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Social security and welfare

Commonwealth government social security services	187
Payments for the retired	187
Payments for people with disabilities and the sick	189
Disability Support Pension	189
Disability Wage Supplement	189
Carer Pension	190
Sickness Allowance	190
Mobility Allowance	191
Child Disability Allowance	191
Other payments	191
Payments for the unemployed	191
Payments for families with children	193
Basic Family Payment	193
Additional Family Payment	194
Sole Parent Pension	195
Jobs, Education and Training Program (JET)	196
Child Support Scheme	196
Double Orphan Pension	196
Provision for special circumstances	197
Special Benefit	197
Class 'B' Widow Pension	197
Bereavement Allowance	197
Drought Relief Payment	198
Farm Household Support Scheme	198
Disaster Relief Payment	198
Fringe benefits	198
Pharmaceutical Allowance	199
Bereavement payments	199
Rent Assistance	199
Other payments	200
Recent changes to social security arrangements	200
Home Child Care Allowance	200
Partner Allowance	200
Parenting Allowance	200
Widow Allowance	201
Wife Pension	201
Maternity Allowance	201
Other services of the Department of Social Security	201

Access and Equity	201
International agreements and payment of pensions abroad	202
Childcare Assistance	202
Financial Information Service	202
Community Research Project	202
Commonwealth Government assistance through Welfare organisations	203
Child care	203
Children's Service Program	203
Use of child care	204
People with a disability	205
Australian Hearing Services	206
Home and Community Care Program	207
People with a handicap	207
Caring in families	209
Principal carers	210
Caring for children	210
Residential care for aged people	212
Future directions	212
Hostel funding	213
Community based care	213
Domiciliary Nursing Care Benefit	214
Aged Care Assessment Program	214
Veterans' Affairs	214
Compensation Program	215
Compensation Sub-program	216
Income support Sub-Program	218
Housing Sub-program (Defence Service Homes Scheme)	219
Health program	220
Repatriation General Hospitals	221
Repatriation Auxiliary Hospitals (RAHs)	221
Artificial limbs and appliances	222
Vietnam Veterans Counselling Service	222
The Office of Australian War Graves	223
Household income and expenditure	223
Household income	223
Household expenditure	223
Household expenditure in 1993–94	223
Bibliography	225
Special Article—Poverty and Deprivation in Australia	226

Social security and welfare

Commonwealth government social security services

On 1 July 1947, with the passage of the *Social Services Consolidation Act 1947*, all Acts providing social service benefits were amalgamated into the *Social Security Act 1947*. This Act was repealed and replaced with the *Social Security Act 1991* which commenced on 1 July 1991.

The main social security payments provided by the Commonwealth under the 1991 Act for 1994–95 and the date on which each payment came into effect are listed below.

7.1 Social security payments

Type of payment	1993–94 (\$m)(a)	1994–95 (\$m)(a)	Date of operation
The retired			
Age Pension(b)	11 734	11 884	1 July 1909
People with disabilities & the sick			
Disability Support Pension(c)	4 338	4 525	12 November 1991
Rehabilitation Allowance(d)	2	1	1 March 1983
Sickness Allowance(e)	426	413	1 July 1945
Mobility Allowance	26	31	1 April 1983
Child Disability Allowance	160	185	15 November 1987
The unemployed			
Job Search Allowance(e)	3 654	3 389	1 July 1991
Newstart Allowance(e)	3 944	3 672	1 July 1991
Mature Age Allowance(f)	78	357	1 March 1994
Families with children			
Basic Family Payment	2 051	2 017	1 January 1993
Additional Family Payment	3 400	3 535	1 January 1993
Sole Parent Pension	2 525	2 552	1 March 1989
Double Orphan Pension	2	2	26 September 1973
Home Child Care Allowance	n.a.	618	29 September 1994
Provision for special circumstances			
Special Benefit(e)	245	224	1 July 1945
Bereavement Allowance(g)	1	1	1 March 1989
Widow Class 'B' Pension	531	481	30 June 1942
Widow Allowance	n.a.	32	1 January 1995

(a) Expenditure comprises the payment and any additional allowances paid to the client. (b) Includes Wife Pension (Age) and Carer Pension (Age). (c) Includes Wife Pension (Disability Support Pension) and Carer Pension (Disability Support Pension), and Carer Pension (Other). (d) Includes Wife Pension (Rehabilitation). (e) Includes Partner Allowance in 1994–95. (f) Includes Mature Age Partner Allowance. (g) Bereavement Allowance was called Widowed Person Allowance before 1 January 1995.

Source: Department of Social Security.

An outline, together with associated statistics, of each of the social security payments in effect throughout the 1994–95 financial year is given below. Details of major recent changes to social security payments are given in the section Recent Changes to Social Security Arrangements.

Payments for the retired

Age Pension is payable to men who are over 65 years of age and women who are over 60 years and six months of age and is usually subject to residence qualifications. If an age pensioner's wife is not qualified for an Age Pension herself then a Wife Pension is payable if she is an Australian resident.

Some changes to Age Pension and Wife Pension have commenced from July 1995. The Age Pension qualifying age for women is being gradually increased to 65 years of age by July 2013. Additionally, Wife Pension will be phased out as there will be no new grants of the payment from 1 July 1995. In January 1996 women being paid Wife Pension who were born after July 1955 will have their Wife Pension stopped and will need to apply for other payments in their own right.

Both Age Pension and Wife Pension are means-tested based on pensioner's income and assets.

Pensioners with dependent children receive Basic and Additional Family Payment subject to the maintenance income test where applicable. They are also eligible for pharmaceutical allowance, bereavement payments, rent assistance and fringe benefits such as the Pensioner Concession Card. Further details of such payments and benefits are given in later sections.

Age pensioners requiring small loans may use the Government-sponsored Home Equity Loans Scheme so they may access some of the savings tied up in their homes while keeping a sizeable proportion of the equity. Repayments

do not have to be made until the pensioner permanently vacates their home.

As part of a move towards greater flexibility and customisation in the payment of social security entitlements, pensioners and some allowees will, from 1 July 1996, be able to access lump sum advances of between \$250 and \$500 of their pension or allowance. These advances will be recovered in instalments over the next 13 fortnights.

The advances may be used to assist in meeting the living or capital expenses of the recipient or of his or her family members, for example whitegoods replacement, car repairs, or household maintenance. They are expected to be particularly attractive to people who find it difficult to access other sources of credit. Advances will only be made to recipients able to repay them without financial hardship.

People of age pension age who do not get an age pension because the value of their assets is over the means test limit, but who have income under the pension income test limit, can receive a Seniors' Health Card. This allows them concessional pharmaceuticals, hearing aids, dental health and optometry services.

7.2 Age pensioners

	June		
	1993	1994	1995
Age group (years)			
60-64	202 606	210 482	211 685
65-69	396 747	431 890	447 525
70-74	308 299	322 984	319 538
>74	608 030	616 518	599 950
Males	481 196	514 217	554 571
Females	1 034 486	1 067 657	1 034 127
Persons	1 515 682	1 581 874	1 578 698
Wife pensioners (Age)	33 520	36 539	39 611
Carer pensioners (Age)	6 507	7 441	8 324
Total payments financial year ending 30 June(a) (\$'000)	10 545 924	11 734 222	11 884 065

(a) Includes allowances, Rent Assistance, and Wife Pension (Age) and Carer Pension (Age) where applicable.

Source: Department of Social Security.

Payments for people with disabilities and the sick

Disability Support Pension

Disability Support Pension is paid to a person aged 16 or over who has a physical, intellectual or psychiatric impairment of at least 20% and who is assessed as being unable to work for at least 30 hours a week at full award wages, or be retrained for such work, for at least two years. Disability Support Pension cannot be granted to a person over the age of pension age, but those already receiving it when they reach that age and who do not meet the residency requirements for age pension, can continue. It is subject to residency qualifications. It is not taxable for people under age pension age.

Disability Support Pension for people over 21 is paid at the same rate as Age Pension and is subject to the same income and assets tests,

except for permanently blind recipients who are not subject to either the income or assets test. Junior rates apply to those under 21. These are in line with the rates paid to sickness allowees but with a supplement of up to \$69.50 a fortnight. Junior rates are not subject to parental income or assets tests.

Disability support pensioners, and people whose claims for Disability Support Pension are rejected, can seek help from disability panels to gain access to rehabilitation, training, labour market programs or labour force re-entry. Disability panels consist of officers from the Department of Social Security, the Commonwealth Employment Service and the Commonwealth Rehabilitation Service.

7.3 Disability support pensioners

	June		
	1993	1994	1995
Age group (years)			
16–19	8 622	9 402	10 295
20–39	91 660	98 549	105 889
40–59	214 588	234 355	254 258
> 59	91 702	93 928	93 988
Males	291 471	309 123	324 672
Females	115 101	127 111	139 758
Persons	406 572	436 234	464 430
Wife pensioners (DSP)	108 327	116 036	121 839
Carer pensioners (DSP)	15 045	9 450	10 633
Total payments financial year ending 30 June(a) (\$'000)	3 952 391	4 337 862	4 524 754

(a) Includes allowances, Rent Assistance, and Wife Pension (DSP) and Carer Pension (DSP) where applicable.

Source: Department of Social Security.

Disability Wage Supplement

Disability Wage Supplement is payable to persons meeting the normal qualifications for Disability Support Pension. The payment is made to participants in the Supported Wage System administered by the Department of Human Services and Health. This system

assists people with severe disabilities who are unable to work at full award wages to receive a pro rata wage based on their level of productivity. The rate of Disability Wage Supplement paid is subject to the pensions income and assets test.

Carer Pension

Carer Pension is payable to a person (the carer) providing constant care on a long-term basis to someone who has a severe disability or who is frail aged. The care recipient must be a social security pensioner or allowance or service pensioner or would be qualified for a social security or service pension but for the residence test. The carer must live in, or adjacent to, the home of the care recipient.

Carer pensioners are eligible for the Jobs, Education and Training (JET) Program and are able to participate in work, education or training for up to 10 hours per week. Carer Pension is paid at the same rate as the Age Pension and is subject to the same income and assets test arrangements. Recipients can also receive the same fringe benefits as those available to age pensioners.

From March 1996:

- Carer Pension will be extended to carers of non-pensioners provided the non-pensioner meets the minimum Basic Family Payment assets and income tests;
- Carer Pension will continue to be paid during a transitional period (14 weeks) following the admission of a care recipient to permanent institutional care;
- Carers and care receivers in the community who are forced to move because of the care needs will be treated the same as people who move into nursing homes, so that:

the former home of the care provider who moves in with the care recipient because of care needs, or vice versa, will be disregarded (for two years) under the assets test for assessing pension entitlements for either party; and

pensioners needing to leave their home to live with their carer will no longer have to wait 12 months to get Rent Assistance.

From July 1996, carers will not be required to live in the same or adjacent home of the care recipient to be eligible for Carer Pension provided the required level of care is being provided.

Sickness Allowance

Sickness Allowance is paid to people over school leaving age but below age pension age who are temporarily unable to work or meet the activity requirements for Job Search, Newstart or Youth Training Allowance, due to illness or injury. To be eligible, the person must have suffered a loss of income as a result of their temporary incapacity to work and be unable to do their own job or if unemployed work for more than eight hours a week. This excludes people on full sick pay.

Payment of Sickness Allowance is generally limited to 12 months, although it may be extended in limited circumstances. From March 1996 Sickness Allowance will only be paid to people who have a job to return to. Unemployed people who are ill or injured will have to claim or remain on Job Search Allowance, Newstart Allowance or Youth Training Allowance.

Sickness Allowance is paid at the same rate as Job Search Allowance, Newstart Allowance and Youth Training Allowance. Sickness allowees and incapacitated Job Search, Newstart and Youth Training allowees also receive pharmaceutical allowance of \$5.20 a fortnight. The rates for allowees with children and couples aged 21 and over are the same as for the Age Pension. The rate for single allowees without children is lower than the single rate of pension. A range of rates applies to allowees under 21. Sickness Allowance is subject to the allowance income and assets tests and some allowees under 18 are also subject to a parental income and assets test.

7.4 Sickness Allowance(a)

	1993	1994	1995
Age group (years)			
20 & under	3 299	3 490	3 547
21–34	16 261	16 342	16 340
35–54	20 528	18 939	21 516
55–59	3 190	3 421	3 400
>59	1 948	1 555	1 247
Males	30 878	30 422	30 317
Females	14 348	15 426	15 733
Persons	45 226	45 848	46 050
Total payments financial year ending 30 June(b) (\$'000)	370 181	426 354	413 234

(a) Representing the mid-point of the June quarter. (b) Includes additional allowances where applicable. Partner Allowance is included in 1995.

Source: Department of Social Security.

Mobility Allowance

Mobility Allowance is a non-means-tested payment to people aged 16 or more who have a disability which would prevent them using public transport without substantial assistance. It is payable to people engaged for at least eight hours a week in paid work, sheltered employment, voluntary work or vocational training or looking for work.

Mobility Allowance is not payable if a sales tax exemption has been received for a new motor vehicle purchased within the previous two years or where a person has received a vehicle from the Department of Veterans' Affairs. The rate of Mobility Allowance at September 1995 was \$52.40 a fortnight. Recipients have the option of receiving it in the form of a lump sum equivalent to six months' worth of fortnightly payments. At June 1995, approximately 22,300 people were receiving Mobility Allowance. Outlays in 1994–95 were \$30.5 million.

Child Disability Allowance

Child Disability Allowance may be paid to a parent or guardian of a child under 16 years or a full-time student aged 16 to 24 who lives in the family home and, because of a physical, intellectual or psychiatric disability, requires substantially more care and attention than would a child of the same age who did not have a disability.

Child Disability Allowance is not payable for a student who receives a social security pension or allowance in their own right, although disability-support pensioners aged under 21

may receive Youth Disability Supplement of the same amount. Child Disability Allowance is not subject to income or assets tests and the residency qualifications are the same as for Basic Family Payment.

At June 1995, Child Disability Allowance was paid for 87,123 children. Outlays in 1994–95 were \$185.1 million.

Other payments

Pensioners or allowees with dependent children receive Basic and Additional Family Payment, subject to the maintenance income test where applicable. They are also eligible for pharmaceutical allowance, bereavement payment, rent assistance, remote area allowance and telephone allowance where these apply. Those entering education or employment may also be eligible for special supplements or one-off payments.

Payments for the unemployed

Income support for the unemployed comprises two separate payments: Job Search Allowance for those who have been unemployed for less than 12 months and Newstart Allowance for those who have been unemployed for a year or more. To be eligible for Job Search or Newstart Allowances, a person must be unemployed and be capable and willing to undertake suitable paid work. A Job Search Allowance or Newstart Allowance recipient must also be registered with the Commonwealth Employment Service (CES), must be taking reasonable steps to obtain work and must not be unemployed due to industrial action.

Income support for the unemployed is linked to active job search and participation in labour market programs designed to encourage an early return to the work force. Job Search allowees who approach 12 months of being registered at the CES as unemployed must apply separately for the payment of Newstart Allowance if they still require income support. The payment of Newstart Allowance depends on the recipient entering into an activity agreement with the CES on Job Search, employment and/or training activities. The activity agreement sets out an agreed course of action designed to improve the recipient's job prospects and tailored to the needs of the client and the local labour market.

Recipients of Job Search Allowance or Newstart Allowance must be permanent residents of Australia. Eligibility is subject to an income test and an assets test.

Recipients of Job Search or Newstart Allowance may also be eligible for supplementary payments including additional payment for dependent children, guardian allowance, rent assistance or remote area allowance.

From September 1994 persons in receipt of a combination of Job Search or Newstart for 18 months qualify for assistance under the Job

Compact. The Job Compact, in simple terms, is an offer of assistance by the Government, including a job placement of 6 to 12 months (primarily in the private sector) to the long-term unemployed.

From 1 January 1995, Youth Training Allowance (YTA) replaced Job Search Allowance for under-18-year-olds as part of a wider Youth Training Initiative (YTI). YTI seeks to ensure that young people do not become long-term unemployed by providing access to entry level training, additional labour market program places and case management through the Commonwealth Employment Services (CES), commencing no later than 13 weeks after registration.

YTA is paid directly to young people at three AUSTUDY basic rates of payment ('at home', 'away from home', and 'independent/homeless'). The 'at home' and 'away from home' rates are subject to parental income and assets tests. The new arrangements did not affect young people receiving Job Search Allowance on 1 January 1995.

From September 1996, Job Search and Newstart Allowance will be amalgamated under a single payment called Newstart Allowance. This will be paid under similar conditions to those which exist under current legislation.

7.5 Job Search and Newstart Allowance(a)

	June		
	1993	1994	1995
Job Search Allowance			
Age group (years)			
20 & under	124 116	113 578	86 261
21-34	196 590	180 886	180 135
35-54	114 456	104 148	102 076
55-59	16 977	16 690	14 574
> 59	14 079	13 819	10 785
Males	320 231	288 376	268 257
Females	145 987	140 745	125 574
Persons	466 218	429 121	393 831

For footnotes see end of table.

...continued

7.5 Job Search and Newstart Allowance(a) — continued

	June		
	1993	1994	1995
Newstart Allowance			
Age group (years)			
20 & under	51 571	49 164	42 545
21–34	190 784	187 233	164 836
35–54	134 900	200 112	139 316
55–59	22 408	28 601	29 194
>59	23 685	6 332	3 937
Males	325 427	311 881	279 936
Females	97 921	107 596	99 892
Persons	423 348	419 477	379 828
Total payments financial year ending 30 June(b) (\$'000)	7 491 410	7 597 818	7 061 006

(a) Representing the mid-point of the June quarter. (b) Includes additional allowances where applicable. Partner Allowance is included in 1995.

