



Disability Roundtable

On 17 November 2010 the Melbourne Institute hosted a roundtable on disability and Vocational Education and Training (VET), which is highly topical given that it has been a year since the announcement by the federal government of the National Mental Health and Disability Employment Strategy. The Strategy sets out a number of priority actions to assist Australians with disability, including mental illness, into work. It recognises the importance of education and training as a pathway to sustainable employment, and the role of employers in increasing employment opportunities for people with disability. The roundtable provided evidence from the field.

Jointly organised with the National Centre for Vocational Education Research, the roundtable brought together a diverse group of representatives from academia, business, and the VET sector, with presentations approaching the theme from very different perspectives. Dr Cain Polidano (Melbourne Institute) presented stylised facts from three research projects which he and his co-authors had undertaken on the role of VET in employment outcomes for people with a disability. Using data from the Household, Income and Labour Dynamics in Australia Survey they were able to identify stylised facts for Australia: one finding being that completing a VET qualification helps people with a disability to get into jobs, but if they already have a job it does not further impact employment outcomes. The employment-enhancing effect of a VET qualification was larger for people with a disability than for people without a disability, leading the authors to suggest that completion of a VET qualification is a signal of competencies and skills to potential employers. The participants in the roundtable agreed on the value of such ground-laying research based on large datasets, and that without it qualitative research is more difficult to place into a broad national context. The two presentations that followed provided a deeper insight into the underlying forces that partially shape labour market outcomes for people with a disability.

Disability Roundtable

Vocational Education and Training has much to offer to people with a disability and employers alike.

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The notion of signalling to which Dr Polidano and his co-authors have speculated seemed to be confirmed in the presentation by Dr Peter Waterhouse (Workplace Learning Initiatives Pty Ltd). A series of focus groups with employers had been undertaken, by Dr Waterhouse and his co-authors, to examine their views on employing people with a disability to find out ‘what it would take’, as the title of the talk suggested. It became apparent that there is a very large information gap between the employer, the employee, and the sector that offers specialised assistance to facilitate successful integration of people with a disability into the firm. In such a setting, signalling (proven) competence and skills is very important. Trust was identified as a key factor and employers seemed in accordance on the need for trusted brokers and mediators for small- to medium-sized enterprises. Employers reported that they often struggled because they did not know how to help and facilitate an employee with a disability, unless that disability was easy to address. Often employers did not have any special skills or training, or indeed even knowledge of the kinds of third party services at their disposal, but if someone needed wheelchair access then that could easily be arranged. The problem for the employer seemed to arise in dealing with employees who suffered from a mental, not physical, handicap. The presentation then shifted to the issue of disclosure, since a problem can only be addressed if one reveals it. Disclosure from the point of the employer was briefly discussed, but it is the employee who must decide whether disclosing their disability is in their best interest.

To give more evidence and background into the issues of disclosure, Ms Annie Venville (LaTrobe University) gave a presentation on disclosure by students with a mental

illness. Based on a qualitative study (still in progress) it became apparent how much of a double edge sword disclosure is and how much heterogeneity there is among students and teaching staff in the decision to disclose. Trust was a key issue here too, like it was with employers, and environments without trust tended to lead to mental health problems being kept out of the open.

The roundtable concluded with an open discussion that was only loosely related to the three talks. Roundtable participants with experience in the field expressed optimism because there are many success stories that need to be told. People with a disability have been successfully integrated into businesses when the expertise and trust were there. After all, the willingness is there from employers and prospective employees alike.

The roundtable was held in memory of Professor Chris Selby Smith who was posthumously awarded the 2009 VET Researcher of the Year. He was a very active researcher and policy adviser for over 40 years; a founding Director of the Monash University – ACER Centre for the Economics of Education and Training; and was widely known for his research in areas such as user choice, costs of training, impact of research, and funding for students with a disability. The award was presented at the Australian Training Awards on 19 November 2010 and was accepted by his wife, Joy Selby Smith. The roundtable was made possible by her generous decision to reinvest the cash portion of the award back into research.

The report, The Role of Vocational Education and Training in the Labour Market Outcomes of People with Disabilities, by Dr Cain Polidano and Professor Kostas Mavromaras is available from the NCVET website at <www.ncver.edu.au/publications/2215.html>.

