



# 3 Changing work patterns and the community services workforce

## 3.1 Introduction

The previous chapter (Chapter 2, page 8) discusses alternative measures of the size of the welfare services sector, focusing on the amount of resources government and non-government agencies and households use in the provision of services. This chapter complements that analysis by focusing on measures of the overall amount of work that goes into the provision of welfare services and assistance in the community services sector. The types of assistance, the nature of the work done, how it has changed and how it relates to and differs from broader changes in the nature of work, economy and society are all discussed.

In this regard it is important to recognise the many different forms of work in modern societies. One of the most important distinctions concerns whether work is paid or unpaid: paid work is represented by employment in the labour market; unpaid work includes domestic labour performed informally or organised through a voluntary agency. Another distinction concerns where work is performed: in a profit-making or non-profit enterprise or within the home. A third distinction relates to whether the work is full time or part time and whether tenure is permanent, temporary or casual. All of these forms of work exist in the community services sector—this is one of the sectors main distinguishing features.

Between 1966 and 1998 the number of Australians in paid employment increased by over 77%, from 4.82 million to 8.54 million (ABS 1987, 1998a). This growth was slightly below the rate of population growth for the period, so that the employment rate fell marginally, from 59.0% to 57.7%. At the same time, employment rates for men and women have moved closer, the decline for men (particularly older men) being accompanied by an increase in the female employment rate across all age groups except the very young and the very old (and concentrated in the 25–54 age range).

The increased participation of women, particularly married women, in the labour market has been described as ‘one of the most significant dimensions of social change in recent years’ (Probert 1997:6). It is influencing the nature of family life and has implications for the institution of the family itself (Wolcott & Glezer 1995:3). Changes in the community services workforce are both a consequence of and have facilitated these changes.

Many of the patterns and effects described in this chapter have also occurred in other countries. This reflects the impact of international forces that are common to all nations, although different national factors, institutional structures and policy choices are also important. Welfare service workers are predominantly women, and changes in the

economic and social role and status of women are of particular significance. As a recent report prepared for the Organisation for Economic Cooperation and Development (OECD) has noted:

Women's employment is intertwined with the provision of caring services in complex ways. Both childcare and elderly care sectors are affected by the loss of informal family care givers as women enter the workforce. At the same time, the demand for waged carers, jobs primarily held by women, increases ... women's changing employment patterns within the broader labour market are at the heart of the incentives and capacities re-shaping caring services. (Christopherson 1997:12)

This chapter uses Australian data to explore these trends and identifies some of the issues to which they are giving rise.

It begins by describing some of the changes that have been occurring in the Australian labour market, and in working patterns generally, in the last two decades. It then describes the community services workforce and compares the characteristics of that workforce with those of the Australian workforce as a whole. Following that is an analysis of the implications of these and other developments for the demand for community services and the supply of labour to the community services sector. Finally, the implications of these changes for the future prospects for the community services sector are summarised.

## 3.2 Changing patterns of work

### The general context

Many studies of changing work patterns focus solely on what is happening with paid work or employment. This is in part because of paid employment's contribution to total work activity; it is also because the functioning and impact of the labour market are central to the performance of the economy as a whole. Although work encompasses more than just employment, the importance of the labour market as an economic and social institution makes it central to a broader analysis of how work patterns are changing.

Changes in the economy are giving rise to new forms of work that do not fit easily into the conventional labour market framework. Technological and other advances mean that it is no longer essential for paid work to be done in a specially established workplace. Many people are now able to work from home using the Internet and other computer-assisted modes of communication. The number of self-employed people has been growing rapidly (Eardley & Bradbury 1997), as has the number of generally low-skilled, often female out-workers employed at home (ABS 1995a).

These changes are being accompanied by changing preferences relating to paid work, in a context where the dual-earner family is the norm and work and family responsibilities must be balanced. Part-time work has increased relative to full-time work: the ratio of full-time to part-time employment declined from over 9:1 in 1966 to below 3:1 in 1998. The number of people in casual employment has grown in both absolute and relative terms, and there is now less constancy of hours and employment in the labour force generally.

Distinctions between the worlds of paid work and unpaid domestic activity are becoming increasingly blurred. At the same time, under the banner of the 'active

society' policy approach, increased emphasis is being given to the need for all individuals to engage more actively with the labour market and so promote wider economic participation and avoid social exclusion. The nature of work is changing to encompass a greater variety of settings and a more complex set of relationships.

For some time, these changes have been a feature of the community services workforce. This means that it is essential to adopt a broad definition of 'work' when discussing past and current patterns. Many of the changes in community services have been responses to changes in individual values, attitudes to gender roles in society, and notions of the role of government. The increased labour force participation of mothers, for instance, has increased the demand for child care services and people involved in providing such services. The ageing of the population, particularly increased longevity, has put pressure on those providing community care services for older people. The move from institutional to community-based care has also had significant and lasting effects on the overall pattern of caring work done in Australian society.

All this gives rise to questions about the government's role in the provision and financing of community services. Studies of the historical development of Australian welfare services have emphasised the role of non-government agencies, philanthropic activity and volunteers in service provision (AIHW 1993). In combination with a tradition that has also encouraged contributions in the form of voluntary work, the provision of physical infrastructure such as nursing homes, and the imposition of user charges, the Australian welfare services system has evolved as an inter-woven tapestry of government and non-government (for-profit and non-profit) agencies supported by a variety of unpaid individual involvement in both provision and funding.

In addition to assistance and support for target groups in the population, the delivery of community services involves a substantial input of labour since community services are relatively labour intensive. The switch in employment from manufacturing to service industries has been central to 'post-industrial' development. Unlike manufacturing, a key feature of service industries is that production and consumption occur simultaneously: the output tends to disappear at the point of delivery, leaving no lasting physical manifestation. This led some of the classical economists to argue that services, being largely invisible, were not part of productive output. The fallacy in the logic of this position has, however, been exposed and measures of economic output now include the value added by and employment in all forms of marketed activity.

Between 1966 and 1996 the proportion of people employed in industries producing goods declined from 46% to 28%, while the proportion of people employed in service industries increased from 54% to 72% (ABS 1997:94). The re-orientation of the labour market towards the service sector has favoured the employment of women, who make up the bulk of people employed in services and the tertiary sector (Snooks 1994).

Community services have been part of this general trend. The community services labour force now represents a significant and growing component of the total labour force. At the same time, the expanded provision of welfare services has increased the ability of service users to engage in the labour market or other forms of work-related activity.

The provision of child care services (as discussed in Chapter 4, page 88) has allowed mothers with young children to remain employed or to re-enter the labour market earlier than otherwise; the provision of care and social support for older people and people with a disability has helped the latter group to move into employment and

allowed many of those who would otherwise have to meet the demand for care to join the labour market. These examples illustrate how the community services workforce plays a dual role, reflecting and responding to changing work patterns in society as a whole.

In Australia, the public sector has traditionally played an important part in the provision and financing of community services. There are many reasons for this, although the underlying rationale for public sector involvement has often rested on equity considerations (to meet the needs of particular groups) or because other forms of market failure provide a justification for government subsidy designed to encourage private consumption. But there is nothing immutable about the extent of government intervention; the degree of public sector involvement in the provision and financing of welfare services varies considerably among industrial countries (Chapter 2; OECD 1997a).

Differences in the degree of government involvement will be offset by variations in private provision and financing of services that meet specific needs. Thus, many of the services provided by government and financed by taxes through the state budget in countries such as Sweden must be purchased from private service suppliers out of household consumption spending in the United States (Esping-Andersen 1997; Table 2.5).

Economic, social and demographic changes and the fiscal consequences of increased government involvement are raising questions about the role of government in service provision in all countries. There is an increasing tendency to separate purchaser functions from provider functions and to expand the choices of consumers and to encourage efficiency among providers. At the same time users are expected to make a greater contribution to the cost of the services, either at the point of consumption (through the introduction of user charges) or by introducing social insurance contributions or quarantined taxes tied to specific services.

Changes of this kind are having a direct effect on the nature, organisation and cost of community services. Indirectly, their effect is also being felt in the various forms of care provided as informal assistance that either complements or replaces formal services. As market competition is introduced into the operation of formal services, its effects will filter through to the informal sector, which faces similar pressures. Whether the informal sector can withstand a series of pressures to increase choice and improve efficiency, which contrast with the values of civic responsibility and the common good on which the sector is based, will have an important bearing on future developments.

## **Structural adjustment and the labour market**

As the speed with which the Australian economy has responded to changes in the global economy has accelerated, so too has the pace of change in the labour market increased. These labour market changes reflect changes in economic and social conditions, attitudes, and patterns of behaviour. Many of them reflect a complex pattern of interdependent influences. Some of the factors behind the changes in the community services workforce are discussed here.

Ever since the industrial revolution heralded the move from agriculture to manufacturing, structural labour market change has been propelled by changes in technology

and how these affect productivity and cost (Jones 1990). More recently, the emergence of 'post-industrial society' has seen a further move from manufacturing to the service and tertiary sectors. Within the service sector there has been rapid growth of knowledge-based and person-based services (Reich 1993; Sheehan 1998).

It has been argued that, although the future economic prosperity of nations will depend increasingly on the fate of knowledge-based service sector jobs, the future prospects for in-person service jobs also seem bright (Reich 1993). This is partly because most in-person services cannot be traded across nations, so that they are less vulnerable to international competition than routine production service jobs. Although some in-person service jobs will be made redundant as a result of technical progress, population ageing will create a strong additional demand for people providing in-person services that meet the needs of the old and ailing (Reich 1993:218).

Whether the focus is solely on the employment of paid service providers in the formal labour market or also on unpaid work done in informal service settings, the service sector (of which community services are an important part) will assume growing importance in future patterns of work activity.

### **Labour market trends since 1980**

Developments in the Australian labour market since 1980 reflect many of the broad structural factors just described, as well as factors that are more specifically national in their origins and effects. According to the former Department of Employment, Education and Training, among the primary labour market developments are the increased 'feminisation' of the labour force, the growth in part-time employment, a cohort-driven change in the age profile of the labour force associated with the ageing of the 'baby boom' generation, an increase in average work experience, the growth in self-employment, reduced labour force participation among migrant males from non-English-speaking countries, and an increased labour force participation by people with a disability (DEET 1995:28-36). These changes are consistent with those identified by the Australian Bureau Statistics in its labour force projections (ABS 1994d, 1995a).

Longer-term changes in the Australian labour market are also analysed in a collection of essays prepared for the former Economic Planning Advisory Commission (EPAC) (Norris & Wooden 1996). The period since 1970 is described as 'a time of significant change in both the structure and operation of labour markets in Australia' (Norris & Wooden 1996:1). Among the changes on the supply side are the increased proportion of married women in the labour force, increased educational participation among young people (combined with a change from full-time to part-time employment among working youth), a higher level of educational attainment among the workforce, and a higher incidence of long hours of work among people working full time.

On the demand side, the document identifies growth in the services sector and the move towards part-time and casual employment as the main trends. These changes have been accompanied by an increased imbalance in the labour market; attested to by the rise in unemployment, in particular in long-term unemployment (unemployed for 52 or more weeks). There has also been an increase in the level of under-employment, evidenced by the proportion of part-time workers stating that they would prefer to work more hours if they could.

Finally, there is evidence of increased earnings inequality, particularly for men. The ratio of the highest to the lowest decile of full-time, non-managerial adult male earnings rose from 1.86:1.00 to 2.57:1.00 (or by 38%) between 1975 and 1994 (Norris & Wooden 1996:Table 3; Borland & Norris 1996:Chart 9). These changes have resulted in the Australian labour market becoming increasingly segmented by gender, as well as in terms of full-time and part-time employment. This increased segmentation has made it more difficult for the unemployed to fill the new jobs being created, making the experience of unemployment longer lasting.

The theme of an increasingly segmented labour market is confirmed by evidence pointing to an increased geographical concentration of employment (Gregory & Hunter 1995). Sheehan (1988) has also identified the trend toward segmentation, arguing that the labour market can be described as separated into core and periphery components on the basis of age and hours of work. Between 1978 and 1995 net employment growth was concentrated on 'non-standard' jobs involving less than 30 hours or more than 45 hours worked each week. In the same period, the workforce became more dominated by people aged 25–54 years, and there was a decline in the earnings of younger and older workers relative to the earnings of those in the 35–44 age group (Sheehan 1998:Figure 6).

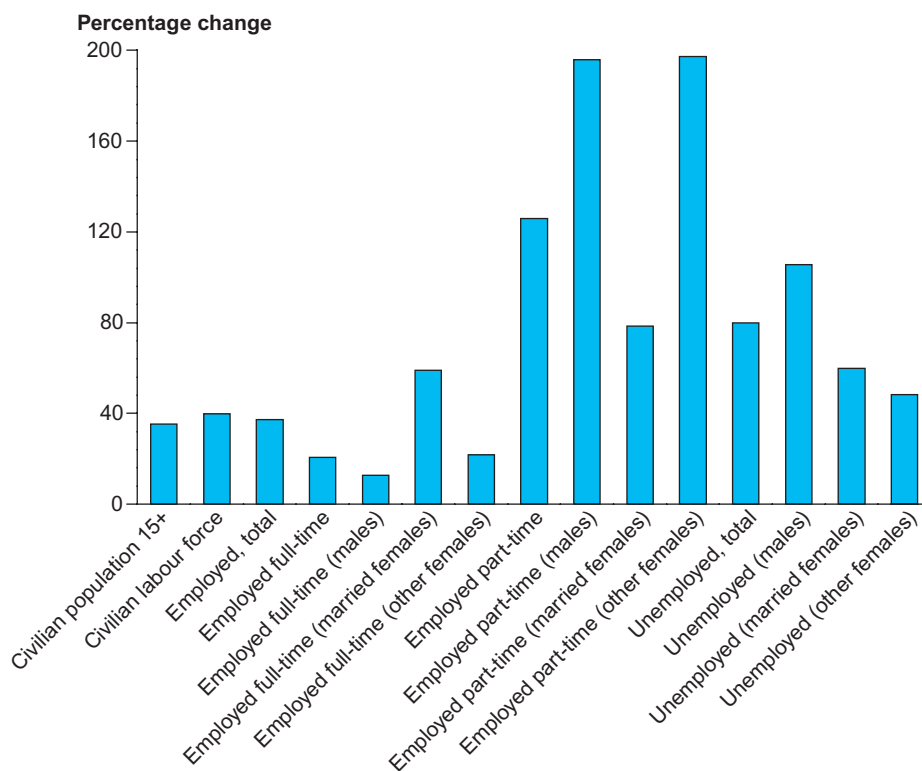
The trend towards an increasingly 'middle-aged' (aged 25–54 years) labour force reflects both the later labour force entry of younger workers, who are now more likely to extend their education, and the increased labour force withdrawal of older workers, particularly older men. The decline in employment rates among men aged 55–64 has been occurring in most OECD countries for much of the last three decades (Scherer 1997:Table 1.3). In Australia, employment rates for men aged 55–59 and 60–64 have declined since 1966, from 90% to 67% and from 79% to 43%, respectively. Another study of early retirement in Australia points out that although the aggregate statistics do not show a decline in labour force participation rates in the last 20 years, there is evidence of a decline in full-time work among men aged 55–64; this now appears to be levelling out (Ingles 1998).

The trend to early retirement has been subject to close examination as part of the OECD's latest review of the Australian economy, where it is argued that while most early retirement started off being involuntary, its continuation has been facilitated by social security policies (OECD 1999). The OECD sees reversing the trend towards early retirement as part of a broader strategy to reduce the budgetary consequences of population ageing.

