

# FAMILIES &

**Phillipa Smith**  
Policy Officer  
ACOSS

This article examines some of the policies and assumptions behind the government's fiscal policies and family support.

The responsibility for dependent children has become lost in a 'no mans land' somewhere between the wages system, the government, and the family itself.

Of particular concern is the erosion of the real value of income, allowance and other support (eg. child care, refuges etc.) for poor families. Alongside the government's oft quoted concern for the needy has been the actual fall in wellbeing of those most in need (eg. single parents, the unemployed, low income families) while other more traditional family notions have been supported (eg. dependent spouse rebate). In some instances this redistribution has occurred through active policies (eg. family allowances) while in other cases they have come about by 'non policies' (eg. failure to index allowances for single parents).

## Family Allowance

Should the family take more responsibility for some of the functions now carried out by the government? Should such payments/services provided by the government be directed to those 'in need' or to all families?

Such questions have been with us for many years but the debate has taken on a new urgency in recent years.

In particular the determination of the present government to cut back on government expenditure in general, and welfare in particular, has inevitably raised the question of how any shortfall might be made good.

In particular there has arisen an assumption that 'the family' and private

welfare agencies should step in and take an increased responsibility for the social welfare of its children and relatives. Indeed it is sometimes argued that improved social security payments (eg. for lone parents, youth unemployed) threaten the very existence of 'the family'. As will be argued later such arguments do not reflect the reality of social and demographic trends.

The cutbacks in government expenditure have also thrown into much sharper focus (and conflict) the winners and losers in any redistribution. The impact of the often twinned arguments regarding expenditure cutbacks and the role and function of families has resulted in a transfer of financial responsibility to families, especially low income families and single parent families, and in an implicit restatement by the government that the women should retain a position as 'carer'.

With the 1981/82 Budget just handed down it is an appropriate time to review the responsibilities and priorities taken by the government. In the colloquial sense the Budget is that time of year when the government has to put its money where its mouth is.

Overall pensioners and families have not improved their position since 1975, and in real terms most have slipped backwards.

## Social and Economic Trends

Any discussion as to the relative roles of the family and the government must take account of the present economic and social trends.

The so called 'traditional family' of a man, wife and dependent children is rapidly becoming a misnomer representing as they do only about 27% of all families. Yet this image and ideal still encapsulates the basis on which most of our social policies are based. Lone parents are regarded as abnormal and undesirable even though over 9% of children live in one parent households.

(ABS 1975).

One of the most significant changes in the structure of our families has been the increased participation of women, and mothers, in the labour force. From 1947 to 1954 the participation rate for married women increased from 8% to 13%. By 1961 it was 17% and by 1980 over 42%. It is likely that the number of women wishing to join the workforce will increase further as jobs become available. The OECD in September 1978 rate for Australia would be 62.5% by 1990. This would represent over a million predicted that the female participation new entrants into the labour force by the year 1990 (ACOSS).

Already the point needs to be made that the number of 'younger' mothers working is already much higher than reflected in these overall figures. For example, the 1979 labour force participation rates for mothers in 20 - 29 year age bracket was 62% for women in two parent families and 40% for women in one-parent families. (Cass)

The increased participation of married women has been brought about by various factors including: financial necessity, a change in social attitudes, the recognition of the nature and importance of their role in the workforce, and a growth in the number of jobs that are available in occupations typically available to women.

Although the role of women in the workforce is frequently challenged in such arguments as '... if Mum quit work' there would be more jobs for teenagers it is unlikely that the increased participation of women will decline. (Nor it should be added is the above proposition correct.)

The second major trend affecting the role of the family is the ageing of our population. During the remainder of the 20th Century the proportion of aged persons will increase greatly. One of the difficulties for those now crossing the 65 year-old frontier is that the family network may no longer support them as it did in the past. There will be fewer

# FISCAL POLICY

---

middle aged people both absolutely and relatively.

The growing proportion of one-parent families — whether through choice, separation, death, or divorce — is also an important phenomenon reducing the capacity of the family to absorb greater responsibilities.

For many of course this is a transitory phenomenon. About 23% of marriages now taking place are in second or third marriages. (ABS 1980) Such 'combined' families, and/or defacto relationships raise many complex issues for tax and social policies.

'Family policy' and the desirability of 'the family' taking on more responsibility is therefore being debated at the very time when the traditional image and role is in practice open to strong debate and under considerable change.

## **The Role of Government — A Potted History**

Debates about the role and care of dependent children via our wages system or via government have long been a part of our history. Accounts such as that by Bettina Cass provide a detailed account of these debates and changes. The following provides a limited potted history of the transfer from our wages system, to government by social security and tax, to social security and increasingly 'the family' or individual.

The Harvester Judgement of 1909 embodied into the Australian wage system the notion of the 'family wage' which took account of the costs of a man, dependent wife and 2 or 3 children.

By 1927 however, the child endowment scheme was introduced, which was accompanied by a reduction in the size of the family unit for wage fixation purposes to a man and wife only; it was argued that child endowment should meet the needs of large families without crippling the wages bills industry.

By 1966 a minimum wage was

established for adult male wages, and in 1974 the minimum wage was extended to women. The National Wage Case of 1974 marked the end of one era of evolution in terms of wages policy and the family. In particular the Commission stated . . . 'we have given further consideration to this question . . . of doing adequate justice to the widely varying family obligations of workers on the minimum wage . . . In our awards we do not distinguish between the married and the single worker and we do not vary the wage in relation to the number of persons dependent on the worker. The Commission has pointed out in the past that it is an industrial arbitration tribunal, not a social welfare agency. We believe that the care of family needs is principally a task for government . . . we have decided that the family component should be discarded from the minimum wage concept.' (Cass)

Thus, the Arbitration Commission has clearly set the agenda for the government to take up the responsibility for the costs of dependent children. In practice however government policy remains somewhat mottled.