Funding Our Nation's Schools

The Melbourne Institute held Policy Forums on Tuesday 30 November 2010 (Melbourne) and Thursday 2 December 2010 (Canberra) on the challenges associated with school funding. In particular, the Organisation for Economic Co-operation and Development has recently pointed to the link between school funding mechanisms and the persistence of socio-economic disadvantage across generations. Against this backdrop, a panel of experts including Dr Chris Ryan of the Australian National University, Ms Mary Bluett of the Australian Education Union and Mr Bill Daniels of the Independent Schools Council of Australia discussed a range of important questions for the way that Australian schools are funded. In particular, the proportion of school children enrolled in the non-government sector has increased from 21 per cent in 1977 to 34 per cent in 2009 and Commonwealth and State funding to non-government schools has grown even faster. Although parents and communities continue to provide the bulk of funding in the non-government sector, trends in these enrolment patterns suggest that there will continue to be serious challenges associated with getting the school funding formula right.

Why Junior Doctors Don't Want to Become General Practitioners

More money and an increase in procedural work could put nearly 400 more General Practitioners into Australia's health system, as revealed in a recent Melbourne Institute Working Paper.

The Melbourne Institute study surveyed 532 junior doctors before they chose a specialty training program. It was found that 16 per cent more junior doctors would choose to be GPs if they had an increase in procedural work (for example, obstetrics) while an extra 12 per cent would choose to be GPs if they received up to a third more in future earnings, approximately \$50,000.

However, the study also found that doctors would be prepared to sacrifice a substantial amount of their future annual income — in some cases up to 25 per cent based on an annual income of \$200,000 — for improvements in control over working hours and opportunities to do procedural work.

The study is part of the MABEL (Medicine in Australia: Balancing Employment and Life) longitudinal survey of doctors funded by the National Health and Medical Research Council. The results were recently released as Melbourne Institute Working Paper no. 17/10, 'Why Junior Doctors Don't Want to Become General Practitioners: A Discrete Choice Experiment from the MABEL Longitudinal Study of Doctors', by Dr Peter Sivey, Professor Anthony Scott, Dr Julia Witt, Dr Catherine Joyce and Professor John Humphreys.

Lead researcher Professor Scott said the results had policy implications when it came to addressing the shortage of GPs in Australia.

"The findings illustrate the importance of future expected earnings in determining a specialty choice. It's clear the doctors' estimated valuation of their future desired wages is much higher than current wages for GPs and are much closer to the actual wages of specialists," he said.

"Addressing the gap between GPs and specialists' earnings would be an effective solution, and could be



Dr Peter Sivey, co-author of the paper

done either through a rise in the existing fee-for-service payments to GPs or introducing pay-for-performance schemes on top of the existing payments.

"More than this however, we found that increasing procedural work or academic opportunities for GPs could have a similar effect as increasing earnings by \$50,000, and increase the number of doctors choosing to train as GPs by between 212 and 376 doctors a year.

"The reality is that many GPs have ceased traditional areas of procedural practice and that sits uncomfortably with young doctors."

Professor Scott said strategies to better support procedural activities — such as changed medical indemnity insurance arrangements — could enhance the attractiveness of general practice.

"Somewhat ironically, Australian GPs in rural areas often undertake more procedural work than their metropolitan colleagues, and this feature could be used to enhance recruitment into these regions, which have long suffered from workforce shortages," he said.

Working Paper 17/10 can be downloaded from the Melbourne Institute website at <www.melbourneinstitute.com/miaesr/publications/default.html>. For more information, contact Dr Peter Sivey on (03) 8344 2093 or by email <psivey@unimelb.edu.au>.

Medicine in Australia:
Balancing Employment and Life (MABEL)

Appointment to the Academy of the Social Sciences in Australia

Professor Mark Wooden (Deputy Director of the Melbourne Institute and Director of the HILDA Survey) has been elected a Fellow of the Academy of the Social Sciences in Australia.

Professor Wooden was inducted in early November 2010 and becomes part of a select group of our most prominent Australian academics in the social sciences. Fellows of the Academy are elected by their peers on the basis of having achieved a very high level of scholarly distinction and for having made a distinguished contribution to one or more disciplines of the social sciences.

Professor Wooden's main research contributions have focused on the impact of institutions, especially as they relate to employment and working arrangements. His research has played an important role in shaping public perceptions about labour market reform, and has contributed towards the shift in public policy in this area since the late 1980s. Over the last decade, he has made a very great contribution to both academia and public policy through his role as Director of the Household, Income and Labour Dynamics in Australia (HILDA) Survey, Australia's first large-scale household panel survey. He has been the intellectual driving force behind this important project which is funded by the federal government. Over 1400 persons have registered to use at least one of the data releases, and the data have generated over 250 refereed journal articles and a great many more conference papers, working papers and reports.



