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CHILD CARE FOR THE 1990s

BY RUSSELL ROSS

The last decade has seen a number of major changes in the funding and availability of child care in Australia. Successive Commonwealth Governments have implemented a range of new initiatives primarily designed to expand the availability of child care. In addition, most State Governments have substantially revised their regulations governing the operations of child care centres.

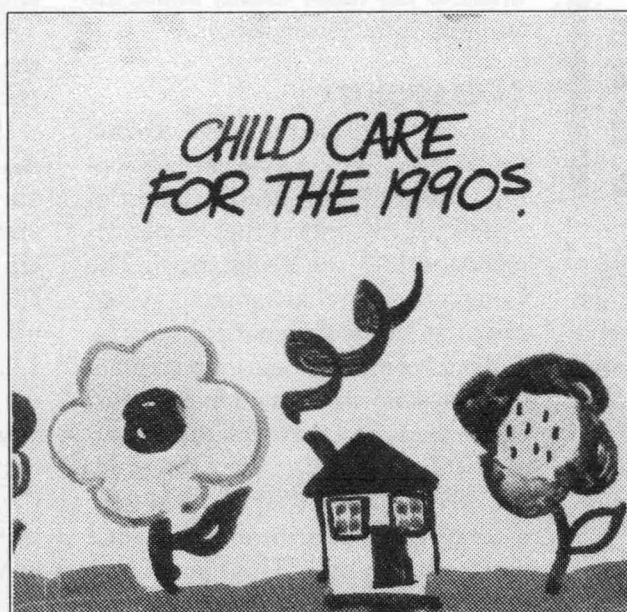
These regulations determine the minimum standards of care which are deemed acceptable within each state. The regulations cover matters as diverse as physical size of both indoor and outdoor ground space, staff:children ratios, provision of meals and other refreshments, and appropriate qualifications for staff. These regulations vary considerably from state-to-state; a comprehensive and excellent guide to the various state regulations is Huntsman (1989).

A GROWING DEMAND

The changes made by the Commonwealth and State Governments have been in response to the growing demand for child care services, both for pre-school aged children and for primary school aged children. The major reason for the increased demand for child care places has been the rapid growth in the number of working parents who have children under the age of twelve. By 1990, almost 40% of sole parents were employed, and both parents worked in slightly over 50% of all two parent families. For an overview of

the changing work patterns of parents, see Maas (1990).

This paper discusses some of the changes which are occurring in the provision of child care and analyses the likely patterns of provision over the next few years. For readers unfamiliar



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with child care, the next few paragraphs describe some of the terminology commonly used in the child care field. The remainder of this paper addresses some of the central issues facing the provision of child care. These include accessibility, affordability, quality of care, and who benefits from child care.

DEFINITION OF TERMS

The phrase 'child care' covers all situations, excepting attendance at school, in which a child under the age of twelve is cared for by someone other than one of the child's parents or guardian. Child care can be formal or informal.

Formal care includes all child care arrangements in which the care is provided in a centre-based environment or through a family day care scheme.

Informal care is that care which is provided in circumstances which is not formal care.

Centre-based formal child care is provided either at pre-schools (also known as kindergartens in some states), long day care centres (including creches), vacation care centres or occasional care centres. The first two – pre-schools and long day care centres – are the most common forms of formal child care.

The main distinction between the two major forms of

Continued Page 2 ►

CONTENTS

- FROM THE DIRECTOR
- FROM THE PROJECTS
- NEW PUBLICATIONS PLUS ORDER FORM
- BOOK REVIEW - THE THREE WORLD OF WELFARE CAPITALISM
- NATIONAL SOCIAL POLICY CONFERENCE

Child Care

centre-based child care is in their hours of operation. Pre-schools typically operate the same hours as primary schools, i.e. 9 to 5, Monday to Friday, and are not open during school vacations. In

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contrast, long day care centres typically are open more hours per day and more weeks per year; e.g. up to twelve hours a day Monday to Friday for around forty-eight weeks per year. Some long day centres provide child care for extended hours, i.e. evenings or weekends, but this is more the exception than the rule.

The other two forms of formal centre-based care – vacation care and occasional care – are more specialised services, as their names suggest.

Vacation care is provided only during primary school vacations and is targeted to primary school children.

Occasional care is provided to non-working parents who require child care on an occasional and/or irregular basis, e.g. for only a few hours per week.

There is a wide range of models of centre-based formal child care provision. The major types are community-based care, commercial care, and employer-provided care.

Community-based care is provided on a not-for-profit basis by community groups who operate within guidelines which enable them to receive several forms of subsidies from the Commonwealth and State Governments.

