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A speech by Professor Adam Graycar, Social Welfare Research Centre, University of New South Wales:

"Future directions of welfare in Australia"

presented at the National Anglican Welfare Conference, August 8-12 1983

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NATIONAL ANGLICAN WELFARE CONFERENCE

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FUTURE DIRECTIONS OF WELFARE IN AUSTRALIA

Adam Graycar

Social Welfare Research Centre
University of New South Wales

Those of us involved in social welfare, either as service providers or as academic researchers, are concerned with the well-being of people in our community — with levels of living, with people's access to quality care, and informal social supports — in short with standards of life and living.

Standards of life and standards of living are dependent on three interconnected systems. It is important to understand these three systems in trying to develop our welfare futures and to try to understand what sorts of interventions can be wielded in each of these three systems. The first and most powerful is the economy. A healthy economy is the most important determinant of standards of living, but a healthy economy does not always distribute resources adequately, equitably, nor efficiently. Second there is our overall social system — the system that structures social and economic relationships, and within which are the accepted behavioural patterns which make up our society. Within this system there are a whole variety of social supports which enhance the quality of life. It is here we find organised social and communal services and the societal justification for them. The extent to which we accept the intervention of non-market forces into service systems is an important determinant of our well-being. The third system, and it's important to note that these are not necessarily hierarchical, is the whole network of informal relationships and informal supports.

The informal system — the basic grass roots system of support of friends, family, neighbours is quite obviously an important determinant of our well-being.

All of these together, whether allocated through the public sector, through the commercial sector, through the voluntary sector, or through the informal sector, combine to make up a structure of benefits and their distribution. This is the essence of social welfare and the structure of this benefit and distribution system is an intensely political predicament. There is always great disagreement about why anything should be allocated, what it is that is allocated, who the allocators ought to be, who the recipients ought to be, who should determine the nature of the allocation, and how it might all be financed.

In Australia the debates about these issues closely parallel debates in other affluent industrialised nations. Increasing industrialisation has not automatically benefitted all the people in the community. Industrial progress has not eliminated poverty, it has not ensured that all people are adequately housed, adequately serviced with health care, have adequate access to the employment market, or receive adequate incomes.

It is interesting to reflect on what seemed to be a preposterous promise by an American president when he was inaugurated just over twenty years ago. At the start of the 1960s President Kennedy pledged that by the end of the

decade his administration would eliminate poverty in the cities, and land a man on the moon. Land a man on the moon? He had to be kidding! We all know which of these goals was achieved. Was the technology of landing a man on the moon more simple than that of eliminating poverty? Was the commitment greater? Was the management task easier? Absurd as it may seem, the answer to these questions is yes.

The questions we must consider relate to whether we have the moral and political commitment, the technology and the management skills, to achieve our objectives of social well-being. Do we know how to formulate, to implement, to evaluate policies and programmes that might assist in meeting humane welfare objectives? How do we allocate our resources? How do we assess the results? These are some of the policy issues of the 1980s.

The welfare state, a political mechanism which could hope for the elimination of want, ignorance, squalour, disease, and idleness has not succeeded in eliminating poverty in Australia. It has not brought about distributive justice, it has not brought about maximum feasible participation, and it has not brought about a sufficient range of social supports which would maximise self worth and dignity and minimise stigma and create an equitable and just society. The reasons are many and varied. Very large amounts are spent annually in Australia on income maintenance — yet large numbers of people are

still in poverty. In the last budget \$13.272 billion was allocated to Social Security and Welfare. 94% of this or \$12½ billion was allocated to personal welfare payments. These were the figures that were estimated by the Treasurer when he brought down his budget almost a year ago. I am using budget estimates because the figure has blown out quite considerably since then, and until we hear the budget in a fortnight's time, we won't know by how much those figures were exceeded. The interesting feature is that a government, at the beginning of the financial year, can estimate how much it intends to spend on social security payments, yet by the middle of that financial year find the estimates are totally in tatters. This of course reflects the massive unemployment blowout late last year and all of the economic uncertainties which are so closely and carefully intertwined with social welfare policy. Notwithstanding this expenditure of over \$13 billion there are still more than 2 million Australians in poverty.

