

Can this be the Promised Land?  
Work and Welfare for the Modern Woman

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Notes to accompany the National Institutes Public Lecture  
Parliament House, Canberra 5 June 2002

## *I Introduction*

It must be a widespread belief that the modern woman faces better economic choices over her lifetime than her counterpart thirty to forty years ago. There is a rising proportion of women with university degrees, there is an increasing but small number of women in board rooms and there appears to be a raft of successful women lawyers, at least in the US and according to the different television series I watch every night. But is the future so bright? What has been happening to the economic well-being and economic independence of women? To address these questions I begin in 1969, partly because that was the year I arrived at Australia's National University and partly because the following six years saw extraordinary changes in public policy directed towards women.

One important change in this remarkable period, was the two equal pay decisions, in 1969 and 1972. Within a short period of six years, they led to a 30 per cent increase in women's pay, relative to men, and enhanced the capacity of women to achieve economic independence through increased labour market involvement. Another important change was the 1975 Family Law Act that enabled women to escape more easily from difficult marriages. A third change, introduced in 1973, was the Supporting Mothers Benefit that enabled mothers and their dependent children to make ends meet without a full-time bread winner in the house.

These policy changes did not occur in isolation of other broad social trends which were widening the choices that women could make. Throughout this period there were changing views of women's role in society and the economy. In addition, there was an increased ability of women to control their fertility. The preconditions for much better economic choices were laid.

In retrospect, and relative to the policy changes directed towards women that have occurred since, it is surprising how large and how concentrated these changes were within a few years. In terms of policy very little has happened since this remarkable period. So how have women used this wider choice set? Have they arrived at the promised land?

These are very big questions, which are quite right and proper for today's forum, but obviously the focus must be narrowed. So I address three main themes, the increasing

education achievements of women, the changing nature of women's full-time labour market involvement and the changing use of full-time income support from the welfare state. I conjecture on some of the puzzles and offer policy comments.

The arguments and data presentation might become a little complicated so it might help to provide a broad sketch of the general approach. Any analysis of the changing economic circumstances of women should be dealt with in a general framework because changes in one part of the economy have implications for another. For example, if there are shortages of well paid full-time employment opportunities in the labour market we would expect potential female workers to adjust their economic behavior and there is considerable evidence of the flexibility of women in this regard. If there are shortages of full-time jobs young women might choose to become more educated, women might choose to work part-time or choose to accept welfare support. To think seriously about social policy it is important to develop the links between different activities of women and this is why I begin with an analysis of what is happening to full-time employment of women and end with an analysis of the growing number of women on welfare support.

Linking these two groups together – those in the full-time labour market and those on welfare support - is important. Although many women are employed in the labour market part-time, part-time employment is usually undertaken by women who are receiving a full-time level of income support from another source, be it full-time employment of a partner or full-time income from welfare.

What is happening to women in the labour market and their access to welfare is also not independent of what is happening to men. But it is just not possible to cover this territory in the time available. However, a very restricted range of comments will be added at the end of the address.

## ***II Womens Employment in the Full-Time Labour Market***

### *The large increase in educational attainment*

Education levels play an important part in the labour market. More education is associated with higher pay and higher rates of labour market participation. The increase in women's education over the last three decades is spectacular and there cannot be too

many disappointments with regard to these outcomes. Figure 1 plots the apparent retention rates to year twelve for males and females since 1971. The retention rate for women has increased from 28 to 80 per cent and been above that for males in each year since the mid 1970s. Similar changes have occurred in attendance at higher education institutions where the enrolment of women has exceeded that of men since 1977.

It is noticeable, however, that although women have improved their education position the large changes in school attendance occurred in the 1980s and not the 1970s. It is also noticeable that the education changes over the same period were also large for men. These two factors suggest that women have been influenced most by factors that have also impacted on young men rather than by female specific factors.

The school retention data of Figure 1 refer to the education achievement of young women. What has been happening to the education level of women as a group? To answer this question we turn to Table 1 which lists estimates taken from the 1981 and 1996 Census of the average number of years spent in the education system. In aggregate terms, the education level of women has increased by about one and a half years, which is a very large increase indeed. The increase is evident in all age groups, even among those over 45 years. The proportion of women 15-59 years with degrees has increased from 3 to 12 per cent. The proportion of women with no qualifications who left school at 15 years or younger has fallen from 39 to 22 per cent.

There are many reasons why women might be choosing more education relative to men. Perhaps full-time job prospects are particularly difficult and staying on in an education institution is an alternative to labour market employment. It is well known that very few women under twenty years of age are able to find a full-time job. Another reason for increased schooling perhaps is that young women like the education process and now have more of an opportunity to participate in this activity.

Of course, more education also provides the opportunity for better paid jobs, prepares the way for lifetime labour market careers and widens economic choices. So more education might have occurred because women were undertaking an investment for a better rewarded labour market future.

So with more education, and a wider set of choices created by the changes in the early 1970s, what has been happening to the labour market employment of the modern woman?

*Education and full-time employment outcomes; the first great puzzle*

As education levels have increased so has the aggregate labour market involvement of women. Between 1966 and 2001 the employed proportion of women increased from 35.3 to 51.5 per cent and continues to increase, although there has been some slowing during the 1990s. The aggregate employment data seems to suggest good labour market outcomes for women which in turn suggests growing levels of economic independence. A large proportion of this increase in labour market activity is in part-time employment which adds to the ability of women to combine other activities with labour market involvement and clearly represents an improvement in choices available to many women. But for most of today's talk I want to place part-time employment aside and return to offer a few comments at the end.

Now here is the first surprise. Despite the rapid increase in education levels, despite large changes in social attitudes towards married women working in the labour market, despite large increases in labour market rewards and despite increased labour market involvement, the proportion of women 15 to 59 years employed full-time is much the same today as it was thirty-five years ago (Figure 2). On average, the spectacular change in women's education has *not* been associated with a significant increase in full-time jobs.

Over the past thirty-five years women in aggregate have not been using more full-time labour market activity to achieve more economic independence. The overwhelming strategy has been to use part-time employment to add to the principal source of income which is delivered to women from a source outside their own full-time involvement in the labour market.

The lack of full-time employment growth must have been completely unforeseen in the early 1970s and must come as a surprise to those who do not know the data<sup>1</sup>. I

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<sup>1</sup> When there is rapid change across different age groups the analysis of cross-section data can be misleading in deriving estimates of life-time work involvement. It is better to follow cohorts though time but that requires a long historical series of full-time work. Following the cohorts that are possible since 1966 indicates, however, that the major elements of the story are unaffected by a cohort analysis.

guess most would have thought, like me, that the large changes that have occurred among women's attitudes towards labour market involvement would have led to an increase in the full-time employment-population ratio. But if full-time employment has not increased what underlies the decisions of young women which led to such large increases in education?

The failure of full-time employment to increase over the last 35 years suggests that investing in more education in anticipation of being employed for more full-time years was either *not* the intention of young women or, as yet, higher levels of education have *not* been a good investment. Are women achieving the full-time employment-population ratios they desire? Or can it be said when women were making education-investment decisions they misjudged their future full-time employment outcomes and the economy failed to meet their expectations and produced insufficient full-time jobs? These are very important questions that go to the heart of economic and social policy directed towards women.

So how might we choose between these conjectures to explain the thirty-five year stability of the full-time employment population ratio? Some insights into the links between increases in education and lack of full-time job growth can be developed by a simple analysis of stocks and flows in the labour market.

There is a mathematical link between the number of women employed full-time (the stock) and two flows, the number of woman who begin a full-time employment spell and the length of time those who begin a spell stay employed. To illustrate this link consider a simplified model of the labour market in two adjacent years. A 30 per cent full-time employment-population ratio could be achieved in each year by the same 30 per cent of women being employed in each year. Alternatively, 30 per cent of women could begin a one year full-time employment spell for the first year and a different 30 per cent of women could begin a one year full-time employment spell for the second; 60 per cent of women are employed full-time for one year each. This simple example illustrates the trade-off between the number of women beginning a spell of full-time employment and the length of time employed full-time when the number of full-time jobs is fixed.

In terms of the actual data, the observed full-time employment ratio varies marginally around 35 per cent. This ratio which has prevailed for thirty-five years could

indicate therefore that (i) the proportion of women who choose to be employed full-time, at some time over their life, and (ii) the number of years they choose to work full-time has not changed since the mid 1960s. If this were true it would suggest that the full-time employment choices of women have not been responsive to the large increases in the economic rewards, as delivered by the equal pay decisions, or in response to the large increases in their education levels.<sup>2</sup>

Alternatively, the thirty-five year constancy of the full-time employment population ratio could be explained by offsetting changes in the number of women who begin a full-time employment spell, and the length of time they work full-time. On average more women may be working full-time over their life time but for a shorter period, or fewer women may be working full-time over their life time but for a longer period. If the average length of full-time employment has increased, as I suspect, then the number of women accessing full-time employment must have fallen<sup>3</sup>.

