
Non-English speaking born overseas	2.09	1.56 - 2.79	0.011
Major change in last 12 months			
Yes	1.72	1.37 - 2.16	0.017
No			
Caring barriers			
Yes	574.60	396.41-832.89	0.000
No			
Constant	0.00	0.00 - 0.00	0.000

Table B7: Parameter estimates: voluntary work

VARIABLE	ODDS RATIO	95% CONFIDENCE INTERVAL	P-VALUE
Gender			
Male			
Female	1.27	1.12 - 1.44	0.062
Age (years)	0.002		
18 to 24	0.70	0.53 - 0.92	0.186
25 to 39	1.02	0.85 - 1.22	0.926
40 to 49			
50 +	1.67	1.40 - 1.99	0.004
Dependent children			
No			
Yes	1.79	1.44 - 2.21	0.007
Family status	0.052		
Single	0.88	0.73 - 1.05	0.478
Separated/divorced/widowed	0.88	0.74 - 1.04	0.449
Married—no children			
Married—with children	1.52	1.22 - 1.90	0.057
Payment duration	0.008		
Less than one year	0.72	0.62 - 0.83	0.018
One or two years			
Three or more years	1.11	0.96 - 1.28	0.486
Country of birth	0.036		
Australian born			
English speaking born overseas	1.15	0.96 - 1.38	0.429
Non-English speaking born overseas	0.65	0.54 - 0.78	0.020
Medical condition			
Yes	0.65	0.570.740.001	
No			
Children aged under 3			
Yes	0.68	0.55 - 0.85	0.076
No			
Caring barriers			
Yes	0.71	0.60 - 0.83	0.027
No			
Constant	0.30	0.22 - 0.42	0.000