## **Specific labour market developments**

Growth has been the main feature of the Australian labour market since 1980. Between June 1980 and June 1998 the labour force grew by almost 40%, somewhat faster than the 35% growth in the civilian population aged 15–64 (ABS 1984, 1996b). This led to a rise from 61% to 63% in the overall participation rate, that is, in the proportion of the working-age population who are in the paid labour force. Figure 3.1 summarises the composition of labour force growth since 1980.

Although some of the growth rates shown in Figure 3.1 start from a low base, the overall trend is clear. Among employed people, growth has been most rapid for part-time employment, particularly for men and unmarried women. Full-time employment



Source: ABS 1987, 1998a.

**Figure 3.1: Growth in selected labour force aggregates, June 1980 to June 1998**

increased during the period by just over 20% – equivalent to an annual average growth rate of close to 1% a year – although growth in full-time employment for men was lower than this. For women, growth in full-time employment was strong, albeit starting from a low base. The rapid growth in part-time employment for males also began from a low base.

The feminisation of employment is illustrated by the decline in the ratio of employed men to employed women, from 1.74:1.00 in 1980 to 1.30:1.00 in 1998. The other change of note is the substantial growth in unemployment during the period, particularly among males.

The impact of these changes can be demonstrated if we imagine randomly selecting one individual from the entire labour force and look at the probability of that person having certain characteristics. In June 1980 such an individual would have had a 63% chance of being male, a 79% chance of working full time, and an 8% chance of working part time or looking for part-time work. By June 1998 these probabilities had changed to a 57% chance of being male, a 68% chance of working full time, and a 26% chance of working part time or looking for part-time work. The traditional image of a workforce dominated by males working full time had already become weaker by 1980, when only

57% of all labour force participants were in this category; by 1998 that percentage had fallen to less than half (47%) of the labour force.

The changes described so far have been accompanied by a number of other, sometimes overlapping, developments. Table 3.1 shows how the age structure of the labour force has changed since 1980. Males' withdrawal from the labour force has been greatest for those aged less than 20 (a consequence of increased participation in education); this is followed by males in the 55–59 and 60–64 age groups, although participation among males of all ages has fallen markedly. Female labour force participation has increased across all age groups except the youngest and the oldest; the increases being greatest among those in the 25–34 and 45–54 age groups. By 1998 the previous tendency for women's labour force participation to decline between the ages of 25 and 34 (typically because of child rearing) had virtually disappeared.

**Table 3.1: Labour force participation (per cent) by sex and age group, change from 1980 to 1998**

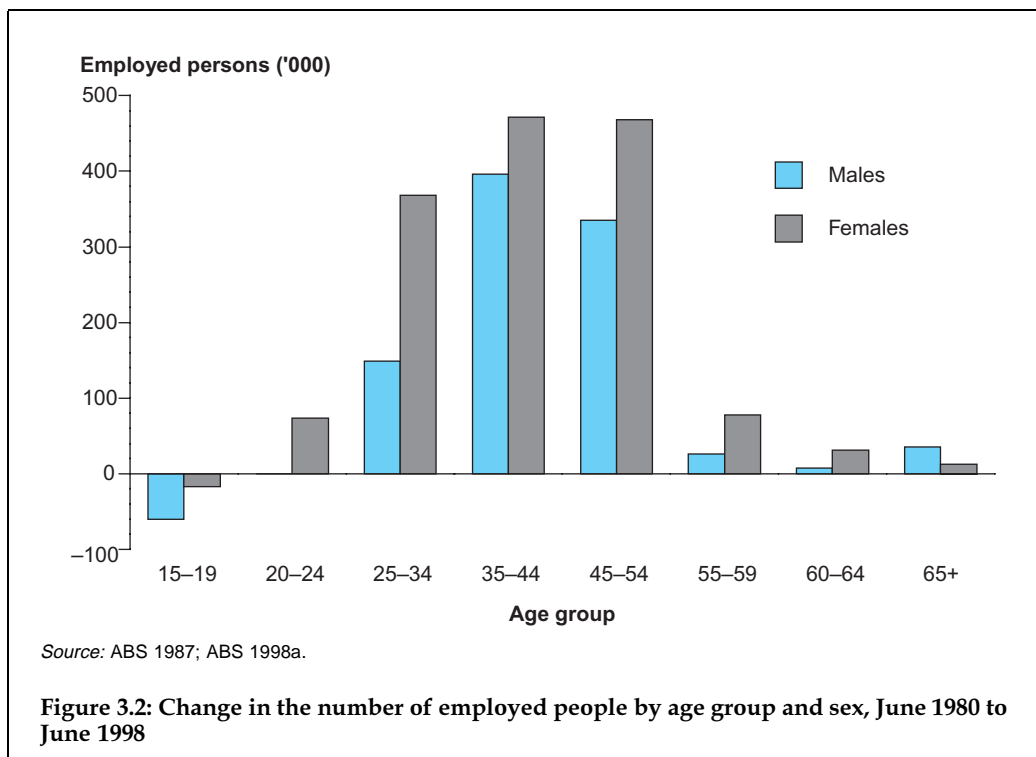
	15–19	20–24	25–34	35–44	45–54	55–59	60–64	65+	Total
<b>Males</b>									
June 1980	64.4	91.1	95.8	95.5	91.6	81.3	53.4	10.8	78.1
June 1998	55.8	86.7	92.2	92.3	87.2	75.0	45.9	10.0	72.8
Change, 1980 to 1998	-8.6	-4.4	-3.6	-3.2	-4.4	-6.3	-7.5	-0.8	-5.3
<b>Females</b>									
June 1980	50.4	56.4	47.3	57.3	46.5	26.2	12.9	3.8	42.3
June 1998	65.3	68.5	66.7	70.8	69.5	42.0	19.8	4.2	55.8
Change, 1980 to 1998	14.9	12.1	19.4	13.5	23.0	15.8	6.9	0.4	13.5
<b>Persons</b>									
June 1980	62.6	81.1	74.3	77.3	70.2	54.7	43.8	6.4	61.2
June 1998	55.7	82.4	80.9	81.4	78.4	59.6	33.2	6.1	63.3
Change, 1980 to 1998	-6.9	1.3	6.6	4.1	8.2	4.9	0.4	-0.3	2.1

Source: ABS 1987, 1998a.

The concentration of both male and female labour force participation in the 35–54 age range has affected the age structure of employment (Figure 3.2). The changes also reflect the ageing of the 'baby boom' cohort, born in the late-1940s and 1950s. The rapid increase in labour force participation and employment among women of child-rearing age is the result of a combination of factors, among them increased availability of part-time work, the development of a more 'family friendly' workplace environment, and the increased availability, of and access to, child care (AIHW 1997b; DEET 1995). More women in this age range want to engage in paid work and have been able to find work that suits their circumstances.

Significant changes have taken place in the hours worked by both men and women (Figure 3.3). Although a substantial proportion of the workforce (28%) still works the 'standard working week' of between 35 and 40 hours, employment growth in the last two decades has been heavily concentrated among people working less than 35 or more than 49 hours a week.

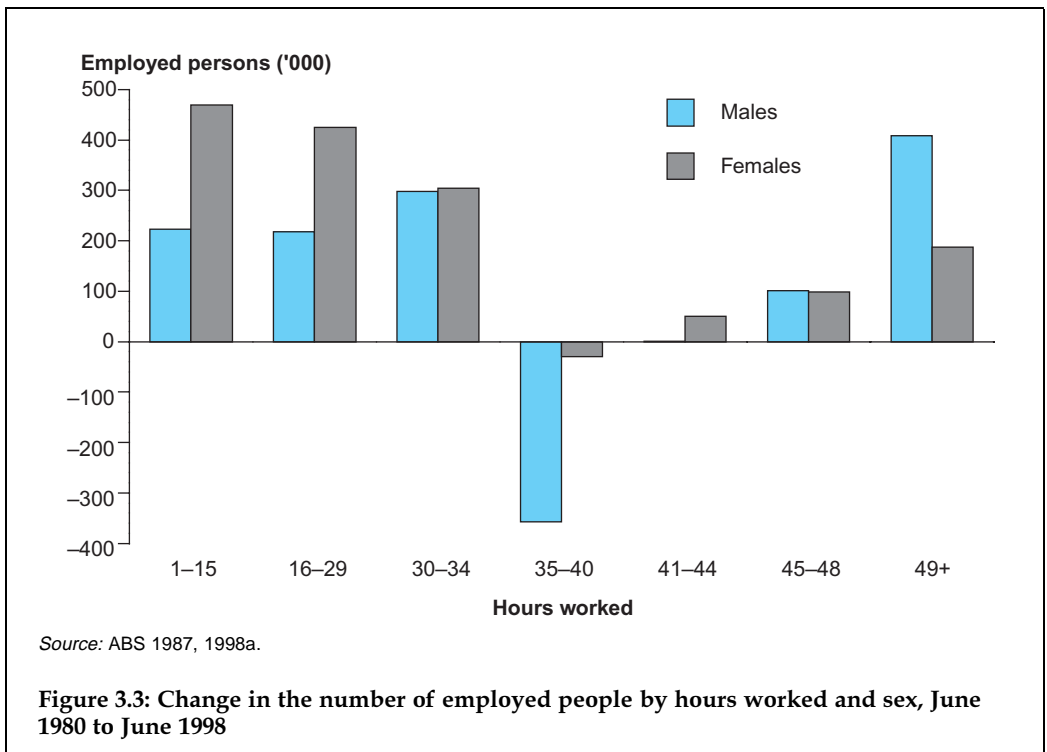
There has also been a growing mismatch between labour supply and demand, as demonstrated by the increase in unemployment. Figure 3.4 shows changes in the unemployment rate and in the rate of long-term unemployment. The unemployment rate follows a cyclical pattern, tending to rise rapidly in the early years of a recession



and falling gradually as the economy improves. The rate of long-term unemployment also tends to decline gradually during upswings and to increase very sharply as each recession starts, so that over time the proportion of unemployed people who have been unemployed for 52 or more weeks follows a cyclical pattern around a rising long-term trend (Norris & Wooden 1996:Table 9).

Another important labour market trend to emerge since the 1970s has been the increasing inequality of earnings (Gregory 1993). Because earnings constitute the main source of income for the majority of families—contributing around 70% to average family income (Saunders 1996a)—growing earnings disparities have important consequences for changes in the income distribution as a whole. There is clear evidence of a growing earnings disparity in Australia, particularly among employees aged 25–54 years and among males generally. The trend began in the mid-1970s and continued into the mid-1990s (Borland 1998; Borland & Kennedy 1998). A similar trend has been observed in a number of other OECD countries (OECD 1993).

The pattern of change in earnings inequality differed markedly between public and private sector employees during the 1980s (Neville & Saunders 1998). Rising inequality among male private sector workers co-existed with declining inequality among both males and females in the public sector (Borland & Kennedy 1998). The increase in earnings inequality among full-time employees has been concentrated in a number of industry sectors, primarily manufacturing, construction, transport and storage, wholesale and retail trade, and finance, property and business. The contribution from within the community services sector is, however, not far behind that of manufacturing (Borland & Kennedy 1998:Table 9).



It has been argued that the combination of higher levels of unemployment and growing earnings inequality has produced greater insecurity in the workforce. Survey data show that the proportion of Australian workers who felt they were 'very secure' or 'fairly secure' in their job declined from 73% in 1989-90 to 56% in 1996-97 (Kelley et al. 1998). In contrast, data on job duration and mobility offer little support for the proposition that job tenure has been falling, for either men or women (Wooden 1998). Compared with two decades ago, many more women are now employed in long-term jobs.

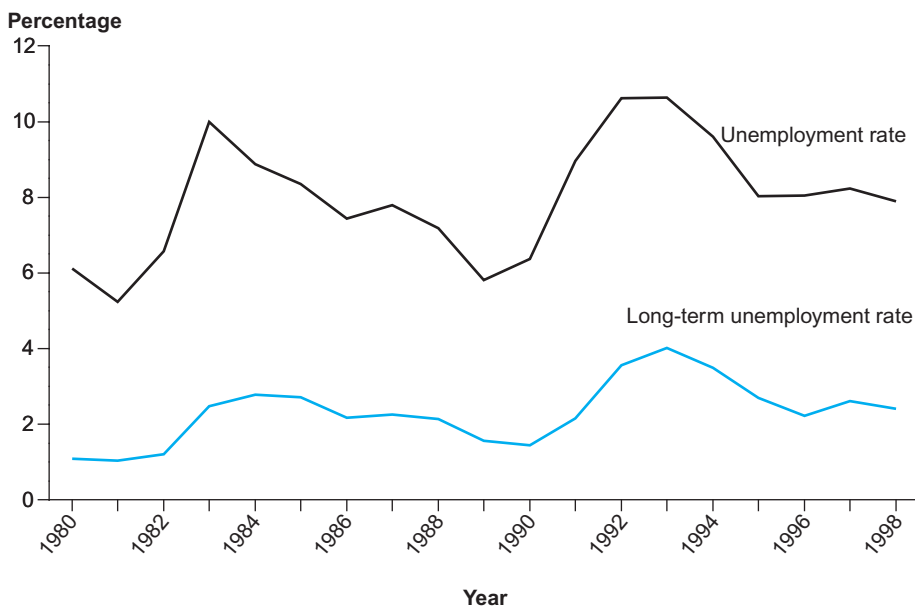
Nevertheless, although there is evidence of increased employment duration, workers' perceptions of how secure they are will be affected by what is likely to happen to them if they lose their current job. The increased level of unemployment and the increased duration of unemployment, combined with increased earnings inequality and a higher incidence of low pay (Eardley 1998) may exert a powerful influence on perceptions of insecurity among the workforce (OECD 1997b).

### Changes for specific groups

Discussion here focuses on three groups—married women, women with dependent children, and people with a disability—whose labour market involvement has been most affected, directly and indirectly, by the expansion in community services.

#### Married women

Figures reported in *Australia's Welfare 1997* trace the labour force participation rates of married women back to the 1930s, when the participation rate among married women of all ages was less than 6% (AIHW 1997b:Table 3.1). Between 1933 and 1996 partici-



Source: ABS Cat. no. 6203.0, various issues, 1980–98.

**Figure 3.4: Trends in unemployment and long-term unemployment rates, June 1980 to June 1998**

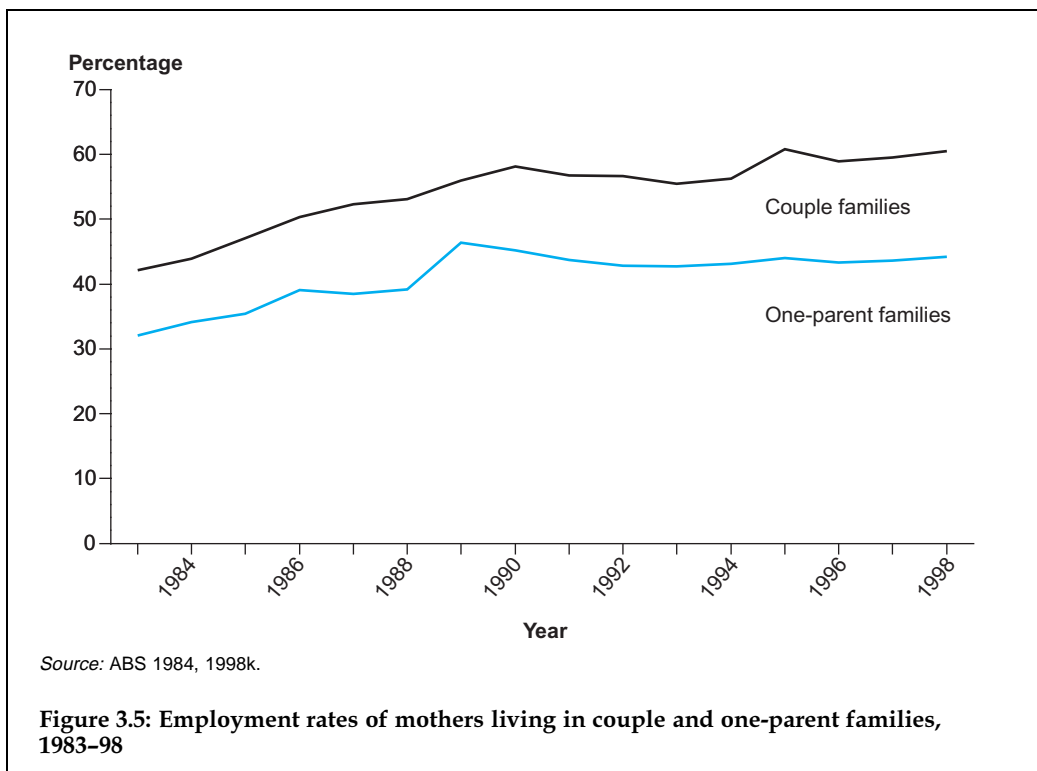
participation increased significantly for all age groups and particularly for women aged 20–54 years, for whom the rate in 1996 varied between 63% and 73% among 5-year age groups.

