

Returning to paid work

Introduction

- 5.1 This chapter will cover the second term of reference for the inquiry, 'making it easier for parents who so wish to return to the paid workforce'. Given that women still largely have responsibility for looking after their children, this chapter will generally focus on them, although the committee will also consider men's perspectives where appropriate.
- 5.2 During the inquiry, the committee was impressed by the determination of many women to maintain their career, or develop new careers, while still bringing up their children. The committee recognises their desire to maintain their attachment to the workplace, which should not go unrewarded.
- 5.3 It is also worth reiterating the discussion in chapter four; in developed economies, women's employment is now positively associated with fertility. Enabling women to achieve a fulfilling work environment where they have some control over their work practices and where they receive understanding about their home life will give them confidence to have children. The Organisation for Economic Cooperation and Development (OECD) has argued that good work practices make a difference:

On the one hand, such policies enable women who previously stayed at home to take care of their children to combine family life with participation in the labour market.

On the other hand, women who had previously chosen to reduce their family size to participate in the labour market can now have more children.¹

- 5.4 Chapter four showed how in patriarchal societies (for example, Italy, Spain and Japan) birth rates are under the critical point of 1.5. In these countries, women's priorities are domestic tasks and they tend to stop at one child. In countries that have encouraged women to work and have careers, birth rates are over 1.5 and typically closer to 2.
- 5.5 The committee's final preliminary observation is that enabling parents to combine their work and families is not new in human history. Chapter one discussed how, prior to the industrial revolution, cottage industry was the norm; the home was the primary unit of economic production. Changes in technology and the rise of intellectual capital and reproductive control mean that families and their workplaces need not, and in many cases should not, now be divorced from each other.

Employment rates for women

Australia – the effects of economic factors

- 5.6 The consistent finding from the research about women's workforce participation is that women's employment decisions are sensitive to external factors, much more so than men.²
- 5.7 The effect of various external factors on women's workforce participation is measured by elasticities, which is the average percentage change in a woman's behaviour, given an initial percentage change in wages or some other variable. The current estimate of the own-wage elasticity for women's labour force participation in Australia is 0.6. In other words, if a woman's potential

1 Jaumotte F, 'Labour force participation of women; empirical evidence on the role of policy and other determinants in OECD countries' (2004), *OECD Economic Studies*, no 37, p 73, viewed on 26 October 2006 at <http://www.oecd.org/dataoecd/12/39/34562935.pdf>.

2 Doiron D, Kalb G, 'Demands for child care and household labour supply in Australia' (2005) *The Economic Record*, vol 81, p 230 and Bassanini A, Duval R, *Employment patterns in OECD countries: reassessing the role of policies and institutions* (2006), OECD Social, Employment and Migration Working Papers, No 35, pp 41, 43, viewed on 21 September 2006 at <http://www.oecd.org/dataoecd/47/61/36888714.pdf>.

wage increases by 10 per cent, she will be six per cent more likely to enter the workforce. The current estimate of the own-wage elasticity with respect to hours of work is 0.5. Therefore, if an employed woman receives a pay rise of 10 per cent, on average she will increase her hours by five per cent.³

- 5.8 There are also estimates of the effect of family income, or unearned income, on women's labour supply. Examples of unearned income are investments and government family payments. The current estimate is minus 0.1, which means that a 10 per cent increase in unearned income would result, on average, a woman decreasing her labour force participation by one per cent.⁴
- 5.9 Financial need also plays a large role in women's decisions to work. Using 1991 data, researchers have found that a \$10,000 increase in mortgage debt, on average, has the following increases in annual hours:
- 17 hours for Australian-born women;
 - 33 hours for immigrant women from English-speaking countries; and
 - 14 hours for immigrant women from non-English-speaking countries.⁵
- 5.10 The Australian Bureau of Statistics has found that the most common reasons why women return to work after the birth of a child are financial (73 per cent), 'adult interaction and mental stimulation' (30 per cent) and 'maintaining career and skills' (29 per cent).⁶
- 5.11 Women's education, or human capital, also plays a significant role. The committee received table 5.1 on the next page as evidence.
- 5.12 The pattern from the table is clear. The higher a woman's education, the more likely she is to be employed and the less likely she is to work part time. This finding is consistent with the data in chapter one,

3 Birch E, 'Studies of the labour supply of Australian women: what have we learned?' (2005), *The Economic Record*, vol 81, p 71.

4 Birch E, 'Studies of the labour supply of Australian women: what have we learned?' (2005), *The Economic Record*, vol 81, p 72.

5 Birch E, 'Studies of the labour supply of Australian women: what have we learned?' (2005), *The Economic Record*, vol 81, p 72.

6 Australian Bureau of Statistics, *Pregnancy and Employment transitions, Australia, 2005* (2006), Cat No 4913.0, Table 14, viewed on 23 October 2006 at <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/4913.0Nov%202005?OpenDocument>.

which showed increasing rates of female education and workforce participation.

Table 5.1 Employment status of partnered and single mothers by education level, 2001 (%)
(Proportion of women working part time is a percentage of women employed)

Highest education level	Employed		Part time	
	Partnered	Single	Partnered	Single
Bachelor degree or higher	77	80	55	44
Other post school qualification	67	56	61	58
Year 12	57	46	60	59
Incomplete secondary	54	37	63	64

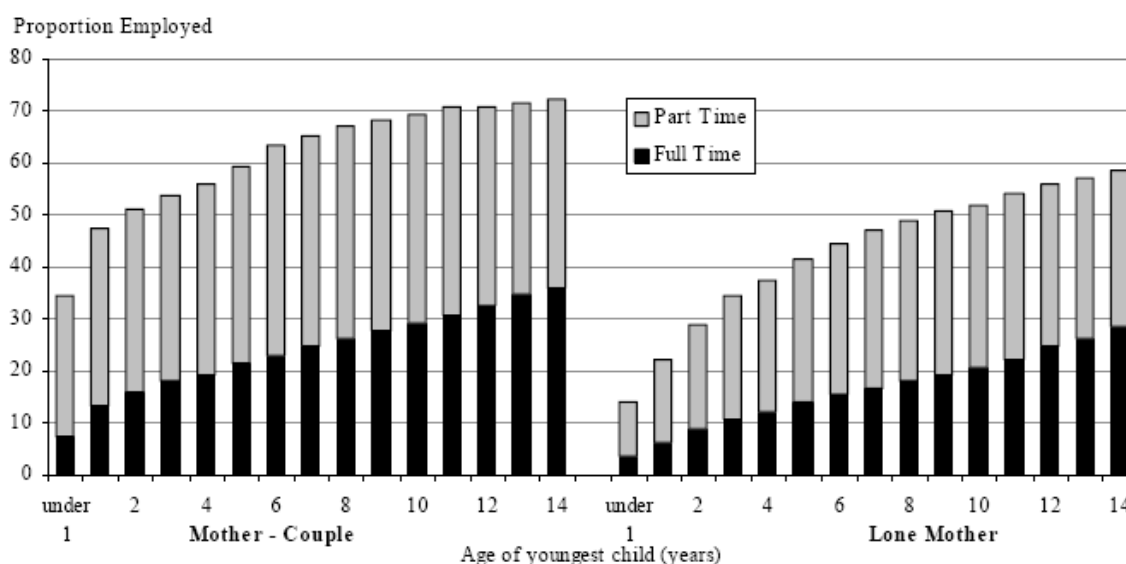
Source: Australian Institute of Family Studies, sub 76, p 15. Mothers defined as living with dependent children aged less than 15 or living with dependent students less than 25.

5.13 The data demonstrates that women's decisions about work are strongly influenced by economic factors such as their wages, income, and education.

Australia – the effects of family responsibilities

5.14 Although paid work gives women greater willingness to have children, having a young child at home will still affect many women's work decisions, as the following figure demonstrates.

Figure 5.1 Return to work by couple and lone mothers by age of youngest child (2001)



Source: Department of Family and Community Services, sub 102, p 11.

5.15 Women's workforce participation is less when a woman has a child aged nought or one at home. The second conclusion from the figure is

that being a single mother also has a large, negative effect on a woman working. Fifty per cent of partnered mothers are working by the time their youngest child is two, but for single mothers this rate of employment is not reached until their youngest child is nine. This difference in employment rates would appear to be due to the additional support partnered mothers receive through their partner and the partner's family.

- 5.16 The fact that single mothers are spending an additional seven years out of the labour force, on average, compared with partnered mothers, means they suffer significant disadvantage that family payments cannot rectify. While out of the labour force, these women are losing skills, self esteem, social contacts and the increased resources of a working wage.⁷
- 5.17 The figure shows relatively high rates of part time work for women whose youngest child is under 15 (in excess of 50 per cent). Table 5.2 demonstrates that the main reason women work part time is to care for children:

Table 5.2 Main reason for working part time, persons with youngest resident child under 15, 2003 (%)

	Women	Men
Caring for children	74.2	21.7
Could not find full time work	4.3	19.0*
Prefer part time (PT) work	10.5	11.6*
Other personal or family responsibilities	3.3	6.1*
Prefer job and PT hours are requirement of job	3.6	8.1*
Going to school, college or university	1.2*	**
Own illness or injury	0.8*	15.1*
Other	2.1	14.6*

Source: Department of Employment and Workplace Relations, sub 53, p 11. ** indicates estimate unreliable. * indicates standard of error is between 25 and 50 per cent and estimate should be treated with caution.

- 5.18 The reasons for men working part time tend to be more widely spread, but the most common reason they work part time is to care for children as well.
- 5.19 The committee also received evidence that women working part time do not want to work more hours, as table 5.3 shows.

7 Taylor E, sub 14, p 30; Shop Distributive and Allied Employees' Association, sub 39, p 19; Women's Action Alliance, sub 54, p 18.

Table 5.3 Female part time employed persons, whether more hours of work preferred, by age, 2005 (%)

Age	No more hours	More hours		
		Full time hours	Part time hours	Not looking yet
15-19 years	68.1	8.0	6.6	17.3
20-24 years	61.8	13.4	2.8	21.9
25-34 years	77.0	6.5	2.3	14.2
35-44 years	80.0	3.9	2.6	13.5
45-54 years	79.3	4.3	1.9	14.5
55-59 years	85.8	3.3	1.2	9.7
60-64 years	90.3	0.4	1.3	7.9
65 years and over	96.4	0.8	0.3	2.6

Source: Department of Employment and Workplace Relations, sub 53, p 13.

5.20 Generally, the older a part time employed woman, the less likely she is to want more hours. The greatest demand for full time hours is amongst women aged 20 to 24, who are most likely to have finished education but yet to start a family. The highest demand for part time hours is amongst women aged 15 to 19, who are probably still in education.

5.21 Whether this data demonstrates that employed women are happy to work part time as a way of managing work and family is subject to some debate. The ACTU described part time work as 'a constrained choice'.⁸ The OECD has argued that decisions about part time work usually depend on current work practices and culture.⁹ This issue will be discussed more thoroughly later in the chapter.

Australia – the role of child care

5.22 Child care, in terms of both cost and availability, was the issue most commonly raised in submissions. The committee decided to investigate the effect of these child care problems on women's workforce participation. In 2003, the Australian Bureau of Statistics published its family characteristics survey, as well as its regular data on people not in the labour force. This latter survey included

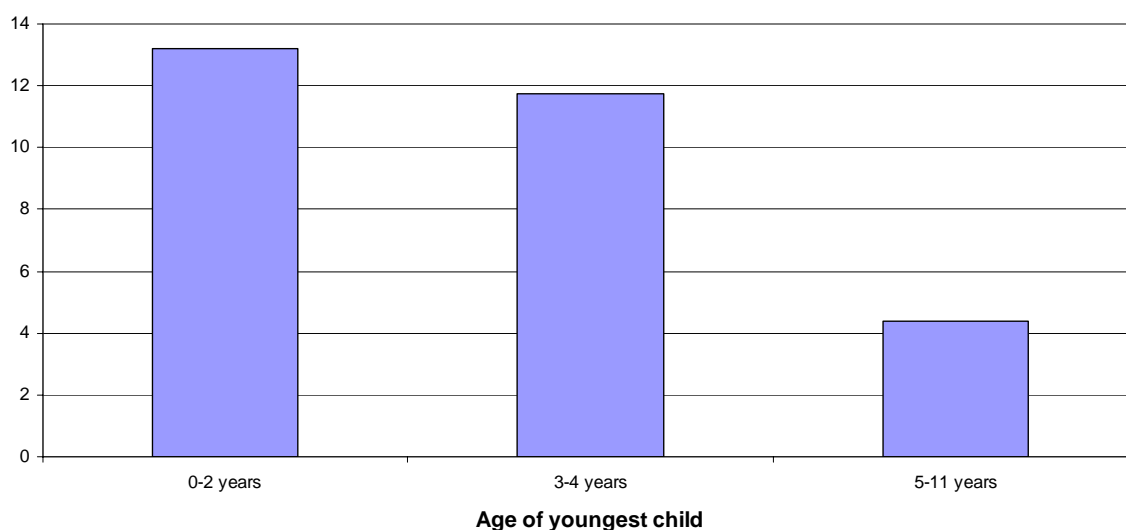
8 ACTU, sub 104, p 48.

9 Jaumotte F, 'Labour force participation of women; empirical evidence on the role of policy and other determinants in OECD countries' (2004), *OECD Economic Studies*, No 37, p 87, viewed on 26 October 2006 at <http://www.oecd.org/dataoecd/12/39/34562935.pdf>.

information on the number of women who would look for work if they could obtain child care.