We have seen some shifts over the past decade. At the beginning of the 1970s, 9.27% of the population (approximately 1.2 million adults plus dependants) relied on social security pensions and benefits for their income. At the beginning of the 1980s the proportion had increased 18.2% (and totalled approximately 2.7 million adults plus dependants). There has been a cost escalation also in meeting the income maintenance bill. In 1971 there were 213 pensioners and beneficiaries for every 1,000 persons in the labour force. By 1981 this had risen to 401. In

1971 the \$1.597 billion which comprised expenditure on social security and welfare was 17.7% of the Commonwealth budget and 4.3% of GDP. The \$13.272 billion allocated last year comprised 28.2% of the budget and 7.5% of GDP. If we break these expenditures down over the decade we find that social security and welfare expenditure grew by a factor of 6.21; budget outlays by 4.01; and GDP by 3.48. Allocation to unemployment and sickness beneficiaries grew by a factor of 17.44; to widows and single parents by 9.63; to handicapped people by 6.8; to aged persons by 5.67; to veterans by 4.5; and to families — at the bottom of the benefit pile — by 4.42.

In any international comparison, Australian expenditures are not large. When compared with comparable wealthy OECD countries Australia ranks low in income maintenance expenditure. Only Japan which spends 7.3% of its GDP on income maintenance spends a lower proportion than does Australia. Australia at around 7½% compares quite unfavourably, for example, with Denmark at 19.7%, France at 17.9%, Germany at 19%. We live in a modern, affluent, industrial society in which most people enjoy a standard of living that is envied the world over. We nevertheless have 18.2% of the population dependent on social security benefits for their income. There could be no clearer evidence that our affluent society is unable to deliver, through the market, a living wage to all. As a result of this economic failure it does nobody any good to turn around and blame those victims, blame those people who miss

out — people who find they cannot get an income in the labour market; people whose education does not buy them a place in the job market; people whose skills have been undermined by technological change; people whose occupations have been rendered obsolete by structural adjustment; family heads who receive insufficient infrastructure support to maintain their families; women whose productive value is disregarded and who are confined to a state of dependency; people who have difficulty in achieving satisfaction in housing, services, or income; and young people who believe they have no worthwhile place in a competitive industrial society. In addition there are many adults, who through loss of a spouse find themselves in dramatically changed circumstances, circumstances which require tangible resources, effective services, and close companionship.

It is the combination of these three things — tangible resources, effective services, and close companionship that our welfare futures must increasingly be geared towards. If we look at tangible resources to start with, and I don't want to spend much time on tangible resources, it is fairly obvious that the sorts of agencies that you are all working in are not in the race to provide the tangible resources so desperately required. Our income security system which turns over around \$12½ billion in personal benefits per year, pays out around \$34 million a day, seven days a week, every day of the year. Your organisations can't match that — none of the welfare organisations in

Australia can match that. The only realistic income security payment organisation in Australia is the Commonwealth Government. Only the Commonwealth Government has the resources to meet the desperate income needs of so many Australians excluded by the market and excluded by economic and social circumstances. The second of our three requirements, effective services, can be provided by organisations such as yours. Anglican welfare organisations form a small proportion of the 37,000 non-government welfare organisations we have identified in Australia. These organisations are spread across a fairly wide spectrum of services. Services provided through non-government welfare organisations need to be carefully targetted, and in order to be effective, need to be adequately resourced. The third of the requirements is companionship — and this gets us into the realm of informal services, family care systems, informal supports, and all the things that come with kinship and friendship networks.

It is not possible today to talk about the many areas in which our income support and caring systems are straining to meet need — nor to talk about the poorest people in our society, children — in particular those 628,000 children in Australia whose parents' only income are social security benefits; nor about those 400,000 children who live in single parent families; nor about the 45% of the population who experiences chronic illness, nor about the 10% of the population who are formally recognised as unemployed — not to mention the many who

comprise the hidden unemployed; nor the 1.3 million Australians who have disabilities which are handicaps nor the half million of these are severely disabled and require constant care. When we think of all of these people and many more, and when we think of the rapidly changing nature of our elderly population distribution, we are certainly on the verge of an explosion of social care. One of the most difficult tasks facing us is to determine how to specify target populations who ought to receive the major focus of our attention, how to allocate the resources, and how to determine how the various care sectors, namely government, the voluntary sector, and the family, play their respective roles. These three, government, the voluntary sector, and families are all under enormous pressure at the moment.

The big spender, the Commonwealth Government, is locked into an expenditure pattern that is determined both by demography and policy. This does not mean that the Commonwealth won't be able to meet its income security obligations. We have time to plan ahead. I find myself more concerned for the State governments finding themselves in more and more desperate situations with fewer and fewer resources to be able to meet their welfare obligations. I think we have some quite uncertain futures ahead of us in welfare federalism and this has major ramifications, not only for the State governments, but also for the voluntary agencies.