In 1941 the Child Endowment Act provided a non-income tested payment to the second and subsequent children. In terms of their value, child endowment payments for 2 children represented 5% of male average weekly earnings in 1941 and 7% of average weekly earnings by 1948. By 1971 the value had eroded to 2% of average weekly earnings. (Cass).

In addition tax rebates for children were replaced in 1950 by concessional deductions which remained in force until 1975. Such concessions were of much greater value to high income earners than poor families.

These inequities were highlighted in the 1970's when the Poverty Inquiry (Henderson) and other research showed that many families were living in austere poverty. A system of concessional deductions and the eroding value of child endowment payments aggravated these differences.

In 1975 the system of tax concessions was replaced by one of tax rebates providing a uniform allowance to all persons paying tax. However, many of the poor were still excluded from any assistance with their income falling below the tax threshold.

In May 1976 the system was changed once again with the taxation rebates abolished, and the 'expenditure' or part of the revenue foregone transferred to the Social Security budget in the form of family allowances. The value was restored to the 1941 level with the value for 2 children representing 5% of average weekly earnings.

In the 1981/82 Budget the allowance was increased by 50% for the 3rd and subsequent children. The real value however has been eroded with prices to June 1981 having increased by 59% and a prediction that prices will have increased by 70% by June 1982. For those with 2 children the value of family allowances now represents 3% of average weekly earnings.

## **The Debate Today**

As noted in the introduction the parameters being set by the government are of reduced overall government expenditure, and increased family responsibility. Nor is it clear from a historical perspective whether payments to dependent children should be 'needs based' to offset the increased costs for low wage families, or based on a principle of horizontal equity between families (as for example through tax rebates).

In the present climate of containing welfare however, the \$1 billion spent on family allowances is set in direct competition with other pensions and allowances paid on a basis of need. The transfer in expenditure from the taxation area is now merely viewed as part of the 'uncontrollable growth' of welfare.

The urgency of this debate perhaps needs to be put in some context. It is estimated by ACOSS that some 1.4 to 2 million people are living under, or close to, the Henderson Poverty Line. This is

---

# FAMILIES & FISCAL POLICY

seen to include approximately 500,000 children of pensioners and beneficiaries and 150,000 — 200,000 families working but with wages too low to meet the basic needs of their families.

As recognised by the Arbitration Commission itself the wage system may be inadequate for larger families in particular. For example, in December 1980 the minimum wage was \$134.90 pw, the poverty line for a couple with two children (and renting accommodation) was \$156.90 pw. The poverty line for a couple with 4 children was \$202.10 pw.

Thus a single income family working at, or near, minimum wages is likely to be placed in poverty. Others experiencing unemployment for a period of time or who are only able to find casual or part time work may also be placed in poverty.

The disadvantaged situation for this group is compounded not only by low wages, but by other factors eg.

- low paid work is often in dangerous, dirty, unhealthy conditions;
- shift work which may result in family and social disruption;
- vulnerability to unemployment;
- short notice of retrenchment;
- inability to build superannuation entitlement, absence of schemes providing portability;
- working when ill for fear of losing job;
- exclusion from most fringe benefits associated with employment (approx. 70% of wage earners receive other benefits associated with work).

Low wage large families are therefore identified as a vulnerable group, with the distinction between the plight of the unemployed and employed being in some instances difficult to establish.

In looking at the plight of pensioners and beneficiaries the position of various groups has been eroded eg. the single unemployed under 18 have been left on \$36.00 pw since 1975. (The poverty line is \$85 pw); the allowance for the children of pensioners and beneficiaries has only increased \$2.50 pw since 1975 (a pensioner couple with 2 children is \$4.60 pw below the poverty line), and the allowance for single parents has only increased \$2.00 pw since 1964, with a lone parent and 2 children being \$15.40 pw below the poverty line. Failure to index the rent allowance, permissible income limits etc. has also meant that the standards of the poorest in our

society have been significantly eroded.

It is because of this competition of funds and priorities that ACOSS and other welfare organisations have consistently recommended that first priority must be given to raising the allowances for children of pensioners and beneficiaries, and low wage families — on an income tested basis, rather than any across the board increase in allowances. By way of an example as to what this might mean in cold, hard cash is the difference in paying all children an increased \$1.00 pw for all income groups at an annual cost of \$200 million pa. If directed to low income families the same money could have provided an additional \$13.00 pw for almost 300,000 families.

## The 1981/82 Budget

The 1981/82 Budget was disappointing on various grounds but one of the major disappointments was in its treatment of family allowances. As indicated the increase for the third and subsequent children fell short of the CPI increases.

More importantly, the \$124 million full year cost will not necessarily be directed towards those most in need. Fifty percent (or 250,000 children), dependent on pensioners and beneficiaries will be excluded from any increases even though they are known to be living in severe poverty. Indeed 84% of Australia's 70,400 supporting parents — the most disadvantaged group of all — will miss out altogether having as they do only one or two children.

These people are definitely in the low income category and yet they received no help from the Budget.

The payment of the third and subsequent children only also excludes 74% of families receiving family allowances.

It is true that large families are one index, or cause of poverty, but not always. In many circumstances the time of the first child may be a crisis period because there is a drop to one income at the time there is an extra mouth to feed.

The additional full year cost of \$124 million could have been better targeted to those most in need through eg. an income tested income supplement. Partial indexation for some children is neither a tool to reduce poverty nor does

it retain the principle of horizontal equity.

## 'Incentives'

Despite the clear intent of the Arbitration Commission that the wage system should not cater for family needs or size, and despite the partial recognition of the government through family allowances of its responsibility, the government has to date rejected all notions of a guaranteed minimum income or income supplement for the working poor. It maintains that to do so would remove incentives to work.

In practice however the distinction between those working, only able to work occasionally, unemployed, or disabled for work is difficult to distinguish. Most research also indicates that money is only one incentive operating in people's general desire to work and/or to have a role. (ACOSS)

The irony is also that the provision of income supplements for low wage groups in the workforce would remove some of the 'poverty traps' that presently exist in the social security system. In particular the present anomaly does exist whereby some persons may presently receive more income on welfare than they would working in low paid or casual work.