- 5.23 Combining the two gives the following graph, which shows the proportion of women, who have their youngest child of a particular age, who would enter the workforce if they could address child care issues:

Figure 5.2 Percentage of women available for work but not looking, for child care reasons, 2003



Source: Australian Bureau of Statistics, Family Characteristics 2003 (2004), Cat No 4442.0, p 30 and Australian Bureau of Statistics, Persons not in the Labour Force 2003 (2004), Cat No 6220.0, p 20.

- 5.24 The graph shows that, of all women with children aged nought to two, over 13 per cent of them would work if they could obtain child care. For women with a youngest child of three to four, this statistic is almost 12 per cent.
- 5.25 This lack of child care has implications across the economy. In 2005, there were 162,000 women who were available to work but not actively looking due to child care problems. In the same year, there were 4.7 million women in the labour force out of a total female population, aged 15 to 69, of 7.2 million. In other words, if child care issues were addressed, women's workforce participation rate would rise from 66.2 per cent to 68.5 per cent, an increase of 2.3 percentage points.
- 5.26 The increase in the participation rate across the economy as a whole (covering both men and women) would be in excess of one per cent.

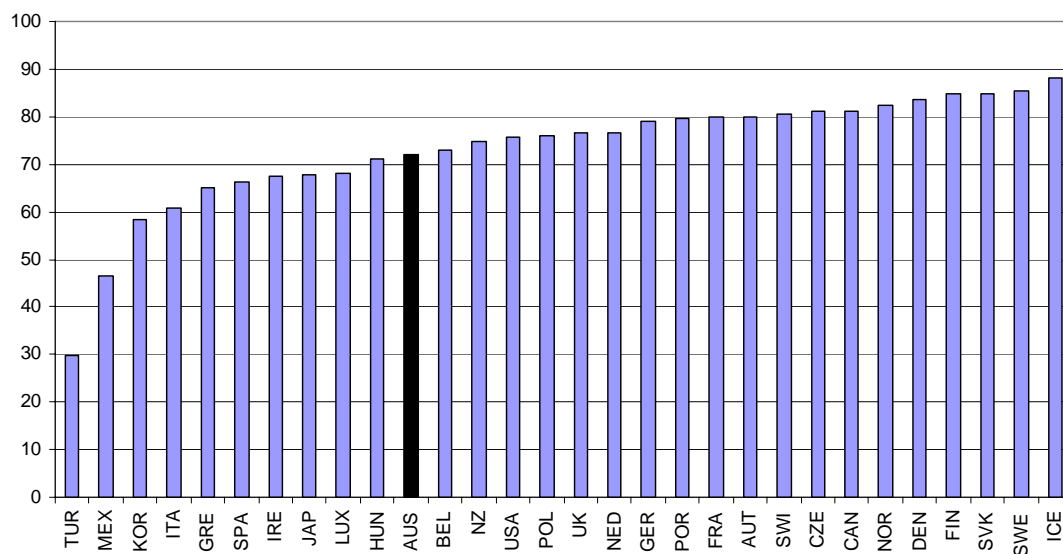
- 5.27 Recently, the Australian Government has claimed that widespread child care shortages do not exist because there are up to 120,000 child care vacancies in Australia, depending on the day of the week. The committee notes, however, that child care is a complex market. It is not 'deep and liquid' like foreign currency markets.
- 5.28 Firstly, child care greatly depends on location. The committee has received evidence that even moderate amounts of travel to child care centres adds considerable travel time and cost to a parent's day and is not sustainable in the long run. As one parent in northern Sydney advised the committee:
- Finally, this year, we secured a position for both girls but not at the same centre. Instead, for the first two months we endured the geographical spread of more than 25 kilometres between their centres and had to drive two cars into the CBD to get to work. Thankfully, we now have found a centre for each child, approximately four kilometres apart, but you would have no idea of the impracticality that we face even with this on a daily basis. For instance, the additional burden of dropping a second child to a second centre before and after work each day adds a timelag of around 25 minutes each day, each way. That is around an hour a day out of our lives that is unnecessarily wasted because I cannot access one service provider for both children.¹⁰
- 5.29 Child care also depends on quality. Although all approved care must meet quality standards, different centres are run by different people. Parents are entitled to be selective about where they send their children for care, especially when they are very young. If a parent does not feel comfortable about sending their child to a particular centre, then governments need to accept this. Vacancies may exist in centres where particular parents may not be convinced that they are suitable for their children.
- 5.30 The Australian Government needs to accept that more flexibility and choice is required in delivering child care to Australians. Ways to achieve this will be further considered in chapter six.

10 Watson K, transcript, 21 June 2006, p 2.

Comparisons against the OECD

5.31 In international terms, Australia's rate of female workforce participation is low. The graph below shows how Australia compares with 29 other OECD countries in relation to women of prime working age.

Figure 5.3 Labour force participation rates for women aged 25 to 54, 30 OECD countries, 2003 (%)



Source: *OECD Labour Market Statistics* viewed on 25 September 2006 at <http://www1.oecd.org/scripts/cde/members/lfsdataauthenticate.asp>.

5.32 Australia is ranked 20th out of 30. The five Scandinavian countries (Denmark, Finland, Iceland, Norway and Sweden) are all ranked in the top six. The four other English-speaking countries in the OECD (the United States, the United Kingdom, New Zealand and Canada) are all ranked above Australia as well.

5.33 In a study of women's workforce participation in 2003, the OECD found child care and tax to be key matters for attention. Australia came 23rd out of 25 countries in public expenditure on formal day care and pre-primary education as a proportion of GDP (1999 data, predating the government's changes to child care funding). Australia came 21st out of 31 countries in terms of the amount of tax paid by a second earner in a family with two children, compared with a single earner on the same income without a child (2000-01 data).¹¹

11 Jaumotte F, 'Labour force participation of women; empirical evidence on the role of policy and other determinants in OECD countries' (2004), *OECD Economic Studies*, No 37,

- 5.34 The OECD conducted a more detailed study in 2006, covering 20 OECD countries from 1982 to 2003. The main findings from the study were:
- women's participation rates are more sensitive than men's to policy settings, to all external factors;
 - paid maternity leave tends to promote full time work and reduce part time work, with the two effects largely cancelling each other out in terms of women's participation overall;
 - family payments tend to reduce female part time work but not full time work, thus reducing women's participation overall;
 - child care subsidies increase women's employment, especially when working or looking for work is a requirement for receiving them;
 - women are sensitive to where the tax burden lies; and
 - taxing second earners more heavily at income levels corresponding to part work was empirically shown to increase women's full time work at the expense of part time work.¹²
- 5.35 Access to child care is probably the single largest factor in determining female employment in the OECD. Peter Whiteford, currently the director of the OECD's social policy department, and previously the Deputy Director, Research, at the Australian Institute of Family Studies, recently stated:
- Despite the fact that everyone gets totally excited about effective marginal tax rates, comparatively speaking, this is not the problem. I think it is child care.¹³
- 5.36 This conclusion is backed up by the data. The committee received figure 5.4 in evidence (see next page).
- 5.37 Across these 20 OECD nations, there is a positive relationship between the use of formal child care for children aged nought to three and women's employment. Further, this relationship is reasonably

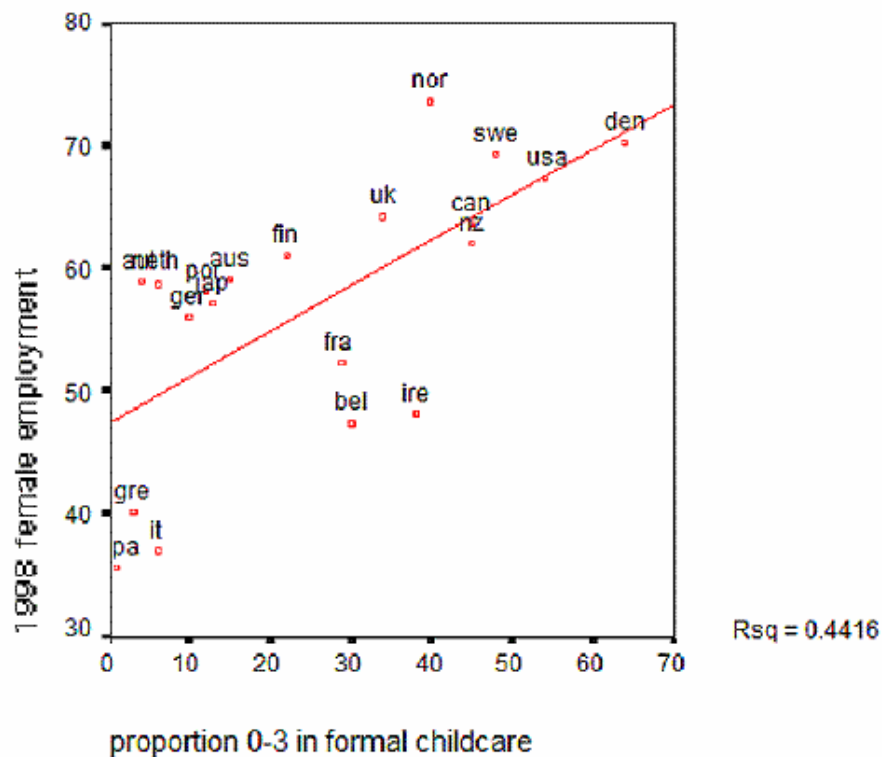
pp 58, 62, 63, viewed on 26 October 2006 at <http://www.oecd.org/dataoecd/12/39/34562935.pdf>.

12 Bassanini A and Duval R, *Employment patterns in OECD countries: reassessing the role of policies and institutions* (2006), OECD Social, Employment and Migration Working Papers, No 35, pp 43-45, 83, viewed on 21 September 2006 at <http://www.oecd.org/dataoecd/47/61/36888714.pdf>.

13 Uren D, 'Tax locks mums to home life', *The Australian*, 4 April 2006, p 4.

strong. Forty four per cent of the variation in female employment rates across these 20 countries is explained by the use of formal child care alone.

Figure 5.4 Relationship between female employment and use of formal child care, 20 OECD countries, 1998 (%)



Source: *Catholic Welfare Australia, sub 65, p 25.*

Discussion

- 5.38 The main conclusion from the data is that women's workforce participation is sensitive to policy settings because women, as the traditional carers in families, will opt out of the paid workforce when children are young if the workplace is unsupportive or the financial return on work is low.
- 5.39 Once again, the committee would like to reiterate the importance of women's workforce participation to Australia's future. The ageing of the population, combined with the fact that women will eventually hold the majority of post school qualifications, means that we need to remove all barriers to women working, where they so wish.
- 5.40 The committee commissioned Access Economics to model the effect of increased women's participation on the economy. Access found that

GDP could increase by 4.4 per cent more than that estimated by the government in the intergenerational report. As a reform initiative, increased women's participation would be placed above the 2000 tax reforms (a 2.5 per cent increase) and below national competition policy (5.5 per cent).¹⁴

- 5.41 This research confirms the committee's belief in the vital importance of women's workforce participation to Australia's future.
- 5.42 Women's workforce participation has more variation than men's. Therefore, variation in women's workforce participation should be incorporated in the Australian Government's macro-economic forecasting.
- 5.43 One example of such forecasting is the inter-generational report, which the government is required to release at least once every five years under section 2(4) of the *Charter of Budget Honesty Act 1998*. The first report was released in 2002. It includes some sensitivity analysis of how the government's financial position would change over time for different rates of male employment.¹⁵ The document discusses its assumptions for women's workforce participation, but does not conduct sensitivity analysis on this.¹⁶
- 5.44 However, it is clear that women's workforce participation is more sensitive to policy changes and, as chapter one showed, it has changed more than men's participation rates over the last 30 years. Although a sensitivity analysis of men's rates is not without value, such an analysis of women's participation rates is more important because their employment patterns are more variable.
- 5.45 The committee commissioned research from Access Economics on the relationship between women's workforce participation and economic output. In their analysis, Access commented that women's employment has risen more quickly than predicted by the 2002 intergenerational report.¹⁷

14 Access Economics, Appendix D, p iii.

15 Sensitivity analysis is a way of testing the importance of an assumption in modelling or forecasting. The assumption to be examined is varied by a certain amount (eg increased or decreased by 10 per cent) and the results re-calculated. The greater the variation in the final result, the more significant the assumption.

16 Hon P Costello MP, *Intergenerational Report 2002-03* (2002), 2002-03 Budget Paper No 5, pp 26-28, 71-74.

17 Access Economics, Appendix D, p 10.

- 5.46 Given that the last intergenerational report was released in 2002, the next report should be released in 2007. The committee believes it is important that the next intergenerational report include sensitivity analysis of the assumptions made about women's workforce participations.

Recommendation 4

- 5.47 **The Department of the Treasury, for the 2007 and subsequent intergenerational reports, ensure that the analysis of women's workforce participation includes sensitivity analysis and is at least as rigorous as the analysis of men's workforce participation**
- 5.48 This section has made the case for the pre-eminent role of child care in helping women work. The later chapters of the report will present the committee's policy proposals for innovative, flexible, affordable child care. The remainder of this chapter will examine workplace issues.

