

Community Services in a Changing Economic and Social Environment

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edited by

Peter Saunders and Adam Jamrozik



Social Welfare Research Centre

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Peter Saunders and Adam Jamrozik

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FOREWORD

The Social Security Review is currently assessing the extent to which income support policies need to adjust to the changing economic, social and demographic circumstances faced by Australia. These changes have implications for all social welfare policies. Recognition of this led to the selection of the theme for the Conference whose proceedings are contained in this Report. The contributions to the Conference cover many of the important aspects of community services including their finance and provision, as well as issues relating to access, equity and, most important of all, effects on those groups to whom services are directed.

The final session of the Conference was devoted to an open forum which gave participants a chance to express their own views on the papers and their experience of contemporary community services. Many participants noted that the Conference was one of the rare occasions (and for some the first such occasion) when their views could be heard. Although no formal record of this session was kept, the issues raised were of sufficient importance to warrant some recognition.

On the question of the overall approach to community service provision, complete uniformity of provision was seen as neither possible nor desirable. Within the overall framework of policy directives and guidelines there was a necessity to accept a diversity of approaches. In such areas as the Home and Community Care (HACC) program there was a need for extensive consultations in order to monitor developments, identify problems and chart appropriate directions.

Some participants argued that while professionalisation of services meant a 'movement upwards', the tasks of service delivery in community services involved a 'movement downwards'. Many tasks in community services were menial, and professionals were not inclined, and often not able, to perform them. This brought in the issue of volunteers in community care, where and how they can be recruited, how they can be organised, and how they should be reimbursed for expenses incurred.

Questions were also raised about the ever-present scarcity of resources in community services, from two different perspectives. On the one hand, community services entail a degree of commitment from service providers - both professionals and volunteers - to the ethos of community service and to its value. On the other hand, the shift to community-based services seemed to be based on the belief (or hope) that they present a cheaper option than institution-based services. The former perspective can be fulfilled only if the latter was abandoned. The abandonment of this latter view had to be communicated to governments as forcefully as possible, otherwise an undue burden will be placed on service providers as well as on the recipients and their families. Worse still, 'community services' may become a form of 'community neglect'.

Finally, many participants stressed the importance of research which would permit service providers to examine the issues in a broad context, compare research results with their own experience, develop relevant arguments and communicate these to governments and the community at large. Hopefully, the release of this Report will be one important step in this process.

Peter Saunders
Director
Social Welfare Research Centre

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WELCOME - INTRODUCTORY REMARKS

Linda Rosenman
Professor of Social Work
University of Queensland

The theme of this conference - Community Services in a Changing Social and Economic Environment - is particularly timely. At a social and political level the support for community services is strong and is growing. At the same time we are facing an economic environment both nationally and internationally in which the demand for smaller government, privatisation and reduced government spending on social welfare services is growing more strident. It is some of these complexities that this conference aims to explore.

The social and political attractiveness of the themes of community services and community care is evident. For example, we now have a Federal Department of Community Services where a few years ago we had only Social Security.

In most State governments, departments of child welfare have incorporated community services into their titles and to differing degrees redefined their functions to include community development and services.

There have also recently been a number of policy initiatives that aim at the development of community based services in the field of aged care and care of the disabled.

Despite all the interest now being paid to community services, it appears that the adoption of the concept by groups ranged across the political spectrum is in large part a result of a lack of specificity about what is actually meant. The terms 'community services' and 'community care' are a little bit like God, Motherhood and Apple Pie, social goods that are difficult to oppose or even question, but can be subject to such a broad range of interpretations that people and organisations with different ideologies and opposing agendas are all able to support and utilise them while having totally different and, sometimes, even opposing goals.

I would suggest that there are at least three different purposes underpinning the way in which 'community services' is conceptualised, several of which will be addressed by today's speakers. These are: the economic underpinning of the community services rhetoric; the ideology surrounding the service delivery system; and the theme that community based services are the opposite of institutionally based care.

1. Economic Underpinning of the Community Services Rhetoric.

In a decade where control of government expenditure has become a major goal, the clear assumption is that community based care is cheaper than comparable institutional care. It is in fact interesting that many of the Federal and State publications that describe their new community based initiatives also refer in the same voice, or on the same page, to the climate of economic restraint. It is to be hoped that 'community based care' or 'community services' are not euphemisms for saving money.

In terms of direct government subsidy, it is probably true that institutional care of the elderly, in fact, costs more than care in the community. It is becoming clear, however, that this is because the full costs of community based care are not, in fact, taken into account. The maintenance of a frail aged or disabled person in the community is usually contingent upon the availability and willingness of an unpaid caregiver to give unstintingly of her (and it usually is her) time to provide care herself and/or to co-ordinate and monitor the provision of such community services as meals on wheels, home nursing, and housekeeper services. If the economic costs of such time were taken into account, community based care for the frail elderly would not appear so cheap.

Furthermore, many community based services depend on an unorganised predominantly female workforce, earning low wages with no fringe benefits. This is a major contributor to their economic viability. As Andrew Jones explores in his paper on family day care, the potential demands of these carers for award wages, fringe benefits and regulated working conditions have major implications for the relative cost advantage currently enjoyed by many community services.

The push towards privatisation or contracting out of services, while cloaked in a theme of 'community caring' is another way to reduce social welfare expenditures, and effect the aim of smaller government by moving service provision into the non government sector. The paper by Peter Saunders focuses on the larger economic context in which community services are funded and delivered.

2. The Ideology Surrounding the Service Delivery System

Services provided by the non government welfare sector tend to be viewed as community services, whereas those provided by Federal or State governments often are not. There is also an implicit ideological assumption here that non government community organisations are closer to the 'grass roots', and are more responsive to clients or consumers than are government-provided services. However, the majority of non government services rely on government funding to exist. These funding arrangements create major questions of accountability for community services. Are these community service organisations accountable to the consumers that they serve or to the State and Federal departments that hold the purse strings?

There is also an implication that community based services are small scale and more accessible to people in need than are government services, yet many such community services are, in fact, provided through large, complex and multi-purpose non government organisations. Is there any evidence that these organisations are less bureaucratised or more responsive to community pressures than government departments? Given the rhetoric and the expectations of the voluntary sector in terms of carrying the ball in the delivery of community services, Chris Brown's paper on disability services is an important contribution to our understanding of how the voluntary sector initiates and implements community service programs that are funded by, and subject to, regulation by government.

In the push to provide 'community services' by 'community based organisations' it is perhaps salutary to remember the situation ten years ago when there were continual complaints about service overlap, duplication and

lack of co-ordination. It is clear that if service provision is to be picked up by 'community groups', co-ordination and monitoring to ensure that services are adequately distributed geographically and are of an acceptable overall quality becomes very important.

3. A Theme that Community Services or Community Based Services are the Opposite of Institutionally Based Care.

There is an explicit valuation underlying much of the literature and the political rhetoric, that institutional care is uniformly bad, and that non institutional care, i.e. community based care, is good. While attractive, this is clearly too simplistic. Part of the problem is with the definition of the term 'institution' and the differentiation between an institution and an institutionalised environment. Community based services such as sheltered accommodation, hostels and day care centres may also be institutionalised. Such principles as the degree of autonomy, freedom and control that a client of whatever age has, versus the extent of uniformity and standardisation of care imposed by the system, may be as important as the actual physical location in which the care is provided. The paper by Deborah Setterlund suggests that in large part the low societal value of older people, particularly of women who make up the majority of the frail elderly, underpins the organisational arrangements that create the restrictive environments that we tend to associate with such institutions as nursing homes. These attitudes are as prevalent in community based services as they are in institutions, and so are the restrictive practices. It is important that we do not permit the term 'community services' to become a simplistic solution for dealing with the problems of institutionalisation.

The papers presented here have national, and even international, significance; however, it is important that its application to the Queensland situation be examined. It is important to focus on how a comprehensive base of community services can be developed and sustained in a State that lacks the community services infrastructure that has been developed by State and Local governments elsewhere in Australia. The current situation of a State Government that tends to work against, rather than with, the Federal Government in providing and financing community services also has major implications for the quality of services and their equity and adequacy. In Australia in general, and in Queensland in particular, distance and geographical dispersion of the population affects the provision of adequate and responsive community based services. Models of service delivery for remote and rural areas must be given urgent attention in Queensland. Models based on overseas programs, or on urban areas, are simply not adequate. Some of these issues will be taken up in the final plenary session where some of the particular problems facing community services in Queensland will be discussed.

In conclusion, community based services are clearly the direction for the future. However, it is very important that we separate the rhetoric from the reality. While such services offer great potential for better and more responsive social welfare programs, many issues and questions still remain. The papers from this conference play a stimulating and important part in raising, and possibly answering, some of these questions.

OPENING ADDRESS**The Honourable Yvonne Chapman****MINISTER FOR FAMILY SERVICES, YOUTH AND ETHNIC AFFAIRS****Government of Queensland****(Presented on behalf of the Minister by Moylene Carrick)**

Your conference today, and the theme 'Community Services in a Changing Economic and Social Environment' is timely to say the least. While I have only been Family Services, Youth and Ethnic Affairs Director for about 20 months, I doubt if so much emphasis has ever been placed on the need for stringent accountability in the provision of community services.

We are living in changing times. These changes have been partly evolutionary but some have been rather vigorously thrust upon us. The evolutionary changes involve trends in attitudes towards such things as marriage, divorce, parenting, family structure, and many others, all of which create different demands on the welfare system. The fact is that the role and function of family is currently undergoing considerable change and upheaval, and in the context of such rapid social change government policy must be relevant.

The changes that have been thrust upon us are those involving the economy - the financial conditions that prevail in Australia and their effect on the States, on communities, on families and on individuals.

You would all appreciate the Catch 22 situation we face in times which demand tough economic measures. During these periods governments and the non-government sector have less money to spend, but they are also the times of highest demand. That is why our Queensland Government, and all governments in Australia, are now looking very closely at the way in which the welfare dollar is being spent.

We have emerged from a period during which spending on welfare became a popular thing to do. It was a vote winner. I believe this attitude that developed throughout Australia has had a disastrous effect on our way of life and has left us with a legacy which will be felt for many years to come. When the economy was buoyant, welfare spending increased in leaps and bounds. Unfortunately, the directions in which this spending occurred were not always closely monitored. A mentality was created that expressed the opinion that all our problems would be solved if money was given out freely.

It is my very firm belief that money alone never has, and never will, solve social problems. In fact, I would go so far as to say, ill-conceived spending can create more problems than were there in the first place. We will always have those in the community who need help. There will always be a demand for welfare funding. What we must do however is to make sure those in need get the assistance they require. And that assistance does not always demand the outlay of money only.

Public of statutory child and family welfare agencies in Australia have in recent times been undergoing significant change. This trend, no doubt, is also occurring in other countries in the western world where increasingly the 'welfare system' is being turned upside-down and inside-out and undergoing probes and questioning into its role, place in and cost to the community.

As many of you know, my department, over recent months, has embarked on a bold new approach - a 'new direction' as it is now known. I would like to give you a brief outline of the principles behind this new direction.

Some of the mechanics of this operation are fairly simple. We have established a regional plan where this enormous State is now divided into ten regions, replacing the previous four. Where my department was seen as a deliverer of services through the operation of large scale programs, the smaller regions will enable us to develop a greater diversity of localised initiatives by those closer to families.

Through the years, government resources have been used mainly to deliver services directly to those whose problems have been seen to be the responsibility of the government. This attitude of, 'It's the government's problem', has to change. There is a much greater realisation these days that those so-called government programs are, in fact, the responsibility of families, community and government - each with a key role to play. Governments should not be allowed, and must not be forced, to tackle these problems on their own. If this happens, the results will be disastrous.

Our government has adopted an approach whereby it can utilise resources to enable people to help themselves, and help one another, wherever possible. When you take the self-help motivation away from a community it loses its character, it loses its self-esteem, and it loses essential elements of care and compassion.

In the past there has been too much emphasis on directing government assistance to people with problems instead of helping communities to prevent problems from arising in the first place. Our government is committing itself more to a role of developing preventive strategies to tackle problems at their source. In the short term, of course, we are certainly not turning our backs on the vital issues that need addressing and the urgent areas that need resources. However, the development of a long-term approach aimed more at prevention is seen to be very necessary in the light of changing social and economic circumstances.

Another major thrust of the new direction is, of course, the need to develop greater co-operation between the government and non-government sectors. Problem solving and the delivery of services has to be accepted as a shared responsibility. If there is to be an effective response to community needs it must be done on a co-operative and cohesive basis. The government alone cannot address our social problems, nor can the most innovative community organisation or the most dedicated individual. We must all work together. My department must work with non-government bodies if we are to achieve our goals and this must be done in an environment which fosters mutual respect for out differing roles.

I am sure everyone here today would acknowledge that no government can pick up the tab for solving all the social ills of our times, nor would it be

appropriate for a government to attempt to do so. What the government can do, however, is make a commitment to more effectively work with various agencies who are working in this field. The government can help maximise the involvement of community groups and agencies in the provision of needed services.

Families, of course, are the backbone of the community and they must be strengthened and supported. Nothing can replace a strong and supportive family. I am firmly committed to the view that we should shift the emphasis from only providing services to families during times of crisis - a 'band-aid' approach. Emphasis should be placed on helping to build caring networks that support families in good times and bad times. For too long the public sector has focused on picking up the pieces rather than helping families to help themselves.

Because of the economic realities it is imperative that we harness and mobilise all the resources that are available in the community and effectively use them for the benefit of those who are in need. In approaching this, we should not underestimate the skills, the caring, and the compassion of our fellow citizens. I believe some of us have underestimated the capacity of local communities to identify innovative ways to tackling local needs and drawing together local skills and resources. We've really got untapped resources in our communities and the challenge is to mobilise them now, when we need them most, so that the well-being of individuals and the community is preserved.

My department is only one part of a network of government and non-government family and community services. It does not presume to have, nor does it control, all the knowledge and skills in this field. These abilities are demonstrated by the non-government sector many times over in developing caring community networks and in providing services to people in their own community.

Therefore, it is imperative that the working links between my department and the non-government sector are consolidated. There has to be very close co-operation and consultation in the planning and delivery of services by all interested parties. Services have to be made more accessible in local communities and my department will be striving to achieve this. This will be done both through its role in encouraging the development of locally based non-government services and the direct provision of its own statutory services.

I also believe we need to be more responsive to the needs of consumers of our services, and to be more flexible in our approach. I want to focus on 'how can we help', rather than adopt the inflexible 'you're outside the guidelines' response.

The 'New Direction' will continue to provide the non-government sector and Local Government with opportunities to broaden and extend their roles in the provision of needed services. At the same time, my department will be examining those non-statutory services which it directly provides to ascertain if the resources involved can more effectively be re-allocated to non-government organisations and local authorities. I know some agencies may interpret this increased emphasis on non-government services as a way of

passing the buck or trying to reduce government spending. As far as I am concerned, this is not the case.

This new, enhanced role for the non-government sector requires additional resources. I appreciate that. I realise that the real reasons for regarding certain communities as 'in need' means that they do not have the resources or capacity to develop or operate successful programs without government assistance. That is why I have pressed, and will continue to press, for additional government funding for this purpose. In this respect I take some pride in the additional resources that I have been able to direct to community organisations since I became Minister. I must say I am becoming a little annoyed and impatient with those who continually refer to figures which are many years out of date in an attempt to belittle recent efforts.

The simple fact is - these are tough economic times. No one can expect bags of money to fall from the heavens or unlimited funding from bottomless barrels. But in spite of these difficulties, our government has an impressive recent record of increasing funding for grants to non-government organisations well above the general escalation rate.

I must emphasise that increased efficiency and effectiveness does not mean down-grading of services. As needs change, services must also change if they are to remain responsive. Through better management, the determination of priorities and the better use of appropriate technology and training, these changes can occur while maintaining the quality of services.

Ladies and gentlemen, I am not only confident about what will be happening in the years ahead, I am excited to be a part of it.

An Economic Perspective on the Finance and Provision of Community Services

Peter Saunders
 Director
 Social Welfare Research Centre
 University of New South Wales

1. Introduction*

In presenting the case for a Review of the Australian social security system, Cass (1986) argued in terms of the need for the system to adjust to the social, economic and demographic changes that have evolved since the mid-seventies. This paper addresses a number of issues in the provision and finance of community services by government from a similar perspective. The definition of community services adopted includes provisions and expenditures in the areas of education, health and welfare services. Expenditures on housing and community amenities have been excluded, so that the definition of community services corresponds to that referred to by the OECD (1985) as (non-cash) social expenditures. An important distinction between income support and community services is that while the former represents a direct cash transfer to individuals and families in which government employees play a relatively minor role, service providers play an integral role in the provision of community services. On one level, this feature of community services has led to considerably greater tension between service providers and their clients than exists for the income support system. Such tensions are not discussed in this paper. Rather, attention will focus on some of the implications of this feature of community services for expenditure on them, provision of them and finance for them.

Future prospects for community service provisions will be heavily influenced by the broader financing constraints currently facing governments. For this reason, it is important to place community service expenditures (or social expenditure) in the broader context of total public sector spending. This is undertaken in Section 2 of the paper. Section 3 extends this analysis by discussing some of the employment consequences of the expansion in community services from a labour market perspective. Together these sections highlight two related aspects of past developments. The first is that the labour-intensive nature of community services helps explain the considerable increase in social expenditure relative to total government spending. The second is that the expansion of community services has an important impact on developments in the labour market, and any reductions will thus also have significant labour market consequences.

Central to any discussion of government spending in Australia is the significance of the federal system and the associated sharing of responsibility between the Commonwealth and the States. Section 4 presents a short analysis of the variation in social expenditure between the States, but

* I would like to acknowledge the assistance of Clare Stapleton and Vickie Le Plastringer in the preparation of this paper. They are in no way responsible for the views expressed in the paper but are responsible for collection and presentation of much of the statistical material it contains.

notes the qualifications that attach to implications drawn from such comparisons. Section 5 presents evidence on two economic aspects of social welfare, the incidence of poverty and the degree of income inequality. Again, the focus is on State differences and some of the more important reasons underlying them.

Section 6 discusses a number of issues at the forefront of current debates over the future prospects for community service provision and finance. Emphasis is placed on the three major alternative mechanisms for public welfare intervention; direct service provision, subsidisation through the tax system and government regulation. Attention is also drawn to the significant role that private welfare provisions and private finance thereof play in the current mixed economy of welfare in Australia. Recognition of the full extent of the mixed economy of welfare is central to contemporary social policy analysis. With these aspects in mind, the paper then discusses some of the principles underlying recent welfare state privatisation proposals. It is argued that however correct the suspicions over the underlying motives of privatisation proponents, there is a need for a more open-minded approach in order to fully assess the potential for privatisation in some areas in order to provide a system which is more effective and financially viable in the medium-term.

2. Trends in Public Sector Outlays and Expenditure on Community Services, 1965-66 to 1985-86

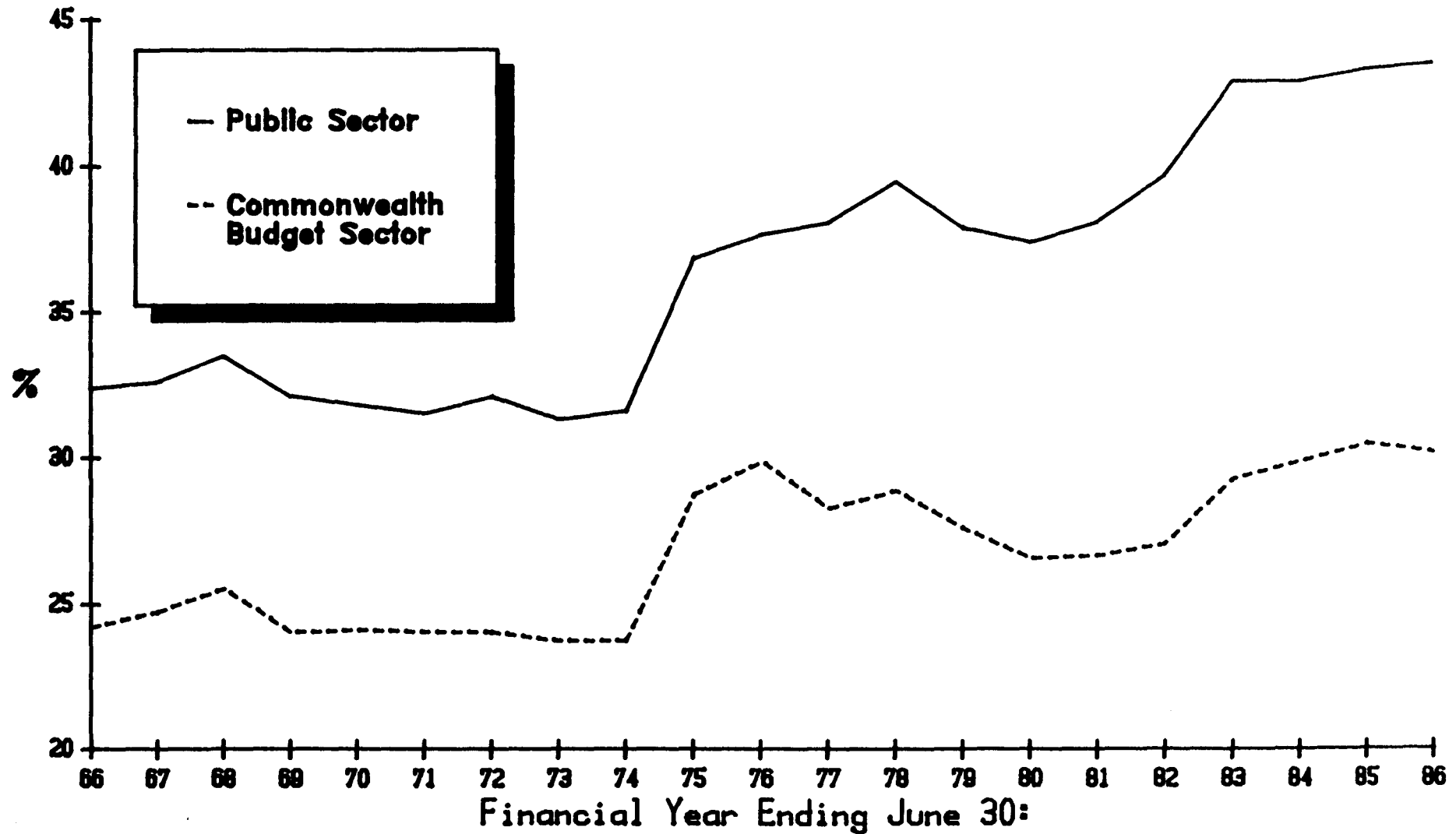
To understand the growth in expenditure on community services in the last two decades and recent imperatives to constrain that growth, these developments are best analysed in the context of broader trends in public expenditure. While there are undoubtedly some who would argue that social expenditure needs to be curtailed simply because it has grown to excessive levels, the more common line of argument stresses the need for restraint in public expenditure overall and then focuses on social expenditure as a leading candidate to bear the major burden of this adjustment. Although the inherent merits and validity of the economic and social arguments underlying this view deserve careful investigation, this is not attempted here. Rather, the focus of analysis will be on the expenditure and outlay trends themselves, in order to provide a perspective on the extent to which they have contributed to the perception that big government is a "problem" that needs to be addressed as a major priority in budgetary policy.

Figure 1 shows trends in total outlays relative to GDP for the public sector as a whole and for the Commonwealth budget sector. Public sector outlays include outlays by Commonwealth, State and Local governments on a consolidated basis to avoid double counting inter-governmental transfers, a major feature of public sector financing in Australia. Also included are the non-operating outlays of Commonwealth and State public trading enterprises.¹ Commonwealth budget outlays include all those activities whose day to day receipts and payments are recorded in the Public Account. They thus include all payments to State and Local governments. In 1985-86, such payments

1. For further discussion of the significance of inter-governmental transfers in Australia, and of alternative measures of public sector size, see Saunders (1987b).

Figure 1

**Trends In Total Government Outlays, 1965-66 to 1985-86
(Percentage of GDP)**



amounted to more than \$13.5 billion, or 19.4 per cent of Commonwealth budget outlays.

Against concerns over excessive government expenditure growth, the actual increases shown in Figure 1 may appear surprisingly modest. However, Figure 1 shows the increase in government outlays relative to growth in the size of the overall economy as measured by gross domestic product (GDP). Increases in these ratios indicate the extent to which the finance of public sector activities, whether in the form of taxation, borrowing or government charges, has absorbed an increasing proportion of total productive resources in the economy. Seen in this context, the increases illustrated in Figure 1 are of more significance. Total public sector outlays rose from 32.4 per cent of GDP in 1965-66 to 43.4 per cent two decades later. Over the same period, Commonwealth budget outlays rose from 24.2 per cent to 30.1 per cent of GDP. For the Commonwealth budget sector, the increase between 1973-74 and 1975-76 was just over 6 percentage points, equivalent to the increase over the period as a whole. Thus, Commonwealth budget outlays were a more or less constant share of GDP in the eight years prior to 1973-74 and have also remained broadly constant relative to GDP in the decade since 1975-76. The picture for public sector outlays is similar up until 1975-76, although their share in GDP has continued to rise steadily since then, particularly between 1979-80 and 1982-83.

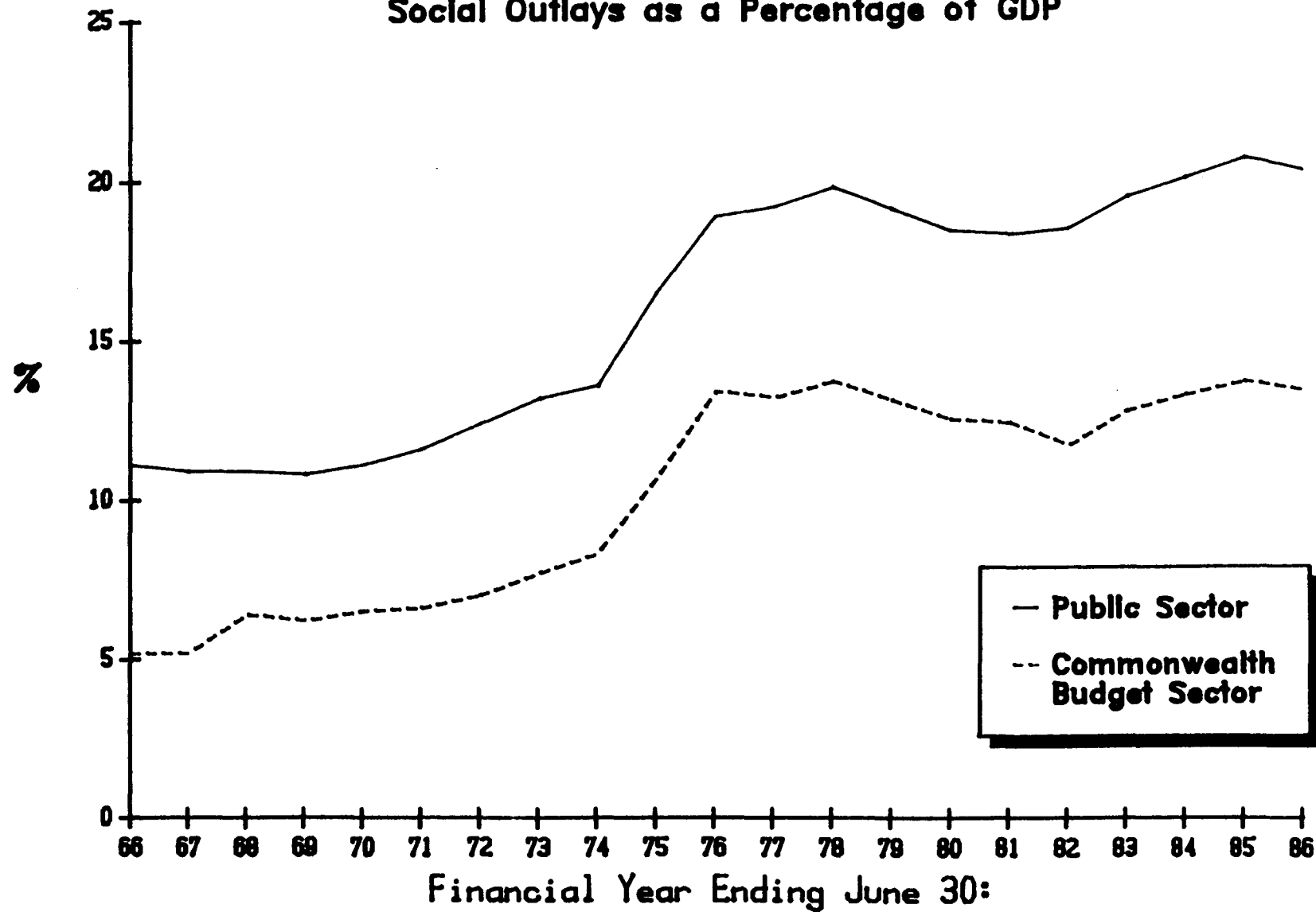
Why, then, all the fuss? The answer lies in the fact that revenues have fallen short of outlays for most of the period, with the result that public sector debt has risen steadily, both in absolute terms and relative to GDP. This in turn has resulted in problems servicing the debt, particularly given the conjunction of rising interest rates and a declining exchange rate. To restore the levels of public debt and government interest payments to more manageable proportions requires a narrowing of the gap between outlays and receipts. This can be achieved through adjustments to either outlays or receipts, where the latter includes concessions in the form of tax expenditures. There is no logical reason why the entire adjustment need fall on expenditure, although governments in most countries have made this their preferred political choice. Indeed, many have gone further by attempting to reduce their financing requirements while simultaneously promising tax cuts, particularly income tax cuts.

In practice, however, governments have been remarkably unsuccessful in reducing the size of government relative to the economy as a whole. Between 1980 and 1985, government outlays rose relative to GDP from 39.5 per cent to 40.6 per cent for the OECD as a whole. In only two countries, Germany and Norway, did the share decline over this period. In no OECD country did government receipts decline as a percentage of GDP between 1980 and 1985 and in some there was a significant increase. (OECD, 1987, Tables R.8 and R.9). Thus whatever the political rhetoric, governments have continued to grow in the eighties, albeit at a reduced rate relative to growth in the seventies.

Although the growth in total outlays in Australia has been steady but modest over the last two decades, social outlay growth has been considerably greater (Figure 2). Social outlays are defined in this paper to include expenditure in the three main functional areas of education, health and social security and welfare. For the public sector as a whole, social outlays grew from 11.1 per cent of GDP in 1965-66 to 20.3 per cent in 1985-86. For the Commonwealth budget sector social outlays rose even faster, from 5.2 per cent of GDP in 1965-66 to 13.4 per cent in 1985-86. Again, the growth was concentrated in

Figure 2

Social Outlays as a Percentage of GDP



the two years between 1973-74 and 1975-76. The net effect, as Figure 3 illustrates, has been for social outlays to comprise an increasing share of total outlays, largely in the decade up to 1975-76. By 1985-86, social outlays represented 47 per cent of total public sector outlays, and 45 per cent of Commonwealth budget outlays. The extent to which social outlay growth has contributed to total government growth is illustrated by the fact that total non-social outlays (which covers all areas of spending except education, health and social security and welfare) increased by less than two percentage points of GDP between 1965-66 and 1985-86. For the Commonwealth budget sector, non-social outlays actually fell relative to GDP by more than two percentage points. Thus, government spending has grown primarily because social spending has grown.

The above discussion includes all outlays in order to place the analysis within the broader perspective of the growth of government and associated financing difficulties. To focus the discussion on those social outlays that correspond to community services as conventionally defined, it is necessary to exclude expenditure on cash benefit transfers. These represent the major component of social security and welfare outlays, but also a significant proportion of education and health outlays, as Figure 4 indicates. Once cash transfers are excluded, social **expenditures** (as opposed to social **outlays**) comprise two components, final consumption expenditure and gross fixed capital expenditure.²

It is important to emphasise that social expenditure thus covers spending on **inputs** - for example, teachers and doctors salaries, administrative costs, purchases of new buildings and equipment, and so on - rather than expenditure on **outputs** as such. This reflects standard national accounting conventions, but has several important implications for the analysis of social expenditure, two of which deserve emphasis. First, because social expenditure data are more readily available than indicators of the outputs to which those expenditures are directed, it is easy to fall into the trap of regarding changes in expenditure as indicative of changes in output itself. The danger in this is that social expenditure can be seen as an end in itself rather than as a means of achieving (output-based) social objectives. This is an error of which both proponents and opponents of social expenditure are often guilty.

A second important aspect of this issue was first observed two decades ago by the economist William Baumol (1967). He noted that, unlike manufacturing and other economic activities, the scope for productivity improvements in sectors like community services is limited, because **labour is not so much an input into production but an integral component of output itself**. Productivity growth in those sectors where labour is an input into production allow higher wages to be paid without causing higher labour costs and hence higher prices. However, if these wage increases spillover into the labour-intensive service sector (a highly likely situation in Australia given the centralised wage determination system) they cannot be offset by productivity improvements to anything like the same extent because of the nature of production in these

2. The exclusion of transfer payments has the advantage that a considerable element of the sensitivity of social security income transfer expenditure to cyclical economic conditions is removed. However, while this has been an important factor behind the growth in some social security payments, a study by Saunders (1987c) for the Social Security Review indicates that there are a number of other factors underlying the growth in social security spending.

Figure 3

The Share of Social Outlays in Total Outlays (Percentage of GDP)

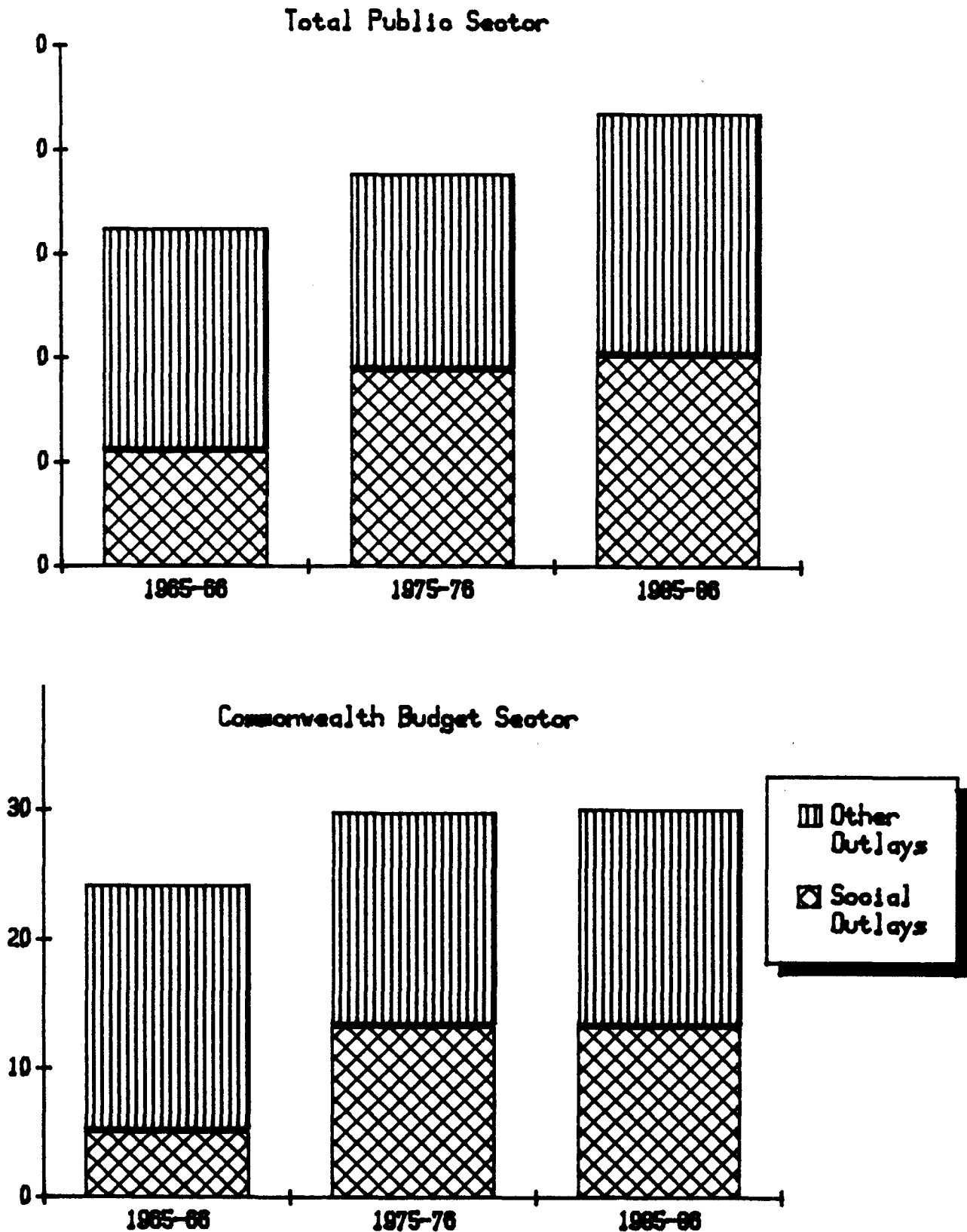
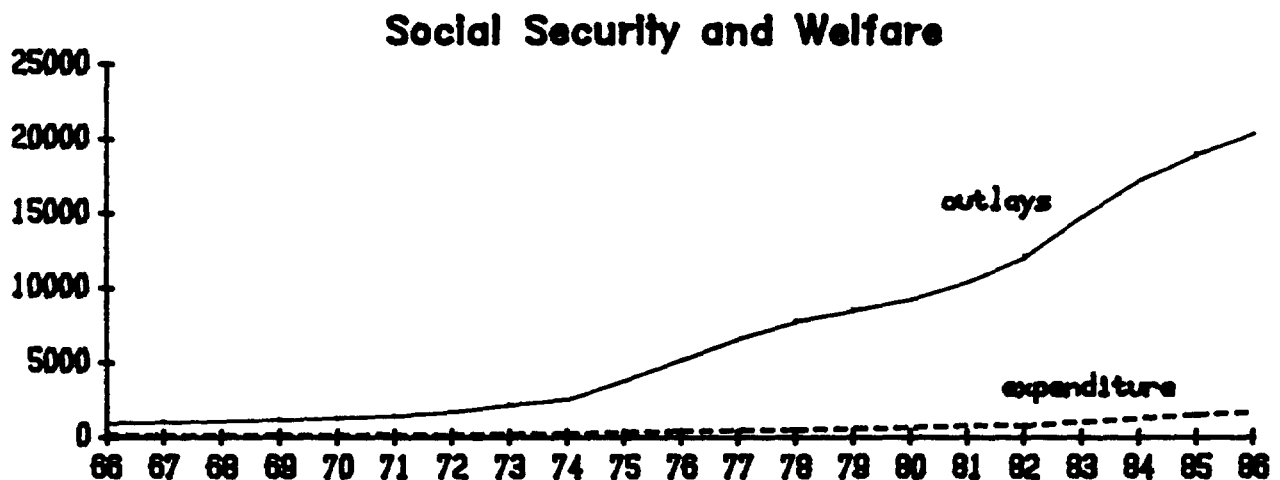
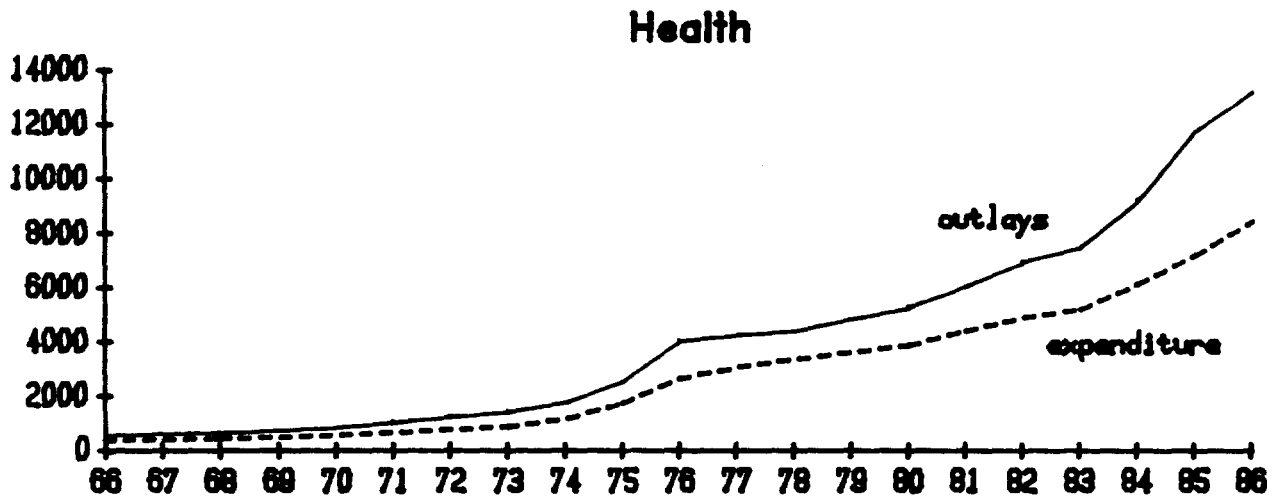
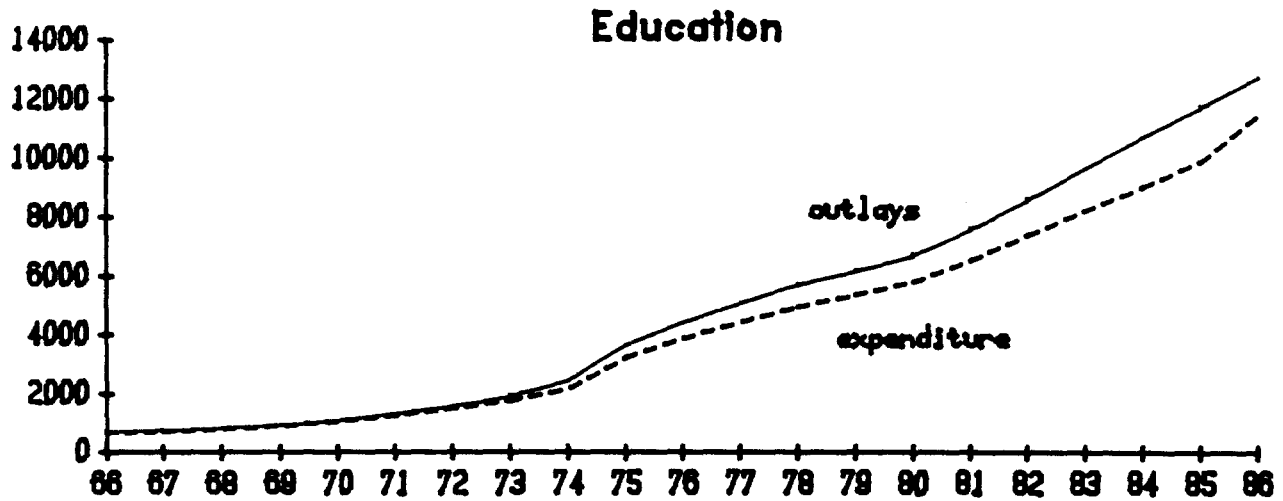


Figure 4

**Social Outlays and Social Expenditures
1965-66 to 1985-86
(\$millions)**



sectors. The inevitable result is for costs in these sectors to rise at a faster rate than prices elsewhere in the economy. Recalling that social expenditures are recorded in the national accounts on an input cost basis, it follows that social expenditure will rise at a faster rate than the value of output in other sectors. The share of social expenditure in GDP will thus rise, and there will be an associated increase in the implied (input-based) "price" of social expenditure which exceeds the increase in the (output-based) price of goods and services produced in the economy overall.

