CHALLENGES TO SEGMENTATION IN
THE NEW SOUTH WALES PUBLIC SERVICE:
CAUSES, INITIATIVES AND DIFFICULTIES

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ABSTRACT

In this paper the issue of labour market segmentation in the context of the New South Wales public service is examined. The distinction between temporary and permanent status determined employee access to certain employment conditions and rewards, and was a means of dividing the public service workforce into a core of employees with career prospects, and a peripheral group with limited career prospects or security of employment. Employees with temporary status were predominantly women, and most were employed as ancillary and cleaning staff in schools. This paper examines the reasons these positions were classified as temporary, and shows the importance of welfare provisions and the perceived importance of domestic responsibilities for women employees in shaping the structure of employment in the New South Wales public service. It also examines the initiatives of the government, the Public Service Board and the Public Service Association to reduce temporary employment, and highlights the difficulties associated with these initiatives. The study indicates that segmentation can be explained by the interaction of demand and supply factors and the role of the state. It highlights the importance of demand factors which allocate individuals with certain personal characteristics to jobs with conditions and rewards consistent with peripheral employment.
CHALLENGES TO SEGMENTATION IN THE NEW SOUTH WALES PUBLIC SERVICES: CAUSES, INITIATIVES AND DIFFICULTIES

For much of the post second world war period, employment in the New South Wales public service displayed characteristics of labour market segmentation. A significant proportion of the workforce had employment conditions consistent with those of peripheral workers, ie they had temporary status, and inferior employment conditions to those employees with permanent status. Women constituted the majority of temporary employees. During the late 1970's and the 1980's a number of attempts were made to eliminate the concentration of women in temporary positions, one of which was enhancing the access of women to permanent appointment. Although there was a reduction in temporary employment and despite the formal support of the government, the employer and the trade union for this change, the development and implementation of policies which facilitated permanent appointment were characterised by conflict and contradictions.

This paper examines the issue of permanent appointment in the New South Wales public service. It concentrates on the 1979-1988 period when major initiatives were taken to extend permanent appointment. Although reference is made to a number of occupational groups, the paper focuses on attempts to grant permanent status to the largest group of temporary employees in the public service, namely, ancillary staff in
schools. This examination provides insights into the factors which contribute to segmentation and the difficulties associated with changing the factors which produce these effects.

The paper is divided into five sections. The first section briefly outlines the theoretical explanations of the causes of labour market segmentation. The second section describes the character of labour market segmentation in the New South Wales public service by examining the extent of temporary and permanent employment in its ranks during the 1947-1988 period and the third section explores the reasons this form of employment was introduced. The fourth section identifies attempts to change the character of labour market segmentation through initiatives taken by the government, the Public Service Board (PSB) and the Public Service Association (PSA) to reduce the extent of temporary employment. The final section concludes, and in the process discusses the implications of this case study for segmentation theory.

Explanations of labour market segmentation

The labour market has been conceptualised as consisting of non-competing sectors which contain jobs offering different employment conditions, different opportunities for the use of skills and discretion and vastly different opportunities
for career progression and employment stability. The explanations for this labour market characteristic fall into two main categories: the dual labour market explanation of Doeringer and Piore and the explanations of the radical writers who utilise concepts drawn from the Marxist tradition. Although the explanations of the causes of labour market segmentation proposed by these two categories of writers vary, they both provide an understanding of the institutional processes determining employment, and emphasise the importance of job characteristics as a factor influencing labour market segmentation. The concept of the internal labour market is central to both explanations, and its characteristics have been developed to explain the variety of employment conditions within organisations.

The explanations of labour market segmentation proposed by the dualists Doeringer and Piore (1971), and the explanations of the radical writers differ in their scope and conceptualization of employer motivation in contributing to segmentation. The dualists limit their explanations to employer desires to reduce costs associated with training, recruitment and turnover. They argue that jobs which contain high levels of skills, particularly firm - specific skills requiring employer investment in training, were located in the primary sector of the labour market. They argue that employers implemented a set of administrative rules and procedures which determined the allocation, pricing and
training decisions within the firm to reduce the employment costs associated with turnover. These rules and procedures established internal labour markets which favoured existing employees through the recruitment and selection procedures limiting the selection of employees from the external market to low level jobs and the provision of career paths and security of employment (Doeringer and Piore 1971). Employers seek to reduce turnover in primary sector jobs by using assessments of employee productivity based on perceptions of the influence of personal characteristics on employment stability. Women and minority groups are regarded as unstable employees and excluded from positions in the internal labour market. As a consequence members of these groups are relegated to jobs in the secondary labour market which provide limited opportunity for stable employment and career development, and thus contribute to the development of unstable employment behaviour.