Most of these changes have continued in the last few years, although there has been a slight decline in the participation rate for married women aged 35–44 and those aged 60–64 (ABS 1998a). Even so, by the end of 1998 the overall participation rate for married women was 62% – still well below the participation rate for men (84%) but approaching the figure of 69% for women who are not married (ABS 1998a).

### Women with dependent children

Just as marriage has become less strongly associated with women’s non-participation in the labour force, so too has the presence of children, particularly young children. Employment rates for mothers in both couple families and one-parent families increased between 1983 and 1994 but have stabilised since then (Figure 3.5). Increases in the rates of employment have been particularly large among women with children aged less than 5 years (Figure 3.6); by 1998 almost half of all married women with a child under 5 were in paid work, around one-third of them working full time.

Figures 3.5 and 3.6 also show an upward trend in employment rates for female sole parents, although with this group the full-time employment trend is not as marked as it is for married women. In contrast, the part-time employment rate for female sole parents with dependent children of all ages has risen strongly.

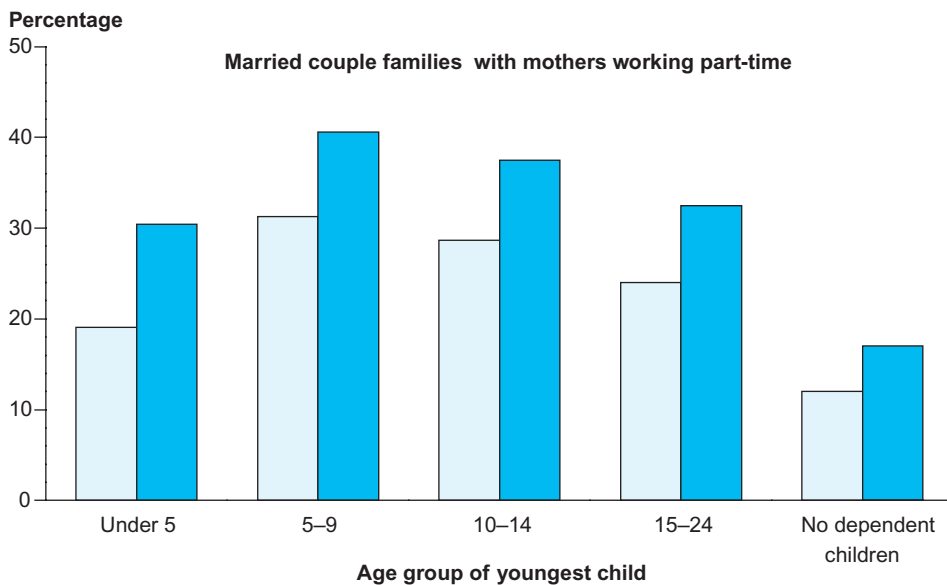
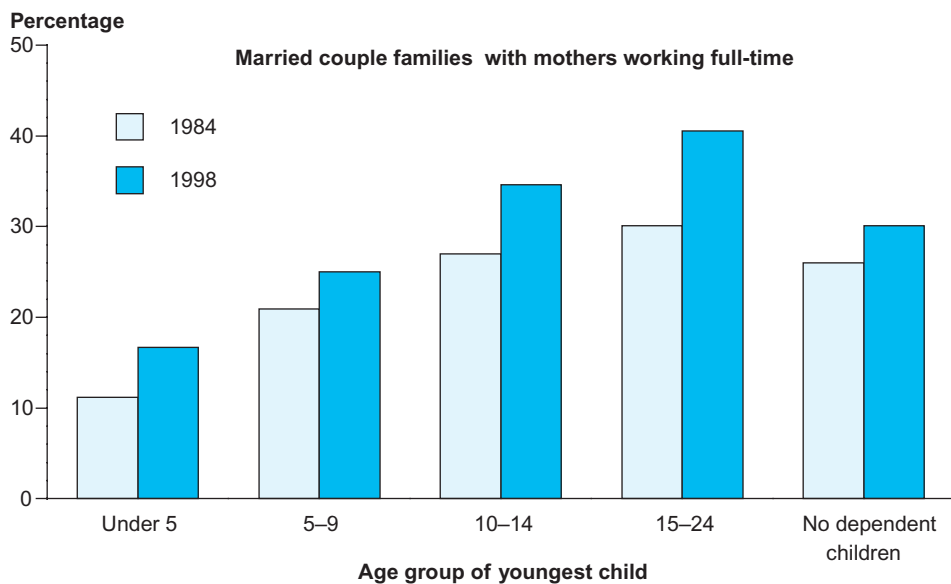


### People with a disability

In *Australia's Welfare 1997* it was noted that an increase in labour force participation by people reporting a disability may be a consequence of greater efforts on the part of people with a disability to join the labour force or it may be that more people in the labour force are experiencing difficulty, and so are reporting themselves as in the disability category (AIHW 1997b:338). Because of this, labour force data for people with a disability should be interpreted with particular care.

Figure 3.7 shows, for males, the trends in these two labour force indicators—participation and employment—between 1988 and 1998, for people reporting a disability and people reporting no disability. Within the disability group there are obvious differences depending upon the severity of core activity restriction (see Table 7.24, page 262).

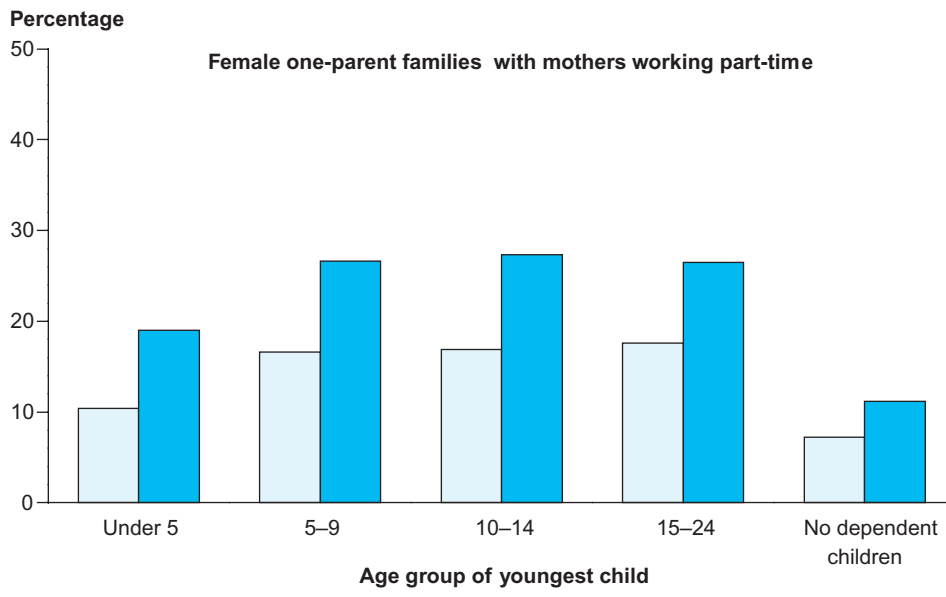
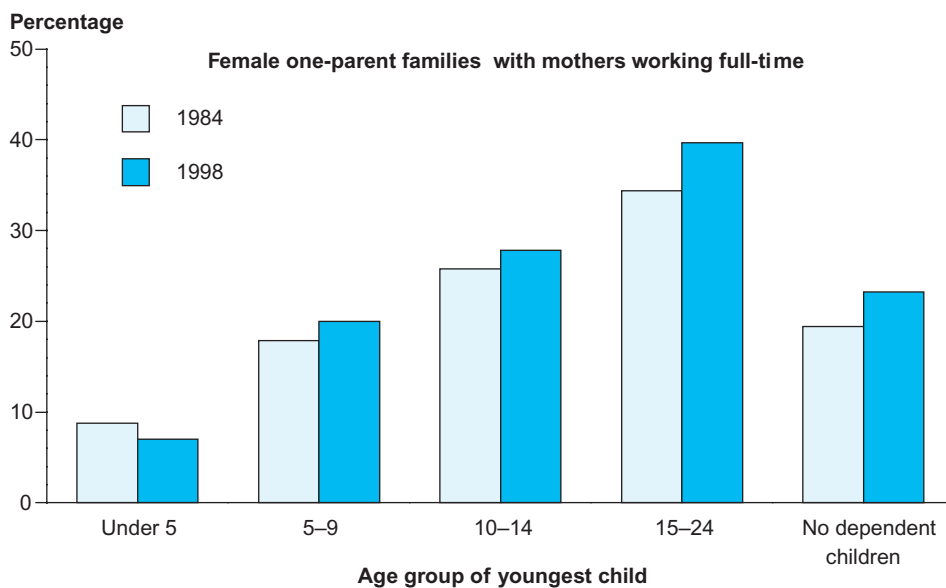
Among males, the participation rate for people with a disability was consistently around 30 percentage points lower than that for the rest of the population. Over time, there has been little movement in the participation rate of either group; although the participation rate for males with a disability is now only just over 60% compared with the rate of almost 90% for males with no disability. Employment rates for males also declined for the period as a whole, again by a slightly greater amount for those experiencing core activity restrictions. The fall between 1988 and 1993 was, however reversed for both groups as the labour market generally improved in the 1990s. As a consequence, the unemployment rate for both groups has also fallen since 1993 although by 1998 the rate among males with a disability (14%) was well above that for males with no disability (8%) (ABS 1999a:Table 20).



Source: ABS 1984, 1998k.

**Figure 3.6: Employment rates of mothers by age group of youngest child and family type, 1984 and 1998**

For females, the trends are a little more encouraging. The participation rate among females with a disability rose from 41% to 46% between 1988 and 1998. This is below the corresponding increase (from 63% to 71%) for females with no disability, but it does

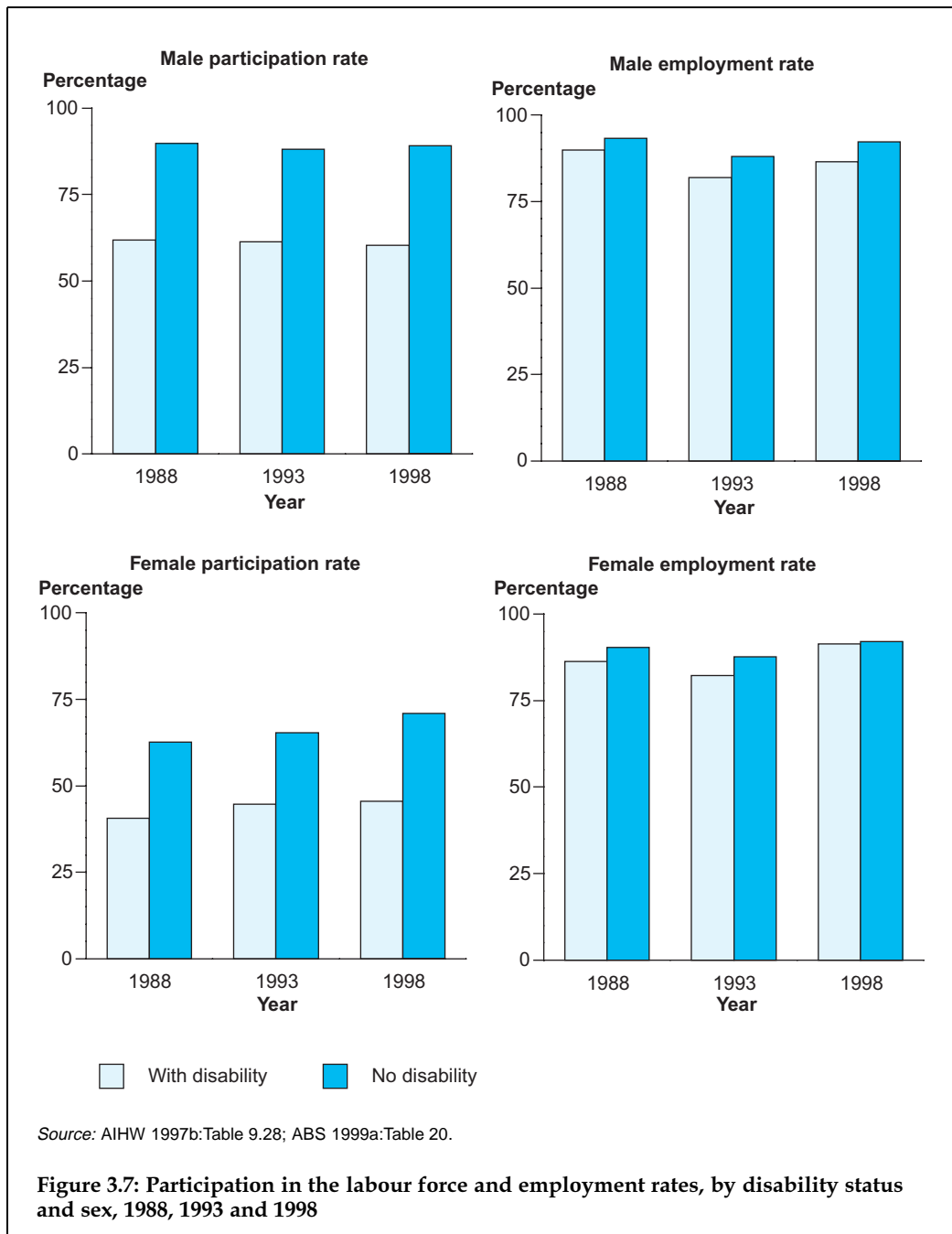


Source: ABS 1984, 1998k.

**Figure 3.6 (continued): Employment rates of mothers by age group of youngest child and family type, 1984 and 1998**

show that increasing proportions of women with a disability have been able to gain access to the labour market. In terms of employment, the trends are even stronger: the employment rate for females with a disability rose from 86% in 1981 to over 91% by

1998, at a time when employment rates for females with no disability rose by less than two percentage points. Thus, there was a narrowing of the unemployment rates for the two groups of women during the period, and by 1998 unemployment among females with a disability (9%) was only slightly above that for other women (8%).



## Summary

The employment trends for married women, women with dependent children, and people with a disability are of particular interest because they reflect the impact of services provided by a community services labour force that has also been growing. In the case of the first two groups, the availability and affordability of child care (along with access to maternity leave and greater flexibility in workplace practices) will have influenced labour force decisions, directly in the case of women with children and indirectly for married women keen to establish a labour market presence before having children.

