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Introduction

The economic well-being or standard of living of individuals and families is largely dependent on the economic and social resources available to provide for the consumption of goods and services and for participation in the life of society. Such resources may be in the form of cash income received from wages and salaries or investments, or as income support from government. Other factors can also contribute to economic resources, including personal resources such as savings, services from government and welfare organisations and assistance from family and friends.

Government programs aim to help the economically disadvantaged to achieve social and economic outcomes and to participate in society. Such programs include those of the Department of Social Security, which provides income security for the retired, people with disabilities, carers, unemployed and families with children. Other departments provide income support for other special groups, such as war veterans, war widows and their families, and students. In addition to cash income, government programs also help those with low incomes to meet payments for housing through rent assistance, and for a range of goods and services through pensioner concession and health cards and other services aimed at helping people in personal and social hardship. Other types of programs aim to encourage the participation of people with disabilities, such as those provided by the Disability Services Program in the Department of Health and Family Services which assist with employment and advocacy.

This chapter provides information on the levels and sources of income of Australia's population and on the levels and patterns of expenditure on consumer goods and services.

It then provides information about the main income support programs of the Commonwealth Government, describing the eligibility requirements, numbers of beneficiaries and government expenditure on these programs. It covers these in three sections: *Income support programs of the Department of Social Security; Community support programs of the Department of Health and Family Services; and Services provided by the Department of Veterans' Affairs.*

Short articles are included on the nature and extent of voluntary work in the provision of community services and the characteristics of volunteers, and on people's need for assistance because of age and disability. Both articles are based on ABS surveys, namely the 1995 Survey of Voluntary Work and the 1993 Survey of Disability Ageing and Carers.

The chapter concludes with an article presenting the results of an ABS study of the effects of government benefits and taxes on household income. The study indicates which household types benefit most from government income support and services in areas such as health, and which household types pay the most through personal and indirect taxes.

Household income and expenditure

Household income

Regular income is the means by which most individuals and families finance current consumption and make provision for the future through saving and investment. The level of cash income can be used as an indicator of the standard of living for most of the population. Information about the levels and sources of income is used to monitor shares of income going to labour, capital and transfers. From a social welfare perspective, analysis of cash income distribution indicates which groups in the population are most disadvantaged and provides information on the number and characteristics of those needing access to government services.

Since 1968 the ABS has conducted six income distribution surveys. These have provided information on the current and annual income of individuals and family units as well as on their characteristics such as age, education, labour force participation, source of income and size and composition of family units.

In addition, the ABS has conducted five household expenditure surveys. The main purpose of these surveys is to produce estimates of household expenditure on different commodities and services. Information on current income is collected to

explain variations in expenditure levels and to identify groups of special interest (e.g. government income support recipients and low income households).

The most recent information on current income distribution is available from the 1994–95 Survey of Income and Housing Costs. Income refers to gross receipts of recurring and usually regular cash flows at the time of interview. It comprises cash receipts from wages and salaries, profit or loss from own business, property income in the form of interest, rent and dividends, private transfers such as superannuation and child support, and cash transfers from government in the form of benefits and allowances.

While income is usually received by individuals, analyses of the distribution of income are traditionally based on incomes of families or groups of individuals, which reflects the sharing of income that takes place within families. The following analysis is based on the income of a restricted family grouping called an 'income unit', which assumes that income is shared between partners in couple families and between parents and dependent children. Other family members such as non-dependent children are treated as separate income units. Analyses of income distribution using different units such as families and households would provide different results. Generally, the larger the unit the more equal will be the distribution of income based on these units.

Income distribution

As table 7.1 shows, in 1994–95 the average gross weekly income for all income units was \$579. The median gross weekly income was considerably lower at \$434. This difference reflects the typically asymmetric distribution of income where a large number of units have nil or very low incomes and a smaller number have very high incomes

Income is distributed unequally across all income units. This reflects the wide variety of individuals and family types receiving income. These units range from young unemployed persons, couples with dependent children, through to elderly retired couples or single persons. Income units in the lowest quintile (i.e. the lowest 20% of units when ranked according to income) received an average gross weekly income of \$96 compared to \$1,407 received by those in the highest quintile.

Income units in the lowest quintile were mainly single people living on their own. Few people were employed and most relied on government pensions and allowances as their principal source of income.

In comparison, income units in the highest quintile were usually couples with and without dependent children, and most had two earners. Their principal source of income was mainly wages and salaries, with very few relying on government pensions and allowances.

7.1 ALL INCOME UNITS, SELECTED CHARACTERISTICS BY GROSS WEEKLY INCOME QUINTILE GROUPS — 1994–95

	Unit	Lowest 20%	Second quintile	Third quintile	Fourth quintile	Highest 20%	All income units
Upper boundary of quintile group	\$	180	346	544	880	..	—
Mean income	\$	96	261	439	695	1 407	579
Median income	\$	145	264	434	685	1 215	434
Principal source of income (% of income units)							
Weekly employee income	%	10.8	25.7	69.6	87.6	87.6	56.2
Weekly own business income	%	2.2	3.8	5.9	7.3	9.3	5.7
Weekly government pensions and allowances	%	63.9	62.6	15.6	1.6	*0.2	28.8
Weekly income from other sources	%	10.7	8.0	8.9	3.5	3.0	6.8
Total(a)	%	100.0	100.0	100.0	100.0	100.0	100.0
Income unit type (% of income units)							
Couple with dependent children	%	3.6	7.0	14.5	33.6	48.1	21.3
Couple without dependent children	%	5.5	33.4	22.9	25.1	40.6	25.4
One parent	%	1.5	9.6	6.6	3.4	*0.7	4.3
One person	%	89.3	50.0	56.1	37.9	10.6	48.9
Total	%	100.0	100.0	100.0	100.0	100.0	100.0
Earners							
None	%	82.1	65.7	20.5	3.9	1.5	34.8
One	%	15.6	31.9	73.2	67.1	27.6	43.0
Two	%	2.2	2.4	6.3	29.0	70.9	22.2
Total	%	100.0	100.0	100.0	100.0	100.0	100.0
Tenure type (% of income units)							
Owners	%	30.3	42.5	28.3	28.2	35.3	32.9
Purchasers	%	5.1	7.2	13.8	32.0	45.3	20.7
Government renters	%	7.7	7.5	3.5	1.8	*0.6	4.2
Private	%	12.7	17.8	22.7	21.6	12.6	17.5
Resident relative and other	%	14.8	11.2	16.9	9.4	3.2	11.4
Total renters	%	35.2	37.5	43.2	32.8	16.4	33.0
Other, including rent free	%	28.4	12.5	13.0	6.4	2.3	12.6
Total(b)	%	100.0	100.0	100.0	100.0	100.0	100.0
Estimated number of income units							
Capital city	'000	1 156	1 060	1 197	1 213	1 287	5 913
Rest of State	'000	661	720	600	581	510	3 071
Total	'000	1 817	1 780	1 797	1 794	1 797	8 984

(a) Includes income units with nil or negative income from all sources. (b) Includes income units whose tenure type was not reported.

Source: 1994–95 Survey of Income and Housing Costs.

Income units receiving government income support

Based on table 7.2, in 1994–95, about 23% of all income units relied on government pensions and allowances for 90% or more of their income. Their average weekly income was \$208, which is considerably lower than the income received by the remaining income units who relied less heavily on government benefits and allowances. Almost two thirds of the income units receiving 90% or more of their average weekly income from government support were single people who were not working. A large

proportion of the income units owned their own dwelling, and many were age pensioners.

Household expenditure

Information about income provides one indicator of the standard of living. However it does not always accurately reflect command over goods and services, particularly where income is variable or where expenditure is financed through running down assets or acquisition of debts. In such cases the levels and patterns of household expenditure may provide an alternative measure of living standards.

7.2 ALL INCOME UNITS, EXTENT OF DEPENDENCE ON GOVERNMENT PENSIONS AND ALLOWANCES, By Selected Characteristics — 1994–95

	Unit	nil or less than 1%	1% to less than 20%	20% to less than 90%	90% and over	All income units
Mean income	\$	764	840	386	208	579
Median income	\$	588	801	347	176	434
Principal source of income (% of income units)						
Weekly employee income	%	84.5	84.8	25.4	..	56.2
Weekly own business income	%	7.3	10.6	5.7	..	5.7
Weekly government pensions and allowances	%	..	..	52.9	100.0	28.8
Weekly income from other sources	%	8.6	4.6	16.0	.	6.8
Total(a)	%	100.0	100.0	100.0	100.0	100.0
Income unit type (% of income units)						
Couple with dependent children	%	11.8	83.9	20.1	8.6	21.3
Couple without dependent children	%	31.0	6.8	31.0	23.7	25.4
One parent	%	0.6	6.1	14.7	7.2	4.3
One person	%	56.5	3.3	34.2	60.6	48.9
Total	%	100.0	100.0	100.0	100.0	100.0
Earnings						
None	%	6.8	3.9	52.5	98.6	34.8
One	%	63.7	48.2	40.7	1.1	43.0
Two	%	29.5	48.0	6.8	*0.3	22.2
Total	%	100.0	100.0	100.0	100.0	100.0
Tenure type (% of income units)						
Owners	%	26.5	32.3	50.9	41.4	32.9
Purchasers	%	22.7	47.5	12.9	5.8	20.7
Government renters	%	0.9	2.5	5.7	12.3	4.2
Private renters	%	19.6	11.8	17.0	16.8	17.5
Resident relatives and other	%	14.9	3.3	5.8	11.3	11.4
Total renters	%	34.6	17.5	28.4	40.3	33.0
Other, including rent free	%	14.4	2.7	6.7	12.1	12.6
Total(b)	%	100.0	100.0	100.0	100.0	100.0
Estimated number of income units	'000	4 493.9	1 197.0	914.5	2 103.0	8 984.3

(a) Includes income units with nil or negative incomes. (b) Includes income units whose tenure type was not reported.

Source: 1994–95 Survey of Income and Housing Costs.

Household expenditure information can be used to examine the relative standards of living of different household types such as those with low incomes, large families, sole parent families and pensioner households.

The latest expenditure information is available from the 1993–94 Household Expenditure Survey. This is the fifth major survey of its kind undertaken by the ABS. It collected detailed information about expenditure, income and characteristics of households in Australia.

The household is used as the basic unit of analysis, because much of the expenditure covers household items. If smaller units are adopted, for example each person, then it is difficult to attribute to individual household members the use of shared items such as accommodation and household goods.

Levels of expenditure

In 1993–94, Australian households spent an average of \$602 per week on goods and services (table 7.3). The level of household expenditure is closely related to characteristics of the household, including income, household composition and household size. Households in the lowest income quintile had an average expenditure of \$303 compared to \$994 spent by those in the highest quintile. The proportion of total household expenditure spent on different goods and services also differs between low and high income households. For example, for households in the lowest quintile the proportion of expenditure on food and non-alcoholic beverages was 20%, compared with 17% in the highest quintile.

The level of household income is itself related to social and demographic characteristics of the household members. While 64% of households in the lowest quintile were lone person

households, in the highest quintile the households were predominantly couple households and had, on average, 3–4 members.