Source: Department of Social Security.

Mature Age Allowance (MAA), was introduced in March 1994 as an interim measure to assist older long-term unemployed people aged 60 and over but below Age Pension age, who face particular disadvantage obtaining work in a tight labour market. The payment was introduced with a sunset clause of 30 June 1996 after which there were to be no new entrants. In the 1995–96 Budget, the Government decided to extend MAA permanently and to modify the payment to make it more appropriate to the circumstances of older people disadvantaged in the labour market. Under the new arrangements, MAA recipients will continue to be paid at pension rates and have access to the Pensioner Concession card. However, new grants of MAA from 1 July 1996 will be paid under the allowance income and assets tests rather than the pensions tests which currently apply. From 1 July 1996, the eligibility requirement for 12 months CES registration will be removed and all new entrants to MAA will be required to establish that they have no recent workforce experience. The requirement for 12 months prior receipt of income support will be reduced to 9 months for Job Search Allowance and Newstart Allowance recipients and removed for those transferring from non-activity tested payments such as Carer Pension. These changes will ensure ongoing income support free of activity testing for older men and women facing labour market disadvantage.

7.6 Mature Age Allowance clients

	June	
State/Territory	1994	1995
New South Wales	9 420	13 244
Victoria	7 192	10 664
Queensland	4 179	6 543
South Australia	2 980	3 796
Western Australia	1 948	2 983
Tasmania	1 068	1 482
Northern Territory	100	147
Australian Capital Territory	101	167
Total	27 528	39 026
Total payments financial year ending 30 June(a) (\$'000)	77 555	356 551

(a) Includes expenditure for Mature Age Partner Allowance.

Source: Department of Social Security.

Payments for families with children**Basic Family Payment**

Basic Family Payment is payable, subject to income and assets tests, to a person in respect of dependent children under 16 years or dependent full-time students aged 16 to 18 years who are not in receipt of a pension, benefit or allowance in their own right or a prescribed education scheme payment. From July 1996, all payments to students aged 16 and over will be consolidated in the AUSTUDY payment system and paid by the Department of Employment, Education and Training. An additional allowance, also

subject to income and assets tests, is payable in respect of multiple (three or more) births until the children turn 6 years.

Hardship provisions exist to assist those who do not meet the assets test but are in genuine hardship.

Payments are usually made to the mother and are indexed each January to maintain their real value. From 1 January 1996 Family Payment will be made available to the primary carer of the children irrespective of the gender of the carer.

Approved charitable, religious or government institutions are paid Family Payment for children in their care.

Generally, to be granted family payment, the person and the child must be in Australia and be Australian citizens, or have been given permission to remain in Australia permanently. At June 1995 there were 1,804,118 families receiving Basic Family Payment. Expenditure on Basic Family Payment for 1994-95 was \$2,017 million (table 7.7).

7.7 Family payment, June 1995

State/ Territory	No. of children per client							Total	No. of children	Total payments during year (\$'000)(a)
	1	2	3	4	5	6	7+			
NSW	223 018	225 749	100 096	28 871	6 160	1 662	602	586 158	1 134 757	684 287
Vic.	164 953	174 391	75 515	19 918	3 915	1 040	447	440 179	848 657	495 167
Qld	131 265	133 020	58 789	17 159	3 732	1 038	481	345 484	670 345	410 456
SA	57 577	61 704	23 078	5 762	1 055	261	115	149 552	280 751	165 326
WA	64 499	71 081	30 858	8 731	1 836	526	198	177 729	347 753	202 241
Tas.	20 113	20 955	8 958	2 565	524	120	54	53 289	102 816	59 326
NT	8 487	7 407	3 623	1 354	412	145	89	21 517	43 123	(b)
ACT	9 838	10 709	4 672	1 321	260	68	21	26 889	52 388	(c)
Other(d)	1 680	1 090	397	114	24	11	5	3 321	5 726	—
Total	681 430	706 106	305 986	85 795	17 918	4 871	2 012	1 804 118	3 486 316	2 016 804

(a) Comprises only expenditure for the basic component of Family Payment. (b) Expenditure for the Northern Territory is included in Queensland. (c) Expenditure for the Australian Capital Territory is included in New South Wales. (d) Includes clients paid whilst overseas and some clients whose postcode could not be determined.

Source: Department of Social Security.

Additional Family Payment

Additional Family Payment is paid in addition to Basic Family Payment in respect of dependent children under 16 years or dependent full-time students aged 16 to 18 years who are not in receipt of a pension, benefit or allowance in their own right or a prescribed education scheme payment. It is paid free of income and assets tests to pensioners, allowees and beneficiaries with dependent children (as they have already passed income and assets tests as a condition of entitlement to their income support payment). It is also paid free of income and assets tests to student parents who receive a prescribed education scheme payment.

Additional Family Payment is paid subject to an income and assets test to other low-income working families with dependent children. As

for Basic Family Payment, Additional Family Payment is not paid in respect of children who are receiving a means-tested income support payment in their own right.

From 1 January 1996, Basic Family Payment and Additional Family Payment will be amalgamated into one Family Payment. The amounts received by most families will remain the same but the change will simplify the arrangements for families. The income test is also being changed from 1 January 1996 to make it easier for families to have their Family Payment rate reassessed and possibly increased.

Levels of payment are age-related and adjusted annually. Rent Assistance is also available to recipients of Additional Family

Payment if they pay rent above a minimum amount other than to a public housing authority. Sole parents who receive Additional Family Payment also receive Guardian Allowance because they care for children on their own.

The number of families in receipt of Additional Family Payment at June 1995 was 836,590. The amount paid during 1994–95 was \$3,530 million.

Sole Parent Pension

Sole Parent Pension may be paid to a person who cares for a child under 16 years or a child attracting Child Disability Allowance, and who is:

- a natural or adopted child; or
- in the person's legal custody; or
- was maintained by the person before separation; or
- has been in the person's care and control for 12 months and likely to remain so permanently or indefinitely.

Sole Parent Pension may be paid to:

- a person who is not a member of a couple (including widowed, divorced, separated or unmarried persons);

- a person whose legal or de facto partner has been in gaol for at least 14 days; and
- a person who is unable to live with his or her legal or de facto partner in the matrimonial home because of the partner's long-term illness or infirmity.

To qualify for Sole Parent Pension, clients must also meet residency requirements and are expected to undertake action to obtain maintenance where it is reasonable to expect them to do so.

Sole Parent Pension is subject to income and assets tests with the maximum rate payable being identical to the age pension. The pension is indexed on a six-monthly basis. Persons receiving Sole Parent Pension may also be eligible for Additional Family Payment for each dependent child, guardian allowance and rent assistance. Employment and education entry payments are also available.

At June 1995 there were 324,941 recipients of Sole Parent Pension. Total expenditure for 1994–95 was \$2,552 million (table 7.8).

7.8 Sole parent pensioners

	June		
	1993	1994	1995
Age group (years)			
Under 20	9 903	9 957	10 205
20–29	100 462	103 653	105 676
30–39	12 588	132 517	137 141
40–49	55 141	59 702	63 830
50–59	6 849	7 386	7 864
>59	208	222	225
Males	17 529	18 897	19 913
Females	280 915	294 540	305 028
Persons	298 444	313 437	324 941
Total payments financial year ending 30 June(a) (\$'000)	2 869 473	2 524 616	2 552 272

(a) Until January 1993 total expenditure included additional payments for children, Guardian Allowance and Rent Assistance. Since then, expenditure on these additional payments have been included with Family Payment expenditures.

Source: Department of Social Security.

Jobs, Education and Training Program (JET)

The JET for sole parents is jointly administered by the Departments of Social Security (DSS); Employment, Education and Training; and Human Services and Health. It aims to improve the financial circumstances of certain DSS customers by aiding their entry or re-entry into the workforce. JET provides an integrated program of assistance in the form of individual counselling and support, and access to training, education, assistance with job search and child care. Participation in the JET program is voluntary.

The JET Program is open to all Sole Parent, Widow 'B' and Carer pensioners, Widow allowees, and recipients of Special Benefit who would be eligible for Sole Parent Pension but for residency requirements. Three groups of sole parent pensioners are especially encouraged to take advantage of JET assistance: teenage sole parent pensioners; those who have been on Sole Parent Pension for more than 12 months and whose youngest child is at least six years old; and those who will lose eligibility for the pension within two years due to their youngest child turning 16 years.

Pilot projects have been undertaken in various locations to improve access to, and participation in, JET by Aboriginal and Torres Strait Islander customers, customers of a non-English speaking background and those with a long-term dependency on income support.

An Employment Entry Payment (EEP) of \$100 is available to sole parent pensioners who start work and earn more than \$386.40 per fortnight, or who receive an increase in wages which makes their wages more than \$386.40 per fortnight.

The amount of the wages must be above the limit for at least four weeks (the limit is indexed twice yearly), and an EEP must not have been paid to the pensioner in the last 12 months.

Sole parent pensioners who study full or part time in AUSTUDY-approved courses may receive the AUSTUDY Pensioner Education Supplement of \$60 per fortnight and an annual Education Entry Payment of \$200.

See table 7.9 for statistics on the JET Program.

7.9 JET program

	1992-93	1993-94	1994-95
New clients entering JET program(a)	49 535	52 719	47 962
JET clients registered with the CES	30 721	38 349	34 738
JET clients undertaking education	11 574	14 537	13 976
Jobs taken up by JET clients	13 100	17 563	19 475

(a) New clients include Sole Parent Pensioners, Widow Class B Pensioners, Widow Allowees, Carer Pensioners and certain sole parent Special Beneficiaries.

Source: Department of Social Security.

Child Support Scheme

Stage 1 of the Child Support Scheme commenced in June 1988 with the establishment of the Child Support Agency (CSA) in the Australian Taxation Office. Under Stage 1 of the Scheme, maintenance orders and agreements made, registered or approved by the courts and registered with the CSA can be enforced by the Agency.

Stage 2 of the Scheme, which began on 1 October 1989, replaced the system of court-ordered child maintenance. Instead, the custodian can apply to the CSA which will assess the amount of child support payable using a formula set out in legislation. Stage 2 is prospective in that it applies only to people who separate or have a child born on or after 1 October 1989.

Under both Stage 1 and Stage 2, the Agency can collect child support from liable parents and these payments are distributed to custodians by the Department of Social Security (DSS).

Alternatively, custodians can collect child support privately, providing, where the custodian receives Additional Family Payment from the DSS, it is at least the amount payable under the formula or court order. (Prior to 1 January 1993, DSS clients were required to have child maintenance payable under court orders or agreements collected by the Agency.)

Double Orphan Pension

Double Orphan Pension is payable free of income and assets tests to guardians of, or institutions caring for, children under 16 years, or dependent full-time students aged 16 to 24 years whose parents are both dead or one parent is dead and the other is

missing, imprisoned or in an institution. The Basic Family Payment residence test applies. The pension may also be paid to persons caring for refugee children. The rate is indexed annually.

As at June 1995, there was a total of 1,314 recipients of Double Orphan Pension paid in respect of 1,701 children. Total expenditure on Double Orphan Pension for 1994–95 was \$1.6 million.

Provision for special circumstances

Special Benefit

Special Benefit may be granted to persons not qualified for any other payment but who are unable to earn a sufficient livelihood for themselves and their dependents and are in

hardship. The rate at which Special Benefit is payable is discretionary, but cannot exceed the applicable Job Search or Newstart Allowance rate. Payment of Special Benefit is subject to an income test, an assets test and available funds test. The assets test is identical to that applying to Job Search or Newstart Allowance customers, but both the income test and the available funds test are specific to Special Benefit.

See table 7.10 for statistics on payment of Special Benefit.

7.10 Special Benefit clients(a)

	June		
	1993	1994	1995
Age group (years)			
20 & under	4 262	3 728	2 661
21–34	5 475	4 749	3 862
35–54	3 925	2 992	2 513
55–59	867	543	434
>59	13 973	16 522	10 970
Males	12 831	11 770	10 244
Females	15 672	13 772	10 216
Persons	28 503	25 542	20 440
Total payments financial year ending 30 June(b) (\$'000)	280 474	245 430	224 416

(a) Representing the mid-point of the June quarter. (b) Includes additional allowances where applicable. Partner Allowance is included in 1995.

Source: Department of Social Security.

Class 'B' Widow Pension

Gradual phasing out of the Widow Pension Class 'B' began from July 1987. From that date, no new grants were made except to widowed, divorced or deserted women who were aged 50 years or more at 1 July 1987 or who were aged 45 years or more at that date and received Sole Parent Pension (or one of its forerunners).

At June 1995 there were 54,936 recipients of Class 'B' Widow Pension. Expenditure on this pension for the year to June 1995 was \$481 million (see table 7.11).

Bereavement Allowance

Bereavement Allowance (known as Widowed Person Allowance before 1 January 1995) provides short-term assistance for persons whose partners die, and who are not eligible for Sole Parent Pension. It allows a period of adjustment to make funeral arrangements, settle financial matters or to seek employment. The allowance may be granted to a person who, immediately before his or her partner's death, was either legally married (and not separated) or living in a de facto relationship with that person.

There is no age restriction on the payment of Bereavement Allowance but the allowance cannot be paid concurrently with another pension, benefit or allowance. Widowed persons with dependent children generally qualify for Sole Parent Pension immediately.

The allowance is payable for up to 14 weeks from the date of the partner's death, although

payment can be extended if a woman is pregnant at the time of her partner's death. Otherwise, the allowance is paid under the same conditions as other pensions.

At June 1995 there were 47 recipients of Bereavement Allowance. Total expenditure for 1994-95 was \$1.1 million.

7.11 Widow 'B' Pensioners and Bereavement Allowees, 30 June

	1993	1994	1995
Widow 'B' Pensioners			
Age group (years)			
Under 50	141	158	158
50-59	43 020	36 959	30 001
>59	21 472	22 799	24 777
Total	64 633	59 916	54 936
Bereavement Allowees(a)	83	96	47
Total payments financial year ending 30 June (\$'000)	535 583	532 429	482 302

(a) Prior to January 1995 Bereavement Allowance was known as Widowed Person Allowance.

Source: Department of Social Security.

Drought Relief Payment

Drought Relief Payment provides assistance with day-to-day living expenses to farmers and their families who are affected by exceptional drought and is administered by the Department of Social Security on behalf of the Department of Primary Industries and Energy. Drought Relief Payment provides income support equivalent to the Job Search Allowance rate, together with a payment for partners and Family Payment (where applicable) and access to a Health Care Card. It is subject to the Job Search Allowance income and assets tests; however, the assets essential to running of the farm business are exempt.

Farm Household Support Scheme

The Farm Household Support Scheme is aimed at providing assistance in meeting day-to-day living expenses for those farmers unable to access further commercial finance. Farm Household Support is a loan at commercial interest rates. It is administered by the Department of Social Security on behalf of the Department of Primary Industries and Energy. The scheme benefits those who have decided to leave farming but require support while they arrange the sale of

the property. It also benefits farmers who believe they have a future in the industry but are unable to obtain further commercial financial support.

Disaster Relief Payment

Disaster Relief Payment can be made to people who suffer a significant interruption to their source of livelihood or serious damage to their principal place of residence, as a result of a declared major disaster. The Minister of Social Security is responsible for declaring major disasters for Disaster Relief Payment purposes. The amount of payment is equivalent to one fortnight's pension, plus family payments and rent assistance if applicable. The payment is tax-free and is not income or assets-tested. To date, it has only been used once, during the NSW bushfires of January 1994. At that time, the rates paid were three times the legislated amount.

Fringe benefits

The Commonwealth Government provides eligible Department of Social Security (DSS) clients with a range of fringe benefits. Eligibility for the various concessions is linked to four cards: the Pensioner Concession Card

(PCC), the Health Benefits Card (HBC), the Health Care Card (HCC) and the Commonwealth Seniors Health Card (CSHC).

The Pensioner Concession Card is issued to all DSS pensioners, Department of Veterans Affairs service pensioners and to long-term recipients of Job Search, Newstart, Widow and Sickness Allowance and Special Benefit recipients over the age of 60.

The PCC provides access to a variety of concessions such as: concessional pharmaceuticals; concessional hearing aids; telephone allowance; rail concessions on travel between State capitals; free re-direction of mail for 1 month after changing postal address; free postage for communication material for blind pensioners; rebates on property and water rates, and energy costs; public transport concessions; and motor vehicle registration and third party insurance concessions. Concessions on other State, local government and private services, such as health or education services, may be available.

The Health Benefits Card is issued to recipients of Sickness Allowance who do not qualify for a PCC. It provides access to concessional pharmaceuticals; concessional hearing aids; rail concessions, as well as a limited range of State, local government and private concessions.

The Health Care Card is issued to Job Search, Newstart and Widow Allowance recipients, Special Benefit recipients (except those older, long-term recipients who qualify for a PCC), maximum Additional Family Payment recipients, Child Disability Allowance recipients, and Mobility Allowance recipients. Low-income earners are also eligible, subject to an income test. The Health Care Card provides access to concessional pharmaceuticals and a limited range of State, local government and private concessions.

The Senior's Health Card gives non-pensioners of Age Pension age access to major health concessions provided by the Commonwealth Government. The Card is available to Australian residents living in Australia who have reached the age of pension age and have income less than the pension income test cut-out limit. The concessions available include concessional pharmaceuticals, free supply of hearing aids

and free basic dental treatment up to a limit of \$400 per person per year.