Work practices and culture

Introduction

- 5.49 There is a myriad of work arrangements that can help employees look after their families while still getting their work done. The OECD has made a compilation of over 20 family friendly work arrangements under four main categories.¹⁸
- 5.50 The first category of family friendly work arrangements is leave from work for family reasons. This includes:
- emergency leave, for example to look after a sick child;
 - additional maternity leave beyond the statutory minimum;
 - paternity leave;
 - career break; and

18 Evans J, *Firms' contributions to the reconciliation between work and family life* (2001), OECD Labour Market and Social Policy Occasional Papers, No 48, p 41, viewed on 25 October 2006 at <http://ideas.repec.org/p/oec/elsaaa/48-en.html>.

- leave to look after an elderly relative.
- 5.51 The second category is changes in work arrangements for family reasons. These are:
- part time work;
 - flexible hours, provided some weekly or monthly aggregate is met;
 - working during term time (to look after children during the holidays);
 - job sharing (two employees working different days to fill the full time requirements of a job); and
 - working at home.
- 5.52 The third category of family friendly arrangements is help with caring responsibilities. These comprise:
- workplace nursery;
 - financial subsidy for child care or elder care;
 - breast feeding or lactation facilities;
 - a workplace parent support group; and
 - having a telephone at work to use for family reasons.
- 5.53 The final group is information and training. It includes:
- maternity packs with information on maternity pay and leave;
 - policy of informing staff of benefits available and encouraging their use;
 - additional support information, such as child care locations;
 - contact during maternity leave and career breaks; and
 - refresher courses and retraining while returning to work.
- 5.54 For a family or parent who has a strong network of extended family or contacts in their local community, many of these work arrangements may not appear important. However, due to demographic changes and increased relocation, many families and parents do not have these support networks and need the extra help of these work arrangements.¹⁹ This report will now demonstrate just how important these arrangements are.
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19 Boerma B, Catholic Welfare Australia, transcript, 19 April 2005, pp 30-31.

What can go wrong in the workplace?

- 5.55 During the inquiry, the committee took evidence from a number of witnesses who were dealt with harshly by their employers when they tried to modify their work practices to help them meet their caring responsibilities. In other words, their workplaces refused to recognise their family life.
- 5.56 Almost all these witnesses were women.
- 5.57 The Australian Bureau of Statistics recently released its survey on how pregnancy affects women's work, both before and after the birth of their child. The survey questioned birth mothers who had children under two living with them (467,000 women in total). Unfortunately, many women still experience difficulties in the workplace due to pregnancy and when they return to work after the birth of their child.

Table 5.4 Difficulties in the workplace: women who worked while pregnant, 2005

	Number	Proportion
	'000	%
Experienced difficulties in the workplace		
Received inappropriate or negative comments	24	9
Missed out on training or development opportunities	22	9
Missed out on opportunity for promotion	18	7
Given different duties without consultation	11	4
Received less favourable account of work performance	10	4
Hours of work reduced without consultation	7*	3*
Demotion	5*	2*
Other difficulties	12	5
All who experienced difficulties in the workplace	56	22
Did not experience difficulties	197	78
Employees (excluding owner managers)	253	100
Owners of incorporated or unincorporated businesses	42	NA
Total	294	NA

Source: Australian Bureau of Statistics, *Pregnancy and Employment Transitions*, Australia, 2005 (2006), Cat No 4913.0, Table 7, viewed on 23 October 2006 at <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/4913.0Nov%202005?OpenDocument>
 Respondents may have experienced more than one type of difficulty. * indicates relative standard error of 25% to 50% and should be used with caution. NA indicates not applicable.

- 5.58 The first observation from the table is that 22 per cent of pregnant female employees experienced difficulties in the workplace. The committee regards this level of workplace difficulty as unacceptable. It places a needless burden on women. It could also reduce national

productivity by deterring women, many of whom are highly qualified, from participating in the workforce.

- 5.59 The second observation is that, for some women, pregnancy has direct costs to their career. Nine per cent of working pregnant employees missed out on training and development and seven per cent missed out on promotions. The committee once again regards this level of workplace difficulty as unacceptable (see table 5.4).
- 5.60 The Australian Bureau of Statistics recently published data on how employees manage their caring responsibilities in New South Wales. The reasons why employees could not use work arrangements for caring are given in table 5.5.

Table 5.5 Reasons why employees could not use work arrangements for caring, New South Wales, 2005

	By employees who already had access to arrangements		By employees who did not have access to arrangements	
	'000	%	'000	%
Work commitments	27.1	24.4	9.0	14.5
Nature of work	26.9	24.3	12.8	20.7
Arrangements not adequate	26.8	24.2	20.4	33.0
Thought would be refused	15.9	14.4	5.9*	9.5*
Not paid for time off	13.3	12.0	6.7*	10.9*
Subtle pressure at work	9.6	8.6	5.4*	8.7*
Asked but refused	4.9*	4.4*	7.6*	12.3*
Other reasons	7.2*	6.5*	5.9*	9.6*
Don't know	6.7*	6.0*	NA	NA
Total	111.0	NA	61.7	NA

Source: Australian Bureau of Statistics, *Managing Care and Work, New South Wales, 2005 (2006)*, Cat No 4912.1, pp 11-12. * is standard error of 25% to 50% and use with caution. ** is standard error greater than 50% and too unreliable for general use. Figures do not sum to total because employee could have had more than one reason. Left hand columns refer to workers who would have liked to use arrangements more. NA indicates not applicable.

- 5.61 In the case of workplaces where employees already had some access to working arrangements to care, the most common reasons why they could not access them more were work commitments, the nature of the work, or the arrangements were insufficient. In workplaces where the arrangements were not available, the most common reason why workers could not access them was because the arrangements did not exist, which would be expected.
- 5.62 'Subtle pressure at work' and 'thought would be refused' were more likely to be cited at workplaces where employees already had the

arrangements. Reflecting this result, the response 'asked but refused' was more likely in workplaces that did not have the arrangements. These statistics suggest that there is a significant number of workplaces where arrangements may be officially available, but implementation falls short.

- 5.63 Outlined below are some examples of the difficulties women face in maintaining their careers after the birth of a child in some of the less supportive workplaces.

Anne Gardiner

- 5.64 Anne demonstrated to the committee how employees can be adversely affected by the personal attitudes of their supervisor:

...in 1998 I commenced a job share arrangement in a public sector management position. This job share lasted for more than a year and was so successful that it was cited in a document published by the NSW Premier's Department in 2000 titled "Strategies for Flexible Workplace Arrangements". The document was accompanied by Memorandum No 2000-10 from the Premier recommending such flexible workplace arrangements to all Public Sector CEOs.

Several years later, due to carer responsibilities, I once again asked to job share the same position. I was advised by new management that my position was too senior to job share.

Such blatantly inconsistent decision making undermines the relevance of these policies.²⁰

Jody Duncan

- 5.65 Jody recounted to the committee the difficulties she had in negotiating with her employer her return to work after the birth of her first child. Jody did not wish to work full time, so arranged a permanent part time position of two days per week with her employer:

After accepting my position the company then placed an expectation on me to perform various interstate trips to conduct interstate training sessions in Darwin as well as various other trips including Melbourne and Brisbane. These trips were for periods over and above my agreed two days of

20 Gardiner A, sub 30, p 1.

work and at times were up to five days. This ultimately left me in an impossible situation, as I had confirmed two days child care arranged for my son. My husband worked full time and I have no family support network to assist with child care.

In desperation I attempted to negotiate some workable solutions. However, these suggestions were dismissed outright without further discussion. My team leader and the company gave me an ultimatum to perform the travel requirements verbally and compared my child care issues to that of looking after a dog. I was therefore forced to resign from my position due to family responsibilities. I was personally and professionally devastated.²¹

- 5.66 Jody had nine years experience with the firm, a prominent travel retailer. Her roles included account manager, recruitment manager for South Australia and the Northern Territory, and state sales manager for insurance products. Her supervisor's reference to 'looking after a dog' suggests to the committee that Jody's treatment was based more on ingrained culture, rather than a cost-benefit analysis of the value of her skills, expertise and corporate knowledge to the business.
- 5.67 Jody Duncan found new employment with a previous supervisor. She stated in evidence:
- My new employer has been extremely supportive and, as a family man, completely understands my worth and my family responsibilities.

Annabelle Harvey

- 5.68 Annabelle wanted to return to work, this time keeping the two days a week that she worked before the birth of her child. She approached the Working Women's Centre in Adelaide to determine whether she could reasonably propose to her employer that she work from home. The Centre agreed she could, so Annabelle developed a proposal with the Centre and approached her employer. The employer rejected her proposal:
- The non-government organisation – funded by the government – that I worked at funds a full-time position and

21 Duncan J, transcript, 4 May 2006, p 61.

a part-time position, which I held. Its mandate was to provide information, support and referral for people with eating disorders, their carers and the community in general. Ninety-five per cent of that work was done via email and over the telephone. Any face-to-face work was done via appointment, and the number of drop-ins would have been about one per month. So the executive decided that the office needed to be manned at all times, and thus rejected my proposal to work from home.

For the last three years that I worked there, there were many times that the office was not manned. The one full-time employee was out attending meetings, so the office was frequently manned by the answering machine. Their being intent on having this office manned seemed like a very bureaucratic response to our mandate and did not consider the reality of the job that I did, which was covered mostly by phone and email... They needed me in the office.²²

- 5.69 It appears that some workplaces are basing employment decisions about what has traditionally been done, rather than the 'reality of the job' in question.
- 5.70 These instances hurt the women involved and can dissuade these women's colleagues from having children or encourage them to delay their decision to start a family further.²³
- 5.71 The committee would like to express its appreciation to the people who gave public evidence on these difficult topics. After talking face to face with these witnesses, the committee was impressed by the effort they put into their paid and domestic work, both of which were important to them.

Workplace better practice

- 5.72 The committee received evidence from employers who were proud to offer family friendly environments. The Benevolent Society stated that 89 per cent of their staff has reported that their manager is supportive when they wish to alter their hours to deal with a personal situation.²⁴ The ANZ Bank stated that work and family issues 'has a relatively

22 Harvey A, transcript, 4 May 2006, pp 62-63.

23 Edmonds-Wilson E, sub 77, p 2.

24 The Benevolent Society, sub 80, p 7.

senior positioning within the bank'. The executive in charge of work and family reports directly to the bank's CEO.²⁵

5.73 The Centre for Women's Studies and Gender Research at Monash University noted that women who had three or more children 'very often cited their supportive work circumstances as central to their decisions about having a second or third child'.²⁶

5.74 Combined with Professor McDonald's evidence, this suggests that women who work, and do so in supportive workplaces, are more likely to realise the number of children they would like to have.

Use of family friendly arrangements

5.75 The committee is not aware of any comprehensive Australian statistics on who is using family friendly arrangements across the whole spectrum of caring responsibilities, including children older than two and disabled and elder care. The Australian Bureau of Statistics has, however, published recent statistics on this topic for New South Wales. The results are reproduced in table 5.6.

Table 5.6: Employees who care, work arrangements used, New South Wales, 2005 (%)

Work arrangement used	Men	Women	Persons
Paid leave (all types)	57.8	47.5	52.0
Flexible working hours	34.8	37.6	36.4
Rostered days off	19.1	13.4	15.9
Unpaid leave	10.8	17.0	14.3
Informal arrangement with employer	11.4	13.5	12.6
Part time work	1.6*	17.1	10.3
Working from home	10.8	7.8	9.1
Casual work	4.1	12.5	8.9
Shift work	8.3	5.4	6.6

Source: Australian Bureau of Statistics, *Managing care and work, New South Wales, 2005 (2006)*, Cat No 4912.1, p 8. Paid leave includes all types of paid leave, including maternity leave. * indicates relative standard error or 25% to 50% and should be used with caution.

5.76 Although practices in New South Wales are not a precise sample of the situation in Australia, they do give some indication of what is occurring nationally. The two initial points from the table are that men are more likely to use paid leave and rostered days off, whereas women are more likely to use unpaid leave, part time work and

25 Freeman S, transcript, 2 August 2005, p 11.

26 Centre for Women's Studies and Gender Research, sub 79, p 5.

casual work. The committee's conclusion is that women are more likely to use arrangements that come at a cost to their career.

- 5.77 The Bureau also noted that rates of use are higher in the public sector, compared with the private sector. Of employees with caring responsibilities, both men and women in the public sector are 56 per cent likely to use work arrangements to care. In the private sector, however, the rates drop to 48 per cent for women and 37 per cent for men.²⁷ This result suggests that the differing attitudes to workforce participation between men and women are more strongly displayed in the private sector. This is probably due to more supportive workplaces in the public sector as the government is meant to be a model employer.

Australian Workplace Agreements and WorkChoices

- 5.78 There has been considerable debate in the community about the government's new industrial relations system, WorkChoices.²⁸ These changes reduce the number of minimum conditions under federal awards to five matters and place more responsibility on employees and management to negotiate pay and conditions themselves.²⁹
- 5.79 The argument against the government's legislation is that many employees do not have the bargaining power or expertise to negotiate these matters effectively.³⁰
- 5.80 The opposing argument is that with a tight labour market and an ageing population, demand for labour will remain high, giving employees sufficient bargaining power.³¹ In the case of Australian Workplace Agreements (AWAs), employees also have the right to have a third part bargain on their behalf.³²
- 5.81 The committee received evidence during the inquiry about AWAs. In particular, the debate concerned whether AWAs were delivering

27 Australian Bureau of Statistics, *Managing care and work, New South Wales, 2005* (2006) Cat No 4912.1, p 8.

28 For example, see the ACTU's website at <http://www.rightsatwork.com.au>.

29 Maximum hours per week, minimum rates of pay, personal and carer's leave, unpaid parental leave, and paid annual leave.