Household expenditure also varies in accordance with stages of the family life cycle, generally rising through the early stages of

family creation and, with increasing family size, reaching a peak as family children mature to adulthood. In subsequent stages of the life cycle, household expenditure declines as children leave home and household size declines. This trend follows very closely the trend in household income over the life cycle.

7.3 HOUSEHOLD EXPENDITURE AND CHARACTERISTICS, By Household Income Quintile(a) — 1993–94

	Unit	Lowest 20%	Second quintile	Third quintile	Fourth quintile	Highest quintile	All households
Upper boundary of income quintile group	\$	267	458	741	1 101	—	—
Mean gross weekly income	\$	152	354	592	909	1 609	723
Proportion of total income from government pensions and allowances	%	91.8	53.6	15.6	5.5	1.5	13.7
Household composition (% of households)							
Couple only	%	17.9	41.5	21.2	23.5	25.3	25.9
Couple with dependent children only	%	6.3	16.1	33.0	34.5	28.5	23.7
Couple other	%	2.2	5.0	10.1	16.7	28.0	12.4
One parent	%	7.3	12.1	8.0	3.5	2.0	6.6
Lone person	%	63.4	17.5	16.5	8.5	2.9	21.8
Other household types	%	2.9	7.8	11.2	13.3	13.2	9.7
Total	%	100.0	100.0	100.0	100.0	100.0	100.0
Expenditure (as % of total expenditure)							
Current housing costs (selected dwelling)	%	15.6	15.3	14.7	14.4	12.8	14.2
Fuel and power	%	4.0	3.5	3.0	2.6	2.2	2.8
Food and non alcoholic beverages	%	19.8	20.3	18.9	18.1	17.2	18.4
Alcoholic beverages	%	2.5	2.9	3.0	2.8	3.0	2.9
Tobacco	%	2.1	2.2	1.8	1.5	0.9	1.5
Clothing and footwear	%	4.5	4.4	5.3	5.8	6.5	5.6
Household furnishings and equipment	%	6.1	6.5	6.3	6.3	7.1	6.6
Household services and operation	%	6.6	6.1	5.4	5.0	4.6	5.2
Medical care and health expenses	%	4.9	4.3	4.2	4.5	4.6	4.5
Transport	%	13.3	15.3	15.6	16.3	15.8	15.5
Recreation	%	12.6	11.8	12.6	12.5	14.7	13.2
Personal care	%	1.8	1.9	1.9	1.9	1.9	1.9
Miscellaneous commodities and services	%	6.2	5.6	7.3	8.3	8.7	7.6
Total	%	100.0	100.0	100.0	100.0	100.0	100.0
Average weekly expenditure on all commodities and services	\$	303	426	573	714	994	602

(a) Quintile groups are 20% groupings of households ranked in ascending order according to each household's total gross weekly income.

Source: 1993–94 Household Expenditure Survey.

Income support programs of the Department of Social Security

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 income support payments provided by the Commonwealth under the 1991 Act for 1995–96 and the date on which each payment came into effect are listed in table 7.4.

An outline, together with associated statistics, of the main social security payments in effect throughout the 1995–96 financial year is given below.

7.4 INCOME SUPPORT PAYMENTS — 1993-94 to 1995-96

Type of payment	1993-94 \$'000	1994-95 \$'000	1995-96 \$'000	Date of operation
The retired				
Age Pension(a)	11 734 222	11 884 066	12 383 929	1 July 1909
People with disabilities and the sick				
Invalid Pension(a)(b)	..	..	..	15 December 1910
Disability Support Pension(a)(b)	4 337 862	4 524 754	4 917 412	12 November 1991
Sheltered Employment Allowance(b)(c)	..	..	..	30 June 1967
Disability Wage Supplement(d)	..	81	556	—
Rehabilitation Allowance(e)	2 470	521	7	1 March 1983
Sickness Benefit(f)	..	..	..	1 July 1945
Sickness Allowance(f)	426 354	413 234	354 012	12 November 1991
Mobility Allowance	26 372	30 523	34 149	1 April 1983
Child Disability Allowance	159 924	185 066	213 658	15 November 1987
The unemployed				
Job Search Allowance	3 653 536	3 389 154	3 141 368	1 July 1991
Newstart Allowance	3 944 282	3 671 852	2 623 805	1 July 1991
Mature Age Allowance(g)	77 555	356 551	436 551	1 March 1994
Partner Allowance(h)	..	..	462 547	20 September 1994
Youth Training Allowance(i)	..	..	46 513	1 January 1995
Families with children				
Family Allowance(j)	..	..	..	15 June 1976
Basic Family Payment(j)(l)	2 051 179	2 016 804	1 013 184	1 January 1993
Family Allowance Supplement(k)	..	..	..	17 December 1987
Additional Family Payment(k)(l)	3 399 759	3 534 840	1 828 446	1 January 1993
Family Payment(l)	..	..	3 036 055	1 January 1996
Maternity Allowance(m)	..	..	65 165	1 February 1996
Home Childcare Allowance(n)	..	617 555	..	29 September 1994
Parenting Allowance(o)	..	..	2 091 321	1 July 1995
Sole Parent Pension	2 524 616	2 552 272	2 760 105	1 March 1989
Double Orphan Pension	1 547	1 595	1 654	26 September 1973
Provision for special circumstances				
Special Benefit	245 430	224 416	157 088	1 July 1945
Widow Class 'B' Pension	531 297	481 185	464 952	30 June 1942
Widow Allowance(p)	..	31 752	88 233	1 January 1995
Widowed Person Allowance(q)	1 132	1 117	..	1 March 1989
Bereavement Allowance(q)	..	..	1 296	1 January 1995
Disaster Relief Payment	671	..	..	1 August 1990
Total DSS income support	33 118 208	33 917 337	37 047 099	—

(a) Includes Wife and Carer Pensions. (b) Invalid Pension and Sheltered Employment Allowance were replaced by Disability Support Pension from 12 November 1991. (c) Includes Wife Pension. (d) Disability Wage Supplement commenced 1 July 1994. (e) There have been no new grants of Rehabilitation Allowance since 12 November 1991. (f) Sickness Benefit was replaced by Sickness Allowance from 12 November 1991. (g) Mature Age Allowance commenced from 20 March 1994. Includes Mature Age Partner Allowance. (h) Partner Allowance commenced from 20 September 1994. Expenditure was separately appropriated from 1 July 1995. (i) Youth Training Allowance was administered by DSS from 11 March 1996. Expenditure shown is expenditure from that date. (j) Family Allowance was replaced by Basic Family Payment from 1 January 1993. (k) Family Allowance Supplement was replaced by Additional Family Payment from 1 January 1993. (l) Basic and Additional Family Payment were replaced by Family Payment Allowance from 1 January 1996. (m) Maternity Allowance commenced from 1 February 1996. (n) Home Child Care Allowance commenced from 29 September 1994, and was absorbed into Parenting Allowance from 1 July 1995. (o) Parenting Allowance commenced from 1 July 1995. (p) Widow Allowance commenced from 1 January 1995. (q) Widowed Persons Allowance was replaced by Bereavement Allowance from January 1995.

Source: Department of Social Security.

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 subject to residence qualifications. The minimum Age Pension age for women was raised to 60 years and six months from 1 July 1995. The minimum qualifying age will be increased by six months at

two year intervals from that date until 1 July 2013, when it will be 65 years. The number of age pensioners at June 1996 is shown in table 7.5.

Age Pension is means-tested based on pensioners' income and assets.

7.5 AGE PENSIONERS

	Unit				June
		1993	1994	1995	1996
Age group (years)					
60–64	no.	202 606	210 482	211 685	193 988
65–69	no.	396 747	431 890	447 525	464 417
70–74	no.	308 299	322 984	319 538	335 197
> 74	no.	608 030	616 518	599 950	609 232
Males	no.	481 196	514 217	554 571	570 328
Females	no.	1 034 486	1 067 657	1 034 127	1 032 506
Persons	no.	1 515 682	1 581 874	1 578 698	1 602 834
Wife pensioners (Age)	no.	33 520	36 539	39 611	41 125
Carer pensioners (Age)	no.	6 507	7 441	8 324	9 500
Total payments financial year ending 30 June(a)	\$'000	10 545 924	11 734 222	11 884 066	12 383 929

(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 to be retrained for such work, for at least two years. Table 7.6 shows the number of disability support pensioners at June 1996.

Disability Support Pension for people aged 21 and over 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 \$72.60 a fortnight. Junior rates are not subject to parental income or assets tests.

Disability Support Pensioners and other people with disabilities can gain access to rehabilitation, training, labour market programs or labour force re-entry assistance.

7.6 DISABILITY SUPPORT PENSIONERS

	Unit				June
		1993	1994	1995	1996
Age group (years)					
16–19	no.	8 622	9 402	10 295	11 039
20–39	no.	91 660	98 549	105 889	113 450
40–59	no.	214 588	234 355	254 258	277 901
> 59	no.	91 702	93 928	93 988	96 845
Males	no.	291 471	309 123	324 672	340 256
Females	no.	115 101	127 111	139 758	158 979
Persons	no.	406 572	436 234	464 430	499 235
Wife pensioners (DSP)	no.	108 327	116 036	121 839	107 803
Carer pensioners (DSP)	no.	15 045	9 450	10 633	13 483
Total payments financial year ending 30 June(a)	\$'000	3 952 391	4 337 862	4 524 754	4 917 412

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

Source: Department of Social Security.

Carer Pension

Carer Pension is paid to people who are without other means of support because they are providing constant care or supervision to a person with a physical, intellectual or psychiatric disability or a person who is frail aged, either permanently or for an extended period (six months or more). The carer must personally provide this level of care or supervision in the private home of the care recipient, but is not required to live in or adjacent to the care recipient's home. The carer must be residentially qualified, with income and assets below the levels where qualification ceases under the pension income and assets tests. The rate of Carer Pension is the same as for other pensions.

See also the discussion under *Home and Community Care Program* below.

Sickness Allowance

Sickness Allowance is paid to people over school leaving age but below Age Pension age who are temporarily unable to work or continue with their full-time studies due to illness or injury. To be eligible the person must have a job or study to which they can return. If they become temporarily incapacitated while unemployed, they receive Newstart Allowance instead (as a result of changes implemented in March 1996). People on full pay sick leave do not qualify.

7.7 SICKNESS ALLOWANCE(a)

	Unit	1993	1994	1995	1996
Age group (years)					
20 and under	no.	3 299	3 490	3 547	2 313
21-34	no.	16 261	16 342	16 340	11 920
35-54	no.	20 528	18 939	21 516	16 657
55-59	no.	3 190	3 421	3 400	2 706
>59	no.	1 948	1 555	1 247	922
Males	no.	30 878	30 422	30 317	22 251
Females	no.	14 348	15 426	15 733	12 267
Persons	no.	45 226	45 848	46 050	34 518
Total payments financial year ending 30 June(b)	\$'000	370 181	426 354	413 234	354 012

(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.

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 21 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 and is also not subject to income or assets tests.