It should not be assumed however that this is a desired state for hoards of 'bludgers'. As noted earlier pensioners and beneficiaries with dependent children are already receiving less than a poverty line level of income — the answer is not therefore to lower or suppress this level of income further, rather to raise the level of income for those in the wage system but who are not able to earn sufficient for basic family requirements.

The provision of an income supplement for low wage families is therefore required both to alleviate poverty and to reduce any possible disincentives and barriers for such persons wishing to regain or participate in the workforce.

The notion of income supplements would also facilitate opportunities for unskilled, semi-skilled, disabled persons etc. In 1927 it was noted that one of the main arguments for the government's responsibility for child endowment was

the otherwise 'crippling wages bill' for industry. The same debate exists today with the Federal Government and other groups having identified the relatively high cost of labour particularly for juniors and unskilled workers — as a possible cause for unemployment. If the government is concerned by the level of real wages and its impact on employment then it becomes necessary that such families and individuals are raised out of 'poverty' or near poverty without being forced to negotiate such 'survival' living standards through the wage fixation system. In this sense an income supplement for low wage families can be seen as part of the social contract in any prices and incomes policy.

#### **Taxation and 'Family Responsibility'**

Of equal importance to actual expenditure are taxation rebates, concessions and other revenue foregone through the taxation system. Yet these expenditures receive far less scrutiny than do the transfer payments made through for example, pensions and benefits.

In particular it is noted that the money foregone by way of the tax rebate for the dependent spouse (approximately \$860 million pa) could be better directed to low wage and pensioner families with dependent children.

The rebate is paid to all income groups regardless of whether they have dependent children or not. There is no rationale (based on need, or even horizontal equity) for the fact that the payment made to a dependent spouse is \$16.00 pw while that to a dependent child is only \$3.50 pw.

The anomaly in providing additional financial support to the dependent spouse rather than dependent children is exacerbated by the fact that the 'dependent' spouse rebate will act as a disincentive to women wishing to re-enter the workforce since they must earn over \$16.00 pw before they will recoup any net income. Those with children are also likely to incur additional child care costs and will therefore be further disadvantaged.

Once again the underlying theme appears to be that 'the family' should be encouraged to have a working husband,

and dependent wife.

A similar reinforcement for the 'traditional family' is also sometimes raised as to why payments for lone parents should *not* be raised. That is it is argued that payments should be made too attractive or it will encourage single mothers, or families to separate. In reality of course low wage families sometimes do break down under the continual stress and worry of not having enough money. The transition of moving to a single parent family however cannot be regarded as a desirable goal.

Under the present arrangements a single parent and two children (3 mouths) will receive less in income than a pensioner couple. Once again more positive incentives/support for family stability should be sought rather than the fear of starvation. Indeed the stress and constant worries of inadequate money and support remains one of the likely causes of family breakdown.

The longer term economic and social costs of reducing support for low wage/single parent families should also be examined. For example, while a lone parent and one child must try to exist on \$4,425 pa the cost per child in an institution is \$30,000 pa. More if the child is suffering from emotional difficulties and requires psychiatric help.

The freezing of unemployment benefits for unemployed youth since 1975 is yet another example of requiring 'the family' to take on extra responsibility. Considerable hardship has resulted to unemployed youth and their families. In particular:

- The young unemployed may not live at home. One Victorian survey indicated that 35% of unemployed youth live away from home, another in Newcastle NSW, indicated that 30% of unemployed youth live away from home.

- For country youth who have left home in search of work (or others who have left home to find jobs, gain independence or because of family tensions), the results may be tragic. Destitution, homelessness, crime and prostitution are all results of the present policy to freeze benefit levels and are being reported in increasing frequency by social workers, CYSS groups and voluntary agencies.

- Nor can it be assumed that 'the family' can continue to support these young

people. Given the structure of unemployment it is highly likely that unemployed youth will also be from low wage, low skill, families — possibly where other members of the family are unemployed themselves or only able to find casual or part time work.

- The need for independence of this age group should not be underestimated.
- Studies as to the social consequences of unemployment have highlighted the fact that the 'unnatural' curtailment of independence (and forcing youth to live at home) is destructive both for the individual and in the stress it places on family relationships.

The assumption of family responsibility is clearly inadequate.



#### **GOVERNMENT ASSISTANCE TO THE FAMILY**

**Senator F.M. Chaney,  
Minister for Social Security**

The Commonwealth Government's commitment to the welfare of all Australian families has frequently been re-affirmed by government spokesmen, including the Prime Minister, who in his policy statement before the last election asserted that 'It is our belief that the strength of Australia depends upon the strength of Australian families'.

That belief reflects our view that the family is the most fundamental of the mechanisms that exist in our society for providing the help, support and nurture needed by every individual. Government's role is not to usurp the functions of those mechanisms, but to facilitate and enhance them.

One vital way in which the government can protect the position of Australian families bringing up children is by sound and responsible economic management. Within the context of a healthy economic climate, the independent strength of families can be maintained.

The achievement of such a climate requires, however, that there be limits on government expenditure. What this

---

# FAMILIES & FISCAL POLICY

means in terms of policies for the family is that the provision of cash benefits and allowances by the government must be weighed not only against the overall impact on the economy of such outlays, but against the desire to keep the tax burden as low as possible for the community as a whole — a result which obviously has significant implications for the welfare of families.

Against this background of competing demands for increased benefits and lower taxes, the government has been particularly anxious to help those families who are likely to be in the greatest need.

Evidence from a variety of sources, including the information we receive from the voluntary welfare organisations working in the community, suggests that those families who find themselves in the most difficult economic circumstances are single-income families, families with only one parent, and families with large numbers of children.

In the last few years we have made these groups the main focus of our assistance in a number of ways. In last year's budget, for example, we substantially increased the additional assistance available to social security pensioners and beneficiaries who have children by raising the amount of additional pension or benefit by 33 per cent and by increasing the mother's or guardian's allowance.