Pharmaceutical Allowance

Pharmaceutical Allowance is paid to: all pensioners in Australia; recipients of Job Search and Newstart, Widow, Partner and Parenting Allowance, who are over 60 years of age and receiving income support continuously for at least six months; and recipients of Sickness Allowance. The allowance is paid to compensate the above groups for expenditure on pharmaceuticals purchased under the Pharmaceutical Benefits Scheme (PBS). The allowance is paid fortnightly, but pensioners in special circumstances may apply for limited amounts in advance.

Bereavement payments

Bereavement payments are made to pensioners and long-term recipients of an allowance (such as Newstart Allowance) on the death of a partner. Bereavement assistance is usually paid as a lump sum. The lump sum generally ensures the person receives the same amount as they received as a couple, during the 14 weeks after the partners' death.

Carer pensioners remain entitled to the pension for 14 weeks after the death of the person cared for. In some cases a lump sum is also payable, even if the deceased was not the carer's partner.

Sole parent pensioners also remain entitled to the pension for up to 14 weeks in the event of the death of their sole qualifying child.

A short-term pension known as Bereavement Allowance may be paid to a person for up to 14 weeks (or longer to pregnant women) on the death of their partner, even if neither partner received social security payments at the time of death. Bereavement Allowance is subject to the usual income and assets tests for pensions.

Rent Assistance

Rent Assistance is paid to social security recipients, including low-income families in the workforce, who rent privately. Rent Assistance is not paid to public housing tenants. People who pay more than the minimum amount of rent receive rent

assistance at a rate of 75 cents for each dollar of rent paid, up to the maximum amount. The minimum amount of rent that must be paid, and the maximum rate of rent assistance, varies according to a person's family circumstance, such as marital status and number of dependent children. These amounts are indexed in March and September each year in line with cost of living increases.

Eligible families receive Rent Assistance as part of the Family Payment. Social Security recipients without children are paid Rent Assistance as part of their pension or allowance.

Other payments

Remote Area Allowance is paid to social security recipients in specified remote areas; Tax Zone A and Special Tax Zone B. Remote Area Allowance is not taxable. However, the amount paid reduces the tax zone rebate the person might otherwise receive, on a dollar for dollar basis.

Telephone Allowance is paid to telephone subscribers and their partners in Australia as a quarterly payment to help with the cost of having a telephone service. The payment is indexed in September each year in line with cost of living increases.

Recent changes to social security arrangements

The following provides a brief description of major recent changes to social security arrangements not already described. Further and more detailed information about these and other changes can be obtained in the Annual Report of the Department of Social Security.

Home Child Care Allowance

Home Child Care Allowance (HCCA) was available from 29 September 1994 to eligible couple families where one partner remained substantially out of the workforce to care for dependent children. HCCA was paid as an alternative to the Dependent Spouse Rebate (DSR) for couples with dependent children administered through the taxation system. Cash payments were made directly to the partner providing most of the care of the children. These payments were made at a higher maximum rate than the DSR. Those partners with children whose income was

below \$10.85 a fortnight received the maximum amount of \$60.00 per fortnight (as at 29 September 1994). Those with incomes of up to \$250.85 per fortnight received a part payment. Partners of Job Search, Newstart, Sickness allowees and Special Benefit recipients were generally not eligible for HCCA because of the income they received from the new Partner Allowance.

At June 1995 there were 557,649 recipients of the Home Child Care Allowance. The amount paid during 1994-95 was \$617.6 million. From 1 July 1995, HCCA has been incorporated into Parenting Allowance.

Partner Allowance

Partner Allowance was available from 29 September 1994 to the partners of Job Search, Newstart, Sickness Allowance and Special Benefit recipients. Previously, allowees with a partner received a married rate of allowance which included an amount for the support of a dependent spouse. This married rate of payment was abolished and Partner Allowance (at half the married rate) was paid directly to the dependent partner.

From 1 July 1995, Partner Allowance is payable to partners of persons in receipt of Job Search, Newstart or Sickness Allowance, Special Benefit, Rehabilitation Allowance, Age Pension, Disability Support Pension, Disability Wage Supplement or the Mature Age Allowance. From this time the payment has been limited to persons born on or before 1 July 1955, who have no dependent children and who have no recent workforce experience. Partners who do not qualify for Partner Allowance need to qualify for another payment such as Parenting or Job Search Allowance.

Parenting Allowance

Parenting Allowance was introduced from 1 July 1995. It incorporates HCCA and replaces Partner Allowance for those partners of allowees with dependent children under 16 years. This allowance is also available to the partners of pensioners, to the partners of low-income earners, and to partnered people with low personal income who have children under 16 years. The maximum rate of payment is the same as the half married rate of allowance (\$280.20 per fortnight as at 28 September 1995) and subject to income and assets tests. A non-taxable payment of

\$62.80 a fortnight is payable irrespective of assets and the main earner's income: only the parenting allowance's own income can reduce this base payment.

The Partner and Parenting Allowances are part of the restructuring of income support for couples announced by the Government in *Working Nation* (4 May 1994). In the past, the social security system has assumed that unemployed couples consist of one main jobseeker (usually the husband) and a dependent partner. The dependent partner has not been required to seek work or qualify for a payment in their own right. The White Paper measures, which include liberalising the allowance income test and abolishing the joint income test, provide increased financial incentives for each member of an unemployed couple to maximise their work force capacity.

Widow Allowance

Widow Allowance was introduced from 1 January 1995 in recognition of the labour market disadvantages of older women who have spent long periods out of the workforce caring for their family, and who lose the support of their partner later in life. To qualify, a woman must have become widowed, divorced or separated after turning 50 years of age, and have no recent workforce experience.

Widow Allowance is paid at the same rate and under the same income and assets tests as Job Search and Newstart Allowances but is not activity tested.

Wife Pension

Wife Pension will no longer be granted from 1 July 1995. Existing wife pensioners at 1 July 1995 will continue to receive Wife Pension, with the exception of wife pensioners who were under 40 years of age at 1 July 1995 where Wife Pension will cease from 1 January 1996. This group, and all future pensioner spouses, will need to apply for another income support payment (for example, Parenting or Partner Allowance, Job Search or Newstart Allowance, Sickness Allowance, Carer Pension, Disability Support Pension or Widow Allowance).

Maternity Allowance

Maternity Allowance will be introduced from 1 February 1996. This payment will assist families with the costs associated with a new baby (including forgone income). Maternity Allowance will be paid as a lump sum amount for each new child to families who meet the Family Payment residence income and assets tests. It will be equal to six times the weekly maximum rate of Parenting Allowance (\$840.60 as at 1 February 1996).

Other services of the Department of Social Security

Access and Equity

The Department of Social Security aims to ensure that all Australians, including people from non-English speaking backgrounds and Aboriginal and Torres Strait Islander peoples, have equal access to income security programs and services. Improved access and equity outcomes are achieved through mainstream services and a comprehensive range of specialist services designed to facilitate access for people disadvantaged by remoteness and barriers of language and culture.

Services for clients from migrant communities include the Migrant Liaison Officers (MLO) program; the Multilingual Telephone Interpreter Service; interpreters and translators and multilingual publications. Services for Departmental clients from Aboriginal and Torres Strait Islander communities include the Aboriginal and Torres Strait Islander Liaison Officers (AILO) program; the Support Network for Aboriginal Parents (SNAP) program; the Community Agent Program; remote visiting teams and the Aboriginal and Torres Strait Islander Interpreter Service. The numbers of MLOs, AILOs, SNAP Officers and community agents have been increased in 1995–96 as a result of Budget initiatives.

The Department also provides a professional social work service throughout its regional office network to assist the disadvantaged in improving their social and economic circumstances.

International agreements and payment of pensions abroad

Under Australia's social security law, pensions for old age, severe disability and widowhood can usually be paid abroad permanently. Pensions for some other contingencies can be paid outside Australia for periods of up to 12 months.

As at June 1995, Australia was paying more than 40,000 pensions to residents and former residents who were absent from Australia for more than 12 months. Other countries' social security systems were making more than 200,000 similar payments to Australian pensioners.

Australia has social security agreements with Austria, Canada, Cyprus, Ireland, Italy, Malta, New Zealand, Portugal, Spain, The Netherlands, and the United Kingdom. The agreements form part of Australia's social security law. They enhance people's access to social security benefits from the agreement partners and guarantee the payment of those benefits when people move between countries. Australia negotiates social security agreements based on a principle of shared responsibility so that countries in which individuals may have lived and worked contribute towards social security payments for those individuals.

Negotiations to extend Australia's agreement network are under way with Chile, Denmark, Norway, Finland, Germany, Greece, Switzerland and Turkey.

Childcare Assistance

The Department of Social Security has acted as an agent for the Department of Human Services and Health in assessing eligibility and level of entitlement for Childcare Assistance since 1989. Childcare Assistance is a targeted payment for low to middle income families using approved, formal, child care. On application and reassessment, DSS assesses entitlement and calculates a percentage assessment. This assessment is used for child care services to reduce a family's child care fees. The Department of Human Services and Health provides Childcare Assistance subsidies direct to services as reimbursement for a family's fee reduction.

Financial Information Service

The Financial Information Service (FIS) was introduced in November 1989 and has been progressively extended since that date. At 30 June, 1995 there were 136 FIS officers deployed nationally. Over 1995-96, an additional 73 FIS officers will be located in regional offices with an emphasis on providing more retirement planning information to the rural community. The service plays an important role in the strategy of promoting greater self reliance among retirees. It provides information on approaches to investment and different types of investments. It explains how different investment products are treated under income and assets tests and assists clients with basic taxation questions. Although the principal focus of the Financial Information Service has been on assisting pensioners, information is also made available to the Department's other clients, to persons close to retirement age or considering their retirement strategies, to those being retrenched and to non-pensioner retirees. The service does not make recommendations on how people should invest.

During 1995-96, the Government will also be piloting one-stop outlets to assess whether aged people and retirees find it useful to be able to visit the one office to get information on social security, veterans affairs, tax and superannuation matters. Other measures to be implemented will provide better information and more personalised services to clients with the aim of assisting them to maximise the use of their resources in retirement.

Community Research Project

DSS is currently undertaking a major research activity entitled the Department of Social Security Community Research Project (CRP). The CRP is one of a number of projects being undertaken in the context of the Department's ongoing social policy research agenda.

The aim of the CRP is to examine the potential of new and innovative community based services to enhance the living standards of people on low incomes.

The CRP is being undertaken during the period June 1995 to December 1996 and comprises three key research elements:

- a Community Information Network, which will test the usefulness of computer information networks as mechanisms for the provision of information, and as a communication and collaboration tool, for people on low incomes;
- Action Research Projects, which will test the ability of new and innovative, local, community-based activities and services, to improve the living standards of people on low incomes; and
- traditional research and analysis, including the preparation of a series of discussion papers, the conduct of a national workshop, analyses of existing Australian living standards data and DSS client consultations, which are designed to better inform the Department's understanding of methods by which living standards can be enhanced.

It is anticipated that the CRP will provide additional insights into three particular areas of relevance to social security policy development:

- the understanding of dimensions which make up and contribute to living standards;
- the identification of possible service provision models; and
- the relationship between the welfare state and concepts such as community, social inclusion and citizenship.

Commonwealth Government assistance through Welfare organisations

Child care

Children's Service Program

The objective of the Children's Services Program is to assist families with dependent children to participate in the work force and the general community by ensuring that child care is affordable for low and middle-income families and by improving the supply and quality of child care.

The Program's three main objectives are to improve the supply, affordability and quality of child care. These objectives are being achieved as follows.

Since 1983, the number of funded child care places has increased from 46,000 to almost 269,000 in June 1995. These comprise 44,600 community Long Day Care places, 99,000 (including employer and non-profit centres) private Long Day Care places, 54,000 Family Day Care places, 4,700 Occasional Care places, 1,600 Multifunctional Centre and Multifunctional Aboriginal Children's Service places, and 64,100 Outside School Hours Care places.

In 1994–95, an estimated 28,000 additional places were funded, of which 23,000 were long day care. By the year 2001, an estimated 354,000 places will be funded under the Children's Services Program.

The Federal Government assists low and middle-income families with their child care costs through an income-related fee relief system. Childcare Assistance is available to eligible families using private and community-based services. The threshold for maximum Childcare Assistance is linked with the Additional Family Payment cut-off point and indexed annually.

As at June 1995 an estimated 240,000 low and middle-income families using long day care services received assistance with their child care costs through the Childcare Assistance system. It is estimated that 40% of these users receive maximum Childcare Assistance.

On 1 July 1994, a 30% Childcare Cash Rebate was introduced for work-related child care expenses up to a current ceiling of \$112.50 a week for one child and \$225 a week for two or more children. As at 30 June 1995 there were over 252,000 families and 38,000 carers registered for the Commonwealth Childcare Cash Rebate; 210,000 families have now claimed the Childcare Cash Rebate.

The Federal Government is encouraging employers to become more involved in the provision of child care for their employees. It provides a number of incentives and assistance to help employers meet some of the child care needs of employees.

Tax concessions are available to employers, such as deductions for business expenses associated with providing child care and Fringe Benefit Tax exemptions under certain conditions.

Childcare Assistance (formerly Fee Relief) is available for employer-sponsored child care places in eligible centres and Family Day Care.

Three independent Work and Child Care Advisory Services, one each in New South Wales, Queensland and Victoria, assist employers to assess the child care needs of their employees and to recommend child care solutions. This service was made available to employers in all States and Territories from 1 October 1995.

Implementation of the Child Care Growth Strategy has contributed to an increased level of child care provision. Growth is well on track to meet the Governments target of 354,000 places by 2001.

Direct partnerships with local government, community groups and employers, available from 1 July 1994 in all States and Territories, provide interest-free loans over 20 years for capital construction. Grants are also available for local government and community groups.

The Federal Government is committed to funding quality child care services which are well managed, responsive to families' needs, culturally relevant and developmentally appropriate for children.

The Quality Improvement and Accreditation System for the Commonwealth-funded long day child care centres administered by the National Childcare Accreditation Council, commenced on 1 January 1994. The system involves self assessment by a centre of its standard of care in relation to principles set by Government, external review to validate the self assessment and moderation of the results to ensure national consistency. A major feature of the system is the encouragement of ongoing quality improvement. Participation in the system is required for centres to be eligible to receive Childcare Assistance for the parents using their centres.

The Government addresses the obligations created by its social justice agenda and access

and equity principles through funding of Special Services and Supplementary Services (SUPS) Programs. The SUPS program was set up to assist all Commonwealth-funded children's services to include children with additional needs and provide culturally and developmentally appropriate care. The priority groups for the program are children of non-English speaking backgrounds, children with a disability, and children from an Aboriginal or Torres Strait Islander background. In the 1995-96 Budget the Government approved an additional \$17.2 million over 4 years to link the program with the growth in child care places, and to improve the administrative arrangements pertaining to the SUPS program.

Special services funding supports alternatives to mainstream services for special needs groups in areas where these are inappropriate or non-existent. Many of these services are targeted to children from an Aboriginal or Torres Strait Islander background and children living in rural and remote areas.

Youth Activities Services for 11 to 16 year olds living in disadvantaged areas and Family Resource Centres, established to help local agencies improve the effectiveness and quality of services to families in high-need areas, are other major initiatives under this Program.

The National Child Protection Council was established by the Commonwealth Government in 1991 to provide a national focus for the prevention of child abuse and neglect. The role of the Council is to focus the attention of governments and the community on the need to reduce the incidence of child abuse and neglect.

The Council has developed the National Prevention Strategy for Child Abuse and Neglect, a coordinated plan of action to create an environment which supports families and communities to meet their responsibilities to care for and protect children. The Strategy is a joint initiative between the Commonwealth, State and Territory Governments.

Use of child care

In Australia, 49% of children under 12 years used some form of child care. Formal child care arrangements now account for 40% of child care use, up from 33% in 1987.

7.12 Children attending child care services, 30 June 1995

Type of formal care	No.
Long day care Community based	77 700
Private centres	133 500
Employer & other non-profit centres	16 100
Family day care	88 700
Occasional care centres(a)	14 000
Multifunctional services	1 070
Multifunctional Aboriginal children's services	1 750
Outside school hours care(b)	63 900
Total(c)	396 720

(a) Excludes neighbourhood models. (b) Includes year-round care. (c) Totals are indicative only as children who attend more than one service type are counted in each.

Source: Estimated to June 1995 based on 1993 Department of Human Services and Health, *Census of Child Care Services*.

7.13 Children under 12 years of age — child care arrangements

	June 1987		June 1990		June 1993	
Child care arrangements	'000	%	'000	%	'000	%
Formal care only	264.0	9.1	278.0	9.3	338.7	11.0
Informal care only	915.1	31.7	1 018.1	33.9	908.7	29.4
Formal & informal care	191.3	6.6	252.5	8.4	257.5	8.3
Total	1 370.3	47.4	1 548.5	51.6	1 504.9	48.8
Neither formal nor informal care	1 517.6	52.5	1 455.2	48.4	1 581.0	51.2
Total children	2 887.9	100.0	3 003.7	100.0	3 085.9	100.0
Total formal care(a)	455.2	15.7	530.4	17.6	596.2	19.3
Total informal care(b)	1 106.4	38.3	1 270.5	42.3	1 166.2	37.8

(a) Comprises the categories of Formal care only and Formal and informal care. (b) Comprises the categories of Informal care only and Formal and informal care.

Source: *Child Care, Australia, June 1993 (4402.0)*.

People with a disability

The *Disability Services Act 1986* (DSA) was introduced to expand opportunities for the participation of people with disabilities in the Australian community. Under the Act, the Commonwealth Government provides grants for the provision of services to support people with disabilities, particularly in the labour market.