The radical writers view the causes of labour market segmentation in a different way. Peck (1989:125) points out these writers consider that "tendencies for segmentation continue to be traced to labour market uncertainty, to product market conditions, to technological requirements (Berger and Piore 1980) and to labour process control strategies (Gordon, Edwards and Reich 1982)". Management's desire to maintain control over the production process through a strategy of undermining solidarity within the
workforce resulted at one level in the development and implementation of job hierarchies for jobs involving high levels of discretion and skill. At the other level, it resulted in jobs regarded as involving low levels of discretion being associated with little prospect of career development (Reich, Gordon and Edwards 1973; Gordon 1972). Employers used racial and gender differences within the workforce as a means of segmenting the workforce.

Recent writers (Craig, Garnsey and Rubery 1985; Picchio del Mercato 1981; Offe and Berger 1985) have extended the analysis of the causes of segmentation beyond an emphasis on labour demand factors and shown that segmentation results from the combined effects of three factors:

1) labour demand factors, such as the technical requirements of different labour processes, the labour control strategies of employers and the stability of different product markets;

2) labour supply factors such as the role of the household division of labour in influencing the nature of labour force participation among different groups, the role of trade unions in restricting access to certain occupations and the stigmatization of certain groups as either primary or secondary workers; and

3) the role of the state through the provision of welfare, support for training systems and the nature of the education system (Peck 1989:126). It has been argued these three
factors are associated with different tendencies for segmentation of the labour market and they interact to produce labour market structures and dynamics which are sensitive to the contingencies of time and space (Peck 1988 cited in Peck 1989). Consequently, the form of labour market segmentation would be expected to change over time and there need not be a close 'fit' between workers and jobs classified as being in the primary and secondary sector, and core and periphery firms.

An acknowledgement of this complexity allows some understanding of the processes contributing to the variety of work arrangements in internal labour markets within organisations. Atkinson (1987) argues internal labour markets within a firm can consist of a core of workers who have employment stability, but are able to deploy their skills across a broad range of tasks, ie they have functional flexibility. In addition to these workers, the internal labour market can consist of two other groups, a peripheral group of workers and external workers. Peripheral workers are employees who "conduct what the firm regards as its routine and mechanical activities. They are more likely to be female, part-time, possibly temporary, with shorter job tenures and deploying skills which are readily available on the external market" (Atkinson 1987:93). External workers are not employees and "tend to either be highly specialist or (do) very mundane activities,
and these workers are likely to demonstrate the greatest diversity of employment characteristics" (Atkinson 1987:94). These two groups provide firms with the ability to adjust the number of workers, or the level of hours worked in line with the level of demand for them. Therefore within organisations with internal labour market structures there can be a variety of arrangements regulating the employment conditions and status of employees.

Changes in these arrangements would be explained by changes in factors associated with labour demand, labour supply and the role of the state. These changes could interact to cause employers to change the employment conditions associated with particular types of work. There is evidence in Australia (McDermott 1990) that in the service sector, specifically banking, insurance, computing, retail, hospitality and community services, employment in jobs with conditions associated with peripheral workers grew in the 1970's and 1980's, at the expense of core employment. It was found these changes were "conditioned by assumptions about the sexual division of labour, and about women as workers" (McDermott 1990:3).