So, is it likely, over the last thirty-five years, that there has been *no* change on average among women in their attitudes towards working full-time and *no* change on average in the *length of time* individual women plan to work full-time. When increasing their educational investment was there no intention among women, on average, to use this education investment as part of a strategy to achieve more full-time employment over the life course?

Before beginning this research some years ago I believed, on the basis of no macro evidence that over the last thirty-five years there had been an increase in the proportion of women who worked full-time and, on average, that women were employed full-time for a longer period of years. But, if these beliefs were true, the full-time employment-population ratio would have significantly increased on both counts. But, as the ratio is constant more women cannot be employed full-time for a longer period over the life course without an offsetting group of women working less full-time. If a substantial proportion of women are choosing to stay longer in the full-time labour

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2 It is important to realize that this argument has nothing to do with women replacing men in full-time jobs. The argument follows from the fact that the proportion of women employed full-time has not changed.

3 The analysis could be more sophisticated and move from averages to take account of the change in the distribution of time spent in the full-time labour market across all women. The data requirements for this analysis, however, are too onerous.

market, then a substantial number of women must also be choosing, or being forced, to stay less.

So what do we know about the average time that a woman spends in full-time employment over her life time? Unfortunately our national data collections have not kept pace with changes in society and the economy and they do not provide an answer to questions about the length of time women are employed. We do not have good measures as to how full-time work is being shared among women. So all we can do is look at indirect evidence and guess.

For individuals more education increases the probability of full-time employment (Table 2). Women with a degree have a full-time employment-population ratio that is about two times larger than women who left school at 15 years of age and subsequently have not obtained a qualification. But this strong link between education and full-time employment, at the individual level, has not led to any noticeable increase in aggregate full-time employment as women have become better educated. Why not? Can the constant full-time employment-population ratio be explained by better educated women crowding out the less educated?

The answer seems to be that education crowding out is fairly small. At the time of the 1996 Census the probability of a woman with a degree being employed full-time is much the same as at the time of the 1981 Census, 52.6 per cent compared to 50.8 per cent respectively. The probability of full-time employment for those women who left school at 15 years, and did not subsequently obtain a qualification has fallen, but the decline is also marginal, 28.7 to 26.1 per cent. The data suggest that education is not playing an aggregate role of any significance in adding to the stock of full-time jobs for women or changing the allocation as to which women are employed full-time.

Given that there is no noticeable aggregate relationship between additional education and additional full-time employment it is rather surprising that there has been such a large increase in female education. It looks as though, in aggregate, that increased education is not strongly related to increases in full-time employment plans.

I had expected that the same factors that were leading to higher levels of education would have led to a strong bias in full-time employment towards women with higher levels of education. I had expected therefore either an increase in the proportion of

women in full-time employment as women in aggregate become better educated or strong evidence of more educated women crowding the less educated women out of the full-time labour market. Neither outcome is noticeable. It appears, very surprisingly, as though the average level of education of women and the aggregate full-time employment-population ratio are independent of each other.

### *Full-time employment and marriage*

Has there been a significant change in the relationship between marriage and full time employment that can explain the stability of the full time employment population ratio. Everyday we read in the papers that marriage rates have fallen and women are having fewer children. Looking forward from the 1970s these outcomes were widely expected in response to the policy changes. The introduction of the Supporting Mothers Benefit and the Family Law Act was expected to contribute to these changes. But it was usually argued that lower marriage rates and less children would be in response to increased full-time labour market involvement. The higher earnings from full-time employment that flowed from the Equal Pay decisions, and more education for women, would, at the margin, contribute to replacing the husband, or at least reduce the number of years spent in marriage. Increased involvement in a career would reduce the time for children and contribute to the declining birth rate.

But here is another surprise. The aggregate data are inconsistent with this substitution story. Full-time employment has increased among married women. The full-time employment rate among single women has fallen quite dramatically since the early seventies. In aggregate, the decision to work full-time and to be single are not obviously related (Figure 3). The proportion of single women is increasing but their full-time employment-population ratio fell throughout the period until the early 1990s.<sup>4</sup> So, among women in aggregate, all the increased incidence of full-time employment has been among married women (Figure 4). Women have not used full-time labour market employment to turn away from marriage. There appears to be no crowding out in the labor market for full-time jobs by better educated single women. Married women,

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<sup>4</sup> We also include the full-time employment population ratio for those over 25 years to remove any effect of full-time involvement in education and the same pattern is evident.

including those with children have increased their full-time employment-population ratio most.

#### *Full-time employment and career ladders*

Another reason why I believed that more women might be staying longer in the full-time labour market is that there are obviously many more women in senior full-time positions in government and private enterprise. To reach senior positions takes time, commitment and investment in a career.

Figure 5, which plots the full-time employment-population ratio for various age groups, indicates that young women are working less and older women are working more. The full-time employment-population ratio for women 15-19 years is now 35 per cent of its 1976 level and that for the 20-24 year age group has fallen to 86 per cent. For the older age groups full-time employment-population ratios have increased and in some age groups the change is almost 50 per cent.

The same amount of full-time work is being allocated differently across the life-course. Some of this reallocation towards older age groups is to be expected. If young women spend more time acquiring education there is less time for full-time labour market employment when young. But if the purpose of additional education is to deliver an economic return from more full-time work we would expect to see a net increase in the number of years spent in a full-time job, but we do not.

#### *Pay for women full-time workers*

Although women's full-time labour market involvement has not increased significantly since the equal pay decisions, or in response to higher levels of education, what has been happening to the rewards from full-time employment? The rewards from full-time employment continued to increase, at the aggregate level, until the beginning of the 1990s (Figure 6).

It is interesting to note that pay increases are concentrated among the older age groups, the very groups that are achieving higher levels of full-time employment (Figure 7). The real level of average weekly earnings for the young who are employed full-time, are similar to the levels prevailing twenty-five years ago. Of course for the 15-19 year old

group there have been large compositional changes but the changes for those 20-24 are not very large. The Australian labour market is quite clearly rewarding older female workers who are increasingly employed full-time.

The increased returns to older workers is not unique to women. Men too have shared in this phenomena. But the increase rates of pay for older women do suggest that perhaps they have been acquiring greater labour market experience and, as a result, their pay levels have increased so that the average older woman is now judged by the labour market to be more productive than younger better educated women in the 20 to 24 age group.

The earnings data show that women's full-time earnings are increasing relative to men and at all levels of the earning distribution. This suggests that women who work full-time have probably become more career conscious and are likely to be staying longer in the labour market. Furthermore, the rewards for staying in the labour market longer are quite clearly increasing. When this fact is placed against the constant full-time employment-population ratio I am inclined to believe that more women are being crowded out of the full-time labour market. So the question becomes who are they? One group we have already mentioned, the young and those who are staying on in education institutions. But there is another substantial group to which we now direct our attention.

### ***III Women and Full-time Income Support from the Welfare State***

It is clear that women as a group have not increased their access to full time employment over the last 20 years. What has happened to access to welfare support? Figure 8 shows the proportion of women who receive "full-time" income support from a welfare program<sup>5</sup>. The data are truly remarkable. Since 1966 the welfare ratio among women increased from 5 to 20 percentage points. Today one woman in five is receiving full-time income support from the government. The full-time employment ratio has increased 2 percentage points.

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<sup>5</sup> The welfare recipients are mainly receiving New Start Allowances, Parenting Payments Single and Partnered and Disability pensions. Some of these women receive additional income from part-time employment, others receive small amounts of child support from the father of their children and others

Women who are accessing welfare in age groups (Figure 9). When women are young they are concentrated in New Start. Then, in the child bearing years, they are accessing Parenting Payment Single and Parenting Payment Partnered. Then in the older age groups they are primarily accessing Partner and Carer Payments.

Figure 10 presents the growth of welfare disaggregated by age groups. The data clearly indicate the widespread nature of the increase in welfare across all age groups.

Table 3 presents the data for each of the last three decades. It is only during the 1980s that full-time employment growth exceeded the growth of welfare support women.

We can ask of the large increase in welfare receipt the equivalent question that was posed with respect to full-time employment. How is welfare support being shared among women?

The importance of the question can be illustrated by a simple hypothetical example. Assume that the current situation as presented in Figure 8 did not to change, so that 20 per cent of women accessed welfare support, and welfare support is spread evenly among all women. Then each woman would spend nine of her 45 years between 15-59 years of age on welfare. This is a long time for every woman. Note, however, that if half the women in Australia never access welfare for full-time income support then those women who do will spend an average of 18 years on welfare. A very long time indeed. If 60 per cent of women never access welfare then those who do will spend an average time on welfare of 22.5 years. These are amazing numbers.

The change in the welfare–support ratio and the likely changes in the length of time spent on welfare, are spectacular and make the first half of today’s talk about full-time employment seem somewhat trivial. There is so little change in the incidence of full-time employment but such a large change in welfare support. So what do we know about welfare sharing? Here the data have recently improved and we can learn quite a lot. The Department of Family and Community Services has made its administrative payment data available, under very strict confidentiality rules, to a group of consultants with a pre agreed research agenda. These data provide, from 1995, information on a random sample of unidentified women who begin a welfare income support spell in each fortnight.