Until 1993 the Commonwealth, States and Territories were each involved in providing accommodation and support services and employment services for people with a disability. This situation led to the overlap of services in some areas and gaps in the range of services available. The Commonwealth/

State Disability Agreement (CSDA) was introduced to clarify government responsibilities and rationalise the provision of services for people with a disability.

Under the CSDA, the Commonwealth is responsible for the administration of employment programs for people with a disability, while State and Territory Governments administer accommodation and other support services. Both levels of governments fund advocacy services and support research and development activities. All States and Territories implemented the CSDA and passed legislation complementary to the DSA in 1993.

The aim of the Disability Services Program (DSP) is to help people with a disability achieve economic power and financial independence through employment which pays an award wage or a productivity wage based on an award.

In 1994–95 the DSP funded 851 community-based agencies to provide a range of employment services to people with a significant disability whose needs cannot be met solely through the Government's mainstream labour market programs. It is estimated that 30,000 people have received assistance from DSP employment programs this year.

DSP-funded employment support takes account of the differing circumstances, needs, aspirations and abilities of each person with a disability. Specialist job placement agencies and supported employment services provide individualised on-the-job training and support until the person is able to continue in the job independently.

The Supported Wage System (SWS) came into operation from 1 July 1994. It was developed in recognition that a program of employment assistance was required for people whose disability impacted on their productivity levels such that their opportunities to access employment in the open workforce were severely curtailed. The SWS provides the means by which an employer can pay a worker with a disability a pro-rata of the full award wage, commensurate with their productivity levels compared with co-worker benchmarks. It is expected that some 3,000 people with a disability will have been assisted in obtaining and retaining employment through the SWS by July 1997.

The Commonwealth Disability Strategy is a framework for all Commonwealth agencies to fulfil their obligations under the *Disability Discrimination Act 1992* and sets out a ten-year plan of action to ensure that the needs of people with a disability are taken into account in planning, service delivery and employment within Commonwealth Government departments and agencies.

The Department of Human Services and Health administers the Commonwealth Rehabilitation Service (CRS) under Part III of the DSA. CRS provides vocational and social

rehabilitation services for working-age people with disabilities. The major criterion for acceptance into a CRS program is the expectation that rehabilitation will substantially increase the person's capacity to obtain or retain paid employment. Non-vocational programs can sometimes be provided, but only if an individual's personal circumstances and disability prevent a viable vocational goal.

Services are provided through a national network of 170 regional offices.

Programs are individually tailored to address client needs, but may include career counselling and planning, information about disability and how to manage its effects, improvement of job seeking skills, identifying suitable work, training in specific skills, modification of workplace or car where appropriate, assistance in job seeking and job placement, and linking to community support groups.

In 1994/95, CRS assisted 41,500 clients through the provision of rehabilitation programs. Of these, 14,000 were provided with services under cost recovery arrangements in relation to compensation cover for injuries. CRS also provides assessment services to employers and other agencies and occupational health and safety consultancies to industry on a cost recovery basis.

Expenditure on rehabilitation services in 1994–95 was \$132 million.

Australian Hearing Services

Australian Hearing Services (AHS) is a statutory authority within the portfolio of Human Services and Health. Its role is to assist people with a hearing impairment and to reduce the incidence of hearing problems within the community. AHS fits the large majority of all hearing aids in Australia.

AHS provides hearing services to eligible people, who include holders of Pensioner Concession cards, Commonwealth Seniors Health cards (from July 1994), those under 21 years of age, eligible veterans, Commonwealth rehabilitation clients and certain compensation claimants. Services are delivered through a national network of

52 full-time Hearing Centres, some 70 visiting centres in rural and remote areas, and over 80 approved private hearing aid businesses across Australia.

AHS staff also conduct noise and audiological research, evaluate new devices and techniques, advise on measures to prevent hearing loss and report on environmental and occupational noise problems.

Home and Community Care Program

Home and Community Care Program (HACC) is jointly funded by the Commonwealth Government and the State and Territory Governments. HACC funds organisations and community groups which provide basic maintenance and support services for the frail aged and people with disabilities to enable them to remain living at home. Support is also provided to the carers of these people.

The Program aims to enhance the independence, security and quality of life of frail aged and younger people with disabilities by avoiding their inappropriate admission to long-term residential care. It achieves this by facilitating and promoting the development of cost-effective community care alternatives which are appropriate and which can flexibly respond to individual needs.

Services funded under the Program include home help and personal care; home maintenance and modification; food services; community-based care; transport services; community paramedical services; community nursing; assessment and referral; education and training for service providers and users; information and coordination.

Over 3,500 projects are funded throughout Australia, some providing a specific focus on the needs of younger people with disabilities, those with a non-English speaking background, Aboriginal and Torres Strait Islander people, those with dementia or the carers of the frail aged and younger people with disabilities.

7.14 Home and Community Care (HACC) expenditure(a) (\$ million)

Year	Commonwealth	States/ Territories(b)	Total
1989-90	242.1	165.8	407.9
1990-91	278.9	188.2	467.1
1991-92	315.8	205.7	521.5
1992-93	342.2	222.7	564.9
1993-94	371.0	240.8	611.8
1994-95	399.0	258.8	657.8

(a) Includes unmatched money and planning and development but excludes running costs. (b) Estimated expenditure required for matching Commonwealth outlays and may vary to the actual cash expenditure due to the effect of recoupments in respect of previous years.

Source: Commonwealth Department of Human Services and Health.

Some community care services are aimed at specific categories of people. The Commonwealth Respite for Carers Program funds respite services to support carers of frail, elderly people and younger people with disabilities. Expenditure in 1994-95 was \$13.2 million. Community Aged Care Packages provide personal care services to people in the community who would otherwise require entrance to hostels. Expenditure in 1994-95 was \$17.7 million. In addition to the range of mainstream services provided in 1994-95, the HACC Program provided funding for specific projects for special needs groups such as Aboriginal and Torres Strait Islander people (\$11.4 million), people from non-English speaking backgrounds (\$12.6 million), carers (\$7.6 million), and people with dementia (\$11.1 million).

People with a handicap

In 1993, it was estimated that 2,500,200, or 14% of the Australian population had a handicap (a limitation on their ability to perform certain tasks associated with daily living).

Living in households with either relatives or unrelated people was still the most common living arrangement for people with a handicap in 1993. Over half of those people with a handicap who lived in households with others, reported a need for assistance, and almost all of them received informal care from relatives

or friends. Of those people with a handicap who lived alone in 1993, 66% reported a need for help of some kind and 59% received help. Slightly more people received help from the informal network than used formal services (45% compared to 41%), while 26% used both.

7.15 People with a handicap — living arrangements

	Reported			Age standardised(a)		
	1981	1988(b)	1993	1981	1988(b)	1993(c)
Living in households (%)						
With relatives	72.3	73.8	72.7	71.0	72.9	72.0
With unrelated person(s)	3.1	2.1	2.9	3.1	2.0	2.9
Alone	15.9	16.6	18.7	16.3	17.0	18.9
Total in households	91.2	92.5	94.3	90.4	91.9	93.8
Living in establishments	8.8	7.5	5.7	9.6	8.1	6.2
All persons with a handicap	100.0	100.0	100.0	100.0	100.0	100.0
Number ('000)	1 264.7	2 120.6	2 500.2	2 263.1	2 263.1	2 263.1
Handicap rate (per 1 000 pop.)	86.0	130.0	142.0	93.0	r 133.0	r 128.0

(a) Reported data for 1981 and 1988 has been age standardised to the 1993 population of people with a handicap in order to control for the effect of changes in population age structure. (b) Data have been adjusted on a pro rata basis to include those persons who were living in special dwellings (published as 'other'). (c) Data have been adjusted to control for the effect of definitional changes between 1988 and 1993.

Source: Unpublished data. Survey of Handicapped Persons (1981), Disabled and Aged Persons (1988), Survey of Disability, Ageing and Carers (1993).

A comparison of living arrangements of people with a handicap in 1981, 1988 and 1993, shows that the rate of handicap, standardised for changes to age and collection methodology, has been almost constant since 1988. There has, however, been a 35% decrease in the use of residential care by people with a handicap.

In the twelve years from 1981 to 1993, there was a slight increase in the proportion of people with a handicap who lived in households with others (74% in 1981

compared with 75% in 1993). Over the same period, the proportion of people with a handicap who were living alone, rose from 16% to 19%. This represents a 16% increase in the number of people living alone and accounts for much of the decline in use of residential care. In light of these changes, the existence of, and access to, formal home-based services will continue to be of major importance to people with a handicap.

Caring in families

The family is the basic unit for mutual support and caring in Australian society. It is the single institution most responsible for the emotional, physical and financial needs of its members. Care within families is usually of a continuing although changing nature, and is available to each individual in the event of need. This article examines the contribution which families make in the provision of child care and care for those family members with a disability or handicap.

In this article, disability is defined as the presence of one or more of a selected group of limitations, restrictions or impairments which had lasted, or were likely to last, for a period of six months or more. A handicap is identified as a limitation in performing certain tasks associated with daily living; such as self-care, mobility, verbal communication, schooling, and employment.

A central theme underlying the role of caring is need: need for help with self-care, mobility and communication; need for adequate sleep and leisure, social interaction and access to income; need for support for carers. The family plays a fundamental role in providing assistance and support to those who require it, particularly people with disabilities, and children.

The ageing Australian population and the gradual shift away from large-scale residential care has placed more emphasis on the family as the primary provider of care

for those with disabilities and handicaps. In 1993, 18% of Australians had a disability. Most of these people, 14% of the total population, had a handicap. Of those with a handicap, only 6% lived in establishments. Establishments are defined as hospitals, homes for the aged, nursing homes, hostels, and retirement villages which have a support component. Of those who lived in households, almost three-quarters (77%) of people with a handicap lived in families, 4% lived in a non-family household and 20% lived alone.

Among those with a handicap who lived in households and received care, almost all received some informal care from a family member (92%) or friend (19%). In 1993, more than two-thirds (69%) of those living in families compared with a little under a third (31%) of those living alone received informal assistance exclusively. Few relied only on formal assistance from a community organisation or health professional. This is more so for people living in a family and less so for people living alone, although a greater proportion of those living alone received informal help (75%) than formal help (69%). Some of these people (44%) received both informal help from family and friends and help from formal services. This highlights the significance of the assistance received from family members in the overall care of people with handicaps. It also reflects the complementary relationship which exists between informal care-givers and formal services.

7.16 Persons with a handicap who were living in households — type of assistance received, 1993

	Living arrangements			
	In a family	Not in a family(a)	Alone	Total
All persons with a handicap in households ('000)				
Received assistance	1 016.7	39.8	277.6	1 334.1
Did not receive assistance	800.9	32.7	189.5	1 023.1
Total	1 817.6	72.5	467.1	2 357.2
Received assistance (%)				
Informal assistance only	68.6	50.6	30.9	60.2
Formal assistance only	3.2	*18.1	24.8	8.1
Both informal & formal assistance	28.2	31.3	44.3	31.7
Total who received assistance	100.0	100.0	100.0	100.0

(a) Comprises unrelated individuals living together, or with families.

Source: Unpublished data from ABS Survey of Disability, Ageing and Carers, 1993.

Principal carers

The amount and nature of care given by carers varies according to the type of activity with which they help. The greatest amount of informal assistance for the activities of self care, mobility and verbal communication comes from principal carers. The role of principal carers is crucial in providing the personal and often demanding form of help needed by those with profound or severe handicaps. The 1993 ABS Survey of Disability, Ageing and Carers identifies the family as central in the provision of principal care.

In 1993, there were over half a million (541,200) principal carers for people with severe or profound handicaps, two-thirds of who were women (67%). Ninety-five per cent of principal carers were providing care to another family member, with over half caring for people aged 60 years and over.

The largest group of principal carers were providing care to a partner (42% of all principal carers). Nearly two-thirds of men and a third of women who were principal carers were involved in partner care. A high proportion of partners receiving and providing care were aged 60 years and over. In 1993, although over half of the recipients of principal care were aged 60 years and over, 42% of all male principal carers and 23% of all female principal carers were also in this age bracket.

Twenty-eight per cent of principal carers were providing care to a parent. This care was more often provided by a daughter (73%) than by a son (27%).

Over 89,000 principal carers were caring for a child aged 5 years and over with a disability. The majority (93%) of principal carers of children were mothers.

7.17 Principal carers — relationship of recipient of care to carer, 1993

Recipient of care	Carers			
	Males (%)	Females (%)	Persons (%)	Total ('000)
Partner	60.7	33.4	42.3	229.1
Child	*3.8	22.7	16.5	89.3
Parent	22.9	30.3	27.9	150.9
Other	12.5	13.7	13.3	71.9
All principal carers	100.0	100.0	100.0	100.0
Number ('000)r	177.2	364.0	541.2	541.2

Source: Unpublished data from the ABS Survey of Disability, Ageing and Carers, 1993.

Caring for children

Children receive a great deal of care from their family, with the amount and type of care changing as the child grows. Parents represent the primary source of care for their children, especially when the children are young. In 1993, there were 3.1 million children under aged 12 years. Of these children, 51% received care exclusively from a parent or parents. However, the past decade has seen the steady decline in the use of exclusive parental care, reflecting changing patterns in workforce participation, education and training

requirements of parents, and increased recognition of the benefits of good quality care for children.

While parents are seen as the major providers of care for children aged 11 and under, they are not the sole providers. Corresponding with the fall in parental care over the past decade is the increased use of both formal and informal child care. Between 1984 and 1993, the proportion of children aged 11 and under receiving some kind of formal care rose from 12% to 19%.

This included exclusive formal care and the use of both formal and informal care. Formal child care is defined as care that is regulated and occurs away from the child's home, such as Long Day Care and Family Day Care. In 1993, 596,200 children used formal care.

Informal child care is defined as non-regulated care either in the child's home or elsewhere. It includes care given by family members (other than parental care), friends or neighbours, and paid baby-sitters. Between 1984 and 1993, the use of informal care arrangements also increased, from 30% of children under 12 years in 1984 to 38% in 1993. This included exclusive informal care and the use of both formal and informal care. In 1993, almost 1.2 million children used informal care arrangements.

Family members, particularly grandparents, play a fundamental role in the informal care of children aged 11 and under. In three-quarters of both couple and one parent families using informal care arrangements, a family member was the main provider of informal care. Overall, grandparents accounted for more than half of all the main carers. Grandmothers were the main providers of informal child care in 44% of couple families and 34% of one parent families who used informal care. Other relatives were the main providers of informal care in 18% of families while neighbours/ friends were also an important source of child care (22%) in both family types.

In almost 12% of one parent families the non-resident parent (usually the father) was the main provider of informal child care.

7.18 Families which received informal child care — by main provider of informal child care, 1992

Main provider of informal child care	Couple family	One parent family
(%)		
Non-usually resident spouse	*0.5	11.6
Grandparents		
Grandmothers	44.1	*34.2
Grandfathers	*2.1	*2.4
Total grandparents	46.2	(a)36.6
Parents	9.5	6.4
Other relatives	17.8	19.1
Total family carers	74.0	73.7
Neighbour/friend	21.3	22.5
Other	*4.7	*3.8
Total families using informal care	100.0	100.0
('000)		
Families using informal care	967.1	190.5

(a) Includes paternal and maternal grandparents in lone father families.

Source: Unpublished data from the ABS Survey of Families in Australia, 1992.

7.19 Trends in the use of formal and informal child care

Type of care used	1984	1987	1990	1993
(%)				
Formal care only	8.7	9.1	9.3	11.0
Informal care only	26.1	31.7	33.9	29.4
Formal & informal care	3.7	6.6	8.4	8.3
Neither formal nor informal care	61.5	52.6	48.4	51.2
Total	100.0	100.0	100.0	100.0
('000)				
Total children	2 897.4	2 887.9	3 003.7	3 085.9

Source: Unpublished data from the ABS National Child Care Survey, 1993.

Residential care for aged people

The aim of the Commonwealth Government's Aged Residential Care Program is to ensure that frail aged people have access to residential support and care services appropriate to their needs. Support is provided by the Commonwealth for two main types of residential care — nursing homes and hostels. Nursing homes provide services for people who need continuous professional

nursing and personal care, while hostels provide a wide range of personal care and supported accommodation services for less dependent aged people.

Two key objectives of the aged residential care program are to provide a range of accommodation and care services to meet the assessed needs of aged people, and to promote their quality of life.

7.20 Commonwealth expenditure on nursing hostels, 1994–95 (\$ million)

	NSW	Vic.	Qld	SA	WA	Tas.	ACT	NT	Aust.
Nursing homes for aged (recurrent)	701.5	469.8	247.0	170.7	138.8	57.4	14.0	5.5	1 804.7
Hostels (recurrent)	114.4	88.7	75.3	39.6	32.0	9.2	2.8	1.1	363.1
Nursing homes & hostels (capital)	31.0	26.4	17.9	13.7	12.5	3.2	1.7	0.7	107.1

Source: Commonwealth Department of Human Services and Health.

7.21 Approved nursing homes, hostels and beds at 1 July 1995

	NSW	Vic.	Qld	SA	WA	Tas.	ACT	NT	Aust.
Approved nursing homes & beds for aged									
Nursing homes	489	430	203	157	110	56	6	7	1 458
Beds	29 392	17 001	12 385	6 938	6 130	2 133	519	192	74 690
Approved hostels & beds									
Hostels	451	350	259	153	165	46	16	7	1 447
Places	19 321	14 695	11 988	6 196	5 380	1 451	743	128	59 902

Source: Commonwealth Department of Human Services and Health.