Traditionally the Commonwealth Government is seen as

providing income support payments for the population while the States are involved in services. In a research study just completed we have identified three States in which something like 40% of the welfare budget goes in income support payments. They are New South Wales where the proportion is 50%, and South Australia and Victoria. These States have increasingly taken on income support responsibilities, mostly in the payment of concessions to pensioners.

On present indications and allocations methods, South Australia will be in desperate trouble thirty to forty years down the line. At the moment the population aged 65 and over in Australia is around 9.75% and the range is from 8.7% in Western Australia to 10.5% in South Australia. This is a reasonably manageable spread, and can be handled by policies that treat the States reasonably equally. The Australian Bureau of Statistics puts out four different projection series (see table) and if we look at their Series A projections for the year 2021 it is projected that

AGE PROJECTIONS 2021
(percentage of State population)

	NSW	VIC	QLD	SA	WA	TAS	AUST
Series A	16.5	16.2	13.8	20.2	14.4	17.7	15.8
Series B	15.6	15.3	13.1	19.1	13.6	16.6	14.9
Series C	15.3	15.2	13.4	19.2	13.7	17.1	14.9
Series D	14.5	14.4	12.7	18.1	13.0	16.2	14.1
1981 Census	10.1	9.9	9.6	10.5	8.7	9.9	9.75

the elderly population in Australia will be 15.8%; the range being from 13.8% in Queensland to 20.2% in South Australia.

The consequences of this for care, for service provision and even for general economic security and stability will be quite devastating for South Australia unless careful planning takes place now. (Whichever of the four projection series one uses, the conclusion is the same — South Australia will be miles ahead of the national average and of any other State with regard to the aged population in the year 2021). South Australian premiers are going to have to fight some amazingly tough battles at Premiers Conferences over the next forty years — particularly when one notes that today South Australia has the highest proportion, of any State, of pensioners and beneficiaries, and that the proportion is going to increase more rapidly than in the other States. (Pensioners and beneficiaries as a percentage of the population in each State in April 1983 were New South Wales 18.9%; Victoria 17.2%; Queensland 17.3%; South Australia 20.3%; Western Australia 16.8%; Tasmania 19.3%).

Government is not going to be able to meet all of the demands from the community or even deal with all of the legitimate claims placed on it. But government will have a central role, and for government to operate authoritatively, it must have extractive, regulative, and distributive capabilities, as well as be responsive to community interests. It must be able to extract the best skills its citizens can offer, and also be able to extract taxation on an equitable and efficient basis. It must also be able to regulate in areas that affect quality of life and levels

of living, and it must be able to distribute and redistribute life chances. Some people say these things are too much for government in the sort of society we live in. In fact the extractive, regulative, and distributive capacities provide no more than a framework for a very tense and awkward social scenario for the rest of this century.

Since colonial days non-government welfare organisations (NGWOs) have been a very important part of our social welfare system. From the very beginning they have depended, in varying degrees, on public funds. We have a research project under way that for the first time will provide a detailed categorisation and classification of NGWOs in Australia. We have masses of data on functions, activities, income, and staffing. (We have lots of preliminary data which I can send to people who see me afterwards.) Of the 37,000 organisations which we have identified, approximately one half have come into existence in the last 10 years. What we do not know is whether organisations die off at the same rate as they start. NGWOs perform a wide range of functions. Some provide services to individuals, some provide their wares as a supplement to State services, others see themselves as opponents at the mainline functions of State welfare, others see themselves as an alternative to the State, some try to fit in between and act as a pressure group in an attempt to have the State provide resources for something more/better/different. NGWOs are under pressure because their tasks are continually being redefined, because

their financial resource base is quite insecure, and because their membership structure can never be taken for granted.

NGWOs are important to government as a key vehicle for implementation of public policy; as an information network; as a means of mediation of social issues into "proper channels"; and as a cheaper and more flexible avenue than alternatives — government itself or the market. However there are disharmonies and inconsistencies in the relationship between government and NGWOs and these do not always divide as expected along public/private lines. There are many reasons why governments fund NGWOs and there are just as many reasons why NGWOs do the sorts of things they do. Government may fund NGWOs because government has a vision of society, or perhaps government has no vision but is happy to respond to suggestions, or perhaps government believes services provided by NGWOs are cheaper. Funding is provided either for the support of a service or for a general activity. The study of the politics and administration of service funding and activity funding is taking up a lot of my time at present.