In the case of people with a disability, the relationship between service availability and labour force participation is much more complex; this is a consequence of the greater diversity of their needs and the fact that formal services are used by only a portion of the population of people with a disability.

Other factors—such as physical access to buildings, attitudes in the workplace, and legislation to remove discrimination—also influence how fully people with a disability can participate in the labour market. Since many such people are in receipt of a social security pension, the eligibility conditions attaching to these pensions, and in particular how the pensions are structured so as to encourage labour market involvement, are also important (see Chapter 7, page 214).

Figure 3.7 shows that, in the last two decades the labour force position of people with a disability has improved (particularly among women), both absolutely and relative to that for people without a disability. The provision of community services also affects labour force participation by relieving the pressure on informal carers and making it easier for them to enter, re-enter or stay in, the labour market. Such effects are likely to be accompanied by a reduction in the number of people in receipt of social security payments and thus a decline in the amount of social security outlays.

These indirect effects are an important part of the overall assessment of the labour market impact of the provision of community services. There may, however also be effects operating in the opposite direction. To the extent that increased labour force participation is a response to factors other than service availability—such as changing social values and attitudinal changes vis-a-vis the roles of certain social groups—there will be fewer people outside the world of paid work and available to perform caring roles within the home. If the supply of community services is predicated on the assumption of a ready supply of (unpaid) carers, this may not eventuate in practice and may, in extreme situations, undermine the effectiveness of formal services.

Increases in the labour force participation of the groups identified—married women, women with dependent children and people with a disability—may therefore in some ways be a ‘double-edged sword’ from a community services perspective: on one hand, they point to community services’ success in meeting needs and providing greater autonomy to disadvantaged people and to members of their families; on the other hand, when increased autonomy takes the form of greater engagement with the labour market, the supply of unpaid volunteer labour on which many services rely will be diminished, possibly reducing the effectiveness of the services themselves.

## Unpaid work

People who do unpaid work form an integral part of the community services workforce. Before the establishment of formal services, caring and support were provided within the family. This represented part of a large household sector whose

transactions did not appear in official statistics and whose economic and social contributions were largely invisible (Waring 1988).

With the appearance and growth of formal services, the 'iceberg of care' has gradually emerged: more of it is now visible, but a large portion still remains hidden, unrecognised and unrecorded.

Data describing the extent of unpaid work are less readily available than data for the labour market, and documenting trends over time is even more difficult. Two sources of data are used here to describe part of what is a very complex pattern of unpaid work: the first of these deals with voluntary work for community organisations; the second is derived from data collected on time use within households.

### **Voluntary work**

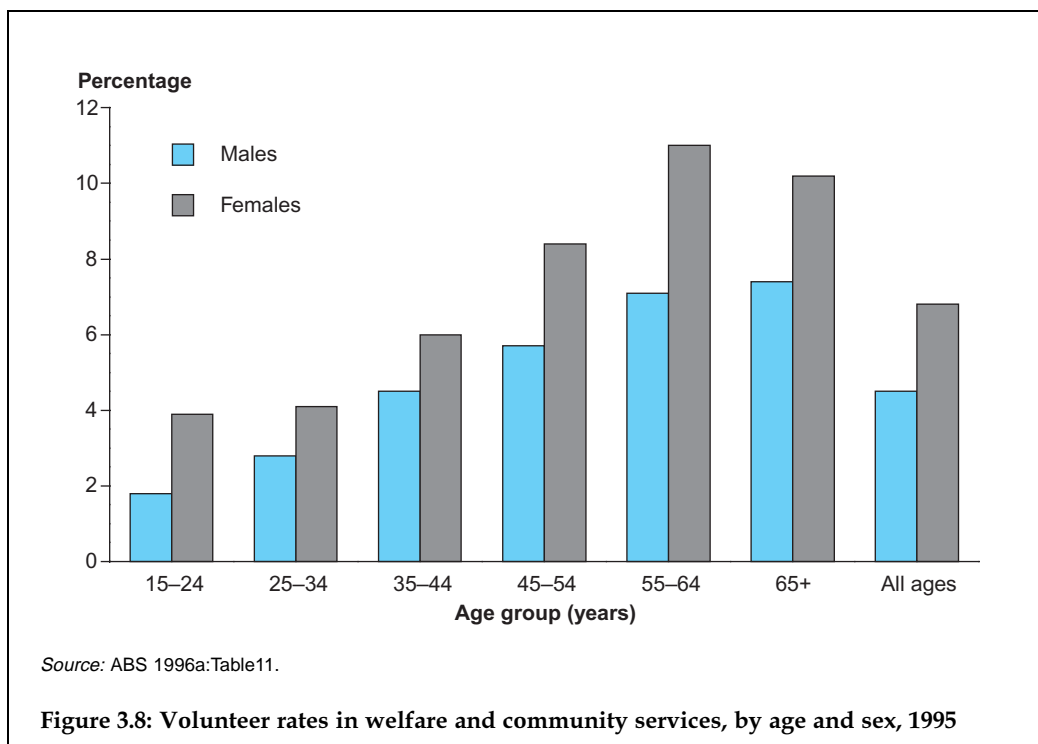
Reliable national data on the contribution of voluntary work to the welfare and community services sector in Australia have become available only relatively recently, with the publication of the results of a survey conducted by the Australian Bureau of Statistics in June 1995 (ABS 1996a). Before the release of the ABS results, the Industry Commission (1995) had placed broad parameters on the total size of all community social welfare organisations as part of its inquiry into charitable organisations. The Commission estimated that each year such organisations benefited from around 95 million hours of volunteer work, which corresponds to about 56,500 people working a 35-hour week for 48 weeks.

The ABS survey of voluntary work defined the welfare/community services field as consisting of 'organisations and institutions helping to provide human and social services to the general community and specific target groups' (ABS 1996a:30). Although this differs somewhat from the scope of other official statistics discussed elsewhere in this chapter, the survey estimates provide a reasonable guide to what is happening in the welfare/community services area as a whole. It was estimated that 105.7 million hours of voluntary work were provided in the welfare/community services field in the 12 months to June 1995, more work than in any of the other 11 fields of activity identified in the survey (ABS 1996a:Table 9).

The estimate of 105.7 million hours' voluntary work is equivalent to around 63,000 people working a 38-hour week for 220 work days. This 105.7 million hours was 43% of total paid hours worked in the community services sector in 1994-95 (AIHW 1997b:42).

Further analysis of data from the ABS survey of voluntary work reveals that over half (53%) of the total hours worked in 1994-95 were worked by people who were not in the (paid) labour force; a further 7% were worked by the unemployed (AIHW 1997b:Table 2.15). The former figure is confirmed by a breakdown of volunteer work by age and sex which shows that the volunteer rate increases with age, reaches its maximum among people aged 65 and over, and is higher at all ages among women than among men. If hours of voluntary work are valued at the average wages paid to people employed in community services, the total imputed value of voluntary hours in 1995-96 was around \$1,500 million, or 48% of the amount spent on the wages and salaries of people employed in community services (AIHW 1997b:42).

Overall, the female volunteer rate in community services is more than half as high again as the male rate (Figure 3.8). Lack of data makes it impossible to know how voluntary work has changed over time, although it would be very interesting to establish the extent to which women's increased participation in paid work is associated with a decline in their involvement in voluntary work. If there were evidence of such an offset, it would suggest that (aside from any increase in male volunteering) community service organisations may face the prospect of a shortage of volunteers.



### Time use within households

The various tasks that are performed as part of daily life in a modern society can be separated into non-economic personal activities (such as eating, drinking and sleeping) and economic, or productive, activities. The latter can be split into productive non-market activities and productive market-oriented activities (Goldschmidt-Clermont & Pagnossin-Aligisakis 1995). The boundaries between these three forms of activity have formed the basis on which economic statistics have been collected and reported in the national income and labour force statistics.

Generally if a productive activity is a service rather than the production of a good and does not involve a formal market transaction, it is regarded as non-monetised consumption and is not included as part of national income. Activities such as unpaid domestic work, do-it-yourself improvements to household premises or equipment, food preparation within the home, and knitting and sewing come within this category. It is difficult to assign a value to most of these activities because they are not exchanged in a

market and thus have no recorded market value. Nevertheless, their exclusion from national income has led to criticism of the notion of 'value' that underlies the national accounts (Waring 1988; UNDP 1995).

The availability of new and better data has allowed researchers to highlight the importance of unpaid work within the home or 'domestic economy' (Gershuny 1978, 1986; Ironmonger 1996; Waring 1988). Although the existence of unpaid domestic work has long been recognised – but generally inadequately dealt with by economists – its full extent and significance have emerged only recently as new data on time use have become available (ABS 1994b, 1998d). The ABS valued unpaid work in 1992 at \$228 billion, equivalent to 58% of gross domestic product (ABS 1994c).

Estimates of the extent of participation in various forms of non-monetary activity are derived from survey data recording the average time spent each day on such activities. A methodology for conducting these time use surveys has been developed internationally and the ABS has conducted two such surveys (ABS 1994b, 1998d). The ABS time use surveys collect information using a diary in which participants record their activities over two days. Information is collected on the main activity being engaged in at each specific of time and on all activities engaged in, the latter recognising that a person can be involved in more than one activity at one time.

The stark differences in the working time profiles of men and women reflect the greater amount of time women devoted to unpaid domestic work. Women's increased involvement in the labour force has not led to as significant a change in the relative contributions of men and women to domestic work (Bittman & Pixley 1997); gender divisions are being broken down in the world of paid work, but gender inequality remains a central feature of domestic work.

Research also reveals little change in the structure of paid and unpaid work among men and women (Baxter et al. 1990). Furthermore, the trade-offs between paid work, unpaid work and leisure differ for men and women. Men tend to vary their paid work and leisure on a one-to-one basis; women tend to vary their unpaid work in response to changes in paid work, but by a smaller amount (Bittman 1998). The consequences of women's increased involvement in paid work have thus been an increase in the total hours women work, a decline in the amount of unpaid work they do, a decline in their leisure time, and the amount of their unpaid domestic work moving closer to the (lower) amount of unpaid work traditionally done by men.

Two of the nine main activities identified in the latest ABS survey of time use (1998d) relate directly to work carried out in community services: time spent caring for children and time spent engaged in voluntary work and care. The former encompasses all activities done for children aged less than 15 years – the physical and emotional care of children, teaching, reprimanding and playing with children, minding children, visiting child care centres or schools, and so on. Voluntary work or care encompasses time spent providing physical and emotional care for adults, doing favours for family, friends, neighbours and others, and participating in the work of non-government organisations. These activities, although often performed within the household for the benefit of family members, can be regarded as direct substitutes for services provided by formal community services.

It is important to recognise, however, that estimates of the average amount of time spent on child care and voluntary work and care are quite small when averaged across

the whole population (Yan et al. 1998), which makes it difficult to discern the direction (or even the existence) of trends over time. The fact that the ABS has conducted only two time use surveys (in 1992 and 1997) exacerbates the problem. Estimates must be treated with caution and interpreted with care.

Table 3.2 shows the estimated time devoted to the child care and voluntary work and care between 1992 and 1997. (The estimates in Chapter 2 of time spent on welfare services are different from the numbers in Table 3.2 because the Chapter 2 estimates use a more restricted definition which excludes child care for one's own children if not sick, and do not include voluntary work for non-welfare organisations such as sporting clubs.)

**Table 3.2: Participation and average time spent working in child care and voluntary work and care activities, 1992 and 1997**

	1992			1997		
	Males	Females	Persons	Males	Females	Persons
<b>Participation rate</b>	<b>Percentage</b>					
Child care	18.7	32.3	25.5	19.0	30.5	24.8
Voluntary work and care	19.4	25.2	22.4	16.2	23.4	19.8
<b>Average time spent per participant</b>	<b>Minutes per day</b>					
Child care	74	152	124	86	147	124
Voluntary work and care	101	80	89	117	104	109
<b>Average time spent per person</b>						
Child care	14	49	32	16	45	31
Voluntary work and care	20	20	20	19	24	22

*Notes*

1. Figures refer to the main activity only, and have been adjusted to remove any differences in the survey questions and data classifications between the two surveys.
2. Participation rates are the number of participants expressed as a percentage of the relevant population.

*Source:* ABS 1998d: Tables 1, 2 and 3.

About one-quarter of the population participated in child care activity on the particular day surveyed in both years, and about one-fifth participated in voluntary work and care. For the latter, there was a slight drop in participation between 1992 and 1997, particularly for males. Among those who participated in child care, this activity accounted for an average of just over two hours each day overall, with a clear, though narrowing, gap between males and females; among female participants, child care accounted for around two-and-a-half hours a day on average.

In contrast, the average time spent on voluntary work and care is higher for males than females, these differences offsetting the gender differences in participation itself. There is a clear upward trend in the average time spent on voluntary work and care among those who participated, with the population average in 1997 some 22% above the 1992 figure.

Averaged across the entire population, the amount of time spent on both community services activities is much lower than time spent per participant—because of the high proportion of non-participants—and there is little difference between the estimates for

1992 and 1997. These small daily population-wide averages are, however, more significant when expressed on an annual basis and grossed up to represent the entire population.

When the 1997 estimates are grossed up, they are equivalent to 2.65 billion hours of child care a year and a further 1.88 billion hours of voluntary work and care. The combined total of 4.53 billion hours of community activity corresponds to 2.70 million full-time jobs (35 hours a week, 48 weeks a year). If the scope of the two activities is restricted to include unpaid voluntary work the combined average time spent is six minutes per person per day (ABS 1998d:Table 1). This translates into 513.0 million hours a year, which corresponds to around 305,300 full-time jobs in 1997, and there is a clear upward trend since 1992.

### 3.3 The community services workforce

This section describes the size and characteristics of the community services workforce and makes comparisons with the Australian workforce as a whole. Community services consists of child care services and community care services, the latter consisting of accommodation for the aged (hostels), other residential services and non-residential services, as defined in Australian and New Zealand Standard Industrial Classification (ABS 1993). Nursing homes are included as a separate category where the data permit.

A comparative approach offers a better understanding of how the development of work in community services reflects what has been happening in the economy and society more generally; it also serves to direct attention to the part community services have played in facilitating other changes in labour force behaviour and patterns of work.

The emphasis in what follows is on describing how the patterns and conditions of community services employment differ from those for the employed labour force generally. The characteristics of individual workers and of sections of the workforce—age, sex, education, skills, experience, earnings—are related to each other through a series of complex structural supply and demand relationships. There will be many reasons, for example, why average earnings are higher in one industry than in another, including differences in hours worked, in levels of general and specific training, in occupational structure, and in the skill requirements of different occupations.

The recent ABS survey of community services activity provides for the first time a comprehensive national picture of several dimensions of activity in over 8,000 community services organisations (ABS 1998c). Data were collected on expenditure, income, types of activity, and the number of people working. The survey adopted a slightly expanded version of the *National Classifications of Community Services* (AIHW 1997a) to identify the community services sector, which was deemed to include organisations such as employment placement services, community health centres, interest groups, and relevant parts of government administration in addition to conventional community service organisations such as child care services, community care services and nursing homes (ABS 1998c:40; see also ABS 1998b; AIHW 1997a). (The inclusion of nursing homes as part of community services represents a broadening in scope relative to that used in Chapter 2, page 8.)

It was estimated that at the end of June 1996 over 321,000 people were employed in community services activity, and a further 239,000 people were working as volunteers

at some time during of that month (Table 3.3). The former figure compares with a total of 6.88 million wage and salary earners across Australia in May 1996 (ABS 1998e:Table 6), implying that around 4.7% of all employees were working in community services activity. The number of community services volunteers represents about 9% of the 2.64 million people who undertook some form of volunteer activity during the 12 months to June 1995 (ABS 1996a:1). Table 3.3 also shows that most of those employed in community services activity (over 182,000, or 57%) worked for non-profit organisations.