Payments for the unemployed

Job Search and Newstart Allowance

Prior to September 1996 income support for unemployed adults consisted of two separate payments: Job Search Allowance (JSA) for those who had been unemployed for less than 12 months and Newstart Allowance (NSA) for those who had been unemployed for a year or more. From September 1996, JSA and NSA were amalgamated into a single payment called Newstart Allowance. Table 7.8 shows the number of customers of the two allowances at June 1996.

To be eligible for NSA, a person must be unemployed and be capable of and willing to undertake suitable paid work. NSA recipients 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. Recipients of NSA must be permanent residents of Australia. Eligibility is subject to income and assets tests.

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. Each fortnight Newstart allowees are required to complete a fortnightly income statement that requires them to list details any income obtained from employment and provide details of their job search. They also may be required to enter into an activity agreement which provides for an agreed course of action designed to improve the recipient's job prospects.

7.8 JOB SEARCH AND NEWSTART ALLOWANCE(a)

	Unit	1993	1994	1995	June 1996
Job Search Allowance					
Age group (years)					
20 and under	no.	124 116	113 578	86 261	78 535
21-34	no.	196 590	180 886	180 135	216 818
35-54	no.	114 456	104 148	102 076	132 935
55-59	no.	16 977	16 690	14 574	18 507
>59	no.	14 079	13 819	10 785	10 231
Males	no.	320 231	288 376	268 257	310 366
Females	no.	145 987	140 745	125 574	146 660
Persons	no.	466 218	429 121	393 831	457 026
Newstart Allowance					
Age group (years)					
20 and under	no.	51 571	49 164	42 545	37 153
21-34	no.	190 784	187 233	164 836	140 955
35-54	no.	134 900	200 112	139 316	125 022
55-59	no.	22 408	28 601	29 194	27 025
>59	no.	23 685	6 332	3 937	3 361
Males	no.	325 427	311 881	279 936	240 907
Females	no.	97 921	107 596	99 892	92 609
Persons	no.	423 348	419 477	379 828	333 516
Total payments financial year ending 30 June(b)	\$'000	7 491 410	7 597 818	7 061 006	5 765 174

(a) Representing the mid-point of the June quarter. (b) Includes additional allowances where applicable. Partner Allowance is not included in 1996.

Source: Department of Social Security.

Youth Training Allowance

Youth Training Allowance (YTA) is paid to unemployed people under the age of 18 years. YTA recipients participate in the Youth Training Initiative (YTI) which seeks to ensure that young people do not become long-term unemployed. It provides access to entry level training, labour market program places and case management through the Commonwealth Employment Services (CES), starting no later than 13 weeks after registration.

YTA is paid directly to young people at the 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.

Mature Age Allowance

From 1 July 1996, people granted Mature Age Allowance (MAA) are paid at pension rates, have access to the Pensioner Concession card and are subject to allowance income and assets tests. MAA is paid only to people who have been receiving income support and who have no recent workforce experience. Where people have formerly been receiving Job Search Allowance or Newstart Allowance they are required to have been receiving income support for nine months before they can qualify for MAA. These changes ensure ongoing income support free of activity testing for older men and women facing significant labour market disadvantage.

Table 7.9 shows the number of customers of the MAA by State.

7.9 MATURE AGE ALLOWANCE CUSTOMERS

State/Territory	Unit	1994	1995	June 1996
New South Wales	no.	9 420	13 244	15 293
Victoria	no.	7 192	10 664	12 606
Queensland	no.	4 179	6 543	7 814
South Australia	no.	2 980	3 796	4 542
Western Australia	no.	1 948	2 983	3 631
Tasmania	no.	1 068	1 482	1 749
Northern Territory	no.	100	147	179
Australian Capital Territory	no.	101	167	223
Total	no.	27 528	39 026	46 037
Total payments financial year ending 30 June(a)	\$'000	77 555	356 551	436 551

(a) Includes expenditure for Mature Age Partner Allowance.

Source: Department of Social Security.

Partner Allowance

Prior to the introduction of Partner Allowance 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, Sickness Allowance, Special Benefit, Rehabilitation Allowance, Age Pension, Disability Support Pension, Disability Wage Supplement, Mature Age Allowance or the Department of Veterans' Affairs Service Pension. 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. Partner Allowance is a non-activity tested payment; partners who do not qualify for Partner Allowance need to qualify for another payment such as Parenting or Newstart Allowance.

Payment for families with children

Family Payment

Family Payment is payable for dependent children under 16 years and dependent full-time students aged 16 to 18 years who are not eligible for a Prescribed Education Scheme payment such as AUSTUDY.

Family Payment comprises a minimum rate of payment available to most families with children

(from January 1996, this is referred to as 'minimum rate Family Payment') and a higher rate of payment which is provided to low income families (referred to as 'more than minimum rate Family Payment'). Families on income support automatically receive the maximum rate of Family Payment. The rate of Family Payment depends on the family's income and assets, the number and ages of children in the family, whether the family is renting privately and whether the parent is single.

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

Payments are made to the primary carer of the children. Family Payment can also be paid to approved charitable, religious or government institutions for children in their care.

Table 7.10 shows the numbers of customers receiving Family Payment and the number of children for which payment is made.

Family Tax Payment

The Commonwealth Government has announced that the family tax initiative will be introduced from 1 January 1997 to provide additional assistance to most families with children. The majority of eligible families will receive assistance through the taxation system. However, low income families will be able to get an equivalent level of assistance in the form of a fortnightly cash payment — to be known as the

7.10 FAMILY PAYMENT

	Unit	June 1994	June 1995	June 1996
Minimum rate of family payment				
Customers	no.	985 967	967 528	928 523
Children	no.	1 855 949	1 814 944	1 738 323
More than minimum rate of family payment				
Customers	no.	841 894	836 590	883 934
Children	no.	1 683 050	1 671 372	1 759 144
Total				
Customers	no.	1 827 861	1 804 118	1 812 457
Children	no.	3 538 999	3 486 316	3 497 467
Total payments financial year	\$'000	5 450 938	5 551 644	5 877 685

Source: Department of Social Security.

Family Tax Payment, through the Department of Social Security.

There are two components to the measure:

- Part A provides for an increase of \$1,000 in the tax free threshold for one parent in eligible families for each dependent child. This translates to an increase in disposable income for eligible families of \$200 per child per year (or around \$7.70 per fortnight).
- Part B provides for an increase of \$2,500 in the tax free threshold for one parent in eligible families with at least one child under the age of five. This translates to an increase in disposable income of \$500 per family per year (or around \$19.24 per fortnight).

Sole Parent Pension

To qualify for Sole Parent Pension, a person must

- be caring for at least one dependent child who is under 16 years of age or who qualifies the person for child disability allowance;
- not be a member of a couple;
- satisfy the residency qualification; and
- have taken reasonable action to obtain child support, if appropriate.

A member of a couple may qualify for payment if the member's partner has been in gaol for at least 14 days or if the couple are unable to live together as a result of long-term illness or infirmity in one of the partners.

Sole Parent Pension is subject to income and assets tests with the maximum rate payable being identical to the Age Pension.

Table 7.11 shows the number of Sole Parent pensioners, and total payments, at June 1996.

7.11 SOLE PARENT PENSIONERS

	Unit	1993	1994	1995	June 1996
Age group (years)					
Under 20	no.	9 903	9 957	10 205	10 265
20–29	no.	100 462	103 653	105 676	109 334
30–39	no.	12 588	132 517	137 141	144 205
40–49	no.	55 141	59 702	63 830	69 569
50–59	no.	6 849	7 386	7 864	8 606
>59	no.	208	222	225	311
Males	no.	17 529	18 897	19 913	21 964
Females	no.	280 915	294 540	305 028	320 326
Persons	no.	298 444	313 437	324 941	342 290
Total payments financial year ending 30 June(a)	\$'000	2 869 473	2 524 616	2 552 272	2 760 105

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

Source: Department of Social Security.

Jobs, Education and Training Program (JET)

The JET Program is jointly administered by the Departments of Social Security; Employment, Education, Training and Youth Affairs; and Health and Family Services. It aims to improve the financial circumstances of eligible 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. The number of customers of the JET Program is shown in table 7.12.

JET participants 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.

7.12 JET PROGRAM

	1992-93	1993-94	1994-95	1995-96
New customers entering JET program(a)	49 535	52 719	47 962	50 970
JET customers registered with the CES	30 721	38 349	34 738	33 263
JET customers undertaking education	11 574	14 537	13 976	13 143
Jobs taken up by JET customers	13 100	17 563	19 475	19 344

(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

The Department of Social Security, the Child Support Agency (housed in the Australian Taxation Office) and the Attorney-General's Department jointly administer the Child Support Scheme.

The child's custodian can apply to the Child Support Agency which will assess the amount of child support payable using a formula set out in legislation.

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, provided that, where the custodian receives more than minimum rate of 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.)

The largest sub-group receiving more than the minimum rate of Family Payment are female sole parent pensioners. At June 1996 41.6% of

sole parent pensioners were declaring child support, compared with 26% at the beginning of the Scheme. The number of sole parent pensioners declaring child support has more than doubled, from 61,129 at January 1988 to 139,602 at June 1996.

Parenting Allowance

Parenting Allowance, which incorporates the former Home Child Care Allowance, was introduced from 1 July 1995 as a payment for partners of income support recipients (both allowees and pensioners), partners of low income earners and those with low personal income. To qualify for Parenting Allowance, a person must be a member of a couple, allowed to live in Australia permanently, and must have a dependent child under the age of 16 years.

The allowance has two parts:

- Basic (non-benefit) Parenting Allowance which is non-taxable, income tested on the income of the claimant only and not assets tested.
- Additional (benefit) Parenting Allowance which is taxable, income tested on the

income of both the claimant and the partner and assets tested.

The maximum rate of Parenting Allowance is the same as the married rate of other allowances.

At June 1996 there were 660,347 Parenting Allowees. Of these, 422,604 were receiving basic Parenting Allowance only. Expenditure on Parenting Allowance for 1995–96 was \$2,091m.

Maternity Allowance

Maternity Allowance was introduced from 1 February 1996. This payment assists families with the costs associated with a new baby (including forgone income as a result of the mother being unable to participate in the paid workforce around the time of the birth of the child). Maternity Allowance is a non-taxable, lump sum amount paid for each new child to families who meet the Family Payment residence, income and assets tests. It is equal to six times the weekly maximum rate of Parenting Allowance.

Other payments

Special Benefit

Special Benefit may be granted to people not qualified for any other payment but who are unable to earn a sufficient livelihood for themselves and their dependants and are in hardship. The rate at which Special Benefit is payable is discretionary, but cannot exceed the applicable 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 Newstart Allowance customers, but both the income test and the available funds test are specific to Special Benefit.

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 a minimum amount of rent, known as the threshold, receive rent assistance at a rate of 75 cents for each dollar of rent paid above the threshold up to a maximum rate of rent assistance. The threshold and the maximum rate of rent assistance vary according to a person's family circumstances, such as marital status and number of dependent children.