30 Gittins R, 'WorkChoices' class war'; *The Sydney Morning Herald*, 21 November 2005, p 24.

31 Richardson C, 'What's eating up our time?', *About the House*, May 2005, p 17.

32 Workplace.gov.au, 'Negotiating a family friendly agreement', viewed on 5 December 2006 at <http://www.workplace.gov.au/workplace/Category/SchemesInitiatives/WorkFamily/Negotiatingfamilyfriendlyagreement.htm>.

enough family friendly arrangements to employees. The Department of Employment and Workplace Relations argued that:

Agreement-making at the workplace and enterprise level is particularly suited to tailoring working arrangements in ways that assist employees to balance work and family responsibilities. Increasing numbers of organisations have found that agreement-making provides a wide variety of options for new and innovative initiatives that benefit both employees and the business.³³

5.82 The alternative view was put by the Women's Electoral Lobby and the National Pay Equity Coalition:

Over time we have been involved in submissions to the industrial commission and the Federal Parliament on having such things introduced as paid maternity leave, access to rights to return to part time work, superannuation and equal pay. We have had all those sorts of things put into awards and agreements. We are very concerned that the current government policy will move people away from those awards and agreements and force them onto individual contracts, Australian Workplace Agreements. Studies that we look at indicate to us that work and family provisions are neglected in those agreements. We are concerned that women will miss out.³⁴

5.83 The most recent data available on family friendly provisions in AWAs is from 2002 and 2003, represented in table 5.7.

5.84 At first glance, these figures appear low. However, the picture may be more complicated. Firstly, it is possible that staff are able to make informal negotiations about family friendly arrangements, outside what was agreed in the AWA. The Australian Institute of Family Studies stated in evidence that men, in particular, are more likely to informally negotiate an arrangement than use something formally established.³⁵ Further, these arrangements may only be sought after by working carers, who are a subset of all employees.

33 Department of Employment and Workplace Relations, sub 53, p 22.

34 Suzanne, community statements, transcript, 2 August 2005, p 52.

35 Hayes A, transcript, 2 August 2005, p 41.

Table 5.7 AWAs with specific work and family provisions, 2002 and 2003 (%)

	AWAs with the provisions
Family or carer's leave	25
Paid family or carer's leave	24
Sick leave able to be taken as family leave	17
Parental leave	24
Paid maternity leave	8
Paid paternity leave	5
Paid adoption leave	4
Option for additional maternity leave	1
Purchased leave scheme	4
Bereavement leave	49
Paid bereavement leave	47

Source *Barbara Pocock, 'The Impact of The Workplace Relations Amendment (Work Choices) Bill 2005 on Australian Working Families, viewed on 30 November 2006 at <http://www.barbarapocock.com.au/documents/IRVBillPaper.doc>.*

5.85 The Human Rights and Equal Opportunity Commission added another view on AWAs. If they tend to promote longer working hours, then employees will have less time for their families:

Some research suggests that agreement making through certified agreements, and particularly AWAs, while generally containing provision for family friendly working arrangements, tend in fact to make balancing work and family responsibilities more difficult for employees because they commonly also include provisions which expand the hours of ordinary work both during the week and on weekends, and reduce penalty and overtime rates. A survey on AWAs conducted for the Office of the Employment Advocate found evidence that AWAs were being used less to enhance work and family balance than to extend working hours so that enterprises' trading hours could be increased.³⁶

5.86 Until recently, the Office of the Employment Advocate was publishing research on the removal of award provisions from AWAs. At recent Senate Estimates hearings, however, the Employment Advocate advised that, due to concerns about the methodology used

36 Human Rights and Equal Opportunity Commission, *Striking the balance: Women, men, work and family* (2005), Discussion Paper, p 91.

by his office, this practice has been discontinued.³⁷ Some of these items would be family friendly provisions.

- 5.87 In view of the uncertainty about the effects of AWAs on family friendly arrangements, the committee believes that it is necessary to evaluate same. The Australian Government has committed to evaluate Welfare to Work.³⁸ The committee considers it would be appropriate to evaluate the effects of AWAs and WorkChoices on family friendly arrangements. To ensure that the evaluation is independent and has the necessary expertise in family issues, the committee recommends that it should be conducted by the Australian Institute of Family Studies.

Recommendation 5

- 5.88 **The Australian Institute of Family Studies be funded to evaluate and report on the immediate and long term effects of AWAs, awards and certified agreements on how employees balance their work and family responsibilities.**

- 5.89 A topic related to access to family friendly arrangements in the workplace is whether women are likely to be paid less for doing the same work as men. Using data from the HILDA survey, Hiau Joo Kee demonstrated that women continue to be paid less than men for doing the same work by, on average, 15 per cent. In the public sector, this wage gap is spread over all income ranges. In the private sector, it is concentrated at high incomes, suggesting a glass ceiling.³⁹

- 5.90 The committee is concerned about this inequality. Not only do women have primary responsibility for raising children in families, but their employment enables them to have children. Being paid less for doing work of equal value as men is holding Australia back. At the minimum, this pay gap should be monitored and regular workplace surveys are a useful way of achieving this.

37 Rollins A, 'AWAs: accusations of cover-up' *Australian Financial Review*, 3 November 2006, p 22.

38 Australian Government, Budget 2005-06, 'Employment and workplace relations: Welfare to Work reform package 2005' viewed on 9 November 2006 at <http://www.budget.gov.au/2005-06/bp2/html/expense-09.htm>.

39 Hiau Joo Kee, 'Glass ceiling or sticky floor? exploring the Australian gender pay gap' *The Economic Record* (2006), vol 82, pp 408-27.

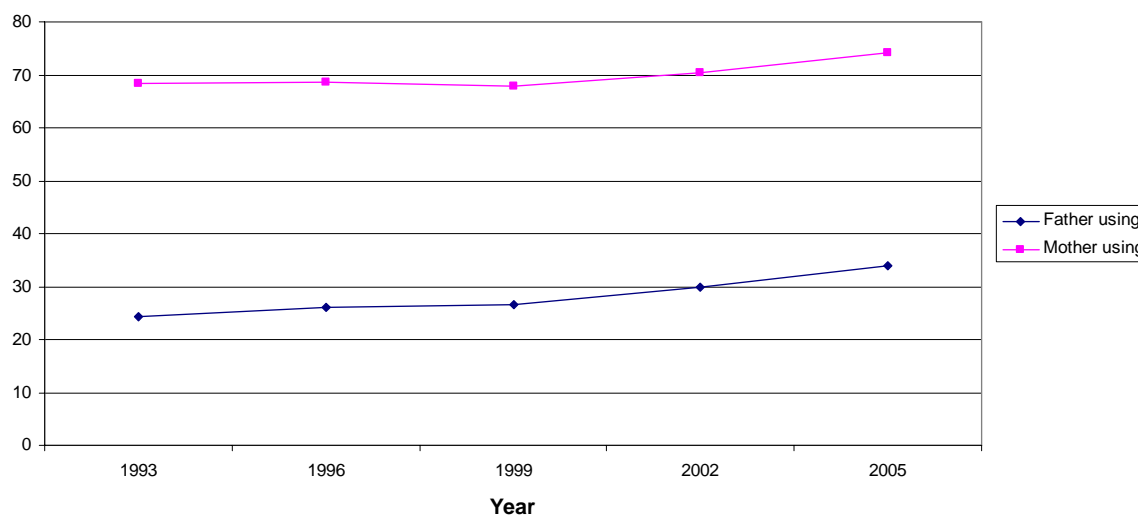
Recommendation 6

5.91 **The Australian Workplace Industrial Relations Survey (last conducted in 1995) be repeated and then conducted on a five year cycle. The survey should also collect the necessary data to assess whether women are paid the same as men for doing work of equal value, before and after the birth of their children.**

Are family friendly arrangements changing over time?

5.92 Although the Australian Workplace Industrial Relations Survey has not been updated since 1995, the Australian Bureau of Statistics has been keeping some time series data on child care arrangements since 1993. The first graph examines the behaviour of parents.

Figure 5.5 Parents using work arrangements to care for a child (%)

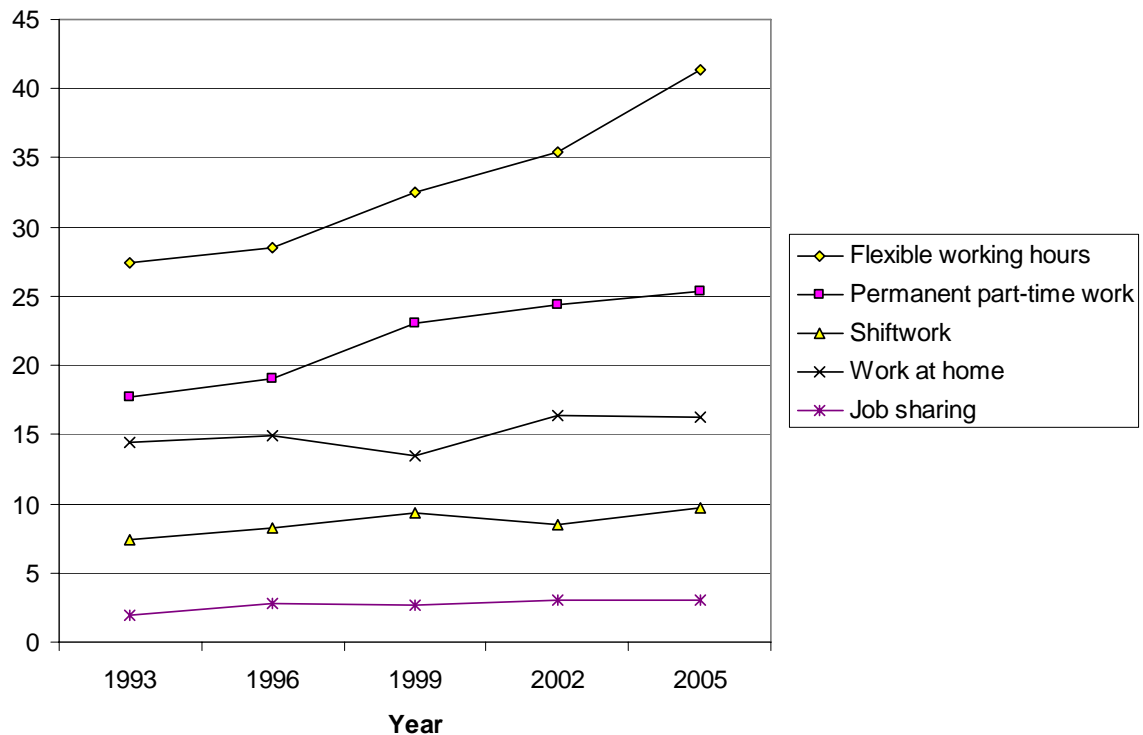


Source: Australian Bureau of Statistics, *Child Care Australia 2005 (2006)*, Cat No 4402.0, p 46 and Centre for Applied Social Research, RMIT University, sub 26, p 32.

5.93 The figure shows that women are much more likely to use family friendly work entitlements and/or arrangements to care for a child than men. It also shows, however, that both men and women are becoming more likely to do so. Although coming off a small base, the number of men using work arrangements to care for a child has increased by 34 per cent. It appears that both men and workplaces are changing their attitudes to family friendly arrangements.

5.94 The next graph examines what arrangements are being used to care for a child.

Figure 5.6: Work arrangements used by parents to care for a child (%)



Source: Australian Bureau of Statistics, *Child Care Australia 2005 (2006)*, Cat No 4402.0, p 46 and Centre for Applied Social Research, RMIT University, sub 26, p 32. There is an additional category 'other' which ranges from 1.5 per cent to 3.3 per cent.⁴⁰

5.95 As the graph shows, the most common work arrangement used is flexible working hours and its use is increasing more rapidly than any other arrangement. The second most common arrangement is part time work, and this is also increasing. The other arrangements show gradual increases. This data demonstrates that many people are not necessarily interested in working less to care for their children, but wish to manage work and family around each other.

40 The data in this graph is not fully comparable with the data from the New South Wales survey earlier in the chapter. This survey covers all of Australia but is limited to where parents care for children. The earlier survey is limited to New South Wales but covers all caring situations.

How are workers adapting?

- 5.96 It is clear to the committee that the traditional career path is not suitable for some parents who wish to get the most out of their work and family lives. Chapter three demonstrated that the cost to a woman's career of having a child is high and the same would most likely apply to men who took time away from their career to care for their family.
- 5.97 Instead, the committee has received evidence that parents, especially women, are now thinking more flexibly about their careers. In its managing care and work survey for New South Wales, the Australian Bureau of Statistics reported that, of all carers who were self employed, 18 per cent of those women became self employed to make caring easier. The figure for men was six per cent, which made the average for persons overall 10 per cent.
- 5.98 Over time, women are making an increasing contribution to the Australian economy through the small business sector. In the five years to 2003, there was a 20 per cent increase in the number of women running home businesses.⁴¹ Further, women owned businesses are growing at twice the rate of male owned companies.⁴²
- 5.99 The committee received a number of examples in evidence of how women reach this decision and how they implement it. The CEO of motherInc, which produces an online magazine for mothers stated:
- ...the only reason I could continue working was that I had the skills to re-create my career. I find for a lot of women your solution is to almost re-create how you work or it becomes an issue. I work online because I cannot actually work normal hours. I have a young son who is at school ... he had an injury on the sports field and I had to leave and drive right across the city to get him because he was in a bit of a bad state. My job means that I can work at night and I can work on weekends. In fact, it is the only way I can create my income.⁴³
- 5.100 Karen Davies from Perth gave the committee two examples of how a mother can combine managing a family and a small business. The first example was her own IT business:
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41 Macken D, *Oh no, we forgot to have children* (2005) Allen & Unwin, p 194.