Professor Mark Wooden at his induction to the ASSA

His publications cover many fields, including not just economics and industrial relations, but also sociology, public health, education, management, and survey methods. However, it is in industrial relations that his research has had the greatest impact. He has, for example, published nine papers in the world's top three industrial relations journals, and 12 papers in Australia's leading journal in this field.

In total, Professor Wooden has published four books, 31 chapters in books, 155 articles and a large number of reports, mostly for government departments and agencies. He was also an editor of the *Australian Bulletin of Labour* from 1986 to 1999, and, since 2001, has been a co-editor of the *Australian Economic Review*.

The HILDA Survey 10th Anniversary Research Conference 2011

The 2011 HILDA Survey Research Conference will be held on Thursday 14 to Friday 15 July 2011, at the University of Melbourne. The aim of the conference is to provide a forum for the discussion of research based on the Household, Income and Labour Dynamics in Australia Survey. Attendance at the conference is open to all, but should be of special interest to both users of the HILDA Survey data and persons with an interest in the outcomes from longitudinal survey research in the broad fields of economic and social policy.

Submissions of papers are now being sought. Competition for places is expected to be high, with priority being given to papers that exploit the longitudinal nature of the data. Papers on methods and cross-national comparisons are also welcome.

Details on how to submit your abstract or full paper and the submission deadlines are available on the Melbourne Institute website <www.melbourneinstitute.com/miaesr/events/conferences/conferences_HILDA_2011.html>.

Further details about the conference are available from Penny Hope, Functions Manager, at the Melbourne Institute: <p.hope@unimelb.edu.au>.



2010 Downing Lecture Presented by Professor Shelly Lundberg

The 2010 R.I. Downing Fellow is Shelly Lundberg, Castor Professor of Economics and Director of the Center for Research on Families at the University of Washington.

Professor Lundberg presented this year's Downing lecture on 10 November. Her research on family decision making, the allocation of resources within households, and the relationship between family roles and labour market outcomes has made an enormous contribution to our understanding of the ways that families are formed, make decisions, and deliver outcomes to their children. Her work thus provides the foundation for the design of public policies to improve social and economic outcomes for families and their children.

In her lecture, Professor Lundberg argued that the economic role of families is shrinking as the market and the state take over more family functions. This is changing the nature of family commitments, both between partners and across generations. The second demographic transition has brought about falling fertility, delayed marriage and increasingly complex and unstable family arrangements to industrialised countries, leading to increased scrutiny on the economic and social forces that bring individuals together in families and break them apart.

Professor Lundberg discussed how individuals negotiate family roles over their lifetimes, how they are influenced

by alternative sources of love and money, and the ways in which individual family members reconcile their conflicting interests (or fail to do so) within the household. Couples must make joint and long-term decisions about where to live, how many children to have and how to care for them, and how to allocate scarce resources. These decisions are affected by the resources each partner controls and the credibility of the promises they make to one another.

Professor Lundberg concluded this lecture by exploring the principal goal of family economics: to predict how policy can influence the power of individuals in families, change the rules of the family game, and eventually affect family stability, gender equality, and investments in children.



From left: Professor Shelly Lundberg, Professor Nils Olekalns and Professor Deborah Cobb-Clark

HILDA Survey Data Workshop

On 16 November 2010, the HILDA Survey project team of the Melbourne Institute held a free workshop for University staff with an interest in the HILDA Survey data. The workshop was a great success, with 40 attendees drawn from the Melbourne Institute, other departments in the Faculty of Business and Economics, and other Faculties in the University.

There were four presentations by Melbourne Institute staff as well as one presentation from a Department of Economics staff member. The workshop covered the objectives and design of the HILDA Survey, the measurement of household financial status, and the use of the HILDA Survey data in understanding different economic and social phenomena, and especially health and subjective well-being, social exclusion, and working time and employment arrangements.

Release 9 of the HILDA data (waves 1 to 9) is now available. To order the dataset, please visit www.melbourneinstitute.com/hilda/data/default.html.

For more information about HILDA, please visit our website at www.melbourneinstitute.com/hilda/.



Recent ARC Grant Success for the Melbourne Institute

Staff of the Melbourne Institute have recently been successful in obtaining a number of ARC Grants.

Professor Deborah Cobb-Clark received an ARC Discovery Grant of \$297,316 over three years to investigate 'Non-Cognitive Skills and Human Capital Investments: The Importance of Individuals' Sense of Control'. This project will assess the importance of individuals' sense of control (that is, locus of control or self-efficacy) in driving an array of human capital investments including education, job search, migration, health, and job training. The study will be the first to incorporate a non-cognitive skill (locus of control) into an economic model of the investment decision. This allows us to use newly-available (or soon to be available) Australian data to test alternative theories about the mechanism linking non-cognitive skills and human capital acquisition. The results will advance our understanding of the way non-cognitive skills affect overall economic well-being and will inform policies promoting human capital investment.