Commercial care is provided by for-profit organisations who, while operat-

ing within state licensing regulations, are not eligible for any of the subsidies from the Commonwealth and State Governments.

Employer-provided care is a very recent form of care which is being developed by employers in response to difficulties encountered with retaining, or attracting, staff who are parents of young children. This care may be through direct provision (i.e. a dedicated child care centre at or near the work place) or more indirectly by assisting with entry to an existing child care service.

Home based formal child care, i.e. family day care schemes, provides care for a small number of children in the home of the carer, usually under the auspices of the local council.

ACCESSIBILITY

It is widely believed that the demand for child care services far exceeds supply. Lyons (1990) presents a host of figures which confirm that unmet demand for child care is substantial. The Commonwealth Government recognises that demand far outstrips supply, and has been implementing a program of expansion which is intended to increase the availability of places in Government-subsidised centres threefold. In 1984, around 70,000 children were attending Commonwealth-funded child care services. This figure is expected to rise to around 250,000 by 1992. Most of this increase is occurring through expansion in community-based centres, but a significant portion is also occurring through access to Commonwealth funds for centres which did not previously have such access.

AFFORDABILITY, OR WHO PAYS FOR CHILD CARE

In community-based centres, which is where most formal child care occurs, the costs of child care are paid for by a combination of parent fees and Commonwealth and State Government subsidies. Commercial care has traditionally been fully paid for by parent fees, although since January 1991 some Commonwealth assistance has been available to low income parents. Employer-provided care is a very new concept in Australia, and no generalisations can yet be made.

QUALITY OF CARE

Perhaps one of the most divisive issues of all is the appropriate quality of care which should be expected in child care services. Each state government is responsible for establishing regulations intended to set minimum levels of care within that state. This is done through setting standards which must be satisfied by a centre before it can be licensed to operate as a child care centre.

Probably the most crucial regulation in establishing the level of the quality of care is the staffing regulations. Research has established that quality of care is, among other things, determined by the staff:children ratios and the qualifications required of staff. There is considerable variation across the states as to what staff:children ratios are deemed appropriate.

For example, every state requires that there be at least one staff member on duty for every five children aged under two; in Victoria and the Northern Territory this ratio (1:5) actually applies to all children aged under three, while in Western Australia the ratio is 1:4. For children aged three and over, the ratios are more diverse. In New South Wales, Western Australia and the Northern Territory the ratio is 1:10 (i.e. one staff for every 10 children), while it is 1:11 in South Australia, 1:15 in Victoria, and 1:16 in Queensland.

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Further, the interstate variations in qualifications required of child care workers is considerable. These variations affect the costs of providing child care as staff salaries comprise around seventy-five per cent of all operating costs. Thus any reduction in staffing requirements will impact on weekly

costs, and therefore on the likely level of parent fees.

WHO BENEFITS FROM CHILD CARE?

Clearly, parents benefit from child care. Child care is not compulsory, and therefore parents would not demand and use child care if it wasn't to their advantage to do so. The benefit is, of course, the access to either a higher income from paid employment or the potential to minimise disruption to their career path.

It is becoming clear that the most rapid expansion in child care places over the next five years will occur in employer-assisted care

Employers benefit from child care by having access to a greater pool of potential employees, and by being able to retain staff and recruit staff they would have lost in the absence of child care.

Society also benefits from child care. A major benefit to society is the prevention of lost work skills. If employees are unable to continue working, their skills are lost to the economy and these skills may have depreciated greatly by the time they re-enter employment at some point in the future. Beggs and Chapman (1988) discusses these losses and estimates the costs to society of such skills depreciation. Society also benefits through multiplier effects. To the extent that the child care industry is expanding, the jobs created in child care centres are new jobs, jobs which wouldn't otherwise have been created.

Finally, but by no means least, there is a substantial body of research which indicates that children benefit from child care.

FUTURE DIRECTIONS

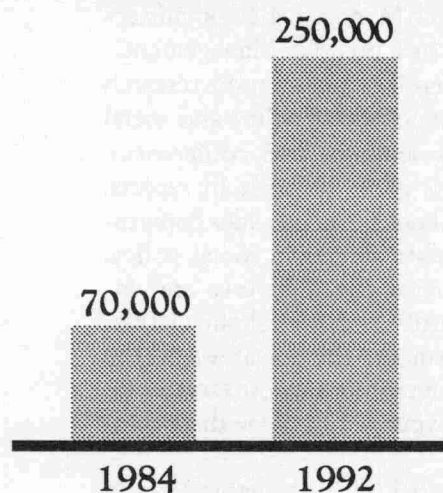
It is becoming clear that the most rapid expansion in child care places over the next five years will occur in employer-assisted care. Commonwealth budgetary considerations mean that the Com-

monwealth, although committed to affirmative action programs and equal employment opportunities programs, cannot be regarded as a bottomless bucket when it comes to funding.