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share welfare support with their partners. But almost all these women receive the maximum rate of pension or allowance.

These data can be used to follow these unidentified women throughout the welfare system to document how long they stay on different welfare programs. Until we began this recent research very little was known about the degree to which welfare support is shared among women.

There is insufficient time today to talk about time spent on all welfare programs so I will focus on a sub group that we know quite a lot about; women who receive Parenting Payment Single. This group has increased from 1.2 to 6.1 per cent of all women 15-59 years since 1970 and will be used to illustrate some of the key points. Later we hope to work on all welfare recipients.

We begin with a simple diagram that presents the proportion of the 1995 inflow into the PPS program that remain on their initial spell at each fortnight after their spell began. It is evident that there is a very high rate of leaving the spell in the early months. After three months 84 per cent of women are still on this spell of PPS and 16 per cent have left. After a year, 42 per cent of women have left. After five years a total of 74 per cent have left and 26 per cent remain on their initial spell.

If we add the length of these PPS spells and assume that women who leave after five years leave at much the same rate as women who left during the fourth year this would give an estimate of the average length of time on a PPS spell of around three years. It is this type of calculation that has led many to suggest that the length of stay on Parenting Payment Single is not long.

But there is an obvious puzzle when we try to reconcile this estimate with the aggregate data. Three years on welfare support seems too short. How can such a low estimate be reconciled with the earlier aggregate estimates that suggest that over their life time women may spend as much as 16 years or more on welfare? The answer is straightforward. When most lone parents leave PPS they quickly return to welfare support either to PPS or to another welfare program. Three years is an estimate of the length of one spell on welfare support whereas most women access many spells. There is continual recycling throughout the welfare program. The distinction between a single spell and the history of spells of an individual is very important. It is the history of spells that matters.

So what do we know of repeat spells? Of this 1995 inflow 18 per cent leave after one spell on welfare and do not return to the welfare system within the five years that we have data (Table 4). Of course they may return some time in the future 22 per cent are still on their current spell. But 60 per cent leave their welfare spell and return for another spell within the five years.

In policy discussions most emphasis is placed on those who remain on a spell for a long time but it is clear that those who recycle throughout the system are more important. These people try to change their welfare status. They seek full-time jobs or partners to leave PPS but on average these attempts only have short term success. Within a short time they return to the system. So to where do they return?

The most common second spell, 27.8 per cent of the 1995 PPS inflow is associated with a change in family status within the FaCS income support system as lone parents move to PPP income support (Table 5). This occurs because they establish or renew a partnership with an individual receiving income support, perhaps NSA.

A return to another PPS spell is ranked second, accounting for 20.8 per cent of the 1995 PPS inflow. This group finds employment or a partner who is not on welfare but once again the new status does not last.

The third most common destination is to begin a NSA or Other income support program, accounting for 10 per cent of the 1995 inflow.

How long do individuals succeed in staying off welfare? The answer is not very long. Table 6, which documents the period of time between completion of the initial PPS spell and entry into a second income support period, shows that most individuals return to welfare support quite quickly. For example, 43 per cent of those who experience a second income support spell move from their initial PPS spell to the second income support spell within one month. For these individuals the PPS spell was completed but in effective terms income support was not. Another 31 per cent-move to a second spell within six months.

Most policy emphasis is to facilitate leaving welfare support. But it is clear that the major problem we face, which has not received much attention, is how to keep individuals off welfare after they leave. Many individuals leave a spell but most return quickly. The periods off welfare are remarkably short. So it is not that lone mothers do

not find jobs or new partners. They seem to continually search but the new relationships with partners or employers do not last.

Table 7 and 8 provides an indication of the pattern of flows between welfare programs and on and off welfare support for two groups of women, those who left welfare and returned for a second PPS spell and those who left welfare and partnered with another welfare recipient. In both instances there is continual leaving welfare and returning and this occurs much more than once during the five year spell. At each leaving rate some individuals manage to stay off welfare for the rest of the period for which we have data but the overwhelming pattern is to return.

We can provide a summary of the discussion so far in Figure 11 Line A represents the proportion of the 1995 inflow that remains on the initial PPS spell. Line C provides an indication of the proportion of the 1995 inflow that are on income support on any program at each fortnight after their initial PPS spell began. The large difference that occurs from moving the focus from the initial PPS spell, Line A, to the history of multiple spells is indicated by the height and curvature of Line C. By the 117<sup>th</sup> fortnight, when 24.8 per cent of the 1995 PPS inflow are continuing on their initial PPS spell, the proportion of the 1995 inflow on income support is 62.3 per cent, almost three times the proportion still completing their initial PPS spell. Following the history of individuals therefore adds considerably to the estimate of the time spent on income support.

Finally, note the curvature of line C which indicates the rate at which individual leave welfare support. Line C falls quite quickly during the first four months, indicating that there is a fairly quick rate of moving off income immediately after the PPS spell begins. But then the decline becomes very slow. It takes two years, after the 10th fortnight, for the proportion of the 1995 inflow receiving income support to fall 14 percentage points, from 85 to 71 per cent. Over the next two years, the fall is slower, 9 percentage points, as the proportion of the 1995 inflow on income support moves from 71 to 62 per cent. If this proportionate rate of decline were to persist there is considerable more time to be spent on income support. For example, it would take 12 years for this group to leave welfare.

To conclude the data we have presented for lone mothers is not that different from other welfare groups. There is continual leaving and returning for most programs

indicating the length of time spent on welfare over the life time far exceeds the length of time spent on a single spell.

So in summary, what has happened to women over the last 35 years? Lots of education, no more full-time jobs with many women receiving higher rates of pay, lots of part-time jobs and a spectacular increase in welfare support. Can this really be the promised land that we began searching for in the early 1970s?

#### ***IV So what follows from all this? Concluding comments and conjectures***

Welfare policy must be a reflection of community attitude towards work and welfare support. Our research forms a basis for the community to make judgements as to the types of policies that should be introduced and does not by itself substitute for these judgements. The research, however, suggests the following

##### *Adjustments to welfare policy narrowly defined*

- (i) it is important to focus on the individual's history of welfare spells. In the past, policy was targeted on individual spells and directed towards long welfare stayers, that is those who remain on a long continuous spell of welfare. This research suggests that long stayers may not be as important as those who continually recycle through programs. To target policies effectively we need to know the individuals history of spells.
- (ii) since women move so often from one welfare program to another it follows that welfare programs are linked together. Consequently, any adjustment to one program, is likely to have implications for another. Programs should be simplified and thought of as an interrelated set.
- (iii) most lone mothers have a history of welfare support before they begin a PPS spell and a future of subsequent income support after they leave a PPS spell. Hence, policy attempts to move women off a welfare program must be evaluated not only in terms of the impact on this particular spell but also on the impact on subsequent

spells on this or other programs. The returns from reducing the spell length on a particular program may be larger or smaller than suggested by an analysis of the spell impact, depending on the effect on future spells on this and other programs.

- (iv) lone mothers as a group appear to be actively involved in part time employment, seeking to form new relationships and to leave welfare support. The problem seems to be that individuals return very quickly. Policy can be thought of in two parts; policies to reduce the length of a spell (traditional policy) and policies to increase the length of time between spells (the new policies). To date there has not been much emphasis on policy to lengthen the time between spells;

#### *Welfare Policy and the Labour Market*

- (i) general increases in education have been relatively unimportant in increasing the number of full-time jobs or reducing the growth of welfare dependency. If there is a link between increased education levels and reduced welfare support it is not obvious from across-the-board increases in education. It seems more important to focus on the dispersion of education quality. Any education policy which increases the dispersion of education quality is likely to have adverse effects on welfare dependency.
- (ii) the increase in the proportion of women on welfare has been fairly steady for three decades. For two of the last three decades, including the 1990s, the growth of welfare recipients exceeded the growth of full-time jobs. Consequently, it is naive to expect within a short period that welfare policy reform will have a large impact on the increasing the level of full-time employment and reducing the number of welfare recipients. For example, to put the proportion of women on welfare back to the level of 1990, by moving them into full-time jobs over the next decade would require that full-time employment growth for women be three

times that of the 1990s. The growth of full-time jobs would need to double to avoid the increase of welfare recipients that occurred in the 1990s and increase a further 100 per cent to undo the welfare growth of the 1990s.

- (iii) the US has recently introduced time limits on welfare receipt. What might be the effect of such a policy if were introduced in Australia? A narrow focus on the length of welfare spells might suggest a minimum impact. Not many spells exceed five years in length and most spells are short. But a recognition of the flows in and out of welfare show quite clearly that time limits would have a major impact. A five year limit, for example, may not impact significantly in the fifth year after implementation. But, within a few years after, as more women return for subsequent spells and accumulate five years of welfare support the impact would be very large.

#### *Men and welfare reform for women*

The changes in full-time employment and the growth of welfare dependency documented for women are similar for men. This suggests a number of important conclusions.

