

---

The Parliament of the Commonwealth of Australia

# Balancing Work and Family

**Report on the inquiry into balancing work and family**

House of Representatives  
Standing Committee on Family and Human Services

December 2006  
Canberra

---

© Commonwealth of Australia 2006  
ISBN 0 642 78873 1 (printed version)  
ISBN 0 642 78874 X (HTML version)

Printed by CanPrint Communications Pty Ltd, Canberra.

Cover design by Lisa McDonald, Department of the House of Representatives  
Printing and Publishing Office, Canberra.

# Contents

Foreword .....	ix
Postscript .....	xv
Membership of the Committee .....	xix
Terms of reference .....	xxi
List of abbreviations .....	xxii
List of recommendations .....	xxiii
Overview of the inquiry .....	xxvii
<b>Conduct of the inquiry</b> .....	<b>xxvii</b>
<b>Structure of the report</b> .....	<b>xxviii</b>
<b>1 Introduction .....</b>	<b>1</b>
<b>Social change in Australia</b> .....	<b>1</b>
Distribution of human capital .....	2
Trends in labour force participation .....	5
Changes to families and households .....	9
Trends in fertility rates.....	13
Fertility decision-making.....	15
Ageing population .....	18
<b>Work and family debate</b> .....	<b>22</b>
Who is affected by work and family stress? .....	22
Role of fathers.....	28
Can people work <i>and</i> enjoy their families?.....	31

---

<b>2</b>	<b>Taxation and Government assistance to families.....</b>	<b>39</b>
	<b>Introduction .....</b>	<b>39</b>
	Australia and the OECD.....	39
	Government's policy goals .....	41
	Growth in assistance.....	42
	More families are receiving transfer payments.....	43
	<b>Government payments to families.....</b>	<b>44</b>
	General payments to families.....	45
	Payments for specific circumstances .....	51
	Payments to help with the cost of child care .....	53
	Payments for carers and those who need care .....	60
	Payments for the elderly .....	63
	Other payments for families and carers .....	65
	<b>Conclusion .....</b>	<b>68</b>
<b>3</b>	<b>Family taxation .....</b>	<b>69</b>
	<b>Personal income taxation.....</b>	<b>69</b>
	<b>Taxation measures relevant to families and carers .....</b>	<b>70</b>
	Child Care Tax Rebate.....	71
	Tax offsets .....	71
	Effective marginal tax rates.....	73
	Fringe benefits tax exemption for employer-provided child care.....	76
	Tax deductibility status of child care .....	84
	Goods and Services Tax (GST) treatment of child care.....	86
<b>4</b>	<b>Starting families .....</b>	<b>89</b>
	<b>Financial disincentives to starting a family .....</b>	<b>90</b>
	Loss of salary and wages.....	90
	Superannuation.....	92
	Cost of raising children.....	93
	HECS debts .....	95
	Housing costs.....	98
	Child care.....	100
	Career disincentives to starting a family .....	103

Loss of career path .....	103
Reduced training and professional development .....	105
<b>Social disincentives to starting a family .....</b>	<b>106</b>
Families devalued .....	106
Increased life risks .....	107
Gender roles .....	109
<b>Explaining fertility rates .....</b>	<b>111</b>
International comparisons .....	111
Factors in fertility decisions in Australia .....	114
Age and delays in partnering.....	116
Partnering in the future.....	122
Quality of the relationship.....	123
Recent changes to Australia's fertility rate .....	128
<b>5 Returning to paid work .....</b>	<b>131</b>
<b>Introduction .....</b>	<b>131</b>
<b>Employment rates for women .....</b>	<b>132</b>
Australia – the effects of economic factors.....	132
Australia – the effects of family responsibilities .....	134
Australia – the role of child care .....	136
Comparisons against the OECD .....	139
Discussion.....	141
<b>Work practices and culture .....</b>	<b>143</b>
Introduction .....	143
What can go wrong in the workplace? .....	145
Workplace better practice .....	149
Use of family friendly arrangements.....	150
Australian Workplace Agreements and WorkChoices.....	151
Are family friendly arrangements changing over time? .....	155
How are workers adapting?.....	157
What arrangements do workers want?.....	159
What does a flexible workplace look like? .....	163
Business case for family friendly working arrangements.....	166
Driving cultural change.....	169
Is regulation required? .....	176