During the 1970's and first part of the 1980's employment in the New South Wales public service did not conform to this pattern. Temporary employment declined relative to permanent employment (Table 1). This was a consequence of initiatives
taken by the state rather than a reflection of changes in labour demand factors. However, despite stated support for these initiatives by the government, the PSB and the PSA, almost 36% of employees in the New South Wales public service had temporary status in 1985. An understanding of the reasons for these differences can be found in organisational sociology literature which acknowledges that the implementation of policy is a social and political process which is influenced by the meanings people bring to organisational life (Silverman 1979), the relative power and social relations of competing groups within organisations (Gowler and Legge 1975; Salaman 1981) and the nature of the decision making process which is often not a rational exercise of wisdom, judgement and expertise, but one in which policy implementors often act out of habit (Winkler 1974; Marshall and Stewart 1981) and seek to maintain informal social networks (Kotter 1982).

Further insights can be gained from understanding the conflict surrounding the way in which changes in employment conditions were viewed by the employer, in this case the PSB and the trade union, the PSA. Although there was agreement in principle on extending permanent appointment to all employees in continuing positions, there was disagreement about the conditions associated with these reclassified positions, particularly the extension of superannuation to employees who were not considered to work hours equivalent
to full-time employment.

Table 1

<table>
<thead>
<tr>
<th>Year</th>
<th>Temporary Employees</th>
<th>All Public Servants</th>
<th>Temporary Employees as a Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>39,747</td>
<td>73,852</td>
<td>53.8</td>
</tr>
<tr>
<td>1981</td>
<td>33,611</td>
<td>77,228</td>
<td>43.5</td>
</tr>
<tr>
<td>1982</td>
<td>31,222</td>
<td>76,267</td>
<td>40.9</td>
</tr>
<tr>
<td>1983</td>
<td>29,157</td>
<td>74,577</td>
<td>39.1</td>
</tr>
<tr>
<td>1984</td>
<td>27,290</td>
<td>74,954</td>
<td>36.4</td>
</tr>
<tr>
<td>1985</td>
<td>27,451</td>
<td>77,326</td>
<td>35.5</td>
</tr>
</tbody>
</table>


(Not possible to accurately determine figures for later years)

Employment Structure: Temporary /permanent status divide

The major employment characteristic delineating the structure of employment in the New South Wales public service between 1947 and 1988 was that of employment status. Employees were classified either as temporary or permanent employees. The conditions of employment associated with temporary status were inferior to those attached to permanent status and provided scope for the flexible use of
employees. Temporary status implied short term or fixed term employment, with employment being subject to four-monthly renewals (section 44, Public Service Act 1902; section 80, Public Service Act 1979). Permanent status implied continuing, on-going employment. In addition, unlike employees with permanent status, employees with temporary status were virtually ineligible for promotion, had no access to superannuation, had no access to appeal provisions (except against dismissal after 12 months' service) and had only conditional access to sick leave payments. The employment condition 'temporary status' therefore provided the PSB with the opportunity to have a numerically flexible workforce, and at the same time reduced labour costs because there was no provision for career development and progression.

Temporary employment was also dominated by women employed in two occupations. Between 1982 and 1985, women accounted for almost 80% of all temporary employees (Public Service Board 1982:45, and 1986:32). More than 90% of temporary employment in positions which had been filled for more than 12 months was the result of the position not affording permanent appointment. Of these positions, about 80% were filled by ancillary staff in the Department of Education or cleaners in the Government Supply Department (Public Service Board 1985:32).
Although temporary status implied short term employment, many employees with temporary status in fact experienced stable, long term employment. All women employed as ancillary staff in schools or as Government Stores Cleaners were employed on a temporary basis; however, many of them had held their positions for a number of years. In 1986 it was reported "some have been employed on a four - monthly renewable contract for twenty years" (O'Hanian 1986:2).

The analyses of the writers examined in the previous section do not adequately conceptualise the character of labour market segmentation as a means of explaining the permanent/temporary status divide in the New South Wales public service. These writers propose that the nature of jobs and the differential employment conditions associated with these jobs, delineate the differences between sectors within the labour market and internal labour markets. However, in the New South Wales public service employees had temporary status not only because the position was classified as temporary, but also because the individual could have been classified as having temporary status. There were many reasons for such a classification. Individuals could have temporary status because they did not satisfy requirements necessary for permanent appointment, such as completing an examination, being appointed within five years of retirement, not meeting citizenship requirements, and until 30 November 1981 individuals not complying with
medical requirements necessary for superannuation coverage. In addition individuals could choose to have temporary rather than permanent status and so avoid becoming a member of the State Superannuation Scheme. In 1981 these reasons accounted for only a small minority of temporary appointments, 21.2% of temporary appointments (Public Service Board 1981:17-19).