This differential is termed "the relative price effect" and recent studies by the OECD (1985) and the Office of EPAC (1985:1986b) indicate its importance in explaining the increased ratio of social expenditure to GDP. However, while some have concluded that the relative price effect is evidence of inefficient provision of social goods, such a conclusion does not follow. The relative price effect reflects the form of production of social activities and the national accounting conventions that underlie government budget information. The result is that social expenditures will rise relative to GDP, even where output maintains a constant proportion of output in other sectors. Baumol's balanced growth model highlights the fact that the **nature** of social services (and other service sectors) leads to a relative growth in expenditure and, more significantly, to a growth in associated financing requirements.

Figure 5 shows the growth in combined social expenditure on education, health and welfare services by Commonwealth, State and Local governments over the last two decades. Expenditure has been calculated in constant price terms by deflating by the CPI, and expressed per head of population. Between 1965-66 and 1985-86, real per capita social expenditure increased more than threefold or by 5.7 per cent a year on average. This is well above the increase in real GDP per capita over the period, indicating the increasing importance of social expenditure benefits in total income. This latter aspect has been the subject of recent studies by the Office of EPAC (1987b) and the Australian Bureau of Statistics (1987). The latter study, based on the 1984 Household Expenditure Survey, highlights the important role that these indirect benefits (to use the term employed in the ABS report) play in the income redistribution process. Table 1 shows that social expenditure benefits averaged \$80 a week in 1984, close to one fifth of private household income and almost 18 per cent of gross household income. For the population as a whole, the estimated indirect benefits from social expenditure exceeded government cash benefits by about \$28 a week on average.³ More significantly, as the last two lines of Table 1 show, social expenditure benefits were a much larger **proportion** of cash income for lower income households than for higher income households. In other words, they had a considerable income equalising impact across the population as a whole.

Results like those in Figure 5 and Table 1 must be treated with caution because they conceal many differences in the social and demographic structure of the population. One aspect of this that is of particular interest relates to the changing age structure of the population and its associated impact on social expenditure. As Figure 6 shows, population growth over the last two decades has been accompanied by significant changes in age structure. These changes have seen a decline in the proportion of the population aged 15 and under from 31.4 per cent in 1965-66 to 25.2 per cent in 1985-86, and a

3. Average cash benefits is derived from Table 1 as the difference between gross income and private income, i.e. \$453.6 - \$401.4 = \$52.2.

Figure 5

**Real Per Capita Social Expenditure
1965-66 to 1985-86
(1980-81 prices)**

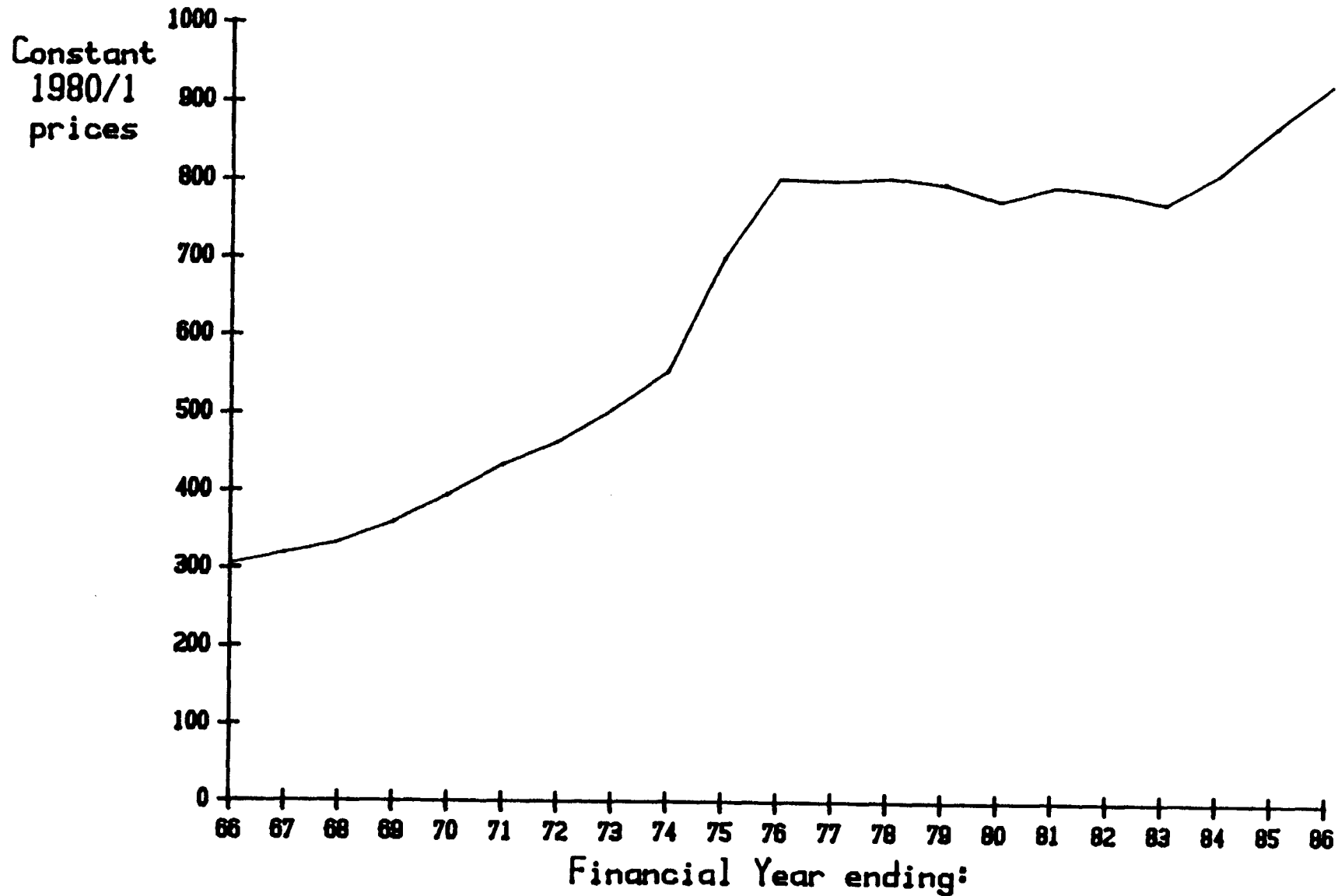
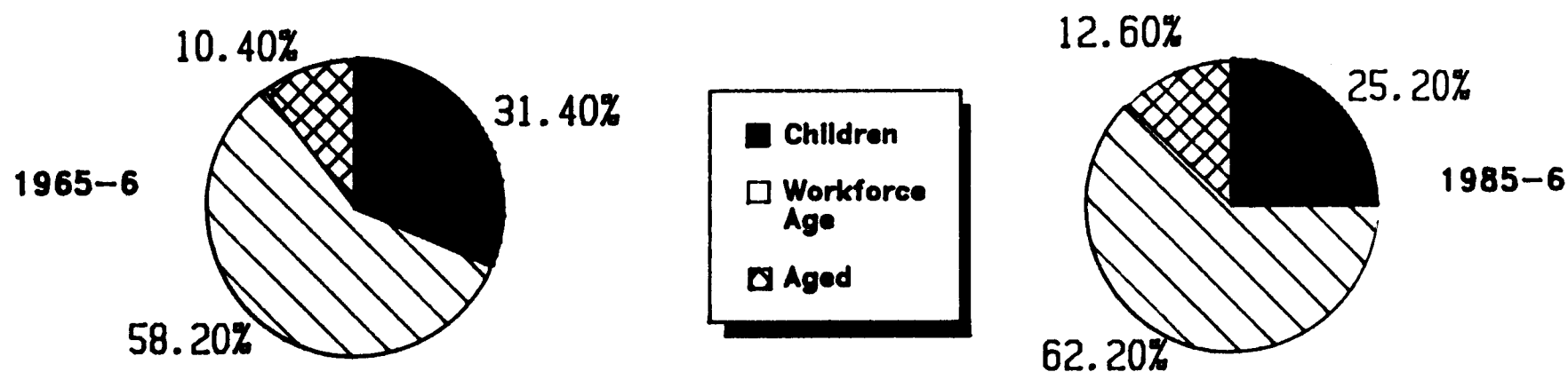


Figure 6

The Age Structure of the Population 1965-6 to 1985-6



Annual Average Percentage Growth Rates 1965-6 to 1985-6

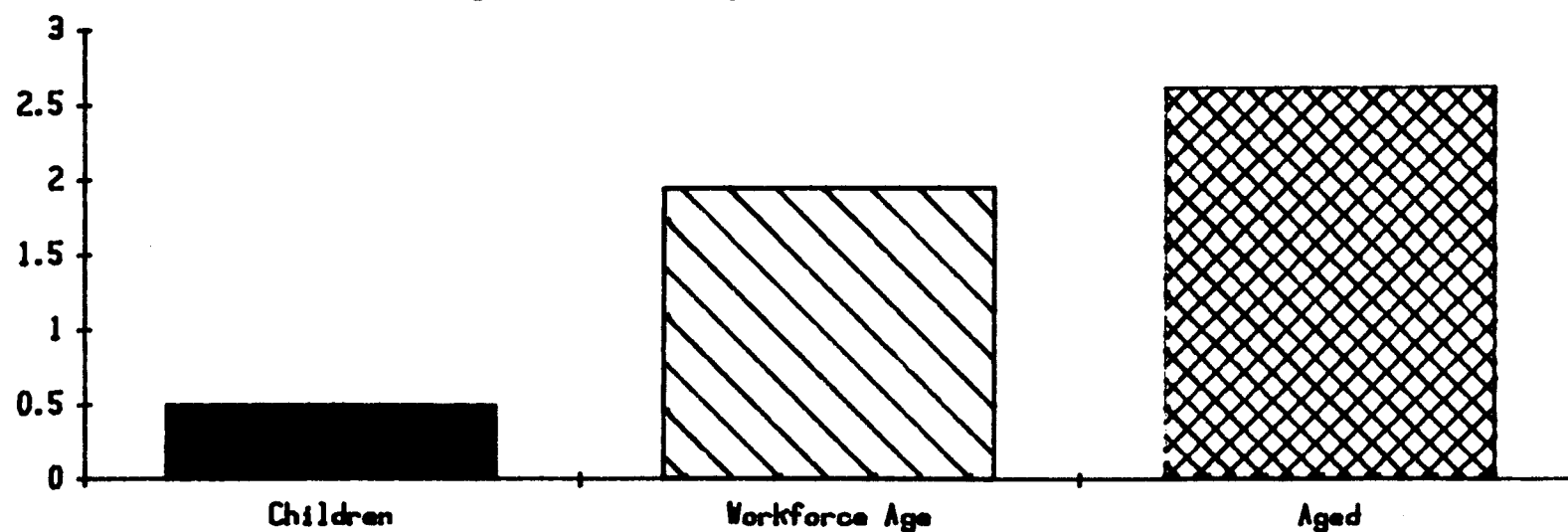


Table 1

The Redistributive Impact of Social Expenditure Benefits, 1984
(\$ per week)

	Quintile Shares:					
	First Quintile	Second Quintile	Third Quintile	Fourth Quintile	Fifth Quintile	All Households
Private Income	20.6	150.7	356.3	543.1	937.5	401.4
Gross Income	116.1	238.5	388.9	568.4	957.0	453.6
Estimated benefits from:						
Education	11.8	33.9	40.3	47.1	55.6	37.7
Health	32.6	36.5	34.2	34.5	38.2	35.2
Welfare Services	14.4	10.0	4.7	3.9	3.1	7.2
Total	58.8	80.4	79.2	85.5	96.9	80.1
Benefits as a proportion of:						
Private Income	2.85	0.53	0.22	0.16	0.10	0.20
Gross Income	0.51	0.34	0.20	0.15	0.10	0.18

Notes: Private income includes wages and salaries, self-employment income, superannuation, annuities, investment and property income and all other non-government income.

Sources: ABS (1987), Table 3.1 and Appendix.

corresponding increase in the elderly population, those over retirement age. The aged dependency ratio rose from 10.4 per cent in 1965-66 to 12.6 per cent in 1985-86, an increase of more than a fifth.

In the context of social expenditure, these changes in population age structure are important because social expenditures are heavily concentrated on the two dependent age groups, children and the elderly (Table 2). The estimates in Table 2 suggest that changes in population age structure over the last two decades may have exerted some downward pressure on total social spending, since the most resource-intensive group (the dependent young) has grown at a slower rate over the last two decades than the elderly population. The more significant implications of these demographic developments occur on the income support side, where per capital outlays for the elderly are far in excess of those for the young (Saunders, 1987a).

In addition, the deterioration in economic performance and the associated rise in unemployment has caused a major increase in expenditure on the population of workforce age. However, even excluding income support, demographic change has important implications for the **composition** of social expenditure, both between functional areas and between the different levels of government. It is probably fair to say that to date the public sector has not shown sufficient flexibility in adapting to these changes. The need for flexibility will continue as demographic changes are predicted to continue well into the next century (ABS, 1985a). If overall expenditure restraint persists, this will inevitably imply expenditure cuts in some areas, but if these reflect changing population needs, there is no sense in which the overall quality of service need be reduced. The alternative is a structure of social expenditure increasingly out of line with the needs and demands of the population.

Table 2
Commonwealth and State Social Expenditures by Age, 1980-81
(\$ per capita)

	Age Category:			
	Children and Dependent Students	Workforce Age	Dependent Aged	Total all Ages
Education	1332	153	16	476
Health	177	314	1224	391
Welfare Services	56	9	156	44
Total	1565	476	1396	911

Sources: Dixon and Thame (1984), Appendix Table, p.52.
Social Policy Secretariat (1984), Table 3.12, p.53.

3. Employment in Community Services

Some implications of community service expenditure being heavily dominated by the costs of employing labour to provide these services have already been noted. As a complement to this observation, it is useful to analyse this issue from the perspective of the labour market itself. Clearly, the employment consequences of the growth in the community services sector are of considerable interest in their own right. In analysing employment trends, it is necessary to adopt the Australian Standard Industrial Classification (ASIC) to identify the community services sector. The scope of the ASIC coverage is somewhat broader than the government purpose classification which underlies the ABS public finance statistics presented earlier, although the overlap is substantial. In addition to education, health and welfare services, the ASIC grouping also includes establishments (and associated employment) in libraries, museums, scientific research, meteorological services, business and labour associations, police, prisons and fire brigades (ABS, 1985b). Although employment in these activities is small in relation to the total, these differences in coverage need to be kept in mind.

Employment in community services has been growing faster than total employment over the last two decades. Between August 1966 and August 1986, community service employment increased from 10.1 per cent to 17.7 per cent of total employment. This increase occurred for both males and females, although in relative terms the growth was greater for males (Figure 7). The growth for both males and females was concentrated in the first half of the seventies, although for females there was also a further relative increase between 1981 and 1984. The significance of these trends can be gauged from a recent study for the Social Security Review which indicates that employment growth in community services between 1970 and 1986 was faster than that for any other industry, for both males and females. (Fisher, 1987; Tables A.10 and A.11). It is also interesting to note that between August 1983 and August 1986, when total employment growth was strong - faster in absolute terms than in any three year period since 1966 - the contribution of employment growth in community services was significant. Thus, of the total increase in employment of 645 thousand between August 1983 and August 1986, 139 thousand or 22 per cent was in community services.

This later aspect can be examined in more detail as a result of new ABS data on the structure of wage and salary earners by industry, sector and level of government (**Employed Wage and Salary Earners, Australia**, ABS Catalogue No. 6248.0). Figure 8 compares the structure of community service employees with total employees in August 1986, while Figure 9 compares employee growth over the preceeding three years. In terms of the structure of employees, community services relies much more heavily on females (65 per cent as compared with 42 per cent in total), and is also more heavily dominated by the government sector rather than the private sector (65 per cent as compared with a total government sector employee share of 31 per cent). Thus the importance of female employment in community services is half as large again as for all industries, while the importance of government employment is twice that for industry as a whole. During the labour market growth in the 1983-86 period, growth in female wage and salary earners in community services accounted for 82 per cent of total growth, compared with 64 per cent for all industries. The government sector accounted for 45 per cent of community service employee growth in this period, but only 21 per cent of employee growth in all industries.

Figure 7

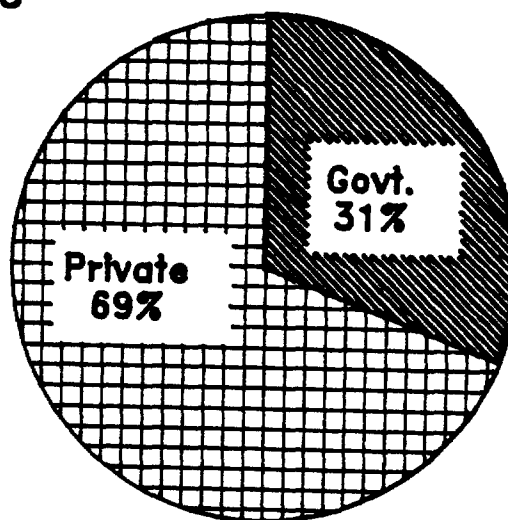
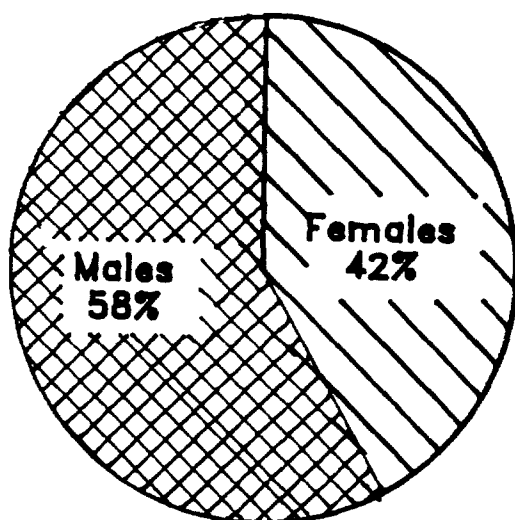
Employment in Community Services as a Percentage of
Total Employment



Figure 8

**The Structure of Employed Wage and Salary Earners
August 1986
(thousands)**

**All Industries
Total:5598**



**Community Services
Total:1190**

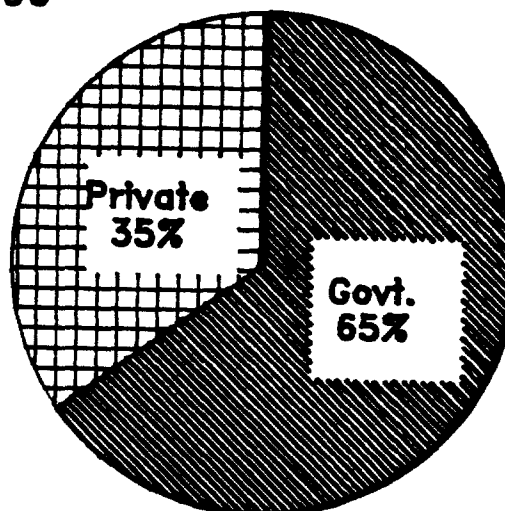
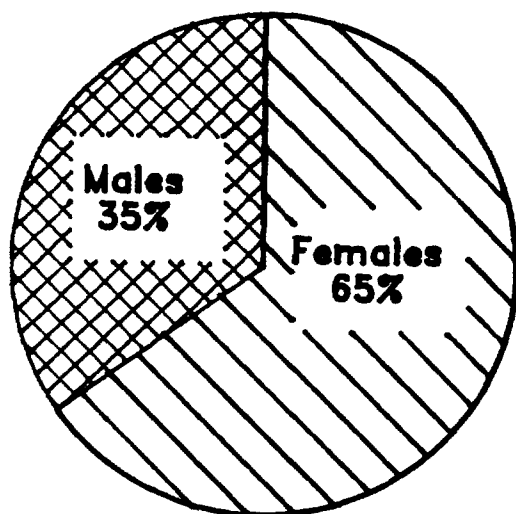
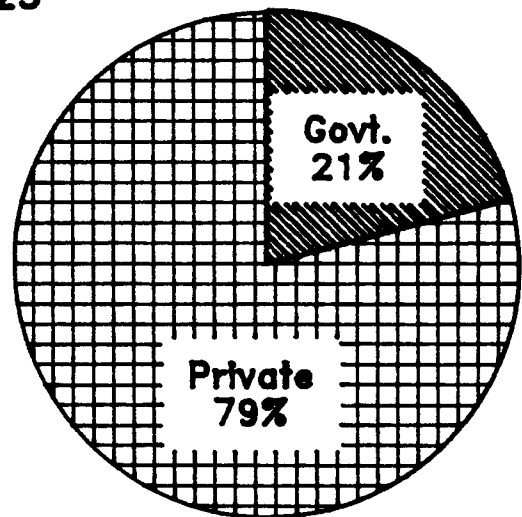
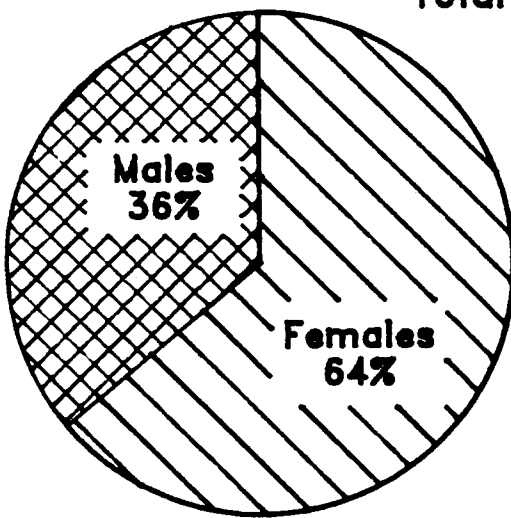


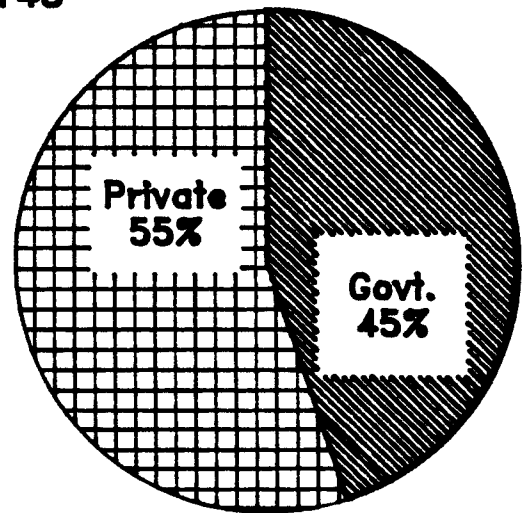
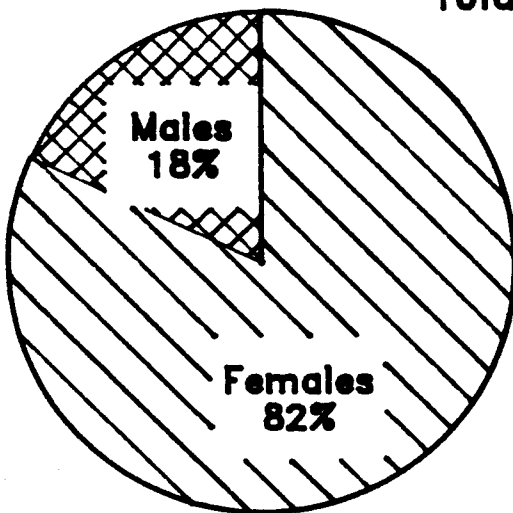
Figure 9

**The Growth of Employed Wage and Salary Earners
August 1983 – August 1986
(thousands)**

**All Industries
Total Growth:525**



**Community Services
Total Growth:143**



This analysis thus suggests that the structure of employment and its growth in community services is facilitating the increased labour force participation of females (particularly married women), a significant feature of past labour market trends. Furthermore, while a large proportion of the jobs in community services are in the government sector, the private sector is also a major source of employment opportunities, accounting for just over one-third of all community service employees in August 1986. Thus while the structure of community service employment has assisted the expansion of female employment, attempts to restrain government employment for overall budgetary reasons would have particularly serious implications for those in community services in general, and for females in particular.

4. Expenditure on Community Services in the States

Section 2 above focused on national trends in expenditure on community services relative to total public spending and relative to overall growth in the economy. This section complements that analysis by considering State variations in community services expenditure at a point in time. As before, the social expenditure data include spending on final consumption and on new fixed assets but exclude cash transfers in the form of personal benefit payments. To maintain consistency with the earlier analysis, attention focuses on expenditure in the areas of education, health and welfare services. However, several caveats to these data need to be stressed before comparing State differences and drawing inferences from them.

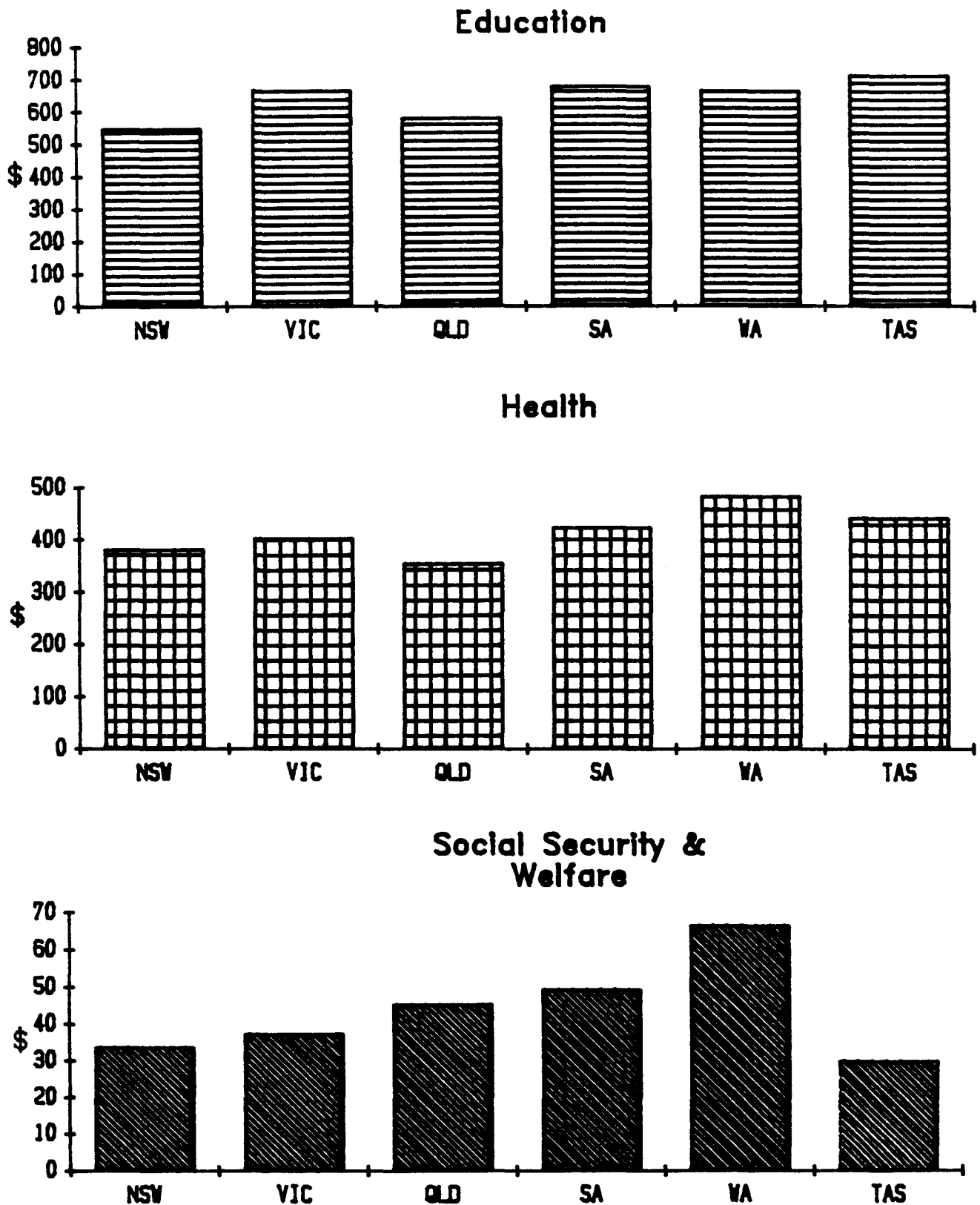
First, the expenditures in part reflect differences in need which vary from State to State. In order to take some account of such differences, the data have been expressed on a per capita basis, although this is at best an imperfect adjustment, as has already been noted. As stressed earlier, the age structure of the population is a more important determinant of the need for community service provisions than overall population size. It is interesting to note, however, that the Commonwealth Grants Commission adjusts State expenditures by total population size in their analysis and assessments of the Standard Budgets of the States.⁴ Second, the variation in State expenditures also reflects differences in Commonwealth grants to the States, the issue of horizontal fiscal imbalance. For both reasons, therefore, State expenditure differences will not fully reflect different social policy priorities between the States. They do nonetheless provide a useful starting point for a more thorough and detailed comparison than is possible here.

State differences in per capita expenditures on education, health and social security and welfare in 1984-85 are illustrated in Figure 10. In the case of education, per capita expenditure varies from \$550 in New South Wales to \$715 in Tasmania, with an average across all States of \$644. Per capita health expenditure in 1984-85 varied from \$356 in Queensland to \$485 in Western Australia, with an average across all States of \$416. Finally, per capita expenditure on social security and welfare varied from \$30 in Tasmania to \$67 in Western Australia - a much wider variation than for education or health - and averaged \$44 across all States.

There is a clear tendency for per capita expenditure to be highest in the least populated States, notably Western Australia, Tasmania and South

⁴ See, for example, Commonwealth Grants Commission (1985), Appendix B for their detailed analysis of Standard State Budgets.

Figure 10

**State Differences in Community Service
Expenditure, 1984-5**

Australia, where total social expenditure per head in 1984-85 was \$1220, \$1188 and \$1157, respectively. These were followed, in declining order, by Victoria, Queensland and New South Wales, where per capita social expenditure was \$1109, \$984 and \$967, respectively. Average per capita social expenditure for all States was \$1104. Thus, per capita social expenditure in Western Australia in 1984-85 exceeded that in New South Wales by over 26 per cent. Queensland, with a level of per capita social expenditure of \$984, was well below average and only slightly above New South Wales. As Figure 10 illustrates, Queensland's low total social spending reflects a low level of expenditure on health, whereas in New South Wales, low education expenditure contributed most to the low overall level of social spending. Although the variation in social spending between the States is considerable, it is not possible to disentangle the extent to which it reflects equalisation grants to the States, the additional scope for economies of scale in service provision in the more densely populated States or, more fundamentally, differences in policy priorities between the States.

5. Poverty and Income Inequality in the States

At several stages in the foregoing analysis, reference has been made to the fact that community service expenditures are primarily input-orientated. In this section, attention focuses on two related output-orientated aspects of community well-being, the incidence of poverty and the degree of income inequality. Both are, of course, indicators of **financial** well-being and to this extent are somewhat peripheral to the main focus of this paper. However, it is of interest to explore at the State level, aspects of social welfare that are normally the subject of only national emphasis and analysis.

Estimates of the incidence of poverty by State are shown in Table 3. The underlying methodology is explained in more detail in earlier research papers produced by the Social Welfare Research Centre and will not be outlined in detail here.⁵ One aspect worth emphasising, however, is that the estimates exclude all income units who have **any** income from self-employment. This explains why the absolute incidence of poverty in the States shown in Table 3 is below that estimated by Bradbury and Vipond (1985) and Gallagher (1985). The pattern of poverty across the States is, however, similar to that indicated by this earlier research.

On the basis of the estimates in Table 3, the incidence of poverty in 1981-82 was highest in Queensland, both before and after adjusting for housing costs. The same result was found by Bradbury and Vipond (1985) and Gallagher (1985), both studies indicating that poverty in non-metropolitan Queensland was highest of all regions in Australia.

Poverty in New South Wales after paying for housing costs is almost as high as in Queensland, a reflection of high housing costs in New South Wales. In the less populous States, South Australia, Western Australia and, most noticeably Tasmania, poverty after housing costs is well below poverty before housing costs, reflecting significantly lower housing costs. In broad terms, the incidence of poverty after housing costs was about 6 per cent in Tasmania and South Australia, close to 8 per cent in Victoria and Western Australia, and approaching 10 per cent in New South Wales and Queensland.

5. For more information see Bradbury and Vipond (1985); Bradbury, Rossiter and Vipond (1986); Vipond (1986).

The results need to be treated with some caution, however, for the reasons explained by Bradbury and Vipond (1985). They note from their more detailed analysis that the variation in financial poverty was greater within States than between States, particularly before adjusting for housing costs. After-housing poverty also shows considerable variation as between metropolitan and non-metropolitan areas - particularly in Victoria, Queensland and South Australia (Bradbury and Vipond, 1985) - and these variations clearly impact on the State differences in poverty shown in Table 3. Finally, it is important to emphasise that since income support is a Commonwealth responsibility, State differences in financial poverty do not reflect on the social policies of State governments to any significant degree. State differences reflect different demographic characteristics, different location densities and, most significantly, different housing costs.

Financial poverty is, of course, one aspect of income inequality. To give a more complete picture of overall income inequality, it is necessary to complement estimates of the incidence of poverty with more comprehensive indicators of the shape of the income distribution. Table 4 provides three such measures, the percentage of income units with equivalent incomes below half of the median equivalent income in each State, and the equivalent income shares of the lowest and highest equivalent income deciles. All three are measures of income inequality **within each State**, as compared with the poverty estimates in Table 3 which are based on a set of poverty lines **for the nation as a whole**. Table 4 also shows the level of median equivalent income in each State. Since equivalent income adjusts for the needs of income units (as captured by the detailed Henderson equivalence scales), these figures indicate the extent to which the median level of economic well-being varies between the States. The variation is not particularly great, median equivalent income ranging from about \$330 a week in Tasmania and Queensland to about \$350 a week in Victoria and New South Wales.

The figures in the second column of Table 4 are in effect, an alternative measure of relative poverty to that used by the Poverty Commission and employed in Table 3. The two decile shares in columns (3) and (4) provide information on the extent of income inequality at both extremes of the income distribution. It is important to note that the ranking of income units in order to obtain these decile shares was undertaken on the basis of **equivalent income** not actual income. Since the former adjusts actual income for needs, this ranking procedure ensures that the lowest decile contains the poorest income units, while the highest income decile contains the richest income units. If income adjusted for needs (i.e. equivalent income) were distributed equally across the whole population then the equivalent income share of each decile would be exactly ten per cent. Thus the deviations in the actual decile shares from ten per cent indicate the extent to which equivalent income is distributed unequally. On the basis of the alternative measures shown in Table 4, it is apparent that income inequality in 1981-82 was greatest in New South Wales and lowest in South Australia. Between them are, in increasing order of inequality, Tasmania, Victoria, Queensland and Western Australia.

It is interesting to compare the inequality indicators in the second column of Table 4 with the estimates of before housing poverty in Table 3. Both indicate the extent of relative poverty and both employ the detailed Henderson equivalence scales. They differ in that Table 3 uses a **national** measure to define poverty, while Table 4 uses a relative inequality measure that is **specific** to each State. These differences affect the rankings of the

Table 3: Estimates of the Incidence of Poverty by State, 1981-82

	Income Units in Poverty Before Housing Costs:		Income Units in Poverty After Housing Costs:	
	Number ('000)	Per cent	Number ('000)	Per cent
New South Wales	201.5	10.2	148.1	9.4
Victoria	131.4	9.0	91.4	7.7
Queensland	96.3	11.3	66.2	9.8
South Australia	42.1	8.8	24.5	6.3
Western Australia	48.5	10.3	30.6	7.9
Tasmania	16.5	10.6	7.3	6.0
Australia	550.8	10.0	376.3	8.5

- Notes:** (i) Poverty is defined on an annual income basis, using the detailed Henderson equivalence scales. Income units with any income from self employment are excluded from the analysis.
- (ii) The estimates for Australia include the Northern Territory and the Australian Capital Territory.
- (iii) Poverty after housing is estimated by deducting housing costs, equal to the sum of current weekly expenditure on rents, or rates plus mortgage payments.

Source: 1981-82 Income and Housing Survey, unit record file.

Table 4: Alternative Indicators of Income Inequality by State, 1981-82

	Median Equivalent Income (\$ per week) (1)	Estimate of Relative Poverty (2)	Proportion of Total Equivalent Income Received by Income Units in:		
			Lowest Decile (3)	Highest Decile (4)	Ratio of (4) to (3) (5)
New South Wales	352.6	9.0	3.06	21.01	7.01
Victoria	349.2	7.4	3.57	20.33	5.69
Queensland	331.1	7.8	3.34	20.53	6.15
South Australia	326.7	5.9	3.92	19.97	5.09
Western Australia	343.7	8.1	3.24	20.54	6.34
Tasmania	330.3	7.4	3.61	19.89	5.51
Australia	346.5	8.1	3.32	20.65	6.22

- Notes:**
- (i) Relative poverty is defined as the proportion of income units with equivalent income less than half the median equivalent income in each State.
 - (ii) Equivalent income is defined using the detailed Henderson equivalence scales. No adjustment is made for housing costs.
 - (iii) The inequality measures in the last three columns are derived from a ranking of income units in terms of equivalent incomes.
 - (iv) Income units with any income from self employment are excluded from the analysis.

Source: 1981-82 Income and Housing Survey, unit record file.

States according to the two measures. As compared with rankings based on the national poverty lines, those in Table 4 show New South Wales in a worse light, while both Queensland and Tasmania improve their relative positions. It is interesting to note from Table 4 that New South Wales has both the highest median income level, the highest incidence of relative poverty and the greatest degree of equivalent income inequality. In contrast, South Australia has the lowest median income level, the lowest incidence of relative poverty and the most equal distribution of equivalent income.

While the overall picture implied by these results is somewhat confused, there are two related aspects worth emphasising. The first is that measures of financial poverty are sensitive to the treatment of housing costs, which show considerable variation between the States. The second is that rankings of income inequality and relative poverty differ according to whether they are based on national or State-specific measures, even before adjusting for housing costs. Together, these observations suggest that while questions of poverty and income inequality are primarily of national significance, more attention could be paid to State differences and, by implication, to policies which recognise and reflect these differences.

6. Issues in the Financing of Social Expenditures

6.1 Future Pressures

A useful framework for analysing future pressures on social expenditure distinguishes between factors operating on the demand side and those whose influence is predominantly on the supply side. It is important to stress, however, that this framework does not imply that imbalances between demand and supply should be reconciled through the operation of competitive market forces. The market mechanism and its corollary, the price system, is one method of bringing demand and supply into balance, but not the only one. But neither should the great underlying strengths of the market mechanism and its associated driving forces - the profit motive and consumer sovereignty - be forgotten or discarded entirely. These two forces together ensure that only those goods and services for which consumers are willing to pay will be produced, and that price incentives will promote efficiency in production in the sense that resources will be allocated at minimum economic cost.

From this perspective, the case for public intervention in the market process generally rests on one of two main grounds. The first is the existence of **external benefits** which imply that private provision will be below socially optimal levels. The second stresses the importance of such **social goals as equity and community**, both of which may require public intervention to ensure greater equality of access, opportunity or outcome than would result from the operation of market forces. While such intervention may produce some loss in efficiency, to criticise such policies on these grounds fails to recognise the rationale that gives rise to public intervention in the first place. Against this, greater efficiency as a policy objective has much to recommend it, since it implies that a given volume of resources can be used to produce more output and thus in principle increase the overall level of economic well-being. In the social policy context (as elsewhere), methods of increasing efficiency which do not at the same time detract from other policy objectives are to be encouraged. However, unquestioning faith in the superiority of market competition in all circumstances, whatever its economic merits, risks being of little relevance to practical social policy discourse.

A sense of reserved respect for the market does, however, have much more to contribute to the policy debate.