The Government is clearly trying to encourage employers to take more responsibility for their employees' child care arrangements. It is doing this by providing detailed information on the mechanics of setting up and running a child care centre, by promoting discussion of the benefits employers can derive from child care, by making the Commonwealth fee relief scheme applicable to employer-provided centres, and through the Industry Initiative Scheme which provides direct financial assistance under certain circumstances.

Nevertheless, the main form of child care will continue to be centre-based, and I expect that this care will continue to be predominantly in centres run along the lines of the community model, i.e. centres which gear their operations and management structures in ways which ensure that the centre remains eligible for Commonwealth and State Government subsidies.

NUMBER OF CHILDREN ATTENDING COMMONWEALTH FUNDED CHILD CARE SERVICES



SUGGESTIONS FOR FURTHER READING

Australia, Department of Employment, Education and Training, (1990), *Child Care*, special edition of *Women and Work*, vol 12 (2).

Australia, Office for the Status of Women, Department of Prime Minis-

ter and Cabinet, (1989), *Child Care in the Work Place: A Cost Benefit Study of Employer-Provided Child Care*, AGPS: Canberra.

Australian Council of Social Services, (1988), *Child Care: A Background Paper*, ACOSS Paper No. 16, Sydney.

Anstie, R. et al, (1988), *Government Spending on Work-Related Child Care: Some Economic Issues*, Discussion Paper No. 191, Centre for Economic Policy Research, Australian National University, Canberra.

Beggs, J. and B. Chapman, (1988), *The Foregone Earnings of Child Rearing in Australia*, Discussion Paper No. 190, Centre for Economic Policy Research, Australian National University, Canberra.

Brennan, D. and C. O'Donnell, (1986), *Caring for Australia's Children. Political and Industrial Issues in Child Care*, Allen & Unwin: Sydney.

Huntsman, L., (1989), *A guide to regulations governing children's services in Australia: Centre-based care for pre-school aged children*, Community Child Care Co-operative: Sydney.

Lyons, M., (1989), 'Funding options for child care and their relation to social justice and quality issues', Background paper prepared for the research conference on *Funding Options for child care and their relation to social justice and quality issues*, Melbourne, 4-5 September.

Maas, F. (1990), 'The Changing Dynamics of the Australian Labour Market', invited paper to the *Workbased Child Care: Meeting the Challenge Gaining the Benefits Conference*, Melbourne, September.

Ross, R., (1990), 'Costs and Benefits of Workbased Child Care', invited paper to the *Workbased Child Care: Meeting the Challenge Gaining the Benefits Conference*, Melbourne, September.

Suggested Sources of Statistics on Child Care Arrangements:

Australian Bureau of Statistics, (1989a), *Child Care Arrangements, Australia*, 1987, Cat No. 4402.0, Canberra.

Australian Bureau of Statistics, (1989b), *Child Care Arrangements, Australia*, 1987, Cat No. 4414.0, Canberra.



The Social Policy Research Centre (originally the Social Welfare Research Centre) was established in January 1980 under an agreement between the University of New South Wales and the Commonwealth Government. The initial agreement, for a period of five years, was renewed in 1984 and, most recently, in 1989. In accordance with the agreement the Centre is operated by the University as an independent unit of the University.

The Director of the Centre is responsible to the Vice-Chancellor and receives assistance in formulating the Centre's research agenda from an Advisory Committee and a Research Management Committee. Under the most recent agreement the Centre was re-named, and the existing Advisory and Research Management Committees have been replaced by a Board of Management.

The Centre undertakes and sponsors research on important aspects of social policy and social welfare; it arranges seminars and conferences, publishes the results of its research in reports, journal articles and books, and provides opportunities for post-graduate studies in social policy. Current research areas cover poverty and inequality, social security and the labour market, taxation, unemployment, the social wage, the welfare state and community support services for the frail elderly and younger people with disabilities.

The views expressed in this Newsletter, as in any of the Centre's publications, do not represent any official position of the Centre. The Newsletter and all other SPRC Publications present the views and research findings of the individual authors with the aim of promoting the development of ideas and discussion about major concerns in social policy and social welfare.