The main reason for temporary status was the classification of the position as one which did not provide the individual with the opportunity to secure permanent status. Certain positions were not regarded as full-time positions because of the hours worked, and this accounted for most temporary employment. In addition, positions which were government funded, ministerials, provided initial support for newly created boards or commissions, or were for emergency relief staff were classified as temporary positions and therefore relegated their occupants to temporary status. In these circumstances, the PSB considered constraints of existing job structures, such as hours of work and the short term nature of the work as a reason to define a position as temporary. Almost 80% of temporary employees occupied positions in one of these categories, and almost 90% of these temporary employees occupied positions in which it was claimed the hours worked prevented permanent appointment (Public Service Board 1981:17-19; Anti-discrimination Board 1978:82-85). These temporary positions were concentrated in
two occupational groups, cleaners in the Government Stores Department and ancillary staff in schools. Otherwise the majority of departments had no positions classified as temporary (ibid).

During the post war period employment increased in the New South Wales public service. Employment growth was particularly strong during the 1950's, 1960's and first half of the 1970's and was strongest in professional and manual occupations (Kramar 1982:198-200). O'Donnell (1984) points out that temporary employment also increased and explains this increase as a result of the expansion of schools, which required ancillary staff and school cleaners. However, during the latter part of the 1970's and first half of the 1980's temporary employment declined. Table 1 shows the percentage of temporary employees as a proportion of total public service employment declined from 53.8% in 1976 to 35.5% in 1985.

A variety of work arrangements were evident in the New South Wales public service. There was a group of core employees, as well as a group of peripheral employees, who had temporary status. There were three groups of peripheral employees: those who filled short-term positions; those who did not qualify for permanent status because of a personal characteristic; and finally those employees whose hours of
work over the period of a year were not considered to be full-time employment. Although the individuals, usually women, were employed for long periods they were not eligible for permanent status and its benefits. The next section explores the reasons for this.

Temporary status: its causes

Temporary positions
The three-fold classification of the factors affecting the structure and segmentation of labour markets proposed by Peck (1989:126) provides a comprehensive method of classifying the causes of segmentation on the basis of employment status in the New South Wales public service. This method identifies three causal tendencies for segmentation: labour demand factors, labour supply factors and the role of the State. In the New South Wales public service, labour demand factors involved the expected continuity of a position and the number of hours required to perform the job, while labour supply factors reflected the association of certain forms of work with either males or females, and the stigmatization of some 'female' work as non-career employment. In addition certain types of employment were used to supplement state welfare policies.

Apart from those positions which were considered short term, non-continuing positions, the classification of positions as
temporary rather than permanent usually reflected the influence of gender considerations. These gender considerations influenced institutional arrangements such as the structure of awards and agreements covering particular occupations, the perception of some occupations as non-career occupations and perceptions that women performing the duties did not desire longer hours of work. The state in its role as provider of welfare provisions and determiner of awards played a major role in institutionalizing the relationship between gender and temporary status in cleaning and ancillary staff positions.

Cleaning was regarded as a casual, not a career occupation and early in the century had been used as a means of assisting needy women. The Public Service Board reports:

"Historically, some positions traditionally not perceived as forming a career structure and not being the types of positions which career public servants would occupy, have not been regarded as appropriate for permanent appointment. The duties of cleaning positions in particular were regarded as casual in nature".

Furthermore, in the period 1910-1930 difficulty was experienced by needy women in obtaining prompt and adequate social security benefits. It is also believed the Governments of the day used cleaning work to assist these women" (Public Service Board 1981: 22-23).
This view was reflected in the "Preference of Employment" Clause in the Female School Cleaners Agreement No 2295 of 1980 which provided that:

"In the engagement of employees, the following order of preference is to be observed:

(a) Women in receipt of State aid;
(b) Widows in needy circumstances;
(c) Other women in needy circumstances."