In addition the government, since coming into office, has regularly increased both the dependent spouse and the sole parent tax rebates. Since 1975-76, the dependent spouse rebate has increased from \$400 to \$830 and the sole parent rebate from \$200 to \$580.

The new health arrangements also contain provisions enabling sole parents to obtain free medical care under special income-test provisions.

In the most recent Budget the government decided to place particular emphasis on large families, who have been identified by many groups, including Professor Henderson's Poverty Inquiry, as being particularly vulnerable to economic hardship. It was for this reason that we decided to increase by 50 per cent the family allowance for the third and subsequent children in a family.

This measure will benefit over half a

million families in Australia, and between them these families contain some 1,860,000 children, or nearly half the dependent children in Australia. For a family of five children they will represent an overall increase of more than \$40 a month.

I believe that by taking steps of the kind I have been describing the government is fulfilling its commitment to give particular attention to the needs of families. I am aware though, that many people are less interested in knowing what the government has actually done, than in asking the question "Why haven't they . . . ?"

In view of that it may be helpful if I comment briefly on why the government chose in the recent Budget not to adopt some of the more widely proposed measures to assist families.

An obvious first example is the pressure the government has been under to increase all rates of family allowances substantially. While that is a very attractive option because, of course, it would be one way of assisting both single income and sole parent families as well as large families, the revenue implications of such a measure were simply not able to be entertained in the context of this year's Budget. An increase of 50 per cent in all family allowance payments would have cost about \$500 million a year. Given that an outlay of that order was not possible, it seemed more useful to focus a substantial increase on an identified area of likely need, rather than opting for a negligible across-the-board increase.

Some welfare organisations have also been calling on the government to increase even further the additional payments for children of social security pensioners and beneficiaries. In deciding against this, the government paid attention not only to the recent increase in this area of assistance but also to another, perhaps less widely considered, point.

This is the consideration that if too much priority is given to the needs of pensioner and beneficiary families over other families this can create areas of inequity and reduce incentives for those in full-time employment. For example, because of this extra assistance for children, an unemployed beneficiary with a large family may be better off

financially than if he were in full-time employment at or near the minimum wage. By the extension of extra assistance to all larger families through family allowances some pressure should be taken off this particular problem.

Some people have also proposed that the focus of assistance on low-income families be increased by providing income-tested supplements to family allowances. This is an area where further detailed study is worthwhile, but complex issues are involved, including greater administration complexity and the proper balance between concentration of assistance on areas of need and the maintaining of incentives for self-help. It is also important in this context that we should be able to devise a system that is both efficient and fair, while meeting the individual needs of different families. The very introduction of family allowances involved a substantial redistribution of benefits to families whose income was not large enough to take advantage of the concessions formerly offered through the taxation system, while the new health care arrangements for low income people are another means by which assistance is directed to lower income families.

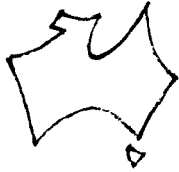
One last proposal I want to mention is that of some women's groups who have suggested that mothers caring for young children should receive additional family allowances. With up to a million such mothers in Australia the cost of any meaningful increase in family allowances for all of them would have been prohibitive in this financial year and, in addition, since most of them are not working, but are staying at home to bring up their families, they are, to a large extent, the same group that the government has chosen to assist by increases in dependent spouse rebate.

I hope that by going through these proposals I have helped to make it clear that the government is not deaf to the many suggestions it receives about improving its policies of assistance to families.

However, when we are dealing with an overall social security and welfare budget of some \$11.4 billion for the current year, even quite minor adjustments in any one area can have major repercussions for individual

taxpayers.

Keeping in mind that a family's total tax bill is one crucial factor in determining its welfare, the government is moving gradually, but decisively, towards a better deal for all Australian families.



**By Senator Don Grimes  
Senate Deputy Opposition Leader  
and  
Shadow Minister for Social Security**

Government policies and dependent children, or perhaps government policies which assist those who care for dependent children: these are more accurate definitions of the contents of this paper, than the term family. Family has become politicised to the degree that Humpty Dumpty could well declare "it will mean what I want it to mean".

There is no longer, if there ever was, a typical Australian family, consisting of a breadwinner father, a stay-at-home mother and two or three children. Although many families will have this formation for brief periods, over the period of child rearing, there will be almost as many variations as there are family units.

In 1978-79 the Australian Bureau of Statistics identified 3,334,000 households defined as family units. These included 1,854,000 two parent families with dependent children, 219,000 one parent families with dependent children and 1,480,000 families with no dependent children. My concern in this article is to look at the services, payments and concessions a federal government should offer to those 2,073,000 families which contain dependent children.

We believe that the rearing of children has to be a responsibility for the whole community. Parents take the primary role, but need a range of services and supports from government which indicate the will of the community to accept collective responsibility for the well-being of its future citizens. As a democratic socialist Party, we also

believe that the role of government is to ensure that children's life chances are not determined by their parents' resources, but by the children's own needs and capacities. To this end, our policies are designed to give all children access to those services they need to develop their potential, and to give their parents the resources they need to provide a home background which will give children the space to grow.

Therefore, in broad terms, we have a commitment to the provision of housing, health and welfare services which meet children's needs, as well as the maintenance of a safe and healthy environment for children to grow up in and an education service which develops each child's capacities to the optimum level. This means the development of services, in the public sector, available to all on the basis of need, and not on the basis of capacity to pay. Therefore, a Labor Government will develop education systems which rival the resources of the private sector, health services which will be available to all without stigma, and community services which complement care provided in the family.

Such priorities relate to the fiscal policies of the Party by establishing the needs of the whole population, particularly the young, and the dependent, as the basis for distribution of taxation revenue. We do not believe in taking from those in need to bolster the coffers of the wealthy, and the resources of private enterprise.