Further breakdown of the figures reveals that nursing homes account for almost 40% of all employees in non-government community service organisations; they are followed by organisations providing non-residential care such as fundraising, adoption, meals on wheels and welfare counselling (Table 3.4). Just over 36,000 employees were involved in child care services, around 99,000 worked in nursing homes and around 114,000 worked in community care services. The other important characteristics of non-government community service employees are that they are mainly involved in direct

**Table 3.3: Employees and volunteers working in community services activity by sector, June 1996**

	Non-government organisations		Government		
	For-profit	Not-for-profit	Commonwealth and State	Local	Total
<b>Employees</b>					
Direct service provision	56,445	115,400	35,844	16,214	233,903
Other	14,020	67,112	13,523	2,500	97,156
<i>Total</i>	<i>70,465</i>	<i>182,512</i>	<i>49,367</i>	<i>18,715</i>	<i>321,059</i>
Total (%)	21.9	56.8	15.4	5.8	100.0
<b>Volunteers</b>	3,926	213,446	n.a.	22,018	239,390

n.a. not available.

Source: ABS 1998c:Tables 1.2 and 1.8.

**Table 3.4: Employees in non-government community service organisations, June 1996**

	Community care services						Total
	Child care services	Nursing homes	Accommodation for the aged	Other residential care	Other non-residential care	Total community care	
All employees (N)	36,135	98,897	33,421	16,846	63,654	113,921	248,953
All employees (%)	14.5	39.7	13.4	6.8	25.6	45.8	100.0
<b>Employees working:</b>	<b>Percentage of employees of each community service NGO type</b>						
in direct service provision	84.5	73.1	58.9	65.8	56.5	58.6	68.1
for a not-for-profit organisation	55.2	50.8	95.1	(100.0)	(100.0)	98.6	73.3
who are female	94.1	89.7	81.9	71.9	70.1	73.9	83.1
part-time	57.2	77.8	70.2	55.6	60.7	62.7	67.9

Source: ABS 1998b:Tables 2.1, 2.4, 2.7, 2.10 and 2.13.

service provision, generally work for non-profit organisations, are predominantly female, and are most likely to be working part time.

State- and Territory-based comparisons of employees and volunteers in community services activity show that the percentage working in for-profit organisations is greatest in the more populous States; in the smaller States and the Territories a greater proportion work for non-profit organisations, and in some instances also for government organisations (Table 3.5). The ratio of volunteers to employees shows considerable variability across jurisdictions, particularly the smaller ones.

**Table 3.5: Employees and volunteers in community services activity by State and Territory, June 1996**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust.
	<b>Number</b>								
<b>Employees</b>									
For-profit organisations	27,355	20,949	12,570	5,396	3,160	595	352	88	71,465
Not-for-profit organisations	64,365	39,265	31,868	15,598	19,173	6,966	3,871	1,406	182,512
Government organisations	23,523	20,121	8,916	5,102	5,725	2,181	2,176	337	68,081
<i>Total employees</i>	<i>115,243</i>	<i>80,334</i>	<i>53,355</i>	<i>26,097</i>	<i>28,058</i>	<i>9,742</i>	<i>6,399</i>	<i>1,831</i>	<i>321,059</i>
<b>Volunteers</b>	78,635	63,086	39,482	24,716	24,614	4,715	2,853	1,288	239,389
	<b>Percentage</b>								
<b>Employees</b>									
For-profit organisations	23.7	26.1	23.6	20.7	11.3	6.1	5.5	4.8	21.9
Not-for-profit organisations	55.9	48.9	59.7	59.8	68.3	71.5	60.5	76.8	56.8
Government organisations	20.4	25.0	16.7	19.6	20.4	22.4	34.0	18.4	21.2
<i>Total employees</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>
<b>Volunteers</b>	68.2	78.5	74.0	94.7	87.7	48.4	44.6	70.3	74.6

*Note:* Volunteers are for the month of June.

*Source:* ABS 1995–96 Survey of Community Services, unpublished data.

The current size of community services activity reflects a period of growth higher than that experienced in many other sectors of the economy.

Table 3.6 shows that between 1985–86 and 1998–99, when employment in all industries increased by 1.79 million, employment in health and community services grew by 246,000, leading to an employment share of 9.5% by the end of the period.<sup>1</sup> In 1998–99 employment in the community services subsector was 206,000, according to ABS labour force data. Table 3.6 shows that the shift from production to service industries, described earlier, continues. Between 1985–86 and 1998–99 the level of employment in production industries was static, at just under 2.3 million, while service industries generated a net increase in employment of almost 1.8 million and now account for close to three-quarters of all employed people.

Published figures on growth in the number of wage and salary earners by industry reveal an overall pattern similar to that shown in Table 3.6, with above-average growth

1 Although the ABS has extended back to before 1993 some of the more aggregate ANZSIC series (for example, ABS 1994a), it has not been possible to do this at the level of disaggregation corresponding to the community services sector, as defined here, because of changes in the classification of activities within the sector.

**Table 3.6: Employed people by industry, change from 1985–86 to 1998–99**

	1985–86		1998–99		Change, 1985–86 to 1998–99	
	('000)	%	('000)	%	('000)	%
<b>Production industries</b>						
Construction	477.3	7.0	634.1	7.3	156.8	0.3
Agriculture, forestry and fishing	427.9	6.2	424.7	4.9	-3.2	-1.3
Manufacturing	1,128.8	16.5	1,082.7	12.5	-46.1	-4.0
Mining	105.8	1.5	79.9	0.9	-25.9	-0.6
Electricity, gas and water	144.1	2.1	64.8	0.8	79.3	-1.3
<i>All production industries</i>	<i>2,283.9</i>	<i>33.3</i>	<i>2,286.2</i>	<i>26.5</i>	<i>2.3</i>	<i>6.8</i>
<b>Service industries</b>						
Property and business services	451.7	6.6	943.4	10.9	491.7	4.3
Accommodation, cafes and restaurants	228.3	3.3	411.6	4.8	183.3	1.5
Culture and recreational services	126.7	1.9	208.7	2.4	82.0	0.5
Personal and other services	221.4	3.2	338.7	3.9	117.3	0.7
Health and community services	571.2	8.3	817.7	9.5	246.5	1.2
Retail trade	947.8	13.8	1,298.2	15.0	350.4	1.2
Education	452.3	6.6	603.5	7.0	151.2	0.4
Wholesale trade	425.9	6.2	506.0	5.9	80.1	-0.3
Government administration and defence	330.3	4.8	345.9	4.0	15.6	-0.8
Finance and insurance	294.4	4.3	319.2	3.7	24.8	-0.6
Transport and storage	363.9	5.3	408.4	4.7	44.5	-0.6
Communication services	151.7	2.2	151.3	1.8	-0.4	-0.4
<i>All service industries</i>	<i>4,565.6</i>	<i>66.7</i>	<i>6,352.6</i>	<i>73.5</i>	<i>1,787.0</i>	<i>6.8</i>
<b>Total</b>	<b>6,849.5</b>	<b>100.0</b>	<b>8,638.8</b>	<b>100.0</b>	<b>1,789.3</b>	<b>0.0</b>

*Note:* Figures are averages for August, November, February and May.

*Source:* ABS 1984, 1994e, 1999b.

in health and community services in both the public and the private sectors (ABS 1998f:117). Health and community services accounted for 11% of all employees in August 1998 (ABS 1998a).

Table 3.7 summarises employment growth between 1995 and 1998.<sup>2</sup> Although only a relatively short period, it is characterised by steady growth in output and employment in the economy generally, so that the comparisons are not distorted by short-term cyclical movements. Total employment rose by more than 337,000, or about 4%. Over half (55%) of these additional jobs were part time and 52% of them were for females. The two main longer-term labour market trends identified earlier are thus still evident.

Employment growth in both child care services and community care services—at about 6% and 36% respectively—was above the average for all industries (Table 3.7). In absolute terms, employment in these two services increased by more than 41,000 between 1995 and 1998, which amount corresponds to 12% of total employment growth. In summary, although community services still account for a relatively small proportion

2 Revisions of the industry classification that were introduced in August 1994 prevent a systematic and consistent examination of longer-term employment trends. Before August 1994 ABS industry statistics were based on the 1983 ASIC classification.

**Table 3.7: Number of employees in community services and all industries, by sex and full-time or part-time status, change from 1995 to 1998**

	Full time		Part time		Total		
	Males	Females	Males	Females	Males	Females	Persons
<b>Child care services</b>							
1995	1,583	30,670	1,339	20,212	2,922	50,882	53,804
1998	2,535	31,490	1,089	21,861	3,623	53,350	56,973
Change, 1995 to 1998	952	820	-250	1,649	701	2,468	3,169
Change, 1995 to 1998 (%)	60.1	2.7	-18.7	8.2	24.0	4.9	5.9
<b>Community care services</b>							
1995	22,889	39,385	8,162	35,492	31,050	74,876	105,926
1998	27,790	49,947	10,406	56,089	38,196	106,036	144,232
Change, 1995 to 1998	4,901	10,562	2,244	20,597	7,146	31,160	38,306
Change, 1995 to 1998 (%)	21.4	26.8	27.5	58.0	23.0	41.6	36.2
<b>Total community services</b>							
1995	24,472	70,054	9,500	55,704	33,972	125,758	159,730
1998	30,325	81,436	11,494	77,949	41,819	159,386	20,205
Change, 1995 to 1998	5,853	11,382	1,994	22,245	7,847	33,628	41,475
Change, 1995 to 1998 (%)	23.9	16.2	21.0	39.9	23.1	26.7	26.0
<b>Hospitals and nursing homes</b>							
1995	64,140	165,243	8,638	126,461	72,777	291,704	364,482
1998	69,755	167,248	8,445	132,599	78,199	299,847	378,046
Change, 1995 to 1998	5,615	2,005	-193	6,138	5,422	8,143	13,564
Change, 1995 to 1998 (%)	8.8	1.2	-2.2	4.9	7.4	2.8	3.7
<b>All industries</b>							
1995	4,166,522	2,031,979	512,832	1,505,760	4,679,384	3,537,739	8,217,123
1998	4,256,298	2,093,572	586,529	1,618,285	4,842,827	3,711,857	8,554,683
<b>Change, 1995 to 1998</b>	<b>89,746</b>	<b>61,593</b>	<b>73,697</b>	<b>112,525</b>	<b>163,443</b>	<b>174,118</b>	<b>337,560</b>
<b>Change, 1995 to 1998 (%)</b>	<b>2.2</b>	<b>3.0</b>	<b>14.4</b>	<b>7.5</b>	<b>3.5</b>	<b>4.9</b>	<b>4.1</b>

*Note:* Figures are averages for February, May, August and November.

*Source:* ABS monthly Labour Force Survey microfiche Series C.

of the Australian workforce, that proportion is growing rapidly and expansion of the community services workforce continues to provide a growing number of employment opportunities for females and for people willing to work part time.

## The community services workforce compared with the total workforce

The following comparison of the community services workforce with the total workforce in Australia is restricted by what data are available; for this reason not all of the comparisons are completely consistent. It is not always possible, for example, to present separate data for people working in nursing homes, so some of the comparisons refer only to people working in child care services and community care services. Furthermore, some of the table cells are based on a very small number of observations, which means that the estimates are subject to considerable sampling and non-sampling errors. In an attempt to minimise the short-term variability of estimates derived from small numbers, the estimates have been averaged over four successive observations, generally the four-monthly observations, or quarters, of 1998.

Beginning with the broad characteristics of the community services workforce, Table 3.8 shows that employment in child care services had increased to 56,800 by 1998; a further 144,000 people were employed in community care services. By 1998, health and community services employment represented 10% of total employment, although the rate for females (17%) was much higher than the rate for males (4%). Overall, 15% of people employed part time were employed in health and community services; the full-time figure was 8%. Almost one-fifth (18%) of all females employed part time were working in health and community services.

**Table 3.8: People employed in community services and all industries, by sex and full-time or part-time status, 1998 ('000)**

	Males			Females			Persons		
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total
Child care	2.5	1.1	3.6	31.3	21.8	53.1	33.9	22.9	56.8
Community care	27.8	10.3	38.1	49.9	55.9	105.8	77.7	66.3	144.0
Health and community	157.2	27.6	184.8	332.6	294.2	626.8	489.7	321.8	811.6
All industries	4,256.3	586.3	4,842.8	2,093.6	1,618.3	3,711.9	6,349.9	2,204.8	8,554.7

*Note:* Figures are averages for February, May, August and November.

*Source:* ABS 1998a; ABS 1998 Survey of the Labour Force, unpublished data.

Table 3.8 confirms the two main features of the survey of community services activity: that the community services workforce is predominantly female and mainly works part time. Both these characteristics are divergent from the characteristics of the labour force as a whole, even though recent trends have favoured female over male employment and part-time over full-time work.

The feminisation of the workforce is much stronger in child care services than in community care services, which has a female employment profile similar to that of health and community services as a whole. The picture is broadly similar, though somewhat less striking, when it comes to the incidence of part-time work. Community service industries and the sector as a whole have around 40% of their workforce engaged in part-time work (around 46% in community care services); this compares with around 25% for the workforce as a whole.

These two trends are not independent. One reason for the high incidence of part-time work in community services is the high proportion of female employees, many of whom prefer to work part time. But that is not the whole story. As Table 3.8 implies, the incidence of employment that is both female and part-time is almost twice as high in community services industries (36%) as in the labour force as a whole (19%). In terms of employment structure therefore, it is both the incidence of part-time work and the high proportion of female workers that distinguish the community services workforce from other sections of the workforce.

The health and community services workforce has few younger workers (aged less than 20 years) and correspondingly more workers aged 35 and over than the workforce as a whole (Table 3.9) partly because gaining qualifications in the health professions often involves lengthy training. People working in child care services tend on average to be younger than other community service workers; people working in community care services tend to be older. Christopherson (1997) reports similar findings for several other OECD countries. Thus, in Australia over half of all child care workers are aged

**Table 3.9: People aged 15 years and over employed in community services and all industries, by age group, 1998 (per cent)**

Age group	Health and			
	Child care	Community care	community services	All industries
15–19	6.9	1.9	2.0	6.9
20–24	18.0	8.1	8.6	11.4
25–34	27.0	22.4	23.3	25.1
35–44	25.6	26.3	29.3	25.5
45–54	18.3	28.6	26.4	21.3
55 and over	4.6	12.4	10.5	9.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Note:* Figures are averages for February, May, August and November.

*Source:* ABS 1998a; ABS 1998 Survey of the Labour Force, unpublished data.

less than 35 years, while almost two-thirds of community care workers are over 35. Employment of workers aged 55 years and over in community care services is particularly high; three times that in child care services and about 25% above that for the workforce as a whole.

One possible consequence of the increased demand for community services associated with the projected ageing of the Australian population (ABS 1998g; Clare & Tulpule 1994) will be a growing demand for middle-aged and older people working in community services. This could make an important contribution towards offsetting the previously noted decline in labour force participation among older workers (particularly older men), so easing the budgetary impact of the ageing of the population.

Table 3.10 shows how hours worked vary between community services and other industries. What is most striking is the high incidence of people working 40 or more hours a week. For all industries, 48% of the workforce reported working 40 or more hours a week in 1998, with 20% working 50 hours or more a week. A reduction in hours worked by people already working long hours thus has the potential to generate a considerable increase in the numbers employed.