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 services of the Department of Social Security

Customer Service

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 recognise cultural and language diversity and remove disadvantage caused by remoteness.

Services for customers from migrant communities include the Migrant Liaison Officers (MLO) program; the Multilingual Telephone Interpreter Service; interpreters and translators and multilingual publications. Services for customers 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 Department employs about 550 social workers. Social work services are available to customers of all DSS program types at regional offices and other DSS outlets with the objective of assisting vulnerable customers gain access to income support and community support services. Social workers undertake a professional assessment and provide advice to administrative staff where a client's personal or social circumstances, including concerns about a client's safety, need to be taken into account as part of the claim and review process. In addition, social workers provide a short term counselling and support service to clients who are experiencing a major financial or personal crisis, such as separation, family breakdown, homelessness, domestic violence, bereavement or inability to meet ongoing living expenses. This would usually involve the referral of the client to ongoing community support services.

Community Service Officers

Community Service Officers (CSOs) were introduced by DSS in January 1995 to improve DSS services to homeless people, who are particularly disadvantaged in accessing DSS services and maintaining income support. CSOs provide homeless people with easier access to DSS payments and services in a non-threatening environment, outside DSS regional offices in locations such as hostels, refuges and drop in centres where homeless clients gather and feel comfortable. DSS currently employs 33 CSOs in 21 locations. CSOs dealt with over 28,000 customers during 1995–96.

Youth Service Units

Youth Service Units (YSUs) were introduced in 1994 to improve access to, and increase the level of, DSS services received by young people, especially homeless young people and those with other personal, non-labour market related problems. YSUs operate in 10 locations around Australia. YSUs provide mainstream DSS services specifically for under 18 year olds, through trained staff, in youth focused environments, either at DSS offices or at refuges, hostels and other places where young people gather. The YSUs provide access to social workers to address non-labour market related issues that limit young people's ability to access available employment, education and training options. The YSUs also provide information on DSS programs and services to staff of community agencies and Government Departments or authorities.

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 1996, Australia was paying more than 47,000 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 275,000 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.

Financial Information Service

The Financial Information Service (FIS) was introduced in November 1989 and has been progressively extended since that date. At 30 June 1996 there were 209 FIS officers deployed nationally. Over 1995–96, an additional 73 FIS officers were 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 Commonwealth Government has also established pilot 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.

Community Research Project

DSS is currently undertaking a major research activity entitled the 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.

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.

Community support programs of the Department of Health and Family Services

Child care

Children's Services Program

The objective of the Children's Services Program is to assist families with dependent children to participate in the workforce and the general community by ensuring the affordability of child care and promoting adequate supply and the quality of child care.

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

The number of funded child care places has increased from 269,000 in June 1995 to 306,500 places in June 1996. These comprise 45,600 community Long Day Care places, 122,500 private Long Day Care places (including employer and non profit centres), 60,100 Family Day Care Places, 4,900 Occasional Care places, 1,600 Multifunctional Centre and Multifunctional Aboriginal Children's Service places and 71,800 Outside School Hours Care places.

In 1995–96 an estimated 37,500 additional places were funded, of which 30,000 were Long Day Care.

The Commonwealth Government assists low and middle income families with their child care costs through an income-related fee relief system. Childcare Assistance is a targeted payment for low to middle income families using approved, formal child care. It is available to eligible families using private and community-based services. The threshold for maximum Childcare Assistance is linked with

the cut-off point for more than the minimum level of Family Payment and is indexed annually.

At June 1996, an estimated 279,000 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 55% of these users receive maximum Childcare Assistance.

A Childcare Cash Rebate is also available for work-related child care expenses up to a current ceiling of \$115 per week for one child and \$230 per week for two or more children. At 30 June 1996 there were over 350,000 families and about 50,000 child care providers registered for the Commonwealth Childcare Cash Rebate.

To improve choice for families in how they receive their child care benefits, Childcare Assistance and Childcare Cash Rebate will be paid by a new Government Service Delivery Agency from 1 January 1998. Families will be able to elect to receive payments directly or have them paid to a child care service.

At June 1996, all 3,874 long day centres eligible to receive Childcare Assistance were participating in the Quality Improvement and Accreditation System (QIAS) and 44% were accredited. The remainder are progressing through the quality improvement process.

QIAS, administered by the National Childcare Accreditation Council, is underpinned by 52 principles of good quality child care practice. Accreditation decisions are made by the Council on the basis of a self-assessment by the centre of its standard of care in relation to these principles, an external review to validate the self-assessment, and moderation of the results to ensure national consistency.

The Government addresses access for families with additional needs through funding of Special Services and Supplementary Services (SUPS). 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. Funding for SUPS is limited to growth in child care places. In the 1996–97 Budget, the Government provided an additional \$10m per year, commencing on 1 July 1997, to enable children with additional needs,

particularly children with disabilities, to access appropriate care in mainstream child care services. This funding is targeted at children who would not otherwise be able to participate in child care programs.

Special Services funding supports alternatives to mainstream services for special needs groups in areas where services 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.

From 1 July 1997, an operational subsidy will no longer be paid to community based long day care centres.

Removal of the subsidy will place community based long day care centres and private long day care centres on an equal footing. It will also encourage greater competition and efficiency.

The 1996-97 Budget directed resources to provide maximum benefits to those most in need, to assist community centres to adjust. These include:

- \$8.3m over two years to assist community based long day care centres to purchase financial and/or management advice;
- \$12.5m in supplementary funding over four years to assist services in severely disadvantaged areas to ensure that families in these areas are not further disadvantaged through loss of access to child care; and
- \$10.9m over four years to provide innovative services in rural and remote areas.

7.13 CHILDREN RECEIVING CHILDCARE SERVICES — 30 June 1996

Type of formal care	no.
Long day care community based	81 900
Private centres	208 200
Employer and other non-profit centres	20 900
Family day care	102 400
Occasional centres	13 800
Occasional care neighbourhood model	23 830
Multifunctional services	1 130
Multifunctional Aboriginal children's services	1 830
Mobile and toy libraries	3 730
Outside school hours care	112 600
Total(a)	570 320

(a) Totals are indicative only as children who attend more than one service type are counted in each.

Source: Estimated to June 1996 based on the 1993 and 1994 Census of Child Care Services by the Department of Human Services and Health.

Use of child care

In Australia at June 1993, 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.

People's need for assistance because of age or disability

An ABS survey in 1993 found that most people who lived at home and who needed assistance with common activities of daily living because of age or disability received some assistance. Assistance was generally much more likely to have been received from a friend or relative (an informal source) than from a government, voluntary or commercial organisation or business (a formal source).

Many people needed more care than family and friends could provide, and relied on help from formal services to enable them to remain in their own homes. Some of these people lived alone, and some with partners who were no longer able to provide all the assistance needed because of their own age or disability. Likewise, there were those caring for people with very high support needs who could only continue to look after a family member or friend at home in partnership with formal support services.

The extent to which people were more likely to receive assistance from an informal source than from a formal source varied according to the activity for which assistance was received.

People who need assistance with self care, mobility or communication are those who need assistance because of disability, with tasks such as eating, getting around a place away from home and being understood by a stranger. In 1993, 90% of people who needed such assistance, and who were still living in their own homes, received assistance with these activities. Of those who received assistance, 96% received it from at least one informal source and 14% received it from at least one formal source. Almost a third of those receiving formal services relied solely on this type of assistance.

People who lived in a household and who needed and received assistance with transport because of age or disability were also much more likely to have received informal assistance (94%) than formal assistance (10%) in 1993.

Activities that required the application of medical and technical knowledge were

associated with higher rates of receipt of formal assistance. In 1993, almost half (48%) of those who, because of their disability, needed ongoing help or supervision with taking medication or dressing wounds or help in caring for their feet

(health care) received formal assistance. Formal assistance was received by one-third of those who needed and received assistance because of age or disability, with household chores, home maintenance, gardening or meal preparation.

7.14 PEOPLE LIVING IN A HOUSEHOLD WHO REQUIRE ASSISTANCE BECAUSE OF AGE OR DISABILITY

Sources of assistance(b)	Tasks for which assistance is received because of age or disability(a)			
	Self care, mobility or communication(c)	Health care(c)	Home help/maintenance and gardening, meal preparation or financial management/letter writing(d)	Transport(d)
Informal source	534.1	250.6	1 041.6	805.6
Living in same household				
Spouse	442.5	217.9	794.6	541.3
Other relative	247.9	144.9	546.4	328.7
Friend	208.3	72.5	289.2	213.0
Not living in same household				
Relative	10.8	*4.4	27.6	17.2
Friend	143.9	36.5	357.4	321.8
Relative	101.6	28.2	262.4	238.8
Friend	53.8	9.0	117.1	105.1
Formal source	79.6	231.2	418.6	86.1
Home care/home help/council handyperson	11.8	*4.3	118.0	13.7
Community/home nursing	33.0	37.9	*6.5	10.1
Privately arranged help/commercially provided service	8.0	19.9	291.6	37.8
Meals on wheels	..	..	13.1	..
Physiotherapist	*0.4	*1.8	..	..
Chiroprapist/podiatrist	..	167.4	..	..
Speech therapist	*3.2	..	..	..
Other	32.0	10.7	40.5	27.7
Total receiving assistance	558.4	442.5	1 239.5	857.6
Assistance not received	61.7	36.3	132.8	54.4
Total	620.1	478.7	1 372.3	912.0

(a) Assistance may be needed with more than one activity. (b) Assistance may be received from one source, so totals and sub-totals may be less than sum of components. (c) Assistance needed because of disability only. (d) Assistance needed because of age or disability.

Source: *Survey of Disability, Ageing and Carers, 1993*.

Voluntary work

Community support is not undertaken only through government programs. A significant contribution is made by volunteers within the community. Volunteers undertake a wide range of activities and make a significant contribution to the work of a variety of organisations and groups. Voluntary work not only meets needs within the community, but can also provide the volunteers themselves with benefits.

A national survey of Voluntary Work, conducted in June 1995, has provided a picture of the characteristics and motivations of volunteers, the areas in which they are involved and the activities they perform. For the survey a volunteer is defined as someone who willingly gives unpaid help in the form of time, service or skills through an organisation or group. It does not include people who volunteer 'informally'.

Who are the volunteers?

In Australia, 2,639,500 people aged 15 years and over provided some form of voluntary work through an organisation or group in the 12 months ended June 1995 (table 7.15). These volunteers represented nearly one-fifth (19%) of the population. Women were more likely to be volunteers than men, with 21% of women and 17% of men undertaking some voluntary work.

People living in State capital cities were less likely to be involved in volunteer work than those people living in the other parts of the State. One-sixth (16%) of people in the capital cities were volunteers compared with nearly one-quarter (24%) of people in other parts of the State.

Age and life-cycle stage also had an impact on the pattern of volunteer involvement. People aged 35–44 years had the highest volunteer rate, with 27% of people in this age group

reporting some involvement. For volunteers in this age group, just over 80% worked for groups or organisations associated with education, training and youth development, and those supporting sport, recreation and hobbies.