42 Sherry A, 'Contact required in female corporate exodus' *Australian Financial Review*, 11 July 2006, p 59.

43 Keech C, transcript, 13 March 2006, p 36.

It has been going for almost eight years. That happened within six months or so of me having my first child. This was pre the dotcom crash. It was a small, very developing area of my career before I finished work. I began training myself in it while I was looking after my child and then someone asked me to do some work, and some more and some more, and so now it is a business. It is part time; it fits in around the children. It certainly does not use my scope of experience from before I had my son, but it would not be possible for me to work in the job that I had before.⁴⁴

- 5.101 Ms Davies' second example was of a mother in Sydney who started a local newspaper and looked after her children simultaneously:

She literally put a seven-month-old baby in a stroller and wheeled him up and down Darling Street in Balmain and started a paper. She since has sold that to a multinational publishing company. Her children are older now and she is back being employed as a senior editor. But the only reason it worked for her was that she did it on her terms. For the first few years they published out of her garage and they were subediting with children crawling around on the floor underneath them. She employed her staff on the basis that they would understand that there is a playpen in the corner and they needed to put up with that. I do not think you would get away with that in larger, more traditional corporate organisations.⁴⁵

- 5.102 It appears that starting up a business is not necessarily the first choice for these women, but they do so in order to meet the financial and caring demands of their family. After all, the most common reason for women to return to work with a young child is financial. This behaviour is consistent with the research of Suzanne Bianchi, who suggests that women operate in a similar way to sweepers in a soccer team, attending to whatever issue is the most important at any particular point in time.⁴⁶

- 5.103 Not everyone, however, wishes to start a business. The alternative is part time and casual work. The Productivity Commission has noted that:
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44 Davies K, transcript, 30 June 2006, p 29.

45 Davies K, transcript, 30 June 2006, p 33.

46 Bianchi S, 'Maternal employment and time with children: dramatic change or surprising continuity?' (2000), *Demography*, vol 37, pp 139-54.

For one in four families, non-traditional work [casual, self-employed contractors, fixed-term employees and labour hire employees] is the main source of wage income. Such families are found in all income deciles, indicating that reliance on non-traditional work for wage income is not synonymous with low family income.⁴⁷

- 5.104 The Australian Institute of Family Studies has argued that this sort of work gives mothers the flexibility they need to return to the workforce.⁴⁸ However, the committee has demonstrated earlier that casual and part time work significantly depresses a woman's earnings and career. The next question to consider is what work arrangements people prefer.

What arrangements do workers want?

- 5.105 The New South Wales managing care and work survey gives a useful overview of what arrangements are most preferred. This survey focuses on employees in New South Wales with the full range of caring responsibilities (elder, disability and children).
- 5.106 The Bureau reports that there are 1.163 million employees in New South Wales with caring responsibilities. Of these, 111,000, or 9.5 per cent, had access to work arrangements to care but would have liked more. A further 61,700, or 5.3 per cent, did not have access to work arrangements but would have liked to.⁴⁹
- 5.107 The Bureau also reported that, of the 172,700 people who had unmet demand for caring arrangements, 75,800, or 43.9 per cent, could not access care arrangements either due to work commitments or the nature of their work made using the arrangements difficult.⁵⁰ In the view of the committee, these are legitimate reasons for an employee not to be able to use work arrangements to care.
- 5.108 Overall, it appears that well over a majority of working carers have access to the work arrangements for caring that they require.

47 Productivity Commission, *The role of non-traditional work in the Australian labour market* (2006), Commission Research Paper, p xviii.

48 Cooke D, 'Mothers opt for autonomy, control over hours' *The Age*, 24 October 2006, p 3.

49 Australian Bureau of Statistics, *Managing care and work, New South Wales, 2005* (2006), Cat No 4912.1, pp 3, 11-12.

50 The 75,800 people are derived from adding the categories of 'work commitments' and 'nature of work makes using difficult' at Australian Bureau of Statistics, *Managing care and work, New South Wales, 2005* (2006), Cat No 4912.1, pp 11-12.

Table 5.8: Work arrangements preferred by employees for caring, New South Wales, 2005

	By employees who already had access to the arrangements		By employees who did not have access to the arrangements	
	'000	%	'000	%
Paid leave	47.7	43.0	21.5	34.7
Flexible working hours	32.8	29.6	15.2	24.6
Unpaid leave	10.0	9.0	5.9*	9.5*
Working from home	7.3*	6.6*	9.9	16.1
Rostered day off	6.3*	5.7*	4.0*	6.5*
Informal arrangement	6.2*	5.6*	3.2*	5.3*
Shift work	3.8*	3.5*	1.3**	2.0**
Part time work	3.2*	2.9*	4.8*	7.7*
Casual work	2.7*	2.4*	1.8*	3.0*
Other	1.4**	1.3**	6.7*	10.9*
Total	111.0	..	61.7	..

Source: Australian Bureau of Statistics, *Managing care and work, New South Wales, 2005 (2006)*, Cat No 4912.1, pp 11-12. Paid leave includes all types of paid leave, including maternity leave. * indicates relative standard error of 25% to 50% and should be used with caution. ** indicates relative standard error of over 50% and is too unreliable for general use. Percentages do not add up to 100 because an employee could select more than one type of arrangement. Left hand columns refer to workers who would have liked to use arrangements more.

5.109 Paid leave is the most sought after arrangement in New South Wales, but this is not surprising given that parents are being paid while absent from work. The form of paid leave with the highest profile is paid maternity leave, which will be discussed later in the chapter.

5.110 The arrangement with the second highest level of demand is flexible working hours. Unlike paid leave, it imposes few direct financial costs on employers. The committee has already discussed the evidence which suggests that women are prepared to start up their own business because of the flexibility it gives them. Recent research by psychologists suggests that flexible working hours has great potential in workplaces because people don't necessarily want to sacrifice their career because of family caring responsibilities:

One interpretation of this research is that the label 'work/life balance' may not be the most appropriate. Many people imagine work/life balance refers to a quieter life, working fewer hours, and achieving greater separation between work duties and life/family duties. We would suggest this isn't what most people want. Employees seem to be very willing to work long hours in a job they love, so long as they have some control over where and when they work. Employees want the flexibility to leave work early to pick up the kids or do some

banking, and many are quite willing to replace the lost hours by working at nights or on the weekend...

Peace [a quieter life] may be a legitimate goal for ethical or moral reasons, or in an attempt to reduce direct costs associated with stress claims. We may, however, be doing ourselves a disservice, as individuals and as a profession, if we continue to argue that peace is a primary method for enhancing productivity, morale, attraction and retention.⁵¹

- 5.111 The demand for flexible working, and the productivity gains it promises (since carers don't have to compromise their careers), contrast against part time work. Only 8,000 workers in New South Wales wanted greater access to part time work, compared with 48,000 who wanted more flexible hours. Six times more people wanted flexible working compared with part time work.
- 5.112 Further, the committee received considerable evidence that part time work has many disadvantages. In evidence, the ACTU confirmed that women look for part time work as a way of combining work and family, but this can detract from their career because they move out of their chosen field:

In order to take up part-time work, they take up work in the areas where part-time work is concentrated – that is, in the hospitality and retail industries, which are low-paid and casual jobs. The penalty of motherhood is moving into those casual jobs...⁵²

- 5.113 One witness told the committee, 'I cannot help but feel that in reality part-time work and meaningful employment are mutually exclusive concepts'.⁵³

- 5.114 The committee has earlier dealt with the cost to women's careers of entering into part time work. In short, their careers are on hold until they return to full time work. The Women Lawyers' Association of New South Wales provided further evidence to the committee on this:

Most women the private industry [private legal practice] were so grateful that there was any part time work available

51 Langford P, Parkes L, 'Peace, passion and progress: are they compatible?' *InPsych Highlights*, June 2006, viewed on 14 September 2006 at http://www.psychology.org.au/publications/inpsych/12.2_158.asp

52 Bowtell C, transcript, 3 August 2005, p 4.

53 Watson K, transcript, 21 June 2006, p 4.

to them that they simply did not consider themselves to be in a position to negotiate any kind of pay increase...

It is usual for a female employee in private practice to have her career prospects and her income plateau from the date upon which she announces her pregnancy until she returns to full time employment.⁵⁴

- 5.115 Another criticism of part time work is that, in many cases, staff do not do any less work than their previous full time job, and they are expected to do it over fewer days:

When I returned to work after my first baby, I worked part-time for three days per week. While my supervisor was very supportive, I essentially found myself working a full-time job in three days per week, and being paid accordingly. This caused me stress which manifested in my family life and I also undertook unpaid work in evenings and weekends to keep up.⁵⁵

- 5.116 Further, staff are sometimes expected to be available during their days off when they are meant to be undertaking their caring roles:

There is one girlfriend of mine who technically works part time. She is in a very senior role in Sydney and she is constantly called in on her off day, which means she then has to drop everything...

She is encouraged not to bring the child to work, even if it is a one-hour urgent meeting that cannot possibly wait. She constantly feels in debt. She is always slightly out of breath, having to keep up with it all. There is an idea that just because she is off on Friday, she is not doing anything, and she is available on the phone and she is available to check her email. There is a mentality that she must just be doing personal stuff. Personal stuff happens to be work as well. She is shopping, she is cooking, she is cleaning, she is child-caring. So that is very difficult.⁵⁶

- 5.117 It appears that part time work is a second-best choice for some parents in managing work and family. Flexible working hours offers
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54 Carr B, transcript, 13 March 2006, p 55.

55 Name suppressed, sub 95, p 2. See also Caroline, community statements, transcript, 4 May 2006, pp 64-65 and Waldock J, Association of Professional Engineers, Scientists and Managers Australia, transcript, 3 August 2005, p 29.

56 Davies K, transcript, 30 June 2006, p 31.

much more to parents and, if managed well by the employer, should impose few costs on them as well.

What does a flexible workplace look like?

5.118 To some extent, it is difficult to prescribe what makes a flexible workplace because the workforce in each business and organisation will be different, as will be the clients and locations. Perhaps the best way of addressing this problem is through examples. The Centre for Women's Studies and Gender Research at Monash University described how one simple arrangement made a large difference for one mother:

One of the stories that stuck out for me was about a woman from down Gippsland way who worked as a horse coper – I think that is the term. The substantive thing for her was that her employers did not mind if her child got off the school bus at four o'clock in the afternoon and came and hung around with her for the two hours that were needed to put the horses away or finish up. It was a very simple thing. She was parent raising a child alone. She did not have access to any other care. It made a huge difference to her financially and also in terms of her profession.⁵⁷

5.119 Car safety restraint manufacturer Autoliv Australia provides a range of pay and leave arrangements to its staff, who are predominantly women. The firm's CEO, Robert Franklin, also offers flexibility:

In the manufacturing environment, there is a belief that everyone needs to have the same start and finishing times. But who says? We need to change the thinking! I don't let staff decide their individual start and finishing times, but I do give them choices. I say, 'if you want to start at 6 am, you can work in this area' and 'if you want a shorter shift, then perhaps you should work in that area'.

Traditionally, operations like ours have always been run like a huge 'sausage' machine, with all the processes linked and dependent on each other. What I've created is a whole lot of smaller factories within the bigger one – and I'm letting people reconfigure their 'factories' all the time so that they have more flexibility and choice. Having choices makes the

57 Maher J, transcript, 10 April 2006, p 45.

employees feel better and it delivers a better bottom-line, so I feel good about it too.⁵⁸

5.120 Between 1997 to 2004, Autoliv Australia's turnover grew from \$50 million to \$260 million. Its employee turnover rate is below two per cent per annum and absenteeism averages below three per cent. These management practices appear to be delivering Autoliv Australia solid business performance.

5.121 Sara Lee Household and Body Care Australia also offers flexible working hours:

Probably our most popular reform has been our flexible working hours. People here can start earlier and finish earlier, for instance, or start later and finish later...

One challenge, however, was getting all our managers to accept the flexibility of working hours, such as early starts and finishes. A parent with young children, for instance, might be in a meeting and say 'I have to go at four to pick up my child'. Some managers found these constraints difficult to deal with at first. Of course once you take it on board and plan accordingly, you schedule meetings differently. We now tend to hold meetings during core business hours (10 am to 4 pm).

Of course, the advances in technology have been fantastic too - they've made a huge difference. All our managers have laptops and if they want to file that report from the side of a swimming pool while their children have swimming lessons, I don't care. Every person in the company has set goals and objectives and as long as they deliver - and they do - I don't care how they do it.⁵⁹

5.122 Sara Lee Household and Body Care Australia has won a number of awards for equal opportunity, including within the Sara Lee global

58 Brouard J, Annese L, Krautl F, *Chief executives unplugged: business leaders get real about women in the workplace* (2004), Equal Opportunity for Women in the Workplace Agency, pp 27-28.