The data in Table 3.10 confirm the extent of part-time work in community services, as discussed, and provide evidence that considerable numbers of people are working long hours. Just over one-third of child care workers and one-quarter of community care workers were working an average of 40 or more hours a week during 1998, the percentage in both cases—though not the absolute numbers—being greater for men than for women.

The occupational profiles of both the child care and community care services workforces are quite different from the occupational profile workforce as a whole (Table 3.11). In both cases, there is a preponderance of medium-level occupations, although there is also a high percentage of professionals working in community care services. This latter finding is consistent with the estimates in Table 3.12, which show that over one-fifth of the community care workforce has a bachelor's degree or higher qualification which is significantly above the proportion for the entire workforce. In contrast, the child care services workforce has a high percentage of workers with associate or undergraduate diplomas. Both sections of the community services industry have an above-average percentage of their workforce with some form of post-school qualification. Overall, Table 3.12 shows that the community services workforce is highly qualified relative to the total workforce.

**Table 3.10: People employed in community services and all industries, by sex and hours worked per week, 1998**

	0-15	16-29	30-39	40-49	50-59	60+	Total hours
	('000)						
<b>Child care</b>							
Males	1.1	0.1	0.6	1.0	0.4	0.6	3.6
Females	10.3	10.5	14.8	11.2	5.3	1.2	53.2
Persons	11.3	10.6	15.4	12.1	5.7	1.8	56.8
<b>Community care</b>							
Males	5.4	5.5	14.3	9.8	2.1	2.4	38.2
Females	25.9	28.1	31.7	16.5	3.1	2.5	105.9
Persons	31.2	33.6	46.0	26.3	5.3	4.9	144.0
<b>All industries</b>							
Males	528.0	352.9	995.5	1,614.0	667.9	680.2	4,838.6
Females	905.0	722.6	951.4	798.8	194.5	142.2	3,714.5
Persons	1,433.0	1,075.5	1,946.9	2,412.8	862.3	822.5	8,553.1
	Percentage						
<b>Child care</b>							
Males	30.6	2.8	16.7	27.8	11.1	16.7	100.0
Females	19.4	19.7	27.8	21.1	10.0	2.3	100.0
Persons	19.9	18.7	27.1	21.3	10.0	3.2	100.0
<b>Community care</b>							
Males	14.1	14.4	37.4	25.7	5.5	6.3	100.0
Females	24.5	26.5	29.9	15.6	2.9	2.4	100.0
Persons	21.7	23.3	31.9	18.3	3.7	3.4	100.0
<b>All industries</b>							
Males	10.9	7.3	20.6	33.4	13.8	14.1	100.0
Females	24.4	19.5	25.6	21.5	5.2	3.8	100.0
Persons	16.8	12.6	22.8	28.2	10.1	9.6	100.0

Note: Figures are averages for February, May, August and November.

Source: ABS 1998a; ABS 1998 Survey of the Labour Force, unpublished data.

**Table 3.11: People aged 15-64 years employed in community services and all industries, by occupation in current job, May 1998**

	Child care		Community care		All industries	
	('000)	%	('000)	%	('000)	%
Managers and administrators	* 4.1	7.4	5.3	3.6	590.8	7.0
Professionals	* 3.8	6.8	39.6	26.8	1,489.2	17.7
Associate professionals	* 3.5	6.2	11.1	7.5	873.7	10.4
Trades persons and related workers	* 2.1	3.7	* 3.2	2.2	1,159.4	13.8
Advanced clerical sales and service workers	* 6.4	1.2	* 3.8	2.6	378.8	4.5
Intermediate production and service workers	40.2	72.0	58.7	39.8	1,461.7	17.4
Intermediate production and transport workers	* 0.0	0.0	* 1.0	0.6	745.9	8.9
Elementary clerical, sales and service workers	* 0.4	0.7	6.5	4.4	871.9	10.3
Labourers and related workers	* 1.1	2.0	18.5	12.5	853.0	10.1
<b>All employed persons</b>	<b>55.8</b>	<b>100.0</b>	<b>147.8</b>	<b>100.0</b>	<b>8,424.5</b>	<b>100.0</b>

Note: Estimates marked with an asterisk have a relative standard error in excess of 25% and should be treated with caution.

Source: ABS 1998h; ABS 1998 Survey of Transition from Education to Work, unpublished data.

**Table 3.12: People aged 15–64 years employed in community services and all industries, by educational attainment and sex, May 1998**

Qualification	Child care			Community care			All industries		
	M	F	P	M	F	P	M	F	P
	('000)								
Bachelor or higher degree, or postgraduate diploma	1.6	3.4	4.9	9.1	22.2	31.3	792.2	725.3	1,517.6
Associate or undergraduate diploma	* 0.3	14.7	15.1	5.4	18.6	23.9	367.2	420.9	788.1
Skilled vocational qualification	* 0.3	5.2	5.5	* 3.4	5.1	8.5	1,027.3	123.0	1,150.3
Basic vocational qualification	* 0.4	* 4.5	4.9	* 3.0	16.7	19.7	295.5	458.7	754.2
<i>Total with a post-school qualification</i>	<i>2.6</i>	<i>27.8</i>	<i>30.4</i>	<i>20.8</i>	<i>62.6</i>	<i>83.4</i>	<i>2,482.3</i>	<i>1,728.0</i>	<i>4,210.3</i>
Without a post-school qualification <sup>(a)</sup>	1.5	23.3	24.8	14.6	48.3	62.9	2,182.0	1,835.6	4,017.7
<b>Total<sup>(b)</sup></b>	<b>4.1</b>	<b>51.7</b>	<b>55.8</b>	<b>35.8</b>	<b>112.0</b>	<b>147.8</b>	<b>4,746.0</b>	<b>3,678.0</b>	<b>8,424.0</b>
	Percentage								
Bachelor or higher degree, or postgraduate diploma	38.3	6.5	8.9	25.4	19.8	21.2	16.7	19.7	18.0
Associate or undergraduate diploma	8.5	28.5	27.0	15.0	16.6	16.2	7.7	11.4	9.4
Skilled vocational qualification	7.0	10.0	9.8	9.4	4.5	5.7	21.6	3.3	13.7
Basic vocational qualification	9.9	8.7	8.8	8.4	14.9	13.4	6.2	12.5	9.0
<i>Total with a post-school qualification</i>	<i>63.6</i>	<i>53.8</i>	<i>54.5</i>	<i>58.2</i>	<i>55.9</i>	<i>56.4</i>	<i>52.3</i>	<i>47.0</i>	<i>50.0</i>
Without a post-school qualification <sup>(a)</sup>	36.5	45.1	44.5	40.8	43.2	42.6	46.0	49.9	47.7
<b>Total<sup>(b)</sup></b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

(a) Figures include people who never attended school.

(b) Figures include people still at school.

Note: Estimates marked with an asterisk have a relative standard error in excess of 25% and should be treated with caution.

Source: ABS 1998h; ABS 1998 Survey of Transition from Education to Work, unpublished data.

Table 3.13 gives data on wage and salary earners and includes nursing homes as a separate category. The data point to the private sector's role in the provision of community services, particularly for nursing homes and child care services. Nearly four-fifths of Australian wage and salary earners work for private sector employers. Of these, about one-fifth work for employers with between 20 and 99 employees. The remaining private sector employees are split fairly evenly between those working for employers with fewer than 20 employees and those working for employers with 100 or more employees.

In contrast, almost three-quarters of private sector child care employees work for employers with fewer than 20 employees; fewer private sector community care service employees work in small workplaces and more work in medium-sized ones. For nursing homes there are very few private sector employers with fewer than 20 employees; over half of all nursing home employees work for employers with more than 100 staff which is well above the figure for all industries.

Thus the 'typical' child care worker is relatively young and works in a small establishment, while the 'typical' community care service employee and nursing home employee is older and more commonly found working in larger establishments.

The factors discussed so far—hours worked, age, occupation, and level of education—are all likely to affect the earnings of people employed in the provision of community services (and in other industries). When considering earnings it is important to bear in

**Table 3.13: Wage and salary earners employed in community services and all industries, by sector and, for the private sector, number of employees, 1997–98**

	Child care	Community care	Nursing homes	All industries
	('000)			
<b>Public sector</b>				
Commonwealth Government	* 0.2	1.0	—	265.0
State/Territory Government	* 0.1	33.6	4.5	1,061.1
Local Government	* 0.1	* 0.1	* 0.1	140.4
<i>Total public sector</i>	<i>* 0.4</i>	<i>34.7</i>	<i>4.6</i>	<i>1,466.5</i>
<b>Private sector</b>				
Fewer than 20 employees	37.9	24.8	1.4	2,067.4
20–99 employees	* 7.5	45.3	45.7	1,200.2
100 or more employees	* 5.8	41.7	51.0	2,182.3
<i>Total private sector</i>	<i>51.3</i>	<i>111.8</i>	<i>98.1</i>	<i>5,449.9</i>
<b>Total employees</b>	<b>51.7</b>	<b>146.5</b>	<b>102.8</b>	<b>6,916.4</b>
<b>Percentage</b>				
<b>Private sector</b>				
Fewer than 20 employees	73.9	22.2	1.4	37.9
20–99 employees	14.6	40.5	46.6	22.0
100 or more employees	11.3	37.3	52.0	40.0
<i>Total private sector</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>

*Notes*

1. Figures are averages for November 1997 and February, May and August 1998.
2. Estimates marked with an asterisk are based on figures with a relative standard error in excess of 25% and should be treated with caution.

Source: ABS 1998e; ABS 1998 Survey of Wage and Salary Earners, unpublished data.

mind that the hourly earnings of an employee depend on a number of characteristics that are related to labour market success, some of which are innate and not observable. In addition, weekly earnings vary with hours worked, so that there can be no presumption that when earnings differ this is unwarranted or reflects inequity or discrimination.

The impact of part-time employment on earnings is evident in the differences between full-time earnings and total earnings shown in Table 3.14. Focusing just on full-time adult ordinary-time earnings – the most comparable of the estimates shown – the table shows that the variation in earnings for males across all three community service industries is far smaller than that for females. Average male earnings in community services are 10% to 14% below male earnings generally. For females, the picture is quite different. Here, the variation across the three community services industries is substantial, with females working in child care services earning 26% below the average for all females but females in nursing homes earning almost 10% above the average for all industries. Of even greater significance is the fact that, with the exception of nursing homes, average male earnings in community services are well above female earnings – just as they are in other industries.

Average earnings for both managerial and non-managerial male workers in health and community services industries as a whole are above the corresponding figures for all non-agricultural industries (Table 3.15). This largely reflects, however the high relative earnings in the health sector; average earnings are below the industry-wide average in

**Table 3.14: Average weekly earnings of employees working in community services and all industries, 1998 (\$ per week)**

	Child care	Community care	Nursing homes	All industries
<b>Males</b>				
Full-time adult ordinary-time earnings	694.6	680.3	672.6	778.9
Full-time adult total earnings	694.7	689.2	676.1	835.8
Total earnings	379.7	420.9	472.6	718.7
<b>Females</b>				
Full-time adult ordinary-time earnings	479.2	617.6	707.4	646.3
Full-time adult total earnings	479.5	623.2	709.5	664.9
Total earnings	338.6	407.3	446.6	472.0
<b>Persons</b>				
Full-time adult ordinary-time earnings	490.0	638.9	700.1	731.6
Full-time adult total earnings	490.3	645.6	702.5	772.7
<b>Total earnings</b>	<b>340.4</b>	<b>411.5</b>	<b>449.4</b>	<b>600.0</b>

Note: Figures are averages of quarterly figures for February, May, August and November.

Source: ABS 1998; ABS 1998 Survey of Average Weekly Earnings, unpublished data.

**Table 3.15: Average weekly total earnings of employees working in community services and all non-agricultural industries, by sex and full-time or part-time status, May 1998 (\$ per week)**

	Child care	Community care	Nursing homes	Health and community services	All non-agricultural industries
<b>Male full-time employees</b>					
Managerial, adults	659.6	840.0	714.4	1,149.5	1,034.8
Non-managerial, adults	n.a.	652.6	541.7	832.6	792.2
<i>Total, adults</i>	<i>648.1</i>	<i>691.9</i>	<i>578.6</i>	<i>903.1</i>	<i>843.3</i>
Total, adults and juniors	648.1	691.9	578.6	901.3	825.2
<b>Male part-time employees</b>					
Total, adults and juniors	144.7	282.8	272.8	435.4	262.0
<b>All male employees</b>	<b>393.3</b>	<b>557.1</b>	<b>423.1</b>	<b>758.4</b>	<b>729.8</b>
<b>Female full-time employees</b>					
Managerial, adults	625.7	740.5	834.4	855.1	820.5
Non-managerial, adults	449.1	601.7	597.2	674.2	659.0
<i>Total, adults</i>	<i>472.2</i>	<i>613.7</i>	<i>638.5</i>	<i>691.4</i>	<i>679.4</i>
Total, adults and juniors	469.3	612.2	638.5	682.1	666.8
<b>Female part-time employees</b>					
Total, adults and juniors	238.0	301.5	344.7	367.7	285.6
<b>All female employees</b>	<b>370.0</b>	<b>412.3</b>	<b>401.6</b>	<b>500.3</b>	<b>484.0</b>

n.a. not available

Source: ABS 1998j; ABS 1998 Survey of Employee Earnings and Hours, unpublished data.

all three community services sectors. In contrast, average part-time earnings in community services (with the exception of child care) are higher than the average earnings of part-time workers generally.

Again the picture is different for females. Although average full-time earnings for females in the health sector again seem relatively high, this is also the case for full-time earnings in nursing homes. In both child care services and community care services

average female earnings, while generally below those of males in these services, are closer to the average for all females than is the case for male community service workers. Again, with the notable exception of child care, average female part-time earnings are above the industry-wide average. In combination with the high rate of part-time work in community services (Table 3.8), this causes average earnings for all female community services workers to move towards the overall average.

The relatively low overall level of earnings in community services can also be shown by comparing the distribution of earnings in community services with that for other industries (Table 3.16). The median level of earnings in all industries (\$724.20) would place a male working in community services in almost the 70th percentile of earnings in that industry or in the top decile of male earnings in nursing homes. Overall, the distribution of earnings among full-time non-managerial male employees in nursing homes shows a remarkable degree of equality compared with that for males generally, primarily because very few males working in nursing homes receive high earnings.

**Table 3.16: Distribution of weekly total earnings of full-time adult non-managerial employees working in community services industries, total education, health and community services industries and all industries, May 1998 (\$ per week)**

	Child care	Community care	Nursing homes	Education, health and community services	All industries
<b>Males</b>					
10th percentile	n.a.	443.6	436.1	504.0	475.4
20th percentile	n.a.	499.0	450.5	597.5	539.6
30th percentile	n.a.	547.6	473.4	670.3	598.0
40th percentile	n.a.	555.8	489.0	767.4	657.5
50th percentile	n.a.	614.8	501.1	845.8	724.2
60th percentile	n.a.	656.5	545.7	893.8	802.6
70th percentile	n.a.	725.2	576.8	932.2	887.6
80th percentile	n.a.	836.0	579.8	1,011.1	991.8
90th percentile	n.a.	953.5	696.3	1,136.1	1,181.0
<b>Mean</b>	<b>n.a.</b>	<b>652.6</b>	<b>541.7</b>	<b>854.0</b>	<b>792.2</b>
<b>Ratio of 90th to 10th percentile</b>	<b>n.a.</b>	<b>2.15</b>	<b>1.60</b>	<b>2.25</b>	<b>2.48</b>
<b>Females</b>					
10th percentile	367.6	434.3	418.6	463.5	441.1
20th percentile	387.5	467.8	461.0	519.1	487.1
30th percentile	408.4	471.7	480.4	575.2	529.3
40th percentile	413.3	521.9	526.4	625.0	569.6
50th percentile	427.1	563.5	559.7	704.9	613.9
60th percentile	447.1	611.3	574.2	787.8	671.8
70th percentile	463.6	664.0	610.4	863.2	740.4
80th percentile	505.8	734.7	695.1	898.4	830.8
90th percentile	560.7	882.0	923.1	961.9	921.1
<b>Mean</b>	<b>449.1</b>	<b>601.7</b>	<b>597.2</b>	<b>719.8</b>	<b>659.0</b>
<b>Ratio of 90th to 10th percentile</b>	<b>1.53</b>	<b>2.03</b>	<b>2.21</b>	<b>2.08</b>	<b>2.09</b>

n.a. not available

Source: ABS 1998; ABS 1998 Survey of Employee Earnings and Hours 1998, unpublished data.