Future directions

The 1986 Nursing Homes and Hostels Review identified a number of areas where the provision of services for the aged could be improved. In particular, the Review recommended that aged people be supported in their own homes, in their own communities, as far as possible, and by residential services only where other support systems are not appropriate to meet their needs. The Review encouraged the development of a wider range of services including home and community support services, supported accommodation, hostel and nursing home care. This objective was endorsed by the 1991 Mid-Term Review of the Aged Care Reform Strategy.

In line with these recommendations, increased emphasis is now given in the planning of services to the level of need of the frail aged. In broad terms, this translates into nursing homes for the most frail older people and, for those who are less dependent,

hostels or community services. This is being achieved through the use of a national aged care assessment program which ensures that aged people receive appropriate care based on their individual physical, medical, psychological and social needs and the needs of their carers.

Accordingly, the Government aims to provide 90 resident places per 1,000 persons aged 70 years and over across all States and Territories, comprising 40 nursing home and 50 hostel places. Community care, both through Community Aged Care Packages and other community support services, is provided for frail aged people who prefer to remain in their own homes. The Government aims to provide 10 Community Aged Care Package places per 1,000 persons aged 70 and over and to ensure growth and effective targeting of the joint Commonwealth/State Home and Community Care (HACC) Program.

Pilot projects are currently in operation to determine whether people who need the level of care that nursing homes provide could receive this care in their own homes or in hostels, in line with the policy to support people in their own homes where possible.

Hostel funding

To facilitate the equitable redistribution of resources to alternative, less institutionalised forms of residential care, hostel resources have been substantially enhanced through capital and recurrent funding.

The Commonwealth Government has committed substantial resources to the expansion of hostel services as an integral part of its residential aged care program. Since 1986, the Government has raised the level of subsidy available for residents of approved age care hostels. Refinement of recurrent funding to increase the equity of subsidies and benefit financially disadvantaged people resulted in an expanded range of subsidy levels. From November 1994, the rate of subsidy for personal and respite care ranged from \$22.55 to \$34.85 per day.

Major adjustments have also been made to the planning and funding mechanisms for hostels. Unnecessary restrictions on organisations' access to funds have been removed by allowing greater flexibility to raise funds themselves via borrowings and entry contributions from people with the capacity to contribute to the cost of their own accommodation.

Increasing the capacity of organisations to raise funds has allowed the Commonwealth to target capital subsidies to financially disadvantaged people and other disadvantaged groups more comprehensively. For example, significantly increased subsidies have been made available to provide accommodation for financially disadvantaged members of the community. Indeed, the Commonwealth now pays a capital grant of up to \$50,550 for each hostel place which must be provided to a financially disadvantaged person.

The subsidy for general places varies depending on the proportion of financially disadvantaged people aged more than 70 in the area from which the hostel will draw its residents — the higher the percentage of financially disadvantaged residents, the higher

the general place rate subsidy. This approach acknowledges that the greater the proportion of financially disadvantaged residents in a specific hostel population, the lower the number of people able to make an adequate entry contribution. Recurrent funding reflects this concern of the Government to ensure that less well off people can gain access to hostels and that hostels that provide places for financially disadvantaged people receive support. Care subsidies for financially disadvantaged people are \$3.45 more than for non-financially disadvantaged residents, at all levels of care, for new permanent residents from November 1995.

Community based care

While the residential care program focuses mainly on long-term residential care, there are provisions under the program for assistance to those aged and disabled people who wish to stay in the community.

A number of pilot projects have illustrated the potential of such an approach in enabling those people with higher and more complex care needs and most at risk of needing residential care to remain in the community, through providing the necessary care services in the home. Given the suitability of this service model, the Government announced its commitment to develop Community Aged Care Services Packages as a service alternative in the aged care program. Almost 2,400 places were available in 1994–95 for this initiative with provision for substantial growth in later years.

The Commonwealth has been developing ways to link housing more effectively to aged care, particularly for financially disadvantaged people in insecure housing who are at risk of premature entry to residential care. The aim is to ensure that they are able to get equitable access to the improved range of community based care services developed in recent years.

The Assistance with Care and Housing for the Aged (ACHA) Program was established in the 1993–94 Budget to trial different approaches to more effectively link housing to care. Forty-six projects are now operating across Australia. They employ support workers to assist in direct service delivery or by linking clients to appropriate mainstream housing and care services.

An evaluation will assess the Program's effectiveness and identify the most successful service models. Initial feedback indicates that clients are receiving better access to appropriate housing and are being assisted to access mainstream health and care services.

In addition, short-term or respite care is available which not only allows carers a break from their responsibilities, but also provides support for frail aged people who are caring for themselves.

Domiciliary Nursing Care Benefit

Domiciliary Nursing Care Benefit (DNCB) is available to assist people who choose to care at home for a person who is very frail, or perhaps has severe dementia, someone with a long-term illness or a person with a disability. The basic criteria for payment of the benefit are that the person being cared for must be assessed as requiring the level of care available in a nursing home, aged 16 years or over, and live in the same residence as the carer. Certification must also be provided by a doctor that continuing nursing care is needed and by a registered nurse that the carer is providing adequate care. The benefit is indexed annually. The benefit continues to be paid when the person being cared for is in overnight respite care for up to 42 days per calendar year.

Aged Care Assessment Program

The Aged Care Assessment Program (ACAP) is a joint Commonwealth-State program introduced in 1986. The aim of ACAP is to ensure that frail aged people have access to available residential care and community care services appropriate to their needs, through the operation of multidisciplinary Aged Care Assessment Teams (ACATs).

Throughout Australia a network of 121 ACATs operates according to Commonwealth guidelines. In addition, each State has an evaluation unit which monitors and evaluates the performance of the program. The Commonwealth provides grant funding to State health authorities which manage the program on a day-to-day basis and which also contribute resources to the operation of ACATs and evaluation units. The Commonwealth Government contributed \$32 million to this program in 1992-93, \$34 million in 1993-94 and \$35 million in 1994-95.

ACATs operate on a regional basis and their structure is influenced by the requirements of the community in which they function. All people over the age of 70 now have access to a regional ACAT. The Teams' responsibilities include holistic assessment of clients, determination of eligibility for nursing home and hostel entry, determination of eligibility for Community Aged Care Packages, acting as an interface between aged care services and the health care system and the provision of advice to older people about aged care services in general.

The Commonwealth funds pilot projects under the Aged Care Assessment Program in areas such as transition care for people recovering from illness and accident, respite care and the provision of psychogeriatric services. A number of ACATs either hold Commonwealth budgets to deliver these pilot projects or work closely with the project managers to provide these services to their clients.

Veterans' Affairs

The Repatriation Commission was established under the *Repatriation Act 1920*. With the repeal of that Act on 22 May 1986, the Commission has continued in existence under the *Veterans' Entitlements Act 1986*. At present, the Commission consists of three full-time members. The functions of the Commission are set out in section 180 of the *Veterans' Entitlements Act* and include:

- granting pensions, allowances and other benefits in accordance with the provisions of the Act;
- arranging the provision of treatment and other services for eligible persons;
- advising the Minister and providing him with information on matters relating to the Act;
- performing other functions conferred on the Commission by the Act or other Acts; and
- administering the Act subject to the control of the Minister.

The Department of Veterans' Affairs provides the administrative machinery through which the Commission operates. The central office of the Department is in Canberra. There is a

state office in the capital city of each State and Territory, under the control of the Deputy Commissioner. There are 20 Veterans' Advice Network offices throughout Australia.

Repatriation benefits are provided under the Veterans' Entitlements Act in respect of service with the Australian Defence Forces in World War I, World War II, Korean and Malayan operations, Australian contingent of the British Commonwealth Far East Strategic Reserve, Viet Nam and South East Asia conflict and for service in the Regular Defence Forces on or after 7 December 1972. Certain civilians may also be eligible for benefits, as are Australian members of certain designated peacekeeping, observing and monitoring forces who had peacekeeping service overseas and, from July 1994, Australian mariners of World War II. Under the Papua New Guinea (Members of the Forces Benefits) Act 1957, indigenous inhabitants of Papua New Guinea who served in the Australian Forces in World War II and members of the Royal Papuan Constabulary and New Guinea Police Force

who served in that conflict are eligible for compensatory type benefits. Members of other Commonwealth countries' forces and other allied veterans are not eligible for compensatory-type benefits in respect of their service, unless they were domiciled in Australia immediately before their enlistment. They may, however, qualify for income support payments such as the service pension.

Qualification for receiving subsidised housing loans, granted under the Defence Service Homes Act, generally depends on service with the Australian Defence Forces in World War I, World War II, or specified service in Korea, Malaya, South East Asia, Namibia, or the Middle East in respect of the Kuwaiti crisis, and for service in the Regular Defence Forces on or after 7 December 1972 provided the person's first service in the Forces was before 15 May 1985. Certain civilians may also be eligible.

More detailed information on repatriation allowances, benefits and services is available from the Department.

7.22 Veterans' Affairs — total expenditure(a) (\$'000)

Class	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
Pensions & allowances	3 406 254	3 688 330	3 796 623	3 862 309	3 918 205	4 025 486
Other services & benefits	174 908	151 169	101 580	70 158	57 389	78 918
Medical treatment	600 207	662 581	716 499	766 576	1 004 732	1 212 807
Departmental running costs	199 713	191 852	195 649	196 406	215 467	214 108
RGH operating costs	456 757	499 253	507 398	484 562	360 184	210 154
AWM running costs	14 185	16 313	15 069	15 059	13 534	13 816
Capital expenditure	18 878	14 690	8 851	20 591	30 179	29 070
Total expenditure	4 870 902	5 224 188	5 341 669	5 415 661	5 599 690	5 784 359

(a) Because of changes in the treatment of some items of expenditure, strict comparisons over the years should not be made without knowledge of these changes.

Source: Department of Veterans' Affairs.

Compensation Program

The principal objective of the Compensation Program is to compensate veterans and their dependants for the effects of war or defence service. Compensation is administered under

four sub-programs — the Compensation Sub-program, the Income Support Sub-program, the Housing Sub-program and the Veterans' Review Board.

Compensation Sub-program

The main benefits provided under this sub-program are the disability pension and the war/defence widow's/widower's pension and ancillary benefits.

The disability pension is a compensatory payment for incapacity due to eligible war, defence or peacekeeping service. General rate disability pensions range from 10% up to and including 100%, depending on the degree of war-caused or defence-caused incapacity. Higher rates of pension (intermediate rate and special rate) are payable if the degree of incapacity suffered from war or defence-caused injury or disease is determined to be at least 70% and the veteran is totally and permanently incapacitated from accepted disabilities alone as to render him/her incapable of undertaking remunerative work for periods aggregating more than 20 hours per week for the intermediate rate or 8 hours for the special rate.

An Extreme Disablement Adjustment, equal to 150% of the general rate, is payable to severely disabled veterans who are 65 years of age or over.

The war/defence widow's/widower's pension is payable to the widow or widower of a veteran:

- whose death has been accepted as war-caused or defence-caused;
- who at the time of his or her death was receiving or entitled to receive a special rate disability pension or the Extreme Disablement Adjustment; or
- who at the time of his/her death was receiving a pension which had been increased due to certain amputations or amputations and blindness.

From 1 January 1993, war widow's/widower's pension also became available to the widows/widowers of former prisoners of war.

Orphan's pension is payable to the children of these veterans.

7.23 Number of Disability and War Widows' Pensions

Recipient	30 June		Variation (%)
	1994	1995	
Veterans	156 286	157 298	+0.65
Wives & widows	84 626	79 656	-5.90
Children	6 406	6 181	-3.50
War Widows	85 207	88 980	+4.40
Orphans	502	474	-5.60
Other dependants	946	—	—
Total	333 973	332 589	-0.41

Source: Department of Veterans' Affairs.

7.24 Disability pensioners, 30 June 1995

	World War I	World War II(a)	Korea, Malaya & FESR(b)	Special Overseas Service	Peacetime forces	Miscellaneous	Total
General rate — from 10–100%	92	99 097	3 902	9 605	20 605	270	133 571
Intermediate rate	—	682	32	133	101	2	950
Special rate (TPI or equivalent)	16	13 727	934	2 813	1 427	18	18 935
Extreme disablement adjustment	6	3 748	44	8	17	19	3 842
Total	114	117 254	4 912	12 559	22 150	309	157 298

(a) Includes Interim Forces. (b) Far East Strategic Reserve.

Source: Department of Veterans' Affairs.

7.25 Disability and War Widows Pensions

Year	No. of disability pensions in force at 30 June				Annual expenditure(a) to 30 June (\$'000)
	Incapacitated veterans	Dependants of incapacitated veterans	Dependants of deceased veterans	Total	
1990	161 546	114 625	77 911	354 082	1 219 647
1991	159 579	108 478	79 494	347 551	1 340 420
1992	157 790	102 953	81 125	341 868	1 396 192
1993	156 923	96 948	83 642	337 513	1 445 308
1994	156 565	91 722	86 224	334 511	1 508 446
1995	157 298	85 837	90 039	333 174	1 590 136

(a) Includes associated allowances.

Source: Department of Veterans' Affairs.

A number of specific-need allowances are available to certain incapacitated veterans. They include attendant allowance, specific disability (section 27) allowance, clothing allowance, recreation transport allowance, vehicle assistance scheme benefits, temporary

incapacity allowance and loss of earnings allowance. Decoration allowance is also available. Various payments intended to assist with funeral and other bereavement expenses are also available.

7.26 Specific need allowances

Benefit	Number of recipients at 30 June		
	1993	1994	1995
Attendant allowance	998	1 003	1 002
Section 27 (items 1–6)	60	56	55
Section 27 (items 7–15)	1 203	1 196	1 171
Clothing allowance	2 052	1 950	1 847
Recreation transport allowance	3 018	3 013	2 941
Decoration allowance	1 353	1 343	1 321
Vehicle assistance scheme	60	64	64

Source: Department of Veterans' Affairs.

The Veterans' Children Education Scheme provides assistance with education and training for the children of special rate disability pensioners and certain other incapacitated veterans and deceased veterans whose death has been accepted as war-caused

or defence-caused, or who were receiving special rate disability pension or a section 27 allowance (items 1–6) at the time of death (see tables 7.27 and 7.28). A similar scheme applies to eligible children of Australian mariners.

7.27 Veterans' Children Education Scheme — expenditure (\$'000)

Year	Cost of education of beneficiaries						
	NSW(a)	Vic.	Qld	SA(b)	WA	Tas.	Aust.
1989–90	1 492.2	975.3	971.6	293.6	361.9	268.8	4 363.4
1990–91	1 470.3	975.6	1 015.4	459.6	290.4	308.7	4 520.0
1991–92	1 475.8	1 068.2	1 201.6	542.5	289.6	358.8	4 936.5
1992–93	1 612.4	1 092.7	1 198.1	310.1	644.8	413.6	5 271.7
1993–94	1 749.3	1 170.2	1 303.8	348.5	771.6	463.5	5 806.9
1994–95	1 905.7	1 163.9	1 601.4	371.7	791.8	491.8	6 326.3

(a) Includes Australian Capital Territory. (b) Includes Northern Territory.

Source: Department of Veterans' Affairs.

7.28 Veterans' Children Education Scheme — number receiving benefits at 30 June 1995

Type of training	NSW(a)	Vic.	Qld	SA(b)	WA	Tas.	Aust.
At school							
Primary(c)	209	95	232	51	138	75	800
Secondary	444	251	365	83	215	147	1 505
Total at school	653	346	597	134	353	222	2 305
Tertiary professional	119	99	110	25	77	34	464
Technical	43	—	39	12	—	4	98
Total	815	445	746	171	430	260	2 867

(a) Includes Australian Capital Territory. (b) Includes Northern Territory. (c) Not in receipt of an education allowance.

Source: Department of Veterans' Affairs.

Income support Sub-Program

The main form of income support paid under this sub-program is the service pension. This is an income and assets tested pension similar to the age and disability support pensions paid by the Department of Social Security. The pension is payable to veterans with qualifying service at age 60 (males) or 55 (females). Veterans with qualifying service may be paid the pension at any age if they are permanently incapacitated for work. Qualifying service generally means service in an area and at a time when danger from hostile enemy forces was incurred by the veteran.

Veterans of other Commonwealth and allied countries may also qualify for the service pension for service in wars or war-like conflicts in which Australia has engaged. Veterans of Commonwealth forces must have served outside the country of enlistment or be entitled to the award of a campaign medal for service within that country. Allied veterans must have served in formally raised forces. The veteran must be an Australian resident with at least 10 years residency. Service pension is also available to Australian, other Commonwealth and allied mariners of World War II.

From 1 April 1993, all service pensioners became eligible for 'fringe benefits', provided by the Commonwealth Government, which include medical and hospital treatment, pharmaceutical benefits and the payment of a telephone allowance.

A number of supplementary benefits are also available under the sub-program. These include:

- rent assistance;
- additional pension in respect of dependent children;
- remote area allowance;
- carer's pension;
- guardian allowance;
- bereavement payment; and
- pharmaceutical allowance.

The following tables show the total number of pensions in force as at 30 June 1995, and the annual expenditure.

7.29 Service pensions, 30 June 1995

Class	World War I	World War II	Korea, Malaya & FESR(a)	Special Overseas Service	British Commonwealth	Allied Forces	Other	Total
Veterans								
Old age	169	151 495	6 418	1 744	25 321	4 037	2 684	191 868
Permanently incapacitated	—	—	1 325	4 803	240	212	1	6 581
Tuberculosis(b)	1	279	6	1	3	—	—	290
Total	170	151 774	7 749	6 548	25 564	4 249	2 685	198 739
Wife's & widows	372	112 789	5 481	4 688	20 244	3 484	1 916	148 974
Total	542	264 563	13 680	11 236	45 808	7 733	4 601	347 713

(a) Far East Strategic Reserve. (b) Eligibility on these grounds ceased on 2 November 1978.