Turning first to likely developments on the demand side, it is important to stress that from a purely economic perspective, the concepts of need and demand are different aspects of the same phenomenon. Individual demands are the expression of willingness to pay in the marketplace in order to satisfy needs. From a social welfare perspective, however, the crux of the problem is that many basic needs cannot be translated into effective demand in the market place, either because lack of income constrains purchasing decisions, or because lack of information, uncertainty or myopia influence the ability to make rational choices. This distinction serves to caution against uncritical acceptance of the application of the logic of economic rationalism to community service or social expenditure provisions. Account must be taken not only of the **demand** for social expenditure in the conventional sense, but also of developments likely to influence the **need** for such provision.

One aspect of the demand for social expenditure provision reflects changes in the age structure of the population, as noted in Section 2. Projections of the age structure of the population to 2021, for example, indicate a decline in the dependent young from 28.9 per cent of the population in 1981 to 21.7 per cent in 2021. Over this period, the dependent elderly population is projected to rise from 12.9 to 19.0 per cent of the total population, with the percentage of workforce age rising slightly from 58.2 to 59.2 per cent (Dixon and Thame, 1984). In conjunction with Table 2 above, and given the existing structure of social provisions for the different age categories, these demographic developments clearly have an important bearing on the future level and composition of demand for social service provisions. In addition, there is an intemporal dimension to this issue, since much of the decline in young-age dependency occurs before the end of this century, while the rise in old-age dependency primarily takes place in the early decades of next century. These trends suggest important implications for Commonwealth-State relations, as the easing of pressures on expenditures for the young will primarily benefit the States, while the Commonwealth will bear the brunt of increased expenditures for the aged.

Of course, the level of social provision for different categories can itself change in response to such developments. A more fundamental point is that social expenditure programmes provide **entitlements** that make the level of expenditure sensitive to demographic and economic change. The counterpart to this is that the level of insecurity among individuals is reduced, a major goal of such programmes when they were initiated. The result has been that the public finances have become much more dependent on broader economic and social developments. Thus, future economic performance will have an important bearing on the need, if not the demand, for social services, because of the association between a broad range of social problems and high levels of unemployment. In addition, continued emphasis on increasing retention rates in post-secondary education and the need for training and re-training schemes as part of broader structural adjustment strategies have important implications for social expenditure developments.

Finally, demand in the conventional sense will rise simply because national income will continue to grow. It is easy to forget that many social programmes - education, health and child care, for example - are income elastic in the sense that demand rises at a faster rate than income. This does not, of course, imply that increased demand must be met from public

provision. What it does suggest, however, is that unless the public sector can respond to these increases in demand, the role of private provision will expand. And this in turn will undermine the viability of a public system which will be left to serve the needs of the disadvantaged and not those who can afford to take their custom elsewhere. Such a system will not only fail to achieve the underlying social goals associated with equity, solidarity and community, but will also ultimately prove to be unsustainable in financing terms.

Adding to these likely sources of increased demand for community services are forces acting on the supply side. It has already been argued that the nature of the community services suggest that expenditures and employment in this sector will tend to grow faster than in the economy overall. But there are concerns that these trends also reflect inefficiencies in service provision and delivery, compounded by bureaucratic and regulatory inflexibilities which serve to protect or further the interests of service providers rather than their clients. While there is currently little reliable evidence to support such concerns, the issues they raise need to be given serious consideration. Finally, concerns over the disincentive effects of high taxes, combined with increased emphasis on individual choice and the need for efficient and flexible use of resources - all of which reflect broader trends towards market deregulation - have implications for the finance, provision and evaluation of community service programmes.

In summary, faced with the combination of increasing demand and expenditure restraint, and given those features of community services already alluded to, the future pressures on social services from both the demand and the supply side will be considerable. To begin to assess possible responses to this situation, it is necessary to broaden the scope of the discussion to incorporate not only government intervention, but the overall mixed economy of welfare.

6.2 The Mixed Economy of Welfare

Increasingly, in response to the tensions outlined above, both in the social services and in the public sector as a whole, the dividing line between public and private provision and finance has been brought into question. There are many aspects to this discussion, but they share the common belief that a switch towards private provision and finance in some areas would enhance individual choice, improve efficiency and encourage flexibility. Much of this debate continues to be conducted at a largely rhetorical and ideological level, in part because of suspicions that the ultimate aim is itself ideological rather than purely instrumental (O'Higgins, 1986). Serious analysis of what Donnison (1984) has termed the progressive potential of privatisation of some elements of the welfare state is noticeable in Australia primarily by its absence.

It is, of course, no coincidence that the privatisation debate has emerged at a time when government growth is itself in question. Many see privatisation as an attempt to return those responsibilities that governments accepted during the postwar period of welfare state growth and consolidation, to the individual, the family, the informal sector, the private sector, or to the community at large. While there is undoubtedly some truth in such views, privatisation policies can be viewed more positively in terms of their implications for the **form** of provision, as opposed to the **balance of**

responsibilities for social support services. It is also true that times have changed and there is a need to assess what is currently the best form of provision, and where the appropriate balance of responsibility now lies.

While many see in recent debates a challenge to the basic institutions and social values on which the welfare state was constructed, experience overseas suggests that the issue is more about changes at the margin of welfare state provision and finance. In Britain, even the Thatcher government, in recognition of the widespread political support for public provision and finance of basic health and education services, now appears to be emphasising the need for renovation of existing institutions and practices, rather than total dismantling of the foundations. Whether a similar pattern will emerge in Australia is difficult to ascertain because public support for universal service provision, notably in the health area, seems much less pronounced. To this extent, some of the Australian welfare institutions are probably less secure than in countries like Britain. Residualist notions of welfare remain prominent and are widespread in Australia, where the principles of universal social insurance common in Europe have never been embraced.

For these reasons, the mixed economy of welfare in Australia - like that in the United States - has always tended to be balanced more towards private provision than in most European countries. In 1984-85, private expenditure on education accounted for over 15 per cent of the total, while private health expenditure accounted for almost 27 per cent of the total, despite the introduction of Medicare (Table 5). While trends over time in the public-private mix in health expenditure is complicated by several switches in financing arrangements over the period, there is a clear trend towards increased importance of private expenditure on education. The share of private in total education spending more than doubled between 1974-75 and 1984-85. In the welfare services field, it has long been recognised that public provision represents only a part of the total, with the voluntary and informal sectors playing a major role in most caring activities.

Assessment of the overall balance in the mixed economy of welfare is complicated by two additional factors: The first relates to Commonwealth-State relations and their respective responsibilities for provision of community services (Table 6). Of more significance is the differences between Commonwealth and State roles in the finance of these services, which do not correspond to their responsibilities in terms of service provisions. Table 6 shows that despite the Commonwealth's major role in overall revenue collection and in establishing education and health policy, it accounted for only 39 per cent of education spending and 52 per cent of health spending in 1984-85. The second, more general, point reflects the diversity in the forms of public involvement. State intervention can take the form of either direct provision, subsidy or regulation, and a complete understanding of the range and scope of the public provision of welfare must take account of all three, not solely of the first (Le Grand and Robinson, 1984).

An important form of public subsidy of community service activities is through concessions in the tax system, or tax expenditures as they have come to be called (EPAC, 1986a: The Treasury, 1986). Tax expenditures are intended to encourage individuals to make their own provisions for particular contingencies, or to encourage employers to provide similar benefits to employees. As Table 7 indicates, it is estimated that Commonwealth welfare state tax expenditures involved a loss in tax revenue of more than \$4.8 billion in 1984-85, an amount corresponding to 17 per cent of direct spending

Table 5: Public and Private Expenditures on Health and Education, 1974-75 to 1984-85

	1974-75		1979-80		1984-85	
	(\$m)	(%)	(\$m)	(%)	(\$m)	(%)
Education						
Public	3426	92.6	5844	87.0	10004	84.5
Private	274	7.4	876	13.0	1839	15.5
Total	3700	100.0	6720	100.0	11843	100.0
Health						
Public	2616	62.4	5361	61.0	11789	73.2
Private	1574	37.6	3425	39.0	4319	26.8
Total	4190	100.0	8785	100.0	16108	100.0

Sources: ABS, **Expenditure on Education, Australia**, Catalogue No. 5510.0, 1984-85 and 1977-78 issues.

Australian Institute of Health (AIH), **Australian Health Expenditure 1979-80 to 1981-82**, AIH, Canberra, October 1985, supplemented by AIH Information Bulletin No. 2, **Australian Health Expenditure 1982-83 to 1984-85**, AIH, Canberra, May 1987.

Table 6: Education Outlays and Health Expenditures by Level of Government(a)

	1974-75		1979-80		1984-85	
	(\$m)	(%)	(\$m)	(%)	(\$m)	(%)
Education						
Commonwealth	1671	44.9	2612	38.5	4655	39.0
State and Local	2049	55.1	4178	61.5	7277	61.0
Total	3720	100.0	6793	100.0	11938	100.0
Health						
Commonwealth	1276	48.8	3157	58.9	6189	52.5
State and Local	1340	51.2	2204	41.1	5600	47.5
Total	2616	100.0	5361	100.0	11789	100.0

Note: (a) Education outlays include personal benefit payments and grants to non-profit institutions and are thus broader in scope than the expenditure data presented in Table 5.

Sources: ABS, **Expenditure on Education, Australia**, Catalogue No. 5510.0, 1984-85 and 1977-78 issues.

Australian Institute of Health (AIH), **Australian Health Expenditure 1979-80 to 1981-82**, AIH, Canberra: October 1985, supplemented by AIH Information Bulletin No. 2, **Australian Health Expenditure 1982-83 to 1984-85**, AIH, Canberra, May 1987.

Table 7: Commonwealth Government Welfare State Tax Expenditures

(\$ million)

	1981-82:			1984-85:		
	Tax Expenditure	Direct Outlays	%	Tax Expenditure	Direct Outlays	%
Education	50	3268	1.5	81	4519	1.8
Health	640	2905	22.0	108	6128	1.8
Social security and welfare	3040	11450	26.6	4640	17792	26.1
Total	3730	17623	21.2	4829	28439	17.0

Sources: House of Representatives Standing Committee on Expenditure (1982), **Report on Tax Expenditures**, Table 1 p.13.

The Treasury (1986), **Tax Expenditures Statement**, Table 1, p.11.

in the relevant areas. By far the largest single tax expenditure related to the concessional tax treatment of superannuation fund contributions, income and benefits, which cost an estimated \$2.6 billion in 1984-85. An indication of the scope of welfare tax expenditures is given by the fact that the recent **Tax Expenditure Statement** prepared by the Treasury (1986) listed no less than 38 tax expenditures in the education, health and social security and welfare areas.

It is not possible to make generalisations about the merits of these provisions, although it is important to recognise that to the extent that they encourage private welfare provision, they do so at a cost to public revenue. They represent a different form of public provision, not a replacement of public by private welfare, even though data on direct expenditures would indicate the latter. An illustration of this is provided by the cost of tax expenditures in the health area which, under the private health financing arrangements that existed in 1981-82 cost \$640 million in lost revenue. The introduction of Medicare caused a sharp rise in direct health spending, but abolition of the health insurance rebate caused tax expenditures for health to decline from \$604 million in 1982-83 to \$47 million in the following year (The Treasury, 1987, Table 1, p.14).

The very fact that tax expenditures involve some loss to revenue indicates that the private sector, be it individuals themselves or employers acting on behalf of employees, have responded to the tax concessions by expanding private welfare provision. If this results in reduced entitlement to public provisions, than the switch towards private provision in the overall balance will be reinforced. Questions remain, however, over the identification of

the ultimate beneficiaries of tax expenditures and their redistributive impact. There is clearly a need to ensure that the beneficiaries reduce their claim on direct public provisions, particularly where the tax concessions are not universal. The superannuation area is clearly one where more needs to be done to ensure fuller integration with the age pension system to further reduce 'double-dipping'.

The third main form of public intervention is regulation. This has been an area of increasing focus in recent years, mainly from the perspective of regulations on business. The present government has established a Business Regulation Review Unit (BRRU) to identify, monitor and assess the impact of such regulations. It is possible to divide regulations into vertical regulations - those concerned with industry structure and the need to avoid excessive monopoly power - and horizontal regulations - those intended to ensure that business conduct takes account of broader social objectives (Saunders and Klau, 1985, pp.153-157). Both forms of regulation have implications for the economy and hence for social welfare, although the focus of attention from a welfare viewpoint is usually on the latter, where issues of workplace safety, consumer protection and health protection are dominant. It is difficult to obtain information on the extent of regulation for welfare purposes in Australia, and virtually impossible to even identify, let alone measure, the associated costs. In one of its early reports, the BRRU identified over 1800 staff or 41 per cent of public servants in the Commonwealth Department of Health whose activities were primarily to police and enforce business regulations, although these estimates are highly problematic (BRRU, 1986; Attachment A).

Of course, in a broader sense, the extent of **social** regulation (as distinct from **business** regulation) inherent in welfare state provisions is much more pervasive than this. Corresponding to the rights to welfare provision are many mandatory duties of citizenship which imply regulation. All citizens must pay their taxes and Medicare levies to the satisfaction of the Taxation Office, all children have compulsory schooling over certain ages and the standards and procedures of all welfare institutions must meet criteria specified by government and policed by bureaucrats. Indeed, for those who see the welfare state primarily as a mechanism for social control, regulation is the key feature of all welfare institutions and entitlements.

Private involvement is associated with all three forms of public intervention outlined above. All citizens engage to varying degrees in their own private welfare provision, and have always done so. Caring for family or friends when they are sick, child-care in the home or for friends, helping older children with their homework, providing support and care for grandparents in various ways, or simply keeping fit and healthy, all enhance private welfare and, indirectly, affect the pressure on public provisions. Thus, although the alternative forms of public provision and public finance play a major role in the modern mixed economy of welfare, these operate alongside the important roles (and responsibilities) of employers, individuals and the informal sector. As O'Higgins (1986) notes;

"... the mixed economy whereby social services are provided means that the government already has only a partial role in the provision of any particular service: it may therefore be possible to advance social welfare aims by reallocating or redistributing roles or tasks within that mixed economy the mixture of provision is located

within a dynamic policy environment, so that even if the optimal balance was once achieved, circumstances may have changed". (O'Higgins, 1986, pp.8-9.)

Of course, the budgetary pressures on governments discussed earlier have focused attention on the need to restrain direct government spending which, in the community service area, is primarily on the inputs required for the provision of services. There is a need to broaden this focus and place it in the wider context of the overall welfare mix. Otherwise, restraint of expenditure on **social service inputs** may become an end in itself, rather than a means of adjusting the public-private balance in order to achieve an improved and more equitable **social welfare outcome**.

6.3 Welfare State Privatisation

Privatisation is essentially a concept invented by economists and exploited by politicians. It is no accident that privatisation has arrived on the political agenda at a time when economic developments are perceived as requiring a reduction in the role of the public sector in the economy. The goals of privatisation are also consistent with current emphasis on individual freedom and consumer choice in an increasingly deregulated economic environment. Economic efficiency has established hegemony over social equity and privatisation is seen as a way of implementing this change in the policy environment. For many, the concept of privatisation represents a fundamental challenge to the basic principles of the state and the mixed economy of welfare. For others, it offers the key to economic salvation and increased personal liberty. With such issues at stake, it is hardly surprising that in much of the discussion of the role of privatisation, passion, ideology and rhetoric all too often obscure clear-headed analysis.

The following discussion focuses in a very general way on the possible role for privatisation of community services. In this context, emphasis is more on the issues of consumer choice, competition and efficiency and less on the sale of public assets which has dominated the debate on privatisation of public enterprises. In their discussion of privatisation and the welfare state, Le Grand and Robinson (1984) identify four principles on which assessment should be based: efficiency, equality, liberty and community. In his analysis, Walker (1984) identifies two strands to the policy debate in Britain on privatisation of the social services: a reduction in state welfare activity, and increased efficiency in the public provision of welfare. These two are, of course, interrelated, for if efficiency can be improved by changing the mechanisms for providing or, more importantly, financing community services, then there will also be scope for cost and hence expenditure savings.

In practice, policies introduced to date to privatise welfare provisions have had a much smaller impact on **public finance** of welfare than on **public expenditure** as such. Two examples illustrate this point: The first relates to the process of privatising retirement income support in Australia through encouragement of occupational superannuation schemes. As already noted, this encouragement has involved providing tax incentives for superannuation which have become a very expensive cost to taxpayers. The latest Treasury estimates put the cost of the superannuation tax expenditures at \$3.1 billion in 1985-86, equivalent to 53 per cent of expenditure on the age pension. As occupational superannuation coverage has expanded, the total cost to

government of retirement income support has **increased** dramatically. At the same time, the **distribution** of the benefits has changed, although it is difficult to identify with precision the final incidence of superannuation tax expenditures, and hence establish the extent to which the benefits are shared between employees, employers and superannuation fund shareholders. The current situation is, of course, one of transition, and the total costs of the income support system may decline as superannuants retire. But the essential point is that the privatisation of retirement income support has so far put upward pressures on overall government support for retirement. Unless governments have the political will to further tackle the problem of double dipping, efforts to privatise retirement income support will continue to increase rather than decrease the extent of public provision.

A second example, drawn from the United Kingdom, refers to the Thatcher government's attempts to privatise sickness benefits by placing the responsibility for their provision on employers. This experience, described in detail in O'Higgins (1981) and summarised in O'Higgins (1986) and Klein (1984), bears some similarities to developments to date in retirement income support policy in Australia. The original British proposal envisaged a cut in public expenditure of over 400 million pounds accompanied by a net loss to revenue of some 200 million pounds, implying a net gain to public finance of 200 million pounds. In practice, however, employer mobilisation extracted further tax concessions to ensure their compliance and the net gain to public finance was only about 40 million pounds, or one fifth of the projected gain. O'Higgins concludes from his analysis of the changes that it

"... suggests not that privatisation in income security is necessarily either inequalitarian or incompatible with social policy aims but that in practice claimants' interests are unlikely to be a major consideration. It also suggests that the price of persuading others to take over social responsibilities may be high, particularly if the government is seen to be willing to subordinate cost or social policy considerations to an ideological commitment to privatization". (O'Higgins, 1986, pp.31-32.)

What these experiences with income support provisions indicate is that privatisation policies are implemented in a **political** context in which **technical** economic arguments may have, at best, only limited impact. These are, of course, the same political influences and pressures with which the welfare state has had to cope during its establishment and growth. What privatisation does from this perspective is re-deal the cards among the various constituencies, and if this is the case, the issue of power is ultimately decisive.

Although income support is the major element of welfare state spending, the welfare privatisation debate has focused more extensively on methods of finance and provision of community services. This is hardly surprising since these activities, unlike income support, correspond more closely to the production model to which the economists' concepts of efficiency and choice are of more relevance. The precise objectives which privatisation is intended to serve differ, however, between proposals. Some emphasise the need to enhance individual choice and competition so that services correspond more closely to the needs of consumers. Others stress the need for increased reliance on charges at the point of delivery as a means of containing cost (via effects on demand) and improving efficiency (via effects on supply).

Both approaches imply an increased role for the market in community service **provision**. The extent to which the **finance** of services is shifted from the public to the private sector is a separate issue, although most proponents of privatisation envisage a much reduced role for public finance. However, this latter aspect is not a necessary feature of privatisation, nor is it central to the achievement of underlying policy objectives (assuming, of course, that this is not itself **the** underlying objective of privatisation policies!). Again, it is difficult to assess privatisation proposals outside of the policy context within which they are formulated and implemented. Indeed, in practical terms there is a sense in which it would be irrelevant to attempt to do so, although it is important to subject the purely technical aspects to careful analysis and scrutiny.

The arguments for privatisation of education, health and welfare services begin from the observation that these activities have much in common with those goods which are produced and exchanged in private markets. Suppliers engage in the production of a service which is then provided to a clearly-identified group of consumers. The difficulties that arise in the case of public goods like defence, law and order and foreign affairs - that it is not possible to identify the consumers or exclude some from enjoying the benefits - which provide the classical case for public provision, do not apply to the community services. There are, however, strong arguments on the grounds of equity and community for public intervention which explain why community services are currently located primarily in the public sector (Le Grand and Robinson, 1984; Langmore, 1987). Assessment of the overall impact of privatisation thus depends on effect on the balance between competing objectives, an issue which technical economic analysis cannot **itself** resolve.

In a recent survey of privatisation policies for public enterprises Domberger and Piggott (1986) note that privatisation can take place through either asset sales, deregulation or liberalisation of a protected or regulated market, or through the introduction of franchising agreements. Although transfer of ownership has figured heavily in recent political debate in Australia, most writers recognise that this by itself is unlikely to lead to improvements in efficiency, and may in fact detract from broader social goals. What is of much greater potential significance is the environment in which public enterprises operate (Office of EPAC, 1987a, p.47). This latter approach has been central to welfare state privatisation proposals in Australia, where emphasis has been placed on increased competition, individual choice and deregulation, rather than transfer of ownership.

A major intention of these proposals is to dilute the power of bureaucratic and unionised service providers, and thus to enhance the choice and influence of service consumers and thereby increase efficiency and flexibility in service provision. Seen in these terms, the goals of privatisation have much to recommend them, although there are two very important questions that must be addressed. First, to what extent will privatisation proposals actually achieve these **economic** objectives? Second, even if they achieve some success in this regard, what is the price to be paid in terms of the **social** goals of welfare state provisions? Further complicating the picture is the fact that privatisation proposals often combine a change in the **mechanisms** of service provision or finance with a reduction in the **overall level** of public provision, making it difficult to isolate and untangle the effects, and even harder to provide an overall assessment.

In **education** a number of recent proposals have been made to privatise through the introduction of a voucher system of school educational finance. (Australian Institute of Public Policy, 1987; Freebairn, Porter and Walsh, 1987; Hogbin, 1987). Under the voucher scheme, public finance of government (and in some cases private) schools is directed not to the schools themselves but to the parents of children in school. These tied grants can then be used to purchase education in any school, and schools may be instructed to charge fees so as to cover their running costs. The proposals normally extend to recurrent costs only, with government maintaining responsibility for capital spending. The vouchers can be supplemented by cash to purchase entry to schools with prices above the value of the voucher. Both the impact and the cost of such a scheme depend crucially on the precise form that the voucher scheme takes, in particular whether vouchers can be supplemented, whether they are income-tested, whether schools are instructed to charge uniform fees or cover costs, and whether transport costs are subsidised or not (Blaug, 1984).

There is a further difficulty which is particularly pronounced in a system like Australia's in which there is already an extensive private education sector (Table 5 above). If the value of the voucher is set equal to the average operating cost of government schools, then the total cost of the scheme will exceed current expenditure because eligibility will extend to those in private schools. Thus, for example, the voucher scheme proposed earlier this year by the Centre of Policy Studies at Monash University involved an **additional** cost of \$648 million, all of which was directed to existing private school students. This was to be offset by an across the board reduction of 15 per cent in expenditure on government schools, achieved in turn by a 20 per cent reduction in the number of teachers (Freebairn, Porter and Walsh, 1987, p.113). As Blaug (1984) has noted, the public acceptability of providing extra support to private school students was the main reason why the Thatcher government dropped voucher proposals as a serious policy option in Britain.

To avoid these difficulties, it is possible to have a voucher scheme in which the value of the voucher is set equal to the average subsidy to both government and private schools. Such a scheme would involve the same cost to public revenue as the current system. However, if the current per-pupil government subsidy to private schools is less than that for government schools, the vouchers would redistribute education purchasing power to private school students. It would also mean that many government schools would be required to charge a fee which exceeded the value of the voucher. Parents of children in government schools would be required to pay the difference and would in effect be financing the increased subsidy to private school students. Thus, however the voucher scheme is designed, its immediate redistributive impact would almost certainly be vertically inequitable to a degree which could outweigh any improvements in individual choice or educational quality.

What the voucher scheme is intended to achieve, of course, is the enhancement of the **choice** of parents over the content and form of their children's education. Parental dissatisfaction with the public school system is evidenced by the trend towards private education (Table 5) and as incomes continue to rise, more will be able to afford this option. Under the voucher system, the increased influence of parents is bought at the cost of reduced power for teachers and education bureaucrats. The switch would no doubt affect the **content** of school education, but it is not obvious that the

quality of education would improve as a result. There would certainly be a need for continued government regulation of schools to ensure that minimum standards were maintained. Indeed, the need for such regulation would probably be considerably greater under a voucher system, particularly if it achieved the increase in diversity of education forms which voucher proponents foresee. There would also be pressures to extend the scope of tax expenditures for those who choose to supplement vouchers with extra private expenditure on education. The most significant impact of education vouchers might thus simply be a switch in the form of government intervention, away from direct provision towards public subsidy and increased regulation of education institutions.

In education, the privatisation push has focused on increasing consumer choice (or more accurately increasing the choice of the **parents** of consumers!) in order to improve flexibility and quality within a system that is predominantly funded and provided by government. In contrast, in the area of **health**, where the private sector is already largely responsible for the production and provision of services that are financed by government, privatisation proposals have emphasised the need for increased reliance on the **user pays principle** to shift the burden of health finance from taxpayers to those using health services. Issues of choice and freedom are less crucial in health care than in education, primarily because individuals have a considerable degree of freedom of choice under the current system. Instead, more emphasis is placed on the role of the market in allocating resources efficiently to meet consumer demand and, if consumers are to pay for the services they receive, to provide incentives to reduce waste and control total costs. In practical terms, this implies abolition of Medicare or any similar system which socialises most medical costs and its replacement by a system in which health costs are privatised.

Critics of privatisation of health services base their views on two related arguments. The first concerns the relevance of the market model to the health sector. As Richardson (1987) has recently argued, informational asymmetry is a key feature of the health system, yet perfect information is a central assumption of the competitive model. Lack of information on the part of consumers of health services "casts serious doubt upon the relationship between revealed preferences and individual welfare" (Richardson, op. cit., p.51) and severs the link between consumer sovereignty - the principle that the individual knows best what is in his/her interest - and economic efficiency - the principle that producers will use resources at minimum cost to meet consumer demand. Furthermore, as Maynard (1983) has emphasised:

"The market for health care is inherently uncertain. The patient-consumer does not know when he will be ill and, when illness strikes he will be uncertain as to diagnosis and treatment...The doctor is the 'gateway' to the health care system and, by virtue of social sanctions, is the primary allocator of scarce health care resources. Thus **the doctor is the supplier and the demander of health care**" (Maynard, op. cit., p.30: emphasis added).

Such considerations, at the very least, caution against uncritical application of the competitive model to the health care system. They suggest that providers play a key role in the supply of **and demand for**, health services, and point to the need for a system in which considerable thought must be given to the incentives faced by **service providers** rather than by

consumers. The market model, in which these incentives are expressed through the willingness to pay of consumers, offers an inappropriate solution because the price of health care to consumers at the point of consumption is close to zero whether the health system is government funded at zero or very low user cost, or whether it is privately funded through mandatory private health insurance arrangements. This is, of course, not to deny the importance of administrative and management techniques which embody incentives to control costs and improve efficiency. But experience suggests that a public health system offers more opportunities for such initiatives than does a privately financed competitive health system. Governments provide a much more influential source of power to countervail the medical profession than that offered through a market-based system, to consumers.

The second argument against privatisation of health services relates to the important social objectives served by universal provision of government financed health services. Free access to basic health care on the basis of need rather than ability to pay is one of the fundamental principles of most modern welfare states. The principle that health care is a service which should be distributed more equally than would be the case under a system in which ability to pay determined the allocation of health resources - an example of what James Tobin (1970) has referred to as specific equalitarianism - is widely shared, accepted and supported in those countries with a socialised health care system.

In those countries, the publicly funded health care system is a source of much pride, and has done much to advance the sense of community and oil the wheels of social equity and cohesion. Sadly, in Australia, the issue of a public health care system remains more a source of social division than social cohesion, reflecting the lack of commitment to the underlying principle of socialised health care. That the very **existence** of a public health system is still on the political agenda in this country - a proposition that is absurd even in Britain and unthinkable in most European countries - is a telling testimony to the immaturity of commitment to the welfare state in Australia. All of which suggests that if large scale welfare privatisation is to be embraced at the policy level, it is much more likely to occur in the health sector than in primary or secondary education.

In summary, the assessment of proposals for widescale privatisation of education or health through education vouchers or a return to mandatory private health insurance depends as much on the **relevance** of the competitive market model as it does on the underlying economic **merits** of choice and market competition **per se**. It is important to remember that the decision to reject market provision was initially a social decision, reflecting social objectives associated with equality of access and opportunity and more egalitarian outcomes. Yet it is also true that the welfare state in Australia never embraced this principle with much enthusiasm and as a result private welfare provision is more extensive here than in many other countries. There can be little doubt that this has heavily influenced attitudes towards public welfare provision and will make it harder for governments to resist calls for further privatisation. The welfare privatisation push is thus likely to truly test the Australian commitment to community welfare and social justice.

Although sweeping privatisation proposals are likely to remain the domain of academic scribblers rather than practical policy-makers, the scope for privatisation **at the margin** is worthy of more serious consideration. To

obtain a full appreciation of the potential of such proposals, their impact needs to be assessed in a dynamic context rather than from a purely static perspective. A dynamic approach would recognise that behaviour will change as individuals adjust to the new incentives they face, and that governments can have an important impact on this process by structuring the incentives that operate within the system. If the trend towards a preference for private education and health services continues to the point where community support for public provision is seriously compromised, the result could well be a system far less palatable than one which extends choice and competition within existing public sector welfare institutions.

7. Summary and Conclusions

Over the last two decades public expenditure in Australia has risen as a share of GDP. It has increased at a faster rate than public revenue and this is the crux of the current "crisis" in public sector finance. These financing difficulties are being exacerbated by governments themselves, who are seeking to reduce public debt and bring public finance into balance while simultaneously promising reductions in the level of taxation. A continuation of these trends will see considerable restraint on public expenditure in the foreseeable future. This will in turn place social expenditures under particular pressure, as these have been dominant in the past growth in spending and now represent a significant component of government expenditure.

This paper has analysed several aspects of past expenditure trends and undertaken comparisons between the States. It has also considered some of the factors that will continue to exert an influence on future levels of spending. An important aspect of community service expenditures in this context relates to the fact that the bulk of such expenditure is associated with wage and salary payments to service providers. In combination with national accounting conventions, expenditure on community services is recorded on an input basis, primarily a labour input basis. There are two important implications that flow from this. First, the level of expenditure is, at best, an imperfect indicator of the outputs of such services, yet it is these outputs which are the main concern of social policy analysis. Expenditure is the means to a social welfare end, not an end in itself. The second aspect is that the nature of community services and the way in which expenditures are recorded in government budgets and national accounts combine to produce a situation in which social expenditure grows at a faster rate than the overall economy. Thus, the revenue required to finance social expenditure on community services will rise relative to private incomes, even where the level of service output remains a constant proportion of output in other sectors. This is largely a consequence of the nature of the community services themselves and is not indicative of inefficiencies in service provision. However, it does suggest that the financing difficulties of the public sector as a whole will be even more severe in the social expenditure area.

All of which suggests that considerable and urgent attention needs to be given to alternative methods of easing social expenditure financing constraints. One method that has been proposed to achieve this is through welfare state privatisation. It is, of course, no accident that privatisation has come on to the political agenda at a time of public finance difficulties. Many are suspicious that the hidden agenda of welfare privatisation is to allow governments to divulge themselves of their social

responsibilities. In light of the specific proposals for welfare privatisation that have appeared to date in Australia, such suspicions seem well-founded. However, privatisation as a policy addresses the issue of the form of community service provisions, and with the incentive structures built into their financing mechanisms, rather than the overall level of provision as such. In fact, experience to date suggests that privatisation of social welfare may involve increased public resources overall (albeit accompanied by lower public expenditure) through substitution of one type of intervention for another. The potential role of privatisation as a strategy for cutting public intervention in social welfare is thus rather limited.

The issue brought to the fore by welfare privatisation is the tension between the objectives of choice and efficiency that are best served by provision through a competitive market, and those social objectives that led to the rejection of a market-based approach in the first place. Resolution of such tension cannot be made purely on the basis of technical economic analysis, nor through a steadfast refusal to acknowledge that in some instances market provision has much to recommend it. However, what will ultimately prove to be of much greater practical significance is the degree of community commitment to what appears in Australia to be a rather fragile set of social welfare institutions.

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CHILD POVERTY
AND
THE REFORM OF FAMILY ASSISTANCE

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1. Introduction*

Recent estimates suggest that the extent and incidence of poverty among dependent children has increased substantially in Australia over the last two decades, from around 6.2 per cent of children in 1966 to 20.7 per cent in 1985-86. International comparisons also suggest that the extent of child poverty in Australia in the early 1980s was significantly higher than in a range of similar industrialised societies, with the exception of the United States.

Aspects of this situation have been recognised and commented on by community groups and researchers since the early 1980s (Cass, 1983). But the issue of child poverty was put on the political agenda by the Prime Minister's election pledge 'that by 1990 no child will need to live in poverty'. This commitment will initially be put into effect through the family package to be introduced in December 1987, which involves a new Family Allowance Supplement (FAS) to replace existing payments for children of pensioners, beneficiaries and low income, working families.

This paper summarises recent research carried out at the Social Welfare Research Centre, which provides a preliminary assessment of the Government's anti-poverty strategy. The first part of the paper puts current estimates of poverty among Australian children into perspective, presenting trends over time and some international comparisons of the extent of poverty among children in comparable industrialised societies.

The second section of the paper attempts to explain the causes of this increase in poverty in Australia, as well as to explain why Australia ranks so unfavourably in international comparisons. The paper then describes the Government's family package and assesses the impact of the Family Allowance Supplement in reducing poverty among children. The paper concludes with a discussion of possible further policy initiatives that could be taken if the Government is to achieve its child poverty commitment by 1990.

Before turning to the substance of the paper, a number of points should be noted. First, the paper uses an economic definition of poverty. Those who regard poverty as a consequence of fundamental structural inequalities in

* I would particularly like to thank Jennifer Doyle for her assistance in the preparation of this paper. The paper also draws very heavily from Saunders and Whiteford (1987b), and the acknowledgements given in that paper also apply here.

society may find it difficult to accept that the family package or, indeed, any feasible improvement in financial assistance to low income families could possibly end child poverty by 1990 or in the foreseeable future. It is clear that neither equality of opportunity nor greater equality of life time outcomes could be achieved in this time frame. The paper does not attempt to address these broader issues although it argues that achievement of the poverty pledge requires a more comprehensive policy response than improvements only in financial assistance to low income families with children. At the same time, the paper attempts to show that it has been the inadequacy of financial assistance for children that has accounted for a significant influence on Australia's relative performance internationally, and less significantly on the increase in the number of children in poverty. In brief, it will be argued that while adequate financial assistance for low income families may not in itself be sufficient to end child poverty, adequate assistance is a necessary component of any comprehensive strategy.

The second, related point is the definition of financial poverty adopted in the paper. The paper assesses poverty by use of the Henderson poverty line, which was first devised by the Institute of Applied Economic and Social Research for its survey of poverty in Melbourne in 1966 (Henderson, Harcourt and Harper, 1970), and was also used by the Commission of Inquiry into Poverty (1975), as well as by subsequent researchers (Bradbury, Rossiter and Vipond, 1986; Gallagher and Foster, 1986; King, 1986). The Henderson poverty line has been subject to substantial criticism (Saunders, 1980; Stanton, 1980), including by the present writer (Whiteford, 1985). It has been used here because it provides a consistent basis for assessing trends in the circumstances of low income groups over time.

Poverty lines are usually criticised as being over-sensitive to relatively small changes in the circumstances of those whose incomes are just below the line, and insensitive to larger changes in the financial circumstances of those whose incomes are a long way below the line, thus giving a possibly inaccurate indicator of the true extent of financial hardship in the community and also giving a misleading impression of the effects of government programs on poverty alleviation. The paper redresses some of the biases of the simple poverty line by the use of a further measure, the poverty gap. It will also be argued that the main conclusions reached about the extent of child poverty in Australia and its increase over time would not be greatly affected by the choice of an alternative poverty line.

Finally, some critics may consider that the use of poverty lines or any other measures of poverty, or even a concept of poverty distinct from social inequality, is a sterile and academic exercise. This paper is based on the supposition that poverty is a real phenomenon. While definitions of poverty will always be contentious, the definition of poverty involves the same activities and judgements as evaluating the adequacy of social security payments. The two processes are essentially the same and equally important.

2. Child Poverty in Perspective

Trends in Child Poverty in Australia

The incidence of poverty among dependent children has increased substantially over the last two decades. In their survey of poverty in Melbourne in 1966,

Henderson, Harcourt and Harper (1970) estimated that 6.2 per cent of children were in poverty at that time. If this figure had applied nationally it would have represented some 233 thousand children in poverty. Using similar procedures to those adopted in the Melbourne survey, the Commission of Inquiry into Poverty (1975) estimated the incidence of child poverty in 1972-73 to be 7.9 per cent, corresponding to 254 thousand children. Since that time, a number of studies have produced estimates of the incidence of child poverty. The procedures used to derive them have differed slightly, both with respect to the setting of the poverty lines themselves and the equivalence scales used to adjust for differences in need. Because of these differences, the poverty estimates are not precisely comparable, although they provide reliable indicators of underlying trends.

Despite reservations about the limitations of the methods and their comparability, it is difficult to escape the conclusion that child poverty has increased dramatically. The estimates summarised in Table 1 indicate that the number of children living in families in poverty before adjusting for housing costs has increased from a quarter of a million in 1972-73, to almost 600 thousand by 1981-82 and to over 800 thousand by 1985-86. The incidence of child poverty over this period has risen from about 8 per cent to just over 20 per cent. The rise in child poverty after adjustment for housing costs has been of a similar order of magnitude, although the absolute numbers are somewhat lower in this case.

It is worth noting in passing that estimates of child poverty in 1981-82 by States (Gallagher, 1985, pp.26-28) suggest that Queensland had the highest incidence of poverty among dependent children, with an average of 23 per cent of children in before-housing poverty, with 18 per cent of children in Brisbane and 27 per cent of children in the balance of the State being in families with incomes below the poverty line. This figures compare with national estimates of 19, 16 and 24 per cent, respectively (including the self-employed). A broadly similar ranking was found by the Poverty Inquiry in 1972-73, although the Commission noted that poverty among adult income units in Brisbane was very little above the figure for other capital cities once housing costs had been taken into account.

International Comparisons

The trend in recent times towards increased child poverty is not unique to Australia. Although data are not available to allow a detailed assessment of trends over time, comparable estimates of the incidence of child poverty are now available for a range of countries around 1980. These have been made possible through the Luxembourg Income Study (LIS), which has gathered together several large microdata sets, containing detailed and consistent measures of income and economic well-being for a set of eight modern industrialised welfare states, including Australia.

Smeeding, Torrey and Rein (1987) have recently used the LIS data to assess the extent of child poverty around the 1979-82 period. Their estimates of

Table 1: Children in Poverty, 1966-1986^(a)

Year	Source	Poverty before housing costs:		Poverty after housing costs:	
		Numbers ('000)	Per cent	Numbers ('000)	Per cent
1966	Henderson, Harcourt and Harper (1970), Table 2.7.	233.3 ^(b)	6.2	na	na
1972-73	Commission of Inquiry into Poverty (1975), Table 3.4.	254.4	7.9	231.8	7.2
1978-79	Social Welfare Policy Secretariat (1981), Table 5.6.	395.1 ^(c)	11.4 ^(c)	na	na
1981-82	Gallagher and Foster (1986), Table 6.	591.8	17.0	541.5	15.6
1985-86	King (1986), Table 1.	810.8	20.7	684.8	17.5

Notes:

- (a) All estimates are based on the detailed Henderson poverty lines and equivalence scales. The self-employed are excluded from all but the 1966 estimates.
- (b) Based on applying the Melbourne poverty rate to the number of dependent children (including students) for whom child endowment was paid in 1965-66.
- (c) Assuming that there are on average 3.5 children in married couple families with 3 or more dependent children.

na = not available.

child poverty rates on a relative and absolute basis⁽¹⁾ are shown in Table 2 and, for the absolute measure, are illustrated in Figure 1.

Relative poverty is defined as having an adjusted disposable income below half the median family adjusted disposable income for each country, where the adjustments are determined using the equivalence scales implicit in the US poverty line. Absolute poverty is measured by to the US poverty line, converted to other currencies using OECD purchasing power parities (Hill, 1984).

To summarise the evidence on child poverty presented so far, it is clear that child poverty in Australia has grown to extremely serious proportions in the last two decades, particularly since the mid-seventies. The comparisons of child poverty rates across countries around 1980 in Table 2 show Australia in a very unfavourable light, and it is unlikely that this pattern has changed markedly since then. In seeking to develop policy responses to this situation, it clearly is necessary to understand why child poverty has increased so substantially, and what factors produce Australia's low international ranking.

3. Why Child Poverty has Increased

In attempting to explain the increase in child poverty in Australia, three factors are worth highlighting. The first is the increase in the number of sole parent families. Since 1974, the number of sole parent families has grown considerably faster than all families with dependent children, while the number of children in pensioner sole parent families rose from 176 thousand in 1974 to 439 thousand in 1986 (Table 3). Much of this latter increase occurred between 1980 and 1983, when the number of children in sole parent pensioner families rose by around 100 thousand.

A second factor whose impact has been particularly significant since 1982 has been the increased incidence of unemployment among families with dependent children following the recession of 1982-83. Table 4 and Figure 2 show changes in the number of unemployed by family status between 1980 and 1986, expressed as index numbers. While the total number of unemployed is now about 34 per cent higher than in 1980, the number of unemployed husbands or wives with dependent children is about 75 per cent higher. The number of sole parents unemployed is about 64 per cent higher, the number of unemployed couples without children is about 51 per cent higher, and the number of 'other' unemployed - mainly younger single persons - is about 15 per cent higher. The circumstances of dependent children have deteriorated even further. As Table 5 indicates, the number of children in families with an unemployed head increased from 144 thousand in 1982 to 271 thousand one year

(1) Because of the low level of income in Australia relative to the United States, the annual relative poverty line for a three person family is equivalent to A\$6797, slightly lower than the absolute poverty line of A\$6994. These compare with an annual Henderson poverty line for a couple with one child in 1981-82 of A\$6695 if the head is not in the workforce, or A\$7587 if the head is in the workforce, based on the poverty line figures published by the National Institute of Economic and Industry Research (NIEIR, 1987). The level of payment for a pensioner or beneficiary couple with one child was A\$6712 in 1981-82.