Within the general principles outlined above, we are examining the payments made by government through the social security system, and the concessions made through the tax system to see if these are helping or hindering people who are responsible for dependent children. Under the present government, the main payments, direct and indirect, in this area are Family Allowances, which cost around \$1 billion, and the Spouse Rebate which will cost about the same in the next year.

Family Allowances are, in the Prime Minister's own words, his greatest welfare achievement. But since the change-over from a small child endowment and a larger tax rebate, the government has pegged the level of payment for 74% of families with children, and belatedly raised the

benefits for the 26% of families with three or more children in the 1981-82 budget. By doing this the government has saved itself around \$1000 million in the last five years. None of this money, essentially taken from those families with children, has been put into programs for children.

On the other hand, the spouse rebate has been more than indexed. In 1975-76 the spouse rebate was \$400 and has now more than doubled to \$830. While this scheme does assist some families with children, it does not assist one half of these in which there are two income earners. However, 31% of those receiving the rebate have no dependent children, because the measure is not aimed at the presence of dependent children, but rather at those with dependent spouses, irrespective of children. As such, it is a blunt and somewhat inappropriate tool to use if the real concern is families rearing children.

There are real questions, also as to whether the tax system anyway is the most appropriate means of assisting families with children. Tax rebates or deductions only assist those who pay tax. Some types of deduction are most value to those in the higher tax brackets who can claim a greater sum. Either way, they are of no value to those who pay no tax, such as most people on pensions and benefits.

This was recognised by the present government when it abolished the child rebates, formerly deductions, and replaced them by a payment through the social security system. This, at least, allowed the lowest income groups to receive the same benefit as did the highest group. However, the spouse rebate and its somewhat attenuated companion, the lone parent rebate, are of no benefit to those people whose income falls below the tax level.

There are nearly half a million children in Australia whose family units are primarily dependent on the government for their income. Around 300,000 of these are in lone parent families, and constitute the poorest of all Australian family groupings. Most families dependent on government payments fall below the austere poverty line and there is no doubt that these children, under the present system, are victims of the system. Their parents are less likely than other groups to own a house, and more likely to pay most of their income in rent.

---

# FAMILIES & FISCAL POLICY

These children must be a high priority for additional income and services so they are not permanently at a disadvantage.

There are other situations in which family income is likely to be inadequate. The arrival of the first child usually means that the income goes from two pays a week to one. The presence of children, below school age, in a family, makes it less likely that women will work for pay, or if they do, it is most likely to be part-time. This may be by desire or through lack of appropriate child care services. We are looking at ways that could help young families through this period when costs, particularly housing costs, are high, and access to extra income is difficult.

During the last election, we proposed a family income supplement, which was aimed at low income families and involved a means test. This was an attempt to redirect resources to those families we knew were having difficulty in meeting costs. However, this was only a partial solution and presents problems such as disincentives for women who might want to bring in a second income.

We are now undertaking a thorough review of our policies in this area. In particular, we are seeking to integrate the tax system with social security payments so we do not give with one hand, to take away with the other. We are discussing systems which will assist those raising children, but do not pressure family choices of lifestyle and allocation of time.

Tax systems which make it expensive for families to move from a single income to a second income will, in the long run, create more poverty than they solve. The same applies to benefit payments which discourage people who want to start supporting themselves partly or wholly through paid work. Therefore, the challenge is to provide people with real choices, as well as the resources they need. The current system, both in terms of the levels of support provided, and the conditions placed on them, creates the situation it seeks to remedy, providing poverty traps for too many parents and children in an affluent society.

Apart from payments, there are other ways in which a future Labor government will assist families. One major thrust, already under discussion,

is a redesigned children's services program. We believe that both parents and children can benefit from a range of services which complement parental care. Therefore, we are looking at providing access to a range of children's services to all children, regardless of parental work status.

The small and often geographically isolated family of today needs to know that the community collectively cares about the needs of parents and children. Older children have access, through schools, to a range of activities and developmental programs. Younger children have been left out, even when they and their parents have recognised their need for company and activities.

In the past, services have tended to be single purpose, serving either the child at home, or the parent at work. We believe that every child should have access to a convenient, probably local, neighbourhood children's centre. This will provide a range of programs and will be flexible so that the varied needs of parents and children can be met. Such centres should be community based and run by parents. They should be provided as part of a social planning system, as are schools and electricity, and should reflect the priority the community gives to parenting and the support it requires.

Over the last few years, there has been a lot of political smokescreening used in the area of family policy. Most of it disguises the real lack of concern the current government has shown for the needs of children and those who care for them. In comparison with other developed countries, we spend little on children. In an O.E.C.D. table, we rank 17th out of 20 in terms of the money we give directly to those caring for children. It is the figures that count, not the words, and it is the figures a Labor government seeks to change.



## THE VIEWPOINT OF THE WESTERN AUSTRALIAN GOVERNMENT ON FAMILIES AND FISCAL POLICY — the Hon. W.R.B. Hassell Minister for Community Welfare W.A. (Prepared in conjunction with the Planning and Research Unit, Department for Community Welfare)

The Western Australian Government has a commitment to the maintenance of the family unit, as this is considered to be the key to a stable society.

As the primary role of government is seen to be the creation of conditions to help maintain the healthy family, the Government of Western Australia considers it has a responsibility to assist families experiencing stress and possible breakdown. The Government is sensitive to the fact that such families are often experiencing a time of need, and are not necessarily permanently needy families.

It is the Government's belief that intervention in families should be minimal, and the intention of such action be the promotion of independent functioning. Essentially this is the major concern of the Western Australian Department for Community Welfare which serves to promote individual and family welfare, and aims to both prevent disruption in families and remediate where breakdown has occurred.

The Department offers a range of services for families throughout the State, including financial assistance, general supports aimed at strengthening the family resources, and child-oriented services.

In delivery of such services the Department has endeavoured as far as practicable to locate services in close proximity to its vastly dispersed population. Through forty-three field offices, the Department assists families from Wyndham, in the far north of the State, to Esperance in the extreme south-east. Often in these remote areas the service offered is the only form of family counselling and assistance available.