Source: Department of Veterans' Affairs.

7.30 Service pensions — number and expenditure

Pensions in force at 30 June				
Year	Veterans	Wives & widows	Total	Annual expenditure(a) (\$'000)
1990	223 164	163 184	386 348	2 164 449
1991	218 398	159 511	377 909	2 325 077
1992	215 010	156 603	371 613	2 377 619
1993	210 406	152 742	363 148	2 389 886
1994	204 793	148 184	352 977	2 382 307
1995	198 793	148 974	347 713	2 426 579

(a) Includes associated allowances.

Source: Department of Veterans' Affairs.

Housing Sub-program (Defence Service Homes Scheme)

The Defence Service Homes (DSH) Scheme provides financial benefits to recognise the contribution of certain men and women who have served Australia in either peacetime or wartime. The benefits include housing loan interest subsidies, comprehensive home owners' insurance cover at competitive rates, as well as home contents insurance.

The Scheme was established in 1918 as the War Service Homes Scheme. In 1972 its name was changed to the Defence Service Homes Scheme to recognise the extension of eligibility to those with qualifying peacetime service.

In 1985, the Government decided to sell the DSH mortgage portfolio and the Westpac Banking Corporation became the Scheme's lender on 19 December 1988. Under the Agreement between the Commonwealth and Westpac, the Commonwealth subsidises Westpac for the low-interest loans provided. The subsidy is paid directly to Westpac and represents the difference between the fixed concessional interest rate paid by the borrower and the agreed benchmark interest rate.

Since 1918 the DSH Act has made provision for Defence Service Homes Insurance. Building insurance is available to all eligible persons, irrespective of whether they have or have had a DSH loan. This benefit is also available to those who obtain assistance under the Australian Defence Force Home Loans Assistance Scheme. On 1 July 1991 DSH contents insurance, a comprehensive insurance package underwritten by Mercantile Mutual Insurance (Australia) Ltd, became available to veterans and the service community.

The maximum loan available under the DSH Scheme is \$25,000 repayable over 25 years. The interest rate is fixed at 6.85% for the term of the loan. Loans can be used to buy a home or strata unit, build or extend a home, buy a right of residence in a retirement village, refinance an existing mortgage, or repair or modify an existing home. Since 1 July 1995 a DSH loan is available to obtain granny flat accommodation on another person's property.

7.31 Defence Service Homes Scheme

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
Subsidised loans						
Loans granted	9 123	9 316	9 043	9 158	7 639	7 171
Interest subsidy (\$m)	165.3	139.7	89.3	54.3	37.5	45.1
Loan accounts at 30 June	129 580	130 000	119 500	133 741	107 124	101 887
Building insurance						
Homes insured at 30 June	173 639	169 294	163 316	157 510	147 853	140 508

Source: Department of Veterans' Affairs.

Health program

Health care treatment is provided for all disabilities which have been accepted as service-related, and for pulmonary tuberculosis and cancer not related to service. In addition, and subject to certain conditions, health care treatment in Australia is provided for most non-service-related disabilities for: incapacitated veterans receiving disability pensions at or above the maximum (100%) general rate; World War II veterans and mariners receiving both service pension at any rate and disability pension at the 50% rate or higher; veterans, mariners or nurses who served in World War I; veterans who were detained by the enemy; war widows and certain other dependants of deceased male veterans whose deaths have been accepted as service related, and of deceased Special Rate pensioners; certain service pensioners; and returned servicewomen of World War II.

The needs of the veteran population are changing as veterans and their dependants and carers age. The Government announced its response to these changing needs in the Aged Care Policy Statement for the Veteran Community, titled *As time goes by: Continuing the Commitment*, that was released in June 1995. The policy, developed in the context of the broader Government policies and aged care framework in Australia, adopts a holistic approach to healthy ageing with a focus on preventative care and recognises the important inter-relationships between physical and mental health, social well being, financial, residential care and housing considerations. Examples of how the Department is addressing the commitment include:

- **Health promotion initiatives** — The Department has recognised that health promotion can play a significant part in improving the quality of life of members of the veteran community and help in maintaining their independence. Some initiatives involve links with ex-service organisations and with community organisations such as the Heart Foundation, Diabetes Australia, the Alzheimer's Association and the Australian Sports Commission.
- **Community care** — Departmental initiatives have included a major focus on dementia care with an array of activities focused on improving dementia outcomes

in line with the National Strategy on Dementia Care through to the Improving Social Networks Program which seeks to address veteran isolation issues through research and demonstration projects.

- **Joint venture schemes** — Grants are provided to ex-service organisations for a range of projects which help veterans to continue to live independent lives in their own homes and to support those who are at risk of needing substantial Commonwealth assistance.
- **Day clubs** — Day clubs, established and sponsored by ex-service organisations and run by volunteers, provide regular diversional therapy and socialisation for frail aged veterans and war widows, and simultaneously, respite for their carers.
- **Research and development** — Health and medical research grants are provided in areas pertinent to the health and well being of the veteran community. Also, research aimed at providing quality information to support policy analysis is conducted.

Younger veterans, from post-World War II conflicts, have identified needs which are additional to those of their older counterparts. These needs have been addressed by recent initiatives which include integrated outpatient, inpatient and support services for the treatment and rehabilitation of veterans with post-traumatic stress disorder.

By the end of 1994–95, the last three Repatriation General Hospitals (RGHs) had been divested and the ANZAC Hostel closed. With the transfer of the RGHs to the States, or their sale to the private sector, all acute hospital care is now provided through the Repatriation Private Patient Scheme. This means that entitled beneficiaries can obtain treatment at a public hospital as a Repatriation private patient, in shared accommodation, with a doctor of their choice. According to medical need, if treatment cannot be provided within a reasonable time, the Department may approve admission to a private hospital. The former Repatriation hospitals will remain available for treatment if beneficiaries choose to go there. During 1994–95 the paid bed days for entitled persons in public hospitals was 691,895 and for private hospitals, 502,116.

Under arrangements with State Governments, entitled persons requiring custodial, psychiatric care for a service-related disability are treated at departmental expense in State psychiatric hospitals.

General medical practitioner services are provided through the Local Medical Officer (LMO) Scheme. There were 20,721 LMOs in the scheme as at 18 October 1995. During 1994–95 LMO consultations totalled 3,244,285.

Entitled persons may also be provided with dental treatment through the Local Dental

Officer (LDO) Scheme which comprised 6,868 LDOs as at 18 October 1995. During 1994–95, 565,905 dental services were undertaken.

Optometrical services, including the provision of spectacles, the services of allied health professionals, as well as a comprehensive range of aids, appliances and dressings may be provided to entitled persons.

In addition, entitled persons may be provided with pharmaceuticals through the Repatriation Pharmaceutical Benefits Scheme.

7.32 Repatriation General Hospitals — in-bed patients treated, 1994–95

	Vic.	Qld	SA	Australia(a)
Admissions	11 295	7 703	7 218	26 242
Separations	11 437	7 864	7 451	26 600
Daily average occupied beds (adjusted to annual equivalents)	398	325	193	503

(a) Heidelberg integrated on 1 January 1995, Greenslopes privatised on 6 January 1995 and Daw Park integrated on 9 March 1995.

Source: Department of Veterans' Affairs.

Repatriation General Hospitals

The Repatriation General Hospitals (RGHs) were teaching hospitals providing short-term treatment during an acute episode of illness. They also provide outpatient services and assessment of need for domiciliary and other community support facilities through Aged and Extended Care Departments (AECDS).

In 1988, the Government directed the Department to withdraw from the direct provision of hospital services by 1 July 1995 and that these services be sourced from other providers. On 1 July 1992, RGH Hobart was transferred to the Tasmanian State government, and on 1 July 1993 RGH Concord was transferred to NSW. On 24 February 1994 RGH Hollywood was sold privately to Ramsay Hospital Holdings Pty Ltd and operated as Hollywood Private Hospital.

In 1994–95, the remaining Repatriation General Hospitals were divested. RGH Heidelberg was transferred to the Victorian State health system on 1 January 1995, RGH Greenslopes, Brisbane, was sold privately to Ramsay Hospital Holdings Pty Ltd and began operating as a private hospital on 6 January 1995. With the transfer of RGH Daw

Park to the South Australian State health system on 9 March 1995, the Government's program of divestment of its repatriation general hospitals was complete.

The following table gives details of in-patients (including community patients) treated at remaining RGHs. The figures shown refer to treatment episodes, for example, a person who is admitted to hospital twice during a year is counted twice.

Repatriation Auxiliary Hospitals (RAHs)

The RAHs provide slow-stream rehabilitation of patients, maintenance care of patients awaiting nursing home admissions and respite care for a limited number of patients. Lady Davidson Hospital (LDH) NSW, is the last Repatriation Auxiliary Hospital. Community patients are admitted to Lady Davidson.

Repatriation Auxiliary Hospital Macleod (Victoria) was decommissioned in January 1993. Repatriation Auxiliary Hospital Kenmore was decommissioned on 29 April 1994.

The following table gives details of in-patients (including community patients) treated at LDH. The figures shown refer to treatment episodes, e.g., a person who is admitted to hospital twice during a year is counted twice.

7.33 Repatriation Auxiliary Hospitals — in-patients treated, 1994–95

	NSW
Admissions	1 916
Separations	1 924
Daily average occupied beds	127

Source: Department of Veterans' Affairs.

Anzac Hostel provided minimal nursing supervision in a residential setting to eligible persons. The daily average occupied beds figure for 1994–95 was 13. Anzac Hostel closed on 30 June 1995.

Artificial limbs and appliances

Entitled veterans and war widows receive free artificial limbs, appliances and surgical footwear, through the Department's Health Care and Services Program.

In line with its objective of withdrawing from the direct provision of services and sourcing those services from other providers, the Department is negotiating the transfer of the Artificial Limb Scheme (ALS) and the Repatriation Artificial Limb and Appliance Centres (RALACs) to the State health authorities, or closing RALACs where no agreement can be reached.

The ALSs were transferred to Victoria and Queensland, and the Melbourne and Brisbane RALACs closed, on 1 December 1994. In South Australia the RALAC and the ALS were transferred when RGH Daw Park was integrated with the State Health system on 9 March 1995. In Tasmania, the RALAC and ALS were transferred to the State on 1 November 1995.

In 1995–96, negotiations between DVA and NSW and WA State Health departments continued on the future of the RALACs and the transfer of the ALSs in those states.

The following table gives details of production by all centres and commercial firms as a result of orders placed by the Department.

7.34 Repatriation artificial limb and appliance production, 1994–95

	Entitled veterans	Community patients	Total
Artificial arms	6	58	64
Artificial legs	249	842	1 091
Appliances	286	133	419
Artificial limb repairs	953	3 324	4 277
Appliance repairs	334	82	416
Custom footwear	1 526	49	1 575
Depth footwear	1 527	4	1 531
Footwear repairs	3 450	47	3 497

Source: Department of Veterans' Affairs.

Vietnam Veterans Counselling Service

The Vietnam Veterans Counselling Service (VVCS) has centres in Adelaide, Brisbane, Canberra, Darwin, Hobart, Launceston, Lismore, Melbourne, Perth, Southport, Sydney, Townsville and Wodonga. Lismore and Southport are new centres, opened in 1995. The service provides counselling to veterans and their families, as well as working

with the ex-service community to promote understanding and acceptance of veterans' problems.

The VVCS is staffed by psychologists and social workers who have specialised knowledge about military service, particularly in Vietnam, and its impact on veterans and

their families, especially the impact of post-traumatic stress.

Access to counselling services for rural veterans and their families was greatly improved with the establishment of the Country Outreach Program (COP) in 1988, followed soon after by a toll-free 1800 telephone link to all VVCS centres. Recent service enhancement initiatives under the Younger Veterans' Program (YVP) include in most centres the recruitment of a COP coordinator, and the creation of programs aimed at promoting better health for veterans.

The following table shows usage of the VVCS.

7.35 Vietnam Veterans Counselling Service

Activity	1992-93	1993-94	1994-95
Counselling consultations			
Face to face	34 252	38 492	33 996
Group sessions	259	308	356
Country Outreach	11 664	16 861	20 398

Source: Department of Veterans' Affairs.

The Office of Australian War Graves

The Office of Australian War Graves has two main functions. Its major area of responsibility is the implementation of government policy for the perpetual commemoration of eligible Australian veterans whose postwar deaths are related to their war service.

It also maintains, on behalf of the Commonwealth War Graves Commission, War Cemeteries and other commemorations in Australia, Papua New Guinea, Solomon Islands (Guadalcanal) and Norfolk Island.

The Office maintains 19,520 war graves in 76 war cemeteries and 900 civil cemeteries. It also maintains 185,710 postwar commemorations. In 1994-95 it commemorated 6,369 veterans who died of war-related causes.

The Office provides an information service to those wishing to visit any of the 102,000 Australian war dead who are buried or memorialised in Australia and overseas. The Office has records relating to the

Commonwealth dead of World War II, the Australian dead of World War I and the post-World War II conflicts.

Full details of the operations of the Office of Australian War Graves are contained in its Annual Report.

Household income and expenditure

Household income

Surveys of household income have been conducted by the ABS at approximately four-yearly intervals since 1969. The latest survey was conducted from July 1994 to June 1995. Information was collected on income from the following sources: employee income; own business income; government pensions and allowances; superannuation; interest; rent and dividends; and other regular sources.

The latest income survey for which results are available was conducted in respect of 1989-90. Recent editions of the year book have included tables and other material describing the results of that survey. Results from the 1994-95 survey will be available early in 1996.

Household expenditure

The 1993-94 Household Expenditure Survey was the fifth major survey of its kind undertaken by the Bureau. It was conducted continuously over the twelve month period July 1993 to June 1994. Household expenditure surveys are designed to find out how the levels and patterns of expenditure of private households vary according to income level and other characteristics such as household size, composition, location and principal source of income. An important use of household expenditure information is in reviewing the weighting pattern of the Consumer Price Index (CPI), which is used universally as a measure of change in the cost of living.

Household expenditure in 1993-94

Results from the latest survey shows that, in 1993-94, average weekly household expenditure on commodities and services in Australia was \$602. Almost a half of this was accounted for by food, transport and housing.

Average weekly household expenditure on food and non-alcoholic drinks was \$111 (18.4% of the total), on transport \$94 (16% of the total) and on housing \$85 (14%).

Expenditure on recreation was \$79 per week and this category showed the highest increase since the previous survey in 1988–89.

Household expenditure varied considerably across geographic regions. For example, the highest average weekly expenditure for a State was for New South Wales at \$624 and the lowest for Tasmania at \$535. For the capital cities, Canberra and Darwin had the highest level of expenditure, with \$749 and \$685 respectively, followed by Sydney at \$669 and Melbourne at \$634. Households in Canberra and Darwin had the highest average weekly

household incomes at \$1037 and \$864 respectively. The lowest were for households in Hobart (\$687) and Perth (\$708).

The level of household income is one of the main factors affecting the level of household expenditure. However, household income is itself related to social and demographic characteristics of the household. In particular, larger households typically have a greater number of income earners and thus higher levels of income and expenditure. Differences in household income are also related to characteristics such as the age of the household members, the source of income, for example employee income or government pensions, and the geographic location.

7.36 Household expenditure and characteristics, 1993–94

	NSW	Vic.	Qld	SA	WA	Tas.	Darwin	Canberra	Aust.
Average weekly household expenditure (\$)									
Current housing costs (selected dwelling)	95.40	83.11	81.44	70.43	78.02	62.92	116.20	112.29	85.38
Fuel & power	15.47	21.25	12.14	15.92	16.76	22.46	16.86	20.54	16.77
Food & non-alcoholic beverages	118.16	111.10	103.32	99.09	108.03	102.10	127.07	126.81	111.00
Alcoholic beverages	17.85	16.52	17.92	16.45	18.19	15.42	25.94	18.65	17.46
Tobacco	9.38	8.67	8.91	9.42	9.82	10.10	14.97	8.53	9.19
Clothing & footwear	35.29	37.61	28.83	29.11	31.56	29.81	24.61	44.11	33.71
Household furnishings & equipment	42.28	34.55	37.05	37.42	48.03	34.54	40.14	46.57	39.56
Household services & operation	32.82	30.49	31.90	27.05	32.02	29.68	41.64	39.47	31.58
Medical care & health expenses	28.59	26.41	25.93	28.43	25.97	24.45	24.82	28.41	27.14
Transport	94.17	93.62	95.45	83.88	92.10	76.72	93.18	127.73	93.58
Recreation	78.27	80.65	75.17	76.38	78.28	77.98	98.24	102.33	79.34
Personal care	11.35	11.27	11.72	11.30	11.24	9.51	10.06	14.16	11.37
Miscellaneous commodities & services	44.73	46.51	46.70	46.46	46.28	39.65	51.73	59.78	46.02
Total commodity & service expenditure	623.76	601.76	576.49	551.33	596.31	535.34	685.47	749.37	602.11
Selected other payments									
Income tax	149.43	130.52	128.29	123.89	125.57	103.40	168.22	243.71	136.99
Mortgage repayments — principal (selected dwelling)	23.56	20.72	16.80	14.00	23.38	13.47	31.54	32.73	20.78
Other capital housing costs	30.89	31.52	14.31	36.78	45.93	29.45	50.58	-5.80	29.46
Superannuation & life insurance	24.29	19.85	22.35	16.62	20.07	22.80	34.76	51.01	22.32
Household characteristics									
Average weekly household income (\$)	754.01	711.82	703.65	680.73	680.95	620.50	864.44	1037.39	723.26
Proportion (%) of total income being									
Employee income	74.4	73.2	69.1	71.5	71.2	67.1	84.5	78.6	72.7
Own business	7.0	5.3	11.2	7.2	8.5	7.5	4.3	7.2	7.5
Government pensions & allowances	12.6	13.8	12.7	14.6	13.5	16.9	8.1	6.3	13.0
Other	6.0	7.6	7.1	6.7	6.8	8.5	3.1	7.9	6.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average number of persons in household	2.66	2.63	2.62	2.45	2.68	2.51	2.80	2.76	2.63
Average number of employed persons in household	1.2	1.2	1.3	1.1	1.3	1.1	1.4	1.4	1.2

Source: 1993–94 Household Expenditure Survey.