59 Brouard J, Annese L, Krautl F, *Chief executives unplugged: business leaders get real about women in the workplace* (2004), Equal Opportunity for Women in the Workplace Agency, p 36.

group. This has translated into superior business performance as well, with the company achieving a record profit year.⁶⁰

- 5.123 A final example is the ANZ Bank. During public hearings, ANZ described how it communicated with staff on maternity leave and confirmed that each employee has differing needs:

I actually have two of my team members on maternity leave right now. I keep in touch with them in a number of ways. I phone them regularly, I keep them on the email distribution list for our regular communication. One of them is studying as well while she is on maternity leave, and we pay for her study. So it comes down needing to allow for the fact that individuals are individuals and you can use a variety of means to keep in touch. One of the women on leave at the moment – the one who is studying – is quite active on email because she has remote access from home. The other one is less so. It depends on what that staff member wants, to a large degree.⁶¹

- 5.124 ANZ also demonstrated a mature approach to dealing with staff in how it managed its career break policy and made clear to the committee that the organisation expected a level of commitment in return from staff:

You can see that, if I just take the career break policy, with an organisational 20,000 people it is not abused. I think some big employers would look at it and say, 'What? You give people time off and then they come back two years later – the world is going to fall apart.' It is not abused. People are pretty sensible about what they take and what they can afford to take in terms of time off. Likewise, we have an interest in making sure that, as we have this policy, people when they come back to work are as skilled and capable and can move back into the work force very easily.⁶²

- 5.125 In the committee's view, what characterises a flexible workplace is a readiness to negotiate and an acceptance that employees will not be disadvantaged if they attempt to negotiate. Beyond this, there does not appear to be any requirements for flexible working to succeed. In

60 Brouard J, Annese L, Krautl F, *Chief executives unplugged: business leaders get real about women in the workplace* (2004), Equal Opportunity for Women in the Workplace Agency, p 40.

61 Nash J, transcript, 2 August 2005, p 9.

62 Freeman S, transcript, 2 August 2005, p 9.

other words, flexible working depends more on the culture of an organisation, rather than any particular right, requirement, benefit or agreement.

Business case for family friendly working arrangements

- 5.126 Autoliv and Sara Lee reported strong performance while implementing family friendly policies. There is general support that family friendly policies can improve organisational performance through a number of methods:
- reduced casual sickness absence;
 - improved retention;
 - improved productivity through increased motivation, morale and commitment; and
 - improved recruitment by offering better conditions.⁶³
- 5.127 In 1999, the Department for Education and Employment in the United Kingdom commissioned research by the Institute for Employment Studies on family friendly employment. It showed that replacing a job leaver would cost an organisation at least one third of the recruit's first year salary.⁶⁴
- 5.128 The Council for Equal Opportunity in Employment (now Diversity Council Australia) calculated that the cost of a job leaver was 50 to 130 per cent of the salary involved. The final figure depends on the skills and experience of the staff member leaving and increases with their influence on company decisions.⁶⁵
- 5.129 Helping a mother after giving birth to return to work part time reduces labour turnover. ANZ Bank advised the committee:
- ANZ has found that the average length of service of female staff members aged 35 and older has increased from around

63 Bevan S, et al, 'Family friendly employment: The business case' (1999), Department for Education and Employment, Research Brief No 136, p 1, viewed on 14 September 2006 at <http://www.dfes.gov.uk/research/data/uploadfiles/RB136.doc>

64 Bevan S, et al, 'Family friendly employment: The business case' (1999), Department for Education and Employment, Research Brief No 136, p 4, viewed on 14 September 2006 at <http://www.dfes.gov.uk/research/data/uploadfiles/RB136.doc>

65 Equal Opportunity for Women in the Workplace Agency, 'Costing turnover calculator' viewed on 7 November 2006 at http://www.eowa.gov.au/Developing_a_Workplace_Program/Six_Steps_to_a_Workplace_Program/Step_2/_Costing_Turnover_Calculator/calc_home.htm

7.8 years in 1998 to around 9.4 years in 2005. Over the same period, length of service for male employees at the ANZ has fallen from 15.2 years in 1998 to 12.4 years in 2005.

In our view, the observed rise in the average length of service for female staff at ANZ is at least partly attributable to ANZ's family-friendly policies, especially the policy of encouraging women to return to ANZ following a period of maternity leave on a part-time basis.⁶⁶

- 5.130 The Business Council of Australia represents Australia's 100 largest companies. In evidence, the Council advised the committee of the results of one of its member surveys:

We found that a very high majority of our members were offering quite a wide range of policies. When they were asked about why they were doing that, the answers were very much in terms of trying to attract and retain quality staff, improve staff morale and improve productivity. They were indeed the results that they found. Many of our member companies were also happy to say that the costs of those policies were far exceeded by the benefits of implementing those policies. As one example, if you think about the cost of losing a middle to senior management person – having to recruit, advertise, retrain and the time spent in doing those things – that can run to tens of thousands of dollars when you are talking about replacing a member of your team who is senior and experienced. So there is a very clear business case.⁶⁷

- 5.131 Given the well-documented advantages to organisations in retaining staff, the puzzle, then, is why there is significant unmet demand for family friendly arrangements. The answer, it appears, is the uncertainty of change combined with culture. The Institute for Employment Studies stated:

The economic uncertainties involved in operating small and medium firms makes them reluctant to incur costs where there is no evident conventional or immediate return. Even if convinced that deferred benefits will accrue, many companies

66 ANZ Bank, sub 161, p 7.

67 Cilento M, transcript, 10 April 2006, p 3.

will be worried about cash flow and unleashing an uncontrollable demand from employees.⁶⁸

5.132 The OECD made a similar comment in 2001:

Overall, it seems difficult to reach a general judgement about the salience of the business case on the basis of current knowledge. There is clear agreement on the importance of retaining qualified and experienced staff, and some means of quantifying the advantage. However, it is difficult to measure the economic advantages of improved morale. In addition, many of the costs are very difficult to quantify, such as the costs of the absence of experienced staff and the costs of moving staff from full- to part-time jobs. If the business case is unclear, or indecisive, values are likely to play an important part. (Some of the companies interviewed by the author said that decisions about family-friendly arrangements would be taken primarily for reasons of values – for example a belief in the value of family life, or the desire to treat employees in a “holistic” way (as one HR manager put it). They said the attitudes of top managers were likely to be of great importance. Decisions might often be taken on the ground of values. In such cases, costings might be foregone, or prepared mainly for presentational reasons.)⁶⁹

5.133 Flexible workplaces appear to be successful because of the cultural basis on which they operate (readiness to negotiate). Similarly, the business case in favour of family friendly arrangements is blurred by a non-receptive culture. These observations suggest that the method by which workplaces can be made more family friendly is through cultural change.

5.134 It is clear to the committee that there are different methods of delivering cultural change. During the committee’s deliberations, it became clear that there was a variety of views on the committee as to how cultural change in organisations could be achieved.

68 Bevan S, et al, ‘Family friendly employment: The business case’ (1999), Department for Education and Employment, Research Brief No 136, p 4, viewed on 14 September 2006 at <http://www.dfes.gov.uk/research/data/uploadfiles/RB136.doc>

69 Evans J, *Firms’ contribution to the reconciliation between work and family life* (2001) OECD, Labour Market and Social Policy Occasional Papers, No 48, p 26, viewed on 9 October 2006 at [http://www.oilis.oecd.org/OLIS/2001DOC.NSF/LINKTO/DEELSA-ELSA-WD\(2001\)1](http://www.oilis.oecd.org/OLIS/2001DOC.NSF/LINKTO/DEELSA-ELSA-WD(2001)1)

Driving cultural change

- 5.135 The importance of culture in the workplace was reiterated to the committee by a number of witnesses. Professor Hilary Winchester from the University of South Australia, whose experience includes women's access to senior academic positions in universities, stated in evidence:

We have a number of family-friendly initiatives such as extensive maternity leave, flexible working hours and so on. But those will work only if the cultural expectations change. I think they operate more at the margins and do not affect that very basic conception of the male breadwinner and the female doing a little bit of part-time work, which is seen as not really being of great significance.⁷⁰

- 5.136 The committee received considerable evidence along these lines. In particular, there is often a large difference between what may be officially offered to staff and what staff may perceive that they are permitted to take in practice. For instance, a year's unpaid parental leave is offered to all mothers under legislation, but only 37 per cent of non-union mothers take it in the private sector. The rate for union-member mothers in the public sector is 47 per cent.⁷¹
- 5.137 Although this statistic suggests that the culture is better in the public sector, this is not always the case:

The gap between the stated 'family friendly workplace' and actuality. I am currently employed in the NSW Public Service. Since returning from maternity leave of my second child, my employment has been changed to 3 days a week to allow me to provide a correct level of parenting to my children. I face severe difficulties in obtaining any certainty that this arrangement will continue. Despite the policy of being *family friendly*, the reality differs. From conversations with other mothers; this is not an isolated case.⁷²

- 5.138 The earlier case study about Anne Gardiner is a similar example. Her job sharing arrangement in the New South Wales public sector was specifically mentioned as an illustration of better practice in a Premier's Memorandum (a publicly released management policy of

70 Winchester H, transcript, 18 October 2006, p 3.

71 Baird M, Litwin A, 'Rethinking work and family policy: The making and taking of parental leave in Australia' (2005) *International Review of Psychiatry*, vol 17, p 396.

72 Name suppressed, sub 193, pp 1-2.

the government). However, when she tried to repeat the arrangement in the same position following the birth of a subsequent child, she was denied by her new supervisor.⁷³

5.139 The criticisms of part time work also follow this theme. Many women found themselves doing a full time job over three or four days and week. By necessity, they had to do considerable amounts of work at home.

5.140 This cultural barrier is recognised by both employers and employees. The ACTU stated in evidence:

...we could tell you case after case where it is just a cultural view in businesses that you work a set number of shifts or work nine to five and there is no flexibility in that at all – usually there is an HR manager or an employer in small business who is a male and consequently has never tried it.⁷⁴

5.141 The Business Council of Australia commented:

This gives me an opportunity to raise the key issue that was highlighted in this survey as the impediment to the take-up of work-family policies. Quite simply, it was the fact that they are still seen as women's business.⁷⁵

5.142 The culture of organisations tends to change slowly. Firstly, an organisation must recognise the need to change. Individuals then assess potential solutions and then the organisation must formally decide whether to change its practices. Finally, individuals will evaluate the change and, to succeed, it must be confirmed. All this occurs against a background of deeply held beliefs and lifelong practice.⁷⁶

5.143 However, a number of case studies have demonstrated that it is possible for senior management to achieve these changes more quickly. The Rural Industries Research and Development Corporation researched how to improve women's leadership and higher level participation in agri-business organisations. The Corporation published a list of critical success factors based on the study of two organisations:

73 Gardiner A, sub 30, p 1.

74 Burrow S, transcript, 3 August 2005, p 5.

75 Cilento M, transcript, 10 April 2006, p 12.

76 Dimopoulos M, Sheridan M, *Missed opportunities: Unlocking the future of women in Australian agriculture*, (2000), Stage 2 Report, Rural Industries Research and Development Corporation, p 33.

- the organisation must recognise that it needs to change, for reasons such as improved performance or survival;
- leaders such as CEOs must drive the change and they need to be credible, have sufficient organisation skills and the authority to allocate resources to the process;
- the relevant project officer must have high order communication skills, facilitation skills and infectious enthusiasm; and
- stakeholders within the organisation and external to it must be informed about the change and involved in its implementation.⁷⁷

5.144 Although these actions require significant commitment on the part of the organisation, they can be done. The previous CEO of McDonald's Australia, Guy Russo, explained how he achieved cultural change:

While I am certainly pro creating a work/life balance for all employees, it is also a real challenge as it involves moving away from traditional ways of thinking and working. I've taken advantage of flexible working hours myself, doing occasional lunch time tuck shop duties at my son's school. The way I manage my senior management team, and myself, is intended as an example and I expect managers to implement the policies as I do.

Slowly the culture is changing and we are seeing more managers and employees making efforts to negotiate a balance between work and personal life. It's been interesting to work through the resistance from both men and women to this change in workplace culture, and change in attitudes is difficult to monitor. For example, there are employees who feel guilty, we've discovered, about taking advantage of some of the policies and initiatives we offer. And there are some managers who see all cost and no up side for the business in flexible work arrangements.