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FROM THE DIRECTOR

S O C I A L P O L I C Y R E S E A R C H C E N T R E

Welcome to our new-look **Newsletter**. We actually did read all those questionnaires you filled in last year. We hope that the new shorter format will continue to provide the research news and social policy discussion you said you like, but present it more briefly and effectively. We are indebted to Melinda Hunt, Drew Tuckwell and Sean Kidney of Social Change Media for advice and professional design assistance. Do let us know what you think.

THE NATIONAL SOCIAL POLICY RESEARCH CONFERENCE

Planning for the second biennial SPRC National Social Policy Conference (see notice page 12) is now well advanced. The Call for Papers has revealed a vital and moreover vocal social policy community in Australia. More than 120 papers have been offered. We expect the Conference to be large and diverse. Information about invited speakers, the program, costs and venues is included in the brochure distributed with this Newsletter. Further copies and more information are available from Jennifer Young (02 697-5150, fax 02 398-9903).

STAFF

■ I am pleased to announce that Emeritus Professor Sol Encel has joined the Centre as Honorary Research Fellow. Professor Encel will be studying retirement and changing attitudes to work and the life cycle. His project is titled 'Older Workers, the Labour Market and Social Policy'.

■ The Study of Social and Economic Inequalities, a project jointly sponsored by the SPRC and the Centre for Applied Economic Research, has had a number of staff changes. Phil Raskall has joined the project as Senior Research Fellow. Phil is well known for his work on the distribution of wealth in Australia. Most recently he has been working as advisor to Senator Bruce Childs.

■ The first two research assistants on the project, David Pearl and Louise North, have left to take up other opportunities, David to join the Department of Foreign Affairs and Louise to study medicine. We wish them well in these new fields of endeavour. Joining the project in their stead are Robert Urquhart, previously engaged on Centre research in its program on the welfare state, and Judy McHutchison, most recently employed in research for the Research and Statistics Division of the Department of Corrective Services.

■ Peter Whiteford has gone to the Social Policy Research Unit at the University of York. He has taken three years' leave to do research on social security in the United Kingdom. Peter will be much missed by us all at the Centre but closer links with our kindred institution in Britain will provide some consolation for our loss.

■ Indeed the University of York is doubly favoured, for Peter Saunders will be spending part of his study leave there. He is working on a book on income distribution and redistribution in Australia. He will also be visiting Manchester University, Oxford University, Bath University and the European Institute in Florence before he returns in mid-June.

■ The Community Support Services team also has new members. Cathy Thomson is research assistant on the project studying Community Services and their Users. Cathy has replaced Clare Stapleton, who has gone to work at the Crippled Children's Society. Toni Payne has been welcomed back to the Centre after a long absence travelling in Australia and overseas. She is providing research assistance on the Evaluation of Community Options Projects.

■ We have temporarily exchanged secretary Jackie Comer for Gerry Ringham of the School of Advanced Urban Studies, University of Bristol, for a period of ten weeks. The value of programs of this kind, enabling staff to move between universities and between countries, goes well beyond the opportunities of individuals. They serve to share skills and broaden perspectives to the benefit of the organization as a whole. We are enjoying having Gerry with us and are learning from her too.

VISITORS

■ Professor Else Øyen, of the School of Health and Social Policy Studies, University of Bergen, has been visiting the Centre during February and March. Else is a longstanding friend of the Centre. On this visit she is working to develop a conceptual basis for comparative study of poverty across the developed and underdeveloped world.

■ Dr Iver Hornemann Møller visited the Centre during February. Senior Lecturer in the School of Business Studies at the University of Copenhagen, Iver is currently studying the genesis of the Scandinavian welfare state.

Finally, I want to thank two students who have made notable contributions to the Centre and the work of the Community Support Services team. Angelina Ng is shortly to complete a Social Work research placement. Sumathi Samiayah came as a volunteer seeking to give something of herself while gaining research experience. Both have become greatly valued by their colleagues, for the consistent quality of their work and for the ready good humour with which they have done it.

Sheila Shaver
Acting Director

FROM THE PROJECTS

S O C I A L P O L I C Y R E S E A R C H C E N T R E

The Feasibility of Benchmarks for the Home and Community Care Program

Since the establishment of the Home and Community Care Program (HACC) in 1985, the Australian Government has been committed to increase funding for the Program at a rate of 20% per year. However the absence of any clear planning guidelines concerning the likely extent to which the Program will have to grow in the future has been widely criticised.

Research found an alternative method was used to plan services overseas where payments for services actually provided to eligible recipients, matching funding directly to the needs of clients

In line with recommendations from the first Triennial Review of the HACC Program, completed in 1989, the Australian Department of Community Services and Health (DCSH) has been attempting to develop indicators matching need and service provision which could provide 'benchmarks' for the equitable development of the HACC Program throughout Australia. To determine the feasibility of using benchmarks a consultancy was undertaken in 1990 by the Social Policy Research Centre for the DCSH.