- (i) A considerable proportion of the lack of job growth for women is being generated by the same forces that are generating insufficient full-time job growth for men. There has been a movement away from full-time employment of low skilled employees.
- (ii) The lack of full-time employment growth for men, and the rapid growth of welfare receipt, has meant that women find it difficult to find a male partner with a stable job history and a full-time wage. This is why so many of the PPS group partner with other welfare recipients.
- (iii) The low income associated with welfare reliance must generate a substantial degree of tension in a relationship and it is not

surprising that relationships which involve two welfare recipients last for such a short time.

- (iv) The growth of female lone parents on welfare is an outcome of the inability to find a full-time job and to form a lasting relationship with a partner with a well paying full-time job. It is not clear where policy should be directed, towards encouraging and supporting partnerships or encouraging full-time employment among lone parents.

### *Part time employment*

The rapid growth of part-time employment has enabled many women to combine raising children with direct labour market involvement and is a clearly a welcome development. Lone parents on welfare are also involved in part-time employment to supplement their pension but their part-time employment rate is about half that of married women with dependents. Should part-time employment be encouraged among welfare recipients?

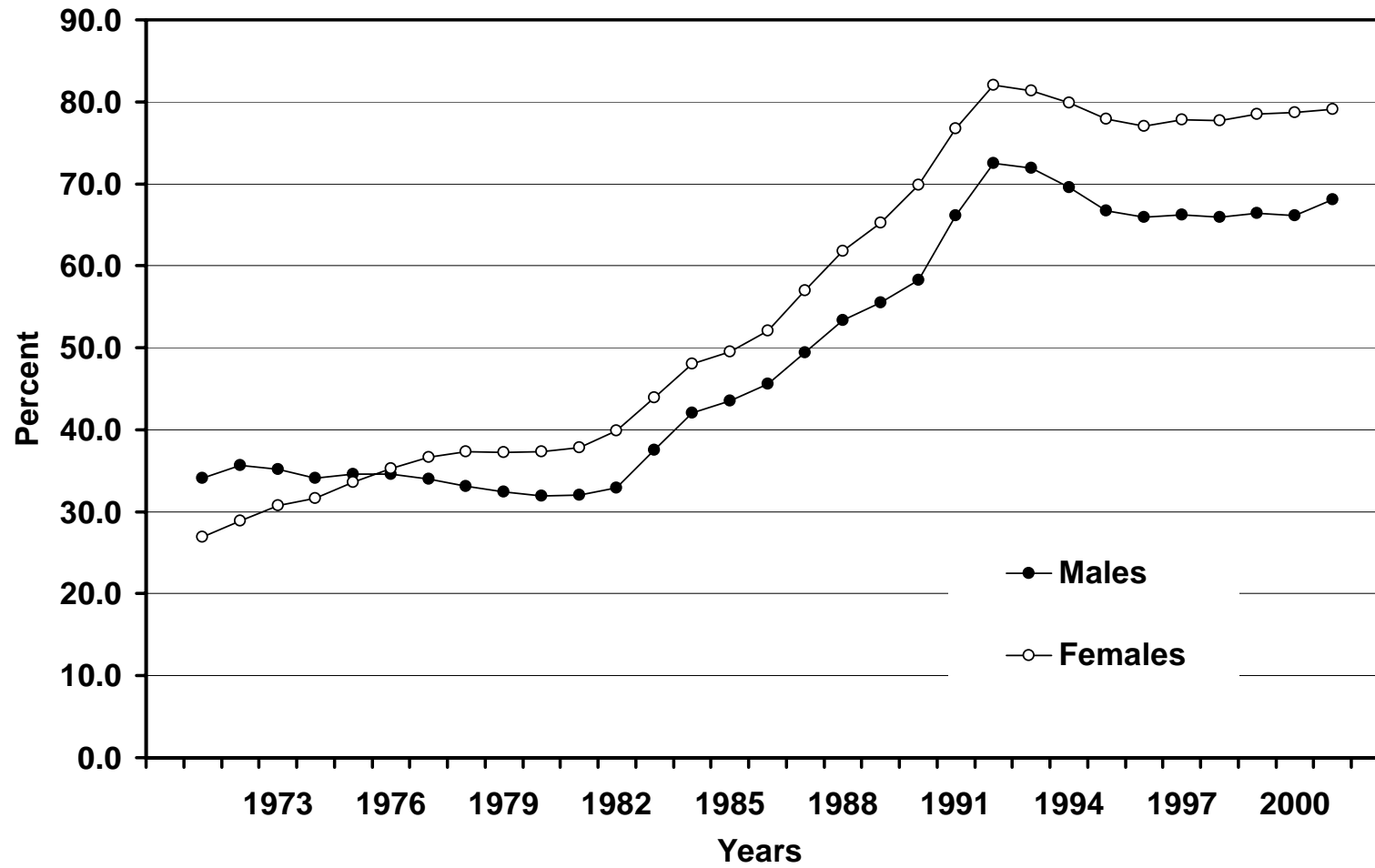
There is a major policy dilemma here. The current policy stance is to encourage women on welfare to combine welfare and part-time employment in the belief that part-time employment will lead to a full-time job. And this seems a sensible policy.

But how does this policy square with the fact that the full-time employment-population ratio for women has been constant for thirty-five years. There cannot be a significant movement into full-time work without a significant growth in full-time employment. Where are the full-time jobs to come from?

To a significant extent economists seem to by pass this question. When pressed they answer that lower wages will create more jobs. But the magnitude of the required full-time job creation revealed in Figure 8 suggests that this will not be easy. For thirty-five years there has been no additions to the full-time employment-population ratio for women. What full-time employment wage fall would be required for women to suddenly change the employment rate? The welfare-employment ratio back to 1990s level, for example, would require a very large increase in the full-time employment ratio.

In conclusion it seems to me that women as a group cannot be in the promised land. Those involved in part time employment may be doing well. Those in full-time employment may be receiving pay increases although the increases relative to men have not changed over the 1990s. But the large growth of welfare support must suggest that the labour and marriage market for women has not been evolving well. Good jobs and good partners are too hard to find.

Figure 1 Apparent Retention Rates to Year 12  
1971-2001

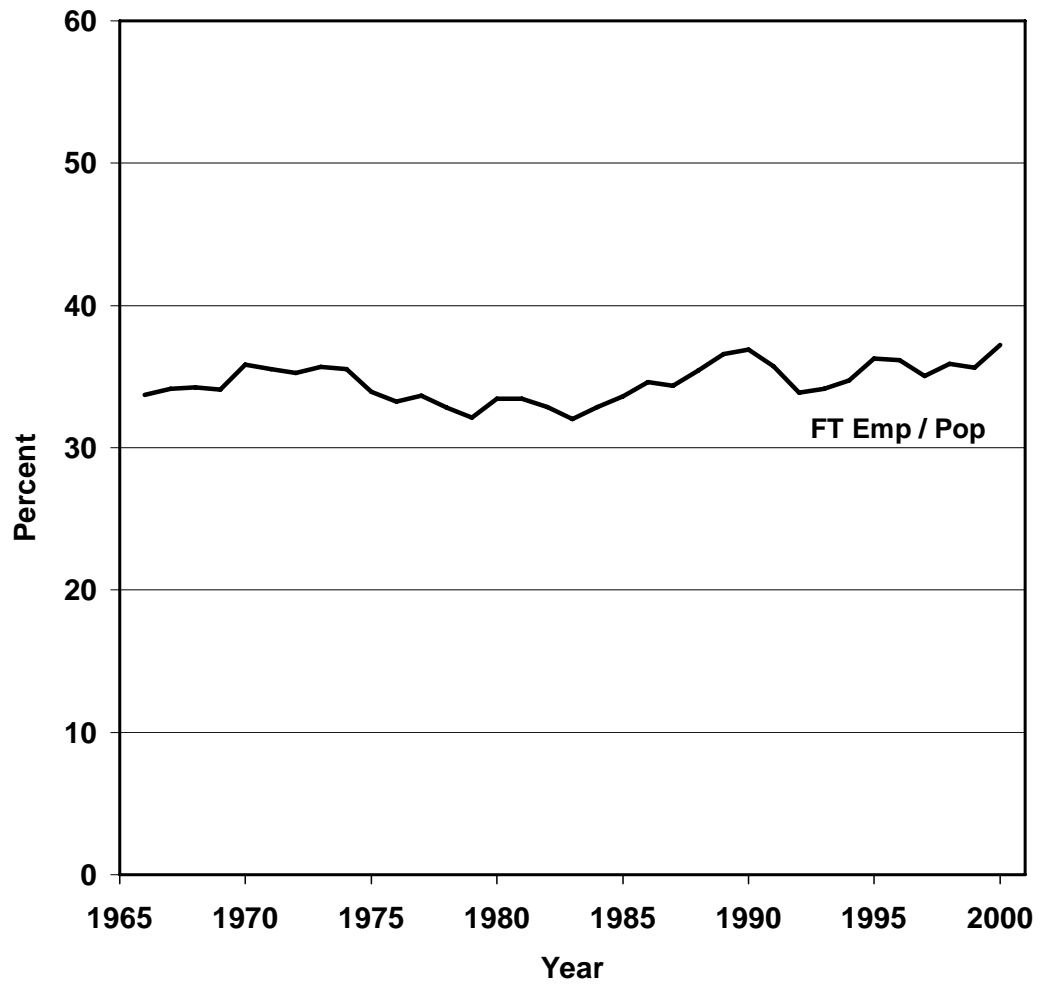


**Table 1: Women 15-59, Estimated Years of Education**

	1981	1996
<i>Age Group:</i>		
25-34	10.9	11.9
35-44	10.4	11.7
45+	9.9	11.0
15-59	10.5	11.9
<i>With Dependent Children:</i>		
Married Parent	10.5	11.6
Lone Parent	10.3	11.1
<i>Proportion of Women with:</i>		
Degrees	3.4	12.3
No Qualifications	73.6	62.0
Left School 15 years and under	39.8	22.4

*Source:* 1981 and 1996 Australian Census, 1% Household Sample File.