Female cleaners covered by this Agreement and the Award (Caretakers, Cleaners, Lift Attendants, etc (State) Award) were disadvantaged by provisions which limited their access to more senior positions and to working more hours. They were ineligible to apply for promotion positions, because no provision was made for the payment of supervisory allowances, and they were unable to apply for full-time school cleaning positions occupied by men, because this would involve working 40 hours per week. This requirement was in excess of the full-time hours in the provisions covering female School cleaners.

Similarly, gender considerations were inextricably linked with terms governing the employment of ancillary staff. The employment of ancillary staff began in a small way during the 1960's. Until 1977, preference was given to suitable persons, who by virtue of their domestic situation were regarded as having a claim for special consideration on the
basis of need (Justice Day cited in O'Hanian 1986:3). In 1977 the policy changed so that future appointees were selected on capability not marital status or considerations of sympathy. Yet despite this change in policy, the PSB and the members of the New South Wales Industrial Commission acknowledged the significance of the sex of ancillary staff on the nature of their employment conditions. Justice Dey stated

"The employment of ancillary staff has a number of unusual features. By reason of past policy, the vast majority of the staff are women with family ties (Judgement by Justice Day in the Crown Employees (Ancillary Staff in Schools Stand Down Pay) Award 16 December 1977:13)."

This sentiment was elaborated in 1978 by the Full Bench of the Industrial Commission when it stated

"...We are prepared to accept the majority of women concerned are so committed to their families and to the care of their children during the "no work" vacation periods that, even if work could be made available for them, it would be inconvenient or impracticable for them to perform work during this period (1978:11)."

Although labour demand, labour supply and the activities of the State were all factors responsible for allocating ancillary staff and female cleaners to the secondary sector
in the New South Wales public service, by the late 1970's
the Public Service Board was emphasising the role of demand
factors as the primary reason for this segmentation. The
Public Service Board claimed employment status was dependent
on the hours worked and permanent status was incompatible
with part-time employment. Ancillary staff and school
cleaners were regarded as part-time employees because they
were only employed during school term and for less than 40
hours during term (Anti-discrimination Board Report
1978:84). This explanation was an inadequate reason for the
temporary status of these positions, because as the Board
later pointed out, the concept of full-time employment in
the public service is imprecise with many employees
classified as full-time working a variety of hours. It
considered "the total number of hours per week does not
alone determine the question of who is full-time and who is
part-time; the question is also determined in terms of
comparable classifications". In this regard, female cleaners
and ancillary staff are thought of as full-time and defined
as such in the industrial agreement (Public Service Board

The Anti-Discrimination Board (1978:81) claimed
superannuation was the major issue influencing decisions
about employment. The nexus between hours of work, status
and membership of the superannuation fund was a major factor
inhibiting the reclassification of some temporary positions
to permanent positions; however, as the previous discussion indicated it was not the original reason for the initial classification. The Superannuation Act 1916 provided that "every employee" (Section 10N), who is "required to give his whole time to the duties of his employment, but does not include ...a person who is paid at hourly, daily, weekly or fortnightly rates" (Section 3) will contribute to the State Superannuation Fund. As temporary employees were not regarded as full-time employees and were paid at a weekly equivalent rate, they were not considered "employees" in terms of the Act. Similarly, until 1981, employees who failed to meet "the prescribed (medical) standard" was not an employee in terms of the Act.

Individuals as temporaries

Individuals in permanent positions were classified as temporaries because of either personal characteristics which prevented them from becoming a member of the superannuation fund, or because of their sex and marital status, or personal choice, or departmental practices. Excluding ancillary staff and Government Stores cleaners, most positions in the New South Wales public service were categorised as permanent positions (Anti-Discrimination Board Report 1978:78, 99, 82-83).
Until the amendment of the Public Service Act in 1969, married women were not entitled to permanent status unless they were in occupations which were in short supply or they were the sole breadwinner for their family (Trott 1961a:1). The PSB considered married women were not entitled to permanent appointment because of its association with a career, and it considered married women were not entitled to a career because of their domestic responsibilities, interrupted working life and their role as supplementary income earners (Trott 1961b:1; Sutherland 1966:1).