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Poverty and deprivation in Australia

(This article has been contributed by Dr Peter Saunders, Director, Social Policy Research Centre, University of New South Wales.)

Introduction

As 1996 has been designated International Year for the Eradication of Poverty, it provides an opportunity to review evidence on the extent of poverty in Australia and to reflect on the meaning and measurement of poverty.

The measurement of poverty cannot be undertaken independently of national customs, values and standards of living. This means that in a relatively affluent country like Australia, the meaning of poverty is quite different from the absolute deprivation or subsistence poverty which exists in many developing countries. The World Bank has defined poverty as an inability to attain a minimal standard of living (World Bank, 1990, p.26). This is a general definition which can be applied to different national situations according to the specific meaning given to the concept of a standard of living and how the minimal level is determined.

Interest in the issue of poverty has grown in recent years, both internationally and within Australia. In the international context, the increasingly integrated world economy has highlighted the global nature of poverty and focused attention on its consequences. The United Nations Development Programme (UNDP) has emphasised this point, noting that: 'Poverty is the greatest threat to political stability, social cohesion and the environmental health of the planet' (UNDP 1994, p.20).

Reflecting these concerns, the reduction and elimination of widespread poverty was one of the major themes of the UN-sponsored World Summit for Social Development which took place in Copenhagen in March 1995. The eradication of poverty throughout

the world formed the basis of one of the Commitments contained in the Summit Declaration, which recommended that each country set a target date for eradicating absolute poverty. The Summit also recommended that the General Assembly of the United Nations endorse its proposal that 1997 should represent the commencement of a UN decade for the eradication of poverty.

Within Australia, as in many other industrial countries, poverty has re-emerged as a policy issue in response to the high levels of unemployment and increasing levels of inequality which have been experienced over the 1980s (ABS, 1994; Saunders, 1994). These concerns have reinforced a longer-term interest in the study of poverty in a country where poverty alleviation has been a major goal of wage and social security policies. These concerns were highlighted during the 1987 federal election campaign when Prime Minister Hawke made his pledge that by 1990 no child will need to live in poverty.

Assessing the governments success in achieving that goal has rekindled interest in the extent of poverty among Australian families. Research on the topic has revealed that fundamental differences exist concerning the definition of poverty and how it should be measured. Some academic writers (e.g. Travers and Richardson, 1993) have questioned the usefulness of using a single income-based poverty line to estimate the extent of poverty, a view which has been endorsed by the current Minister for Social Security (Baldwin, 1995).

These debates raise many issues in poverty research which cannot all be dealt with in the space of a single article. Some of them will be mentioned, but the poverty estimates which are presented below have been derived from one particular framework. Because of this, it is important to emphasise that estimates of poverty are estimates, and like all other estimates, are only as reliable as the methods used to derive them.

Poverty and inequality

In its 1990 World Development Report, the World Bank used a poverty line for each country set at the equivalent (in 1985) of US\$370 per person per year. On this basis — equivalent in Australia to around \$10 per person per week — there is virtually no poverty in Australia. However, the World Bank's focus was on absolute or subsistence poverty — not having enough income to be able to secure minimum levels of food, clothing and shelter.

In rich countries like Australia, poverty is conceived in relative rather than absolute terms. This implies that poverty is defined not in terms of a lack of sufficient resources to meet basic needs, but rather as lacking the resources required to be able to participate in the lifestyle and consumption patterns enjoyed by other Australians. To be relatively poor is thus to be forced to live on the margins of society, to be excluded from the normal spheres of consumption and activity which together define social participation and national identity.

The acceptance of poverty as a relative concept means that poverty and inequality are related. Relative poverty can only exist where there is inequality, but this does not mean that poverty and inequality are the same. Not all forms of inequality will imply relative poverty, only those in which some individuals or groups fall well below the average. The eradication of relative poverty will require some reduction in inequality, but how much and at what cost will depend upon the nature and severity of the poverty problem.

Direct and indirect measures

Most poverty research focuses on whether disposable income (income measured after the receipt of cash benefits from government and after the payment of personal income taxes to government) is sufficient to meet needs. This is justified on the grounds that income is a good measure of living standards in market economies like Australia. However, income is an indirect measure of poverty because it measures the resources on which living standards depend, but does not directly measure the living standards actually experienced.

Where people have access to resources other than income (e.g. financial assets or housing wealth) income may be an imperfect indicator of actual living standards. In Australia, where home ownership is high by international standards, this can have an important bearing on the measurement of poverty, particularly among groups like the aged where home ownership is most prevalent.

These problems might be circumvented by estimating poverty on the basis of consumption expenditure rather than income — as has been done by Eurostat, the Statistical Office of the European Communities, to compare relative poverty among EC countries. However, the use of expenditure data is not without its own problems. The most notable of these is that it is generally expenditure on consumption rather than consumption as such which is measured. Furthermore, it may be possible to sustain a standard of living during periods of low income by running down past savings or incurring debts, but this situation will not be sustainable. Low consumption expenditure may thus conceal rather than reveal the existence of poverty.

A better way of overcoming these difficulties is to try and identify poverty directly rather than indirectly. This approach, based on the Level of Living Surveys pioneered by researchers in

Sweden, has been applied in Australia by Travers and Richardson (1993) as well as in the Australian Living Standards Study undertaken by the Australian Institute of Family Studies (McDonald and Brownlee, 1994). It involves observing the many dimensions of living conditions, including consumption of private goods, housing, health, education, employment and participation in social and political aspects of community life.

Given the multi-dimensional nature of actual living standards, it is difficult to derive a single poverty measure using the direct approach. The focus in this approach tends to be on quantifying inequality in particular aspects of living conditions and exploring what these imply for policies in specific areas. It is, however, also possible to derive cumulative measures of disadvantage in several dimensions which are indicative of the existence of poverty.

Relative deprivation

The concept of relative deprivation is associated with the work of British social researcher Peter Townsend (Townsend, 1979). It builds on direct observation of various dimensions of the lifestyles actually experienced by people and defines relative deprivation as a situation where people lack the resources to have the living conditions and amenities and participate in activities which are widely encouraged and approved in the society in which they live. It is claimed that below a certain level of income the index of deprivation begins to increase substantially and that this income threshold can be thought of as a poverty line. However, it is the level of deprivation itself, rather than the income threshold attached to it, on which attention is focused.

The concept of relative deprivation leaves unresolved the question of how the customary or approved living conditions and activities are identified. One approach is to leave such judgements to the experts. Another, which attempts to integrate the concepts of poverty and relative deprivation involves identifying a list of necessities which are regarded as such by a majority of the population and then defining poverty as those who experience an enforced lack of several of these socially perceived

necessities. These approaches to the measurement of poverty are under-developed in Australia, where relatively little is known about how people conceive of poverty and what they think constitutes being poor.

The role of values

None of the conceptual approaches to poverty described above avoid the need for values to enter into the way poverty is defined. These values need to be made explicit and their validity needs to be debated and endorsed if poverty research is to promote action to alleviate poverty. The fact that the measurement of poverty is not value-free does not mean that poverty research cannot embody scientific principles associated with data quality and methodological technique (Saunders, 1995). What it does imply is that estimates of poverty will always be challenged — and should always be challenged. This should be kept in mind when assessing the estimates of poverty presented below.

Indices of poverty

Most of the poverty measures discussed later estimate the percentage of income units whose incomes fall below a poverty line expressed in monetary terms. This measure is referred to as the headcount index of poverty, for obvious reasons. The headcount ratio can be expressed as the percentage of income or family units below the poverty line, or as the percentage of individuals living in poor units or families.

One limitation of the headcount poverty measure is that it takes no account of the severity of poverty — how far below the poverty line the poor actually are. Poverty is an all-or-nothing state. Furthermore, changes in income which cause people to move from just below to just above the poverty line may cause the headcount poverty ratio to decline markedly, but reflect only minor changes in living standards. In addition, government policies which raise the incomes of the poor without pushing them above the poverty line will have no effect on the headcount poverty ratio.

To counter these criticisms, a range of more complex indices of poverty has been developed. These reflect both the severity of poverty as well as the numbers below the poverty line. The most well-known of these measures is the poverty gap, which estimates the total gap between actual income and the poverty line for all those who are in poverty. The poverty gap thus measures the total cost of raising all of the poor to the poverty line but no further. It indicates the severity of the poverty problem and the (minimum) cost of addressing it.

But even the poverty gap can be criticised because it assigns an equal weight to all income shortfalls below the poverty line. If, instead, it is thought desirable to assign more weight to those who are in deepest poverty, then even more sophisticated (and complex) poverty measures are required. The problem here is that such increased sophistication may produce a poverty measure which is less transparent and understandable in the community.

Needs and equivalence scales

Thus far, the discussion has proceeded as if there is a single poverty line. In fact, the poverty line varies according to needs which in turn depend upon the characteristics of each income unit, the most obvious being the number of income unit members. The income unit itself is defined to approximate a basic economic unit comprised of related individuals who are living together. There are four basic types of income unit; single people; married couples (*de jure* or *de facto*) without children; couples with children; and sole parents.

For each income unit type, the poverty line most commonly used in Australia varies according to the age, gender and workforce status of each individual member, and according to the total number of individuals living in the income units household. These variations are embodied in the equivalence scale on which the measurement of poverty is based. The scale reflects the relative needs of different family types and is designed to allow the standards of living of different families to be compared on a single scale.

The equivalence scale expresses the needs of each income unit relative to those of a benchmark type — a single person unit, for example. The benchmark or reference unit is assigned an equivalence value of 1.0 and the equivalence scale then assigns values to other units relative to this. Thus, a married couple may have an equivalence value of 1.7, implying that the needs of a couple are 70% higher than the needs of a single person. In this case, the value is less than 2 because of the existence of cost economies in household living arrangements.

The above example implies that a couple needs 70% more income than a single person in order to attain the same standard of living. This in turn implies that the poverty line for the couple should also exceed that of a single person by 70%. This highlights the fact that poverty is concerned not with low income as such, but with incomes that are low relative to needs. It also points to the important role of the equivalence scale itself in determining both the overall extent of poverty and its composition among different income unit types.

Another key assumption concerns the fact that, within income units, there is assumed to be equal sharing of resources. This means that the standard of living, and hence the poverty status, of each individual unit member are the same. Relatively little is known about the extent of income pooling within Australian families. Given its importance, the assumption of equal sharing, like other assumptions, needs to be tested.

The Henderson poverty line

The first systematic attempt to estimate the extent of poverty was undertaken in the mid-1960s by a group of researchers at the Institute for Applied Economic and Social Research (IAESR) at Melbourne University (Henderson, Harcourt and Harper, 1970). The research team, led by IAESR Director Professor Ronald F. Henderson, estimated poverty in Melbourne using a poverty line for a reference two-adult, two-child family set at an income equal to the value of the

basic wage plus child endowment payments (later called family allowances).

This poverty benchmark was chosen because of its relevance to Australian concepts of minimum income, but also because as a proportion of average earnings and average incomes it was similar to poverty lines used in other countries. It was regarded by the research team as an austere measure, likely to produce lower-bound estimates of poverty. The equivalence scale used to derive poverty lines for other family types was, in the absence of any reliable Australian estimates of relative needs, derived from a survey of household budgets and costs undertaken in New York in the 1950s. This aspect of the poverty line has been criticised, although the cost relativities implied by the New York scale were regarded at the time by the IAESR researchers as quite plausible for Melbourne.

The poverty line described above was subsequently used by the Commission of Inquiry into Poverty to produce the first authoritative national estimates of poverty in Australia using data from an ABS income survey undertaken in August 1973 (Commission of Inquiry into Poverty, 1975). Following a recommendation in the IAESR study, the poverty line was updated to 1973 in line with the movement in average weekly earnings. The updated line became known as the Henderson poverty line (HPL) after Professor Henderson, the Chairman of the Poverty Inquiry.

Updated estimates of the HPL have been published regularly since 1979 by the IAESR and reported by welfare organisations such as the Australian Council of Social Service (ACOSS). Updating the poverty line by

average earnings was replaced by the use of household disposable income per capita in 1981, the latter measure being more comprehensive in scope but also preferable because it incorporates changes in personal tax payments.

Updates of the HPL have been used to estimate poverty as more recent ABS household income data have become available, and also as a benchmark against which to assess the adequacy of government benefits. In light of the significance of both exercises, it is no surprise that the poverty line estimates have been subject to extensive criticism. To date, however, no viable alternative has been proposed and the HPL continues to be widely used to measure poverty.

Table S2.1 presents the poverty lines for income units in the workforce in the March quarter 1995. The methods and assumptions used to derive them are described in detail in Johnson (1987). The dollar value of the poverty line for each income unit type is shown, as well as the relativities for different income unit types — the equivalence scale. In dollar terms, the poverty line for a single person was \$215 a week, for a couple it was \$288 a week, increasing thereafter by around 20% for each child. The poverty line for a sole parent with one child was about 4% below that of a childless couple with the same workforce status. (Poverty lines for those not in the workforce were around \$41 below those shown in table S2.1 for each income unit type). Housing costs vary with family size, but range from around \$70 a week for a single person up to \$106 a week for a couple with four children.

S2.1 Poverty lines for Australia, March quarter 1995(a)

Income unit type	Including housing		Other than housing	
	\$ per week	Relativities (Couple = 100)	\$ per week	Relativities (Couple = 100)
Couple	288.4	100.0	210.9	0.7
Couple, 1 child	346.6	120.2	262.2	0.9
Couple, 2 children	404.9	140.4	313.4	1.1
Couple, 3 children	463.2	160.6	364.7	1.3
Couple, 4 children	521.4	180.8	415.4	1.4
Single person	215.6	0.8	145.1	0.5
Single parent, 1 child	276.8	1.0	199.3	0.7
Single parent, 2 children	335.0	1.2	250.5	0.9
Single parent, 3 children	393.2	1.4	301.8	1.1
Single parent, 4 children	451.5	1.6	353.0	1.2

(a) The estimates assume that the head of the income unit is in the workforce and are based on an estimate of seasonally adjusted household disposable income per head per week for the March quarter 1995 of \$313.29.

Source: *Institute of Applied Economic and Social Research, 1995, Table 1.*

Poverty in 1990

Estimates of poverty in 1989–90 using the HPL framework have been derived by the Australian Institute of Health and Welfare (AIHW, 1993) and Saunders (1994). The former estimates are shown in table S2.2. They reveal that over 840,000 income units had incomes below the poverty line, leading to an overall poverty rate of 13.8%. Poverty was most prevalent among sole parent income units, whose incidence of poverty was more than three times the national rate.

Poverty after housing costs is estimated by comparing disposable income net of actual housing expenditures with the after-housing costs poverty line (see table S2.1). On this basis, poverty is lower overall and markedly lower for the aged, many of whom have relatively low housing costs. Offsetting this

is the tendency for after-housing poverty to be higher amongst younger groups, particularly single people and two-parent families. This partly reflects the modest allowance for housing costs in the HPL (table S2.1).

Table S2.2 indicates that income unit type and housing status both affect the risk of poverty. In general, the risk of poverty is much less in income units with two adult members than in those containing only a single adult. Research indicates that the risk of poverty is also influenced by labour force status, age, the gender of the head of household and whether or not the household head is a recent migrant to Australia (Paul and Podder, 1992).

S2.2 Income units in poverty, before and after housing costs, by income unit type, 1989-90(a)

Income unit	Total number (^{'000})	Poverty rate before housing costs (%)	Poverty rate after housing costs (%)
Single person			
aged 15-24	258.1	16.0	24.6
aged 25-64	1 125.8	17.2	15.4
aged 65 & over	714.5	19.2	5.8
Couples (no children)			
head aged under 65	1 266.0	6.5	6.9
head aged over 65	565.4	6.0	4.2
Two parent families	1 795.9	10.5	13.8
One parent families	358.8	46.1	43.8
All income units	6 084.5	13.8	13.0
Number of income units in poverty (^{'000})	—	842.1	794.2

(a) Excludes residents of non-private dwellings, self-employed income units and independent children of the household head. Figures refer to weighted population estimates.

Source: Australian Institute of Health and Welfare, 1993, Table 3.1.

Poverty and labour force status

The Poverty Inquiry identified the workforce status of the income unit head as the dominant factor which determined the poverty status of the income unit as a whole. That basic relationship remains in force today, although with two-earner couples now outnumbering single-earner couples, the labour force status of any single individual is less important in determining whether the unit as a whole is poor. Furthermore, the widening of earnings inequality and the growth in part-time and casual employment has made employment less of a guarantee against poverty than was the case in the past.

Quantifying the relationship between labour force status and poverty is complicated by the fact that poverty is determined on the basis of annual income while labour force status can vary over the course of the year. Where this occurs, the classification of labour force status is to some extent

arbitrary. In constructing graph S2.3, the unemployed have been defined (following the Poverty Inquiry) as those income units where the head is unemployed for eight weeks or more during the course of the year. As a consequence, the residual category of those in the labour force comprises part-time workers, part-year workers and those who have been unemployed for less than eight weeks.