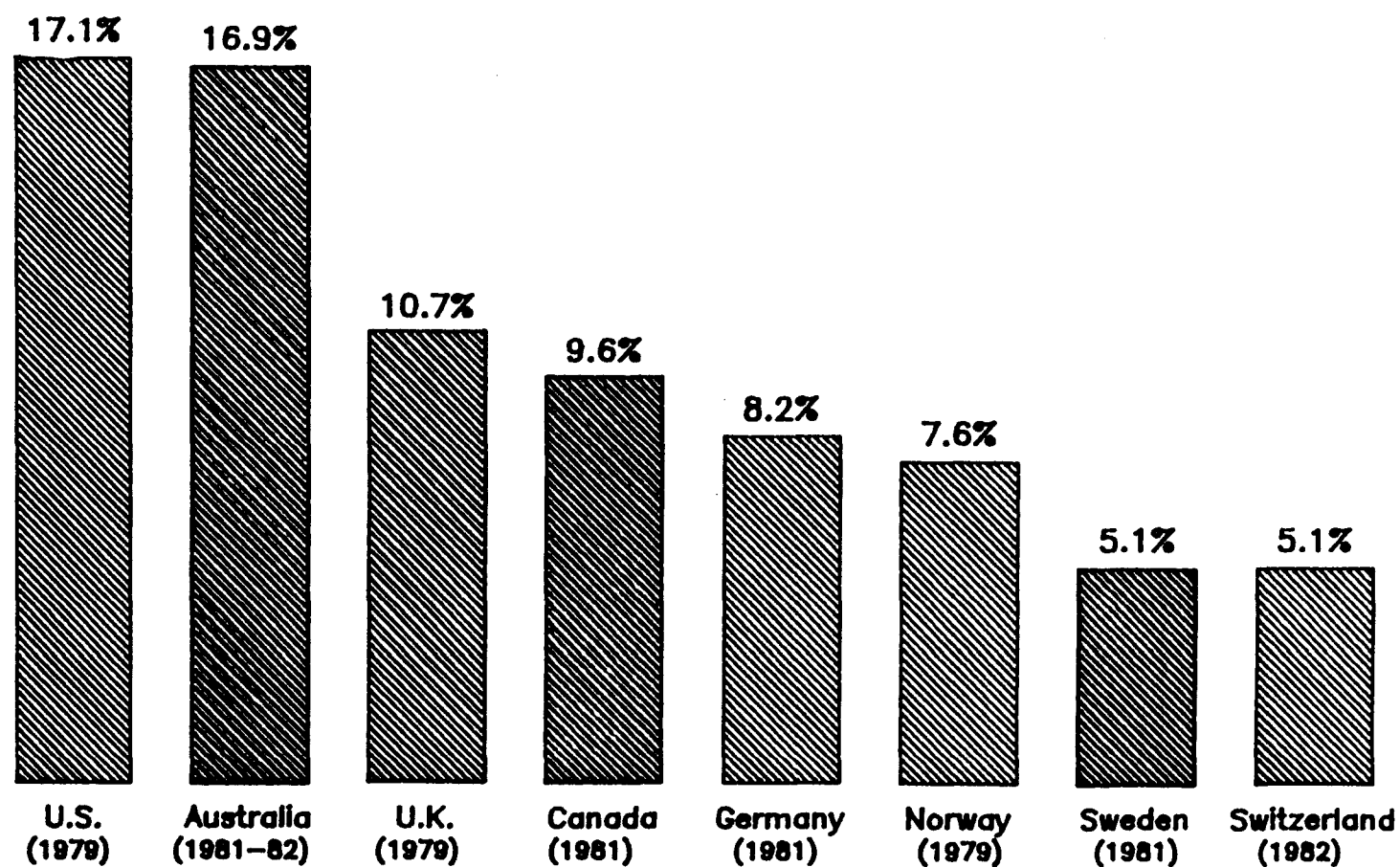
Table 2: Relative Low Income and Absolute Poverty Among Children in Selected Countries, 1979-1982

Country/Year	Child Poverty Rate (%)	
	Relative Poverty(a)	Absolute Poverty(b)
Australia (1981-82)	15.9	16.9
Canada (1981)	15.5	9.6
Germany (1982)	4.9	8.2
Norway (1979)	4.8	7.6
Sweden (1981)	5.0	5.1
Switzerland (1982)	7.8	5.1
United Kingdom (1979)	9.3	10.7
United States (1979)	22.4	17.1

- Notes:**
- (a) Relative poverty includes all those with adjusted (equivalent) incomes below half the median adjusted national income.
 - (b) Absolute poverty includes all those with adjusted incomes below the US government three-person poverty line, adjusted using the US poverty line equivalence scales and converted to other currencies using OECD purchasing power parities.

Source: Smeeding, Torrey and Rein (1987), Tables 2 and A-5.3

Figure 1: Absolute Poverty Among Children in Selected Countries



Source: Smeeding, Torrey and Rein, 1987, Table 2.

Table 3: Growth in Sole Parent Families, 1974-86

Year	Number of Sole Parent Families (a) ('000)	Percentage of All Families with Dependent Children (a) (%)	Number of Sole Parents in Receipt of Commonwealth Income Support (b) ('000)	Coverage (c) of Sole parents (%)	Number of Children in Sole Parent Pensioner Families (d) ('000)
1974	183.2	9.2	105.1	57.4	176.2
1975	173.7	8.7	123.1	70.9	198.2 ^e
1976	203.3	10.1	137.9	67.8	221.4
1977	213.8	10.6	153.1	71.6	239.4
1978	na	na	169.6	-	261.3
1979	270.0	12.8	180.0	66.7	279.6
1980	268.7	12.6	191.7	71.3	295.4
1981	282.2	13.2	208.1	73.7	353.1
1982	306.2	14.1	222.5	72.7	375.4
1983	295.3	13.6	242.1	82.0	398.6
1984	313.8	14.3	251.9	80.3	413.2
1985	316.4	14.4	263.6	83.3	431.7
1986	319.9	14.6	268.4	83.9	438.9

- Notes:** (a) Data refer to November in 1974 and 1975, May in 1976 and 1977, July in 1979 and 1980, June in 1981, and July in 1982 to 1986. Due to a change in estimation procedures in 1983, data for subsequent years are not strictly comparable with figures prior to 1983. For further details, see note to Table 4.
- (b) Includes age, invalid and widows' pensions, sheltered employment and rehabilitation allowances, supporting parents' benefits, unemployment, sickness and special benefits, as well as service and war widows' pensions and those receiving subsidised assistance under the States Grants (Deserted wives) Act.
- (c) Coverage is defined as the proportion of the total sole parent population in receipt of Commonwealth income support.
- (d) Includes children in supporting parent benefit families and class A widow families only.
- e = estimated
na = not available

Sources: Labour Force Status and other Characteristics of Sole Parents; 1974-1985, Social Security Review, Background Paper No. 8, Department of Social Security, Canberra, 1986; Table 1.

Bringing Up Children Alone: Policies for Sole Parents, Social Security Review, Issues Paper No. 3, Department of Social Security, Canberra, 1987; Tables 2.6 and 3.2.

**TABLE 4: CHANGES IN INDEX OF NUMBER OF UNEMPLOYED
BY FAMILY STATUS, 1980 TO 1986^(a)**

FAMILY STATUS	YEAR						
	1980	1981	1982	1983	1984	1985	1986
Husband or wife -with dependent children	100.0	100.8	121.0	212.3	169.7	165.1	175.0
-without children	100.0	93.3	128.0	194.6	164.3	160.0	151.3
Sole parent	100.0	84.6	117.7	173.1	162.1	130.0	163.8
All other unemployed	100.0	77.2	113.3	142.8	132.0	121.9	115.0
Total unemployed	100.0	90.7	116.8	165.2	145.0	136.1	134.1
Total unemploy- ed ('000)	385.4	350.2	450.3	636.8	558.8	524.6	517.0

(a) Surveys conducted in 1983 and subsequent years have a more restricted scope than those earlier. Some groups included in earlier surveys - those in non-private dwellings, visitors to private dwellings, and those in private dwellings where it was not possible to obtain information relating to all usual residents - have been excluded from the survey since 1983. Since persons excluded may have differing family and labour force characteristics from those included, the surveys are not precisely comparable. It is estimated that the surveys conducted in 1983 and subsequent years determined family status for approximately 93 per cent of the population.

Source: ABS, Labour Force Status and Other Characteristics of Families, Australia, 1980 to 1986. Catalogue No.6224.0

Figure 2: Unemployment and Families: Changes in Number of Unemployed, 1980 to 1986
(1980 = 100)

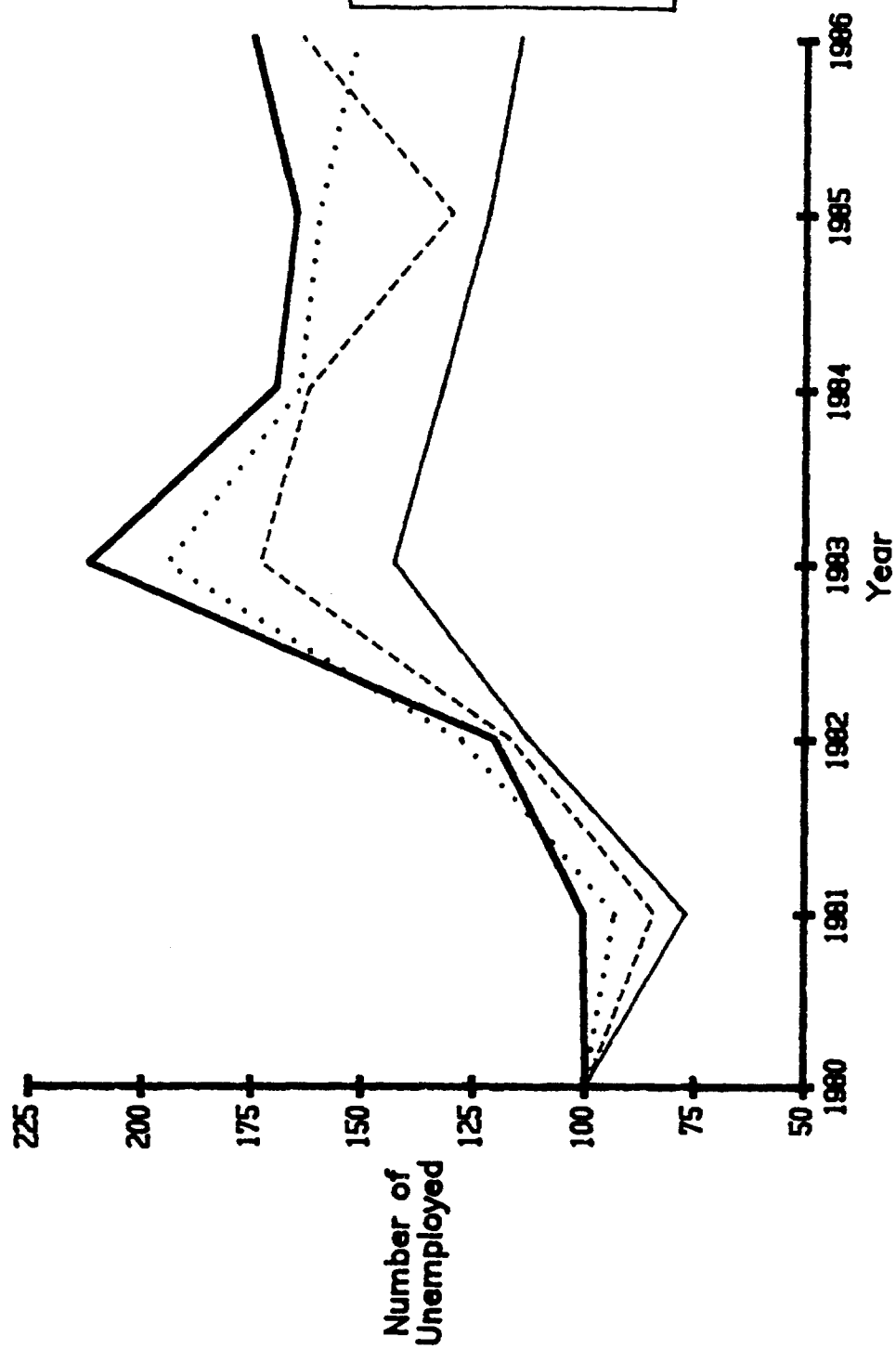


Table 5: Number of Children in Families Where the Chief Wage Earner is Unemployed: 1980-1986

Year	Couples		Sole Parents		Total	
	Number ('000)	Per cent ^(a)	Number ('000)	Per cent ^(a)	Number ('000)	Per cent ^(a)
1980	89.7	2.4	21.0	4.7	110.7	2.6
1981	90.5	2.4	16.8	3.6	107.3	2.5
1982	123.6	3.3	20.0	4.1	143.6	3.4
1983	229.0	6.1	41.6	8.6	270.6	6.3
1984	182.8	4.8	34.1	6.8	216.9	5.1
1985	172.2	4.6	26.5	5.2	198.7	4.7
1986	185.6	4.9	36.5	7.1	222.1	5.2
Change 1980-86 %	106.9	104.2	73.8	51.1	100.6	100.0

Note: (a) Expressed as a proportion of the total number of dependent children in respective family types.

Source: Whiteford (1987), Table 3.

later. There has been a decline in numbers since then, although the 1986 figure was still double that for 1980.

In considering these figures it is important to note that unemployment rates have been and remain higher for persons who are not members of families or who are non-dependent children living with their parents. In 1980, for example, the unemployment rate for married persons with dependent children was 3.3 per cent, while the rate for persons not living in families was 8.0 per cent. By June 1986, these figures were 5.4 per cent and 8.2 per cent respectively. While persons without family responsibilities continue to have significantly higher rates of unemployment, family members have suffered disproportionately from the increases in unemployment in the 1980s. In 1980, husbands, wives and sole parents made up 37.0 per cent of the unemployed, but by 1986, they accounted for 46.0 per cent of the unemployed.

Apart from this very significant shift in the family composition of the unemployed over the past six years, persons with family responsibilities have experienced and continue to experience the longest durations of unemployment. In 1982, for example, the mean duration of unemployment for all unemployed persons was 32.9 weeks, while the mean duration for married men with children was 39.4 weeks. By June 1986, the overall mean duration had increased to 50.6 weeks, while that for married men with dependent children was 71.2 weeks.

The impact of increased unemployment on families with children has been heightened by the fact that unemployed families tend to be larger than average. For example, in June 1986, the unemployment rate for the chief wage earner in married couple families with one child was 4.2 per cent, whereas the comparable rate for those with four or more children was 9.8 per cent. Put another way, 6.1 per cent of families generally had four or more children in 1986, but the comparable figures for unemployment beneficiaries was 13.7 per cent, while 17.2 per cent of those on unemployment benefit for 12 months or more had four or more children.

The effects of increased unemployment on families with children may also have had implications for the increase in the number of sole parent families, particularly the increased reliance of sole parents on some form of Government income support. The causes of the increase in the number of sole parent families in the population are very complex and are still not well understood. Possible factors include demographic changes which have affected the proportion of the population at risk of unmarried parenthood or marital breakdown, changed social attitudes and expectations of marriage, greater economic independence, as well as greater economic stress on families.

The increase in the number of sole parents in receipt of Government income support probably reflects not only these as well as other factors, but also the increased availability of pensions and benefits as a consequence of liberalised eligibility conditions. Direct policy decisions to liberalise eligibility were made as far back as 1968 with the introduction of the States Grants (Deserted Wives) Act, followed by the introduction of Supporting Mother's Benefit in 1973, its extension to male sole parents in 1977, the extension of the pensioner health benefits card to supporting parent

beneficiaries in 1979, and the abolition of the six-month waiting period for beneficiaries in 1980.⁽²⁾

The main effect of these changes has been to shift responsibility for income support for many categories of sole parents from the States to the Commonwealth. This of course has increased the number of sole parents in receipt of Commonwealth income support. At the same time, broader economic trends also appear to have increased the reliance of sole parent families on income support for at least some period of time. Table 3 shows that between 1974 and 1975, the **coverage** of Commonwealth programs (i.e. the proportion of the total sole parent population in receipt of payments) increased from 57 per cent to around 70 per cent. This coverage remained reasonably stable until 1982. Between 1982 and 1983, coverage jumped from around 73 to 82 per cent of sole parents, and has remained broadly stable since then. These jumps in coverage correspond with significant increases in unemployment, notably that between 1982 and 1983. Further work needs to be done on this association, but there would appear to be a strong basis for arguing that **reliance on income support** by sole parents reflects general labour market conditions.

Together, the two trends of increased sole parenthood and increased unemployment - a reflection of economic and social developments - imply that an increasing number of children are now being raised in families which do not have access to the labour market, at least in the sense of full-time paid employment. As a result, these families have had to rely on social security as their major source of income support.

The increasing number of children in families receiving social security payments is shown in Table 6 and illustrated in Figure 3. It can be seen that the number of children in this situation has more than doubled since 1976, both in absolute numbers and as a proportion of all children.

The third factor behind the increase in child poverty is the declining value of social security payments to families with dependent children. For all family types, pension and benefit levels (including family allowances) have declined steadily relative to the Henderson poverty line over the last decade. The decline has been greater for large families and has been greater for sole parent pensioner families than for married couple beneficiary families. By December 1986, benefits for married couple beneficiaries with two (four) children were only 93 per cent (87 per cent) of their respective poverty lines. For single parent pensioner families the situation was considerably worse, their pensions in December 1986 being between 90 per cent (one child) and 80 per cent (four children) of their poverty line.

There are two main reasons for the decline in the value of pensions and benefits relative to the poverty line. The first of these is that the poverty line has increased in real terms, because it is currently adjusted by movements in household disposable income per capita, and by average weekly earnings before that, while the standard rates of pensions have generally

(2) In the first six months after the qualifying event (e.g. separation or birth of a child) sole parents were entitled to assistance from State governments that was broadly comparable to Commonwealth assistance. The Commonwealth provided matching funds to the States for half of this assistance. The main effect of the change, therefore, was to shift full responsibility for financial support from the States to the Commonwealth.

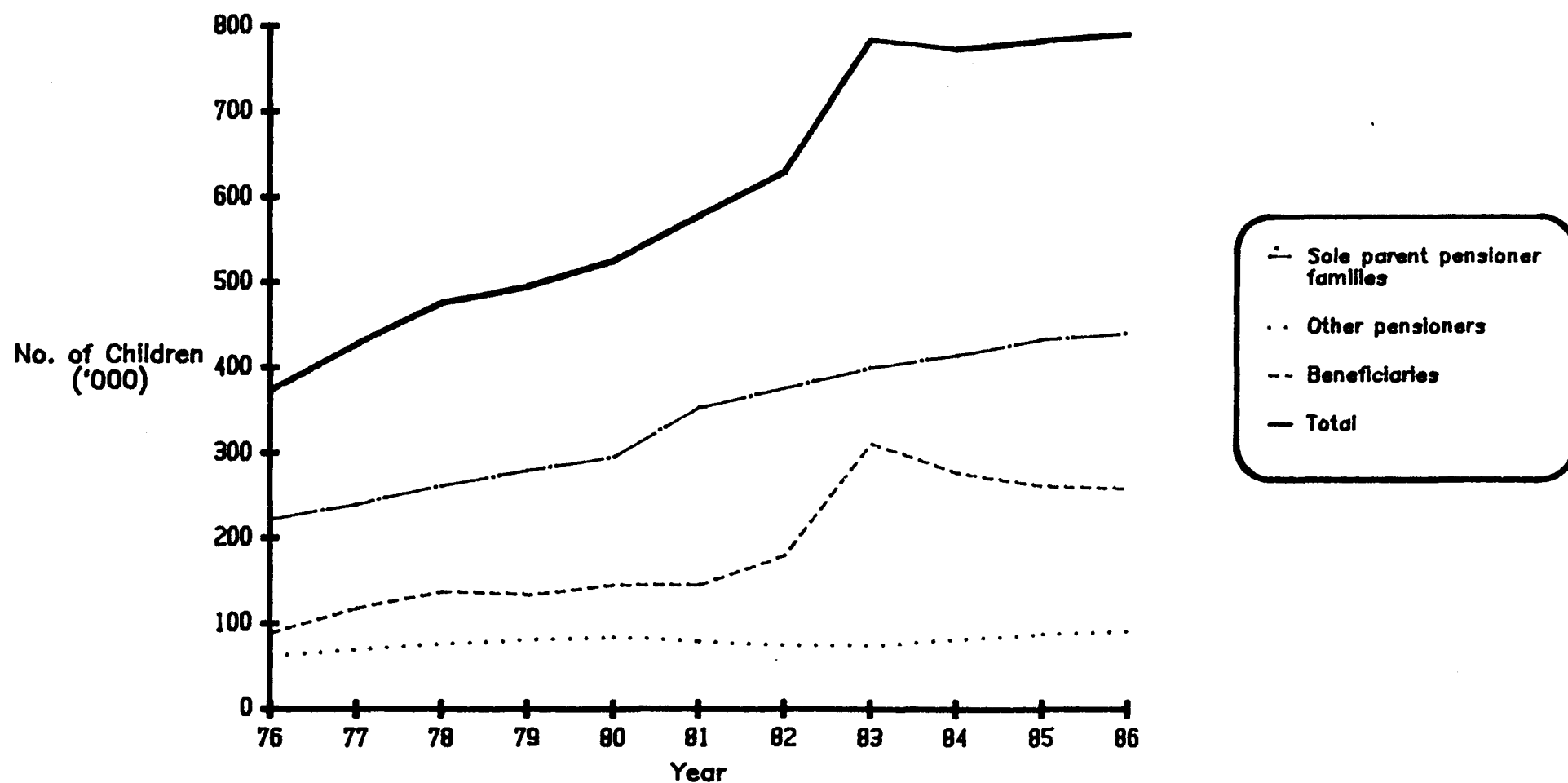
Table 6: Number of children for whom social security payments are made - 1976-1986.

YEAR	SOLE PARENT PENSIONER FAMILIES	OTHER PENSIONERS	BENEFICIARIES	TOTAL	TOTAL AS PERCENTAGE OF ALL CHILDREN ^(a)
1976	221.4	62.5	89.0	372.9	8.7
1977	239.4	70.0	117.5	426.9	9.9
1978	261.3	76.7	137.0	475.0	11.0
1979	279.6	81.6	133.0	494.2	11.7
1980	295.4	84.4	145.0	524.8	12.4
1981	353.1	78.8	145.0	576.9	13.6
1982	375.4	73.8	179.0	628.2	14.8
1983	398.6	73.9	309.3	781.8	18.2
1984	413.2	81.3	274.9	769.4	17.7
1985	431.7	87.7	259.8	779.2	18.0
1986	438.9	91.2	256.9	787.0	18.8

(a) Expressed as a proportion of all children for whom family allowance payments are made. Policy changes to the family allowances program will affect the ratio for 1986 (and subsequent years).

Source: Cass, 1986, Table 2.2 and Raymond, 1987, Tables 2.6 and 3.2.

**Figure 3: Number of Children for Whom Social Security Payments Were Made
1976 - 1986**



been adjusted by movements in the consumer price index. For example, between the September quarter of 1973-74 and the December quarter of 1986-87 the increase in the consumer price index was 263.7 per cent, compared with corresponding increases of 324.9 per cent in household disposable income per capita and 328.8 per cent in average weekly earnings. Thus the level of the poverty line has increased by around 15 per cent in real terms over the past thirteen years.

This reflects the fact that the Henderson poverty line is a relative measure of poverty, with the underlying assumption that the poorest groups in the community should in the long run share in real improvements in community living standards. Correspondingly, the real level of the poverty line will fall when household disposable income increases at a slower rate than the consumer price index, as is currently the case.

The most important reason for the decline in the level of pensions and benefits relative to the poverty line, however, is the fact that the real value of payments for children of pensioners and beneficiaries has declined substantially over the past 15 years. This is shown in Table 7, which compares trends in the value of social security payments in respect of children, taking 1976-77 as the base year. None of these payments has been indexed to the CPI, but they have only been increased individually on an ad hoc basis. As a consequence, there have been divergent trends in their separate real levels, but their combined value shows a reasonably consistent downward trend. These payments form a higher proportion of the total incomes of sole parents and of pensioner/beneficiary families with greater numbers of children, and therefore it could be expected that it would be these families who would be most disadvantaged by the failure to index these payments. Figure 4 compares these trends in the real value of payments with trends in the number of families who must rely on this assistance.

Australia's performance in international comparisons is partly explained in Table 8, which compares the value of general cash assistance for families with children in 1981 in the LIS countries, and the relative 'generosity' of treatment of low income families and average income families with children, and in Table 9 which compares the effectiveness of the tax and social security systems in reducing relative poverty (taken from Table 2).

For example, Australia and the United States have the highest levels of child poverty, are the two least effective countries in reducing child poverty, generally treat sole parent pensioners and the unemployed least favourably compared to those without children, and are also least 'generous' to average income families with children. In contrast, Sweden, for example, has one of the lowest levels of relative child poverty, with their social security and taxation system being the most effective in reducing poverty, provides the highest level of general family assistance, and also treats both low income families and average income families with children in the most favourable manner.

Table 9 in particular emphasises the failure of the Australian system of family assistance to redistribute sufficient income to poor families.

Table 7: Trends in the real value of social security payments for children - 1972-73 to 1986-87 (1976-77 = 100)

Year	Payment type			
	Additional pension/ benefit for children	Mother's/ guardian's allowance	Family allowance	Total
1972-73	101.8	169.7	24.2	109.8
1973-74	97.8	150.8	21.4	100.5
1974-75	96.3	128.6	18.4	91.7
1975-76	111.4	114.0	16.3	92.7
1976-77	100.0	100.0	100.0	100.0
1977-78	91.4	91.4	91.4	91.4
1978-79	84.5	84.5	84.5	84.5
1979-80	76.7	76.7	76.7	76.8
1980-81	85.4	85.4	70.2	82.3
1981-82	84.7	84.7	63.6	80.3
1982-83	75.9	75.9	76.1	76.0
1983-84	80.9	71.0	80.1	77.2
1984-85	91.2	79.9	76.8	84.2
1985-86	96.2	81.6	70.9	85.8
1986-87	95.9	86.3	64.9	86.1
1987-88	106.4-124.5	80.6	60.6	87.9-96.7

Source: Moore and Whiteford, 1986, Tables 6.3.3 and 6.3.4 and personal calculations.

Figure 4: Children and Social Security Payments
1976-77 to 1985-86

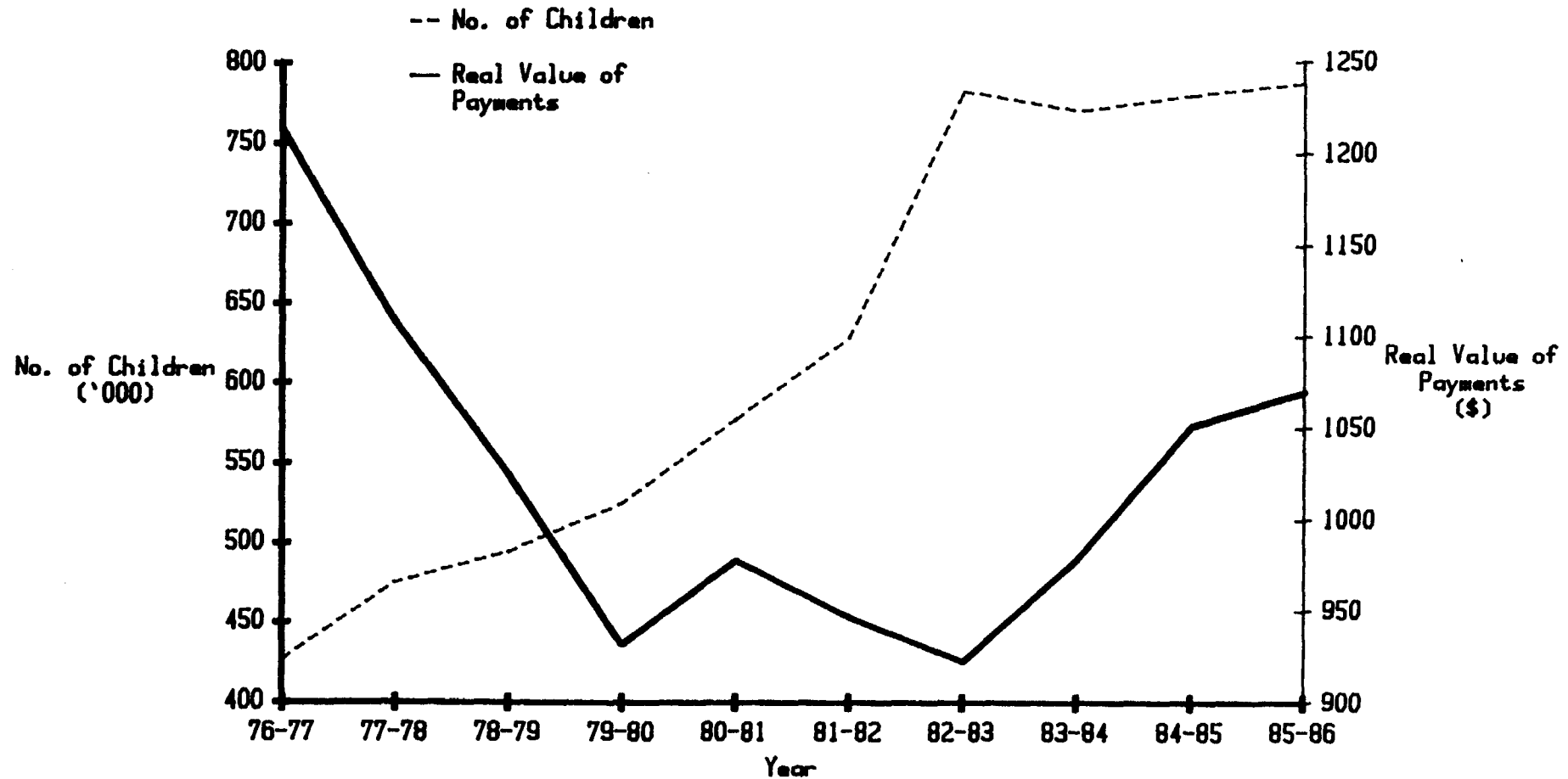


Table 8: Alternative indicators of the impact of taxes and cash transfers on family incomes and poverty in selected OECD countries (Rank)

Country	Relative disposable incomes ^(b) of:				
	Value of general cash assistance for families ^(a)	Sole parent, not in labour force, two children	Two parents, two children, unemployed less than 13 Months	Two parents, two children, unemployed more than 13 Months	Two parents, two children, one earner at APW
Australia	3.4 (7)	50.0 (5)	64.3 (6)	64.3 (4)	107.2 (6)
Canada	6.7 (5)	52.5 (3)	76.8 (3)	55.8 (5)	114.2 (4)
Germany	7.6 (4)	67.3 (2)	89.0 (2)	81.2 (2)	119.7 (3)
Norway	8.5 (3)	n.a.	n.a.	n.a.	n.a.
Sweden	10.6 (1)	93.8 (1)	121.2 (1)	116.5 (1)	133.1 (1)
Switzerland	5.7 (6)	n.a.	n.a.	n.a.	n.a.
United Kingdom	10.1 (2)	51.7 (4)	74.1 (4)	65.3 (3)	120.4 (2)
United States	-(c) (8)	44.0-54.9 (6)	67.2-70.0 (5)	53.9-65.6 (6)	109.6-111.8 (5)

Notes: (a) 'General' cash assistance refers to family allowances and comparable payments, expressed as in percentage of the net income of an average married production worker with two children. In the case of Canada, the value of refundable child tax credits are included. The figures refer to the 1981 year. The figure for Switzerland refers to cash payments for the head of a family with children.

(b) Relative disposable income is calculated as the net income of each type of family relative to the net income of a single, average production worker in each country. The figures refer to the 1979 year. The range given for the United States shows the difference between Pennsylvania and New York, respectively.

(c) There is no general program of assistance for families in the United States. There is a refundable 'earned income tax credit' for families with children, but this accrues only to very low income families with earnings.

na = not available.

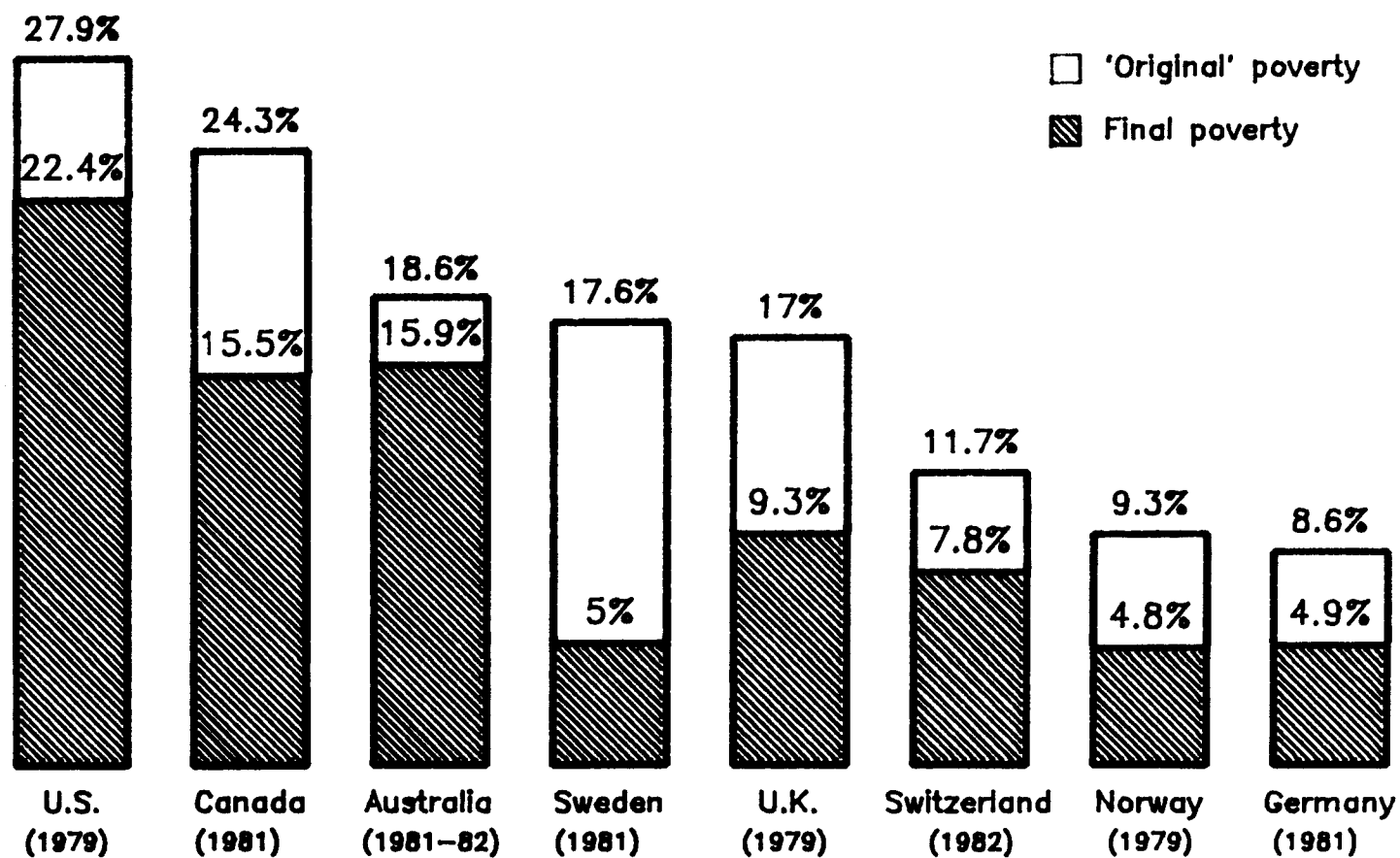
Sources: OECD, 1986; Kahn and Kamerman, 1983; Smeeding, Torrey and Rein, 1987.

Table 9: Effectiveness of taxation and social security systems in reducing relative poverty among families with children

Country	Proportion of children in poverty before taxes and transfers (%)	Proportion of children in poverty after taxes and transfers (%)	Proportion of pre-tax and poor remaining in poverty (%)
Australia	18.6	15.9	85.6
Canada	24.3	15.5	63.8
Germany	8.6	4.9	68.8
Norway	9.3	4.8	51.7
Sweden	17.6	5.0	28.4
Switzerland	11.7	7.8	66.7
United Kingdom	17.0	9.3	54.8
United States	27.9	22.4	80.4

Source: Smeeding, Torrey and Rein, 1987, Table A.5.3.

Figure 5: Effectiveness of Taxes and Transfers in Reducing Poverty



Source: Smeeding, Torrey and Rein, 1987.

Looking at 'original' poverty before taxes and transfers,⁽³⁾ Australia with 18.6 per cent of children in poverty experienced quite high poverty, but was not exceptional. What is exceptional about Australia (and the United States) is how little poverty is reduced by taxes and transfers.

This should not be taken to suggest that the **level** of payments for families with children explains the general **level** of child poverty in the countries compared. The extent of poverty is more likely to reflect the underlying changes in unemployment and in household composition. But in circumstances of increasing economic vulnerability, it is apparent that the family assistance programs of Australia and the United States are not able to lift poor families with children out of financial poverty, and relatively speaking treat those with children on the least adequate basis. This suggests that reform of family assistance arrangements in Australia should properly have a very high priority.

4. Assessment of the Family Package

In January 1987, the Minister for Social Security announced that a special sub-committee of Cabinet had been established to draw together policies on income support, child protection and general welfare of families, with first consideration to be given to the proposals of the Social Security Review (Cass, 1986b). The family package itself was announced in July, as part of the Government's election policy platform. The package, to be introduced in December 1987, includes the following major elements:

- (1) **A new Family Allowance Supplement (FAS) to replace payments for children of pensioners and beneficiaries and the Family Income Supplement (FIS) for children in low income families.** Payments will initially be set at \$22 a week for each child, an increase of \$5 a week over current payments. For the first time these payments will be age-related, with an additional \$6 a week for children aged 13 and over who do not receive the AUSTUDY allowance for full-time students.
- (2) **The income test on the new FAS payments will generally be more liberal than those applying to current payments.** At the moment, the additional pension for children is reduced by 50 cents for each dollar of extra income once basic pensions have been completely withdrawn. For a sole parent with one child, this is currently (July to December 1987) \$300.30 a week (inclusive of mothers'/guardians' allowance) with the \$17 a week payment for the child being reduced to zero once private income reaches \$334.30. Additional benefit, in contrast, is withdrawn dollar for dollar, so that for a beneficiary couple with one child, the payment is reduced to zero between non-social security incomes of \$237 and \$254 a week. The Family Income Supplement is reduced by 50 cents in the dollar, with the point at which it starts to be withdrawn set at \$20 a week above the 'cut-out level' for the married rate of benefit. Thus, the payment for one child is

(3) This figure should not be taken as an indication of what proportion of children would be in poverty if there were no social security system, but does provide an estimate of the vulnerable population, i.e. those whose parents are unemployed or outside the labour force.

currently withdrawn over the income range \$257 to \$291 a week.

The point at which the FAS payment starts to be withdrawn will be set at \$300 a week and the withdrawal rate will be 50 per cent, so that payments for one child will be withdrawn between \$300 and \$344 a week where the child is under 13 years, or \$356 a week where the child is 13 years or over. The threshold for withdrawal will be increased by \$12 per week for each child after the first. (At the moment, only pensioners have an additional 'child disregard' in their income test).

- (3) **Uniform rental assistance will be extended to all FAS recipients.** At the moment, pensioners who rent other than public housing are entitled to rent assistance of up to \$15 a week, while sickness beneficiaries who have been in receipt of benefit for a continuous period of six weeks are also eligible for this amount. Unemployment and special beneficiaries who have been in receipt of benefit for a continuous period of 26 weeks or more are generally eligible for rent assistance of up to \$10 a week. Under the new system, all FAS recipients who are private renters and who satisfy the other conditions now applying to pensioners will be eligible to receive a payment of up to \$15 a week, which will be withdrawn by 50 cents in the dollar after FAS payments have been extinguished, i.e. rent assistance will be extended to low income working families and will be increased for the unemployed.
- (4) **FAS payments will apparently be indexed.** The Government was committed itself to ensuring that total assistance per child moves from its current level of 11 per cent to at least 15 per cent of the combined married rate of pension, and that aggregate payments for older children should similarly attain a benchmark of 20 per cent of the combined married pension. Since the married rate of pension is currently indexed twice-yearly to increases in the Consumer Price Index (CPI), this commitment to maintenance of the relative value of payments appears to mean that the combined value of the Family Allowance Supplement plus Family Allowances would be increased in line with inflation.
- (5) **A new Child Disability Allowance free of means test will be introduced.** This payment of \$112 per month to families with a disabled child will replace the current Handicapped Child's Allowance of \$92 per month for families with a severely disabled child, and the payment of between \$20 to \$92 per month for those with less severely disabled children.

An evaluation of this package could take a number of forms. The longer-term research project at the SWRC describes the nominal redistributive impact of the package in terms of its impact on disposable incomes, and also contains a discussion of the impact of the package on effective marginal tax rates and work disincentives. The major part of the evaluation, however, concentrates on an assessment of the effectiveness of the package in reducing financial poverty, the focus of the Governments' child poverty pledge. This is the issue on which this paper concentrates.