Public servants were also able to elect temporary status. Under the Public Service Act 1902, employees were able to elect not to join the State Superannuation Fund, but in so doing, they opted for temporary status. Although this option was not available under the Public Service Act 1979, in 1981, 8.1% of temporary public servants claimed this was the reason they were temporary (Public Service Board 1981:32). There was therefore a strong "nexus" between the State Superannuation Fund and permanent status.

A further reason some individuals had temporary status, rather than permanent status involved departmental practice. A major reason why women in permanent positions had temporary status was because of "departmental tardiness about the procedure required to gain permanency". Senior officials believed women did not want permanent status. The
majority of women with temporary status had "not been offered permanent appointment" because senior officers claimed women were 'unwilling to contribute to superannuation schemes', they had 'no career expectations', or they regarded superannuation as a poor investment (Antidiscrimination Board Report 1978:79, 82-83, 182; Wilenski 1977:188).

O'Donnell (1984:11) suggested temporary employment was an employer strategy designed to reduce cost and promote flexibility. She claimed "to make temporaries permanent would cost the employing body extra money and take away its ability to hire and fire at will. It would also widen promotion competition within the career stream".

Discussion

The reasons for temporary employment, and therefore the segmentation of employment in the New South Wales public service were complex. Labour demand factors, particularly those associated with the hours of work; labour supply considerations, particularly employer considerations about the hours of work required by female workers; and legislation and welfare policies provided by the state apparatus in New South Wales all combined to create an internal labour market segmented on the basis of employment status. Although temporary status was concentrated among
workers performing low skilled jobs, some professional and administrative employees also had this status. Loveridge and Mok (1979) recognised that highly trained professionals and craftsmen could hold jobs with little job security, but suggest this is the result of labour demand factors, such as the creation of marginal jobs through short term job creation programs or the restructuring of promotion opportunities for some jobs following organizational changes. There were, however, other reasons including the effects of superannuation legislation on individual decisions to join the superannuation fund, and individuals not being offered permanent status. The causes of employees holding temporary status were complex, and included the influence of gender considerations.

Initiatives to reduce temporary employment

A number of initiatives were taken by the PSB and PSA in the 1980's to reduce temporary status among employees in continuing positions in the New South Wales public service. Although some action had been taken earlier, these attempts had not dealt with the issue in a systematic way. Despite the support of the PSA, the government and the PSB for this principle, the change in policy was fraught with conflict and contradictions.
Although the granting of permanent status to employees in temporary positions was not an issue concerning only women, interest in changing the policy was the result of concern about discrimination against women. In the 1960's the PSA pursued the removal of the 'marriage bar', but was only successful in having the policy changed when the PSB acknowledged it was inconsistent with community standards and that it discriminated against married women (Cameron 1968:1). Similarly, the campaigns conducted by the PSA during the 1980's and the PSB's formal support for the extension of permanent status to employees in continuing positions, were based on concerns to remove discrimination from employment policies and to create equal employment opportunity. The Wran government's formal commitment to these principles established a context conducive to the re-evaluation of the arrangements regarding temporary status.

The Review of New South Wales Government Administration, known as the Wilenski Report, and the report on Discrimination in Government Policies and Practices by the Anti-Discrimination Board had highlighted in the late 1970's that the high proportion of women with temporary status often reflected discrimination in employment policy and practice (Wilenski 1977:179-188; Anti-Discrimination Board Report 1978:81-86). As a result, the PSB revised its policy "so that, generally, all full-time staff who occupy permanent offices and meet the requirements for permanent
appointment, irrespective of classification, are eligible for permanent status from date of entry on duty" (Public Service Board 1981:12). In addition, the Public Service Act 1979, which replaced the Public Service Act 1902, made it clear in Section 80 that the purpose of temporary employment was to render temporary assistance not to provide an alternative mechanism for long term continuous employment. Although these changes established broad principles, the principles could only be implemented once the nexus between permanent appointment and hours of work and superannuation was resolved.

The PSB identified and examined the many reasons for temporary status and in 1981 changed the citizenship requirements and medical standards. Other changes, particularly the classification of ancillary staff as temporary employees, however, took longer. The changes involved reconstituting the nexus between employment status, hours of work and superannuation, so that the criteria for permanent appointment were not necessarily those for superannuation. It also required an accommodation of the different definitions of permanent appointment used by the PSA and PSB.