**Figure 2 Females, 15-59**  
**Percent of Population in Full-time Employment**  
**1966-2000**

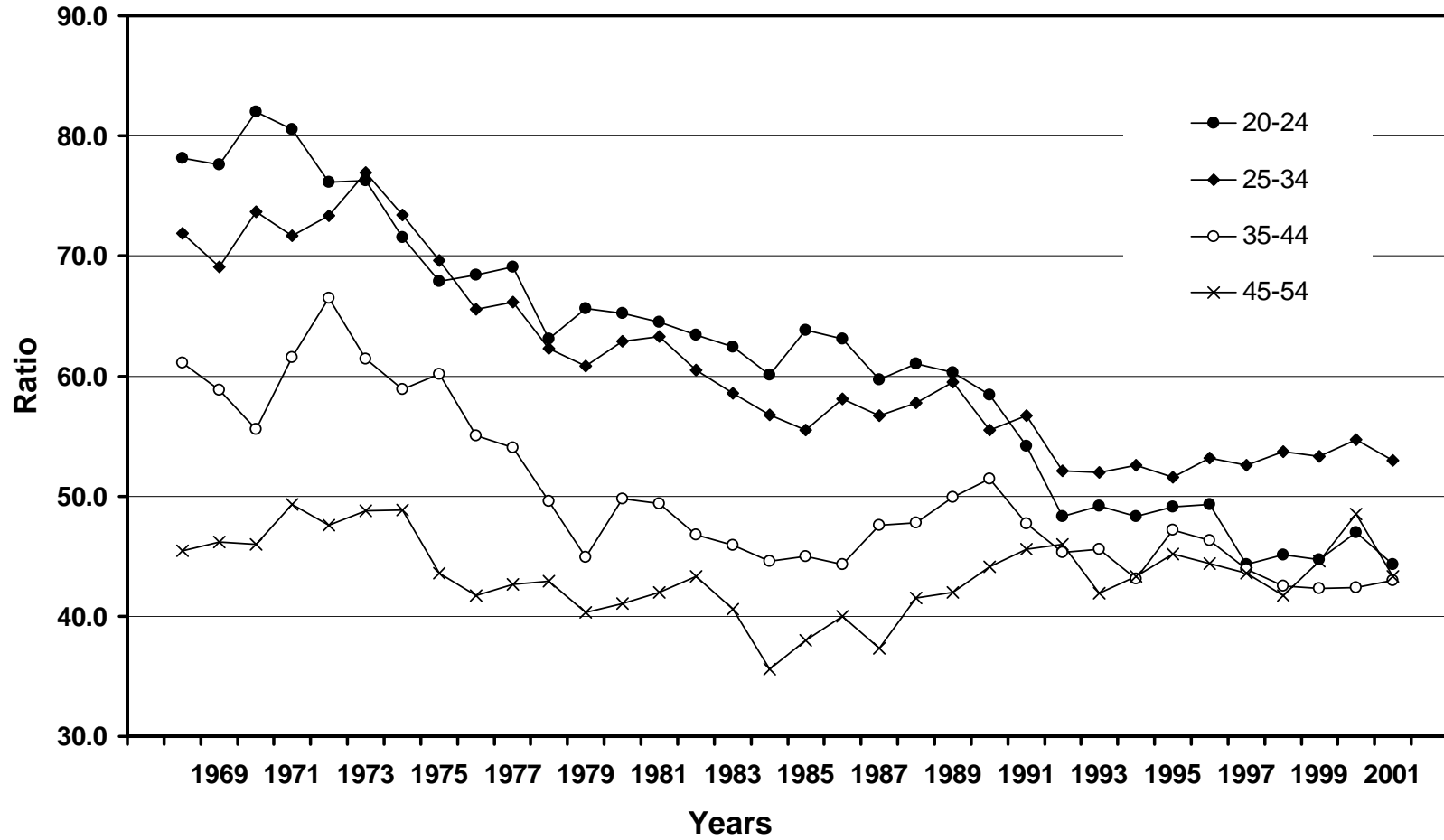


**Table 2: Women 15-59, Employment Status by Education Category**

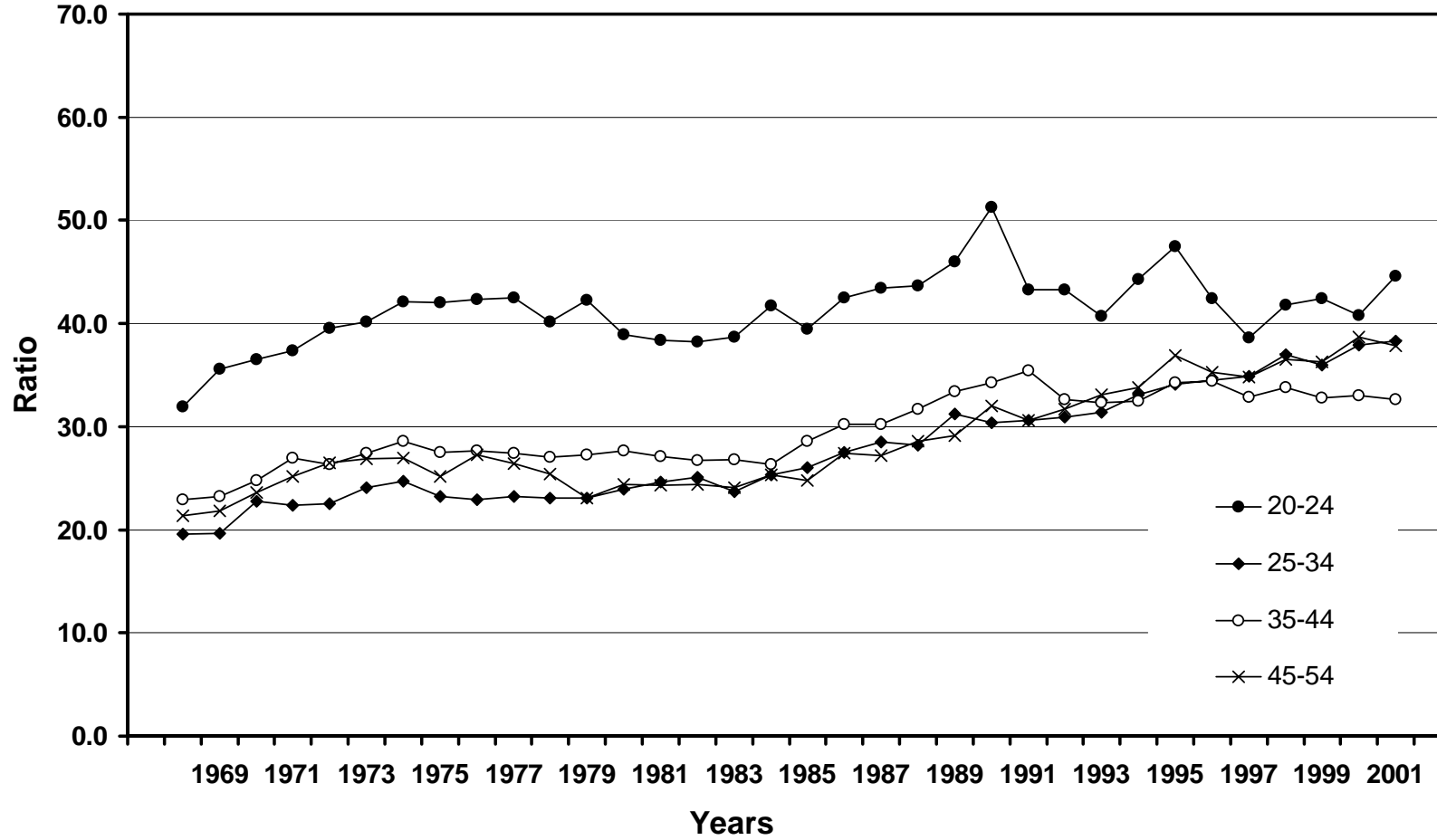
	Employment to Population			
	Full Time		Part Time	
	Degrees %	No Qualifications %	Degrees %	No Qualifications %
<i>All Women:</i>				
1981	50.8	28.7	22.1	14.8
1996	52.6	26.1	25.1	23.8
<i>Women with Dependents:</i>				
1981	28.8	18.5	29.2	17.4
1996	34.8	18.4	36.2	26.4
<i>Women without Dependents:</i>				
1981	63.4	36.3	18.0	12.9
1996	62.2	30.3	19.2	22.3

Source: 1981 and 1996 Australian Census, 1% Household Sample File.