Despite this, graph S2.3 indicates that labour force attachment reduces the risk of poverty, while access to full-time employment virtually removes it entirely. To the extent that the opportunity to achieve the benefits associated with employment are greater amongst couples than income units with only a single adult, the differences in graph S2.3 partly explain the patterns of poverty by income unit type shown in table S2.2.

S2.3. Poverty and labour force status, non-aged income units, 1989-90

Source: Saunders, 1994, Table 9.3.

Poverty among immigrants

The extent of poverty among all immigrants has been estimated systematically by Johnson (1991). His results, using data from the ABS household income surveys conducted in 1982 and 1986 are summarised in table S2.4. The value of these comparisons is affected by two factors: first, the limited degree of detail on place of birth available on a consistent basis for both years; second, the numbers in some birthplace categories are quite small.

Despite these limitations, table S2.4 indicates that although poverty among immigrants is somewhat higher than amongst those income units where the head is Australian-born, this is not a consistent pattern across all immigrant groups. In some cases (particularly for immigrants from the UK and Ireland) poverty is actually lower than amongst those born in Australia.

Without further analysis, it is not possible to attribute the differences shown in table S2.4 to birthplace alone, as there may be other differences which can explain the results. The immigrant groups differ in regard to such factors as length of residence, age, English-speaking ability and educational qualifications and these may account for the observed differences. However, research shows that when age and educational qualifications are held constant, poverty in 1981-82 was higher among immigrants from non-English-speaking backgrounds, as well as among those immigrants who arrived in Australia most recently (Johnson, 1991).

S2.4 Poverty by place of birth in 1981-82 and 1985-86

Place of birth of head of Income Unit	Poverty rate in 1981-82	Poverty rate in 1985-86
Australia	10.2	11.7
UK & Ireland	8.1	7.3
Italy	16.9	15.8
Other Europe	11.5	12.6
Asia	16.9	29.1
Americas	11.4	30.7
Africa	12.9	10.7
Oceania	11.3	24.9
All immigrants	11.4	14.6
All income units	10.5	12.5

Source: Johnson, 1991, Table 3.5.

Poverty among Indigenous Australians

It is now well established that the overall socioeconomic status of Aboriginal and Torres Strait Islander people is well below that of other Australians. Not surprisingly, that difference extends to a comparison of the poverty status of Indigenous and non-Indigenous Australians. What is more surprising is the lack of reliable data on which to substantiate such a claim — at least as it applies to poverty assessed on the basis of inadequate income.

The Poverty Inquiry was unable to document the poverty status of Aboriginal people on a national basis because of the

deficiencies of the data collected (by white interviewers) on the incomes of Aboriginal households (*Commission of Inquiry into Poverty, 1975, p.260*). The Inquiry was, however, able to produce estimates of Aboriginal poverty in Brisbane and Adelaide in 1973. The estimated poverty rates for Aboriginals in these two cities (before housing costs) were 47% and 22%, respectively — well above the national poverty rate, the poverty rate in all metropolitan areas, and the poverty rates in Queensland and South Australia, respectively.

S2.5 Poverty, severe poverty and near poverty among Aboriginal and non-Aboriginal income units with children, 1986

Income unit	Severe poverty (Income below 80% of the poverty line)		Poverty (Income below 100% of the poverty line)		Near poverty (Income below 120% of the poverty line)	
	Aboriginal people	Non-Aboriginal people	Aboriginal people	Non-Aboriginal people	Aboriginal people	Non-Aboriginal people
Couples with						
1 child	6.8	2.4	12.2	3.6	33.8	13.6
2 children	5.2	1.9	27.3	8.0	44.2	12.8
3 children	19.6	2.4	50.0	14.2	67.4	33.8
4 or more children	30.8	16.7	48.7	25.1	71.8	47.6
Sole parents with						
1 child	34.3	14.2	46.3	25.8	77.6	58.1
2 children	15.9	13.5	77.3	51.0	95.5	73.5
3 or more children	34.6	40.8	92.3	82.1	96.2	86.2
All families with children	18.5	5.8	43.2	15.0	63.5	28.2
Percentage of children	20.4	7.0	49.9	18.0	67.9	31.5

Source: Ross and Whiteford, 1992, Table 5.

In a recent study, Ross and Whiteford (1992) used information collected in the 1986 Census of Population and Housing and in the Income Distribution Survey conducted in the same year to derive estimates of poverty amongst Aboriginal families with children. Table S2.5 compares their estimates of poverty among Aboriginal and non-Aboriginal families.

The overall poverty rate among Aboriginal families is almost three times that among non-Aboriginal families. Half of all Aboriginal children were living in poverty in 1986, more than two-thirds were in near poverty and a fifth were in severe poverty.

In all cases, these figures are well above those estimated for children in non-Aboriginal families. The general pattern of poverty among Aboriginal and non-Aboriginal families is similar, with the risk of poverty for both groups increasing with the number of children and being substantially higher for sole parent units than for couple units. There is also a tendency for the differential between the two groups to narrow as the number of children increases. A major factor identified as underlying these differences is the increased prevalence of joblessness among Aboriginal families.

Trends over time

One advantage of using the HPL framework to estimate poverty is that consistent estimates of the trend in poverty over time can be derived. Table S2.6 brings together the results from the studies by Gallagher (1985) and Saunders (1994) which present poverty estimates for each of the years since 1972–73 in which the ABS has undertaken an income survey. The main features of the trends are shown in graph S2.7. Although the two studies apply the same broad methodology, there are some differences which cause each to produce slightly different estimates for the one year (1981–82) which is included in both studies.

Table S2.6 shows that the overall poverty rate was broadly constant at around 10% in the decade up to 1981–82. Over this period, poverty declined markedly among single people but increased among couples, with

and without children. After 1981–82, the overall poverty rate rose steadily, reaching 16.7% by 1989–90 according to Saunders (1994). This period also saw a substantial reversal of the earlier decline in poverty among single people, whose poverty rate almost doubled from 10.7% to 20.4%.

One of the factors underlying the increase in poverty after 1981–82 is the fact that the poverty line itself increased in real terms by 1.2% a year between then and 1989–90 — corresponding to a total real increase of just over 10%. However, this is to be expected of a relative poverty line in a period when real community incomes are rising. The real annual increase in the poverty line in the 1980s is actually lower than between 1972–73 and 1979–80, when the poverty line was adjusted in line with average weekly earnings.

S2.6 Estimates of income units in poverty, 1972–73 to 1989–90(a)

Income unit type	1972–73		1973–74		1978–79		1981–82		1985–86		1989–90	
	No. (‘000)	%	No. (‘000)	%	No. (‘000)	%	No. (‘000)	%	No. (‘000)	%	No. (‘000)	%
Single person	230.1	18.3	319.5	18.3	208.5	10.7	296.0	12.2	418.7	17.0	563.5	20.4
Sole parent with												
1 child	n.a.	n.a.	25.8	26.7	27.8	26.4	44.5	31.7	56.8	44.1	95.0	52.9
2 or more children	n.a.	n.a.	38.9	49.1	48.5	46.3	66.6	60.5	72.7	66.4	95.5	64.8
All sole parents	54.1	33.8	64.7	36.8	76.3	36.3	111.1	43.5	129.4	53.7	190.5	58.0
Couples with												
0 children	14.0	1.9	53.5	4.1	66.8	5.1	46.6	4.1	49.7	3.8	98.0	6.4
1 child	26.7	2.9	23.3	4.1	24.1	5.1	21.0	5.0	19.0	4.5	38.7	8.6
2 children	26.7	2.9	25.6	3.9	40.4	6.5	33.0	5.7	37.5	6.6	48.1	8.4
3 or more children	30.7	7.2	74.0	12.6	47.1	11.5	42.8	16.8	60.2	20.3	54.0	19.9
All couples with children	57.4	5.2	122.9	9.2	111.6	8.2	96.8	7.2	116.6	9.0	140.9	10.5
All income units	399.4	10.2	560.6	11.1	463.1	9.3	550.2	10.7	714.5	13.4	992.9	16.7

(a) Estimates exclude all self-employed income units.

Source: For 1972–73 to 1978–79; Gallagher, 1985, Table 1. For 1981–82 to 1989–90; Saunders, 1994, Table 9.2.

International comparisons

Comparing poverty rates across different countries is a difficult exercise. In the first place, it requires the availability of data which conform to a common definitional and measurement framework with regard to key concepts such as income and the family unit. Second, a method for establishing a poverty line is required which permits meaningful cross-national comparisons to be made whilst at the same time recognising

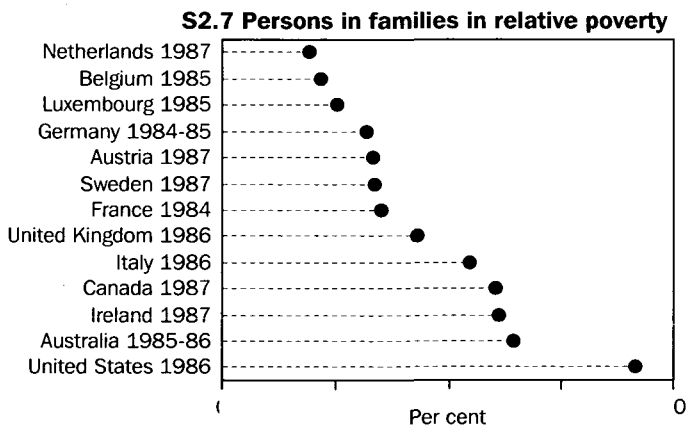
that the poverty line should reflect national conditions and circumstances.

Considerable progress in overcoming the first obstacle (data comparability) has been made since the advent in 1983 of the Luxembourg Income Study (LIS), an international project with the goal of rendering household income survey data comparable across countries by ensuring that they conform to a common definitional

framework. To overcome the second obstacle, a value judgement is required which can receive broad support, both within and across countries.

To this end, researchers have adopted a poverty line for each country which is set at a fixed percentage of median equivalent family income. The measure has the advantage that it reflects differences in the standard of living in each country (as incorporated in the level of median income) whilst at the same time aiding comparisons between countries by fixing the poverty threshold at the same relative level in each country. The exact percentage of median income adopted as the poverty threshold can be varied in order to assess the sensitivity of results. Because this poverty line bears no relation to national poverty benchmarks, it is perhaps more accurately described as a low income, rather than a poverty, threshold.

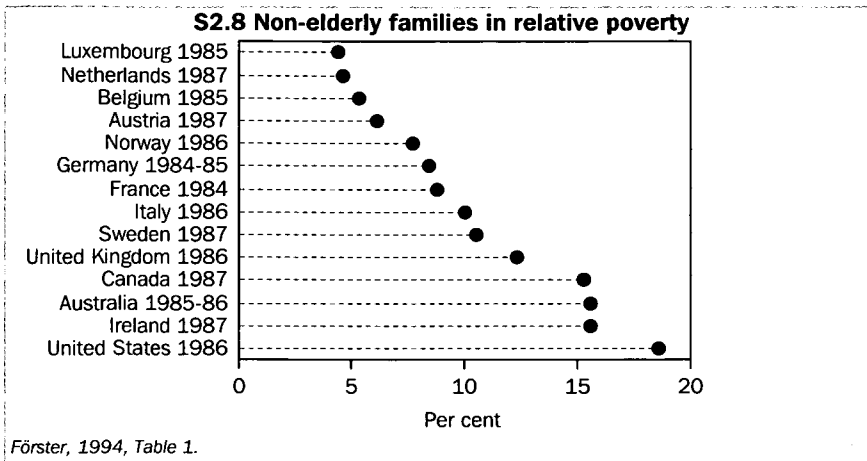
Graphs S2.7 and S2.8 summarise what the existing research using the LIS database indicates about the extent of poverty across a range of countries (including Australia) belonging to the Organisation for Economic Cooperation and Development (OECD). Graph S2.7 shows the percentage of persons in each country who are living in families with incomes below a poverty line set at 50% of median income. The estimated poverty rate varies from around 4% in Belgium and the Netherlands to almost 19% in the United States, with an average value across all thirteen countries of just below 9%. Australia's poverty rate, at 12.9%, is second highest after the United States, similar in magnitude to that existing in Canada, Ireland and Italy.



Förster, 1993, Table 1.

Graph S2.8 compares the poverty rate among non-elderly families only, defined as those headed by a person aged less than 60 (Forster, 1994, table S2.1). Again, the cross-country variation in poverty is considerable, ranging from around 5% in Belgium, Luxembourg and the Netherlands to over 15% in Australia, Canada and Ireland, with the United States again having the

highest poverty rate (18.7%). The average rate for all countries shown is 10.3%. The fact that this is slightly above the average rate shown in graph S2.7 reflects the use of a different unit of analysis in the two figures and the differential poverty rates amongst non-elderly and elderly families in each country.



Finally, it is worth noting that Australia's poverty ranking as shown in graphs S2.7 and S2.8 does not change markedly if the low-income benchmark is changed from 50% of median income to either 40% or 60%.

Deprivation

As explained earlier, in order to estimate the extent of deprivation it is necessary to investigate peoples lifestyles and living conditions directly and quantify those dimensions in which they are experiencing deprivation. Studies of Australian living standards conducted by Travers and Richardson (1993) and the Australian Institute of Family Studies (McDonald and Brownlee, 1994), though not addressing the issue of deprivation directly, have produced results which are of relevance. This new research complements earlier qualitative studies (e.g. Trethewey, 1989) of the lives and experiences of those on low incomes which document what poverty and deprivation mean in everyday terms.

The work of Travers and Richardson, based on a national survey of Australian living standards conducted in 1987, reveals that comprehensive measures of full income (defined to include estimates of the value of leisure and ownership of assets) are only weakly correlated with the extent of various forms of social participation. Furthermore, the correlations between equivalent money income and other non-monetary dimensions of full income are also rather low, which suggests that inequalities in the different

spheres of material well-being tend to offset each other. These findings imply that those who are defined as poor according to the level of their money incomes will not necessarily be experiencing the lowest levels of deprivation, nor are they always excluded from participating in normal social activities.

The Australian Living Standards Survey undertaken by a research team at AIFS has investigated living standards across fourteen spheres of life for families with children. In addition to economic resources, the aspects considered include health, employment, housing, transport, leisure and recreation, access to local and community services, safety and security, social and political participation and family functioning. Analysis of data on almost 1800 households living in four Melbourne localities reveals that thresholds of living standards exist which mark the lowest fifth of households (ranked in terms of equivalent household income) distinct from the top 30% of households, with the 50% of households in the middle forming a third grouping.

A number of indicators of relative deprivation for those at the bottom are discovered in the data, including a lack of assets, the incidence of financial difficulties, housing problems, below-average health and the perception that children in low-income households are worse off than other children (McDonald and Brownlee, 1994, Figures 1 to 9).

S2.9 Indicators of housing stress by income unit type, 1990 (%)

Indicator	Income unit type				
	Single person	Couple (no children)	Two parent family	One parent family	All income units
High expenditure on housing(a)	7.4	3.8	5.3	21.2	6.6
No internal bathroom	0.3	0.5	0.3	0.3	0.4
No internal toilet	0.7	0.4	0.3	0.2	0.5
No internal bathroom or toilet	0.4	0.1	0.1	0.2	0.2

(a) High expenditure is defined as equivalent to 30% or more of disposable income. These figures relate only to those income units in the lowest 40% of the distribution of equivalent income (defined using the Henderson equivalence scale).

Source: Australian Institute of Health and Welfare, 1993, Tables 3.2 and 3.3.

Further information on high housing costs and inadequate housing conditions as indicators of deprivation has been presented by the Australian Institute of Health and Welfare (AIHW). The measures indicate that high housing costs are a problem for many low-income Australians, particularly for sole parent families (table S2.10). In relation to inadequate housing conditions, however, there are few Australians without an internal bathroom and toilet and where these do not exist, there is no consistent pattern of differences across income unit types.

Saunders (1994) utilises data from the 1988–89 Household Expenditure Survey to derive several indicators of deprivation in relation to inadequate housing conditions, lack of assets such as a car, lack of a telephone and no insurance protection of such assets. These indicators present a more pessimistic picture than that shown in table S2.9, although what is most significant about the results is that they again reveal clear differences across family types, with deprivation most prevalent amongst single aged people, larger two-parent families and sole parent families generally. These results,

combined with those in tables S2.2 and S2.6, suggest that deprivation and poverty seem quite closely related in Australia.

Concluding comments

The International Year for the Eradication of Poverty provides an opportunity not only to review the research on poverty, but also to promote policies which can eradicate poverty and abolish deprivation. While there is little evidence from the available statistics that absolute poverty is widespread in Australia, groups such as the homeless and Indigenous Australians who tend not to appear in the conventional statistics are poor even on a subsistence basis. In addition, relative poverty is a reality for many more Australians, including many families with children. High levels of unemployment, particularly long-term unemployment, and a continuation of the increase in inequality will only exacerbate the number of Australians at risk of poverty.

Addressing areas of absolute and relative disadvantage will require government action in many different spheres and at many different levels. Government income transfers are essential to provide a comprehensive and adequate social safety net. Improved access to market incomes is also important for overcoming the marginalisation and social exclusion which often accompany enforced joblessness. The provision of adequate housing and community services which contribute directly to living standards is also important,

as is the development of an environment in which individuals can achieve their own aspirations for material well-being and personal fulfilment.

Poverty in rich countries like Australia can be eradicated. We have the resources. We need to agree that the eradication of poverty is a worthwhile objective and, having agreed, to pursue that goal with a sense of purpose and commitment.

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