In 1984 the PSA adopted a policy resolution at its Annual Conference making permanent employment for all members a priority and supporting a campaign for ancillary staff in
schools. This initiative followed the actions of the Women's Council in 1982, which had suggested to the Central Council of the union that a committee be established to consider a campaign for temporary employees (O'Hanian 1986:1). The PSA and Labour Council began negotiations with the PSB on the issue in November 1984.

A major difference between the PSA and PSB's approach to permanent status was the definition given to permanency. The PSB defined permanent status merely in terms of security of tenure, while the PSA included an additional condition which provided that all employees with permanent status received "as a minimum the same conditions and entitlements that apply to officers under the Public Service Act 1979" (O'Hanian 1986:1). The union considered permanent status involved security of tenure, as well as certain rights and conditions.

The nexus between hours of work, superannuation and permanent status was able to be resolved through introducing the concept of permanent part-time work. However, the PSA and PSB differed about the conditions associated with this work arrangement. The PSA wanted a scheme which conformed to ACTU principles and provided conditions similar to those operating in the Commonwealth public service (Lucato 1986: 88; no author 1986 (a):1). It also wanted to participate in the development of such a scheme, fearing a permanent part-
time scheme would be used to reduce staffing levels for full-time staff and "put downward pressure on the existing entitlements and conditions of work for current public servants" (Speakers notes 1986:3). It was predicted that this would result in a restructuring of employment in the public service with the creation of an expanding periphery of part-time, casual, temporary workforce, who were predominantly women, and a small, exclusive permanent staff (O'Hanian 1986:2; Twohill 1986 (a):1-3). The PSA was so concerned about the issues it called one day stoppages, and imposed bans and limitations in the first five months of 1986 (Twohill 1986(b):2).

The PSB did attempt to introduce unilaterally a permanent part-time work scheme in 1986. However, Justice Bauer of the Industrial Commission of New South Wales held that such unilateral action had legal difficulties and noted the merits of having the scheme fully set out by the appropriate authorities, including the Industrial Commission, before its introduction. Negotiations recommenced in May and agreement on a permanent part-time work scheme, and the granting of permanent status to ancillary staff under separate legislation, was eventually reached. Following extensive negotiations with the major employing departments, conditions under which this group could be offered permanent employment were developed, and offers were extended to eligible temporary part-time employees on 30 June 1988.
Although the PSB formally supported the principle of reducing the number of public servants with temporary status (Public Service Board 1985), policies implemented at the departmental level contradicted it. For instance, in 1984 it introduced a policy requiring that temporary employees not be employed for more than 12 months without the PSB's approval; however, these temporaries were often sacked and re-employed the following day (O'Hanian 1986:2-3). Similarly, employment of staff under section 80 of the Public Service Act 1979 was a technique used to overcome staff ceilings.

**Conclusion**

The proposition that labour market segmentation results from the interaction of labour demand, labour supply and the actions of the state is borne out by the case involving temporary employees in the New South Wales public service. The classification of cleaners and ancillary staff in schools as temporary employees was a consequence of the interaction of three factors: demand factors, particularly factors associated with the hours of work, supply factors such as considerations about the appropriateness of women for this kind of work because of their domestic responsibilities, and the role of the state in linking
employment in the case of school cleaners positions with welfare provisions. The state was also particularly important in initiating policies to change the rules providing for employment conditions which located temporary employees, such as school cleaners and ancillary staff, in the peripheral sector of employment. However, although the PSB and the PSA agreed on the principle of reducing temporary employment, the development and application of the policy was limited by the way in which policy was implemented at the workplace, and by differences in the way the two parties conceptualised permanent status and the employment conditions attached to this form of employment.

The study indicates that an understanding of the processes determining labour market segmentation can only adequately be gained by examining the historical factors which contributed to the establishment of the employment conditions delineating core and periphery employment. It also demonstrates that formal employment policies do not provide a satisfactory indication of the techniques used to segment the employment; it is essential there is an understanding of the way these policies are implemented. Finally, the study indicates segmentation can result from policies which classify individuals on the basis of personal characteristics to peripheral employment, thus challenging the emphasis given to the nature of the jobs.
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