## 1. Financial Assistance

Whilst the Commonwealth Government has the authority to levy personal taxation, and is accordingly primarily responsible for income support and redistribution, the Department for Community Welfare has the responsibility of assisting families in severe financial difficulties, through the provision of financial assistance. Payments are made over a wide range of circumstances on a non-continuing basis to persons and families who are temporarily destitute or stranded, and require emergency assistance. Financial aid is also provided to persons with limited means living in country areas, e.g. travel assistance when medical treatment is necessary.

Until March, 1979 emergency non-continuous relief included payment of a bridging assistance for unemployed people, who, whilst waiting for an initial unemployment benefit, were in need. As the Commonwealth Government then assumed full responsibility for such assistance the State cost for non-continuous assistance was reduced in 1979-80. This trend in expenditure was not maintained however in the current financial year, as increases in the cost of living have resulted in more people finding themselves in need of the Government's assistance because of financial difficulties. (See Table 1 Non-Continuous Assistance to Families)

Until November, 1980 continuing assistance to sole parents with dependent children was provided during the months before they qualified for an appropriate Commonwealth Government pension. A recoup of expenditure from the Commonwealth has been available under the provisions of the State Grants (Deserted Wives) Act.

As the Commonwealth has now assumed the full responsibility for sole parent income support, the Commonwealth Recoup for 1980-81 is less than in previous years, and State expenditure has reduced. (See Table 1 Continuous Assistance)

The W.A. Government now provides continuing assistance in circumstances of 'special need', e.g. where pensioners have extraordinary recurring expenses such as costly special diets, where sole parents, not residentially qualified for the Commonwealth Supporting Parents'

Benefit, are entirely dependent on the lesser Special Benefit; and in a variety of other critical situations.

In some instances recovery of some of these monies has been possible, for instance where a parent who is not responsible for the daily care of children is able to contribute in part to the maintenance of the children.

## 2. General Supports

The single largest family service program in manpower is the Homemaker Service. This program, which has won nationwide recognition, aims to provide a service for all "at-risk" families throughout the State. Homemakers have a family support role, to assist people to develop their own means of coping with pressures of everyday living, and to understand and use the community's resources. The Homemakers may do this by either working solely with the members of a particular family, or by helping to organise people with a common need or interest into self-reliant and supportive groups.

The Department has also supported and carried out community-based programs to enable families and communities to develop solutions to their own problems. These problems range from the Department's own Community Development Programs, to management of long-term Commonwealth funded programs such as the

"Parent Education and Assistance Project", and the "Pilbara Isolated Communities Project", both of which had a primary goal; the development of personal and community resources to enable the families to cope in their own communities.

The general field services have instituted many programs to deal with preventing family breakdown. In the metropolitan area alone the general field services deal with nearly 800 preventive cases annually on a supportive and casework basis.

In its daily operation the Department for Community Welfare often liaises with a number of other State Government bodies which in varying degrees offer services for families, e.g. State Housing Commission, Department of Health & Medical Services, the Department of Youth, Sport & Recreation. Liaison occurs not only in individual case management, but also in quite extensive projects which have been aimed at particular groups of families in need. An example is the 'Special Rehousing Project' in the south of the State, where the Department and the State Housing Commission, supported by the Commonwealth Department for Aboriginal Affairs, operated a program to rehouse 30 aboriginal families previously living in socially and physically disadvantaged circumstances. The project aimed not only at

**TABLE 1—FINANCIAL ASSISTANCE EXPENDITURE BREAKDOWN**

Financial Assistance	1977-78	1978-79	1979-80	1980-81
Continuous Assistance to families	5,959,917	6,349,819	6,654,733	2,452,822
Non-continuous Assistance to families	453,010	470,113	432,337	711,143
<b>TOTAL</b>	<b>6,412,927</b>	<b>6,919,932</b>	<b>7,087,070</b>	<b>3,163,965</b>
Commonwealth Recoup State Grants (Deserted Wives) Act	2,371,888	2,371,880	3,113,209	1,886,372
Recovery: Assistance Paid to Families	224,409	266,156	245,358	113,994
Final Cost to State:	4,816,630	4,281,896	3,728,513	1,163,599



---

# FAMILIES & FISCAL POLICY

the housing needs but emphasised that the housing needs of a family could not be viewed in isolation of other social factors and that consideration of social supports was essential.

### 3. Services Focusing on Child Care in a Family Context

As the fundamental responsibility of the family is the care of children, programs which intend to strengthen families often focus on needs of the child. In such programs the Department places considerable emphasis on the child's relationship to his family, and the responsibility the family has for the child.

This emphasis on keeping families intact is strongly reflected in the 1977 amendments to the Child Welfare Act. Under the amended Act parents of children who have committed a criminal offence may retain guardianship of the child, and accordingly maintain their responsibility. A parent's estrangement from their child is seen to be less likely as a result. Previously the State had assumed the rights and responsibilities of guardianship of such children.

A program which has won international recognition is the Child Life Protection Unit. It works with families in which child abuse has occurred. In most cases the family retains the child in its care throughout the treatment phase, which is aimed at family restoration.

Complementary to this service is the Parent Help Centre which provides a family-type support service to parents who are having difficulty controlling their children.

Where it is necessary for a child to live away from his own home emphasis is given to the maintenance of the relationship between the parent and the child. The community based option of care in the context of a family environment, fostering, during which time the child's link with his own family is supported, is the alternative preferred. However, where institutional care is necessary the service promotes parental involvement in the child's life by allowing parents to attend case conferences, encouraging parental activity and generally liaising with the family.

Whilst children are in care, and if the family is able, a financial contribution

towards the maintenance of a child is expected, as a means of encouraging a family's continued acceptance of supporting the children.

### 4. Establishing Future Direction and Policy

The Western Australian Government is aware that policy must remain in touch with the changing needs of the families in the community.