What they are not getting is what I know to be true: looking after your employees is simply good business. And innovative work practices are becoming the way of taking

⁷⁷ Dimopoulos M, Sheridan M, *Missed opportunities: Unlocking the future of women in Australian agriculture*, (2000), Stage 2 Report, Rural Industries Research and Development Corporation, p xii.

care of people in this age. Indeed, innovation is critical to success across the whole business.⁷⁸

- 5.145 The Business Council of Australia confirmed that not only must CEOs have commitment to helping women in the workplace, but they need to constantly ensure that everyone else in the organisation follows their example:

One of the issues that we found with our employers was that, even within organisations where there is absolute buy-in at the senior management and CEO levels, there is the ongoing need to push that down throughout the management of the organisation to make sure that, day by day, the decisions being taken reflect higher level policy and support for work-family policies.⁷⁹

- 5.146 The OECD, in its comprehensive study *Babies and Bosses*, agreed that CEOs must drive the necessary changes to encourage women to fulfil their potential in the workplace.⁸⁰ The OECD further noted that a 'landmark event' in an organisation can send a clear signal from management that more flexible working arrangements will be permanent and that all staff should make use of them:

It is noticeable that firms which do claim to have significantly altered the work culture of their organisation have focused attention as much on the management as on 'the shop floor'. For example, various companies have referred to the following events as being 'breakthroughs' which brought home to the workforce more generally that the management was serious about family-friendly policies: the promotion of a woman even whilst she was pregnant; the promotion of a woman to a more senior management post even though she was working part time; a male partner of a law firm choosing to work part-time.⁸¹

- 5.147 Cultural change is occurring in Australian workplaces. Figures earlier in the chapter show that the rate at which flexible working hours are

78 Brouard J, Annese L, Krautl F, *Chief executives unplugged: business leaders get real about women in the workplace* (2004) Equal Opportunity for Women in the Workplace Agency, p 56.

79 Cilento M, transcript, 10 April 2006, p 12.

80 OECD, *Babies and bosses: Reconciling work and family life, Volume 1, Australia, Denmark and the Netherlands*, (2002), OECD, p 194.

81 OECD, *Babies and bosses: Reconciling work and family life, Volume 1, Australia, Denmark and the Netherlands*, (2002), OECD, p 195-96.

being used to care for children has increased from 27.4 per cent in 1993 to 41.4 per cent in 2005. The rate at which part time work is being used to care for children has increased over the same period from 17.7 per cent to 25.4 per cent. The number of men who use work arrangements to care for their children is also increasing, although the rate is much lower than for women.

5.148 The committee is of the view that, although change is occurring, there are a number of methods by which it could be accelerated that do not increase red tape. The first is to upgrade the National Work and Family Awards, which are sponsored by a range of organisations including the Business Council of Australia, the Australian Chamber of Commerce and Industry and the Department of Employment and Workplace Relations.

5.149 The awards list organisations which offer new and innovative working arrangements to their employees. The benefits for business of family friendly arrangements are typically expressed in general terms such as 'improved employee retention' or 'increased customer satisfaction'.

5.150 However, the committee received evidence that there is considerable scope to improve the awards. The Business Council of Australia accepted in evidence that more value could be gained from each round of the awards:

So that is something that we are looking at over the next 12 months in developing a more formal promotional campaign and getting people who have won awards in the past to use their information so that there is a better understanding of what they have done. This is early days. It is not entirely formalised, but we are looking at ways in which we can get those people together with others who are interested in what they have done, what some of the hurdles and obstacles were and how they got around them.⁸²

5.151 The Women's Lawyers Association of New South Wales provided specific recommendations. They argued that the awards:

...should place a greater emphasis on recognising the value of educating and training male employees on flexible work arrangements. Increases in the rate at which such arrangements are taken up by male members of staff should

82 Cilento M, transcript, 10 April 2006, p 14.

also be acknowledged as an achievement on the part of organisations applying for such awards.⁸³

- 5.152 This suggestion makes sense, given that men have considerable scope to improve the rate at which they use work arrangements to manage family responsibilities. As Guy Russo from McDonald's Australia stated earlier, one method by which an organisation can encourage the spread of family friendly arrangements is senior male managers using these arrangements themselves.
- 5.153 One of the other insights of the Women Lawyers' Association of New South Wales is the need for quantification and measurement in driving change. This can work in different ways. For example, the committee has already noted the gap between what is officially available at workplaces and what is taken up in practice. Firms can measure this statistic and track changes over time. They can also measure their staff profile, including retention rates and absenteeism. A more difficult task would be to measure the financial costs and benefits of family friendly working, but it could be attempted.
- 5.154 The committee is also concerned that awards are not effective in disseminating some of the more innovative, family friendly practices in Australian firms. For example, ANZ Bank stated in evidence:
- One of the ways we do that – and this again is part of keeping in touch – is by providing all new staff joining ANZ with access to a program called PCs at Home. It is heavily subsidised access to a PC in your home with internet access. You get that for about \$40 a month. That enables staff to keep in touch with ANZ. Part of that is to access training at home via our training system called e-train. So it is very alive, and we do not mandate it. But a number of our staff actually want to keep in touch, because they know they are coming back.⁸⁴
- 5.155 Given the cultural barriers to firms implementing family friendly arrangements, the business case needs to be made as clearly as possible.

83 Women Lawyers' Association of New South Wales, sub 99, p 8.

84 Freeman S, transcript, 2 August 2006, p 9.

Recommendation 7

- 5.156 **The Department of Employment and Workplace Relations give the National Work and Family Awards greater credibility and impact by ensuring that future awards include a quantitative focus on the effectiveness of family friendly arrangements (eg reduced staff turnover) and management practices that deliver change (eg educating and training staff on the arrangements' use).**
- 5.157 Although the workplace is where much of the negotiation is conducted by a parent in making arrangements to manage family responsibilities, parents also need to conduct negotiations within their homes and with friends and relatives. People are judged by society by what they do and whether they meet community expectations.
- 5.158 This is confirmed through research by Professor Michael Bittman for the Department of Family and Community Services. Professor Bittman argued that one of the barriers to men taking up family friendly provisions (and hence a barrier for women as well) is the wider social culture.⁸⁵
- 5.159 Recommendations aimed at changing the culture in the workplace will be useful. Wider action, however, is necessary.

Recommendation 8

- 5.160 **The Australian Government include in its WorkChoices program, via the Department of Employment and Workplace Relations, a public campaign highlighting the benefits of family friendly arrangements to both management and employees, including the opportunity for staff to negotiate with their employer on these issues.**
- 5.161 One further observation the committee will make about encouraging flexible working is that it is consistent with some of the Australian

85 Bittman M, Hoffman S, Thompson D, *Men's uptake of family-friendly employment provisions* (2004), Policy Research Paper No 22, Department of Family and Community Services, p 158.

Government's other policy goals. For instance, the Welfare to Work program aims to get unemployed people, and people out of the workforce, into jobs. Many of these people have caring responsibilities or other issues that have made it difficult in the past for them to obtain employment. Making workplaces more flexible can only help these people find work.

Is regulation required?

- 5.162 A new overseas development, brought to the committee's attention by the ACTU, is the United Kingdom's 'right to negotiate' legislation. Broadly, an employee in that country has the right to request flexible working from the employer to meet their caring responsibilities for a child under six and a child with a disability under 18. From April 2007, this criterion will be extended to caring for adults.⁸⁶
- 5.163 Prior to the legislation, employees could still request flexible working hours and had a success rate of 77 per cent of such requests being successful.⁸⁷
- 5.164 Under the legislation, the employer cannot unreasonably refuse the request. Examples of reasonable grounds for refusal include the burden of additional costs, inability to meet customer demand, and inability to reorganise existing work.⁸⁸
- 5.165 Appeal processes have been put in place. If the dispute cannot be resolved and if the employer is found to have unreasonably refused the request, they are liable to pay a fine no greater than eight weeks of the employee's pay.⁸⁹
- 5.166 In 2005, the Department of Trade and Industry published a survey of how the legislation was operating. The results were:
- 65 per cent of employees were aware of the right to request;

86 Department of Trade and Industry, 'Work and families: Flexible working and work-life balance' viewed on 9 November 2006 at <http://www.dti.gov.uk/employment/workandfamilies/flexible-working/index.html>

87 Holt H, Grainger H, *Results of the second flexible working employee survey* (2005), Employment Relations Research Series No 39, Department of Trade and Industry, pp 1-2, viewed on 20 September 2006 at <http://www.dti.gov.uk/files/file11441.pdf>

88 Department of Trade and Industry, *Flexible working: The right to request and the duty to consider: A guide for employers and employees* (2003) Department of Trade and Industry, p 24, viewed on 9 November 2006 at <http://www.dti.gov.uk/files/file21364.pdf>

89 Regulation 7 of *The flexible working (eligibility, complaints and remedies) Regulations 2002*, Statutory Instrument 2002, No 3236, viewed on 9 November 2006 at <http://www.opsi.gov.uk/si/si2002/20023236.htm>

- 14 per cent of employees reported they had made a request in the last two years;
- the two most requested arrangements were part time work (25 per cent) and flexible hours (23 per cent);
- 81 per cent of employees had their request accepted (in part or in full), up from 77 per cent of requests accepted before the legislation was introduced.⁹⁰

5.167 Approximately one year after the legislation commenced, Working Families, a non-government organisation, conducted a review for the British Government. Its employee sample largely comprised target users of the legislation, with over one quarter being parents of disabled children. The survey found that 22 per cent of this sample found the legislation useful, with 60 per cent not yet having any experience of it. Respondents stated that the legislation helped people come forward and made employers consider their requests seriously. Other parents argued that the legislation was not strong enough.

5.168 In evidence, Professor Barbara Pocock advised the committee that the amount of litigation coming out of the British legislation is very low.⁹¹ The committee notes that the documentation produced to advise workplaces about the legislation focuses on negotiation.

5.169 In evidence to the committee in August 2005, the ACTU's argument in support of the legislation was:

There was an interesting analysis of how the requests are handled in business. One of the concerns employers have expressed is that it has increased red tape. In fact, the majority of the requests were handled verbally and the verbal requests were more likely to be agreed to, so it is handled quite informally, but the UK assessment is that there has been a cultural change that the regulation encourages employers to take requests seriously and also encourages employers to make the request, confident that they can do that. There has been a take-up, but there has been very limited impact on business...⁹²

90 Holt H, Grainger H, *Results of the second flexible working employee survey* (2005), Employment Relations Research Series No 39, Department of Trade and Industry, pp 1-2, viewed on 20 September 2006 at <http://www.dti.gov.uk/files/file11441.pdf>

91 Pocock C, transcript, 24 May 2006, p 10.

92 Bowtell C, transcript, 3 August 2006, pp 4-5.

- 5.170 On 2 November 2005, the Hon Kevin Andrews MP, Minister for Employment and Workplace Relations, introduced the *Workplace Relations Amendment (Work Choices) Bill 2005* into the House of Representatives.
- 5.171 The government supports negotiation between staff and management. Employees are free to approach their supervisors already and make requests similar to those contained in the British legislation. Opposition policy is to implement right to request legislation for extended parental leave and returning to work part time.⁹³ This does not go as far as the British legislation.
- 5.172 In 2001, the OECD published an analysis of how Australia compares with other countries in rates of flexible working (1995 data). It focussed on the percentage of employees in 19 OECD countries who worked flexible hours (ie have some control over their start and finishing times):

Table 5.9 Employees in 19 OECD countries reporting whether they work flexible hours, 1995 (%)

Country		Country	
Australia	50	Canada	23
United States	45	Austria	22
Netherlands	36	Finland	22
Germany	33	Spain	20
Sweden	32	Ireland	19
United Kingdom	32	Italy	19
Belgium	26	Japan	19
France	26	Portugal	19
Denmark	25	Luxembourg	18
Greece	23		

Source: OECD, *Employment Outlook 2001: Reconciling Social and Employment Goals*, (2001), OECD, p 149.

- 5.173 Australia topped the list with 50 per cent. The rate in the United Kingdom was 32 per cent and the unweighted average was 26.8 per cent. This data is consistent with the evidence earlier in the chapter about the high use of flexible working hours by Australian employees to meet their caring responsibilities. It is also consistent with the evidence from the Australian Institute of Family Studies that, 'rates of

93 Australian Labour Party, 'Childcare - A key building block for economic success', Media statement, 27 July 2006, viewed on 9 November 2006 at <http://www.alp.org.au/media/0706/msloo280.php>

unmet need for flexible work practices and provisions are relatively low overall'.⁹⁴

- 5.174 Australia is a world leader in one of the most important aspects of flexible working. The committee accepts that right to request legislation in the United Kingdom has had some effect (the positive response to requests has increased from 77 per cent to 81 per cent) but that country is coming off a much lower base in this area compared with Australia.
- 5.175 In light of the OECD data, the committee is of the view that the outcomes of the British legislation be monitored to give a sound basis for any future discussion in this area.

Recommendation 9

- 5.176 **The Department of Employment and Workplace Relations monitor rates of flexible working and caring in Australia and countries with 'right to request' legislation, such as the United Kingdom, and publicly report the results.**

Paid maternity leave

Access in Australia

- 5.177 Access to paid maternity leave is a matter for negotiation between an employer and management. There is no universal entitlement for paid parental leave, but there is a right under WorkChoices for 12 months unpaid leave. Table 5.x shows that, in practice, access to these entitlements depends on a person's employment status:
- 5.178 The data show that a person is more likely to be able to access paid parental leave after the birth of their child if they are a man and if they are a union member or work in the public sector. The gender difference is probably due to women's higher representation in casual work. In line with the committee's earlier comments that men are less likely to compromise their careers, women are more likely to take unpaid parental leave than men.

94 Australian Institute of Family Studies, sub 76, p 26.

Table 5.10 Probabilities for accessing paid parental leave and using unpaid parental leave, 2002 (%)

	Employment status	Men	Women
Access to paid parental leave	Union member	60	50
	Public servant	77	69
	Both	84	78
	Neither	49	39
Use of unpaid parental leave	Union member	25	45
	Public servant	21	39
	Both	26	47
	Neither	19	37

Source: Baird M, Litwin A, 'Rethinking work and family policy: The making and taking of parental leave in Australia,' *International review of psychiatry* (2005) vol 17, p 396.