Yet again for females the picture is different, and more complex. The degree of earnings inequality appears to be higher among female nursing home employees than among female employees generally but is broadly similar in community care services and in human services as a whole. Among female child care employees, however, earnings are not only relatively low; their distribution is also very compressed, as indicated by the low 90th to 10th percentile earnings ratio of 1.53:1.00. In fact, it is not until one reaches the 60th percentile of the distribution of female earnings in child care services that one exceeds the level of the 10th earnings percentile for all female non-managerial employees. Overall, the earnings of females working in child care—like the earnings of male nursing home workers—are low on average and have a compressed structure, possibly reflecting the large number of relatively young child care workers (Table 3.9).

### 3.4 Factors affecting the demand for community services

#### Need, income and price

Community services are designed to meet the needs of a range of people in the community that have special requirements and/or are disadvantaged in various ways, so one of the primary determinants of the future demand for services is growth in the need for services. As analysis previously undertaken by the Institute has demonstrated however, need and demand are complex, multi-dimensional concepts that have different effects and are measured and administered in different ways (Madden et al. 1996; AIHW 1997c). And, as writers such as Bradshaw (1972) have emphasised, in order for need to affect demand and so be reflected in service provision, the need has to be felt, then expressed and recognised before it can have an impact on those responsible for the funding and delivery of services.

At any time, it is probable that need and demand will be overlapping but not identical (AIHW 1997c:306). Some part of need will go unmet, because the level or structure of service provision is inadequate, because the services that are available are inappropriate, because people are not aware that the services exist, or because people are not eligible to use the services. In addition, not all potential need will be expressed as demand—whether met or unmet—because the need may be suppressed (for fear of imposing on others, for example) or otherwise not expressed (because of a wish to remain independent or because the need is not recognised as requiring external support).

There are also various rationing devices that restrict demand to the available supply of services—at least in the short-term. These supply constraints are likely to be particularly binding in community services, which receive considerable financial support from government, as direct grants or subsidies and/or in the form of tax concessions to providers. Governments have operated under severe fiscal constraints for some time and have imposed spending constraints on themselves to avoid having to raise taxes. As a consequence, the amount of resources provided through the public sector to community service organisations has often been inadequate to meet total demand. Rationing of the available resources has been common, albeit guided by changes in the level and composition of demand and need. This kind of quantity rationing of available

services, as evidenced by waiting lists for services has often been seen as preferable to raising prices in order to equalise demand and supply.

Since the main forms of community service activity considered here—child care services, community care services and nursing homes—are designed to meet the needs of specific socio-demographic groups in the community, the demand for services is directly related to the size of these groups. Changing demographic structure, as evidenced by the number of very old and very young people, is thus one of the most important forces affecting the demand for community services. In addition, as noted, the demand for formal community services depends on the availability of care in the informal sector—primarily unpaid care provided within the home—and this in turn is influenced by the extent of family members’ and other carers’ labour market involvement.

Demand is also affected by a range of economic variables, two of the most important being income and (relative) price. Income can exert an influence on the demand for community services through two separate channels. First, the individual income of people who need services will affect the demand for the services. More is demanded as the ability to pay increases, and this can lead to the demand for community services increasing proportionally faster than income itself. Second, as the economy as a whole grows and national income rises, the nation’s willingness to meet the specific needs of its citizens is likely to increase (as will the ability to do so from an expanding national income). Some of the increased demand that flows from increased affluence may be met through the private sector and this can ease the pressure on publicly funded services in some areas, but the end result will be an increase in overall demand.

In the case of the second variable, price, although many community services are still provided free or at minimal cost, there is an increasing tendency to introduce user charges—prices charged to the consumer at the point of use. Conventional economic reasoning suggests that when there is excess demand for a commodity or service the price mechanism can be used to constrain that commodity or service for those who place greatest value on it. Raising prices will reduce demand by excluding people whose subjective valuation of the item is lowest or who are able to obtain a cheaper alternative elsewhere. The result is that society’s resources will be allocated through the ‘invisible hand’ of market competition, so as to maximise the wellbeing of society as a whole—defined as the sum of the wellbeing of all individuals in the society.

This description of how prices adjust to bring demand into line with supply exposes the limited relevance of the theory of competitive markets to problems associated with the rationing of community services. Willingness to pay depends not only on the price of the item but also on the income of the consumer. With community services, the very factors that give rise to a person’s need for services also often limit their ability to generate an income through participating in paid work. Reliance on price rationing would thus have the effect of denying services to many of those people who most need them.

It is for reasons such as these that the price mechanism is often used only sparingly to influence the level of demand for community services. In aged care, for example ‘user pays’ has been seen as a way of generating a modest amount of additional revenue for providers whilst exerting some degree of control over total demand—which could increase dramatically if the price was were at zero—and at the same time raising the status of service users from that of recipients of ‘charity’ to that of ‘consumers’ (Fine & Chalmers 1998).

Similarly, the price mechanism has an effect on demand in the child care sector, where average weekly fees have risen since 1996 (AIHW 1997b:Table 4.14; see also Chapter 4, page 88). This along with other factors has changed the relationship between demand and supply, to the point where the statistics now show that there is an oversupply in the sector as a whole (Chapter 4). This has occurred in a context where Commonwealth expenditure on children's services has been falling in real terms since 1996–97 (Figure 4.3). In child care therefore, recent experience suggests that the price mechanism impacts on demand and that this is becoming an increasing reality for many service users.

### **Demographic change**

The starting point for an analysis of how demographic change will affect the demand for community services is the projected change in demographic size and structure. The Australian Bureau of Statistics has recently released projections of population growth and age structure to the year 2051 (ABS 1998g). Although the population projections are valuable as the basis for exploring the implications of demographic change, the overall impact of demographic change is also influenced by a number of other economic, social and psychological factors that are dependent on the age structure of the population (Disney 1996; Saunders 1996b).

The impact of projected changes in population age structure on the demand for community services also depends on changes in family structure and household living arrangements (AIHW 1997b:55–95). These changes influence the demand for services by affecting the role that informal care plays in the overall 'tapestry of care'. Equally important, although difficult to predict with any confidence, are changes in the population of people with an ongoing disabling condition who will require care (formal and informal) to assist them with tasks of daily living or to facilitate their participation in the workforce, or both. Finally, changes in labour force participation will have a major impact on the future demand for community services, just as they have in the past.

Projecting the consequences of past demographic trends and future immigration rates for population size and structure is a task undertaken regularly by the ABS; its latest projections are summarised in Table P.3, page 389. These projections are based on the 'Series K' assumptions, which combine low fertility, high overseas migration and medium internal migration (ABS 1998g:21). Total population is projected to rise by just over 22% between 1997 and 2021 – equivalent to a growth rate around 1% a year – and then to slow down considerably between 2021 and 2051, when the rate of total population growth is projected to halve to around 10% (equivalent to less than 0.5% a year).

The projected ageing of the population is apparent in the rapidly rising numbers from around age 50 in the 1997 to 2021 period and from around age 65 and over in the 2021 to 2051 period – a reflection of the ageing of the 'baby boom' generation born in the latter half of the 1940s and the 1950s. For the period as a whole the absolute number of children aged 14 and under is projected to fall, reflecting the low assumed fertility rate, although the rate of decline is slightly less in the latter half of the projection period.

The most striking feature of the demographic projections is the very large increase in the size of the population aged 80 and over. The number of males in this age group is projected to rise from 174,100 in 1997 to 851,300 by 2051; the corresponding rise for

females is from 329,600 to 1,295,200. Thus it is expected that by the middle of next century, there will be well over 2 million Australians over the age of 80. This is almost four times larger than the current figure.

In contrast, the number of children under the age of 5 is projected to fall slightly, from 1,292,300 in 1997 to 1,163,500 in 2051, or from 7.0% to 4.7% of the total population. In terms of numbers alone, therefore, the ABS population projections suggest that the demand for child care and other services for children will probably decline slightly, while the demand for community care and other services for older people will rise considerably.

How changes in population structure translate into the demand for community services is moderated by a number of important variables. For example, one of the main features of the projections presented in *Australia's Welfare 1997* was a significant change in household living arrangements, even over the relatively short projection period (AIHW 1997b). Growth was projected to be greatest among single-person households and group households (that is, unrelated people living together), followed by households consisting of couples without offspring (AIHW 1997b:Table 3.21).

The projected increase in the number of single-person households—many of which consist of an older person—is a reflection of the ageing of the population, while the growth in the number of couples without offspring in part reflects the growing number of children who have left, or are about to leave, the parental home to establish their own families and/or households. Even so, the projected demographic trends have a number of important implications for the structure of community services provision, including the role played by formal and informal support systems. The projections also raise important questions about the role of public support for families, and they highlight the need to place 'the mutuality of public, community and family support ... at the core of public policy on welfare services, not on the periphery' (AIHW 1997b:90).

It is one thing to recognise that new trends will probably call for new approaches to policy design and development, but it is quite another to be precise about what exactly will be needed. Translating projected changes in population structure and living arrangements into anticipated demand on community services is not easy. At times, the results can appear quite perverse. For example, the decline in the projected number of young children could in the short term give rise to an increase in the demand for formal child care. If mothers have only one child under 5 years, they tend to have higher rates of labour force participation than mothers with more than one young child (AIHW 1997b:88; see also Chapter 4, page 88).

A second reason for the difficulty of extrapolating directly from demographic trends to changes in the demand for community services relates to a central theme of this chapter—the effect of changes in patterns of paid and unpaid work. Predicting future labour market developments is a hazardous activity, as is acknowledged in the Department of Employment Education and Training study of the size and structure of the Australian workforce in 2005 (DEET 1995). The study developed three alternative scenarios, pointing out that they 'should not be viewed as predictions or forecasts' but rather as an indication of

what may happen to the economy, industrial structure and labour market over the longer term on the basis of particular assumptions ... specified in the light of historical experience ... (so that) ... there is always the possibility that they will not be realised. (DEET 1995:v-vi)

The DEET report provides a useful and comprehensive analysis that sheds light on some aspects of this discussion. One of the main findings, for example, is that the strong growth in female labour force participation observed in past years will continue to underpin economic growth (DEET 1995:Table 2.1).

ABS labour force projections through to the year 2011 share many similarities with the DEET projections (ABS 1994d, 1995a). They imply a decline in male labour force participation, from 74% in 1993 to 69% in 2011, and a rise in female participation during the same period, from 52% to 57%, with the proportion of females in the labour force rising from 42% to 46%.

One dimension of these projections that has important implications for the future demand for both child care services and community care services is the trend in the female labour force participation rate. While both ABS and DEET project a continued rise in female participation, there will come a time when a ceiling is reached in the number of women wishing to join the labour force (but not necessarily a ceiling on their preferred hours of work). There will always be some mothers who want to remain at home when their children are young, although the percentage of women never having children is rising (AIHW 1997b:Table 3.20). The fact that female labour force participation in several OECD countries is above that currently prevailing in Australia (Scherer 1997:Table 1.25) also suggests that there is scope for further increases in this country. Despite this, future developments in female labour force participation require careful examination because of their significance for future patterns of demand for community services such as child care.

The DEET study did not attempt to project the change in female labour force participation for women with young children who are most likely to require child care. However, as noted in the 'Final Report' of the Child Care Task Force (EPAC 1996b), changes in married women's labour force participation are likely to have a more important impact on the demand for child care services than the underlying demographic trends themselves. Although this further complicates the picture, it also suggests that demographic trends are not everything and that there are other ways in which, in principle at least, it may be possible to influence future demand for child care and other community services.

Another matter not dealt in the DEET study is the implications of a further increase in female labour market participation for women's ability to continue to provide unpaid informal care within the home. This also depends on projected changes in the age structure and labour force participation of the female population.

According to Table P.3, although the size of the female population aged 20–69 years is projected to increase from 5,859,900 in 1997 to 7,612,000 by 2051, or by 29.9%, this increase is smaller than the more than fourfold projected increase in the population aged 80 years and over, many of whom will need some form of support or care, or both. The number of people aged 80 years and over relative to the number of females aged 20–69 years – who represent the majority of those caring for the aged or people with a disability (ABS 1998g:60) – will increase substantially, from 0.086 (around one in 12) in 1997 to 0.282 (close to one in four) by 2051. Furthermore, the DEET labour force projections suggest that many 20–69 year old women will be engaged in formal paid work in the future, and this will restrict their ability to provide informal care, at least without placing them under severe time pressure.

Projections of the population of people with a profound or severe handicap have been obtained by applying estimates of the age- and sex-specific rates of handicap—derived from the 1993 Survey of Disability, Ageing and Carers (ABS 1996b)—to (Series A) ABS population projections (Madden et al. 1996; AIHW 1997b, 1997c). The latest projections suggest that the number of people experiencing a profound or severe handicap will increase from 780,200 in 1996 to 907,200 by 2003, an overall increase of 16.3%, or just under 2.2% a year (AIHW 1997b:Table 4.3). Between 1996 and 2003 the total population is expected to grow from 18,310,700 (ABS 1998g:Table 5.1) to 19,661,500, or by 7.8% which is less than half the projected increase in the size of the population of people with a disability. The prevalence of disability is thus set to continue to increase as a consequence of projected changes in demographic structure.

## 3.5 Factors affecting the supply of community services

### Relative costs

Although it seems likely that a good deal of the increased need for services resulting from population growth will place pressure on the demand for community services, this is not inevitable. Also influential are what happens with the cost of providing services and the extent to which increased service costs are translated into higher prices charged to users. To the extent that higher costs do not feed into higher prices, the burden is left on those who fund the services: in many instances, government.

Why should costs in community services be expected to rise at a faster rate than costs generally? The main reason underlying the tendency to rising service costs lies in the ways in which the nature of services generally, and community services in particular, restricts the potential to increase productivity. Two structural features give rise to this:

- the unstandardised nature of service output; and
- the fact that there is frequently an intimate connection between the quality of labour used in supplying services and the quality of the end product itself (Baumol 1967; Baumol & Oates 1975:241–2).

These features of personal or community services do not mean that productivity gains are impossible to achieve, although they do suggest that achieving them will be difficult. They are features that will tend to put upward pressure on relative costs in the service sector and for this reason have been described as giving rise to a ‘cost disease’ affecting the personal services (Baumol & Oates 1975).

The role of the child care worker illustrates the argument: their work serves as an input used in the ‘production’ of child care but is also directly connected to the quality of the care provided. Another example is in the performing arts: where there is limited scope to raise the ‘productivity’ of a live performance of a Mozart concerto by playing it in half the time or with fewer musicians, just as few patrons would wish to see a Shakespeare play performed at twice the normal speed, even if this resulted in lower ticket prices!