As explained earlier, it is clear that the family package is directed towards the alleviation of **financial** poverty - that is, it is the Government's intention to divert sufficient additional resources to families with children so that by 1990 no family will be in financial circumstances that leave it below 'the poverty line'. Assessing the effectiveness of the package, even in terms of these relatively narrow objectives is, however, problematic. The commitment hinges on a financial definition of poverty, which in turn must be operationalised in terms of a specific measure of the poverty line.

The most important factor in our decision to use the Henderson poverty line was the recognition that there is **no** widely accepted, alternative poverty line available in Australia. While accepting the deficiencies of the Henderson line, it appears that the Government's pledge will most likely be judged by the public and by community groups with reference to the Henderson line. The Government has not committed itself to this measure of poverty, but should they have an alternative indicator of poverty in mind, then it is for them to say so.

In theory, the effectiveness of the package in alleviating poverty can be evaluated in a number of ways. Ideally the impact of the package on disposable incomes should be assessed using actual data on family circumstances and the distribution of family incomes. The most recent data source available for this purpose is the Australia Bureau of Statistics' **1981-82 Income and Housing Survey** unit record file. The ABS is planning to release a further unit record file based on the 1985-86 Income Survey, which should provide a useful basis for future analysis of this kind, but this source of information is not yet available.

As a consequence of these difficulties, this paper assesses the impact of the family package using a second method, based on comparisons between pension and benefit rates before and after the introduction of the family package with the poverty line for different family types. Wherever possible data derived from the 1981-82 Income and Housing Survey unit record file were used to complement our analysis with the actual income distribution and socio-demographic characteristics of poor families. A very large number of assumptions must be made in such an evaluation. In brief, the main features of this assessment include:

- (1) Rather than project household disposable incomes and the Henderson poverty line into the future, the new payments have been deflated back to levels appropriate to December 1986, and then compared with actual pension and benefit rates and poverty lines then current. Thus, this approach estimates what the effect of the family package **would have been** had it been introduced in December 1986.
- (2) The Henderson poverty lines make allowances for the age and sex of children, the age and sex of the income unit head, and whether the head lives alone or not. In addition, the Commission of Inquiry into Poverty (1975) used 'simplified' poverty lines, which averaged out all these factors. This paper uses an intermediate step between the detailed and simplified lines, which takes account only of the increasing costs of children by age.

- (3) The Henderson line distinguishes between costs where the head of the income unit is working and where the head is not working, with the poverty line being higher where the costs associated with work are incurred. It has been argued (Commission of Inquiry into Poverty, 1975, p.355) that this higher line is appropriate to the unemployed. This paper uses the 'head not working' poverty line, and is therefore likely to put a more favourable light on the Government's package. An important consequence is that the evaluation is not relevant to the 'working poor', such as some current FIS recipients. This group was also excluded from analysis by the decision to compare the effects of the package on the incomes of pensioners and beneficiaries.
- (4) The paper concentrates on the effects of the family package on the incomes of those in poverty **after** housing costs have been paid. The Henderson methodology involves comparing the poverty line less **standard** housing costs with actual incomes less **actual** housing costs. Given that this paper does not use individual unit data, it has been necessary to estimate **average** housing costs for each type of family from the 1981-82 Income and Housing Survey, updated to December 1986 by movements in the appropriate components of the consumer price index. As with any average figures, these estimates cannot capture the full extent of variation in actual housing costs faced by families in poverty - a number of low income families will have housing costs lower than the average and a number will have far higher costs. Analysis of the distribution of housing costs suggests, however, that there is significantly less variability in the housing costs of families with children than there is for those without children, particularly unemployment beneficiaries.
- (5) Finally, the effects of the family package were assessed by taking data supplied by the Department of Social Security on the actual number of dependent children (excluding students) whose parents were in receipt of social security payments (excluding FIS). These families and children were then allocated by tenure and age composition of different size families by ratios derived from the 1981-82 Income and Housing Survey. The distribution of low income children thus derived formed the basis for estimating the effects of the package.

Further details of all of these assumptions is contained in Saunders and Whiteford (1987b).

Table 10 shows the position of different pensioner and beneficiary families with children relative to the age-adjusted poverty line before the introduction of the family package. The main results of the analysis are given in Table 11, which shows the estimated pension and benefit levels relative to poverty lines for families by different housing tenure types following the introduction of the package. The table shows results for families with up to five children, where all children are aged under 13 or all are aged 13 or over, thus providing the smallest and largest possible changes after the package.

**Table 10: Pensions and Benefits Relative to the Age-Adjusted Poverty Line
(per cent) - Before Family Package**

Type of Family	After Housing Costs				
	Private Renters	Public Tenants	Owners	Purchasers	Rent-Free
Sole parent pensioner					
- 1 child					
under 13	93	109	120	80	135
13,14 or 15	85	99	109	72	122
- 2 children					
under 13	76	100	112	83	122
13,14 or 15	65	86	97	71	105
- 3 children					
under 13	76	94	106	84	114
13,14 or 15	64	79	89	71	96
- 4 children					
under 13	76	91	102	71	109
13,14 or 15	63	75	84	59	90
- 5 children					
under 13	77	89	100	75	106
13,14 or 15	63	73	82	61	86
Unemployment/Beneficiary Couple (< 6 months)					
- 1 child					
under 13	82	109	122	67	135
13,14 or 15	76	101	114	62	126
- 2 children					
under 13	82	103	116	82	126
13,14 or 15	72	91	102	72	111
- 3 children					
under 13	80	97	110	87	118
13,14 or 15	69	84	95	75	103
- 4 children					
under 13	80	94	106	94	114
13,14 or 15	68	80	90	80	97
- 5 children					
under 13	81	93	105	96	111
13,14 or 15	67	78	88	81	93

**Table 11: Pensions and Benefits Relative to the Age-Adjusted Poverty Line
(per cent) - After Family Package**

Type of Family	After Housing Costs				
	Private Renters	Public Tenants	Owners	Purchasers	Rent- Free
Sole parent pensioner					
- 1 child					
under 13	98	113	124	84	139
13,14 or 15	93	106	117	81	131
- 2 children					
under 13	82	105	118	89	128
13,14 or 15	78	96	109	84	118
- 3 children					
under 13	84	101	114	93	122
13,14 or 15	79	92	104	86	111
- 4 children					
under 13	85	99	112	80	118
13,14 or 15	79	88	101	75	106
- 5 children					
under 13	87	97	110	85	116
13,14 or 15	80	87	99	79	104
Pensioner/Beneficiary Couple					
- 1 child					
under 13	95	111	125	70	138
13,14 or 15	92	106	120	69	132
- 2 children					
under 13	95	107	121	87	132
13,14 or 15	89	98	112	82	121
- 3 children					
under 13	93	102	116	93	125
13,14 or 15	88	94	108	88	115
- 4 children					
under 13	93	100	114	102	121
13,14 or 15	87	91	104	94	111
- 5 children					
under 13	94	100	113	105	120
13,14 or 15	87	90	103	96	109

It is apparent that the Government's family package goes quite a long way to improving the financial circumstances of low income families. For example, sole parents with one child under 13 and who are private renters will have their incomes increased from 93 per cent to 98 per cent of the after-housing costs poverty line. An unemployment beneficiary couple with one child and who are private renters will have their income increased from 82 per cent of the poverty line to 95 per cent where the child is under 13 years, and from 76 to 92 per cent where the child is over 13 years.

Our estimates suggest that the package will raise the incomes of a number of families from below to above the poverty line, including some pensioner and beneficiary couples who are public tenants and whose children are under 13 years of age. Other families - particularly those who wholly own their own home - will find that the package raises their income further above the poverty line than it was originally. Many other low income families will have their incomes increased by the family package yet still remain below the poverty line. These effects are illustrated in Figure 6.

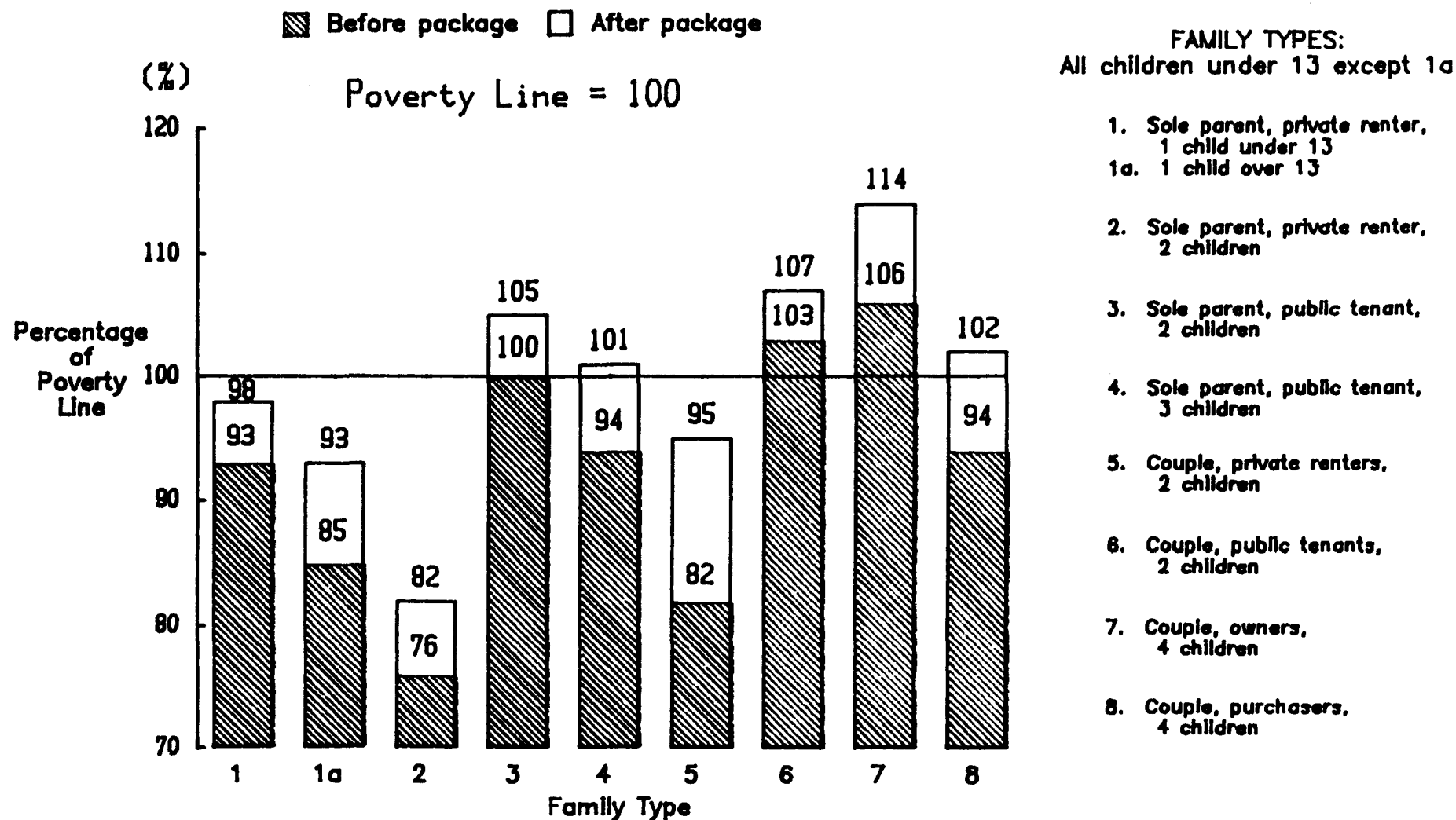
In the context of the Government's poverty pledge, the key question is how many **children** will be raised above the poverty line by the family package. An indication of this is given in Table 12, which shows the effectiveness of the family package in reducing poverty on the basis of the age-adjusted Henderson lines as shown in Tables 10 and 11. It is estimated that the family package will reduce the number of children in pensioner and beneficiary families living in poverty by around 100 thousand or by about 19 per cent, on the basis of the age-adjusted poverty lines. On the basis of the above estimate, there would still remain some 440 thousand such children in poverty in Australia after December 1987.

Table 12: Effectiveness of Family Package in Reducing Child Poverty

Age-Adjusted poverty lines		
	No. of pensioner/beneficiary children in poverty	Poverty Gap
	('000)	(\$ p.a.)
1. Before December Package	542.2	352.2m
2. After December Package	440.4	192.6m
<hr/>		
3. (2) as per cent of (1)	81.2	54.7

This headcount measure of the incidence of poverty is, however, an insensitive instrument for assessing policies like the family package, since it takes account only of the improvements in disposable income for those moved above the poverty line. As emphasised above, the package will improve

Figure 6: Illustrative Effects of the Family Package in Reducing Child Poverty



the financial circumstances of all children in poverty, even if it does not raise them above the poverty line itself. A better measure of the impact of any policy initiative is provided by the change in the **poverty gap**, which is defined as the absolute difference between the actual incomes of the poor and their respective poverty lines. We have calculated a crude measure of the poverty gap by estimating the total income shortfall of all poor pensioner and beneficiary families in poverty with no additional income other than their pension or benefit. This poverty gap measure is crude in that it takes no account of those with some private income but not enough to raise them out of poverty. It does, however, provide a better means of assessing the impact of the family package than the simple headcount poverty incidence measure. As shown in Table 12, prior to the introduction of the package there were an estimated 542 thousand children living in pensioner or beneficiary families in poverty. The effect of the package is to reduce the poverty headcount by 102 thousand children or by around 19 per cent. This may not seem like a significant reduction in poverty, given the cost of the family package (\$380 million in a full year). Table 12 shows, however, that the estimated poverty gap is reduced to a much larger extent, from around \$350 million to \$190 million, or by around 45 per cent.

One point to note is that the original poverty gap is less than the cost of the family package. The package does not reduce the gap to zero, because some of those who benefit are already above the after-housing poverty line, and the package raises these families further above the line, as well as increasing the incomes of other families to more than 100 per cent of the poverty line. Furthermore, as Table 11 indicated, many families will remain in poverty even after the introduction of the family package.

These observations should not be taken as implying that the package is inefficiently targeted. Indeed, comparison of Tables 10 and 11 suggest that the package is very well targeted. For any family type, within each tenure type, the further one is below the poverty line, the greater is the increase in pensions or benefits relative to the poverty line. For example, sole parents with one child and who are private renters will have their incomes increased from 93 to 98 per cent of the poverty line (5 percentage points) when the child is under 13 years and from 85 to 93 per cent (8 percentage points) when the child is 13, 14 or 15 years of age. This targeting arises because of the deliberate decision to provide higher payments for older children, and to extend uniform rental assistance to unemployment beneficiaries with children. It also arises because flat increases in cash transfers are necessarily progressive - they form a higher proportion of income relative to the poverty line, the lower is one's income in relation to the poverty line. In fact, the only way that the poverty gap could be reduced to zero would be if the housing costs of those in poverty were exactly covered, a policy which could cost considerably more than the family package.

5. Achieving the Poverty Pledge: Further Policy Proposals

If the Government is to achieve its poverty pledge by 1990, what further needs to be done? Over the longer-term, the Government has committed itself to maintaining the level of assistance for younger children at at least 15 per cent of the married rate of pension and that for children over 13 years at 20 per cent of the married pension rate. While this commitment - which effectively indexes payments for children as long as the married rate of

pension is itself indexed - is a **crucial** step in maintaining equity in assistance, it is not likely in itself to be sufficient to further substantially reduce after-housing poverty. This is because where children are under 13 years, the benchmark of 15 per cent will already be achieved once the package is introduced, while where children are over 13 years, further real increases are required to reach the 20 per cent target. These increases would further reduce the poverty gap, but would appear unlikely to have a major effect, since the great majority of children in poverty are under 13 years. Nevertheless, effective indexation is a major improvement, since it was the lack of adjustment for inflation that exacerbated child poverty over the past decade.

The differences shown in Table 11 between the characteristics of those groups moved above or remaining below the poverty line provide a basis for identifying policies that will further reduce the number of children in poverty. In general, all those receiving the higher rate for older children are worse-off relative to the poverty line than are similar families with younger children. Larger families are less well-placed relative to the poverty line than are smaller families, while sole parents have significantly lower incomes relative to the poverty line than do couples with children. In addition, the highest incomes relative to the poverty line are enjoyed by those who own their own homes and by public tenants. Private renters are significantly worse off than public tenants and many home purchasers are worse off again.

A coordinated approach to ending child poverty by 1990 would therefore have the following features. First, it is most important to recognise that the best way to avoid being in poverty is to have access to income in addition to that provided by social security payments, even after the family package. There is no doubt that increases in employment and reductions in unemployment among families with children remains the most overall effective way of reducing child poverty. It has been previously shown, however, that the current Government has been less successful in reducing unemployment among families with children than in reducing unemployment generally. In the broader context of a determined effort to return to conditions of full employment, specific attention should be given to labour market and training programmes for unemployed families with children, and to training and child care provisions for sole parents.

Apart from having a job, the next best way to avoid poverty is to own your own home outright. Table 11 indicates that home purchasers are worse off in income terms than public tenants, although they may be better off in terms of assets. There are, nevertheless, unbearable strains on home purchasers living on pension or benefit, particularly when interest rates are so high. Sustained reductions in interest rates could therefore benefit this group. More thought could also be given to ways of allowing them to defer mortgage repayments while simultaneously seeking to return them to the job market as quickly as possible. Table 11 also shows that it is generally better to be a public tenant than a private renter (although large families in public housing are still below the poverty line). This suggests that an expansion of public housing in order to reduce waiting lists will also be important, and may particularly benefit the long-term unemployed and pensioners with longer durations of receipt of pension.

Even if these macroeconomic, employment and housing policies are to be achieved, it appears that further improvements in social security payments

will also be required. In particular, it is generally clear that the proposed rate of payment for children is still inadequate, both for those under 13 and those aged 13, 14 or 15. This suggests that raising the rate of payment for younger children to the older child rate and further raising the older child rate would further assist in achieving the Government's poverty pledge.

Further improvements in rental assistance would also be a particularly target-efficient way of reducing child poverty, particularly since a great deal of poverty is concentrated in this group. In any case, there are obviously strong arguments for increasing the rental assistance of \$15 a week, when **average** private rental payments were estimated to be between \$55 and \$85 a week in December 1986 for pensioner and beneficiary families with children. Another target-efficient method of reducing child poverty would be to provide further assistance to large families, who tend to fall further and further below the poverty line as family size increases.

Finally, sole parents are worst-placed relative to the poverty line, and even the improvements outlined above could well leave many children in sole parent families still in poverty. A slightly different perspective on these issues is given in Table 13, which extends Table 7 by showing the projected effects of the family package on the real value of social security payments in 1987-88 and 1988-89.

**Table 13: Trends in the real value of social security payments for children
- 1976-77 to 1988-89
(1976-77 = 100)**

Year	Additional pension /benefit for children	Mother's/ Guardian's allowance	Family allowance	Total
1976-77	100.0	100.0	100.0	100.0
1982-83	75.9	75.9	76.1	76.0
1986-87	95.9	86.3	64.9	86.1
1987-88	106.4-124.5	80.6	60.6	87.9-96.7
1988-89	116.3-148.1	75.3	56.6	89.6-104.5

Note: Based on Table 7 and derived from estimated increases in the CPI of 7.0 per cent from 1986/87 to 1987-88 and from 1987-88 to 1988-89. It is also assumed that additional pension/benefit for children (i.e. FAS) is indexed in 1988-89.

On the basis of these estimates it is clear that the family package will significantly increase the real value of additional pension or benefit for children, now to be known as FAS. Assuming that neither mother's/guardian's allowance nor family allowances are increased, however, shows that the combined total value of these payments for those whose children are under 13 years will be little higher in 1988-89 than in 1986-87, i.e. the fall in the real value of these payments would tend to offset some of the beneficial effects of the family package. Sole parent families in particular would gain least if this were to be the case. This suggests that further specific initiatives should be directed towards sole parent families, e.g. increases in the level of mother's/guardian's allowance. Such moves could be facilitated as part of the Government's current consideration of reforms to the child maintenance system, if it provides for real improvements in the living standards of sole parent pensioners, rather than simply being a revenue-saving exercise.

6. Conclusions

The Government's pledge to effectively abolish child poverty by 1990 represents official acknowledgment that the number of children living in poor families has reached alarming proportions. Available evidence shows the incidence of poverty among children in Australia has increased steadily over the last two decades to unacceptably high levels, well above those prevailing in similar OECD countries, with the exception of the United States.

The alternative measures reviewed in this paper suggest that the increase in child poverty and its current apparent extent is a real indicator of a decline in the economic circumstances of low income families with children, and not just a statistical artefact created by the use of the Henderson poverty line. For example, the proportion of children in poverty in the early 1980s remains between 15 and 20 per cent, whether one uses the Henderson poverty line, or the two poverty lines used by Smeeding, Torrey and Rein (1987), or whether one simply looks at the number of children in families reliant on pensions and benefits.

But in fact these four measures represent fairly clear alternative approaches to poverty measurement. The administrative or conventional measure - the number of children or other units for whom income-tested social security payments are made - is often used in the United Kingdom as an indicator of poverty. One measure of poverty used by LIS researchers is derived from the U.S. poverty lines and is therefore an 'absolute' measure of poverty, in being simply three times the cost of a minimally adequate food basket, adjusted by movements in prices. The Henderson poverty line is a mixture of relative and 'absolute' concepts of poverty, in being an arbitrary line adjusted by the relative costs of a basket of necessities for different families, increased in line with movements in community earnings. Finally, the second poverty line used by LIS researchers - half median family income - is a well-recognised indicator of relative poverty. That these conceptually divergent approaches should produce broadly similar poverty estimates suggests that there is a real phenomenon being observed.

The analysis in part 3 of the paper suggests that Australia's comparative performance in international terms has much to do with the structure and adequacy of family assistance arrangements. The increasing, underlying vulnerability of families with children and with heads not in work, either

because of unemployment or sole parenthood appears to be the main factor behind the current extent of child poverty. But the ineffectiveness and inadequacy of family income support provisions has exacerbated this situation.

The Government's child poverty pledge has set the social security policy agenda for the rest of this decade and has served to focus attention on a major social problem. Yet while it is clear that reform of family assistance is a very high priority, it would seem that income support measures **alone** will not be sufficient to achieve the poverty pledge in any sustainable way. Two other areas of policy have been emphasised, employment and housing. This paper concludes, therefore, that the elimination of child poverty, even in the narrow context assumed, will require a coordinated and multi-dimensional policy approach.

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TENSIONS IN COMMUNITY CARE POLICY: THE CASE OF FAMILY DAY CARE

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Introduction*

The aim of this paper is to review the tensions arising in community care policies and programs in Australia in the late 1980s, through an examination of one such program, family day care for young children. It will be argued that the economic, political, administrative, industrial and labour market circumstances of the late 1980s are imposing tensions on this community care service that may well result in major modifications to the program during the last decade of the twentieth century. The analysis will suggest that the causes of this tension and instability can be traced to the assumptions on which family day care policy was established in the early 1970s, assumptions that are increasingly problematic. As these assumptions are similar in many respects to those underlying other community care programs, family day care may be a useful pointer to the broad trends and issues now facing community care policy.

The paper first considers the notion of 'community care', and the characteristics of family day care as a community care service. It then examines the origins and initial assumptions of the family day care program, the reasons for its growth and development and the causes of tensions now emerging in the program. These include current economic and fiscal circumstances and policies, pressures towards formalisation, pressures from providers for improved status and remuneration, and emerging and foreseeable difficulties in ensuring an adequate supply of providers. These inter-related factors are generating considerable momentum for change in the program and the paper examines the possible and likely nature of these changes. The paper concludes by suggesting the implications for family day care and community care policies.

Family Day Care as a Community Care Service

The term 'family day care' is used in the Australian context to refer to the services provided by the network of non-profit family day care schemes established under the Commonwealth government's Children's Services Program. These schemes, mainly run by non-government organisations or local government, offer child day care in the homes of care providers who are

* This paper draws in part on an earlier paper entitled 'Is Family Day Care Viable?', presented at the Australian Family Research Conference, Australian Institute of Family Studies, Melbourne, November 1986.

recruited, supervised and supported by the staff of the scheme. The first schemes were established on an experimental basis in 1973. The system grew rapidly and by 1985-86 there were 282 schemes throughout Australia, each comprising on average 50 caregivers providing services to 160 children (Australia, Department of Community Services, 1985-86:34-38). Continuing growth in the mid-1980s is likely to result in approximately 38,000 child day care places being available in the program by 1988 (these places will provide child care for considerably more than 38,000 children because many attend on a part-time basis).

The Commonwealth government subsidises family day care schemes in two main ways. Firstly, there is an operational subsidy paid to a scheme to meet most of the costs of the support and administrative staff. Secondly, the Commonwealth makes fee relief payments to low and middle income families, on an income-tested basis. Providers' income thus comprises fees paid directly by parents plus fee subsidies paid by the Commonwealth and channelled and administered via family day care schemes.

Alongside this quasi-public family day care system there exists a private market in family day care. Private transactions for the care of young children, in a care provider's home, on a daily basis, for remuneration, existed long before family day care schemes were established. While the functioning of this market has undoubtedly been affected by the emergence of the quasi-public system, it continues to flourish. The 1984 Child Care Survey estimated 68,000 families pay non-relatives, not resident in the child's dwelling, to look after children aged under twelve years (Australian Bureau of Statistics, 1986:11 and 15). There is little systematic information available about this sector, but it presumably has many components ranging from highly informal situations to regular arrangements similar to those made in family day care schemes. The sector is largely outside the purview of public authorities, as licensing requirements either exclude arrangements involving small numbers of children or are widely ignored and not systematically enforced.

The purpose of this paper is to look at family day care as an example of a community care program. The idea of community care has been a central theme in community services policy during the past fifteen years, but policy analysis and development has been clouded by the various and confusing meanings given to the term. The term has been widely used to refer to community-based alternatives or complements to institutional or residential social care (i.e. care in the community), but it is also used to mean care provided by family, friends, neighbours, volunteers and non-government organisations as an alternative or complement to provision by the state (i.e. care by the community) (see Walker, 1982:19 for this distinction). In both of these broad senses, community care has been viewed by its proponents as having a range of desirable features. It has been promoted as superior in quality to institutional or governmental care, as ideologically preferable, as lower in cost, and as a means of responding to the rising demand for social care stemming from demographic trends, changes in family functioning and structure, changes in the labour market, and changes in medical technology. These claims have been widely disputed. Writers have questioned the viability of community care, given the increasing paid labour force participation of women and changes in family structure. The costs borne by carers, and the incompatibility of community care and equal opportunity policies, given that most social care is undertaken by women for low or no

pay, have also been emphasised by those questioning the desirability of community care policies (for the debate and the critique see Mowbray and Bryson, 1984; Finch and Groves, 1980; Walker, 1982).

Family day care can be viewed as community care in both of the broad meanings of the term described above. It has been described as 'the paradigmatic' community care program (Mowbray and Bryson, 1984:266). However, to fully understand the issues raised by family day care, it is necessary to further disentangle the notion of community care. The issues facing community services policy in Australia are about the scope and form of community care, not about its existence. What is needed is a taxonomy of types of community care, and an understanding of the factors and issues that shape and should shape choices amongst these types. Factors that distinguish amongst the different types of community care include the location of care, the type of care to be provided, the status of the carer, the auspice through which care is provided, and the form (if any) of state involvement. To elaborate, community care can be provided in the recipient's home, the carer's home, or a day centre. It can take the form of tending (feeding, washing, lifting, protecting, comforting) (Parker, 1981), be concerned with personal growth and development, or can have a therapeutic or treatment focus. The carer can be a family member, a friend or neighbour, a volunteer, a paid worker or a professional. The service can be provided under the auspice of government, non-profit organisations, the market sector, industry, or via informal or semi-formal arrangements. Public involvement can take the form of provision, funding, organisation, regulation and/or legitimation. Conceptualised in this way, community care is not a stark option to residential or governmental care. Rather, it encompasses a diverse set of alternative arrangements for the provision of social care.

Viewed from this perspective, issues of community care are about the forms, terms, conditions and arrangements under which community care will be provided, rather than about community care per se. It is in this context that family day care provides a rich example of contemporary community care issues and tension. The current quasi-public system of family day care was constructed as a service located in the provider's home, offering maternal-like care, as an extension of the provider's existing home duties. The state's role has been to fund, organise, regulate and legitimate this system of provision via non-profit organisations. The paper will demonstrate that central aspects of this community care system are in flux in the circumstances of the late 1980s, and that consequent instability may lead to the development of a quite different set of community care arrangements.

The Origins and Initial Assumptions of Family Day Care

An extensive private market in family day care first emerged in Australia in the 1950s and 1960s as a consequence of the sharp increase in the number of married women with young children entering the paid workforce. Between 1947 and 1961 the paid workforce participation rate for married women rose from nine to nineteen percent, and by 1971 it had risen further to thirty-three percent (Richmond, 1974). Both the public and the private sectors were slow to provide formal child care services in response to this major change, and in the later 1960s child care provision lagged far behind need and demand. The first national child care survey, conducted in 1969, found that of the 271,700 children aged under six years whose parents were in the paid labour

force, only 20,800 were being cared for in any kind of formal service (Commonwealth Bureau of Census and Statistics, 1969:10). In these circumstances, parents made a variety of child care arrangements, most commonly with relatives either in the child's home or elsewhere. But an estimated total of 36,100 children, almost twice the number in formal services, were recorded as being cared for away from the child's home by non-family members (1969:10-11). We do not have information about the nature of the financial transactions involved, nor do we have any systematic information about the circumstances in which women took up home-based child care as an occupation. However, it is clear that by the late 1960s a sizeable private market in family day care had developed.

Public sector response to this emergent system of social care first took the form of licensing and regulation (for a detailed account see Jones, 1986:9-12). Child care professionals, particularly those in the child health and pre-school education fields, were concerned about the standards of child care in private family day care. These concerns reflected general unease within these professions about the effects on child development of maternal participation in paid work (e.g. Clements, 1967:69). Several States in the period 1960 to 1973 passed legislation requiring the licensing of private family day care, and in New South Wales there was a sustained attempt as early as the late 1950s to rigorously enforce high child care standards. However, in general, systematic regulation of private family day care was not undertaken in any State. It appears that the considerable administrative and political difficulties in regulating the sector out-weighed concerns about the quality of private family day care. In any case, the circumstances of the late 1960s and early 1970s led to consideration of alternative means of intervening in the sector that proved more viable and popular than licensing and regulation.

This alternative means of intervention involved the creation of a quasi-public system of family day care. Incorporation rather than regulation became the central theme of public policy. In the late 1960s governments, and particularly the Commonwealth government, faced strong demands to finance the provision of child day care services (Davis, 1983:84-85; Spearitt, 1979:27-29). This stemmed from strong demand in the economy for women's employment, combined with the increasing political organisation of the women's movement and child care professionals. These demands resulted in the passage of the Child Care Act in 1972, which provided for capital and recurrent subsidies to child care centres operated by non-profit organisations.

The idea that family day care could become an important component of this nascent public child day care system had several origins (Jones, 1986:13-17). Experimental schemes involving the supervision and organisation of home-based carers had been undertaken in Western Australia and Victoria during 1968 to 1973. These schemes received widespread publicity, and in 1973 a number of pilot family day care schemes were funded by the Commonwealth government in Melbourne and Sydney. Four of these were accepted during the 1973-74 financial year as ongoing financial commitments under the Commonwealth's Pre-School and Child Care Services Program. By September 1974, the Commonwealth government had formally endorsed family day care schemes as one of the main types of service that would comprise its child care program. By April 1975, forty-two family day care projects had been approved for ongoing funding, and a standard funding formula to meet the costs of administration and support

services and to subsidise the fees of users with special needs had been adopted. Family day care was thus rapidly institutionalised as a central part of the emergent national child day care system.

The attraction of family day care to a government wishing and needing to establish and develop a public child day care system needs explanation. What led the Commonwealth Labor government in the period 1972 to 1975 to so quickly decide to include family day care as an integral part of its planned national child care system? The short answer is that family day care was perceived as a relatively low cost, administratively convenient, ideologically acceptable, viable service. These perceptions, which were central to the adoption of the family day care idea, were based on the fundamental assumption that family day care providers would participate in government sponsored schemes, not as employees, but as an extension of their existing roles within their households. This assumptions and the perceptions associated with them need elaboration as they sustained the program during its first decade, and are only now in the late 1980s becoming problematic.

The idea of developing schemes of family day care providers, supported and sanctioned by the state, necessitated decisions about the status of the providers participating in the schemes. This issue was considered by the two main reports on child care provision commissioned by the Commonwealth Labor government in 1973-74 to develop plans for a national child care system (details in Jones, 1986:14-17). The report of the Australian Pre-Schools Committee, which recommended that family day care schemes eventually provide sixty-four percent of all child day care places in the national program, referred to care providers as 'Home Mothers', and clearly assumed that they would not be viewed as employees. Remuneration of these care providers should be designed, the Pre-Schools Committee proposed, '... to meet the cost of food, insurance and 'consumable' play material as well as an inducement to the mother to contribute to the needs of children and the community in this way' (Australian Pre-Schools Committee, 1974:100). The second report, prepared by the Social Welfare Commission, explicitly addressed the issue of the status of providers. This report suggested that there were two possible views of the role of a family day care provider. The first was that,

She is still principally a housewife and a mother and has all the commitments that arise from this. Participation in a family day care program is an extension of her occupation, running a house and rearing a family.

The alternative view was that family day care is -

Care provided by home-based women for several children below school-age as an alternative to being in the work force; providing child care is their principal function or occupation (Australia, Social Welfare Commission, 1974:24).

This was a critical distinction, the Commission's report argued, because it underlay decisions about the payment of child minders. If the latter view was adopted, 'remuneration should be commensurate with out-of-home employment and they need to be provided with additional assistance such as a reliever and domestic help' (1974:24). If the former view prevailed, it would be

appropriate that payment be based on a rate for each child. It was the former view that the Commission endorsed in its recommendations that a network of family day care schemes be developed.

These assumptions about the status of family day care providers were incorporated into the funding arrangements for family day care schemes adopted in 1974. From the beginning, providers were paid on the basis of a rate for each child per hour or per week, and there was no notion of a standard salary. The other assumptions, expectations and perceptions (concerning cost, administrative convenience, ideological acceptability, and viability) that commended family day care to decision-makers followed. The Pre-Schools Commission estimated the recurrent cost of a family day care place to government at only forty-three percent of a place in a day care centre, a key advantage when combined with the modest establishment costs (1973:Appendices XI - L and XI - M). A more cautious assessment of costs was given by the Social Welfare Commission, on the grounds that costs were difficult to estimate, given uncertainty about the limits of support for the service. However, there is no doubt that there was a widespread public perception that family day care provided a low cost alternative to child care centres (e.g. VCOSS, 1970:3-12). The administrative convenience of family day care was stressed in both reports. As it was conceived as an extension of existing household arrangements, it was perceived as quick to establish, flexible, and involving limited capital costs. It was also viewed as ideologically acceptable. Public discussion of family day care at the time stressed the value of a 'family atmosphere' for young children, and analogies were drawn with the deinstitutionalisation of substitute care. It was argued by one important social welfare organisation that 'there would be merit for the children of working mothers ... if they too could have the experience of a normal family life during the time when mother was at work' (VCOSS, 1970:3-12). The Social Welfare Commission's report argued that interest in family day care stemmed in part from 'concern about the effects on children (especially infants and toddlers) of being in a child care centre (and) has led to a quest for an alternative form of day-care which provides a child with a 'mother-type' of caregiver in a family environment' (1974:22). Finally, it was widely assumed that the proposed family day care scheme was viable. It was assumed that there would be strong demand for the service, that there would be sufficient providers interested in participating in schemes on the terms proposed, and that non-government organisations would be willing to become sponsors. Some concerns about viability were raised by the Social Welfare Commission, and their reservations were reflected in their recommendations that family day care comprise only twenty-two percent of the publicly subsidised day care program. But in general, the viability of family day care, and the social roles and divisions on which that assessment of viability was based, were assumed.

The Rapid Development of the Family Day Care System

To a considerable degree, these assumptions, expectations and perceptions underlying the construction of the family day care system in the years 1972 and 1975 were borne out during the following decade. The system grew and developed rapidly. The Liberal-National coalition government that came to power in December 1975 was strongly committed to limiting public expenditure, and enunciated the views that the primary responsibility for children's welfare and child care belonged to parents, and that the public

responsibility for these matters rested with the States (Sweeney and Jamrozik, 1982:85-112). In the context of these policies, and the unabated pressure for continued Commonwealth funding of day care, family day care emerged as a preferred option. Between April 1975 and June 1979 the number of family day care schemes increased from 42 to 135, and by 1984 the number had risen to 238.

Between 1976 and 1981 the Commonwealth government created an estimated 10,000 family day care places compared with only 1,500 places in day care centres (Brennan, 1982:28). Expenditures on family day care comprised only 3.4 percent of spending in the Commonwealth Children's Services Program (excluding pre-schools) in 1975-76; by 1980-81 it accounted for 22.1 percent (Sweeney, 1982:37). By 1984 the number of children attending family day care schemes had exceeded the number attending funded centre-based child care services (Australia, Department of Community Services, Office of Child care, 1985:3).

Perhaps the most important factor that sustained this rapid growth between 1975 and 1984 was that family day care, as constructed, lived up to the expectation that it would be a relatively low cost service for government. The child day care system that developed during the 1970s and 1980s had two main service types, child care centres and family day care schemes. The relative cost of these two types became a significant policy consideration. During the period 1973 to 1985, the Commonwealth subsidised child care centres on a formula related to the costs of staff with approved qualifications. Family day care, by contrast, was funded according to a flat rate per child-place, and subsidies were directed solely to the support units, rather than to those directly providing child care. One consequence of this system was that average costs to government for centre-based care far exceeded average costs for family day care. This point became increasingly important in the difficult fiscal circumstances of the 1980s. For example, the internal review of the efficiency and effectiveness of the Children's Services Program undertaken by Liberal backbencher, Mr. J. Spender, in 1981, estimated that the recurrent annual subsidies per child-place for family day care were \$400 compared with \$1,100 for day care in centres (Spender, 1981:4). It recommended that 'given the considerable operational subsidy differential and the low capital costs of family day care compared with centre based care, in our opinion the Program should emphasise the development of family day care thus achieving the greatest number of 'care places' for the same outlay' (Spender, 1981:27). Changes to the funding arrangements for child care centres brought into effect in 1986 essentially removed this difference. Subsidies to child care centres were reduced from an average \$30 a week per child to a flat rate of \$16 a week for children under three years of age and \$11 a week for children over three (Commonwealth Minister for Community Services, News Release, 6 Nov. 1985). This is now similar to the family day care operational subsidy of \$14 per week, plus a loading for part-time children. However, the lower capital costs of family day care continue to be a consideration. In May 1987 the Commonwealth announced that it was creating 1200 new family day care places in exchange for 600 planned centre based places and 600 planned occasional care places (Department of Community Services, May 1987, Changes to Children's Services Program: Questions and Answers). The consequent savings in capital expenditure during 1987-88 appear to have been a major factor in this decision.

The second set of factors sustaining the growth of family day care during 1975 to 1984 was its undoubted viability as a community service. Firstly, throughout this period there was continuing strong demand for family day care. The number of women with dependent children participating in the paid workforce rose from 1,692,000 in 1968-69 to 2,136,000 in 1981-82 (Australian Bureau of Statistics, 1984:161). The slow rate of expansion of child care centres during the 1970s meant that overall demand for child day care continued to far exceed the supply of services. Studies of family day care schemes conducted during this period reported high levels of demand and long waiting lists in many places (N.S.W. Council of Social Service, 1980:20). Studies of the pattern of demand showed family day care being used predominantly by children of parents in the paid workforce; 96 percent of children attending family day care fell into this category, compared with only 52 percent of children using centres (Kingdon, 1984:4). This was attributed to the greater flexibility of family day care to accommodate non-standard working hours. Family day care has also been used extensively for out-of-school-hours care, care of children with special needs such as disabled children, care of infants, and for the provision of care in remote and sparsely populated areas (Australia, Department of Community Services, Office of Child Care, 1985:4). Lower average charges than those in child care centres in some States have been an additional factor contributing to the popularity of family day care.

The viability of family day care also rested on the availability of sponsoring organisations and care providers. In general, the availability of sponsors has not been a difficulty, although the pattern of sponsorship has varied markedly from State to State. Local government sponsors the most family day care schemes (120 out of 238 in 1984), followed by non-profit community organisations (52), religious and charitable bodies (34) and, in South Australia only, the State government (26) (Australia, Department of Community Services, Office of Child Care, 1985:Table 2). Information on the supply of family day care providers during the 1970s and early 1980s is limited, although it would appear that the schemes were in general able to recruit sufficient providers without major difficulty. As indicated earlier, the pool of private family day care providers, from which schemes have drawn at least a portion of their carers, is sizeable. The circumstances that resulted in a decision to work in a family day care scheme, including the recruitment processes of schemes, are little understood, apart from a smattering of information about the motivations of carers (e.g. N.S.W. Council of Social Services, 1980:66-68) and some early small-scale studies (e.g. Tinney, 1975:118-175). But what seems clear is that, despite the low level of remuneration (discussed later), it suited many women in the 1970s and 1980s to become family day care providers, given their existing domestic circumstances and their limited alternative labour market opportunities.

Finally, the growth of family day care during its first decade can be explained in terms of its conformity with dominant ideology concerning the role of women and the needs of children. The coalition government during 1975 to 1983 remained ambivalent about public involvement in child care funding (Sweeney and Jamrozik, 1982:85-112). A service that was designed to be mother-like, relatively informal and provided in a family setting was more consistent with prevailing views than was the alternative of child care centres. More fundamentally, family day care reproduced existing patterns of child care, involving the in-home care of young children by women for no or low pay (Cox, 1983:199-200).