OVERSEAS METHODS EXAMINED

Michael Fine and Sara Graham, assisted by Professor Adrian Webb from

Loughborough University in the UK, examined the methods used overseas to plan community services. Benchmarks, it was found, had only a very limited application overseas. They had been formally developed in just three countries: the UK, New Zealand and the Netherlands. In the first two countries benchmarks have been abandoned, partly as their use proved to have a number of unintended and undesirable consequences in practice. In the Netherlands the use of benchmarks has also met with only limited success and there is currently a vigorous national debate

about alternative planning strategies. The research found an alternative method was commonly used to plan services overseas, for example in Scandinavia, Israel and some Canadian States. This approach involves payments for services actually provided to eligible recipients, matching funding directly to the needs of clients.

A report based on the research is to be published by the SPRC in the coming months. In addition, an annotated bibliography compiled by Lynn Sitsky will also be published in the SPRC Research Resource Series.

Community Services and Their Users

In a study of community support in practice, a group of 60 people with disabilities, the majority of whom are older people, are providing information about the assistance they receive and the problems they experience while attempting to remain living at home. Almost all require help with domestic tasks such as cooking, cleaning and shopping. About half the group also need assistance on a regular or continuous basis with one or more aspects of personal care, such as bathing, dressing, moving around the home or using the toilet.

HOME SUPPORT

When they were interviewed last year most stated clearly that they preferred to remain in their own homes as long as possible rather than seek admission to a nursing home or hostel. In a few instances people sought specialised resi-

The study appears to show that those without assistance from family members are most at risk of admission to long-term residential care

dential accommodation in a locally based hostel but this either was not available or they were placed on a waiting list. A small group are staying at home, then, not out of choice, but because there is no alternative.

Most of those at home were supported by family members. This help, provided by spouses, children (especially daughters), brothers and sisters and other relatives, was crucial to main-

Comparative Research on Gender and the Welfare State

Research is beginning on a new project comparing the gender profiles of the Australian, Canadian, American and British welfare states.

The project, titled 'The Gender Regimes of the Liberal Welfare States' is to be carried out by Sheila Shaver and Marilyn McHugh. They will be working in collaboration with two North American researchers, Ann Shola Orloff of the University of Wisconsin, USA and Julia S. O'Connor of McMaster University, Canada.

The project will develop comparative data for a group of countries having 'liberal' welfare states, i.e. offering relatively limited social protection designed to minimise interference with

market mechanisms. Though broadly similar in political culture, these countries differ in the way men, women and family units are treated in their welfare arrangements. The project will examine the consequences of these differences for the sexual division of labour at home and in paid work.

The research will be historical, with the analysis to focus most sharply on two time periods: the 1930s and 1940s when these welfare states took their 'modern' form, and the two decades since the emergence of the contemporary women's movement in the early 1970s.

An early paper from the research is to be presented at the National Social Policy Conference in July.



▲ Morning tea at a day-care centre

taining them there. However, a surprising number of individuals (about one in five) did not have a family carer. In a few instances these people were capable of looking after themselves most of the time without extensive help. For others help was provided by neighbours or friends or community services.

FORMAL SERVICES

The evidence from the first six months of the study appears to show that those without assistance from family members are most at risk of admission to long-term residential care. There were very few people who had intensive help from formal services. In most cases formal assistance in the home was available but was provided at such a low level of intensity that the work of the informal carers proved indispensable. A significant number of those who lived alone had been admitted to a nursing home or long stay hospital, indicating that the formal support arrangements were less than adequate, at least under some circumstances, to maintain people in their own homes.

ON-GOING FIELDWORK

The study is mainly concerned with the sorts of services provided through the Home and Community Care Program (HACC) which commenced in 1985. Michael Fine (co-ordinator), Sara Graham, Marilyn McHugh (1989-90) and Cathy Thomson (since January 1991) are conducting the research, over a three year period, in an urban area with a distinct regional identity which covers three local government areas and has a population of approximately 200,000 people.

Fieldwork for the study commenced in late 1989 when members of the research team accompanied assessment staff on their visits and met the research participants and their carers for the first time. The first round of follow-up interviews were held in mid-1990, research staff speaking to every participant and, where applicable, their main carer, the person upon whom they most depended. In some cases, usually concerning people with cognitive or behavioural problems, reliable information could not be collected from participants and was,

instead, supplied by the main carer. A second follow-up series of visits and interviews is being conducted in February and March this year.