To enable the thorough review of family policy, the Western Australian Government has established a Family Policy Advisory Committee chaired by Sir Lawrence Jackson. The purpose of this committee is to advise the Western Australian Government on both the development and proposed implementation of family policies.

The Government also concerns itself with the evaluation of its programs, to critically assess whether its goals are achieved. For instance, the Department for Community Welfare has recently undertaken a study of children in long-term care. The results have prompted the planning of programs which will promote more effectively children being in a secure family environment.

Such evaluation and critical review endeavours to ensure that the programs which the government supports reflect responsible spending of public monies. In an era of financial stringency when the Commonwealth Government appears intent that the State Governments shoulder more and more responsibility with less resources, the Western Australian Government is ever mindful to obtain value from its welfare dollar. In the face of harsh economic realities the government has been forced to review all programs and to eliminate those that are not sufficiently cost-effective. Thus the extent to which the State is able to effect programs which will promote a cohesive social environment is accordingly limited.

If the Commonwealth Government accepts the recent recommendations of the Grants Commission, the elimination of welfare programs will be even more drastic and will undoubtedly have detrimental effects on the welfare service provision in Western Australia.



### THE TASMANIAN GOVERNMENT VIEW POINT.

The Hon. A. Lohrey, Minister for Community Welfare and Child Care.

Where does the family fit into the framework of Government thinking and Government action and Government finance?

The family supports the Government, whether it likes it or not, through the taxes that consume a growing slice of its income, while it is the Government that supplies the services which never are seen to be adequate and are provided through a bureaucracy which, "everyone" knows wastes great quantities of the taxpayers' money.

What does Government really care about the family and what is it really prepared to do for the family? If we extend "family" to talk about people in the family situation we are really talking about what a person — as an individual or as a component of his or her family — can look to in return for his contribution — past, present or future — to a Government.

In pursuing this discussion we must remember too that Government in Australia operates on a contribution and return basis at three levels: Federal, State and Local.

In the area of the family or individual economic support the primary responsibility rests constitutionally in Australia with the Federal Government. The Federal Government is responsible for the universal benefits we accrue when we come into the world, through what used to be called the "baby bonus" and "child endowment" and before most of us leave it, through the old age pension.

There also is a responsibility to an increasing number of Australians through unemployment benefits, reflecting the end result of an economic policy being seriously questioned by

social observers.

Traditionally, among conservative governments at least, Government contributions to the support of the family and to individuals within the family have been based on economic cost effective considerations.

From the baby bonus through child endowment, educational assistance and unemployment benefits a Government is not only giving immediate help in cases of actual or assumed need, it is investing in the longer term in potentially productive and useful members of the workforce.

The old age pension is the "odd man out" but this can effectively be regarded as synonymous with a form of annuity insurance.

In areas of no long term return or limited probable return, as in the case of the handicapped or, more recently the "unemployable" unemployed, a conservative government is far less generous in its support for the individual or the family.

In a period of economic depression, induced by whatever factors, the community finds itself in a situation in which more and more people are getting into more and more difficulty under the cost effective family support provisions because, although such a system might be in the best interests of the Government, it does little for the immediate realities facing the family and the individuals within the family.

In a situation in which the universal support services offered by the Federal Government prove inadequate then it is the State Government that finds itself left holding the buck.

The States traditionally are active in the areas of selective, rather than universal non-income related, support and in crisis relief to meet urgent immediate needs.

In fact the States in the present economic climate have found themselves effectively subsidising inadequate Commonwealth welfare and support services.

This has meant that, as the Commonwealth has withdrawn support for particular areas of family and individual help — such as the Community Youth Support Scheme catering for the "employable" young people (which then places them in the category of

"unemployable") and the Youth Shelters producing no long term tangible economic returns, the States have found themselves increasing their contribution in parallel or complementary areas.

The States, having smaller financial reserves than the Commonwealth and a far more limited access to means of raising revenue from the family or the individual, must look to cost effectiveness in a different perspective in the provision of their benefits.

While the Commonwealth, with its predominantly conservative philosophy in recent decades, looks at cost effectiveness in terms of the eventual return from its "investment" in family support measured against ultimate value to the workforce, the economy and "productivity" or profitability — whichever of these analagous terms you prefer — the States must look to the shorter term benefits and human values of hardship relief for the dollar spent.

In the States, and certainly in my State, a lot of attention is being paid to preventive rather than remedial assistance.

It is better, surely to provide emergency aid to keep a family together, rather than to have to care for the children as a State responsibility for many years. It would be better still, if we had the finances to provide the income support to prevent a family reaching the crisis point of needing emergency aid.

Our neighbourhood house programme and our assistance to community based organisations are areas in which personal contact and sound counselling — particularly in areas containing numbers of young families — can stop disaster or tragedy before it strikes the family or the individual.

In a time of national economic crisis all the community feels the pinch and those in traditionally vulnerable positions: the young, the old, the sick, the disabled and the lonely feel the pinch more than most.

It's at times like this that people look to Government for leadership out of the national mess and for immediate help out of the personal mess. This is when people are conscious of a Government's attitude to the needs of the family and the individual within the family and its response to these needs.

It is a time when actions truly speak

louder than words, because only a Government, not the person who is sick, disabled, or on the dole can eat its words.



## **THE VICTORIAN GOVERNMENT VIEWPOINT**

**Honourable Walter Jona, M.P.  
Victorian Minister for Community Welfare Services**

The Victorian Government affirms the family as the basic unit of social organisation.

It is concerned with the well-being of every family and wants to ensure that the pressures of modern society do not place unbearable strains on the unit.

To achieve this it has been necessary to create a welfare structure providing supportive programmes, carefully designed to enhance family functioning and to encourage a minimum of dependence on formal state services.

Victoria played a major part in sponsoring the Conference 'Towards an Australian Family Policy', hosted by the Council of Social Welfare Ministers in 1980. The Victorian Government sponsored a wide range of community delegates to participate in discussions aimed at achieving national recognition of the family as a basic unit of our society.