Together, these two features of community services limit the potential to raise productivity to the levels achievable in the ‘progressive’ sector of the economy, where the

repetitive nature of the production process, and the scope for economies of scale provide a basis for capital accumulation and other innovations that produce a steady rise in productivity or output per worker (Baumol 1967; Baumol & Oates 1975; Esping-Andersen 1990). The significance of this separation of the economy into progressive and non-progressive sectors can be quite dramatic if it is assumed that wages in the two sectors move broadly together (Baumol 1967). If wages growth in the progressive sector is determined by productivity growth in that sector, unit costs will be stabilised. In contrast, the non-progressive sector will experience a 'cost disease' as wages growth exceeds productivity growth, causing unit costs to rise.

Although the model outlined here is a simplification of reality, its emphasis on how the structural characteristics of community services industries limit the scope for productivity improvements in those industries helps to explain the growing share of service sector output in total output, as well as the rising proportion of the labour force employed in the service sector. These problems are exacerbated in the case of services that are provided free or at prices heavily subsidised by government. In the absence of a market (and hence a price) valuation for public services, the national accounts treat the value of output as equal to total input costs, which implies that there is limited scope to raise measured productivity.

Against this, although labour is the dominant input to the production of community services, it is not the only input. Data from the ABS community services survey indicate that labour costs absorb between 52.0% and 73.6% of total expenses in community services (ABS 1998c), so that there is some scope to raise productivity by raising efficiency in the use of other (non-labour) inputs.

In the case of services funded by government, the 'unbalanced growth model' described above also helps explain why, other things being equal, there may be pressure for public expenditure to grow faster than private expenditure. If government decides it is unwilling to meet these higher costs in the budget, it has two options: it can impose a fiscal constraint on services, which will in time become increasingly unable to cover their costs from their budget allocation; or it can try to reduce the growth of wages (and other costs) in community services.

One final aspect of this discussion concerns the role of the domestic economy in service provision. Some have argued that there will be an expansion of self-servicing as the price of services provided in the market sector rises and as material goods that are complementary to self-servicing (for example, microwave ovens) become cheaper (Gershuny 1978). The incentive to self-serve within the household will increase with the level of wages (and so costs) in the service sector. Increasing time pressures resulting from more labour market work and a continued gender-based division of labour in the home add to these incentives. Against this, there is evidence that increasing affluence is leading to growth in the 'outsourcing' of some domestic tasks that are seen as time consuming for households having to confront increasing demands on their time (Bittman et al. 1998).

The role of government in the provision and funding of community services will be crucial in determining how these various forces come into play and produce economic and social impacts. Governments face many difficult choices in deciding which needs should be given priority and how the available resources should be rationed. Households and the informal sector already play a vital role in service provision, and the

incentives governments create will influence how individuals choose to allocate their time and resources to both informal and formal care. These considerations must form an integral part of any workable and sustainable response to future demand pressures.

## **Direct labour supply effects**

Among direct labour supply effects are the contribution of labour supply in the community services industries sector to overall labour supply and the influence of community service provision on the supply of labour in other sectors of the economy. Discussion of both effects must take account of the formal and informal sectors of the community services workforce and how they interact. There are potentially important supply links between the two sectors, reflecting the fact that the supply of labour to the formal sector is inversely related to labour supply in the informal sector, at least in the absence of an increase in the total time devoted to work in both sectors combined.

It is conventional to distinguish between two separate dimensions of the labour supply decision. The first concerns the decision whether to engage in the labour market at all ('the participation decision'); the second focuses on how much time workers choose to supply to the labour market (the 'hours worked' decision). Both decisions are influenced by a range of factors, among them the monetary reward for engaging in paid work compared with the value gained from alternative uses of time, the nature of any barriers to work, the direct costs of working, and the perceived net benefit of varying hours worked at the margin. These economic determinants will be moderated by personal characteristics such as family circumstances, age and experience (which will affect the potential market wage), and a range of social and psychological considerations such as attitudes to undertaking paid work and individuals' longer-term motivations and goals.

Labour supply decisions are also influenced by caring commitments within the household. For some, these commitments may prevent any regular involvement in the labour market; for others, they may mean that part-time work within a flexible workplace environment may be the only viable option. Some progress has been made in the last two decades in creating a 'family friendly' working environment – mainly for female workers but increasingly for males – although more needs to be done.

Public policies can have enduring effects on individual labour supply decisions and there has been a sustained effort to identify these effects and quantify their impact. This effort has focused largely on how tax and social security provisions affect take home pay and the incentive to work at the margin; limited attention is being given to how other policies, including those connected with community services, affect labour supply decisions. The provision of adequate and accessible services that support people in paid work can have a powerful and pervasive influence on labour supply decisions, particularly the participation decision.

Services such as child care often replace caring tasks previously performed within the home, but the availability and cost of these services become crucial when primary carers are deciding whether or not to enter (or re-enter) the labour force. Similarly, formal services that meet the needs of frail older people and those with a severe disability can free people who would otherwise have to provide care within the home and allow them to participate in the labour market. The analysis of past labour market

trends presented earlier highlights a number of developments that are consistent with the idea that services have had these effects.

The supply of labour to the community services sector depends both on factors that are specific to that sector and on how community services affect the labour supply decisions of workers generally. The availability and cost of child care services, for example, is likely to be equally important for people working in the child care sector as it is for other members of the workforce. Demographic change is one of the primary factors that has the potential to influence trends on the supply side of the community services labour market. There is an irony in the fact that community services' past success in facilitating the increased labour force participation of many married women may have led to a reduction in availability of the informal unpaid labour on which many community services have traditionally relied.

Is there evidence to support the claim that the growth in the provision of community services has in fact been a cause of the past increases in labour supply? On the face of it, there would appear to be a strong case in support of such a proposition—and there is evidence to support it in some countries—see Kobayashi (1997) for some evidence for Japan. Much of the evidence is, however, circumstantial and cannot yet support a definitive verdict. In part, this is a consequence of the complexities associated with the labour supply decision and the gaps in our knowledge about the relative importance of the many factors that influence it. It is also a consequence of the difficulty of unravelling cause and effect in the underlying relationships.

In relation to the increased labour force participation of married women and sole parents with children, as described earlier, there is widespread agreement that this development is strongly linked to the growing number of child care places available. The 1996 report by the Child Care Task Force for example, began by observing,

Paid child care arrangements have become an essential component of much family life in Australia. Increasingly, women have sought to combine their employment in the paid workforce with bringing-up of children. The current child care system has developed rapidly to provide support for parents who have pursued this choice. (EPAC 1996b:ix)

There is no suggestion in the Task Force's report that the growth in child care places has led to increased employment for mothers. The report acknowledges that the expansion of the child care sector is also in part a response to the pressures exerted by women wishing to play a greater role in the labour market. As Meyer et al. have emphasised,

Increases in female labour force participation are both a cause and effect of improvements in workplace practices and provision of community services such as child care (1996:14).

Empirical studies that have tried to establish the strength of these relationships have been unable to agree on which of the channels of cause and effect are strongest. A paper presented to a seminar organised by the EPAC Child Care Task Force argued that, since increased child care provision predates women's increased labour force participation, causation runs primarily from service provision to participation, rather than in the reverse direction (Corbett 1994). It is, however, dangerous to draw conclusions about causal relationships on the basis of the apparent timing of lead-lag relationships.

But there is more to this subject than the availability of child care. The labour supply decision is also influenced by the quality of the care available and by the affordability of that care. Recent small-scale studies by Tasker and Simeon (1998) and Vromen and

Paddon (1998) suggest that removal of some of the operational subsidies to child care centres has lowered the affordability of child care, to the point where some mothers have had to remove their children from care. Price matters – at least at the margin – for some people. But even this kind of evidence does not necessarily mean that labour force participation will decline. Other responses, such as increased reliance on informal care or a change in hours worked to accommodate changes in care provision, are also possible.

If, as seems likely, labour force decisions respond asymmetrically to changed incentive structures, a reversal of the policies that caused the initial increase in labour force participation will not necessarily cause participation to decline to previous levels. Women's increased participation in the paid labour force has had profound effects on the economic and social status of women as well as on the structure of family finances and workplace arrangements. The greater availability of high-quality and affordable child care services has been crucial in this development, and the increased labour supply that has resulted has been of enormous economic benefit. Females with a disability have also benefited from the general trend towards females increasing engagement with the labour market.

### **Indirect supply effects: the role of incentives**

In Australian policy discussion much attention has been given to the role of public programs on incentives to work – particularly in relation to the 'poverty traps' resulting from high effective marginal tax rates (Saunders 1995; Whiteford 1998) – but there are few reliable estimates of what impact such programs have on actual work decisions. Policy may produce a change in the incentive to engage in paid work, but the behaviour of those affected may nonetheless remain unchanged.

There are several reasons why a change in the incentive to work may not translate into a change in actual work behaviour. There may be no jobs available or there may be no more hours of work on offer, in which case supply is constrained by demand. Labour supply may not be sensitive to changes in monetary incentives, particularly small changes in the net reward from working. People may take a longer term view, placing a premium on job tenure, or they may have to maintain their wage income to service debts or acquire new assets. The time horizon that affects most people's labour supply decisions is likely to mean that there will be only small responses to incremental changes in monetary incentives.

Even in circumstances where people do take short-term and possibly small-scale, monetary factors into account, offsetting effects can cancel each other out. A reduction in the net wage received from employment at the margin may induce a decline in hours worked, but this may be offset by the fact that the lower overall wage induces more work to maintain a given standard of living. The offsetting of substitution and income effects may lead to no overall net effect. Finally, there is the possibility that people who are in work may be unaware of the changed incentive structure – or indeed, of the existing one – and so their behaviour will not be responsive to new – or existing – incentive structures.

These effects become further complicated when labour supply decisions are made on a household basis: interdependence between the labour supply decisions made by the

partners in a relationship, for example, will complicate the impact of changed incentives in ways that may be extremely difficult to identify. In addition, if the choice to participate in the paid labour market is in part dependent on caring activity within the household, the incentives to engage in either activity must take account of the fact that these activities represent alternative uses of time.

A change in community services pricing policy—for example, the extension of user charges for child care or community care services—will lower the net monetary reward for people engaged in paid work who have care responsibilities, at the same time increasing the pressure to work longer in order to afford the higher service charges. Where the provision of community services is a major factor influencing the initial decision to undertake paid work, increased user charges form part of the net cost of work, in the same way as other work related costs do. An increase in the hourly charge for child care, for example, will lower the marginal return from working an extra hour, producing the (substitution effect) incentive to do less paid work, whilst also lowering total income and so leading to the possible need to do more paid work. As in the case of an increase in income tax, the net impact on hours worked is indeterminate, although this does not mean that the impact is non-existent.

Another way of approaching this conundrum is to consider it not from the perspective of the decision to engage in paid work in the market sector, but rather in terms of the decision to engage in unpaid work in the household sector. An increase in the price charged for the community services that enable carers to do paid work lowers the opportunity cost of unpaid domestic work. This in turn makes unpaid work relatively more attractive than paid work—in exactly the same way as a rise in income tax or a reduction in wages—and may cause some women to leave the labour force and others to delay entering it.

Although it is not possible to predict the size and nature of these influences with any certainty, it is important to recognise that they exist. Just as the increased provision of community services has in the past facilitated the labour force participation of many women, increases in the cost of the services that enable them to do so have the potential to reverse this trend. Changes in the structure of charges for services must reflect these realities if unanticipated and undesirable effects on the labour supply are to be avoided.

### 3.6 Overview and future prospects

The expanding role of the community services workforce has been a very important feature of broader developments in the Australian economy and Australian society. Commonwealth and State and Territory governments' crucial involvement in the community services sector continues and their reactions to unfolding events will have an important bearing on what happens in the long term.

Growth in the community services sector and in the community services workforce reflects both the nature of economic development and the structural characteristics of services in general. The combined impact of post industrial economic development and the consequential changes to the characteristics of services has resulted in growth in the size—in terms of output and hours of work—of the service sector relative to other sectors of the economy. Accompanying these changes—and intimately connected to

them in many ways, as both cause and effect—have been important changes in gender roles and in values and attitudes more generally.

One of the most important developments in the last three decades has been the increased participation of women in the labour force. This development is a response to two particular factors: an increased wish on the part of women to participate in what has been predominantly the preserve of men, so as to gain greater financial independence; and an opening up of labour market opportunities to women. At least for women aged 25–55 years, participation in the labour market is now the preferred option for everyone, irrespective of their personal characteristics. The world of paid work now plays a central role in allowing individuals to establish their social status and identity as well as generate an income that provides the opportunity to benefit from the increased material prosperity associated with economic growth.

But labour force activity represents only part of the total amount of work activity involved in providing welfare services and assistance for people in need. A large amount of personal effort is devoted to providing care and assistance on an unpaid—and often unrecognised and unvalued—basis, within the home, between non-residing family members, or through voluntary agencies. This unpaid and informal work is integral to the overall community services effort; it underpins the contribution of the employed sector.

The expansion of employment in community services has had a dual impact on the labour market and its evolution. First, it has provided employment opportunities for an increasing number of Australians and at the same time, by expanding the number of part-time jobs available, it has greatly facilitated the labour market engagement of groups whose responsibilities often prevent them from taking on a full-time job. The growth in community services has thus been part of a broader development that has seen a greatly increased diversity of labour market openings, which has met the needs of a new generation of employees. Second, the increased provision of formal services associated with the growth in employment has freed many people of caring responsibilities they would otherwise have had to bear, thus making labour market participation a realistic prospect for them.

Through these two processes, community services employment has played a pivotal role in shaping the development of the labour force more generally.

Although the statistics on the extent and patterns of unpaid work provide an incomplete picture of this sector of the workforce, the available data do suggest that the overall amount of unpaid informal work is substantial: voluntary work alone may well account for close to 40% of the employed community services workforce. Data on time use shows that there is also a considerable input to caring that takes place within the home, particularly in the form of caring for children. These forms of unpaid work also reveal patterns that are broadly similar to those for employment, particularly in that most of the work is provided by women.

Even for the employed sector of the workforce, the available data are somewhat limited and there is room for improvement. The main difficulty here is the need for labour force data that separate community services from health, rather than providing combined series for what are two increasingly distinct labour forces.

The data that are available show that even within community services there is considerable variation in the characteristics of employees. Common to the sector as a whole is

the high incidence of female and part-time employment, although even here there are differences between people employed in child care services and people employed in community care services. The other characteristics reviewed—the age profile of employees, the size of employment, educational qualifications, and earnings—all reveal considerable variation between the child care, community care and nursing home sectors. This makes it difficult to generalise about the characteristics of the community services workforce as a whole.

The discussion of the demand and supply sides of community services highlights several factors that will have an important impact on future workforce developments. Demographic factors will have potent effects on need and hence on the demand for community services, although there will also be several moderating variables. On the supply side what is crucial is how governments respond to pressures for increasing relative costs associated with the limited potential for improving productivity and what effect user charges will have on incentive structures and thus on labour market behaviour.

Of particular importance will be the consequences for continued growth in the supply of informal care as increasing numbers of people choose to join the formal labour market. A number of policy questions must be resolved if an appropriate and sustainable balance between developments in the two sectors is to be achieved. Many of these revolve around broader policy matters associated with the roles of government and the market in the provision of welfare more generally.

This question is of particular significance in relation to community services, where service provision encompasses a variety of roles for government and non-government agencies, as well as market and non-market interventions and actions. In this situation, changes in the role of government are likely to produce pervasive and complex effects that need very careful consideration from a perspective that recognises the intricacy and interconnectedness of the current structure of the community services sector.

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