LOCAL SERVICE PROVIDERS

A separate component of the study examines questions of service provision from the perspective of the local service providers. Interviews were also conducted in 1990 with the co-ordinators of the considerable number of formal domiciliary services in the locality, and additional data obtained on their operation. Research staff have also attended a wide range of local meetings and planning activities during the first year of the study.

The research is far from complete at present, and fieldwork is planned to continue for another two years. A brief outline of the research design, its aims and methods, was published in the Newsletter (Dec. 1989) at the commencement of fieldwork. We plan to publish a detailed report on the study's progress and findings to date later this year.

NEW PUBLICATIONS

S O C I A L P O L I C Y R E S E A R C H C E N T R E

Take-up of Family Income Supplement in 1986

A research note.
Discussion Paper No.29

BY PETER WHITEFORD
& JENNIFER DOYLE

February 1991

The issue of take-up of means-tested benefits is of long standing concern in social policy debates. This paper analyses take-up of Family Income Supplement (FIS) using the Australian Bureau of Statistics' 1986 Income Distribution Survey (IDS). Although FIS was replaced by the Family Allowance Supplement (FAS) in 1987, the IDS is the most recently available data source that can be used to estimate take-up levels and identify possible factors that may explain take-up of similar benefits.

This paper estimates take-up by comparing the number and characteristics of persons who said they were currently receiving FIS at the time of the survey with the number whose current income and family characteristics appeared to make them eligible for FIS. Although estimates of take-up are quite low and raise a number of concerns about the effectiveness of income-tested supplements in reaching the groups they are intended to assist, the main conclusion of the paper is that results using IDS data should only be regarded as approximations. It is suggested that an appropriate approach to understanding and analysing take-up of FAS in the future may involve a survey specially designed to monitor take-up.



Sole Parents and Public Policy

Reports and Proceedings No.89

EDITED BY PETER WHITEFORD

February 1991

The Conference, *Sole Parents and Public Policy*, was held in Sydney on 30 August 1990, during a period when considerable change in the circumstances of sole parents and their children is taking place. Some of these changes are outlined in the opening address given by Con Sciacca, M.P. They include changes in social security payments to sole parents, changes in tax treatment of their income, the introduction of measures to address the labour force, disadvantages faced by sole parents (who are mostly women), the introduction of a scheme to ensure that non-custodial parents contribute to the support of their children where they have the capacity, and a more flexible approach to housing. Some of these themes were taken up in the papers delivered at the conference.

SOLE PARENTS IN THE UK

A paper contributed by Jane Millar of the Centre for the Analysis of Social Policy at the University of Bath, UK, 'Lone-parent families in the UK: policy choices and restraints', reviews the circumstances of sole parents in Britain, with an eye to parallels and differences with their Australian counterparts. The paper describes these circumstances in terms of changing family patterns, maintenance and child support and employment patterns and possibilities. It also discusses the notion of dependency and the appropriate times to introduce measures which can alleviate some of the problems.

LONE AND MARRIED MOTHERS

Jane Millar touches on the similarities of the situations faced by lone and mar-

ried mothers. This theme is taken up in the next paper, 'The labour supply behaviour of sole mothers and married mothers in Australia: an overview', by Russell Ross and Peter Saunders. The authors present Australian evidence on the financial circumstances of single parent families (the majority of whom are headed by women) relative to other families with children, establishing the link between poverty and the labour force status of single mothers. The paper reviews recent labour market trends and presents some comparative data on the labour force status of mothers, single and married, suggesting that motherhood, rather than sole motherhood, is the factor most involved in labour market decisions.

LABOUR FORCE PARTICIPATION

Maureen Colledge is a member of the British Department of Social Security who wrote her paper, 'Workforce barriers for sole mothers', while on an exchange with the Australian Department of Social Security. Her paper explores the circumstances of Australian women with an awareness of comparisons with women in Britain and other OECD countries, presenting evidence about the incomes of sole parents and the labour force participation of sole and married mothers.

The paper examines the factors likely to affect the labour force participation of sole mothers in terms of the age of the mother and of her children, qualifications and skills, public income support, the poverty trap and effective marginal tax rates, child support, child care, labour market conditions, geographical location and time constraints. The effects of some of the policy changes which have been introduced in some of these areas are discussed.

Continued Page 9 ►

◀ Continued from Page 8

POLICY INSTRUMENTS EVALUATED

Two papers evaluating policy instruments intended to increase the incomes of sole parent families are included. Cathy Walters of the Social Policy Division of the Department of Social Security reports data from an interim evaluation of the Jobs Education and Training (JET) Program. She indicates some changes to the scheme to be introduced as a result of the evaluation. Margaret Harrison of the Australian Institute of Family Studies provides an account of the first phase of the Child Support Scheme evaluation being carried out by the Institute, examining in particular the impact of the maintenance income test.