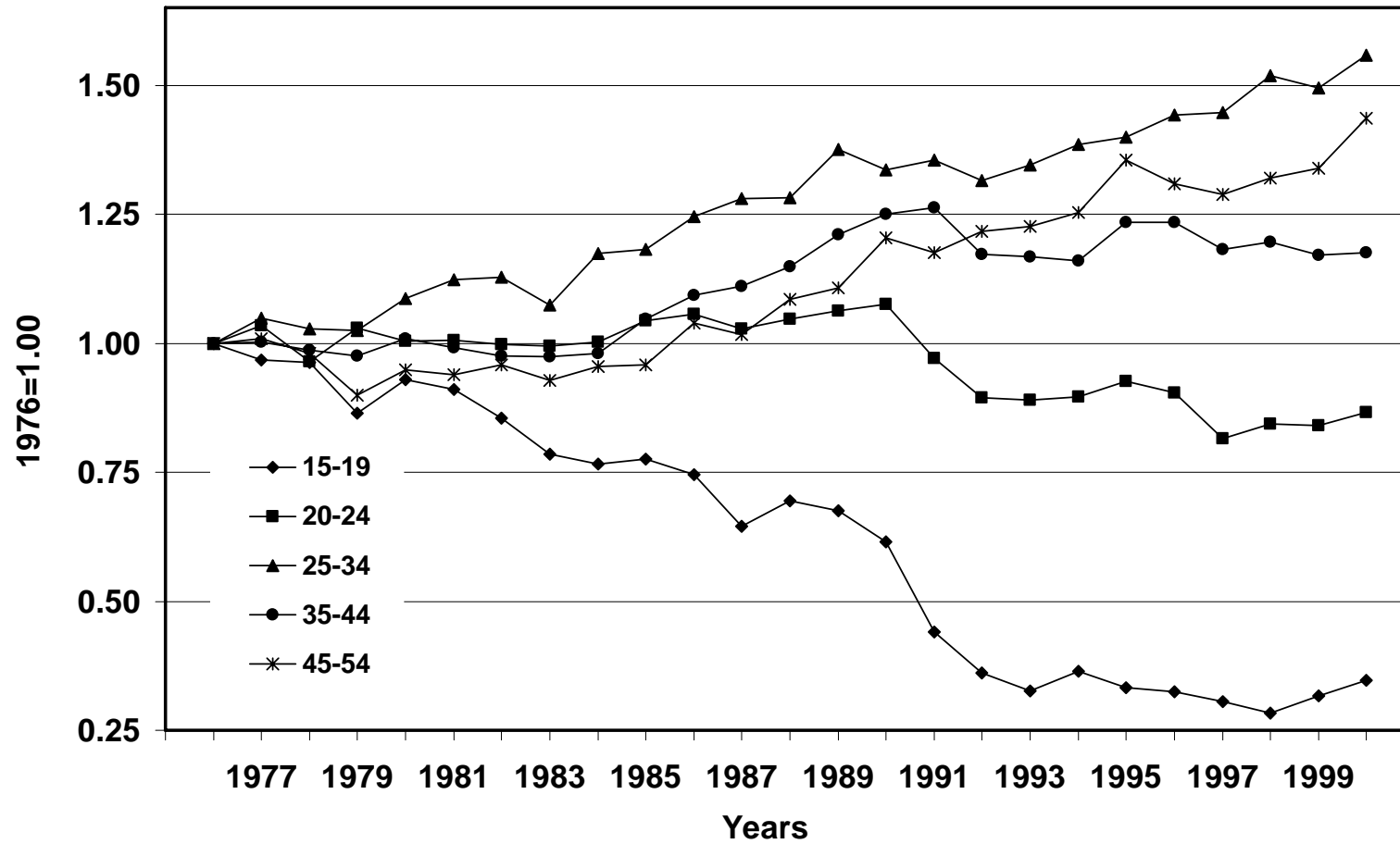
**Figure 3 Single Female Full-time Employment to Population Ratio  
By Age Group  
1968-2001**



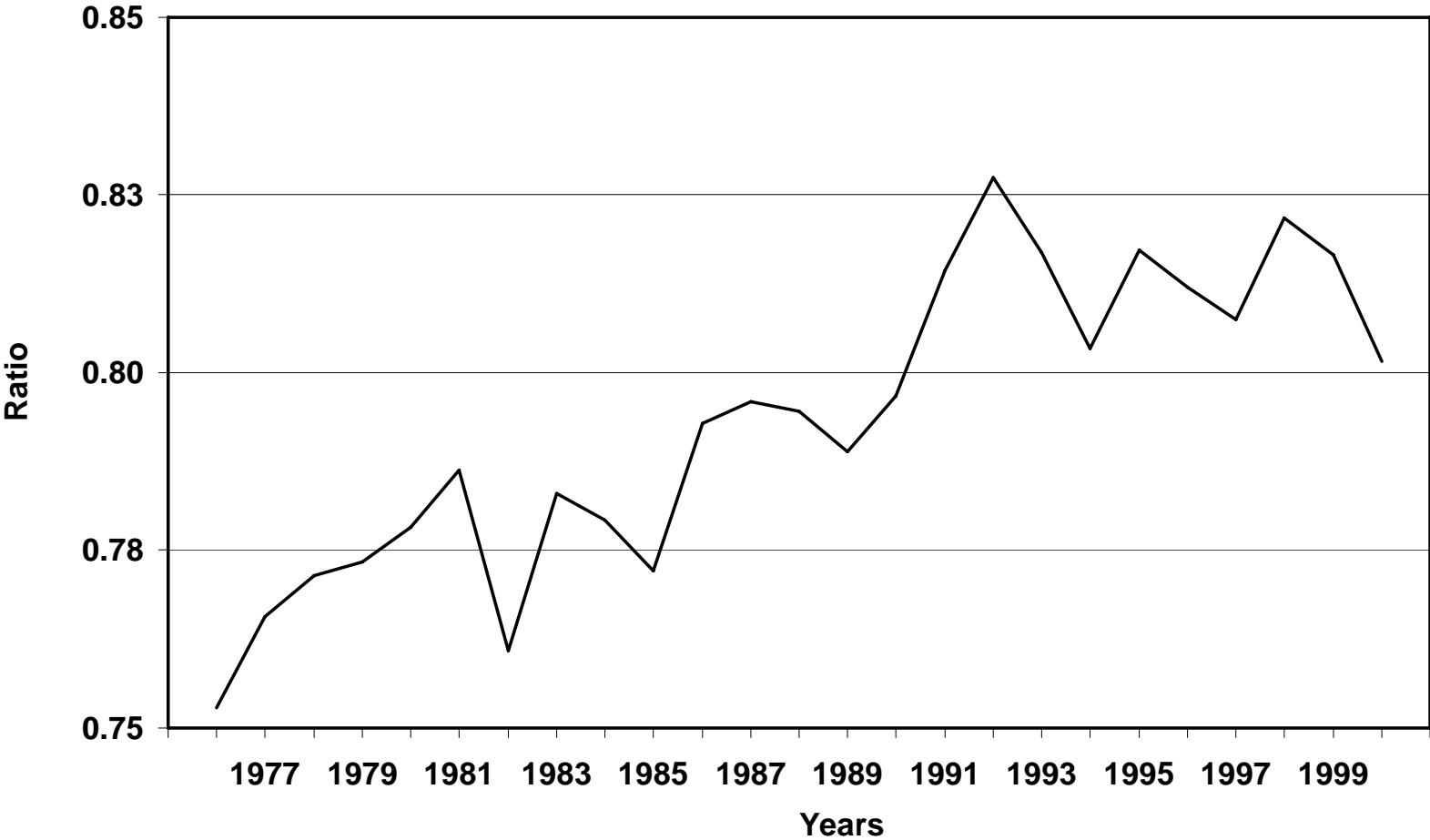
**Figure 4 Married Female Full-time Employment to Population Ratio  
By Age Group  
1968-2001**