In summary, the construction and rapid development of a quasi-public family day care system in the 1970s and early 1980s was based on certain assumptions. The most fundamental of these was that care would be provided by women, who would work, not as employees, but rather as an extension of their existing domestic roles, supported and supervised by the publicly funded schemes. This particular set of community care arrangements thrived in the circumstances of the late 1970s and early 1980s for the reasons that have been outlined. However, in the mid and late 1980s tensions and contradictions inherent in the system have begun to emerge.

The Emergence of Tensions: Family Day Care in the Late 1980s

Four sets of inter-related factors are currently pressing on the existing family day care system, and generating momentum for change. Collectively they pose a challenge to the prevailing assumptions of family day care policy, and the set of arrangements and relationships built on these assumptions. These factors are:

1. Current economic and fiscal circumstances and policies that are generating strong cost containment pressures in family day care.
2. Pressures both internal and external to the family day care system for a more formalised service, and for standards and accountability requirements to be made more explicit.
3. Pressures from providers for improved status and remuneration, and associated moves towards industrial organisation.
4. Emerging and foreseeable difficulties in ensuring an adequate supply of providers for the public family day care system.

Each of these four factors, and the links amongst them, will now be discussed.

Current Fiscal Context

Current economic and fiscal circumstances and policies are generating strong pressures for cost containment in family day care, as they are in all social care programs. The Children's Services Program has been subjected to close scrutiny in the course of budgetary processes during 1984 to 1987, focussing on reducing the Commonwealth deficit and bringing down structural spending. The very high potential costs of a comprehensive, universal child care system have been widely noted (e.g. Hunter, 1985), and the current Finance Minister in the Hawke government has argued that the prevailing pattern of child care expenditure and provision is not justified on social equity or economic grounds (e.g. **Australian Financial Review**, 21 September 1987:1-2). The Hawke government's child care policies have emphasised the need for more selective, targetted and planned expenditures (Jones, 1985; Coleman, Gallagher and Thame, 1987). There are a number of specific ways in which these general policies for cost containment, efficiency and effectiveness have already impinged on the family day care system. Firstly, controls over fee levels and rates of fee increase have been tightened. Fee levels in schemes must be approved for fee relief purposes, and a maximum amount for fee relief

purposes of \$65 per week for forty hours of care applied during 1986/87. Fee loadings, additional charges and levies are also tightly controlled. Secondly, control over the size of schemes has been strictly maintained. Each scheme has an approved ceiling of equivalent full-time places (EFT), and the Commonwealth has insisted that schemes do not exceed this limit, even in the face of strong demand for services and/or vacancies in provider's homes (Kingdon, 1984:6; for an example of the local impact see **Toowoomba Chronicle**, 28 June 1986:16). Thirdly, schemes are required to implement the Commonwealth's priority of access guidelines, and to restrict the availability of places to those children who have highest priority. Relatedly, schemes are prohibited from offering extended twenty-four hour care and long term foster care. Fourthly, schemes have been increasingly required to maintain detailed financial record systems, including uniform time sheets for providers. Fifthly, the Commonwealth has been wary of arguments that providers should be treated as paid workers, and has been ambivalent on the issue of the appropriate status of providers (Kingdon, 1984:11).

These cost containment and rationalisation measures have, however, been accompanied by increases in the rate of operational subsidies to family day care schemes. These subsidies, solely used to support the scheme's co-ordination units, have risen steadily during the mid-1980s, and it is widely claimed that the level is still far from adequate (e.g. Kingsley, 1986:13-14). In 1983 when the Hawke government came into power the level was \$10 per equivalent full-time child (EFT) per week. In 1987-88 this level has increased to \$14 per EFT, plus a significant loading to take account of additional costs associated with the placing and supervision of part-time children. This increase has occurred over a period during which recurrent subsidies to child care centres have been sharply reduced. These increases are in response to the growing demands on the scheme's co-ordination unit, which in turn reflect the gradual formalisation of the family day care system.

Pressures for a More Formalised Service

The process of formalisation of family day care has been occurring throughout the period 1975 to 1987, but it is only in the last few years that the implications of the change are becoming fully apparent. The process can be summarised by saying that perceptions of the type of care to be provided in family day care are in transition. The original model of informal, mother-like care is gradually ceding ground to the idea that family day care should be a formal, quality service akin to that provided in child care centres. There are a number of clear indications of this gradual transformation, although it should be stressed that the pace, extent and focus of the change varies considerably from scheme to scheme (the material in this and the following two sections is based in part on interviews conducted with a selection of family day care schemes in Victoria, Queensland and the A.C.T. during 1986/87). Firstly, increasing attention is being paid in schemes to selection procedures and recruitment criteria. Many schemes now have elaborate selection and screening procedures that in some schemes now take many months. These processes may involve training programs, a series of home visits, and investigations of the applicant's family situation, her knowledge and attitudes concerning child care, and her home environment. Some schemes report that up to forty percent of confirmed applicants either drop out

during these processes or are not approved. In the past, selection processes appear to have been based in part on the idea that family day care was intended as a means of improving standards of care in the informal or private family day care system. Thus, care givers deemed to be lacking in appropriate skills might have been admitted to schemes as a way of improving their quality of care, and ensuring supervision (Gowers, 1979:282). In general, this approach seems to be giving way to the idea of selecting care givers who have the potential for providing a high standard of care, and excluding those who on various grounds are considered unsuitable.

Relatedly, there is considerable attention now being paid to the training of care providers. Many schemes are grappling with the educational, logistic and financial issues involved in developing in-service training plans. There appears to be widespread dissatisfaction with the relatively unstructured approaches to training adopted in the past, and there are moves in some schemes towards compulsory, basic in-service training programs and regular, formalised reviews of care provider's work. It has been proposed that the provision of ongoing in-service training programs be a minimum requirement of all services, and the notion that care providers be accredited on an ongoing basis has been mooted by child care organisations (e.g. **Rattler: The Children's Services Magazine**, March 1987:9-10). The Commonwealth has given strong in principle support to the extension of training activities (e.g. Kingdon, 1984:10; Grimes, 1986:8).

Other elements of the transformation of family day care are closely linked to these selection and training processes. There appears to be an increasing emphasis on the need for and desirability of close supervision and accountability. Expectations and standards in terms of the physical environment of family day care homes, programmed activities for children, the nutritional content of meals, and record-keeping appear to be rising. Quality of care is increasingly being defined in terms of a structured child day care service, rather than in terms of substitute motherhood.

Why have these trends occurred? Why has there been this momentum towards an increasingly structured and prescribed family day care system? In attempting to explain these developments it is helpful to distinguish between factors internal to the family day care system and factors associated with the context within which family day care operates. The momentum for change within the system can be partially explained in terms of the expectations and interests of the various participants. The strength of the impetus for change is that in varying ways it is at least partially in the interests of all major participants for family day care to move in this direction. From the perspective of the major funding body, the Commonwealth government, family day care involves considerable expenditure and is a major part of its overall child day care system. It invests considerable resources into the supervisory and quality control and enhancement functions of the co-ordination units, and expects outcomes commensurate with this ongoing investment. Criteria of efficiency, effectiveness and public accountability are inherent in a publicly funded or provided service, and the Commonwealth's accountability requirements and expectations exert a major formalising influence. Sponsoring bodies, co-ordinators and support staff also have a vested interest in a formal, quality service. The whole rationale of family day care schemes is to provide a service that is qualitatively different from that which would exist in an unsupported private family day care market. The pressure to achieve a high quality service means that the tasks of co-

ordinators and support staff are becoming increasingly complex (Coleman, 1984). Moreover, the occupational status of co-ordination and support staff, which is somewhat indeterminate, is dependent on a public perception that the child care service provided through schemes is of high quality and meets conventional criteria of quality. Child care professionals and State licensing authorities also have a professional and/or administrative interest in prescribing and promoting high, formal standards of care in family day care. Consumers, too, have expectations that a service provided under the auspice of government and funded, non-profit organisations will meet certain standards of quality, reliability and accountability. Finally, providers concerned to improve their status and remuneration recognise the need to acquire the formal trappings as well as the substance of a formal, quality service.

These internal factors are complemented by external pressures for the formalisation of the system. In particular, insurance and taxation requirements are pushing schemes and individual providers towards more formal arrangements. Family day care services are required to take out and maintain appropriate and adequate insurance as a condition of their funding. Insurance required might include personal accident or worker's compensation coverage for providers, public liability coverage for schemes and providers, and professional indemnity insurance. The increasing costs of insurance for human service organisations, related in part to concerns about the broadening definitions and standards of negligence in some jurisdictions, have made insurance coverage problematic for child care organisations (see **Australian Social Welfare Impact**, August 1987:4). In these circumstances, there are strong incentives for schemes to exert closer supervision over providers, and to require closer supervision of children and higher standards in the physical arrangements in family day care homes. The taxation system treats family day care providers as self-employed (Taxation Ruling No. IT 2396, 16 April, 1987) and allows a wide range of expenses to be offset against income from fees, provided there is full documentation. These expenses are considerable, and a provider's net income is substantially affected by her capacity to make these claims. This requires providers to keep detailed financial records, and to conduct their financial affairs according to the standards for carrying on a business. In these various ways the initial conception of family day care as an informal activity, conducted as an extension of a provider's domestic arrangements, is gradually being eroded.

The formalisation of family day care has major implications for its cost structure. There are considerable costs entailed in ensuring that formal quality and accountability requirements are met in a home-based, non-professional social care service. As has been shown, the indirect or overhead costs of family day care, in the form of recurrent subsidies to the co-ordination units, are high and are increasing. In addition to these costs, there are the potential costs of meeting the claims of providers for improved status and remuneration commensurate with the demands and expectations associated with work in a relatively formal social care system.

Pressures for Improved Status and Remuneration of Providers

A major consequence of the formalisation of family day care is that higher demands and expectations are placed on providers. Recruitment procedures involve quite extensive inquiries into their values, attitudes, skills and

family circumstances, and involve inspection of their homes. They may be required or expected to undertake training programs to improve their skills and knowledge, and to make changes to the physical features of their homes. They work under supervision, must keep various records, and must fulfil many of the accountability requirements expected both of employees and of small business operators. The work itself is becoming more demanding as expectations rise, and as family day care is increasingly expected to cater to children with special needs (Grimes, 1986:5-6). Moreover, providers are frequently told that they do an important job and that quality of care is a key consideration.

These demands and expectations are resulting in significant numbers of family day care providers questioning their current status and remuneration. Many providers are seeking to change their status from that of 'family day care mother' to one of 'home-based child care worker'. The claims package includes payment according to an industrial award (rather than on the basis of number of children cared for), overtime payments and loadings for work done on weekends and public holidays, sick pay, paid time off for in-service training, worker's compensation coverage, long service leave, public liability and professional indemnity insurance, equipment and refurbishment subsidies, compensation for wear and tear on dwellings, and unionisation (Wyse, 1983; Brennan and O'Donnell, 1986:89-92; Powell, 1987). In short, the claims are for full employee status.

Central to these claims are concerns about the low level of remuneration of family day care providers. There is little reliable, systematic information about the income of family day care providers, but all available data point to their very low level of pay. With the maximum weekly fee set at \$65 for forty hours of care, and with a limitation in most States of four children, including their own, in care at any one time, the maximum hourly, gross income possible in the system is about \$6 per hour. Net income is considerably less than this, and a recent Melbourne study suggested that many caregivers run at a net loss (Powell, 1987:18). A survey conducted by the Labor Council of New South Wales in 1983 found that the net hourly rate for a full-time caregiver with three children in care varied from \$1.20 to \$2.66. The award rate for child care assistants in child care centres at that time was \$5.80 (Ashe and Haslem, 1984). Other factors to be considered are the loss of dependent spouse benefits and other social security payments by home-based women taking up family day care. Overall, the level of net remuneration in family day care is clearly well below that prevailing for comparable work in the regular workforce.

Claims for improved status and remuneration are being organised through recently formed carers' associations in most States, as well as through existing associations of family day care schemes and co-ordinators. The first carers' association to be formed was the Victorian Home-Based Caregivers' Association whose key aims, as stated in its constitution, are 'to achieve recognition for our members as providers of quality child care within family day care' and 'to improve the status of caregivers so that they are seen as 'real workers' in the workforce'. It is still too soon to judge how successful these attempts to organise family day care providers will be. A variety of factors are contributing to the effective articulation of their claims. The development of links amongst providers, stimulated in part by the support activities of family day care schemes, has provided a basis for articulation of mutual concerns. Additionally, there is now apparently a

significant number of family day care providers seeking long-term employment in home-based child care, and for whom the achievement of full employee status is a high priority. The climate of expectations concerning women's employment has changed since the creation of the family day care system in the early 1970s, and public policies now espouse the goal of equal opportunity in the work place. The discrepancy between equal opportunity and affirmative action policies and employment conditions of child care workers has been noted by various commentators (e.g. Brennan, 1986). The employment status of women in the social and community services is an issue of considerable contemporary concern (e.g. NCOSS, 1986; Brotherhood of St. Laurence, 1986), and family day care providers' claims may be taken up as part of the broader issue of working conditions in the community services industry. The recent granting of a federal award to regulate pay and conditions for home-based workers in the clothing industry has set an important precedent concerning the industrial status of women working in their own homes (see *Women and Work*, July 1987:12-13).

These factors are counter-balanced by some inherent difficulties in organising family day care workers. These include their diverse locations, high turnover, lack of job security (there is no requirement on schemes to refer children to particular providers), and ambiguous industrial status. These factors may affect the willingness and enthusiasm of trade unions and professional associations to include and organise on behalf of home-based workers. The motivations and circumstances of existing providers are also key factors. Commenting on claims for improved status for providers in 1984, the Acting Director of the Office of Child Care argued that 'there are still many caregivers who are content to see their participation in family day care as an extension of a parenting role, which has been unpaid in our society. These caregivers appear content with their present situation' (Kingdon, 1984:1)). If we are to predict the future status of family day care providers, more knowledge is needed of the incidence of different perceptions of the family day care role amongst family day care providers.

The Supply of Providers

The fourth set of factors impinging on the family day care system in the late 1980s is the emerging and foreseeable difficulty in ensuring an adequate supply of providers. Reliable and systematic information on the family day care labour market is unavailable and is difficult to compile, given the highly flexible nature of the market. Anecdotal evidence would suggest, however, that in some localities, particularly in relatively prosperous areas, recruitment of providers is becoming difficult. There are two broad groups of factors that govern the availability of providers for family day care schemes. Firstly, there are factors affecting the size of the pool of potential providers. These involve broad demographic and labour market considerations. For example, the increasing number of women, particularly women with young children, joining the paid workforce during the past fifteen years has presumably reduced the numbers of potential providers of home-based child care. However, we know little about the detailed processes involved. What is the relationship, for example, between high levels of female unemployment and the supply of family day care workers? Will changes in the length of time that women leave the paid workforce to have and raise children affect the overall supply of family day care providers? What alternatives to family day care employment are available and considered by potential

providers? What is the impact of changing patterns of family formation on the supply of providers? Understanding of the impact of these factors requires detailed analysis beyond the scope of this paper.

The second group of factors affecting the availability of family day care providers relate to the decision by potential home-based child carers to operate either within family day care schemes or within the private market. The increasing demands on providers in a more formalised family day care system, coupled with fee control, may make scheme-based care a decreasingly attractive option for potential providers. In particular, in localities where users can afford relatively high fees, and where providers can offer a quality private service, there may be little incentive for providers to operate through schemes. The possibility of the private family day care market expanding by taking providers able to charge and users able to pay high fees out of the public system has been considered by the Commonwealth government, which seems to accept that this may occur to some degree under current arrangements. Amendments to the Handbook for Family Day Care Schemes made in September 1986 state that,

Although higher fees charged by private caregivers may attract significant numbers of caregivers away from schemes, this is not considered to be sufficient reason for proposing fee increases. If loss of or difficulty in recruiting caregivers is cited as a reason for increasing fees, evidence should be provided that there are significant problems (sect 5.16).

State regulations concerning private mindings, and the extent to which they are enforced, will also obviously have a bearing on the movement of providers between the quasi-public and the private sectors.

In summary, fiscal circumstances, increasing formalisation of family day care, pressures for improved status and remuneration for providers, and emerging issues relating to the supply of providers, are collectively generating strong forces for change in family day care in the late 1980s. The nature of this community care service is in a state of flux. The initial conception of a low cost service built on existing domestic roles appears to be decreasingly viable. The costs associated with ensuring and being seen to ensure quality and accountability in an increasingly formalised home-based service, and with the claims of providers for improved status and remuneration, mean that the relative cheapness of family day care is illusory, other than with respect to establishment costs. Faced with these pressures in the current fiscal context, what is the likely future of the family day care system?

The Possible Future of Family Day care

The existing family day care system was created by the Commonwealth government in the early 1970s in response to a particular set of social, economic and political circumstances and pressures. In the different circumstances of the late 1980s, what public policies towards family day care are likely or possible? Three broad options can be considered.

The first option is gradual, incremental change to the existing system with increasing costs being passed on to consumers and/or being partially met out of the public purse. However, given the current economic climate and the other factors discussed in this paper the possibility of more radical changes cannot be dismissed.

The second option is an eventual disengagement from family day care funding in favour of centre-based care. As has been described, since 1985-86 the recurrent operational support levels for family day care are roughly similar to those for child care centres. The major cost advantage that family day care had over child care centres in operational subsidy level no longer applies. Family day care does, however, retain two cost advantages that commend it to governments bent on cost containment. Firstly, the capital costs to government are minimal, compared with costs of between \$5,000 and \$10,000 to create one place in a child care centre (Jones, 1985:7). Secondly, because fee levels are generally lower than in centres, the overall costs to government of income-tested fee relief are less in family day care. If the remuneration of home-based child care workers significantly increases, with consequent increases in fee levels, this second factor would no longer apply. Indeed, if all or most of the claims of providers for employee status are met, fees for family day care may well be higher than fees in child care centres, unless there is further public subsidy. Certainly it is possible to envisage a situation where the unit costs of family day care exceed those of centre-based child care. Family day care involves relatively high overhead costs due to the need to recruit and supervise providers operating from a large number of sites. These costs, as has been shown, are rising as the system becomes more formalised. There are also diseconomies of scale relative to child care centres. If staffing costs are similar, centre-based care may well be cheaper. Even the capital cost advantages of family day care over centres would be lessened if home-based providers' claims for assistance with the costs of adapting their premises for child care purposes were met, particularly if there were high turnover rates. Furthermore, governments may prefer centre to home care, even in circumstances of similar unit costs. This is because family day care is relatively more difficult to administer and control. Employees scattered over different sites present considerable problems of administration, supervision and control. The difficulties in effectively supervising home-based workers raises issues about the legal liability of schemes and funding bodies in relation to care undertaken by providers, as well as quality of care issues. In summary, as the cost structure of family day care rises, its perceived advantages for government over centre-based care begin to fade.

The third set of options for governments involve changing the nature of their involvement in family day care. Specifically, governments might move in the direction of deregulation and privatisation. Rather than operating a quasi-public family day care system at considerable expense, governments could decide instead to provide minimal supports to the private family day care market. These supports might take the form of information and referral services, optional training and educational programs, and back-up advisory and resource services. Programs such as these were proposed in the 1974 report of the Social Welfare Commission, which argued that private child minding should be viewed positively as one of the range of child care services available in the community (Australia, Social Welfare Commission, 1974:27). Models with elements of this approach, such as the Sherbrooke Neighbourhood Caregivers Support Project, have been developed, and have been

widely supported as community development initiatives (e.g. Hindeman, 1979:33-35). While these models have been viewed thus far as complementary to family day care, it is possible that governments in the future, particularly if committed ideologically to private social care provision, may see such arrangements as substituting for family day care. A combination of such arrangements with tax concessions or vouchers for child care expenses and a smaller, subsidised family day care program for low income and special need families, might have appeal to governments as an alternative home-based day care package.

Conclusion: Community Care and the Transformation of Private Relationships

Family day care policies in Australia illustrate the tensions inherent in community care policies that seek to model or build quasi-public social care systems on existing relationships in the domestic and private spheres. Private, often quite informal, arrangements and transactions between parents of young children and minders existed long before the establishment of family day care schemes. The quasi-public family day care system has built on and modelled these relationships, but in the process it is transforming them into different kinds of relationships with different expectations, obligations and exchanges. Such transformations are highly likely, perhaps inevitable, when informal relationships and exchanges are brought into the public sphere. There are strong pressures for the formalisation of relationships and for the status of providers to increasingly resemble that of public employees. These processes of formalisation involve considerable financial costs. The cost savings to the state that are often anticipated when community care programs are established may often be illusory in the medium and long term. The pace and nature of these transformations are shaped by prevailing political, economic and social circumstances. These circumstances must be taken into account when policy choices concerning community care programs are being made. This paper has shown that in the fiscal, administrative and industrial climate of the late 1980s, the low cost, maternal-like, informal family day care system constructed in the early 1970s is looking decidedly shaky. The tensions and contradictions of this community care policy are becoming increasingly apparent.

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**POLICIES AND SERVICES FOR YOUNG PEOPLE:
SOCIAL CONCERN OR POLITICAL EXPEDIENCY?**

by

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The Aim and Content of the Paper

The aim of this paper is to examine some of the concerns held in society about young people, to explore the reasons for these concerns, and then to look at the society's responses to these concerns which are manifest in public attitudes, in research and in government policy. As the title of the paper suggests, a question is asked whether the policies of governments, especially those of successive Commonwealth governments, have been formulated and implemented for the purpose of correcting or alleviating what was perceived to be disadvantages experienced by young people, or whether these policies have been implemented for reasons of political expediency, e.g. to placate public opinion, to attract and maintain the voting loyalty of young people, or to demonstrate simply that something was being done to 'solve the problem'.

The paper is a further stage in our research on young people, their position in society, and policies and services devised and implemented ostensibly for the purpose of enhancing their welfare. Progressive results of this research have been published in a number of reports, conference papers and journal articles which are listed in the references. A complete report on this research will appear in the near future in the SWRC Reports and Proceedings series.

The time span we have used in our research is the past two decades, the year 1966 being used as a benchmark for the analysis of data. While public concern about young people is nothing new, the mid-1960s provide a useful benchmark for systematic analysis of various areas of concern, such as the changing demographic structure, changes in the family, education, employment/unemployment, attitudes towards young people, and so on. Of necessity, we cannot examine all these issues in this paper and the areas of concern examined here focus especially on the position of young people in relation to education and the labour market, as these two areas are currently on the forefront of public debate and social policy. In the full report, other areas such as the position of young people in the family structure, in income distribution, and in access to community resources generally also receive attention, and some of those issues have been raised in our earlier publications.

The conceptual framework for our research is based on two basic assumptions: first, we maintain that the position of young people has to be considered in the societal context, that is, in relation to the whole structure of society and not in isolation as a self-contained entity; and, second, that young people, while sharing certain common characteristics and common interests, do

not however constitute a homogeneous social group. It may be argued that both these assertions are superfluous because both are self-evident. Yet, the prevalent attitudes evident in policy pronouncements as well as in much of research concerned with social policy and social welfare tend to convey an opposite perspective. Issues concerned with young people are treated as if young people, as a group, existed outside the rest of society and as if they shared entirely common interests and common problems. As we have stated elsewhere,

The prevailing attitudes in the debate, research and policy pronouncements have given an impression that young people constitute a social group with identifiable common interests and common needs and therefore common claims on the society ... that assumption might be valid to a large extent, but social division based on age exists within a broader and more fundamental class division, and differences in access to economic and social resources based on the class structure are present among the young people as they are present in any other age group. As recently stated (Roberts, 1983), 'classless youth is a popular, but patently absurd fiction'. (Jamrozik, 1987b)

These two misconceptions - young people as a self-contained social entity and as a homogeneous social group - have two implications for policy formulation. First, policies which aim to assist young people to gain a foothold in economic and social life are expected to achieve this objective without disturbing the existing power structure and distribution of resources in society. Under conditions of limited resources this is a logical impossibility; if the 'disadvantage' of one section of society is to be overcome, the 'advantage' of another section would have to be curtailed or reduced. Second, policies create an impression that the current position of 'disadvantage' affects all young people and the devised policies would then benefit all young people. This is an illusion: what these policies aim to do is to cope with the human residue of the education system which works on the principles similar to those of the market economy, namely, competition for limited rewards.

As a result of these two misconceptions, the remedies for the disadvantage experienced by a section of young people are sought in the young people themselves, thus allowing the existing structure of inequality to be screened from public scrutiny and remain undisturbed, if not reinforced.

Without going into speculative exploration why these misconceptions continue, two reasons can be identified fairly clearly. First, governments (that is, political parties in power) endeavour to balance economic policies with political expediency. Conscious of the electoral consequences of people's votes, policies (or rather policy rhetoric) are formulated so as to appeal to particular interest groups, be these the aged or the young. An illusion is thus created that a particular group receives priority in policy decisions and allocation of resources. If, however, a particular group does receive priority, what is not stated is who is then relegated to a lower position in the queue. The second reason is the shift of perception and conceptualisation in the social sciences and particularly in research concerned with social policy and social welfare which has occurred over the past two decades. Social inequalities which previously were related to

socio-economic stratification and/or class structure, now tend to be related to such variables as age, sex, ethnicity, and so on. While undoubtedly inequalities can be related to these variables, these inequalities are of a 'lower order' which occur within 'higher order' structural inequalities of social class.

As a result, policies aimed at a particular social group tend to benefit the already privileged sections of the population within that group, often to a further detriment of the disadvantaged sections within the group. This can be demonstrated by empirical evidence in education, in the labour market, as well as in other areas such as health or child care services. In times of 'interest politics', it is the more affluent, better educated, more articulate and more politically aware people in such groups who become spokespersons for the group and aim to advance their own interests as group interests. This issue is ever-present in policy-making, including policies concerned with young people.

Young People as a 'Problem': A Justifiable Concern?

At this point, it needs to be noted that the concern about young people is not confined to Australia; it is common throughout the countries of the industrialised Western world as well as in Eastern Europe. This suggests that this concern is related to the social and economic changes these countries have experienced in recent years. However, the concern has probably deeper roots and is one of the constantly re-emerging issues in social organisation. As Lagree and Lew Fai observe,

Society, as if compelled to obey a kind of cyclic ritual not devoid of fear, periodically rediscovers the existence of its young people, even if the latter do not vote, do not go on strike and are not engaged in any cultural and political expression. This discovery or rediscovery of youth, however, is made each time as a 'problem'.
(1987:236)

Concern about young people is usually a manifestation of wider concerns affecting other sections of the population. Thus, commenting on the Australian scene, Maas says,

Over the last decade the major issues dominating the political agenda regarding young people have been employment/unemployment, education and training, youth homelessness and income support. (1987:12)

However, when the position of young people is examined over the past two decades the concerns have shifted, from the perceived dangers of rock n' roll in the 1950s, the permissiveness of the 1960s, the alternative life styles and 'dropping out' of the education system in the early 1970s, to be followed by concern about unemployment and now again about education but related to employment. These shifts are well reflected in the issues raised in the contributions to the Australian Journal of Social Issues which we examined in an earlier paper (Drury and Jamrozik, 1985). In that report we identified six types of perceptions on youth, each perception generating a different

response in policy (Table 1). We also identified a shift of concern over the past two decades, from the perception of young people as a 'threat' to social stability - the 'counter-culture deviants' of the 1960s and the more 'familiar deviants' more commonly known as 'juvenile delinquents' or 'young offenders'; to the perception of young people as 'victims' of society - the 'disadvantaged' and the unemployed.

Today, there are at least two distinctly different perceptions of young people in the society. On the one hand, young people are seen to be disadvantaged, unable to gain a stable place in the labour market, in conflict with the adult generation and despondent about the future. On the other hand, young people are perceived to be enjoying a good life, expecting a great deal from society and, by and large, getting it. For example, in commenting on the results of an ANOP survey conducted in 1984, Shoebridge describes young people as

Confident, independent and determined, the 1986 teenager knows what he or she wants and how to get it. Conservatism reigns supreme; just as world politics have shifted to the right, so too teenagers of today are embracing traditional and conservative values. The work ethic is extremely strong, although a little different to the one adhered to by their parents. The attitude of teens is no longer 'work hard and save for the future'. Now it is 'work hard and get what you want today.'
(1987:35-36)

By contrast, the same ANOP results have been described by Mike Clohesy of the Youth Affairs Council of Australia (YACA) as simplistic, not accurate, arrived at by a 'superficial and skewed approach' (YACA, undated:29-31). Clohesy attempts to dismiss the ANOP findings, maintaining that young people are 'different'.

Which view is close to social reality? Probably both, because each looks at a different group of young people. The ANOP survey and Shoebridge record the prevailing attitudes of the relatively affluent middle-class young people, while Clohesy seems to speak about a minority but attempts to generalise from it into 'most' or 'all' young people. These different views suggest that while young people might have some common characteristics and common interests, their life styles and life chances differ considerably, and the main source of these differences may be found in the socio-economic position and social class of their families. Indeed, among many writers who see the inequalities at the level of the family as the source of inequality among young people are Edgar and Maas who observe,

... family resources are inequally distributed so the achievement of independence [by young people] will reflect the structure of family inequalities in society.

... existing stratifications in society are becoming more entrenched and ... intergenerational ones are growing.
(1984:355,356)

Table 1: Perceptions on Youth and Societal/Policy Responses

Perceptions	Responses
1. Youth as an identifiable social group, with common interests and claims on the society.	1. Search for uniform youth-specific services, e.g. income allowances, housing, health, education and other services.
2. Youth as a transition stage between childhood and adulthood.	2. Mainly remedial measures, aimed to ensure social control and future role as adults.
3. Youth as a 'problem' group.	3. Various 'support' services consisting mainly of personal non-material services, such as 'counselling'.
4. Youth as a 'threat to social stability'.	4. Social control measures, e.g. juvenile justice and correction, training, supervised 'socially useful' activities.
5. Youth as a 'disadvantaged' group	5. Remedial measures aimed to improve the competitive strength, e.g. improving employability through special training.
6. Youth as a vehicle for social change.	6. Measures aimed to increase young people's 'involvement' and 'participation' in decision-making affecting them as well as the society as a whole.

Source: Drury, S. and Jamrozik, A. (1985) Conceptual issues of relevance to social policy and services for young people, in A. Jamrozik (ed.) **Issues in Social Welfare Policy 1985: Perceptions, Concepts and Practice**, SWRC Reports and Proceedings No.54, 7-37.

Similar comments have been made by other analysts and researchers, and this view is also a common knowledge which is easily confirmed by everyday observation of the social scene. Young people's life styles, activities and attitudes indicate clearly that, notwithstanding the existence of a 'youth culture', the socio-economic differences and class divisions among young people reflect and reproduce the differences and divisions of their parents. If there are exceptions, they are relatively rare and often they indicate a 'transitional behaviour', a manifestation of gaining personal autonomy on the path to adulthood. As Shagmar-Handelman argues, such behaviour among the middle-class young people as 'alternative life style' or 'dropping out', etc. 'do not constitute a real threat to their place in society nor to the existing social order', and most of those who engage in such behaviour come back to their 'proper place' (1984:756). It is a different matter for young people from the lower socio-economic working-class strata because for them 'dropping out' may mean a permanent exclusion from the mainstream of social and economic life.

In broad outlines, class divisions among young people can be identified by the differences in geographic location, family relationships, education, employment, and social activities (Table 2). Only two of these aspects are considered in this paper, namely, employment/unemployment and education. These two aspects currently figure prominently in the debates about policies and services for young people. Differences in educational attainment among young people are closely related to their social class, and the advantage or disadvantage in the labour market is a direct outcome of these differences.

Employment and Unemployment

The position of young people in the labour market has been on the forefront of public debate for over a decade. Again, this concern has not been confined to Australia but has been common to most countries of the industrialised Western world; in most of these countries unemployment rates for young people have been higher than for the other age groups. However, the data on youth unemployment tend to give an erroneous impression of the true nature of unemployment because they convey a notion that unemployment affects all young people. This is not the case. As commented recently by Waldensjo,

The unemployed youths have always been rather few compared to all youths of the same age, but many compared to those in the labour force. (1987:98)

By an established convention, unemployment rates are calculated as the percentage of people in the labour force (the total number of those employed and those seeking employment) rather than as the percentage of the total population in a given age group. This convention is valid but only if the participation rates in the labour force are taken into consideration. Participation rates vary between age group and sexes, and for young people an important additional factor (which accounts for the rates) is participation in education. As shown in Table 3, unemployment rates for young people, especially those in the 15 to 19 year' age groups are significantly different where they are related to young people in the labour force and the total population in that age group. A further difference emerges when the young people who are still attending school but are also employed or are seeking

Table 2: Class Differences Among Young People

Upper and Middle Class -----	Working Class
1. Locality/Housing	
Live in affluent suburbs or close to the city centre with access to recreational and cultural provisions. Often leave family homes, to engage in a 'bohemian style' of living.	Live in outer suburbs; isolated from recreational and cultural provisions. If they move to inner suburbs, usually share subsistence living with others in similar conditions.
2. Family/Relationships	
Intergenerational conflicts solved through moving to 'independent' living, often with parental support and assistance.	Intergenerational conflicts lead to separation; no family support because of limited means.
3. Education	
Increasingly attending private schools; continue education to tertiary level.	Attending state schools; leave school early; enter 'remedial' programs and training schemes.
4. The Labour Market	
Enter the labour market late, after completing post-school tertiary qualifications, mainly into professional or para-professional jobs. Unemployment is often 'voluntary'.	Enter the labour market early, with no occupational qualifications; usually into jobs with no security of employment and no career prospects. Experience frequent spells of unemployment.
5. Culture, Politics	
Participating in cultural activities which are supported by public funds. Questioning the power structure but benefiting from it.	Become a captive market for media culture and crass commercialism. Become alienated from political participation.

**Table 3: Population 15-19 years in the Labour Force,
August 1986 (N='000)**

Characteristics		Total Population	Attending School	Not attending School
Total population in group	N	1,341.4	607.3	734.1
In labour force	N	775.5	155.4	620.1
Participation rate	%	57.8	25.6	84.5
Employed	N	627.4	120.3	507.1
- as % of labour force		80.9	77.4	81.8
- as % of population		46.8	19.8	69.1
Unemployed	N	148.1	35.1	113.0
- as % of labour force		19.1	22.6	18.2
- as % of population		11.0	5.8	15.2
All employed	N	627.4	120.3	507.1
- employed full-time	N	425.1	0.9	424.2
- employed part-time	N	202.3	119.4	82.9
- employed part time	%	32.2	99.3	16.3
Unemployed	N	148.1	35.1	113.0
- seeking F-T jobs	N	109.8	6.1	103.8
- seeking P-T jobs	N	38.3	29.0	9.3

Source: ABS (1986) **The Labour Force, Australia, August 1986;**
Cat.No. 6203.0

employment are disaggregated from those who have left school. This difference is particularly evident in relation to full-time and part-time employment.

As may be seen from Table 3, while the unemployment rate for all young people 15-19 years, as a percentage of the labour force in that age group was (in August 1986) 19.1 per cent, it was only 11.0 per cent of the total population in that age group. Furthermore, the 113.0 thousand of the unemployed who had left school amounted to 18.2 per cent of the labour force in that group, and to 15.2 per cent of the total population in that age group who had left school; but it can be calculated from these data that they amounted to 8.4 per cent of the total population in that age group. Similarly, while 32.2 per cent of all employed persons in the 15-19 age group were employed part-time, 59.0 per cent of these were still attending school, and the proportion of young people who had left school and were employed part-time accounted for 13.2 per cent of all employed persons in that age group - a lower percentage than the 18.9 per cent of part-time employment recorded for the total labour force for that month.

The position of young people in the labour market is rather complex. Some of them leave school early and are either employed or unemployed; others continue with their education while they work part-time or full-time; others again continue with their education while seeking employment and are

statistically recorded as unemployed. For example, it was estimated that at June 1985 there were just over 2,600 thousand young people in Australia in the age group 15 to 24 years. Of these,

Approximately 1,500 thousand (57.7%) were employed;
400 thousand of those (15.4%) were also in some form of education.
Approximately 520,000 (20.0%) were in full-time education.
230 thousand (8.8%) were officially recorded as unemployed and seeking full-time employment;
40 thousand (1.5%) were unemployed and seeking part-time employment.
(Hawke, 1985)

Thus in the official statistics on employment/unemployment and education there is a certain amount of double counting. Also, the 230 thousand persons recorded above as unemployed and seeking full-time employment constituted 15.3 per cent of those in the labour market but only 8.8 per cent of all persons in that age group.

There is no intention here to demonstrate that young people do not experience difficulties in the labour market. Instead, the data indicate that the problem is not experienced by all young people but is confined to what may be called a 'residue of the education system' - the early school leavers. This problem was always present, in varied magnitude, even in the years of full employment in the 1950s and 1960s. It was the magnitude of the problem in the 1970s that attracted public attention and became an issue for social policy of the Commonwealth government. The recession of the mid-1970s accelerated and exacerbated a trend which was already evident in the 1960s, namely, the decline of employment in industries employing manual labour, the increasing professionalisation in the expanding public sector, and the

growing labour supply created by the entry of married women into the labour force.

These trends have continued since then. As the data in Table 4 indicate, over the past 20 years (1966-1986) total employment has increased by 43 per cent but employment of young people in the age group 15 to 19 years has declined by close to 4 per cent. The other age groups recorded increases above the average total increase, and the largest increase (118%) has been recorded by women in the age group 25 years and over. The improvement in employment situation since 1983 has improved the position of young people only marginally but the trend of the past 20 years has continued. It needs to be noted that over that period (1966-1986) young people have lost employment not only in those industries in which employment has declined (such as manufacturing industries) but equally so in the industries which have recorded the fastest growth, especially in public administration and in the diverse and expanding field of community services (Table 5).

It is to be expected that in times of excess in the supply of labour employers in the private sector will give priority to those workers whom they consider to be the best and the most cost-efficient, and young school leavers are not regarded by employers to be in that category (CAI, 1978a and b; Sungaila, 1981). Again, this attitude is not confined to Australia. Breswick notes that in the United States,

Employers resist hiring young workers. They lack the experience requirements. They do not have the personal contacts acquired by activity in the labour market. And they are regarded as unreliable and irresponsible. So if general unemployment is high, youth unemployment tends to be even higher. (1983:37)

However, if the employers in the private sector make their decisions on the criteria of profitability rather than on the grounds of social concern, it might be justifiably expected that governments would adopt a somewhat different attitude, considering the fact that unemployment among young people has been of such concern. Yet, this has not been the case and employment in the public sector has been the field from which young people have been increasingly excluded. For example, Kalisch and Stretton (1984) have concluded,

If the age structure of public sector employment in 1981 had been the same as in 1971, there would have been an additional 50,000 teenagers employed in the sector in 1981. (1984:Summary)

The decline of young people's employment in the expanding public sector was especially noted by the Manpower and Social Committee of the OECD in its report on the review of youth policies in Australia, conducted in 1983-1984. The Committee recommended,

**Table 4: Change in Age and Sex Composition of Employment,
1966, 1983, 1986 (N='000)**

Age and sex of employed persons	Year			Change			
	1966 N	1983 N	1986 N	1966-1986		1983-1986	
				N	%	N	%
All persons 15 years +							
All employed	4824	6233	6886	+2062	+42.7	+653	+10.5
15-19 years	651	565	627	-24	-3.7	+62	+11.0
20-24 years	640	909	955	+315	+49.2	+46	+5.1
25 years and over	3533	4759	5304	+1771	+50.1	+545	+11.5
Men							
All employed	3366	3911	4180	+814	+24.2	+269	+6.9
15-19 years	338	291	326	-12	-3.5	+35	+12.0
20-24 years	398	499	517	+119	+29.9	+18	+3.6
25 years and over	2630	3121	3337	+707	+26.9	+216	+6.9
Women							
All employed	1460	2322	2706	+1246	+85.3	+384	+16.5
15-19 years	314	274	301	-13	-4.1	+27	+9.9
20-24 years	242	410	438	+196	+81.0	+28	+6.8
25 years and over	904	1638	1967	+1063	+117.6	+329	+20.1

Source: ABS (1980) **The Labour Force, Australia, 1978;** Cat.No.6204.0
 ABS (1983) **The Labour Force, Australia, August 1983;**
 Cat.No.6203.0
 ABS (1986) **The Labour Force, Australia, August 1986;**
 Cat.No.6203.0

Note: Figures rounded to the nearest thousand.