'The Efficiency of the Global Patent System' will be investigated by Professor Elizabeth Webster, Associate Professor Paul Jensen, Dr Alfons Palangkaraya, Professor Brian Wright (University of California, Berkeley), Professor Sadao Nagaoka (Hitotsubashi University), Associate Professor Bruno van Pottelsberghe (Université Libre de Bruxelles) and Professor Show-Ling Jang (National Taiwan University). The study has received an ARC Linkage Grant of \$430,039 over four years, and Linkage partner contributions of \$280,000 from IP Australia and Institute of Patent and Trademark

Attorneys of Australia. An efficient global patent system is a critical economic policy for small, isolated countries such as Australia. To be efficient, the patent system should be globally consistent, simple and cost-effective to use, parsimonious in the grant of monopoly rights, and provide a level playing field for all inventors. Existing empirical evidence indicates that the patent system is currently inefficient and this has negative effects on our R&D sector. This project will be the first study in the world to combine a new international patent database with more in-depth local information from Australia, Japan, United States, Europe and Chinese Asia (China, Taiwan). The analysis will provide robust evidence to underpin international patent negotiations.

Professor Anthony Scott, Dr Jongsay Yong, Associate Professor Helena Britt (The University of Sydney) and Professor Hugh Gravelle (The University of York) will investigate 'The Effect of Competition and Doctor Heterogeneity on Prices Charged by Doctors'. They received an ARC Discovery Grant of \$248,258 over three years. Prices charged by doctors can have important effects on health care costs, access to health care and health status. The aim of this research is to examine the determinants of prices charged, focusing on the role of competition and individual doctor and practice characteristics. Unlike previous studies, this research utilises data collected from individual doctors to allow for the impact of individual doctor heterogeneity. The researchers use two unique data sources, one of which has detailed information on individual patient characteristics from doctor consultations, and the other is a panel dataset of individual doctors. The results will be important in understanding the pricing practices of doctors and their impact on health care costs.

Helen Ferber Appointed as a Member of the Order of Australia

Helen Ferber, a staff member of the Institute during Ronald Henderson's period as director, was appointed a Member of the Order of Australia (AM) in the Queen's Birthday honours list. The award was "for service to the community, particularly as a social policy researcher and historian, and through contributions to the advancement of women".

Helen joined the Institute in 1965 as a member of the Melbourne poverty study, the precursor of the national poverty enquiry. She was initially hired for her linguistic skills to assist with the interviewing of non-English-speaking households but her input soon expanded to writing up and editing. Helen began a long association with the production of the *Australian Economic Review* when it began in 1968. Her literary skills were such that she was appointed as editor of publications in the Institute. Helen contributed a chapter to the influential book *Who Cares?* and was joint editor with Dr Dick Scotton of the two-volume *Public Expenditure and Social Policy in Australia*. Helen retired from the Institute in 1981.

The Australian Economic Review: December 2010 Issue

The latest issue of the *Australian Economic Review* (vol. 43, no. 4, December 2010) contains critiques of the Henry tax review by a panel of leading economists plus a related article by Professor Ross Garnaut on taxing resources.

Tax expert Professor Neil Warren argues that the Henry Review did not adequately explore the relationship between State and Commonwealth taxes. He says that “the States acknowledge the inefficiencies of some of their taxes” but are “justifiably wary of Commonwealth pronouncements on what tax reforms are good for States”. Change requires a spirit of co-operation. He states that the Henry Review’s proposals “were made with minimal (if any) consultation with States and definitely with no public consultation”. He looks at options for State income taxes but notes that whether these options are rewarding for a State depends on how the Commonwealth might react by changing the GST arrangements. He calculates that “if Australia was to impose a GST rate comparable to that of other OECD countries (or 18 per cent) it would be enough to fund the repeal of 65 per cent of all State taxes. This could include the repeal of the payroll tax, insurance taxes, stamp duties on motor vehicle and stamp duties on conveyancing”.