The people in this age group are also likely to be married with children, and their higher than average involvement in volunteering reflects family commitments. This is further highlighted by the finding that women with dependent children had a volunteer rate of 30% compared with 19% for those without dependent children.

Employed people were more likely to be volunteers than people who were unemployed or those who were not in the labour force. People working part-time and those looking for part-time work had high rates of involvement, the highest rate being 30% for women employed part-time.

7.15 VOLUNTEERS, Age by Sex

Age	Males		Females		Persons	
	'000	Volunteer rate(a) %	'000	Volunteer rate(a) %	'000	Volunteer rate(a) %
15–24	127.8	9.4	171.1	13.0	298.9	11.2
25–34	188.7	13.6	267.8	19.0	456.5	15.3
35–44	320.9	23.8	423.2	30.9	744.0	27.4
45–54	236.6	21.0	261.9	24.0	498.6	22.5
55–64	129.0	17.1	164.2	22.1	293.2	19.6
65 and over	140.0	15.7	208.4	18.9	348.3	17.4
Total	1 142.9	16.7	1 496.6	21.3	2 639.5	19.0

(a) The volunteer rate is the number of volunteers expressed as a percentage of the population aged 15 years and over in the same group.

Source: Survey of Voluntary Work 1995.

Fields of voluntary work

Volunteers give their time to organisations and groups involved in a diverse range of activities. Sport, recreation and hobby organisations, and welfare and community organisations attracted the highest levels of volunteering. As table 7.16 shows, the volunteer rate was also high for education, training and youth development groups (25%) and religious groups (18%). The rate of involvement was much lower for all other types of organisations.

Men were most likely to be involved in the fields of sport, recreation and hobbies, with 42% of volunteers assisting these organisations. Welfare and community groups and education/training and youth development organisations attracted the most women, with 32% of volunteers giving time to each of these organisational groups.

7.16 VOLUNTEERS, Field of Voluntary Work

Field of voluntary work(a)	Males		Females		Persons	
	'000	%	'000	%	'000	%
Sport/recreation/hobby	475.6	41.7	351.7	23.5	828.2	31.4
Welfare/community	308.4	27.0	476.2	31.8	784.7	29.7
Health	49.9	4.4	131.9	8.8	181.7	6.9
Emergency services	96.7	8.5	31.9	2.1	128.6	4.9
Education/training/youth development	191.3	16.7	476.6	31.8	668.0	25.3
Religious	184.8	16.2	281.3	18.8	466.1	17.7
Environmental/animal/welfare	50.2	4.4	48.0	3.2	98.2	3.7
Business/professional/union	56.2	4.9	30.0	2.0	86.2	3.3
Law/justice/political	24.6	2.2	19.3	1.3	43.9	1.7
Arts/culture	41.1	3.6	66.9	4.5	108.0	4.1
Foreign/international	6.7	0.6	13.3	0.9	19.9	0.8
Total	1 142.9	100.0	1 496.6	100.0	2 639.5	100.0

(a) As a volunteer can work in more than one field of voluntary work, the figures for individual fields of voluntary work will not add to the total.

Source: *Survey of Voluntary Work 1995*.

How much time?

Volunteers worked an estimated 433.9 million hours in the 12 months to June 1995. People's time commitment to volunteering over the 12 month period varied from less than 20 hours to more than 300 hours. As table 7.17 shows, just over 18% of volunteers gave less than 20 hours and another 18% gave between 40 and 79 hours. About 14% gave more than 300 hours.

7.17 VOLUNTEERS, Hours Volunteered

Hours(a)	Males %	Females %	Persons %
Less than 20	19.8	17.4	18.5
20-39	14.7	14.4	14.6
40-79	17.1	19.4	18.4
80-139	16.0	16.8	16.5
140-299	17.6	17.8	17.8
300 or more	14.7	14.1	14.4
Total	100.0	100.0	100.2

Source: *Survey of Voluntary Work 1995*.

Activities performed

The types of activities that volunteers undertake are many and varied. Fundraising (47% of all volunteers) and management and committee work (41%) were the main activities. Nearly half the female volunteers

spent time in fundraising and 40% were involved in preparing and serving food. Men were more likely to be involved in management and committee work (46%) and fundraising (42%).

How and why do people become involved in volunteering?

Volunteering brings benefits to volunteers as well as to the organisations they volunteer for. While the reasons people initially become volunteers are diverse, 42% said that they had wanted to help others and the community. One-third of volunteers attributed their reasons to personal or family involvement and just over one-quarter cited personal satisfaction.

The major personal benefits that people gained through volunteering were personal satisfaction for 59% of volunteers and social contact for 38%.

People who were part of a family were slightly more likely to attribute their initial involvement to the fact that they were asked by someone (31%), than that they or their family were involved with the organisation (30%). However, people who were not part of a family were most likely to have been initially involved because they knew someone else who was involved.

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. 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 government fund advocacy services and support research and development activities. All States and Territories had implemented the CSDA and passed legislation complementary to the DSA by 1993.

The CSDA will end on 30 June 1997. An independent and external review of the Agreement was completed in July 1996 and will inform negotiations around future Commonwealth and State arrangements for the delivery of disability services.

The aim of the Disability Services Program (DSP) is to foster the development of environments and supports that promote participation and choice in work and community life for people with a disability.

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. At 30 June 1996 some 700 people had been assisted in obtaining and retaining employment through the SWS.

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 departments and agencies.

The Department of Health and Family Services 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 the 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 180 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 1995–96 CRS assisted 41,952 clients through the provision of rehabilitation programs. Of these, 14,485 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 1995–96 was \$146m.

Australian Hearing Services

Australian Hearing Services (AHS) is a statutory authority within the portfolio of Health and Family Services. Its role is to assist people with a hearing impairment and to reduce the incidence of hearing problems within the community.

AHS provides hearing services to eligible people, who include holders of Pensioner Concession cards, those under 21 years of age, eligible veterans, Commonwealth rehabilitation clients and certain compensation claimants. Services are delivered through a national network of 57 full-time Hearing Centres, some 90 visiting centres in rural and remote areas, and over 120 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

The 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 respond flexibly 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 co-ordination.

Expenditure by the Commonwealth and the States/Territories under the HACC Program is shown in table 7.18. Over 3,300 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, and the carers of the frail aged and of younger people with disabilities.

7.18 HOME AND COMMUNITY CARE (HACC) EXPENDITURE(a)

Year	Commonwealth \$m	States/ Territories(b) \$m	Total \$m
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
1995–96	423.6	274.5	698.1

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

Source: Commonwealth Department of Health and Family Services.

Some community care services are aimed at specific client groups. The Commonwealth Respite for Carers Program funds respite services to support carers of frail, elderly people and younger people with disabilities. Expenditure in 1995–96 was \$14.5m.

Community Aged Care Packages provide personal care services for people in the community who would otherwise require entrance to hostels. Expenditure in 1995–96 was \$32.3m. In addition to the range of mainstream services provided in 1995–96, the HACC Program provided funding for specific projects for special needs groups such as Aboriginal and Torres Strait Islander people (\$12.8m), people from non-English speaking backgrounds (\$13.1m), carers (\$9.7m), and people with dementia (\$12.0m).

Residential care for aged people

The aim of the Commonwealth Government's Residential Aged Care Program is to ensure that frail aged people have access to residential support and care services appropriate to their needs.

Two key objectives of the residential aged 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. Tables 7.19 and 7.20 provide information relating to the nature and scale of the project, by State/Territory.

7.19 COMMONWEALTH EXPENDITURE ON NURSING HOMES AND HOSTELS — 1995-96

	NSW \$m	Vic. \$m	Qld \$m	SA \$m	WA \$m	Tas. \$m	ACT \$m	NT \$m	Aust. \$m
Nursing homes for aged (recurrent)	803.7	490.3	278.2	188.6	157.7	63.8	13.4	6.1	2 001.7
Hostels (recurrent)	132.6	100.0	86.5	45.4	36.6	10.9	4.1	1.2	417.4
Nursing homes and hostels (capital)	19.3	18.4	7.7	7.3	11.0	2.5	2.0	1.1	69.3

Source: Commonwealth Department of Health and Family Services.

7.20 APPROVED NURSING HOMES, BEDS AND HOSTEL PLACES — 1 July 1996

	NSW no.	Vic. no.	Qld no.	SA no.	WA no.	Tas. no.	ACT no.	NT no.	Aust. no.
Approved nursing homes and beds									
Nursing homes	486	440	207	161	111	55	6	7	1 473
Beds	29 398	17 300	12 277	7 129	5 762	2 138	519	210	74 733
Approved hostels and places									
Hostels	464	368	272	153	173	47	16	9	1 502
Places	19 985	15 448	12 521	6 327	5 641	1 496	763	141	62 322

Source: Commonwealth Department of Health and Family Services.

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 multi-disciplinary 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 \$34m in 1994-95 and \$36m in 1995-96.

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 team's responsibilities include holistic assessment of clients, determination of eligibility for nursing home and hostel entry, determination of eligibility for the Community Aged Care Package, 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 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.

Community based care

While the Residential Aged 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 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. In 1995–96, 4,196 places were available 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. There are 46 projects now operating across Australia. They employ support workers to assist in direct service delivery or to link 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.

Services provided by the Department of Veterans' Affairs

Services to veterans are determined formally by the Repatriation Commission. The Department of Veterans' Affairs provides the administrative machinery through which the Commission operates. The Commission, comprising three full time members, has functions which 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 the Minister 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.

Repatriation benefits are provided under the *Veterans' Entitlements Act 1986* 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, Vietnam 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.

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

which render him/her incapable of undertaking remunerative work for periods aggregating more than 20 hours per week for the intermediate rate or eight 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.

7.21 DISABILITY AND WAR WIDOWS' PENSIONS

Recipient	1995 no.	1996 no.
Veterans	157 298	159 178
Wives and widows	79 656	74 725
Children	6 181	5 176
War widows	88 980	93 456
Orphans	474	470
Other dependants	585	547
Total	333 174	333 552

Source: Department of Veterans' Affairs.

7.22 DISABILITY PENSIONERS — 30 June 1996

	World War I no.	World War II(a) no.	Korea, Malay and FESR(b) no.	Special overseas service no.	Peacetime forces no.	Miscellaneous no.	Total no.
General rate — from 10–100%	55	96 698	3 964	9 861	22 220	378	133 176
Intermediate rate	0	642	32	162	141	2	979
Special rate (TPI or equivalent)	9	12 787	1 026	3 939	2 046	18	19 825
Extreme Disablement Adjustment	3	5 011	97	16	34	37	5 198
Total	67	115 138	5 119	13 978	24 441	435	159 178

(a) Includes interim forces. (b) Far East Strategic Reserve.

Source: Department of Veterans' Affairs.

7.23 DISABILITY AND WAR WIDOWS' PENSIONS

Year	Number of disability pensions in force — 30 June				Annual expenditure(a) to 30 June \$'000
	Incapacitated veterans no.	Dependants of incapacitated veterans no.	Dependants of deceased veterans no.	Total no.	
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	1 570 136
1996	159 178	79 901	94 473	333 552	1 720 239

(a) Includes associated allowances.