**Table 5: Changes in the Age Structure of Employed Persons,
1966-1986**
(N='000)

Industry (ranked in order of magnitude of change)	All employed persons			Employed persons 15-19 years		
	1966 N	1986 N	Change %	1966 N	1986 N	Change %
Community services	486.0	1216.0	+150.2	52.4	45.1	-13.9
Finance, property, business services	294.4	699.2	+137.5	66.9	71.4	+6.7
Public administration and utilities (1)	366.9	609.2	+66.0	55.4	25.0	-54.9
Mining	58.0	95.9	+65.3	*	4.7	*
Entertainment, recreation, etc.	287.0	455.0	+58.5	34.2	60.1	+75.7
Transport and storage	270.0	394.2	+46.0	18.6	16.2	+12.9
Wholesale and retail trade	993.5	1383.6	+39.3	180.1	254.2	+41.1
Construction	406.0	491.0	+20.9	38.3	34.6	-9.7
Agriculture and other primary	429.6	414.8	-3.4	41.2	28.4	-31.1
Manufacturing	1232.5	1126.7	-8.6	160.6	87.7	-45.4
All industries	4823.9	6885.7	+42.7	651.7	627.4	-3.7

	Employed persons 20-24 years			Employed persons 25 years & over		
	1966 N	1986 N	Change %	1966 N	1986 N	Change %
Community services	83.4	149.7	+79.5	350.2	1021.2	+191.6
Finance, property and business services	56.6	119.8	+111.7	170.9	508.0	+197.2
Public administration and utilities (1)	55.4	75.0	+35.4	256.1	509.2	+98.8
Mining	6.7	13.0	+94.0	51.3	78.2	+52.4
Entertainment, recreation, etc.	27.5	71.5	+160.0	225.3	323.4	+43.5
Transport and storage	26.8	48.2	+79.8	224.6	329.8	+46.8
Wholesale and retail trade	137.9	207.0	+50.1	675.5	922.4	+36.5
Construction	46.1	65.7	+42.5	321.6	390.7	+21.5
Agriculture and other primary	45.1	38.0	-15.7	343.3	348.4	+1.5
Manufacturing	154.5	166.8	+8.0	917.4	872.2	-4.9
All industries	639.8	954.8	+49.2	3532.4	5303.5	+50.1

(1) Includes public administration, communications, and electricity,
gas and water supply

Source: ABS (1980) **The Labour Force, Australia, 1978;** Cat.No.6204.0
ABS (1986) **The Labour Force, Australia, August 1986;**
Cat.No.6203.0

In view of the size of public service employment and the marked decline in the share of that employment for teenagers, Australian authorities should evaluate the need for positive discrimination in favour of teenagers. (1986:19)

This recommendation does not seem to have had much effect on employment policies in the public sector. According to ABS data, employment in the public sector increased between August 1983 and August 1986 by 3.1 per cent but over the same time employment of young people 15 to 19 years in that sector declined by 9.1 per cent and employment of people 20 to 24 years declined by 15.6 per cent (ABS, 6203.0, August 1983, 1986). It is therefore evident that the pre-requisites for employment in the public sector (public administration, community services) are now educational/professional qualifications acquired in post-school tertiary educational institutions. As noted elsewhere (Jamrozik, 1987a), employment in the public sector, especially in community services, is now the most professionalised. According to ABS data (February 1986, 6235.0), public administration and community services accounted for 21.7 per cent of all employed persons but for 54.1 per cent of all employed persons with tertiary degrees. Undoubtedly, public administration and community services now demand more technical skills than two decades ago but if this is the case and governments really want to assist young people, there is no reason why young people could not be employed and then assisted in acquiring these skills on the job together with part-time studies.

Education

Education has now become, more than ever, a prerequisite for obtaining a place in the labour market, for good prospects of a career, and for access to goods and services in the market economy; in short, a prerequisite for social mobility and corresponding life style and life chances. Education is also one of the most unequally distributed resources, corresponding closely to, and reflecting, the class structure in society. Inequalities in access to education begin early in a child's life and become accentuated as young people enter the transition from childhood to adulthood. This phenomenon is common to most countries of the Western World. As Lagree and Lew Fai observe,

Children of the middle classes have always used school as a channel for securing good social position. Thus the distribution of the new entrants among the different socio-professional groups and the reproduction of the social structure are ... closely related to school handicaps and to inequalities in education. (1987:244)

In Australia, Anderson and Vervoorn who have analysed the operation of the Australian education system since the early 1960s comment,

Viewed from a sociological perspective, the education system as a whole, and the secondary and post-secondary levels in particular, act as a series of filters

allocating students to the various strata of the social structure and the workforce. (1983:2)

In a similar vein, Jones relates access to, and performance in, education to the field of employment by saying,

Educational qualifications have become rationing devices for entry into secure and satisfying employment, and failure imposes heavy social and economic penalties. (1982:5)

It is a well documented fact that students in tertiary education, especially in universities, are overrepresented by those from the families in which the parents are in business and in professional or high administrative occupations. They also come disproportionately from non-government schools (Anderson and Vervoorn, 1983:130-166). The abolition of fees for tertiary education in the early 1970s has achieved little results in correcting this inequality. Since then, increasing participation in tertiary education by mature-age students has further increased these inequalities, as most mature-age students come from relatively affluent middle-class families.

The inequalities in the education system - a reflection of the inequalities in society - are aggravated by the dual education system at primary and especially at secondary school level. The system is well entrenched and has always favoured students attending the non-government schools, who (as may be expected) come mainly from the more affluent families. The retention rates to the final year (Year 12) have always been consistently higher in non-government schools than in government schools. For example, in 1985, retention rates for all schools were 46.4 per cent but they were only 39.9 per cent in government schools; in non-government schools they were 65.7 per cent (Roman Catholic, 55.1%; Anglican, 96.9%; Other 91.3%) (ABS, 1986; 4221.0).

The effect of the dual system of education is clearly evident in the admission to tertiary education institutions. As illustrated in Tables 6 and 7, of all students aged 15 to 24 years who left secondary schools in 1985, 77.4 per cent came from government schools and 22.6 per cent from non-government schools. Of these, by May 1986, 9.2 per cent were enrolled at universities but only 54.9 per cent of those so enrolled came from government schools and 45.1 per cent from non-government schools. Of those who came from non-government schools, 18.5 per cent enrolled at universities (12.9% from Catholic schools and 29.2% from other non-government), compared with only 6.5 per cent of students from government schools. Thus the ratio of university enrolments was 2.8 times in favour of students from non-government schools (2:1 from Catholic schools and 4.5 to 1 from other non-government schools). Furthermore, of the school leavers who entered the labour market, 81.5 per cent from non-government schools were employed, compared with 68.4 per cent from government schools, and the unemployment rates were 15.0 per cent and 23.3 per cent respectively.

It is therefore not surprising that the more affluent families send their children to non-government schools. The shift in that direction has continued since 1975 when the proportion of students in secondary non-government schools was 24.1 per cent; in 1984 it was 28.4 per cent and the

estimated proportion for 1987 was 30.4 per cent (Budget Paper No.1, 1987-88:107). The shift of student numbers to non-government schools began at the same time as the Commonwealth government's support for these schools began to increase. That support was formalised by the Labor government in the early 1970s, and the succeeding Conservative Coalition government kept increasing the support during the following years. The incoming Labor government introduced some changes in the allocation of funds but the favourable treatment of non-government schools still continues. For example, the allocations for 1986-87 and the estimated student numbers for 1987 were as follows (Table 8): It is true that primary and secondary education is essentially the responsibility of State governments, and Commonwealth expenditure alone does not present a complete picture. However, State governments also support non-government schools. As stated in the Budget Papers 1987-88,

Commonwealth grants represent about 11% of spending on government schools (the balance being met by State governments) and about 36% of spending on non-government schools. Of the total cost of running non-government schools about 18% is met by other governments and the remaining 46% from private sources. (Budget Paper No.1:105).

It needs to be noted that Commonwealth expenditure on non-government schools quoted above does not include expenditure forgone through taxation concessions. Even disregarding these, the data from the 1984 Household Expenditure Survey (as well as data from other studies) indicate clearly that government expenditure favours extensively the affluent families (ABS, 1987, 6537.0).

Policies in Employment and Education

Until 1970s policies concerned with young people were in the province of the States. These policies revolved mainly around two areas of concern: education and social control. Education did not seem to present many problems: the majority of young people were leaving school early and were joining the labour force without great difficulty because jobs were plentiful. There was little incentive for most to continue their education beyond the compulsory school-leaving age except for those who intended to enrol for tertiary studies.

In the area of social control the situation was different. As the product of the post-war 'baby boom' reached adolescence and became attracted to rock music and 'youth culture', soon to be exploited by the market, young people began to be seen as a 'threat' to social stability and established mores. It was also at that time, in the 1960s, that the signs of problems in education and employment began to intensify. The young people who came before the courts charged with offences had two common characteristics: poor educational attainment followed by early school leaving and unemployment. For example, research on this issue conducted in South Australia showed that, in 1966, 46 per cent of all young people who appeared in Adelaide Juvenile Court had left school early and 30 per cent of them were unemployed. In 1971, one half of all young people who appeared in that Court had left school and 39 per cent of them were unemployed. There was also clear evidence that

**Table 6: Persons 15 to 24 years who attended school in
1985 but were not attending in May 1986
(N='000)**

Activity/Occupation in May 1986	TYPE OF SCHOOL ATTENDED IN 1985							
	(1) All Schools		(2) Government Schools			(3) Non-Government Schools		
	N	%	N	%	% of (1)	N	%	% of (1)
All who attended school in 1985	301.0	100.0	232.9	100.0	77.4	68.1	100.0	22.6
Attending tertiary education	124.5	41.4	87.8	37.7	70.5	36.7	53.9	29.5
- Full-time	83.9	27.9	56.1	24.1	66.9	27.8	40.8	33.1
- Part-time	40.6	13.5	31.7	13.6	78.1	8.9	13.1	21.9
Not attending	176.5	58.6	145.1	62.3	82.2	31.4	46.1	17.8
Those not attending	176.5	100.0	145.1	100.0	82.2	31.4	100.0	17.8
Employed	124.8	70.7	99.2	68.4	79.5	25.6	81.5	20.5
- Full-time	109.5	62.0	87.0	60.0	79.5	22.5	71.7	20.5
- Part-time	15.3	8.7	12.2	8.4	79.7	3.1	9.9	20.3
Unemployed	38.5	21.8	33.8	23.3	87.8	4.7	15.0	12.2
Not in the labour force	13.2	7.5	12.1	8.3	91.7	1.1	3.5	8.3

Source: ABS (1986) *Transition from Education to Work, Australia, May 1986*; Cat.No.6227.0

Table 7: Persons 15 to 24 years who attended School in 1985: Type of Tertiary Institution Attending in May 1986.
(N='000)

Attending Tertiary in May 1986	Type of School Attended in 1985										
	(1) All schools		(2) Government Schools			(3) Roman Catholic			(4) Other Non-Government		
	N	%	N	%	% of (1)	N	%	% of (1)	N	%	% of (1)
All who attended school in 1985	301.0	100.0	232.9	100.0	77.4	44.8	100.0	14.9	23.3	100.0	7.7
Attending in May 1986	124.5	41.4	87.8	37.7	70.5	22.8	50.9	18.3	13.9	60.0	11.2
- University	27.7	9.2	15.2	6.5	54.9	5.8	12.9	20.9	6.8	29.2	24.5
- CAE	21.0	7.0	13.2	5.7	62.9	4.2	9.4	20.0	3.6	15.4	17.1
- TAFE	61.6	20.5	49.9	21.4	81.0	9.5	21.2	15.4	*	*	*
- Other	14.1	4.7	9.6	4.1	68.1	*	*	*	*	*	*
Not attending	176.5	58.6	145.1	62.3	82.2	22.0	49.1	12.5	9.4	40.3	5.3

Source: ABS (1986) Transition from Education to Work, Australia, May 1986; Cat.No.6227.0

* Frequency too small for statistical inferences.

**Table 8: Commonwealth Government Allocations to Schools
1986-1987 and Estimated Student Numbers in 1987.**

	Allocations \$M	%	Students N('000)	%	Allocation per student \$
Total expenditure - to all schools	1,617.2	100.0	3,005.7	100.0	538
Government schools	702.6	43.4	2,191.0	72.9	321
Non-government schools	874.3	54.1	814.6	27.1	1,073
Joint programs	40.2	2.5	N/A		-

Source: Budget Papers 1987-88, Paper No.1:105

the majority of those young people who came before the Court and were subsequently committed to the control and supervision by the State welfare agency came from families of low socio-economic status and largely from low status areas such as public housing estates (Jamrozik, 1973).

As a national issue, the concern about young people emerged in the late 1960s when higher-than-average unemployment rates among young people began to appear with consistency in labour-force statistics (Department of Labour and National Service, 1970). There was some indication at the time that the reason for this might be found in the changing structure of industry but the main reason was sought in the young people themselves. Particular concern was directed at the 'hard core' unemployed whose unemployment, it was argued, was 'attributable to personal characteristics rather than circumstances arising from their location or occupation' (DLNS, 1970:25). These characteristics were identified as 'those not generally acceptable to employers', such as personal attributes or behaviour and unsatisfactory work record.

The first initiative in the form of a program aimed specifically at unemployed young people was the Community Youth Support Scheme (CYSS). The Scheme was introduced in 1976 on the belief that high levels of unemployment were only temporary. There was also a publicly aired suspicion that young people were affected by the 'dole bludger syndrome' which had emerged during the three years of the Labor government. As the Minister responsible for the Scheme announced at the time, the Scheme was to 'progressively accustom the young unemployed to being employed and to learning some of the discipline associated with having a job' (Street, 21-10-76).

However, high rates of unemployment among young people continued to rise over the following years and became endemic. CYSS was also increasingly questioned on its lack of purpose and little evidence of any positive effect. In 1981, the Scheme was going to be abolished but due to a strong adverse

reaction it was restored. The aims of the Scheme were re-defined: the participants were expected to lower their expectations of obtaining stable employment, and the Scheme programs were to 'concentrate on providing training in work skills, and encourage work experience, community service work, part-time, casual and temporary work' (Brown, 27-1-82).

Apart from CYSS, other remedial programs have been numerous. We have had Educational Program for Unemployed Youth (EPUY), Special Youth Employment Training Program (SYETP), Volunteer Youth Program (VYP) and, more recently, Participation and Equity Program (PEP) and now the Australian Traineeship System (ATS). Most of these programs provided generous subsidies for employers who wished to participate, but the overall results have been disappointing. For example, an evaluation in 1981 of twelve different programs for young people (15 to 24 years) who had difficulties in finding employment, conducted by the Bureau of Labour Market Research (BLMR), brought the following results: of the most disadvantaged young persons (15-19 years, completed year 9 of schooling, female), 8.5 per cent of participants were considered likely to find full-time employment; the chances of the least disadvantaged (20-24 years, completed year 11 or 12 and some post-school training, male) were estimated at 64.4 per cent - a ratio of 7.6 to 1 (Rao, 1986). It is also a well-documented fact that employers have not been positively attracted either to employing young people or to participating in training programs (Sloan and Kriegler, 1985). Reasons for this reluctance have varied, but young people's attitudes to work, 'lack of motivation', 'wages too high' have been frequently stated.

The feature of the remedial programs has been the aim of assisting young people in finding employment in the private sector of the labour market. Little notice seems to have been given of the fact that employment opportunities in that sector, especially opportunities for stable employment with some prospects for advancement, have been limited. Moreover, there has been almost a complete silence about the disappearance of jobs for young people in the public sector where the growth of employment has been significant, and remedial programs have done little to improve young people's chances in that sector. As Kalisch and Stretton concluded from their research (with some understatement), 'it would appear that other demographic groups have been more successful than teenagers in the competition for public sector jobs' (1984:8).

All remedial programs which have been devised to assist young people in finding a place in the labour market seem to have been based on the assumption that the position of young people could be improved without disturbing the existing structure of opportunities and thus reducing the advantage held by other groups in the labour market. In a situation of non-expanding or even shrinking employment opportunities this is, of course, a logical impossibility. The other feature of the programs has been their remedial character, aimed to assist those young people who have been, one way or another, removed or ejected from the education system. This has allowed the system to continue performing the political function of 'sorting out' young people, limiting the future opportunities for some, to the benefit of others. It needs to be noted that during the years of the Conservative Coalition government, the remedial programs for young school leavers were being introduced while at the same time the assistance to non-government schools was being increased. In government schools, retention rates kept declining, and in some working-class areas the need to prepare young people for unemployment was openly discussed. At the same time the retention rates

and the numbers of students in non-government schools kept rising, leading to a growing inequality between the two systems.

The present Labor government appears to have accepted the fact that in the changing structure of the labour market there are not many places for people without post-school qualifications. The retention rates in government schools have begun to rise, although the disparities between the government and non-government schools have changed little. There is also a danger that the emphasis on post-school 'training' rather than on extending access to mainstream education at post-secondary and tertiary levels will not achieve an integration of the education system with the labour market as, for example, has been done in Sweden or West Germany. Rather, it may serve to preserve the rigidity of each system. The danger of undue emphasis on 'vocationalism' has been noted by the OECD Observer, where it has been commented,

There is undoubted merit in the new vocationalism so long as it does not threaten to replace the traditional liberal objectives of producing rounded personalities and good citizens. Moreover, in some cases, training has begun to lose credibility as a solution to the youth unemployment problem. A vocationally educated 'supply' of young job-seekers will not automatically revive labour demand if economies are experiencing jobless growth. (1985b:21)

The policies of the present government certainly appear to be a distinct improvement over the policies of the previous government. However, the emphasis is still mainly on improving young people's employability, and it yet remains to be seen whether the structural changes in the education system and in the labour market, which will be necessary for the policies to achieve the desired effect, will follow.

Remedial Programs: Concern or Political Expediency?

We have confined the analysis in this paper to two areas of policy concerned with young people: employment and education. These are not the only areas of policies affecting young people but they are the most important. Education has now become an essential prerequisite for securing a place in the labour market and both education and employment determine a person's life style and life chances. Both these areas have been prominent in public debate, research and policy over the past decade or so but the position of young people over the same period has worsened, or at least it is believed to have done so. Is the problem, then, insoluble?

There does not seem to be an easy answer to this question. The problem of youth unemployment has become a concern in most countries of the industrialised West. What at first was perceived to be a problem confined to a small section of young people, it became more widespread during the 1970s, and by the early 1980s it became recognised as a structural problem, 'in some sense a mirror of the general unemployment problem' (OECD, 1985a:8). The most successful countries in keeping youth unemployment at low levels were those which introduced policies aimed to improve educational qualifications of young people as well as labour market strategies, such as Sweden and West

Germany, but even in those countries the policies now aim to contain the problem rather than solve it (Jackson, 1985:262).

In Australia, policies devised to reduce youth unemployment have been conspicuously ineffective and our research suggests three main reasons for this lack of success: the perception, or rather mis-perception of the causes of the problem; the growth of acceptance of inequality in society; and political expediency. With regard to perceptions, it is appropriate to note the observation made by Low and Crawshaw, who say,

In the field of social policy the recognition of a problem determines whether there will be a response. The understanding of a problem shapes its solution. Problems do not simply exist outside the policy making... Problems emerge and develop as the web of assumptions and beliefs is spun by the politically active. And, of course, assumptions and beliefs are connected with the economic and political interests of those who hold them. (1985:23)

When unemployment rates among young people began to rise, policy response was based on the assumption that the problem would be temporary and, moreover, that the cause of it was to be found in the young people's attitudes to work. This belief found expressions in remedial policy measures aimed to cure the young unemployed from such afflictions as 'unwillingness to work', 'inappropriate attitude to work', 'undisciplined work behaviour', or 'lack of effort to find work'. Undoubtedly, attitudes to work differ, but it is to be expected that when jobs are not available some people lose heart and give up trying, especially when they know many of their peers to be in the same situation.

While it has now been accepted that the problem is, 'structural', the remedial measures are still aimed mainly at the young unemployed. A similar attitude is prevalent in policy-related research, which has been extensive, often repetitive, and much of it seeking explanations in the conduct and characteristics of young people. For example, the Australian Longitudinal Survey (ALS) conducted by the Australian Council for Employment and Training (ACET) has been interviewing 12,000 registrants with the Commonwealth Employment Services (CES) over a period of five years, with oversampling the young unemployed. The questionnaire used in the survey has 480 questions and the interviewees are also asked to keep an 18 months' diary in which they have to record what they have been doing each week. The aim of the survey, it is said '... is to improve understanding of the dynamics of youth labour market' (Merrilees, 1986).

That Australian society has increasingly accepted the ethos of inequality is all too-evident in all aspects of social and economic life. As far as young people are concerned, a belief has been created that all young people share common interests and common problems. 'Young people' has become a stereotype which serves to conceal the structural changes in the labour force and the inequalities in education. Young people are perceived to be 'classless' and somehow disadvantaged. As we have shown in this paper (and in our earlier publications), the reality is quite different. The significance of class differences among young people is perhaps best illustrated by Barry Jones who sees 'a cultural chasm in employment expectations between the working class and the middle class'. He says,

Many pupils from independent schools ... recognise that the 'career open to talents' is a positive challenge and not a threat. Many of their working class contemporaries in the state system contemplate a world of irrelevant skills, declining work opportunities, mounting frustration and the threat of increased alienation, anomie, drug dependence (if they could afford it) and self destruction.

The collapse of employment in manufacturing is not causing great distress in Bellevue Hill, Toorak or St.Lucia. Students from Cranbrook or Scotch College feel no alarm if they can't get apprenticeships in sheet metal working or jobs on car assembly lines. Girls from PLC or Merton Hall don't lie awake at night fretting that they won't get jobs at Safeways or McDonalds. Whoever imagined that they would? (1983:4)

Class differences among young people thus reflect class divisions in the society as a whole, and the dual education system plays an important role in reproducing the divisions in each new generation. Remedial programs aimed at young people who are disadvantaged in that system, whatever value they might have, detract attention from the operation of the mainstream institutions in which inequalities continue to flourish.

It would be an overgeneralisation to claim that all policies introduced for the purpose to assist young people in finding employment have been introduced for reasons of political expediency. Clearly, there has been concern, but none of these remedial policies and programs has disturbed the existing privileges and class divisions. On the contrary, in education the divisions have been maintained and assisted by all governments over the past two decades, and in the labour market young people have been expected to find employment in the private sector of industry because they have been effectively excluded from the expanding public sector. Policies pursued in these two areas thus suggest that political expediency has been a factor in the remedial programs, as these programs are expected to correct the inequalities which the policies themselves have been instrumental in creating and maintaining over the years.

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**DISABILITY POLICY: CAN THE NON-GOVERNMENT
WELFARE SECTOR DELIVER THE GOODS?**

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Synopsis

In this paper dealing with the operationalisation of the Commonwealth's new Disability Services legislation by the non-government welfare sector, we wish to argue that this new legislation does **not** indicate significant social reform and that the operationalisation by the non-government welfare sector is open to a variety of interpretations of the legislation which may either (i) radicalise the new legislation; (ii) optimally reinforce it; or (iii) effectively undermine or weaken it.

The basic argument regarding its lack of social reform impulse is that this new legislation is redressing the post-1974 Handicapped Persons Assistance Act settlement. In fact the H.P.A.A. (1974) legislation failed to incorporate the international changes towards normalisation that were taking place. The consequence was that service providers following the H.P.A.A. legislation moved towards institutional rather than community models of service provision. The new legislation re-dresses this development. It is therefore merely catching up and its reforms are not in the area of social consciousness but in overhauling outmoded forms of social provision which are the legacy of the H.P.A.A. (1974).

As non-government social welfare organisations seek to operationalise this new legislation they will do so in a variety of ways. This paper will explore how one large church organisation in separate projects developed (i) and (iii) of the above options. This has significant policy and strategy implications for the government and its service providers.

Introduction

Recent development of Commonwealth Government disability policy includes apparent reformist agendas. Such agendas have been made explicit in political statements by the previous Minister of Community Services when introducing Commonwealth initiatives in this field, 1983 to 1986. These statements signal that the Commonwealth in its new policy initiatives intends to move beyond the settlement that developed between the government and many non-government welfare organisations following the 1974 Handicapped Persons Assistance Act. Examples have been selected to provide something of the flavour of issues high on public policy agendas for this field.

In the Commonwealth's own major area of service provision there has been the re-development of the Commonwealth Rehabilitation Service since 1984. The expressed focus is giving people with disabilities greater involvement and

control over their own rehabilitation. In the previous year the Handicapped Persons Programs Review was set up to examine all Commonwealth programs and services directed at assisting people with disabilities. The major targets of this review were programs involving Commonwealth resource allocations to non-government welfare organisations for the provision of services. In announcing the allocation of \$12 million to this sector for the provision of new services for disabled persons in 1985-6, Senator Grimes indicated that this 'reflects the government's emphasis on the importance of small community-based residential programs being made available.'¹ When tabling the report and recommendations of The Handicapped Persons Programs Review under the title of **New Directions** in May 1985,² Senator Grimes placed emphasis on helping the disabled to 'participate in mainstream community life'. He said: 'It is no longer acceptable to segregate disabled people from the mainstream of society'.³ In October 1985 thirty-eight demonstration projects were funded with the 'stated objective of ensuring that all people with disabilities receive services which offer the least restrictive alternative'.⁴ In June 1986 Senator Grimes announced that the proposed Disability Services legislation 'would establish the overriding principle of positive consumer outcomes'.⁵ Programs under the legislation would include accommodation, training, employment and advocacy. It was suggested that all services seeking funding would be measured against the objectives and principles attached to the legislation.

In this paper we plan to explore a popular misconception that emerges in public policy debates in the context of Australian welfare pluralism: that government is the policy innovator and non-government welfare organisations are the agents through which such policies are implemented. While in the field of disability policy the Commonwealth is demonstrating some leadership in seeking a better deal for disabled persons, we will argue that it is involved in 'setting things right' rather than in substantial social reform. A progressive consumer service ideology has existed for some time and a significant feature of the Commonwealth's leadership is that it has incorporated much of this ideology into the principles and objectives of the **Disability Services Act 1986**. In arriving at this ideology the Commonwealth moved beyond listening simply to its service providers in the non-government welfare sector and has incorporated many of the concerns of disabled consumers.

Innovation can also occur within the non-government welfare sector. Mention will be made of one demonstration project that sought to implement a strong interpretation of the contemporary service ideology through a consumer controlled empowerment model of service. Yet this same organisation also developed a service ideology for its other projects which reflected a care rather than an empowerment model of service provision. This represents a considerably weaker interpretation of this service ideology. It therefore needs to be recognised that organisations will be making different responses in implementing the legislation. This particular organisation made two different responses, one progressive, the other reactionary. The task of this organisation will be to make its progressive response central to its service ideology and provision.

Commonwealth as 'Innovator', Non-Government Welfare Sector as 'Agent'

Let us remain for the moment with the notion that there are reformist agendas for the disability field and that these have been well articulated through political statements, through reports such as **New Directions**,⁶ and through the principles and objectives developed for the **Disability Services Act 1986**. An underlying theme of these agendas is the integration of the disabled into the community on the principle of the least restrictive alternative. The principles that underscore the aims of the new legislation establishes the fundamental rights of the disabled person. The associated objectives firmly establish a focus on consumer benefits, service integration and community-based services.

If we accept that the Commonwealth Government occupies the high ground of contemporary service ideology, there can be an implication that substantial service reform could follow if major segments of the non-government welfare sector could quickly revamp its service ideology and service delivery structures based on the post 1974 H.P.A.A. settlement and provide flesh to the vision that the Commonwealth has placed before it. Such an assumption appears to underlie the implementation strategy for the **Disability Services Act 1986**.

The expectation of this new legislation was that from the beginning of 1987 organisations could begin negotiation to enter into specific formal contracts with the Department of Community Services to gain transitional funding. These contracts would embody the principles and objectives of the new legislation with its elaboration of positive consumer outcomes. It was expected that the transitional funding would commence on 1st July 1987 following the repeal of the H.P.A.A. legislation. It is anticipated that the transitional funding will cease on 1st July 1988 to be replaced by a new funding formula, and that 1992 will be the final year to comply with the new legislation.

A second assumption is that the non-government welfare sector currently or potentially has the service infrastructure to implement such policies. The new legislation replaces the H.P.A.A. (1974) which was criticised as lacking flexibility in service provision and majoring on an institutional approach. One of the major consequences of the proposed legislation is that the government's traditional service providers - the non-government welfare organisations - will need to significantly restructure their services, or that new service provider agencies will come into being. There is evidence that these called-for changes have met with some resistance on the part of some of these organisations.

Where a transitional period of between four and five years has been allocated in which these reforms might take place and the Commonwealth has indicated that it will look beyond the traditional service providers in the non-government welfare sector, the Commonwealth could be viewed as the priority and trend setter in this field. The non-government organisations could be placed in the role of relatively passive implementors or the Commonwealth's reformist agendas. From this analysis a simple notion of Commonwealth as 'innovator' and non-government welfare sector as 'agent' could emerge.

Extending this simple dichotomy, especially from a public policy vantage point, non-government organisations could be viewed in the following ways. They could:

- * Embrace the 'innovations' and have the willingness and organisational infrastructure with which to translate into practice terms the reformist agendas.
- * Resist the 'innovations', undermine the reformist intention of the **Disability Services Act**, adjust in a marginal or token way, or simply maintain the status-quo by staying with the service ideology that developed in the post-1974 H.P.A.A. settlement. This could occur even in the face of Commonwealth claims that it will change its non-government sector agents.
- * Redevelop, with help and encouragement from the Commonwealth, the growth of new services within the non-government sector including community-based groups and consumer controlled groups.

The Position of Each Sector in this Field

From this public policy vantage point the Commonwealth may appear to be in a very strong position in the field. It can link its role as policy innovator to its role as the major resource allocator in this field. To this can be added its power to recognise and mediate between the claims of various need groups, to legislate, to regulate and to establish service standards. In addition, the government has to oversight developments across the country and has the potential to be concerned with issues such as territorial justice. The extent of the activity of the Handicapped Persons Program Review, which received over 1,400 submissions and involved a consultation process with almost 6,000 individuals and organisations in 65 cities and provincial centres throughout Australia, is just one indication of the capacity that the Commonwealth brings to this field. Another indication is the Commonwealth's initiation of a program of 68 funded demonstration projects covering competitive employment, residential living, and advocacy and personal development. These projects are designed to demonstrate new service options for projects which are to be funded under the **Disability Services Act 1986**.

The non-government organisations may appear to occupy a weaker position in this field than the Commonwealth. Its strength rests in the fact however that it has the major service provision role. Its weakness may be its organisational fragmentation and that much of this sector is organisationally aligned with particular groups of disabled people. These organisations vary in size and in political influence and there is a limited capacity on the part of this sector to grapple with issues such as territorial justice. If this sector was to argue that it stands in closest proximity to disabled people and to represent such persons, the Commonwealth has seriously questioned this position. In its comprehensive review of services and through an extensive consultation in the community that went beyond organisations, directly to disabled people, the Commonwealth has sought to legislate for and operationalise the concerns of disabled persons.

Problems of Non-government Organisations in the Post 1974 H.P.A.A. Settlement

The weaker position of the non-government welfare sector has been reinforced through its general failure during the post-1974 H.P.A.A. settlement to adapt to a contemporary service ideology that moved from a rehabilitation paradigm to one of independent living and consumer control. Not all was well with these organisations which were one of the main instrumentalities through which the Commonwealth government was making its service provision⁸. Some of the difficulties may be summarised as follows:

- (i) rapid growth in the number of organisations due to generous government funding;
- (ii) uneven distribution of service provision with some regions significantly lacking necessary services;
- (iii) largeness of some organisations with budgets of up to \$30 million per year;
- (iv) few indicators that organisations were pioneering new service provision;
- (v) little significant involvement on the part of parents or the consumers at a policy and organisational level;
- (vi) major dependency on government funding and little corresponding accountability for type and quality of service provision.

Some organisations took a rather defensive posture in the face of Commonwealth articulation of aspects of this new service ideology. Such a posture is illustrated in the **Position Paper on New Directions** developed by seven Queensland non-government welfare organisations. The paper is critical of the **New Directions** (1985) report. It claims **New Directions** is biased against the non-government organisations, and puts forward the basic argument that these organisations in the disability field have provided a quality service, have significant resources and expertise and are consumer oriented. It rejects Senator Grimes' statement in the Senate that,

although the Handicapped Persons Assistance Act, 1974, was designed to assist people with disabilities, in practice it served to channel government funding to larger organisations which generally saw their role as developing institutional and program care.

There is much at issue concerning the position of these organisations in the post-1974 H.P.A.A. settlement that we cannot fully explore in the limited parameters of this paper. Issues such as the relationship between the government and non-government welfare organisations and the lack of accountability of the latter are at play. But equally the Senator Grimes' criticism highlights the point we are making, namely, that the non-government organisations have failed to adjust to changing ideas regarding service provision for the disabled, and consequently are defending a status quo position.

The groundswell of the move towards independent living and community integration symbolised in many of the activities of the groups involved with I.Y.D.P. (1981) was to leave many of the larger non-government welfare organisations behind in the move for innovation and change.

An Alternative to the 'Innovator' vs. 'Agent' Dichotomy

How useful is it to hold to the dichotomy we have been pursuing between the Commonwealth as 'innovator' and the non-government sector as 'agent'? To what extent does it provide a satisfactory basis for understanding these aspects of Australian welfare pluralism as they impact upon services and disabled persons in this field? Perhaps more importantly, how does such a dichotomy assist in the development of reform strategies that are needed to improve the quality of life of disabled persons? Does the dichotomy lead us any further in the question we have posed in our title: can the non-government welfare sector deliver the goods? It might point to an associated question: has the Commonwealth got the policy and the reform strategy right?

An alternative to this simple dichotomy is suggested. This analysis questions the basic reformist nature of the policies that the Commonwealth is articulating for this field. It recognises that the Commonwealth was a key player in the post-1974 H.P.A.A. settlement and was part of a consensus that led to the development of institutional and program care. It failed in 1974 to give sufficient regard to the more contemporary service ideology that was emerging overseas. The lead-up to the **Disabled Services Act 1986** recognised that particularly amongst the disabled themselves the ideology of normalisation and community living was alive and well. This was expressed in something of the momentum that was occurring in newer groups that were developing around issues such as independent living, around some of the activities of I.Y.D.P. (1981) particularly those that involved disabled persons in key roles, and the growing consumer movement which was best symbolised by Disabled Persons International and Disabled Persons Australia.

A significant feature of the post-1974 H.P.A.A. settlement was that those sections of the non-government welfare sector and the government that had consolidated this strong focus on institutional and program care had actually marginalised the advocates of this new service ideology. The Commonwealth with its new Disability Services policy has simply begun to redress this situation. Aspects of the contemporary service ideology have been incorporated into the redevelopment of the Commonwealth Rehabilitation Service. The extensive review of its programs in this field and the consultation that included disabled persons has already been recognised as highly significant as has the funding of a wide range of demonstration projects. These and other actions have given greater legitimacy to the contemporary service ideology. It has become involved in a process of 'setting things right'.

It is our contention that, generally speaking, legislation in the social welfare field is not innovative. Rather, the legislation tends to reflect social changes which have already taken place. In this field the changes have occurred in groups that have tended to be marginalised by both government and the more established non-government organisations. Thus the new Disability Services legislation reflects significant changes that have already occurred in the perception of the needs and priorities of the

disabled. The Commonwealth through its new legislation clearly wishes to foster and formalise some of those new impulses.

The Commonwealth has begun to legitimise the independent living movement and other consumer movements and in doing so is showing a way out of the institutional and program consensus it had previously developed with the larger organisations. It is showing some leadership in 'setting things right'. It should be joined by some of the more established organisations within this field to tackle the basic reforms that are at least a decade overdue. It is argued that these basic reforms will not emerge through a strategy which calls these organisations to become 'agents' or an apparent 'innovative' government. This would not represent the basic and substantial reform that is required. Further innovation needs to be sought within both sectors. In seeking reform within their own sector, non-government organisations need to acknowledge that they have the potential to radicalise the Commonwealth's legislation, to optimally reinforce it, or to effectively undermine or weaken it. Such organisations will also need to recognise that they too have effectively marginalised the movement for greater independence on the part of disabled persons. Both sectors should recognise that substantial public and political support may exist for the service ideology of the post-1974 H.P.A.A. settlement and that community education may be needed to develop support for this movement towards greater independence. In a later section of this paper we will look at a church sector organisation that has commenced to implement a reform strategy.

Theoretical Basis for A Contemporary Service Ideology

There is a substantial theoretical basis for many of the reforms that are required and which provide a knowledge base to inform much of this new service ideology. This is different from policy and service reforms where a service ideology is being promoted in a knowledge vacuum. This is not to say that the knowledge base is anywhere near complete. In fact, many experimental projects will be required before a satisfactory ideological and practice 'settlement' in this field can be reached but considerable theoretical work has been done on deinstitutionalisation, normalisation and least restrictive alternative. This is briefly illustrated below.

Deinstitutionalisation, normalisation and least restrictive alternative have characterised the development of services for the disabled, particularly the mentally disabled, since the beginning of the 1970s. A comprehensive body of scholarly reflection has developed since the pioneering work of Bank-Mikkelsen, Nirje and Wolfensberger.⁹ At the same time a body of writing has developed which trenchantly condemned institutions. E. Goffman, the iconoclast T. Szasz,¹⁰ R. Barton and P. Townsend all united their voice in single condemnation. Goffman spoke of the total institution, which developed a life of its own, subjugating the personality of the inmate.¹¹ Barton identified, what he called, the institutional neurosis, a form of sickness characterised by apathy and resignation. This, he claimed, was due to persons in institutions, including hospitals, being cut off from the outside world; subject to enforced idleness, authoritarian staff, and loss of personal¹² possessions; the use of sedative drugs and poor ward atmosphere and decor. Not everyone critical of institutions agreed with the Goffman and Barton¹³ analyses, but even the more moderate perspective of Peter Townsend¹³ roundly condemned large institutions and suggested the family

model or the small group home as the ideal for persons needing long-term care.

Service Ideology and Social Legislation

Service ideology usually develops ahead of social legislation. This is certainly the conclusion that we would make about the H.P.A.A. 1974 legislation which was conservative rather than innovative and was out of step with overseas developments. Admittedly, these developments were in their early stages but in the U.S.A. and elsewhere were the first fruits of the growing emphasis on civil rights, consumerism, self-help, demedicalisation and deinstitutionalisation.¹⁴ The Centre for Independent Living founded in Berkeley in 1972 by the disabled, developed a powerful **modus operandi** with its three principles:

- (i) the disabled know their own needs best.
- (ii) the needs of the disabled require comprehensive and diffuse services.
- (iii) the disabled should be fully integrated in their community.¹⁵

This social movement thus began to change the focal point away from the rehabilitation paradigm to one of independent living and consumer control. However, it was not until 1978 that these significant changes in social welfare provision were incorporated in the amendments to the Rehabilitation Act, 1973 in the U.S.A.

The point is that the H.P.A.A. (1974) was not able to incorporate these significant innovations and thus sowed the seeds for its ultimate demise. It would simply be a matter of time before these significant changes taking place, particularly in the U.S.A., would become the catch-cry for change in Australia. It is this catch-cry which eventually found its clear expression in the **New Directions** (1985) report.

Problems in Linking Ideology to Social Legislation

We would have to recognise some important qualifications to the theoretical basis that has been established and while giving credit for changes which are designed to give a better deal for the disabled, we should also sound a note of caution. First of all, significant changes to service provision can be disruptive and some people may well be disadvantaged in the process. Secondly, good policies can have unintended consequences and the need to rectify those calls for on-going flexibility. This flexibility, in the light of Max Weber's analysis of bureaucratic structures, tends to be a very scarce commodity. Thirdly, while we have argued that a significant theoretical basis for the new policies exists, policy and legislation are never solely based on behavioural and social science evidence but more often on ideological preference. This preference usually turns out to be one-sided. Consequently, not all may be served equally well by the proposed changes. Fourthly, the movement towards deinstitutionalisation, worldwide, has indicated that the hoped-for community resources and support structures have not always been there. The Newsweek article 'Abandoned: The Chronic

Mentally Ill' is a grim reminder of that fact.¹⁶ Finally, the deinstitutionalisation movement needs to constantly remind itself that smallness in itself is not the answer. The issue is not to create a series of small institutions out of large institutions, and, all community residences do not necessarily reflect normalisation principles. It is important to develop those services which reflect a quality of provision which will give disabled consumers options, control, and community integration.

Demonstrating an 'Empowerment' Model of Service

During 1985 a number of demonstration projects were funded by the Commonwealth through the Department of Community Services to operationalise the strategies in the **New Directions** report and the proposals of the New Disability Services legislation. By 12th June 1986, 68 projects had been funded and, at their conclusion over two years, will have cost \$20 million. Of the 68 projects, 14 are involved with exploring options in residential living.

The demonstration project reported in this paper conducted by a church sector organisation was formally signed on the 14th May 1986. It is the only accommodation support demonstration in Queensland dealing with the deinstitutionalisation of four persons with severe physical disabilities. This project, therefore, bears a significant responsibility. Its task is to demonstrate that severely physically disabled persons can be moved out of institutions into community living with life skills training and staff support. It, moreover, has the task to develop a model of service suitable for this purpose. The focus, therefore, is to demonstrate a quality of care, to facilitate the development of community living skills, and to show how an on-going pattern of service provision can be provided. The project also needs to demonstrate how this service may be replicated. The importance of this project must be seen in terms of the following outcomes:

- (a) a person's move from institutional to community living
- (b) development of community living skills
- (c) transition from a staff-intensive training model to a less staff-intensive service model.

The demonstration project fits clearly into the broad guidelines of Accommodation Support which have been developed under the new Disability Services legislation. It has been concerned with deinstitutionalisation, development of living skills, and community integration. It also has some distinctive features. These can be broadly summarised as follows:

- (i) a guided process of deinstitutionalisation
- (ii) an hours-of-service staffing model
- (iii) consumer control.

It is not possible in the context of this paper to give more than a flavour to the way in which these three distinctive features of the demonstration project were translated into action. A fuller coverage of this project is

contained in the final evaluation report.¹⁸ Brief mention will however be made of the importance of a guided process of deinstitutionalisation and then we will look at aspects of the hours-of-service staffing model and at the issue of client control at the household and staff management levels.

In identifying the guided process of deinstitutionalisation as a feature of this project, reference is being made to the fact that there is much involved in moving a person out of a longer-term institutional setting into a normal community setting. This requires a careful process. It involves negotiation with the prospective consumer. There are encouragement needs, significant support needs, training needs and resource needs to make this all-important transition. The project contains these components in moving a person from an institution in order that he/she can learn living skills and become integrated into the community.

The staffing model is an hours-of-service arrangement. This is a radical departure from a 'shift' type model. Generally, all residents are content with the 'hours-of-service' model. This allows flexibility to recruit staff at times when assistance is needed. Staff are 'contracted' to come in for certain hours to perform particular tasks. This allows for service flexibility. Staff were recruited on the understanding that, as residents developed competence and confidence, hours of service would be reduced. The intention is that staff are only in the house when residents have negotiated for them to be there. It is expected that staff be responsive to resident requests and that their service be provided in accordance with the needs and lifestyles determined by the residents.