The Victorian Government has shown its concern that the whole community can and should be involved in determining social needs. It attaches great importance to the creation of opportunities and mechanisms for community development and social planning.

An informed community is in a better position to accurately advise on its needs and priorities and thereby reflect community concerns.

Welfare, being a very complex issue, requires a great deal of co-operation and co-ordination between the community

---

# FAMILIES & FISCAL POLICY

as a whole and the Government, taking into account the necessarily limited finance available to meet the wide range of community requirements.

Each service must be delivered with this in mind, allowing for community involvement while maintaining an orderly growth of facilities and programmes.

To achieve the prime aims of meeting the community demand for preventative and developmental services, the Victorian Government is committed to the implementation of the White Paper on the 'Future of Social Welfare in Victoria'.

It has already achieved much in the reorganisation, implementation and delivery of welfare services as part of an overall plan within the context of the White Paper statement on Government policy.

The commitment brought with it a promise to restructure social welfare in Victoria and to make it far more effective and efficient. The delivery of welfare services has been undergoing great change and vast improvement ever since. This programme will continue.

There are many sectors of the community which would have desired a faster rate of implementation and greater resources for their undoubtedly valuable service roles. Some would have even desired more consultation on the policies which my Department is adopting in respect of new programmes which respond to emergency and long term community needs. However, these desires and requests have to be balanced against the need for action, decision making responsibility and the ability to provide taxpayers' funds to finance the programmes.

The Victorian Government and the Department of Community Welfare Services, in particular, enthusiastically accepts the challenge to reorganise the State's welfare structure and directions.

In doing so, it is imperative that existing resources must be utilised to the greatest benefit by Government departments and community agencies alike.

The Government has developed a precisely planned package of programmes designed to extract the greatest value from each welfare dollar.

The package of programmes was designed to complement those groups which make up society and provide services which recognise the needs of the whole person, the family and the community.

The proper role of Government is seen as threefold:

1. It should encourage people to develop their capacity to manage their own lives and improve their own community.
2. It should ensure that supports are available for them in times of individual or family stress and need.
3. It should ensure that there is a safe environment in which family and community life can flourish and people can feel secure.

With effective planning in these directions, welfare services delivery has been clearly defined and moves are well under way to eliminate any suggestion of an 'ad hoc' approach thereby minimising duplicity or service over-lap.

This re-organisation which is still in the process of being implemented, includes a greater co-ordination of Government services at State and Federal level, the more effective delivery of human services at the local level, the greater use of voluntary resources, better information services and increased support for families, people and communities.

Ways and means are being found to improve the consultation and communication processes. We are providing increased resources for research into human services so as to make them more commensurate with those presently available for technological and physical science research.

With a view to the delivery of these human services, where a family lacks resources to ensure its own well being, the Victorian Government believes the family should be able to receive these services without stigma, loss of privacy or loss of social status.

My Department has already gone a long way in the development of preventative programmes and after care supports designed to keep children out of institutions. Further development in these areas is continuing as a high priority.

This will ensure that the State only intervenes formally in family life as a last resort, instead of the all too frequently used means in the past, of providing institutional care for children when families encountered difficulties or the child was seen to be at risk.

Under the revised approach in this area, children and young persons will only be admitted to State care when this is determined as being the least harmful option, or where it is required to protect society.

We are further developing our already well established network of community based programmes so that an alternative to institutionalisation is available for as many children and adolescent offenders as possible.

Services for children and adolescents cannot be isolated from the family or community welfare.

The well-being of all members of the family must be taken into account when decisions are made or authorised by the State to intervene in family life.

My Department is dealing in one of the most sensitive and delicate areas of Government operations — the delivery of human services.

The Victorian Government is gradually widening the variety and choice of these services and increasing its support of non-government welfare agencies.

The extra support is now promoting avenues for greater community participation in the development of social resources.

The delivery of human services at the local level (rather than from a centralised point), has been achieved through the establishment of 18 regional offices and 24 sub-offices around the State.

This has given Community Welfare Services in Victoria the ability to identify local needs at the local level, with input from Regional Committees, able to better determine regional priorities because of their intimate local knowledge of welfare issues.

These Committees were not established to perform an executive role, but are designed essentially as consultative and advisory bodies with involvement in planning and an ongoing evaluation of services.

We still have much to do and we still have many challenges ahead. But the

---

Victorian Government is tackling the most sensitive of all human problems with a plan that has been carefully and skilfully devised and which is being enthusiastically and wisely implemented.

The future for the basic unit of social organisation — “the family unit” — in Victoria looks very bright.

### Conclusion

This article has examined some of the policies and assumptions behind the government's fiscal policies and family support.

The responsibility for dependent children has become lost in a 'no man's land' somewhere between the wages system, the government, and the family itself.

Of particular concern is the erosion of the real value of income, allowances and other support (eg. child care, refuges etc.) for poor families. Alongside the government's oft quoted concern for the needy has been the actual fall in wellbeing of those most in need (eg. single parents, the unemployed, low income families) while other more traditional family notions have been supported (eg. dependent spouse rebate). In some instances this redistribution has occurred through active policies (eg. family allowances) while in other cases they have come about by 'non policies' (eg. failure to index allowances for single parents).

Perhaps the Sydney columnist 'Benelong' (Sun. Telegraph 23/8/81) made a significant observation when he mused under the heading 'populate or perish' as to what sort of Budget it had been. He noted how 'the 45¢ rise in prescription charges makes the pill more expensive, the Family Planning Association had its funds cut by 10% and families with three children get an extra \$13 per month. Is the government trying to tell us something?'

### References

Philippa Smith, *Work or the want of it*, ACOSS May 1981.

Philippa Smith, *Facts on Welfare*, ACOSS 1980.

Bettina Cass, *Changing Nature of Dependency and the concept of 'Family Policy' Some Inter-Connections*

Paper delivered at Poverty, Income Maintenance and Welfare in Australia in the 1980's, reprinted in the *Welfare Stakes*, Institute of Applied Economic and Social Research, Melbourne, 1981.