NON-ENGLISH SPEAKING SOLE PARENTS

The economic, labour market and social circumstances of female sole parents of non-English speaking background in Australia are the subject of the paper by Bettina Cass, Marie Wilkinson and Anne Webb, 'Sole parents of non-English speaking background: opportunities for and barriers to labour force participation'. The focus of the paper is particularly on three migrant groups in Sydney: Vietnamese women, Turkish women and Spanish speaking women from South and Central American countries.

The paper presents information on their demographic circumstances, their labour force participation, their proficiency with the English language, and eligibility for receipt of income support. It also presents a discussion of the workforce barriers for these women. The data on which the paper is based come from interviews with 66 women, mostly in the Sydney Metropolitan region, carried out between November 1989 and July 1990. The comments of the women themselves serve to illuminate the questions posed throughout the conference papers.

PUBLICATIONS ORDER FORM

New SPRC Publications. The following SPRC publications are now available.

SPRC REPORTS AND PROCEEDINGS

No.89 Peter Whiteford (ed.) *Sole Parents and Public Policy*, (Proceedings of a Conference held in Sydney, 30 August 1990), February 1991, 93pp. \$8.00

SOCIAL POLICY RESEARCH CENTRE DISCUSSION PAPERS

(Only a limited number of Discussion Papers are printed and they are available at no charge on a first-come, first-served basis)

No.29 Peter Whiteford and Jennifer Doyle, *Take-up of Family Income Supplement in 1986 - A Research Note*, February 1991.

PUBLICATIONS LIST

You will notice that a publications list has not been included in this Newsletter and in future it will be available separately. If you wish to receive a copy, please place a tick in the box. ☐

FORWARDING DETAILS

To: Jennifer Young
Publications and Information Officer
Social Policy Research Centre
University of New South Wales
PO Box 1, KENSINGTON NSW 2033

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BOOK REVIEW

S O C I A L P O L I C Y R E S E A R C H C E N T R E

The Three Worlds of Welfare Capitalism

BY GÖSTA ESPING-ANDERSEN

Polity Press, 1990, 243pp.,
\$32.95

Reviewed by Sheila Shaver

The Three Worlds of Capitalism promises to reorient our thinking about the way welfare states have been formed, how they work, and the roles they play in economy and society. It has important implications for the way we are to understand the Australian welfare state and its reshaping in recent years, though these are not well understood in the book itself.

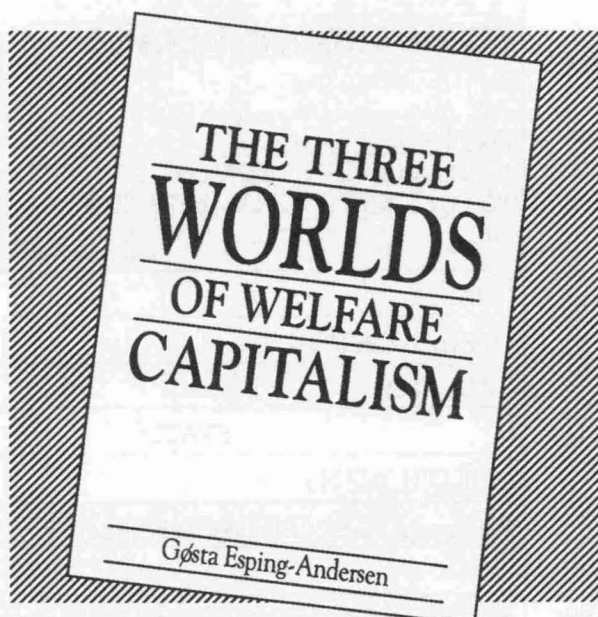
Until fairly recently the emergence, expansion and then contraction of the welfare state has been explained as the product of modernization (Wilensky, 1975) or of class politics (Shalev, 1983). The modernization thesis ascribes the development of income support, education, health care and personal services to the needs and tensions of economic growth and economic development. The class mobilization argument sees these as the

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fruit of class action through unions and labour parties. Comparative analysis has so far refused to settle the argument

one way or the other.

That the two models share a common weakness has been clear for a while now. Both have treated the development of the welfare state one dimensionally, largely as a matter of increasing social expenditure in relation to the economy as a whole. A further assumption, less explicitly acknowledged, is that behind the apparent diversity of



welfare arrangements in the advanced industrial states lies a common pattern of historical development. Put crudely, Australia, with low levels of welfare expenditure by international standards, flat-rate benefits and heavy reliance on means testing represents a primitive stage in the development of the welfare state. In principle, however, we could grow up to be like Sweden, model instance of the most advanced stage. That would result, according to the argument you favour, from the emergence of a much more productive economy or a sea change in the political identity of the Australian Labor Party.