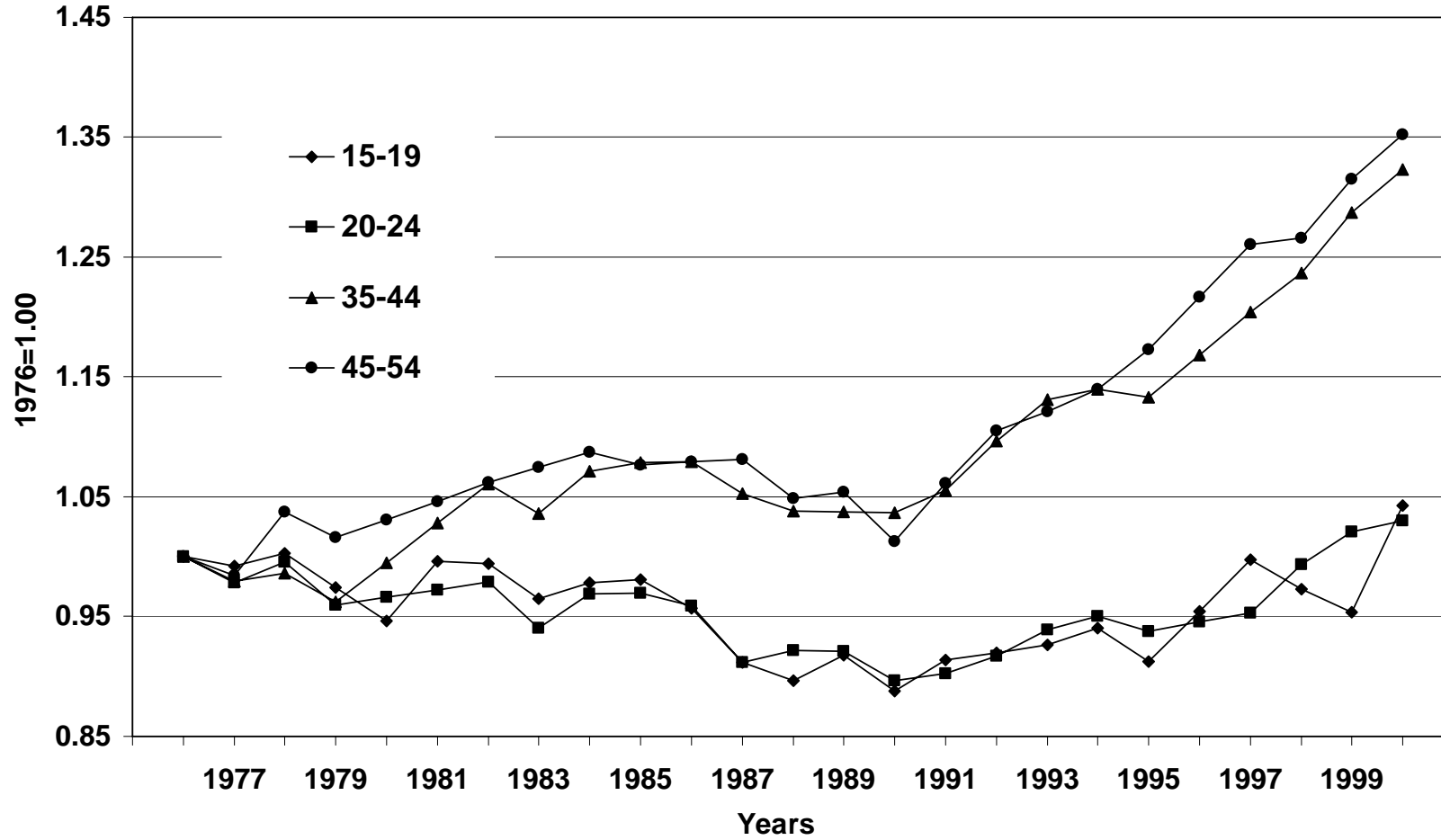
**Figure 5 Females, Full-time Employment to Population Ratio  
Index 1976=1.00, Australia 1976 and 2000**



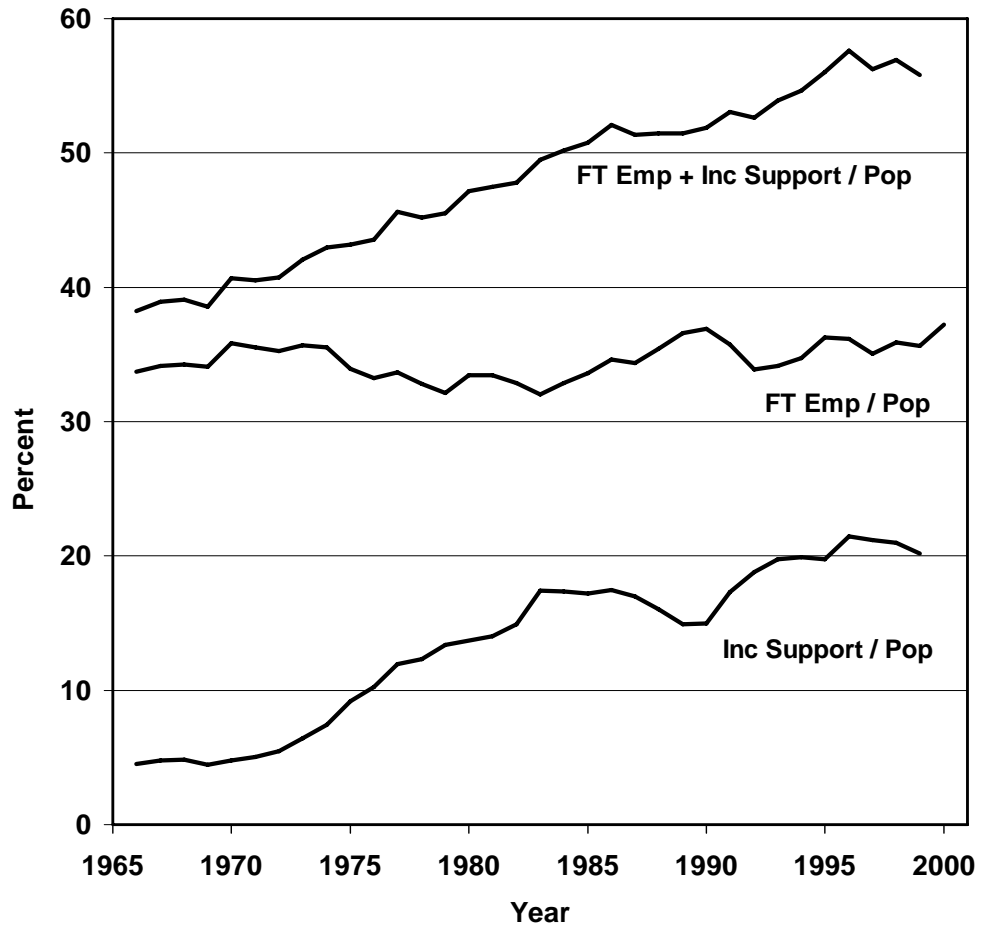
**Figure 6 Female to Male Ratio  
Full-Time Weekly Earnings  
Australia 1976 and 2000**



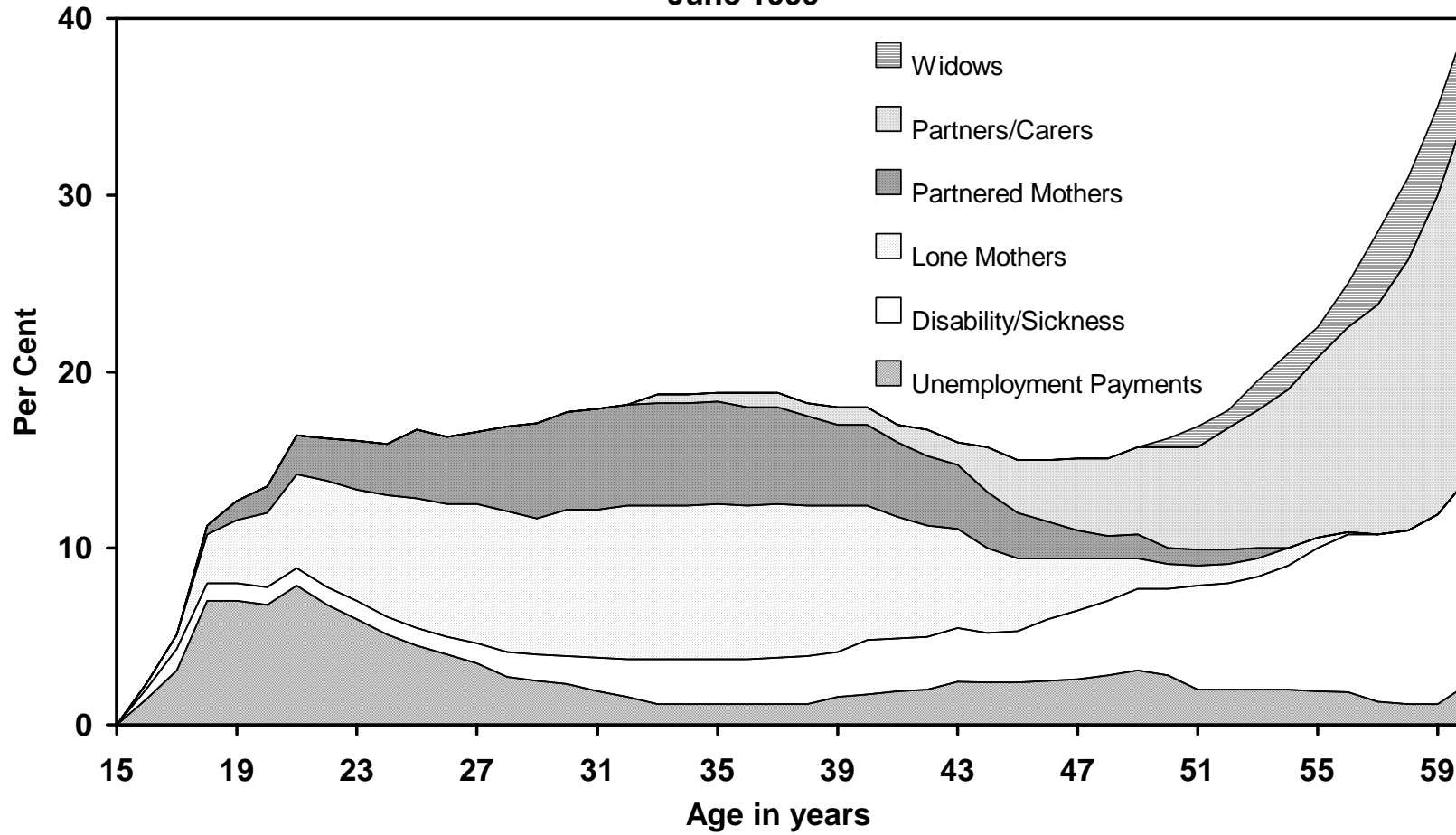
**Figure 7 Females Employed Full-Time  
Index of Real Weekly Earnings by Age  
Australia 1976 and 2000**