5.179 In its pregnancy and employment transitions survey, the Australian Bureau of Statistics estimated that there are 294,000 women in Australia, currently with a child aged under two, who worked in a job while pregnant. Of these, 101,000, or 34.4 per cent, took paid maternity leave. 217,000 women (73.8 per cent of working women) took leave of some sort after the birth. With all types of leave combined, the most common period of leave after birth was between six months and one year (37 per cent of all women who took leave). The next most common period was between three and six months (23 per cent).⁹⁵

5.180 The Bureau's data also shows that greater tenure increases a mother's chances of taking paid maternity leave.⁹⁶

Comparison with OECD countries

5.181 Most OECD countries have higher legislated maternity leave entitlements, both in terms of paid leave and total leave, than Australia.

5.182 Amongst OECD countries, only Australia, the United States and New Zealand did not offer paid maternity leave. The committee

95 Australian Bureau of Statistics, *Pregnancy and employment transitions, Australia, 2005* (2006), Cat No 4913.0, Table 10, viewed on 23 October 2006 at <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/4913.0Nov%202005?OpenDocument>

96 Australian Bureau of Statistics, *Pregnancy and employment transitions, Australia, 2005* (2006), Cat No 4913.0, Table 10, viewed on 23 October 2006 at <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/4913.0Nov%202005?OpenDocument>

understands that New Zealand has subsequently legislated for 12 weeks paid maternity leave, capped at the minimum wage.⁹⁷

Discussion

- 5.183 The Human Rights and Equal Opportunity Commission released a report on this topic in 2002, *A time to value*. The Commission proposed a 14 week scheme, with payments set at the minimum wage. The Commission argued, for example, that paid maternity leave encouraged a woman to spend a longer time at home after the birth to help her recuperate, bond with the child and establish breastfeeding.⁹⁸
- 5.184 The Commission's proposal had a net cost to government of \$213 million per annum.⁹⁹
- 5.185 Subsequent to this report, the Australian Government introduced a maternity payment of \$3,000 per child. This payment is currently \$4,000 and will increase to \$5,000 in July 2007. The payment currently has a total cost to government of \$1 billion per annum (chapter two). This will increase to approximately \$1.25 billion next financial year.
- 5.186 In its submission, the Business Council of Australia noted there is a strong focus on paid maternity leave, when other family friendly arrangements could be used to help families.¹⁰⁰ Paid maternity leave could well be less important to mothers if mothers with young babies have a graduated return to work, can access lactation and breastfeeding facilities, can work from home, can bring her baby with them while they are at work, and are given alternative duties to facilitate this, if need be.
- 5.187 The committee also notes that it is much easier to collect data on legislated paid maternity leave than family friendly arrangements in workplaces. The information on paid maternity leave is collected from pieces of legislation, which are widely distributed, public documents.

97 Jaumotte F, 'Labour force participation of women: empirical evidence on the role of policy and other determinants in OECD countries' (2004), *OECD Economic Studies*, No 37, pp 62-63, viewed on 26 October 2006 at <http://www.oecd.org/dataoecd/12/39/34562935.pdf>

98 Human Rights and Equal Opportunity Commission, 'A time to value: Proposal for a national paid maternity leave scheme: Part C, The benefits' viewed on 10 November 2006 at http://www.hreoc.gov.au/sex_discrimination/pml2/partc.html#5_3_health

99 Human Rights and Equal Opportunity Commission, 'A time to value: Proposal for a national paid maternity leave scheme: Launch Speech' viewed on 10 November 2006 at http://www.hreoc.gov.au/sex_discrimination/pml2/launch_speech.html

100 Business Council of Australia, sub 86, p 4.

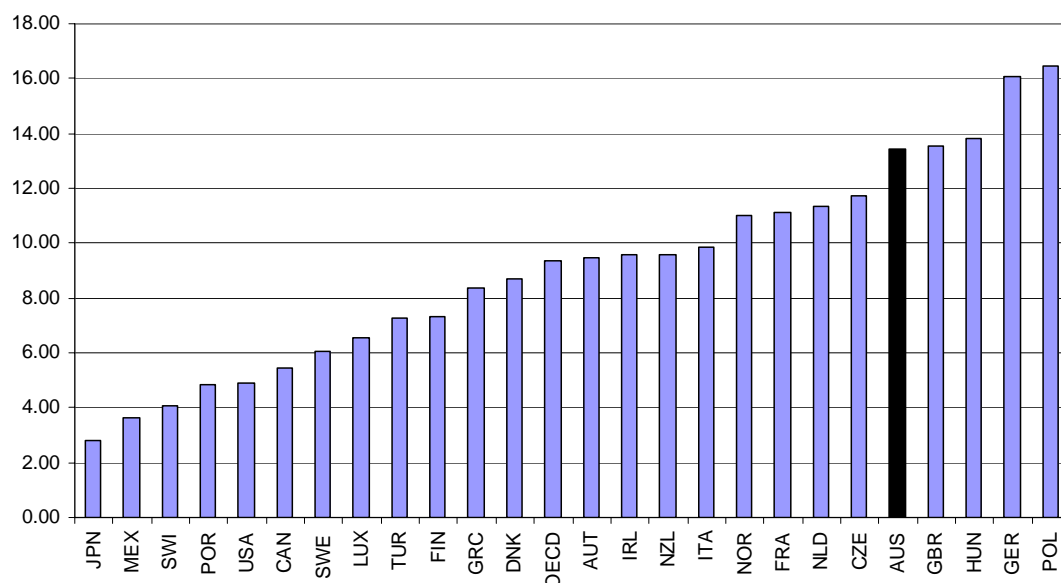
Data on workplaces require expensive, specific surveys. In 2001, the OECD noted that comprehensive data on family friendly arrangements only existed in four countries, one of which was Australia.¹⁰¹ Possibly, ease of access to data has pushed paid maternity to the front of the policy debate ahead of other issues.

Welfare to work

Jobless households in Australia

5.188 Compared with other OECD countries, Australia has a high rate of jobless households:

Figure 5.7 Persons living in households with a working-age head where no one works, as a proportion of the total population, 26 OECD countries, 2000 (%)



Source: OECD, 'OECD index of statistical variables: Unemployment, jobless households', viewed on 10 November 2006 at <http://www.oecd.org/dataoecd/32/21/36029941.html>. Data for Australia is from 1999.

5.189 Figure 5.7 shows that the proportion of jobless households in Australia was approaching 14 per cent, whereas the OECD average was under 10 per cent. Since this data was collected, the

101 Evans J, *Firms' contributions to the reconciliation between work and family life* (2001) OECD Labour Market and Social Policy Occasional Papers, No 48, p 4, viewed on 25 October 2006 at <http://ideas.repec.org/p/oec/elsaaa/48-en.html>.

unemployment rate in Australia has dropped from 7.2% to 4.9%.¹⁰² This improvement across the economy will have reduced the jobless household rate in Australia as well. Jobless households are at increased risk of poverty. The OECD commented:

But most of all, having a job is the single most important antidote to poverty, and getting people ready and into work should be a primary focus of policy.

The risk of low income for someone living in a jobless household is five times higher than that in households where some members go to work. Poverty is common among lone parents. In fact, the relative poverty rate of single-parent families is three times higher than for families with children in general, but when the lone parent has a job, the risk of falling into poverty is greatly diminished, as it is for couples with children. Little wonder that those OECD countries where employment rates of mothers are highest also show low rates of child poverty.¹⁰³

5.190 In evidence, the Australian Institute of Family Studies agreed and noted that addressing household poverty through paid employment had a considerable protective effect for children:

There is a long history of research on risk factors for children, and risk factors related to low education, unemployment and low participation in the work force come through consistently in that research. Participation in the work force is probably one of the biggest protective factors for children and children's development, health and wellbeing. Availability of other supports – effective provisions prior to school and during schooling – equally play their part, but there is a massive social benefit for participation in employment and a capacity to address the issues that often attend poverty and poor life chances for children. So there is a much bigger national issue that is at stake in terms of promoting the development, health and wellbeing of children, and

102 June figures from Australian Bureau of Statistics, *Labour force, Australia, October 2006* (2006), Cat No 6202, p 7 and Australian Bureau of Statistics, *Labour force, Australia, December 1999* (2000), Cat No 6202, p 7.

103 Forster M, Mira d'Ercole M, 'Tackling poverty' *OECD Observer*, viewed at http://www.oecdobserver.org/news/fullstory.php/aid/1586/Tackling_poverty.html on 10 November 2006.

employment and productive income is one of the most salient protective factors.¹⁰⁴

5.191 Chapter one demonstrated that women's participation is increasing while men's participation is decreasing. Australian academics have suggested that, over the past few decades, the returns for men from employment have been decreasing. One reason for this is the significant social support payments now available.¹⁰⁵

5.192 The Department of Employment and Workplace Relations confirmed that the substantial safety net in Australia is a factor leading to jobless households:

We have 600,000 children in Australia who live in jobless families where no parent has a job. For example, a single mother with a nine-year-old and a 13-year-old child receives around \$26,600 a year in government income payments.¹⁰⁶

Australian Government policy

5.193 In this context, the government introduced the Welfare to Work program in the 2005 Budget. The key elements of the program for parents who receive the parenting payment are:

- it only applies to parents who start receiving the payment after 1 July 2006;
- a partnered parent who is the principal carer will receive the payment until his/her youngest child turns six. Then they will apply for a different payment (such as Newstart Allowance) and need to comply with part time participation requirements; and
- single parents will receive the payment until their youngest child turns eight, whereupon they will apply for a different payment (such as Newstart Allowance). Their part time participation requirements start when their youngest child turns six.

5.194 The part time participation requirements include:

- Looking for a part time job of at least 15 hours per week;

104 Hayes A, transcript, 2 August 2005, p 41.

105 Dawkins P, Gregg P, Scutella R, 'Employment polarisation in Australia' (2005), *The Economic Record*, vol 81, pp 336-37, 349.

106 Morehead A, transcript, 31 May 2006, p 17.

- participating with an employment services provider (such as Job Network); and
- meeting an annual mutual obligation requirement (for example, Work for the Dole, community work, or part time work averaging out to at least five hours per week for half a year).¹⁰⁷

5.195 The OECD has welcomed the introduction of Welfare to Work in Australia.¹⁰⁸ It has also noted that similar programs are often successful overseas as well:

The system seems to work. The number of people receiving certain key welfare benefits fell by more than half from their peak levels in the mid-1990s in the UK and the US, by a third or more in Canada and the Netherlands, and by a quarter in Finland. In the US, most of those off the benefit lists are working, often full-time, with near-average wages. Some disability programmes, like the UK's Pathways to Work pilots, appear quite effective as well. These reforms may not always have cut relative poverty by much, but they have contributed to stop the long-term trend towards greater inequality in the distribution of market income that has affected all OECD countries in recent years.¹⁰⁹

5.196 During the inquiry, the National Council of Single Mothers and their Children raised with the committee the question of whether single parents, in being required to find work, 'would have to take work which conflicts with their family responsibilities'.¹¹⁰

5.197 In evidence, the Department of Employment and Workplace Relations advised the committee of some of the requirements that must be met to demonstrate that a job is suitable for a parent to take include:

107 Centrelink, *Helping people move into work: A community information pack*, pp 15, 52, viewed on 12 November 2006 at [http://www.centrelink.gov.au/internet/internet.nsf/filestores/lw028a_0609/\\$file/lw028a_0609en.pdf](http://www.centrelink.gov.au/internet/internet.nsf/filestores/lw028a_0609/$file/lw028a_0609en.pdf)

108 OECD, 'Economic survey of Australia 2006: Improving incentives to work', viewed on 10 November 2006 at http://www.oecd.org/document/63/0,2340,en_2649_201185_37177599_1_1_1_1,00.html

109 Forster M, Mira d'Ercole M, 'Tackling poverty' *OECD Observer*, viewed on 10 November 2006 at http://www.oecdobserver.org/news/fullstory.php/aid/1586/Tackling_poverty.html

110 McInnes E, transcript, 4 May 2006, p 72.

- there must be approved outside school hours care for the period the parent is required to work;¹¹¹
- the child must be supervised travelling to and from the place of care;
- the parent must be at least \$50 per fortnight better off by accepting the job, taking into account costs such as child care, transport, reduced benefits, increased income tax and increased rent (if in public housing);
- if there is no approved child care place, then the parent alone decides whether alternative arrangements are suitable; and
- transport costs must be less than 10 per cent of the gross wage.¹¹²

5.198 The Department also stated there is a range of other exemptions that recognise a family's particular situation:

- if the parents are foster caring;
- if they have four or more school age children; and
- if they are home schooling or supervising the distance education of their children.¹¹³

Conclusion

5.199 Australia must address the emerging issue of jobless households. These homes are at greater risk of poverty and the development, health and well being of the children in these households are also at greater risk.

Recommendation 10

5.200 **As a priority, the Australian Government target adults in jobless households with the goal of helping them obtain paid employment to break the cycle of disadvantage in Australia.**

111 If a parent is not satisfied with the child care in question, they may request that Centrelink not require them to take the job: Taylor J, National Council of Single Mothers and their Children, transcript, 4 May 2006, pp 75-76.

112 Morehead A, transcript, 31 May 2006, pp 12-14.

113 Morehead A, transcript, 31 May 2006, p 16.