Consumer control is a most important feature of this demonstration. In this project residents are part of the management committee. Consumer control has been most clearly demonstrated at the household management level. Residents negotiate with staff what services they need, and residents run the house. All residents assert that they are involved in the day-to-day functioning of the house. It is clear that this has a significant effect on quality of life, on making the house 'home', and on empowerment. Menu planning, shopping, household finances and maintenance issues are all controlled by residents. A system of managing rental payments, food costs and sharing electricity and telephone bills has been implemented.

Residents have been significantly involved in staff management. From the outset, residents have participated in interviewing and selecting staff, organising rosters and routines, negotiating duties with staff, and terminating services of staff. One resident noted:

All my life professionals have told me what I needed, when I needed it and how I needed it done. Here I have the change to decide who does what for me and when.

It is therefore possible for residents to determine their individual routines and arrange necessary staff support. Some flexibility is required when there are competing demands for the services of the staff member. The feature of consumer control calls for training and encouragement. It is easier and usually quicker to do something for a person, than to teach that person to begin to do things themselves. This project has sought to empower the residents by encouraging self-determination and choice.

The 'empowerment' model of service for community-based living for four disabled persons which was successfully demonstrated in this project is based on certain clear guidelines. Its basic success is that these guidelines are beginning to be experienced as a living reality. This is the point at which policy meets practice. Disabled persons have the same rights as non-disabled persons; they must have the same life-style choice; they can live in similar dwellings; they should have access to normal community services; they should have services which are least intrusive and must be adjusted to the needs of the person; services should be in response to requests by the consumer; residents in living units must be able to make choices; they must take responsibility for decisions; they should choose staff; direct staff; staff should not be the focus of the residents' world; staff should facilitate self-help of the residents; staff should recognise that they are in the residents' home at their invitation; and are there to provide specific services for the residents.

There is little doubt that this project has been successful in achieving positive outcomes for the residents and has demonstrated a viable staffing model. There has been continuity of funding for this project and additional funds to allow for the extension of this model of service. The project can now be expanded to involve a series of suburban homes serviced by a staff deployment unit with a suitable night-call service. This would provide for twelve extra residents (that is a total of 16 residents). This now promises the development of custom-built housing and the testing of the cluster living service. The extended service can grow out of the experience of policy becoming a practice reality on a small scale.

Change Within Non-Government Welfare Organisations

The opportunity to become involved in the evaluation of this demonstration project provided a vantage point from which to view policy development and implementation. Since part of the evaluation brief involved locating this project within its policy context, it has been possible to look in some detail at the links between policy, service ideology and the models of service that develop in practice.

The church organisation which provided the auspice for this demonstration project has connections with semi-independent organisational structures that have rendered services for disabled persons for many years. It has also been involved in a regional parish-based movement in which Brisbane is divided up into nine regions. Community consultations have occurred through these regional groupings and demands for further services for disabled persons have emerged. New projects have emerged through these regional units, called Deaneries, a number of which have been established with clear reference to the principles and objective of the new legislation.

The contrasts that have emerged between the Deaneary projects and the demonstration project, described above, have been of considerable interest as different interpretations of the service ideology of the new legislation have emerged. The demonstration project represents a client controlled 'empowerment' model of service. This reflects the significant difference in interpretation to which the new legislation is subject.

One of the most significant issues as far as this church organisation and its service activities are concerned, is whether the ideology and praxis of the demonstration project can become its central model of service provision. This will be by no means automatic as the 'care model' rather than the 'empowerment model' appears to be the dominant model throughout the church's other services. In a similar way that we have argued for the Commonwealth, this organisation, along with other similar non-government welfare and church-based organisations, need strategies for change.

Hoping for a Better Deal for Disabled Persons

While we can be sure that **New Directions** and the new Disability Services legislation intend a much better deal for disabled persons, we need to qualify our hopes by firstly a closer analysis of how this church sector organisation interpreted the principles and objectives of the **Disability Services Act 1986**, and then secondly by adding a note of historical realism.

The strength of the post-1974 H.P.A.A. settlement should not be underestimated. Nor should the commitment that will be needed to make the transition to implement the principles and objectives of the 1986 Act. To focus our analysis we might ask: to what extent can non-government welfare organisations working within the guidelines of the new legislation still maintain an ideology and praxis that does not empower consumers to have significant control over their lives? If the new projects in the Deaneries are any indication, then we would have to conclude that the care model of service provision, rather than the empowerment model, is still very much in vogue. What is important to note is that most of the new programs being developed at Deanery level are operating more with a houseparent or live-in supervisor and live-in staff model of service. This is more a care model of service provision rather than a consumer empowering and consumer controlled model. It is also significant that developments in the Deaneries are also the product of innovative thinking, community consultation, and local lay community action.

The basic thrust of the Deanery plan was not to build more welfare organisations which were detached from the parish base but to place new welfare initiatives into the hands of lay groups related to parishes within the particular Deanery. The task of the Deanery Committees, according to this plan, was to delineate what is being done and not done and to determine appropriate action. It thus has a planning role and an action role, and has been mandated to promote a community development approach to welfare needs.^{19,20} These developments have, therefore, included some very positive features.

We would also wish to argue that the Deanery projects have been developed within the context of the principles and objectives of the 1986 Act and that they have had regard to the basic intentions of this Act. The substantial difference between these projects and the demonstration project, and indeed between 'care models' as opposed to 'empowerment models' appears to revolve around the interpretation of objective (13) of the new legislation which states that:

Services should be designed and administered so as to provide people with disabilities with, and encourage them to make use

of, avenues for participating in the planning and operation of services which they receive and the Commonwealth and organisations should provide opportunities for consultation in relation to the development of major policy and program changes.²¹

The demonstration project took a strong interpretation of this and other principles and objectives. The Deanery projects, we would argue, took a weaker though plausible interpretation. In operationalising the stronger interpretation we see a 'consumer control' empowerment model. A 'care model' emerges from the alternative interpretation. The interpretation operationalised by the demonstration project is also significant as it represents an interpretation of the contemporary disability service ideology that informed, at least in part, the new disability legislation. This could represent a major reformist thrust. It is still not, however, the dominant service ideology. The stated intentions of the new legislation allow for both the strong and weak interpretation on the issue of consumer participation.

While space does not allow for a full development of this related issue, we would argue that the dominant 'care' model of service has a wider basis of community and political support than an ideology developed around notions of consumer empowerment. Influencing the basis of community and political support still needs to be part of an overall change strategy. This church organisation may need to look for ways of raising consciousness around this issue within its own parishes as part of such as internal change strategy. The Commonwealth could also take some role in addressing community and political opinion.

We promised a note of historical realism. This qualifying note relates to the fact that money and resources are not being placed directly into the hands of the disabled, but rather placed in the hands of organisations. Organisations do generate their own life and concerns and may be more difficult to change and radicalise. Former Senator Don Grimes' statement to the Senate regarding the application of the 1974 H.P.A.A., recognising that it in effect 'served to channel government funding to larger organisations which generally saw their role as developing institutional and program care', may yet in the future haunt this new legislation, if the care model of service provision becomes the dominant service model.

Conclusion

It appears that the message to move away from large institutions has sunk in. What is doubtful is whether the call to consumer control and empowerment has been clearly heard by the non-government welfare sector. Wolfensberger's reminder is most pertinent at this point, 'the one who tenders the service is in an exceedingly powerful situation'. Because direct power and resources are not being placed into the hands of the disabled, the key principles of the independent living movement articulated in 1972 in the U.S.A. that the 'disabled know their own needs best' may still not be fully realised.²² What the disabled think is best still needs to be negotiated with what the organisation may think is best.

The cautions that have been sounded should not paralyse us. Change is seldom radical or total. It is usually developmental. The challenge therefore is that projects which significantly operationalise the service ideology of **New Directions**, and even more so the ideology that we have referred to as contemporary service ideology, should be regarded as signposts. This challenge is directed towards both this church organisation and the Commonwealth.

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**AGED CARE POLICY:
CAN THE NON-GOVERNMENT SECTOR DELIVER THE GOODS?**

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Introduction

It was a birthday party - everyone wore child-size shiny party hats and had their own basket of lollies. The candles were blown out and we sang 'Happy Birthday' to three women all over eighty years of age who were celebrating their birthdays that month. The event took place in a residential complex for elderly people. The staff were pleased with their efforts to provide a social occasion, as indeed they had, and took care to replace the hats which some residents slipped off during the party. At a recent visit to a day centre for elderly people in the community, (including dementia sufferers), those attending were busily cutting out pictures of flowers and taping them to the walls. An elderly woman, who had walked a few paces away from this activity, was firmly reseated by an attendant.

These events are 'snapshot' views of elderly people in both residential and community settings engaged with others in the process of the giving and receiving of services. While other 'snapshots' would reveal more positive images, it is my experience that the negative social processes usually associated with institutional settings also occur in community based services. Recent government initiatives in the Australian community have resulted in policy shifts away from State financial provision for traditional residential care to alternative forms of residential care and community care:-

The Government's central objective in this Budget is to begin the process of redistributing resources for care of aged people away from nursing homes to alternative forms of residential care and to community care in order to increase the range of aged care services and to achieve improved quality of care arrangements. (Grimes 1986:3)

This shift in aged care policy is based on both economic constraints created by 'a huge and largely uncontrolled growth in expenditure on nursing homes'. (Grimes 1986:3) and the expressed wishes of elderly people to remain independent and within mainstream community life for as long as possible (Department of Community Services, 1986:3).

Much of the rhetoric of 'community care' has dichotomised 'community' as being the 'ideal' and 'residential' as being 'the last resort'. All services for elderly people, from meal services to extended nursing care, need to be conceptualised as taking place within the wider community. In this way both consumers and service providers can be critical of the shortcomings of the

entire range of services for elderly people. They can then be in a position to ensure that organisational and service delivery processes promote the least restrictive environment possible, through provision for elderly people of choice, autonomy, independence and, if applicable, rehabilitation.

This paper is concerned with the constraints which service providers may encounter in putting policy intentions designed to improve the status and well-being of elderly citizens into practice. In examining the policy-practice dimension attention is given to the socio-economic and political context in which social policy is developed, the discriminatory processes of ageism, sexism and infantilisation of elderly people which have evolved out of this context, and the impact of these factors on practice with elderly people. The experience of an eighteen-month participatory research project with elderly people will be used to highlight the way in which the processes of service delivery can create and maintain powerlessness and injustice for elderly people. Importantly, it will also attempt to show how a model of practice based on a feminist perspective can challenge broad social processes of ageism and sexism and the subjective views that elderly people hold about themselves as being useless, dependent and incapable of change. Consciousness-raising processes were used to increase residents' autonomy, self-esteem, control over their lives and independence. This approach to practice is applicable to any setting and has implications for the human relationship aspects of service delivery.

Human Relationship and Organisational Aspects of Policy

Ageism and ageist practices such as believing that elderly people enjoy being treated in a childlike fashion serve to discriminate against people on the basis of age. Ageism, like sexism are pervasive social processes in western societies where social, political and economic organisation supports capitalism and patriarchy. Within this socio-economic and political configuration, power and access to resources are unequally distributed, so that some groups such as women and aged people are marginalised and subordinate to those with greatest command of resources. Processes such as ageism assist societal members to rationalise the devalued, relatively powerless and subordinate positions of many aged people in this society. One's experience of old age is influenced by varying combinations of factors such as gender and class experiences, ethnicity, range of social networks, health and individual characteristics. While the negative stereotypes of ageism and sexism can come to be believed or internalised by elderly people, elderly people also resist these stereotypes in many ways. However, the fact remains that for many people experience of old age will be largely constructed by societal forces beyond individual control.

Social policy is developed within this social economic and political context and reflects values associated with the dominant paradigm of wider pluralist views of the society, the state, social problems and theories of change (George and Wilding 1976). In relation to the aged, Kendig (1986:9) points out that policies 'express and perpetuate broader ideologies regarding the devalued status of those who are outside the workforce, and the responsibility of family rather than the public sector in caring for the frail aged in the community'.

The way in which service is provided, the human relationship in which service provision takes place is an important aspect of social policy. The World Health Organisation (1981:18) has set out five policy indicators for health which can be usefully translated to the aged policy area. These are:

- political commitment to health for all;
- resource allocation;
- the degree of equity of distribution of health resources;
- community involvement in attaining health for all;
- organisational framework and managerial process.

It is this last aspect of social policy - organisational framework and managerial process - which is the subject of this paper. The context is the experience of a participatory research project with elderly people in an institutional setting, focusing on the way in which unequal power relationships in the practice of service delivery can be changed to provide elderly people with greater control over and input into organisation of services. Change at this level largely centred around making explicit those aspects of practice which were oppressive, using consciousness-raising techniques to counter ageism and sexism, and achieve attitude and behavioural changes in staff and residents. The experiences of older women as recipients of service are highlighted, as women comprised ninety-two per cent of the residents involved in the research project.

The change process does not claim to have achieved any changes in the broad processes of social, political and economic organisation which structure the dependency of elderly people, as suggested by Townsend (1986:22), 'Retirement, poverty, institutionalisation and restriction of domestic community roles are the experiences which help to explain the structural dependency of the elderly.' It does not deal with the political commitment and equity aspects of social policy indications (World Health Organisation 1986). Rather, in the vein of the many projects documented in **Community Work or Social Change?** (Thorpe and Petruchenia 1985) this particular project has obvious limitations in achieving far-reaching social change; however, it does challenge the status quo of existing practice, and indicates 'where and how openings exist for practice which supports the struggle for larger social change' (Thorpe and Petruchenia 1985:3).

Aged Care Policy and Dominant Ideology

Some comment on the links between ideology and social policy is important in understanding the complex mix of social, cultural, political and economic processes by which aged people come to be devalued in western society. Although ideology has different connotations and definitions depending on its use (Thorpe 1985:12), it is seen as a useful general term in the aged context to describe those sets of beliefs, assumptions and opinions which dominate in regarding how society does and should operate. An understanding of these beliefs and the challenges to them assist us in understanding the assumption and rationale which underpin social policy, and the mixture of both progressive and potentially oppressive shifts in policy regarding aged people.

In Australia, generally, the development of welfare provisions reflects beliefs and values of capitalism and patriarchy such as women's 'natural'

roles in domestic work, individualism, productivity, men's suitability for leadership and decision making, competition, self help, etc. Roe (1983) gives an account of the main trends in welfare provision affecting women in Australia since 1901. The main theme which emerges is that while collective provisions through statutory benefits, as opposed to charitable provision, have widened the eligibility for help, 'on the other hand, there is the inescapable fact that a majority of the poor are female in contemporary as in colonial Australia and the overwhelming majority of people working to relieve poverty are now, as then, also female' (Roe 1983:6). Roe (1983:19) suggests that 'the subordinate, dependent and powerless state of women is reflected in a system which has diminished and thwarted women's efforts at alleviation while at the same time sustaining female dependency'.

However, challenges exist to dominant beliefs and value systems from groups in society holding different views; for example, feminists, socialists, aged people themselves resisting the stereotypes of ageism and associated discrimination, unemployed people. Ideology in capitalist society must include some elements of subordinate views and beliefs. This is expressed ultimately through political processes which forge social policy and the nature of services which are set up to provide assistance to disadvantaged groups.

Dominant and subordinate beliefs and values which constitute ideology can, for example, be discerned in policy initiatives to redirect and increase financial support to enable elderly people to remain living in the community. This comes at a time when the number of aged people in the population is increasing, especially those aged eighty years and over, and the number of women predominate in the older age cohorts (Hugo and Wood 1984:10; A.B.S. 1982:4). Together with these demographic trends is the concern of western governments to rationalise and reduce public expenditure in welfare (Walker and Phillipson 1986:10; Phillipson 1982) with accompanying rhetoric regarding the 'burden' of welfare, the merits of community care and the efficiency of the private sector. A further factor influencing policy direction is information from older people themselves, and those concerned about them, regarding options for old age (e.g. Job 1984; Rossiter, Kinnear, Graycar 1984; Rossiter 1984; Day and Harley 1985).

However, the potential for 'community care' to be exploitative of predominantly female carers has been a major concern. Peace (1986), writing from the British context, for example, maintains that in pursuing the goal of community care either through providing support services in the absence of family, or strengthening family care roles (largely the responsibility of women),

the underlying ideologies of both patriarchy and capitalism with their emphasis on male power and male domination, have culminated in the use of the family and woman's traditional role within it as a controlling vehicle for reproducing the status quo and reinforcing sexual inequalities. Such trends can be seen to underlie successive post-war policies, which have formed the basis of the welfare state. (1986:65)

Thus this 'community care' aspect of policy has an appeal which if framed in its most positive light is a recognition of the rights of elderly people to

remain living within the community and the need for support in doing so. However, community care policies and publicly funded services 'are directed primarily toward the frail and disabled elderly who need substantial assistance' (Day and Harley 1985:9). This has the effect of emphasising the dependent aspects of ageing whereas in reality, Rossiter (1984:7) points out, 'The majority of elderly people are not frail; they neither need nor seek assistance with any aspect of their lives'. For many elderly people, then, the normal **interdependence** of the give-and-take of reciprocal relationships takes place, as it does with other age groups. For these elderly people broader aspects of social policy - retirement age, pension benefit levels - which can have adverse effects on quality of life may be more significant.

The overriding importance to Government of economic considerations determines these broader social policies affecting the aged: 'Of particular importance are the management of modern economies, including the degree of access granted to older people to the labour market, and the distribution of power and status in such economies' (Walker and Phillipson 1986:3). It can be seen then that policy responses to aged people reflect dominant ideologies, and these policies while in part responding to actual needs of elderly people, obscure other needs, and maintain the general devalued position of elderly people through broader aspects of social policy.

Contradictions in Community Care

It seems, there has never been a golden age when elderly people were not vulnerable to the impact of economic recession. Phillipson (1985:9) for example, refers to historical sources from village life which highlight the dependence of some elderly people on family and friends for support, and the influence of village poverty or growth in determining the level of this support.

Parker (1975:20) examines the ways in which pre-industrial society, organised on extended family lines and with the absence of a fixed retirement age, could flexibly respond to the needs of its more dependent members; for example, by providing useful activity for the aged and those mentally or physically handicapped. However, Parker points out that the level of 'community care' as such may be very low 'and in the most extreme cases the pressure of economic circumstances can lead to the killing or abandoning of old people or children in order to protect the living standards of the rest of the group' (1975:21).

In today's society, despite negative stereotypes of the aged which abound, there is evidence of goodwill in the community towards maintaining reciprocal relationships with older people. However, there are costs to caring - many writers argue convincingly that these will be borne unfairly by women through their being exploited (Finch and Groves 1985; Peace 1986; Rossiter 1984; Phillipson 1982). Rossiter (1984:13) raises concerns about the quality of family care (without blaming families concerned):- 'even in cases where the family members embrace the role enthusiastically, it cannot always be assumed that the care given to the elderly person is adequate or appropriate for their needs'. Kendig (1986:9) notes that while families can provide meaning in an otherwise devalued context, 'inadequate pensions and services can enforce a family dependency which undermines the affective and affirmative qualities of personal bonds'.

Ageist, Sexist Social Processes and Service Provision

The devalued position of elderly people in general in western society, the rhetoric of community care and its contradictions, cannot be separated from the ideology which support these policy moves. They are reflected in the way in which service delivery is structured and in the way in which human relationships are constructed around the day-to-day exchanges that occur between elderly people and social care staff. Both professionals in the health and welfare fields and citizens in the community carry, to some extent, ageist and sexist attitudes. This can have a profound effect on men and women in old age in terms of the different gender expectations of older men and women and the services they receive (Finch and Groves 1985).

For elderly people the consequences of being viewed as a burden, the losses which can occur as one ages (occupation, youth, home, physical ability) can be devastating in a world which values productivity, youthfulness and independence. Valued social roles diminish as few options open to generate new ones and continue old ones. Both older men and women will be disadvantaged through ageism, but for women their devalued position as a female can make old age doubly devastating (Finch and Groves 1985; Sontag 1972; Harrison 1983).

Individuals are shaped by the social processes that flow from dominant ideology, and they both internalise and resist these processes. The values and beliefs of ideology are deeply embedded in the culture of the society so that cultural practices such as language, rituals, customs are not merely a reflection of class or sex position; rather, as Lees (1986:159) maintains in her excellent analysis of teenage sexual relations, culture, particularly language, is the material practice which structures the experience of sexual power. With regard to aged people in western society, similarly, attitudes and beliefs about ageing are so deeply embedded in the culture that most practices are unquestioned and seen as 'right' and 'natural'. Thus for example, the ageist practice of calling elderly people 'dear', 'love', 'gran', or referring to elderly women as 'biddies', 'hags', 'crones', and elderly men as 'codgers' (Nuessel 1984:4) is not just a reflection of devalued status, it is the practice of the oppression of elderly people.

Within this social and cultural matrix older men and women may approach 'community care' with contradictory feelings in relation to their subjective views of themselves as portrayed by society and the process of receiving help. Contradictions can arise around:- being viewed as a burden rather than an asset yet being expected to ask for help and accept services; for women, being socialised as 'other centred', yet being expected to receive help from a predominantly female caring group, often with little opportunity to reciprocate.

Day and Harley (1985) writing from within the Australian context, looked at issues of care from the perspective of older women with the goal of highlighting government policy issues which could be more sensitive and responsive to the needs of older women. This study provides a wide range of detailed recommendations around the kinds of support older women feel they need to be able to live independently in the community, and raises questions of:- 'how much older women rely on outside help, what they know about services available in their community, and how acceptable these services are to them. When can families help, and when are they not accessible? Do older

women believe that community care for the aged is geared to enable them to live in the kinds of arrangements they prefer' (Day and Harley 1985:4).

Day and Harley's (1985) research reveals a number of themes which highlight the links between broader social processes which place older women in a devalued position: the struggle to maintain dignity and self worth may prevent older women from asking for help; keeping busy and masking one's needs so as not to be a 'burden' on family; use of services was limited by lack of knowledge and the view 'that services were only for those in extreme need'. Satisfaction with services was 'related to the degree to which they took for granted their right to control the delivery of the service.' (1985:26,27). Day and Harley's research and Evers' research (1985) showed that those women who had participated in meaningful work outside of the home during their lifetimes experienced a sense of good self esteem and a sense of control in old age. Self esteem and a sense of autonomy and control are important factors in enabling people to make demands on services which are appropriate to their needs. The need to have a means of voicing dissatisfaction with services is again problematic, as many older women are socialised to accept their lot rather than complain. Again, older women socialised to care for others and to take care of themselves found needing and using services of others uncomfortable and self negating. These issues, regarding women's subjective views of themselves and the impact this has on their use of services, need to be considered in the organisational and human relationship aspects of service delivery, in all services for elderly people.

Summary

Social policy for aged people reflects dominant ideologies supporting capitalism and patriarchy. Pervasive social processes such as ageism, perpetuate negative views of old age as a time of decline and relative uselessness which enables society's members to rationalise a less-than-just allocation of services to elderly people and their marginalisation within society. Such attitudes become deeply embedded in the culture of the society and can be perpetuated by helping professionals and carers both consciously and unconsciously.

Participatory Research Project

Policy intentions to promote non-restrictive alternatives for elderly people, to enhance their status and autonomy and independent functioning, are difficult to put into practice. Numerous constraints in the form of dominant ideologies and sexist and ageist attitudes permeate the human relationship aspects of social policy in which the processes of service delivery take place. The experience of a participatory research project is presented here to highlight some constraints in translating policy into practice and the approaches to practice which are potent in breaking down these constraints and barriers. In order to cover the key features of the project, firstly the entry into the service and methodology used will be covered briefly. Particular attention will then be given to the main issues arising from the research: care, control and dependency issues as exemplified in decision making and communication patterns; and ageist and sexist stereotyping. This will be followed by an exploration of the change process and its implications for practice.

Entry into the Service and Methodology

Entry into the residential setting which for the purposes of confidentiality will be called 'Old Home' (reflecting its actual ageist label) was gained through negotiations with the Matron to allow a social work student unit to operate there. The mutual understanding at this time was that the unit would develop social work practice within the setting, exploring needs and implementing interventions. Reviews of the progress and impact of the unit were to be made with the Matron at regular intervals to evaluate the services provided. There is no employed social worker and no formal arrangements exist for the permanency of the unit or its function as a legitimate force within the Home. Continuation of the unit depends on the credibility of the social work students and their input into human relationships within the Home.

Approximately six months was spent in establishing credibility through a variety of interventions designed to humanise the residents' environment and given residents more control over their lives. The question was raised by Matron of the validity and value of the social programs within the Home, based on remotivation and reality orientation principles (Ward, Jackson, Camp 1973). This was already an issue assessed by the social work unit as requiring further exploration. The formal organisation, the Australian Remotivation Organisation, who provide training in this area, were approached regarding research into the effectiveness of their remotivation theory as practised in a residential setting. They agreed to the research proposal, as did the Matron of 'Old Home'.

The research team (Student Supervisor, Research Assistant and social work students) approached the residential community with a view to examining the social system within the Home: the relationships and social programs, from the viewpoint of residents, staff and relatives. There was emphasis on involving all these groups in taking action on the issues arising from the research. It was envisaged that this process would allow the research to be of value to the people concerned in terms of their owning the information and acting upon it. Participatory research methods were employed as these emphasised the collective and participatory involvement of all those directly concerned (Watson 1982:15). The research process thus included participant observation, individual and group interviews, residents', staff and relatives' meetings in a circular mode of identifying issues; exploring issues; acting on issues; evaluating action; further identifying issues; exploring, acting, etc.

Characteristics of Human Relationships within the Home and the Processes of 'Care'

Care, Control and Dependency Issues

The complex itself consists of independent units, bed-sitter, hostel, and nursing home accommodation [typology semi-complex (Willcocks, Peace and Kellaher 1987) consisting of two or more blocks, joined, with circuit-through routes]. The resident mix comprises 92 per cent females and 8 per cent males, ranging in ages from 66 years to 98 years. Forty-four residents receive personal care, 29 receive extended care, and approximately 12 are

considered to be suffering from dementia-related disorders. Staff include a mix of registered nurses, enrolled nurses, personal care assistants, kitchen, domestic and gardening staff.

The institution mirrored societal hierarchical structures with the ultimate responsibility for the care of residents belonging to the Matron. This was clearly borne out in the pattern of decision-making and communication. The communication patterns had strong medical overtones - Matron to staff communicated through 'report' time: a ten minute session focusing on exchange of medical information regarding residents. Communication regarding any decisions to be made, ranging from medical emergencies to relatives' enquiries as to what colour slippers they should purchase for a resident were channelled through the Matron. This raises a crucial issue of the conflicts of care and containment (Willcocks, Peace and Kellaher 1987:13). How can care be nurturing and enhancing rather than restricting? Paradoxically, through the Matron's good intentions to be a 'people' person rather than a 'figures and books' person; through encouraging residents to come to her with all their worries and complaints, she had established a pattern of communication which discouraged residents and staff from making decisions and discouraged resident-to-resident and resident-to-staff problem solving of conflicts. The residents call her 'Mother' which reflects her caring role as well as her control role.

One of the features of communication patterns at Old Home was the avoidance of direct confrontation of conflict - the preferred method being 'talking behind people's backs' or if absolutely necessary reporting incidents to Matron for her resolution of them. Indeed, one of the striking features of resident, individual, and group interviews was the reluctance of residents to complain: 'I was brought up not to complain, dear' was a common response.

Here socialisation patterns from the era of the resident's childhood based on gender expectations are of importance - Job (1984:52) comments on this in her research of elderly men and women living in the community. She describes the socialisation of females in the era of her respondents' childhoods as being characterised by discouragement from taking risks; encouragement to shrink from challenge and to accept the protective authority of others; encouragement to be thoroughly versed in the domestic arts and skilled in maintaining networks of relationships. Boys, however, were socialised to engage in problem-solving confrontation, but were not expected to take responsibility for network maintenance.

Within an institutional setting, these patterns of communication serve the purpose of formalising a means of caring which protects the administrator of the Home and the Matron from possible charges of neglect - if the Matron assumes responsibility for knowing the residents well, deciding what is best for them, and erring on the side of caution in those decisions, the care component is safeguarded from possible 'risky' decisions and becomes a form of control. The implications for residents is the message they are not the best person to make decisions about their lives - a diminishing of their autonomy and independence. Of course, residents are protected by hierarchical control of decision making and communication in that they are relieved of the pressure of having to deal with conflict on a day-to-day basis with people with whom they are constantly in close contact. It is difficult to confront those with whom you will be facing on a daily basis, for example, sharing meals, activities and physical space; it becomes a

protective mechanism to avoid complaining and 'keep the peace', as many residents have noted: 'it's not worth falling out with others - we have to live together.' Gradually, avoidance of conflict reduces social skills in this area, diminishes self esteem and may threaten mental health.

Thus the Matron is placed in a difficult position of indeed being held responsible for the safety and well-being of residents while at the same time being charged with individualising and enhancing their independence. Erring on the side of overprotectiveness is one response, fostered by societal beliefs and values, expressed in ageism and sexism, the hierarchical nursing traditions, and maintenance of order in the institutional regime: 'Though the ideal of independence is put about, the practice cannot be encouraged since too many independent activities would disrupt the routines through which care is delivered' (Willcocks, Peace, Kellaher 1987:50). The impact of this response is expressed by one resident in commenting on questions about staff-resident relationships.

Staff are excellent in general. Residents are probed along. You get up in the morning, have a bath and breakfast - nothing's perfect. Care? The (staff) don't appear not to care. No, I wouldn't like to comment on that. They do a good job in scrubbing them (the residents) and cleaning them and turning them out fit for breakfast.

Residents' relationships also reflect hierarchical power arrangements in their discrimination against one another. Control exerted by those who held the few valued social roles at 'Old Home' was exerted over other residents who were seen as physically less competent. At the bottom of the hierarchy were those suffering from dementia-related disorders - their views, opinions and even rights to participate in life in the Home were questioned by the majority of residents and some staff.

Ageist and Sexist Stereotyping

Staff and resident interaction reflected pervasive societal negative stereotypes of sexism and ageism. Some staff saw older single women as selfish and demanding, unlike their married counterparts who had learnt to share. On one occasion a staff member expressed shock at a female resident's outburst of anger and use of a mild expletive over a chronic disabling medical problem - 'Why Mrs. Jones, I thought you were a lady!'. Staff commonly refer to one section of the Nursing Home, where the most dependent residents live, as 'Babies Wing'.

Staff are mainly unconscious of their infantilising sexist and ageist attitudes, and see themselves as acting out of care and concern for residents, which in most part is extremely genuine. However, interactions such as the following indicate the insidious messages implicit in these unconscious attitudes:

Mrs. Jones:	What are you doing?
Staff person:	Just cleaning this spot off, darling. You must have missed your mouth at lunch time. What did you do with your cardigan?

Mrs. Jones: I took it off.
 Staff Person: Did you just throw it on the bed?
 Mrs. Jones: Yes.
 Staff Person: That's naughty! You should have put it in your wardrobe so it will be nice for tomorrow.

Women gave poignant expression to their experience of subordination as in this example: 'It's the men here that I feel sorry for, dear; we women are used to being tied up; we've had it all our lives.'

Harrison (1983:215) reminds us that while many women internalise these negative stereotypes and see themselves as subordinate and powerless - studies on this issue have much to gain in also examining the way in which women resist this stereotype. The personal resistance which Harrison contends 'does little to alter the ideology which denies elderly women social, economic and political power' can however be a starting point for consciousness-raising and focusing of older women's energy in change strategies. At 'Old Home' many instances of resistance can be observed - the women labelled as uncooperative, peculiar, selfish, pushy, could from a feminist perspective equally be seen to be holding on to their individuality, demanding their rights and determining their own lives in their own ways. The price for non conformity can be high: alienation from staff and other residents; subtle forms of retaliation. As one staff openly stated: 'they (residents) are in your control and have to take what you dish out'. Conformity is regarded and encouraged as in this example when a resident was allocated a larger room: 'Mrs Jones will have the best room; I've never heard her complain once.'

The conscious and unconscious ageist and sexist attitudes of the carers, the internalisation and resistance of these by residents, the power structures which emerge among Board-Matron, Matron-staff-residents, and among residents themselves can be understood in terms of the broad economic, cultural and social organisation of both capitalism and patriarchy. They have implications for aged people, the services they receive, and the way in which services are provided.

Day and Harley (1985) found that gender assumptions influence women's perceptions of their rights to services, their subjective feelings about using services and their feelings about making complaints. In both residential and community services, one can predict that both carers and consumers will bring their subjective feelings about ageing, conditioned by negative social stereotyping to bear on translating policy into practice. If social work is about countering discrimination in all its forms while (and by) affirming human worth and dignity, which I believe it is, then social workers will need an understanding of ageing which can analyse the social construction of ageing, the processes of oppression and marginalisation (mainly ageism and sexism) arising out of capitalist and patriarchal bases of society and the cultural patterns related to these. The process of countering these forces will need to include practice which can 'de-condition older people about their own limitations' (Phillipson 1982:113) and aid 'developmental ageing' (Job 1982).

The Change Process

Harrison's (1983) work provided a useful framework for change strategies based on consciousness-raising principles. Essentially the change process consisted of raising awareness in the Home around the issues of the way in which power was expressed in communication patterns, decision making, and 'taken for granted' social practices. Through verbal interaction with the players in the system - individually, in small groups and collectively, at large meetings, the research team focused on sharing their understanding of these issues with the players and inviting shared exploration of the issues. In this way previously unexpressed aspects of interaction were made explicit and opened up for discussion, enabling the actors to develop a different awareness of how their social world operated. Staff, relatives and residents began to take action to change some aspects of their physical and social world.

Attitude and Material Changes

Attitude Changes

In reality, attitude and material changes were interconnected. However, attitude changes appeared to be the catalyst for material change. Residents were encouraged to see the links between their individual experience and wider social processes within the institution. For example, a resident who commented that she was upset at being criticised for not wanting to attend a remotivation group was responded to with the suggestion that it may be difficult for her to 'be different' in the Home. This would be followed by exploration of some of the implicit messages about individuality and difference in the institutional setting.

Women were encouraged to speak out at meetings if they had complaints, to express anger more openly, and to feel more comfortable with the notion of having a right to ask for what they wanted. This process was characterised by small gains and much resistance from a number of residents, relatives and staff, as the following example indicates.

A meeting between residents (thirty attended) and the research team was arranged so that issues for action arising from the research could be discussed. The main issue raised was the provision of choice in activities. Four residents who are physically active and who occupy the few valued social roles at the Home dominated the discussion. The four residents spoke on behalf of the others - 'We are all old here - we need our rest ... I don't personally - but the others do ... If we have a choice in activities then we won't be one big happy family - we will be divided against one another.' When others were invited to respond, they did so, at first tentatively and then with indignation - they were not too tired for activities, one resident emphasised 'we are all different'. The need for choice in activities was welcomed, and the need for practice in **saying no** rather than attending activities to please others was recognised.

At this meeting, hostility and disagreement resulting from a few residents' feeling that their control was threatened by others becoming more active and involved was welcomed by the research team and dealt with openly. The

research team by being open to criticism and allowing anger to emerge gave encouragement by example and verbally to other residents to state their feelings and opinions. Residents' meetings have continued to play an important part in providing a structure for expression of complaints, concerns and ideas for change.

Individual and group meetings with staff followed similar patterns in encouraging staff to talk about their control mechanisms of residents, the frustrations in their work, and the changes they could envisage both in their behaviour towards residents and in the institutional practices. Staff spoke openly about the 'invitation' to take control of residents' lives, especially in the Nursing Home where residents are physically dependent and vulnerable. One staff member spoke of 'forgetting' or 'taking longer' to do the small tasks that can make the difference between comfort and discomfort for a resident who was perceived as difficult and demanding. Raising awareness of these issues and acknowledging that they exist was a step in the process of staff taking action to reduce their control and power over residents' lives. Normalisation theory (now social role valorisation) (Wolfensberger 1972) was useful in understanding the long term process of changing attitudes and oppressive practices.

Material Changes

Raising awareness of issues has had a myriad of effects on interaction and physical changes. For example, when staff were left a sum of money by a grateful relative for medical equipment - this was voted for use to develop an outdoor area for nursing home residents who rarely went outdoors. The outdoor area has been used regularly, with noticeable positive effects on the nursing home residents. This has also provided a common ground for Hostel residents to interact with these hitherto 'hidden' residents, breaking down barriers of fear regarding the image of nursing home residents. Use of the outdoor area was a major issue raised in the research process.

Small changes which at first glance seem insignificant have occurred. For example, the use of a board to list daily activities has provided residents with more autonomy and control over planning their day. Previously residents would not know what activities were 'on' each day until they were announced over the intercom system. Other practices such as increased involvement of residents in food preparation, current affairs discussion, craft skills exchanges, a women's discussion and assertiveness training group have allowed residents to continue valued social roles, and also develop new skills and roles.

Most significantly, staff interest in training has been heightened, with a series of sessions regarding normalisation concepts and attendance of key staff at a recent 'normalisation' workshop. The notion of some residents possibly leaving the institution to live in the community with support has been raised as a desirable goal, whereas previously the rehabilitative functions of the Home had not been considered. Further staff training and staff meetings are planned for furthering ideas and action around quality of life issues. Changes in institutional practices and policy are slowly becoming a reality as residents more confidently and consistently assert their rights and staff feel less threatened by 'letting go' old practices revolving around maintenance of power and control.

Policy and Practice

Practice with elderly people in this setting has focused on the human relationships aspect of policy. The intent of policy, for example, providing community care services so that elderly people can live in the community implies that the lives of elderly people would be enhanced through this policy. However, policy intentions to promote increased quality of life through community support service may simply reinforce the status quo if it is not sensitive to the complexities of relationships, attitudes and values in which service provision takes place. It must also be sensitive to the ongoing feedback which consumers can provide regarding the usefulness of services and be flexible in changing policy to accommodate this feedback.

In developing an analysis of the structural disadvantage experienced by elderly people, those engaged in working with older people can break the pattern of services which reflect 'a gesture from a benign and generous society for which each old person should be grateful and uncomplaining' (Bowl 1986:138). While consciousness raising alone will not bring about changes in structural inequality, 'a feminist analysis recognises the importance of using subjective, personal experiences as the basis from which wider-scale action will develop' (Harrison 1983:231). Through recognising commonalities of experience, older women may form coalitions to take collective action regarding particular issues such as securing choice and control in the delivery of services, and broader social justice issues such as pension benefit levels and retirement policy.

Older women in particular can gain from affirming relationships with other women, and heightened awareness of social processes. They are then in a better position to demand choices in the types of services they need, making complaints when necessary, and using assertive skills when required. Older men may need to develop hitherto underdeveloped skills of network maintenance, household work, and the right to express the full range of emotions without being labelled 'unmanly'. Carers in the community, in residential services, both professional and non professional, need to be committed to acknowledging and diminishing their own ageist and sexist attitudes.

Financial commitment needs to be made to developing training programs for all carers, using educational processes which would allow 'taken for granted' practices to be explored, challenged and changed in an atmosphere of trust and commitment. Guidelines and standards of care are important in policy directives; however, the change processes necessary to shift deeply held beliefs and practices in human interaction must be recognised as vital aspects of the policy-practice dimension.

Creative approaches to practice must become the norm:- for example, establishing skills/learning exchanges; neighbourhood groups of older women to identify local unmet needs; developing links between networks of older and younger women for joint action (Phillipson 1982:114); creative approaches to housing, for example the flatlet concept (Willcocks, Peace, Kellaher 1987); shared housing (McDermott 1984); innovative use of existing housing (Priestnall 1984) urgently requires further exploration to enhance choice and options in old age. Rathbone-McCuan (1984:39) adds that social workers need skills in building social and legislative action coalitions and using mass media sources for community education and outreach.

The Office for the Aged have committed themselves to 'assist the Government in the elimination of discrimination in Government practices, programs and services for the aged' (1986) as one of their stated goals. I see this as a priority for social workers, health professionals and social carers engaged in working with elderly people in any setting, in both the public and voluntary sector. Aged policy must include attention to service delivery both in terms of organisation and processes, and be concerned to promote practices which are creative, anti-discriminatory, and free of ageist and sexist stereotyping. The approaches to practice touched upon here are some of the varied ways in which social policy intentions can be realised 'on the ground'.

Conclusion

In working towards social justice in society, social work intervention must take place at many levels in the social, economic and political systems of society. This paper is concerned with the direct aspects of service delivery which flows from social policy. It argues for innovative approaches to work with elderly people, particularly elderly women, who comprise the majority of the aged in the older age cohorts. The use of feminist approaches to analysis - the 'personal is political' enquiry and feminist approaches to practice can be extremely powerful in countering ageism and sexism, and thus enhancing the lives of elderly women in both community and residential settings, either in the public or voluntary sector.

Incremental change can, I believe, be part of a long term process in changing social structures. Changing our own and elderly citizens' views of ageing to recognise how ageing is socially constructed can challenge dominant ideology that perpetuates negative view of ageing and open up possibilities for a very different experience of old age. It is not easy to envisage what a world might look like, in which elderly people were valued and accorded full human rights and equality in access to societal resources. We are hampered by the limited frameworks of our society and culture and clearly we need to step out of the confines of these frameworks and grapple with innovative ideas. Wearing (1986:52) makes a powerful point which for me gives direction and hope for 'delivering the goods'. She says,

Social workers who recognise the impact of both class and gender on their own lives as well as on the lives of their predominantly female clients will be in a position to develop strategies which challenge in the short term, the ideologies that keep women in subordinate, dependent situations and in the longer term, the interpersonal and structural bases for such ideologies.

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