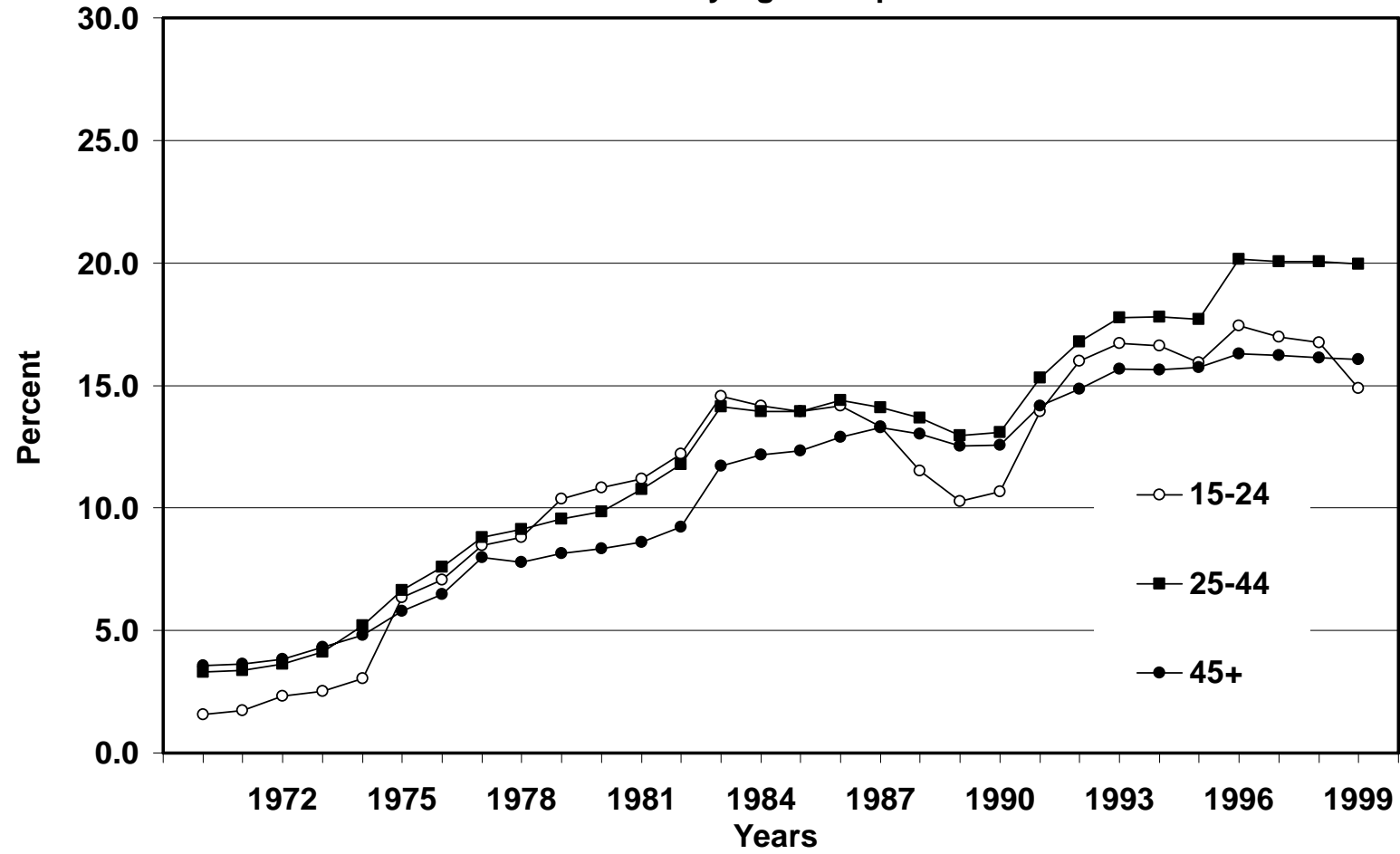
**Figure 8 Females, 15-59  
Percent of Population on Income Support  
and Full-time Employment  
1966-2000**



**Figure 9 Women**  
**Receipt of Income Support by Age and Payment Type**  
**June 1999**



**Figure 10 Females**  
**Income Support Welfare Recipients to Population**  
**by Age Group**



**Table 3: Working Age Women: Full-time Employed and Welfare Income Support Recipients**

	'000's				Change '000's		
	1970	1980	1990	2000	1970-80	1980-90	1990-2000
Population	3604	4417	5270	5999	813	853	729
Full Time Employed	1293	1477	1945	2233	185	467	288
Welfare Recipients	175	616	795	1173	441	179	378
<i>Main Welfare Categories -</i>							
Disability, Sickness and Other	65	117	133	220	53	16	87
Unemployed	4	104	110	197	100	6	87
Parents, Partners, Carers, Widows	63	222	314	387	159	92	73
Lone Parents	44	172	237	369	129	65	131

**Table 4 The History of FaCS Income Support for the Female 1995 PPS Inflow  
January 1995 - June 2000**

Income Support	Proportion of 1995 PPS Inflow (percent)	Average Duration** on Program (years)	Share of Total Income Support (percent)
Leave after One Lone Parent Spell	18.8	1.7	8.8
Continue on One Lone Parent Spell	22.5	5.0	31.2
Multiple Lone Parent Spells only	16.2	3.1	13.9
Lone Parent and Other spell types*	42.5	3.9	45.9
<i>Total***</i>	100.0	3.6	100.0

\* The more important other spell types are Newstart and Parenting Partner Allowances

\*\* Duration is a mixture of complete and incomplete spells

\*\*\* The average potential time for income support is five years because the 1995 inflow extends from January to December 1995. The end of the data window is June, 2000.

**Table 5 Female 1995 PPS Inflow - Destination after First Spell Completion  
January 1995 - June 2000**

Destination	Proportion of 1995 PPS Inflow (percent)	Average Duration* on Program (years)	Completed Second Spell (percent)
Leave after One Lone Parent Spell	18.8	1.7	
<i>Second Spell</i>			
Lone Parent Pension (PPS)	20.8	1.3	67.8
Unemployment Benefit	8.5	0.9	80.9
Partner Allowance (PPP)	27.8	0.9	89.3
Other Income Support	1.6	0.8	77.8
<i>Total Second Spells</i>	58.7		

\* Duration is a mixture of complete and incomplete spells

**Table 6 Second Income Support Spell Destination**  
**Elapse time between first and second spell**

<i>Destination of Second Spell</i>	PPS 35%	NSA 14%	PPP 47%	Other 3%	Total 100%
<i>Elapse time between first and second spell</i>	%	%	%	%	%
One month	1	68	67	44	43
Two months	15	80	80	61	56
Three months	27	84	83	67	63
Six months	50	87	87	78	74

*Note: 75.7% of those who leave a first PPS spell return for a second spell of income support.*

**Table 7 Second Spell - PPS**  
**Movement to third and subsequent spells by Income Support Type**

Spell Number		PPS	NSA	PPP	Other IS	Total	Total Continuing	Total Left
1		230	0	0	0	230	0	0
2		230	0	0	0	230	74	52
3		65	13	24	2	104	29	25
4		32	8	7	3	50	18	7
5		12	3	7	3	25	3	6
6		10	0	4	2	16	9	2
Total Spells		582	26	44	11	663	136	94

**Table 8 Second Spell - Parenting Payment Partner  
Movement to third and subsequent spells by Income Support Type**

Spell Number		PPS	NSA	PPP	Other IS	Total	Total Continuing	Total Left
		1	307	0	0	0	307	0
2	0	0	0	307	0	307	33	32
3	167	12	57	6	242	61	16	
4	37	11	111	6	165	37	13	
5	69	7	34	5	115	37	10	
6	21	4	40	3	68	18	4	
Total Spells		676	43	598	32	1349	228	79

**Figure 11 Income Support Patterns for the 1995 Female PPS Inflow**