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 at the time of death. A similar scheme applies to eligible children of Australian mariners.

7.24 VETERANS' CHILDREN EDUCATION SCHEME, Cost of Education Beneficiaries

Year	NSW(a) \$'000	Vic. \$'000	Qld \$'000	SA(b) \$'000	WA \$'000	Tas. \$'000	Aust. \$'000
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
1995–96	2 401.2	1 399.4	1 877.8	432.8	925.4	553.1	7 589.7

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

Source: Department of Veterans' Affairs.

7.25 VETERANS' CHILDREN EDUCATION SCHEME, Number Receiving Benefits at 30 June 1996

Type of training	NSW(a)	Vic.	Qld	SA(b)	WA	Tas.	Aust.
At school							
Primary(c)	262	111	262	74	140	76	925
Secondary	562	272	427	96	233	148	1 738
Total at school	824	383	689	170	373	224	2 663
Tertiary professional	146	146	130	35	88	19	564
Technical	59	—	56	14	—	5	134
Total	1 029	529	875	219	461	248	3 361

(a) Includes the Australian Capital Territory. (b) Includes the 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. Prior to 1 July 1995, the pension was payable to female veterans with qualifying service at age 55. The Government introduced changes to the minimum age at which a female veteran can be granted service pension (age). The earliest age at which a female veteran can be granted service pension (age) will be lifted from 55 to 60 years in six-monthly increments every two years over the period 1995–2013. This means that the qualifying age for service pension (age) at 1 July 1997 will be 56 years. The qualifying age on 1 July 2013 will be the same as for male veterans, that is, 60 years. 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 service 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 1996, and the annual expenditure.

7.26 SERVICE PENSIONS — 30 June 1996

	World War I no.	World War II no.	Korea, Malay and FESR(a) no.	Special overseas service no.	British Commonwealth no.	Allied Forces no.	Other no.	Total no.
Veterans								
Old age	121	144 197	6 890	1 992	24 599	4 012	2 629	184 440
Permanently incapacitated	—	—	1 034	5 972	213	434	2	7 655
Tuberculosis(b)	1	236	6	1	3	—	—	247
Total	122	144 433	7 930	7 965	24 815	4 446	2 631	192 342
Wives and widows	323	108 031	5 615	5 645	20 233	3 765	1 869	145 481
Total	445	252 464	13 545	13 610	45 048	8 211	4 500	337 823

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

Source: Department of Veterans' Affairs.

7.27 SERVICE PENSIONS, Number and Expenditure

Year	Pensions in force at 30 June			Annual expenditure(a) \$'000
	Veterans no.	Wives and widows no.	Total no.	
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
1996	192 342	145 481	337 823	2 609 460

(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 Commonwealth 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, become 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.

7.28 DEFENCE SERVICE HOMES SCHEME

	Unit	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
Subsidised loans							
Loans granted	no.	9 316	9 043	9 158	7 639	7 171	6 861
Interest subsidy	\$m	140	89	54	38	45	53
Loan accounts at 30 June	no.	130 000	119 500	113 741	107 124	101 887	96 518
Building insurance							
Homes insured at 30 June	no.	169 294	163 316	157 510	147 853	140 508	137 012

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 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. Planning for the delivery of health care services for the veteran community is greatly influenced by the fact that the average age of veterans is now almost 72 years. The health program aims to meet their changing needs through increased access to health and community services, especially in rural and remote locations, and strategies to support carers, health care providers and ex-service organisations. Examples of how the Department is addressing the commitment include:

- Health care — the Repatriation Comprehensive Care Scheme is a new initiative in veteran health care that was introduced on 1 January 1996. The scheme recognises the complex health needs of the ageing veteran community and the importance of better coordination of care through Local Medical Officers as case managers. The introduction of annual Health Care Plans is pivotal to the new arrangements. The aim of the plan is to ensure better coordination of care and improved health outcomes for those in greatest need in the veteran community.
- Community and Residential Support Programs — a range of grants programs assist ex-service organisations and community based organisations to provide assistance and support to the veteran community both in the community and in residential care settings.
- 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 is conducted aimed at providing quality information to support policy analysis.

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 (PTSD). A National centre for War Related PTSD is established in Melbourne, at the former Repatriation Hospital, now the Austin and Repatriation Medical Centre. Intensive in-patient treatment programs are available in each State, supported by the Vietnam Veterans' counselling Service and individual providers.

- 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.

Vocational Rehabilitation services are available, to support those at risk of losing employment, and those who wish to return to the workforce. Rehabilitation Allowance may be available to people whose pension entitlement is affected — the intention is that no financial loss should occur for individuals taking up paid employment. Safety-net arrangements enable return to former pension status in the event that employment cannot be sustained (this applies to pensioners receiving above general rate levels of disability pension or Service Pension through invalidity).

With the transfer of the Rehabilitation General Hospitals 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 1995–96 there were 738,000 paid bed days for entitled persons in public hospitals, and 784,348 for private hospitals.

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.

Entitled persons may also be provided with dental treatment through the Local Dental Officer (LDO) Scheme, which comprised 7,646 LDOs as at 1 August 1996. During 1995–1996, 605,836 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 dressing, may be provided to entitled persons.

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

Vietnam Veterans Counselling Service

The Vietnam Veterans Counselling Service (VVCS) 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.

Table 7.29 shows usage of the VVCS.

7.29 VIETNAM VETERANS COUNSELLING SERVICE

Counselling	1993–94 no.	1994–95 no.	1995–96 no.
Consultations			
Face to face	38 492	33 996	33 411
Group sessions	308	356	724
Country outreach	16 861	20 398	20 723

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 192,658 commemorations. In 1995–96 it commemorated 6,958 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, and to 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.

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Government redistribution of income in Australia

Introduction

Results from the study *The Effects of Government Benefits and Taxes on Household Income* (6537.0) show the impact on different households of a range of government indirect and direct benefits and taxes. These include cash pensions and allowances, government provided health and education services, personal income taxes and indirect taxes paid on goods and services purchased.

Main findings

The estimated values for government benefits and taxes vary according to household characteristics such as the number of household members, their ages and incomes.

In 1993-94:

- households which received the highest amounts of government direct benefits were those made up of people over 65 years living in a couple or alone, and single parents with dependent children;
- households with dependent children received the highest levels of indirect benefits, mainly as education benefits. People over 65 years also received high levels of indirect benefits, mainly from health services;
- households such as couples with non-dependants or dependants, and couples under 65, had high levels of income and paid the most direct and indirect taxes;
- overall, government benefits and taxes made household incomes more equal. Cash pensions and allowances had the greatest effect in decreasing income inequality while indirect taxes increased inequality.

Between 1984 and 1993-94:

- the distribution of household income from private sources became more unequal. This was in part compensated by an increase in the effects of government benefits and taxes.

This article discusses the effects of selected government benefits and taxes on different households classified by household types and by income quintile groups. It then explores the extent of income inequality before and after government benefits and taxes, and how this has changed since 1984.

Redistribution between household types, 1993-94

This section discusses the effects of selected government benefits and taxes on seven broad household types in 1993-94. It should be noted that household size and composition strongly affected the level of household income from employment and from other sources, including government direct and indirect benefits.

The discussion begins with a description of income prior to government intervention, which is followed by a discussion of the government benefits and taxes incident on the different household types. Finally it describes the overall effect of government benefits and taxes on the distribution of income between the seven household types.

Private income

Private income includes income from employment, self-employment, investments, superannuation, child support and other regular income excluding government cash pensions and allowances.

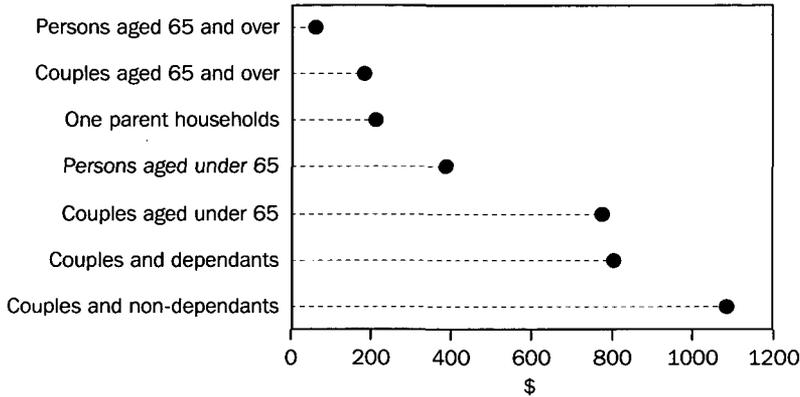
In 1993-94, private income was predominantly income from employment and self-employment, and there was a close relationship between the number of household members who were employed and the level of household private income.

People aged 65 years and over living in a couple or living on their own were rarely employed and, as shown in graph S1.1, had the lowest private incomes (\$186 and \$65 respectively) of all the seven household types. Persons aged

under 65 living alone and one parent households, which typically had only one or no person employed, had relatively lower weekly private incomes (\$392 and \$216 respectively) than the next three groups. Couples with dependants and couples under 65 years living on their own were more likely to have one or

both partners employed and had weekly private incomes of \$807 and \$780 respectively. Couples living with non-dependants, which usually included two or three employed persons, had the highest weekly private incomes (\$1,089) of the seven household types.

S1.1 ALL HOUSEHOLDS, Average Weekly Private Income by Household Composition - 1993-94



Source: *The Effects of Government Benefits and Taxes on Household Income (6357.0)*.

Direct benefits

Direct benefits are government cash benefits and allowances such as the age pension, sole parent pension and unemployment allowances. Gross income is the sum of private income and direct benefits.

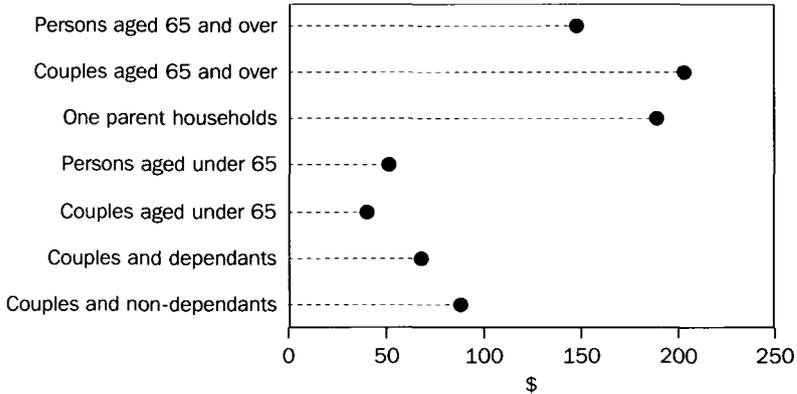
As shown in graph S1.2, couples over 65 years received the highest amounts of weekly direct benefits (\$204), the major components of which were age pension and Veterans' Affairs pensions. People over 65 who were living on

their own received similar direct benefits but at slightly lower levels because they were eligible for single rather than married pensions.

One parent households with dependants received the next highest amounts of weekly direct benefits (\$190); these benefits consisted mostly of sole parent pension and family payment.