The third area which is under pressure is the family. It is often suggested that the family is not as strong as it has been in the past — that the State has usurped the family as the main agent of care — that family members don't provide the levels of support that in the past had been expected in the family situation. This argument

simply isn't true, and the research that we have done at the University of New South Wales contradicts the stereotypes. The point that emerges from the research is that the modern family certainly has the willingness to care for dependent members, but very often simply does not have the capacity to do so.

Family care is essentially care by women, and that great pool of middle aged married women not in the labour force, available and willing to provide care for elderly relatives and others just isn't there. Changes over time in marriage rates and labour force participation rates have changed the potential care force. Where family care is an option it is usually an additional task taken on by an overburdened woman who has a whole range of other activities and duties to busy herself with.

It is very poor policy indeed to plan the future of our care systems, as some politicians seem to think we can, on the expectation that there will be significant numbers of available female volunteers. Volunteer work by women ebbs and flows with economic conditions — as employment opportunities decrease, volunteering and the use of volunteers increases. But what we have is a population that is ageing. The bulk of elderly people are women. We have a demographic shift which means that we cannot rely on unmarried women not in the labour force to provide family care. We have a highly fluctuating population of volunteers, and we see non-government welfare organisations facing a whole range

financial and membership crises. We are faced with an explosion of care and we can see the traditional care providing organisations all under different sorts of pressures.

What is very obvious is that no one sector alone can provide all that has to be provided. Certainly not government — certainly not voluntary agencies — certainly not families. Different needs are met by different support systems. There is a sort of continuum. Tangible resources, effective services, and close companionship, can be met at different points on the continuum by different sorts of organisations. To hear politicians calling for cuts in public expenditure on personal social services is quite distressing. The politicians who express the virtues of family care and the hopeful dependence on large reserves of volunteers are either unaware of the costs to families providing that care or are cynically expecting a major shift in social resources in our society. The 1980s and beyond will require greater state intervention. It will also require very careful co-ordination and very careful provision by a large range of non-governmental welfare organisations that exist in Australia today.

Conclusions

The 1980s and beyond will probably see a more unequal Australia with more people excluded from what we see as the mainstream of modern affluent industrial life. The arguments about present and future performance of the welfare

state are arguments about claims on the system, about social, political and economic claims — and about the legitimacy of those claims. With a declining economic surplus and even greater competition for resources, with high unemployment and high inflation, with technological change and uncertain work futures, I would argue that we are in claim crisis.

Each individual makes claims on a number of institutions. We make claims on government. We make claims on families. We make claims on employers (those of us who have employers) and we make claims on the community. We make claims to survive — to work — to consume — to receive emotional support — to redistribute. The attacks on the welfare state which we have seen in recent years are attacks regarding the legitimacy of these claims. The problem that we have seen is that government has had difficulty in trying to rank, in times of declining economic growth, the claims of the various more and less articulate groups. The legitimacy of the claims made by societal groups for tangible resources, for effective services, and for close companionship, is something that needs to be thought through carefully as we look towards the future — it needs to be seen in the context of government, non-government, and informal structures.

We have three different welfare systems that make up the Australian welfare state — a social welfare system, an occupational welfare system, and a fiscal welfare system.

We have three different structures that combine together in the Australian welfare state — a statutory welfare system, a voluntary welfare system, and an informal welfare system. It is into these that the demographically changing population with changing economic needs feeds its various claims. The Australian welfare state is faced with issues, not of survival, but of alliance. Which groups will combine together to form a protective support for the vulnerable; which coalitions will strive for tax fairness and interference into market mechanisms, so that inequality is not magnified; which coalitions will fight for the maintenance and improvement of benefits to ensure that the politics of exclusion is not directed at those with the fewest political resources; which coalitions will ensure that a reasonable balance be struck and maintained between the public and public spheres of allocation? These are the political issues which will shape the future of social welfare. The organisations with which you all work have a vital role to play. Not only will you have to find the way in which tangible resources, effective services and close companionship can best be provided to those with whom you work, but there will be both an important political and service role to play. You will require exceptional perception, astuteness, and empathy in the ability to identify problems, relate them to intervention systems, and work towards linking the appropriate balance of statutory, voluntary, and informal services. The future direction of social welfare in Australia will depend on the right mix in this delicate balance.