Esping-Andersen argues that there are a number of fundamentally different kinds of welfare state. These are the

results of different patterns of historical development, giving rise to distinctive kinds of institutions and welfare arrangements. Esping-Andersen belongs to the social democratic school, and he sees the welfare state as shaped by class interests and conflicts. He suggests that different patterns have fundamentally different consequences for the way the welfare state treats workers and families. Welfare states serve to promote specific forms of social stratification, so that each type is associated with a particular pattern of income and status distribution.

Focusing on the advanced industrial nations of the OECD, the book identifies three key types of welfare state. Each type owes its particular character to a distinctive history of political alliances, and in consequence each integrates the interests of conflicting groups in a different way.

Australia is found in the group of 'liberal' welfare states, where it is in the company of the United States and Canada. 'In this type means-tested assistance, modest universal transfers, or modest social-

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insurance plans predominate. Benefits cater mainly to a clientele of low-income, usually working-class state

dependents' (p. 26). Like Titmuss' (1974) residual model, the 'liberal' welfare state is designed to preserve and protect the labour market and the traditional norms of the work ethic. Its

The 'social democratic' welfare states are distinguished by their commitment to universalism in benefits and to active full-employment through integrated economic and social policy

limits stem from its origins in the political initiatives of a weak and isolated working class. Its typical pattern of social stratification features a minority of individuals and families dependent on the state at the poverty line, and a better off majority whose status and incomes are defined by the market.

The 'corporatist' welfare state, as found for example in Austria, France and Germany, is fundamentally different. These provide high levels of protection to the whole population, and rely relatively little on private markets even to 'top up' protection for higher income groups. Political initiative behind their formation has come largely from conservative forces seeking social and political stability. The 'corporatist' welfare state maintains income differentials through arrangements such as strongly wage-related social insurance and separate schemes for different employment groups. Their conservative origins are further reflected in policies preserving the traditional family and sexual division of labour between men and women.

Esping-Andersen's third type is the 'social democratic' welfare state found in Scandinavia, archetypically Sweden. These are distinguished by their commitment to universalism in benefits and to active full-employment through integrated economic and social policy.

They combine a high standard of benefits defined by rights of citizenship with a degree of earnings-related inequality in benefit levels. These welfare states owe their development to social democratic alliances of the working and middle classes, and they are designed to maintain a high degree of equality.

The argument of the book is developed in several ways. The first part of the book presents a theoretical account of the political development of the three types of welfare state, and tests hypotheses drawn from it with statistical analysis from the OECD countries over the postwar period. I found the narrative convincing, the mathematical proofs a good deal less so. The last section of the book inverts the argument, comparing welfare states in terms of their effects shaping the transition from industrial to post-industrial economies and labour markets. Here the discussion is grounded in case studies of three individual countries. This last argument, in some respects the most adventurous, is nevertheless somewhat sketchy and undeveloped.

Esping-Anderson's approach gives new weight to the historical development of the economic institutions and welfare arrangements. These in turn shape the social policy possibilities of the present and the future

Esping-Andersen's book badly misunderstands Australia. An apparently instinctive hostility to means testing has blinded the author to the complex virtues of our arrangements. Yet its exposition of multiple forms of welfare state may lead us to ask more appropriate questions about our own past and future. Selectivity and targeting are increasingly significant, not only in Australia but in many countries. Francis

Castles (1991) has suggested that they may form the basis of a 'fourth world' of welfare capitalism. Given the centrality of means testing to its social security system, Australia would be the archetype of a welfare state maximising redistribution to low income groups. Maybe, maybe not.

The 'corporalist' welfare states provide high levels of protection to the whole population, and rely relatively little on private markets even to 'top up' protection for higher income groups

The number of types is less important than the move behind their counting. Esping-Andersen's approach gives new weight to the historical development of economic institutions and welfare arrangements. These in turn shape the social policy possibilities of the present and the future. The patterns that can be found in both are yet to be fully explained, but even now they point comparative discussion beyond the oversimplifications of primitive and advanced welfare states. Esping-Andersen may be wrong about Australia, but his book is illuminating for us nonetheless.

Gøsta Esping-Andersen will deliver the Keynote Address to the Centre's National Social Policy Conference in July (see notice elsewhere in the Newsletter). His paper will be titled 'Welfare States and Reorganisation of Working Life'.

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