Couples under 65 received the lowest amounts of weekly direct benefits (\$41).

S1.2 ALL HOUSEHOLDS, Average Weekly Direct Benefits by Household Composition — 1993-94



Source: *The Effects of Government Benefits and Taxes on Household Income (6357.0)*.

Direct taxes

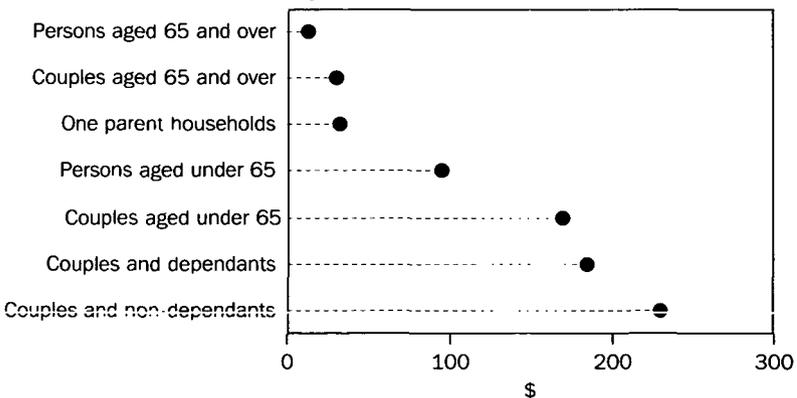
Direct taxes refer to personal income taxes and the Medicare levy.

As shown in graph S1.3, couples with non-dependants, couples with dependants and couples under 65 years paid the highest amounts of weekly direct tax (\$230, \$185 and \$170 respectively). This reflects the higher levels of gross income received by these households.

Couples with non-dependants paid 20% of their gross income in taxes, while couples with dependants and couples under 65 paid 21%.

People aged 65 years and over, living on their own or as a couple, paid the lowest weekly direct taxes (\$14 and \$31 respectively), reflecting their low levels of gross income and their eligibility for pensioner rebates. This represented 6% and 8% of their gross income.

S1.3 ALL HOUSEHOLDS, Average Weekly Direct Taxes by Household Composition — 1993-94



Source: *The Effects of Government Benefits and Taxes on Household Income (6357.0)*.

Indirect benefits

Indirect benefits are non cash benefits received by households from health, education, housing and other social security and welfare services such as child care assistance.

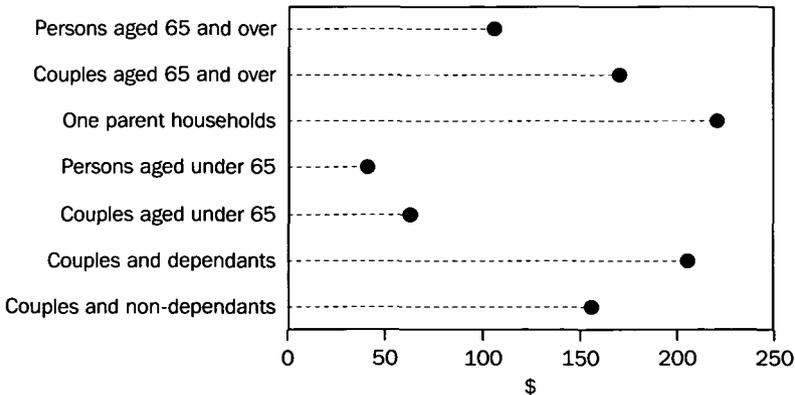
Figure S1.4 shows that households with children received the highest levels of indirect benefits. One parent households received slightly higher weekly indirect benefits (\$221) than couples with dependent children (\$207). For both household types, the main benefits were education benefits (most of which were school benefits). Although one parent households usually contained fewer children than couple households with dependants, the children were

more likely to attend public schools than private schools, so that the overall indirect benefits they received were slightly higher.

Indirect benefits were also high for people over 65 living as a couple or on their own. Couples received \$171 per week and lone persons received \$107 per week. Most of these benefits were in the form of health services (mainly hospital benefits).

People under 65 living alone or as couples were less likely to use educational or health services and received the least in indirect benefits (\$42 and \$64 respectively).

S1.4 ALL HOUSEHOLDS, Average Weekly Indirect Benefits by Household Composition — 1993–94



Source: *The Effects of Government Benefits and Taxes on Household Income (6357.0)*.

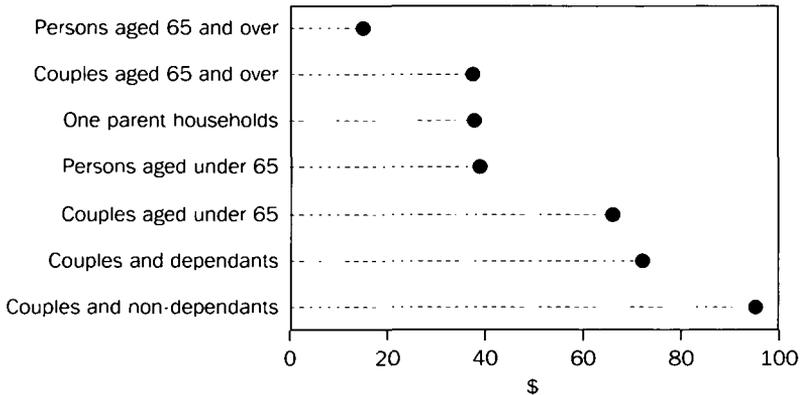
Indirect taxes

Indirect taxes are taxes paid on goods and services purchased by households.

On average, households with higher incomes spent more and hence paid more indirect taxes. Figure S1.5 shows that couples with non-

dependants had the highest gross weekly incomes (\$1,178) and paid the highest weekly indirect taxes (\$96). People over 65 living alone had the lowest gross incomes (\$213) and paid the least indirect tax (\$15).

S1.5 ALL HOUSEHOLDS, Average Weekly Indirect Taxes by Household Composition — 1993-94



Source: *The Effects of Government Benefits and Taxes on Household Income (6357.0)*.

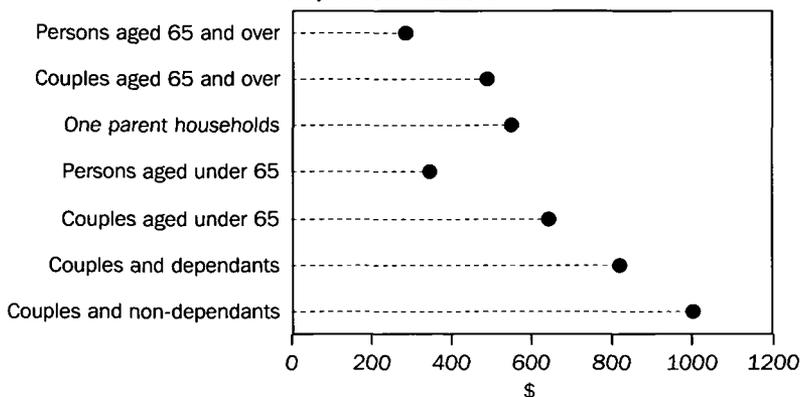
Final income

Final income is private income adjusted for the taxes and benefits covered by the study.

As shown in figure S1.6, the distribution of final incomes was more equal than of private

incomes (see figure S1.1). Households with high private incomes, such as couples with non-dependants and couples with dependants, had final incomes of about the same level. The

S1.6 ALL HOUSEHOLDS, Average Weekly Final Income by Household Composition —1993–94



Source: *The Effects of Government Benefits and Taxes on Household Income (6357.0)*.

highest average final weekly income of the seven household types was \$1,009 for couples living with non-dependants, which was lower than their average weekly private income of \$1,089. The lowest average weekly final income was \$290 for people over 65 living alone, which was higher than their average weekly private income of \$65. Other households with low private incomes, such as one parent households and people over 65 living as couples, also had final incomes considerably higher than their private incomes.

As in the distribution of private income, couples with non-dependants had the highest final incomes, followed by couples with dependants and couples under 65. However, persons under 65 living on their own, who had private incomes higher than one parent households and households containing couples over 65, had lower weekly final incomes than these household types. People over 65 living on their own had the lowest private incomes and also the lowest final incomes.

Redistribution between income groups

Government generally provided greater benefits to low income households and imposed greater taxes on high income households in 1993–94. This can be seen more clearly in the analysis of quintile groups. Quintile groups are formed by ranking all households in terms of gross income

(defined as direct benefits plus private income) and then dividing the households into five groups each containing 20% of all households. The lowest quintile contains the 20% of households with the lowest incomes, the second lowest contains the 20% of households with the next lowest incomes and so on.

The net effect of benefits and taxes, as shown in table S1.7, was to increase the average value of income of households in the lower quintiles and decrease the average income of households in the higher quintiles. In the lowest quintile, average private income was \$13 per week and average final income was \$233 per week. In the highest quintile, private income was \$1,586 per week and final income was the lesser amount of \$1,231 per week.

Direct benefits increased with household size and decreased as levels of household income rose. Average weekly direct benefits increased from \$138 for the first quintile to \$186 in the second quintile and then decreased in the higher quintiles. The initial increase in direct benefits was due to increasing household size. Households in the first quintile had an average size of 1.6 persons and were likely to be receiving single pensions. In the second quintile, average household size was 2.4 persons and these households were more likely to receive pensions for two people. Higher quintiles had larger average household sizes but their higher incomes made them less eligible for direct benefits.

**S1.7 AVERAGE WEEKLY INCOME, BENEFITS AND TAXES, By Quintile Gross Income(a)
— 1993—94**

Gross income quintile	Private income \$	Benefits		Taxes		Final income \$
		Direct \$	Indirect \$	Direct \$	Indirect \$	
Lowest	13.48	138.17	112.53	2.06	28.90	233.22
Second	168.00	185.90	156.77	18.01	43.17	449.50
Third	503.51	88.76	140.62	80.33	58.96	593.59
Fourth	860.00	49.07	133.72	171.19	73.81	797.79
Highest	1 586.18	22.59	131.46	412.86	96.60	1 230.77
All households	626.43	96.79	134.96	136.99	60.28	660.91

(a) The quintiles used in the tables are formed by ranking all households according to the level of their gross income and then dividing the total distribution into five equal sized groups (or quintiles) each of which contains exactly one-fifth of all households.

Source: *The Effects of Government Benefits and Taxes on Household Income (6357.0)*.

Indirect benefits were spread more evenly across income quintile groups, with households in the first quintile receiving the lowest (\$113 per week) and those in the second quintile receiving the highest (\$157 per week). The receipt of indirect benefits tended to vary in relation to other household characteristics such as the number and ages of household members.

Direct taxes increased with income, with the lowest quintile paying an average of \$2 per week and the highest quintile \$413 per week. Indirect taxes also increased with income, as high income households spend more on goods and services. Households in the lowest quintile paid an average of \$29 per week and those in the highest quintile \$97 per week.

Income inequality in 1993–94

The degree of income inequality and the effectiveness of government fiscal measures in reducing inequalities can be examined using a summary statistic such as the Gini coefficient, which ranges between a value of one when one household receives all income and a value of zero when income is shared equally among all households.