Adjunct Professor Greg Smith, a member of the Henry Review, expounds the thinking behind the Review’s approach to taxing business income. He says that there are good reasons for abolishing tax on business income but the offsetting case for retaining a tax on business income is that it contributes to income redistribution, it is difficult to separate business and labour income, and abolition would require large changes in tax architecture (total business income tax collections represent about 22 per cent of total tax collections). Explaining the Review’s thinking, he says that they “proposed that separate taxes be applied on land and natural resources largely on the basis that taxes on immobile rents are more efficient than other taxes and have less adverse effects on economic growth” but “there is a second essentially distributional argument for taxing rents, which is that much of the value of both land and natural resources has social rather than proprietary sources”.

Professor Ross Garnaut discusses six forms of mineral rent taxation. He presents an optimal resource taxation regime which combines three different forms of taxation.



The core mineral tax would be a resource rental tax. Residual resource rent would be collected for new projects by a flat fee determined by a competitive process. The resource rental tax would be supplemented by the introduction of a Brown tax at the exploration stage.

Professor Peter Whiteford says that one deficiency of the Review’s treatment of the social security system is the absence of a discussion of the winners and losers from suggested approaches to reform, information that government needs in deciding on implementation. Dr Hazel Bateman and Professor Geoffrey Kingston argue the merits of taxing retirement benefits, which encourages elderly workers to delay retirement and the risk of superannuation assets falling in value is shared with government. They are concerned about the dependence of Australians on the Age Pension and recommend the introduction of an additional kind of superannuation account to be reserved for the purchase of life annuities. Retirement finances are also discussed in an article by Ms Diana Warren and Dr Umut Oguzoglu.

In other articles, Mr Ben McNair and Dr Peter Abelson estimate the value of undergrounding electricity and telecommunications networks and Dr Wang-Sheng Lee and Dr Michael Coelli look at the labour market effects of Vocational Education and Training. The Data Survey by Dr Rosanna Scutella and Associate Professor Roger Wilkins discusses measures of social exclusion. In the For the Student section Professor Steve Easton and Professor Paul Kerin discuss market efficiency and the global financial crisis.

More information on the Australian Economic Review can be found on the Melbourne Institute’s website at <www.melbourneinstitute.com>. To subscribe to the journal, visit <wileyonlinelibrary.com/journal/aere>.

Recent 2010 Melbourne Institute Working Papers

- 19/10 'The Effects of Taxation on Migration: Some Evidence for the ASEAN and APEC Economies'
Edda Claus, Iris Claus and Michael Dörsam
- 18/10 'Do Patents Alter the Direction of Scientific Inquiry? Evidence from a Survey of Academic Scientists'
Paul H. Jensen and Elizabeth Webster
- 17/10 'Why Junior Doctors Don't Want to Become General Practitioners: A Discrete Choice Experiment from the MABEL Longitudinal Study of Doctors'
Peter Sivey, Anthony Scott, Julia Witt, Catherine Joyce and John Humphreys
- 16/10 'Are Active Labour Market Programmes Least Effective Where They Are Most Needed? The Case of the British New Deal for Young People'
Duncan McVicar and Jan M. Podivinsky
- 15/10 'Regional Beveridge Curves: A Latent Variable Approach'
Robert Dixon, G. C. Lim and John Freebairn

Working Papers can be downloaded for free from <www.melbourneinstitute.com/miaesr/publications/default.html>. If you would like to receive an email notification when new Working Papers become available, contact the Melbourne Institute at <melb-inst@unimelb.edu.au>.

Migrant Youth and Children of Migrants: An International Research Network

The growing presence of children and youth among migrant populations raises important research and policy questions about how migration influences the well-being of children and youth, as well as how young people with migration backgrounds fare in their host countries. The Melbourne Institute is the Australian research node of the Princeton Global Network on Child Migration. As a consortium of research centers located in several countries with large and growing foreign-born populations—Australia, Canada, Spain, Italy, United Kingdom and United States—the Princeton Global Network on Child Migration seeks to focus migration research from a child-centric perspective by fostering cross-national collaboration and comparative research that examines the institutional, economic, and social arrangements that define contexts of reception for the children of immigrants and child migrants. Collaborative, comparative research is organised around three general themes: (i) social, demographic and economic consequences of age at migration; (ii) migration and child well-being, including social integration policies; and (iii) migrant fertility and living arrangements of children with migration backgrounds.

Professor Marta Tienda and Dr Kate Choi of the US hub recently visited the Melbourne Institute. They presented research and held discussions relating to the Princeton Global Network on Child Migration. On 12 November 2010, they presented a seminar entitled 'Migration and Youth Development: Insights from a Child Centric Approach'. In addition, on 19 November 2010, they presented the Economics of Migration Seminar 'Adult Consequences of Age at Migration: Marital Exogamy and Status Exchange'.

Melbourne Institute News

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