In 1993–94, the Gini coefficient was 0.52 for private income, denoting a distribution roughly mid-way between complete income equality and the opposite extreme. The Gini coefficient for gross income was 0.40. Disposable income, defined as gross income less direct taxes, had a Gini coefficient of 0.36, and final income, which is disposable income plus indirect benefits minus indirect taxes, had a Gini coefficient 0.32. Overall, the effect of government benefits and taxes was to reduce the inequality in the distribution of income.

Relative effectiveness of fiscal measures

The study provides an assessment of the relative effects of government taxing and spending in reducing income inequality. In undertaking this assessment, Gini coefficients were calculated for private income and then for private income adjusted for each of direct benefits, indirect benefits, direct taxes and indirect taxes, as shown in table S1.8. The percentage difference between the Gini coefficient for private income and the subsequent income measures provides an indication of the relative effectiveness of each broad benefit and tax type.

The changes in the Gini coefficients indicate that direct benefits made the greatest contribution to increasing equality in 1993–94. Indirect benefits also made a relatively large contribution to increasing equality. Direct taxes made only a marginal contribution to increasing equality while indirect taxes decreased income equality. Direct taxes, which are paid at a higher rate by high income households, increased income equality marginally. Indirect taxes, which are levied on goods and services purchased by households, represent a higher proportion of incomes of low income households than high income households, and these decreased income equality marginally.

**S1.8 RELATIVE CONTRIBUTION OF BENEFITS AND TAXES TO
INCOME REDISTRIBUTION — 1993-94**

Gross income quintile	Gini coefficient	Relative contribution(a) %
Private income	0.524	—
plus direct benefits	0.391	-25.4
plus indirect benefits	0.422	-19.5
minus direct taxes	0.501	-4.4
minus indirect taxes	0.555	+5.5

(a) Percentage change in the coefficient from Gini coefficient for private income.

Source: *The Effects of Government Benefits and Taxes on Household Income* (6357.0).

Income redistribution in 1984, 1988-89 and 1993-94

Table S1.9 shows the Gini coefficients for each income concept in 1984, 1988-89 and 1993-94. The 1993-94 figures differ slightly from those given previously in this article as they have been modified to reflect more closely the methods used to produce the 1984 income estimates. See the appendix for details.

Between 1984 and 1993-94, the Gini coefficient for private income has increased by 9%, indicating greater inequality of income before taking into account government taxing and spending. After direct benefits are added to

private income to produce gross income, the percentage change in the Gini coefficient over time becomes smaller and equal to 6%. This indicates that direct benefits have had a greater redistributive effect in 1993-94 than a decade earlier.

The percentage change in the Gini coefficient over time is unchanged when direct taxes are deducted as in disposable income. In other words, direct taxes appear to have had a similar redistributive effect in 1984 and 1993-94.

**S1.9 INCOME DISTRIBUTION BY INCOME CONCEPT — 1984,
1988-89 and 1993-94(a)**

	Gini coefficients			Change in Gini from 1984 to 1993-94 (%)
	1984	1988-89	1993-94	
Private income	0.470	0.472	0.511	9
Gross income	0.370	0.381	0.393	6
Disposable income	0.326	0.341	0.347	6
Final income	0.298	0.300	0.307	3

(a) Gini coefficients for 1993-94 are based on a methodology more consistent with the 1984 estimate and different from those in table S1.8. See Appendix.

Source: *The Effects of Government Benefits and Taxes on Household Income* (6357.0).

When indirect benefits and taxes are taken into account (final income), the percentage change in the Gini coefficient over the decade is equal to 3%. This indicates that government indirect benefits and indirect taxes decreased income inequality and had a greater redistributive effect in 1993-94 than in 1984. More detailed estimates indicate that indirect benefits are responsible for the further increase in equality.

Overall, these results provide a broad indication of changes in income distribution. They indicate that government benefits are having a greater

redistributive effect than in previous years but that this has not completely compensated for the increasing inequality of private incomes.

However, the results of this study should be treated with caution. The study does not take into account many of the changes occurring over the decade, such as the decrease in average household size, the increase in the number of two income families and changes in other household characteristics. Additionally, the estimated values for the indirect benefits and taxes reflect the study methodology. Although

the methodology is similar to those used in other studies in Australia and overseas, there are other approaches which could have been taken and might have produced different results.

Appendix

Income concepts and definitions

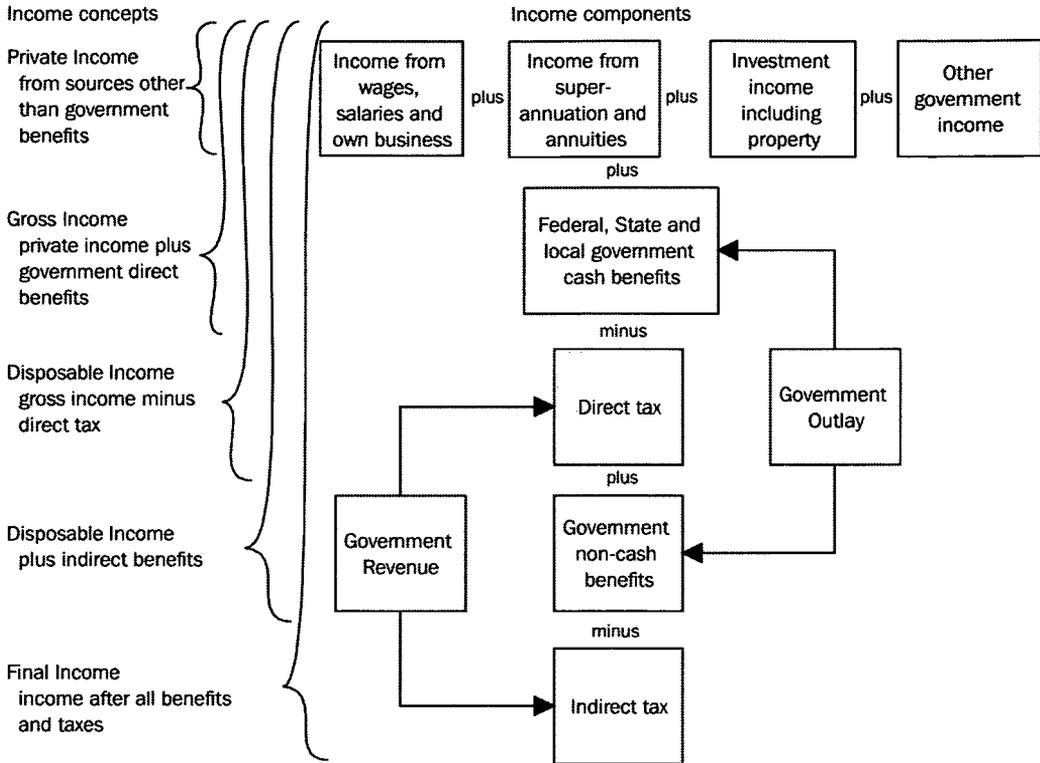
The starting point of the study was the adjustment of private income. Private income is the total current weekly income of all members of the household including income from employment, self-employment, superannuation, investments and other non-government sources before the deduction of taxes and excluding any government benefits. Government direct benefits to persons, such as pensions and unemployment benefits, were added to private income to obtain gross income. Direct taxes were deducted from gross income to obtain disposable income. Government indirect benefits for housing, education, health and social security and welfare were added to give disposable income plus indirect benefits. Finally, indirect taxes were deducted from disposable income plus indirect benefits to produce final income. The derivations for the successive income concepts are illustrated in figure S1.10.

The taxes and benefits used in the adjustment of income were as follows:

- *direct benefits* in the form of government cash pensions and benefits, such as age and sole parent pension, New Start or Job Search allowance and sickness benefits and family payments;
- *indirect benefits* received from government outlays on health, education, housing, and social security and welfare programs. Indirect benefits were allocated on the basis of household utilisation of the respective services;
- *direct taxes* such as imputed income tax and Medicare liabilities; and
- *indirect taxes* such as sales and payroll taxes which were imputed from household expenditures on goods and services.

Income of each member of the 1993-94 Household Expenditure Survey (HES) population was adjusted to calculate the income measures shown in figure S1.10. Comparisons of household private income with successive income concepts enabled changes in household income due to government benefits and taxes to be observed. Because adjustments were made to the individual household records, comparisons were made possible for the household population as a whole and for selected sub-groups.

S1.10 INCOME CONCEPTS AND COMPONENTS



Allocated and actual outlays

The aim of the study has been to allocate only those benefits and taxes relevant to households, and no attempt has been made to allocate the whole of government revenue and expenditure. Of the total Commonwealth, State and local government taxation revenue in 1993–94, the study allocates \$68,058m out of \$125,115m or 54% of total government revenue. Of total government spending of \$165,354m, the study allocates \$79,953m or 48% of total government expenditure. In comparison, the 1988–89 study allocated 52% of government revenue and 40% of government expenditure.

In many cases, the decision to allocate or not to allocate government spending or revenue was guided by the availability of data.

- *Direct benefits* were restricted to payments recorded by participants in the 1993–94 HES.

- *Direct taxes* not allocated included taxes not directly relevant to the household sector such as corporate taxes and those for which income information was unavailable from the 1993–94 HES such as capital gains tax.
- Many *indirect benefits* such as benefits from police services or public libraries were not allocated because there was no clear conceptual basis for allocation, target groups could not be identified or expenditure on target groups could not be isolated.
- *Indirect taxes* were calculated by applying intermediate and final tax rates derived from 1989–90 ABS Input-Output tables to household expenditure. Household expenditure does not account for the full amount of production and consumption recorded in the Input-Output tables, so only a proportion of indirect taxes was allocated to households.

More detailed definitions of the seven broad household types

Couples with non-dependants (about 10% of households)

Includes households containing couples living with non-dependants. Non-dependants are all persons aged 15 years and over who do not have a spouse or offspring of their own in the household, have a parent in the household and are not full-time students aged 15 to 20 years.

Couples with dependants (about 24% of households)

Include households containing a couple and dependent children only. Households containing dependent and non-dependent children are classified as couples with non-dependants.

Couples under 65 (about 18% of households)

Couples living on their own in which the reference person is under 65 years.

Persons under 65 (about 13% of households)

People under 65 years living alone.

One parent households (about 5% of households)

One parent households contain one parent and dependent children only. If other adults or

non-dependent children are present then these households are classified as mixed households.

Couples 65 and over (about 5% of households)

Couple living on their own in which the reference person is 65 or over.

Persons 65 and over (about 9% of households)

People aged 65 years and over living on their own.

Two versions of the 1993–94 study

One version of the 1993–94 study replicated the 1988–89 study as much as possible, but was updated according to changes in government policy (such as personal tax marginal rates and eligibility criteria for benefits). Results from this version were produced specifically to facilitate comparisons between the 1984, 1988–89 and 1993–94 studies. Such comparisons should nevertheless be treated with caution as some changes in study methods were inevitable. Table S1.9 of the paper is based on this version of the study.

The other version included various enhancements to methods and assumptions in allocating taxes and benefits, and data from this version were used for most of the analysis in this article.