<b>Paid maternity leave</b> .....	<b>179</b>
Access in Australia .....	179
Comparison with OECD countries.....	180
Discussion.....	181
<b>Welfare to work</b> .....	<b>182</b>
Jobless households in Australia .....	182
Australian Government policy .....	184
Conclusion .....	186
<b>6 Choice and flexibility in child care</b> .....	<b>187</b>
<b>Use of child care in Australia</b> .....	<b>188</b>
Types of care .....	188
Work-related child care .....	191
Child care costs.....	191
Informal care arrangements .....	193
<b>Child care and the economy</b> .....	<b>196</b>
Facilitating economic activity.....	196
Long-term socio-economic outcomes .....	199
<b>Problems in accessing care</b> .....	<b>200</b>
Parents' working hours and working patterns.....	201
Waiting lists for child care places .....	205
Child care affordability.....	206
Difficulties related to the age of children .....	208
<b>Preferences for child care</b> .....	<b>209</b>
Children's development.....	209
Children's care needs .....	211
Reliability and security .....	211
<b>In-home care sector</b> .....	<b>212</b>
Australian Government's In-Home Care program .....	213
In-home (nanny) care industry .....	214
Black market in in-home care.....	216
Encouraging a professional in-home care sector .....	219
Au pairs.....	226
<b>Supporting all child care choices</b> .....	<b>228</b>

Inconsistencies in approved and registered care .....	228
<b>7 Tax relief for child care .....</b>	<b>233</b>
<b>Salary sacrifice.....</b>	<b>233</b>
Who is salary sacrificing for child care? .....	234
Business premises limitation .....	238
Small and medium-sized workplaces .....	241
Regional and rural workplaces.....	243
Are workplaces places for children?.....	244
Reforming the business premises limitation .....	245
Child care facility limitation .....	247
Business support for reform .....	249
<b>Tax deductibility for child care .....</b>	<b>253</b>
Child Care Tax Rebate.....	255
Essential cost of working.....	256
Nexus between child care and income.....	257
‘Private and domestic’ expense.....	258
Benefits of a tax deduction for child care .....	261
Ensuring a fair distribution of assistance.....	264
Note for implementation .....	267
Conclusion .....	267
Additional comments by the Hon Alan Cadman MP.....	269
<b>8 Elder and disability carers .....</b>	<b>271</b>
<b>Introduction .....</b>	<b>271</b>
Profile of elder and disability caring in Australia .....	271
Economic value of informal care .....	274
Effect of caring on labour force status.....	275
Family friendly work arrangements .....	278
Psychological and physical impact on carers .....	278
<b>Policy issues .....</b>	<b>280</b>
Cost of care.....	280
Program flexibility.....	282

Clarifying Statement - Mrs Louise Markus MP .....	287
Dissenting Report - Julia Irwin MP, Jennie George MP, Harry Quick MP, Kate Ellis MP .....	289
Appendix A - List of submissions .....	307
Appendix B - List of Exhibits .....	317
Appendix C – List of Public Hearings .....	333
Appendix D – Consultant's Report - Access Economics Pty Ltd.....	345
Appendix E– Consultant's Report - Econtech Pty Ltd.....	367
Appendix F– Source Notes for Table 2.8 .....	401





## Foreword

This inquiry into balancing work and family has been comprehensive. It has covered social change since the 1960s, the tax system, the benefits system, fertility, workplace relations, child care and care of the disabled. Each of these topics could be an inquiry in their own right, but what makes this inquiry stand out is the committee has examined how each of these interacts with the others.

Consistent with the broad scope of the inquiry, the committee received 225 submissions and held 25 public hearings, covering every state and territory. The committee received evidence from over 200 witnesses at these hearings.

One of the common themes throughout the inquiry has been the effect of women's education on Australia's economic growth. Women now comprise the majority of people obtaining post school qualifications and finishing Year 12. If this trend continues, women will hold the majority of Australia's human capital. Women's workforce participation has been consistently increasing over the past few decades, while men's participation has been gradually declining.

The government needs a return on the investment in these women's education, in particular from their participation in the paid workforce, but without forcing them to become the 'overstressed supermum'.

In research commissioned by the committee, Access Economics have found that improved women's workforce participation could add an additional 2.8 to 4.4 per cent to national income over the estimates made in the 2002 intergenerational report. As a policy initiative, improved women's participation would add more to national income than the 2000 tax reforms (2.5 per cent), and could almost be as much as national competition policy (5.5 per cent).

Throughout the inquiry, the committee heard evidence of the stress placed on families by the current child care policies. This has occurred not by design, but because they do not meet the needs of people who want to have a working life and a family life.

For example, a major recurring theme to emerge during the inquiry has been the manner in which our tax system unfairly burdens women in the workforce. It fails to value their growing contribution to taxation revenue. Currently, child care expenses are not tax deductible except by way of salary sacrifice, which is currently very limited. This constitutes a barrier to women wanting to return to the paid workforce and a disincentive to starting families.

This approach may have had some justification when women's participation rate in the workforce was low. Home and work were separate from each other and operated independently.

All this has changed. Women now have a major role in the paid economy whilst still managing their households. Home and work are no longer independent of each other, so to disallow child care expenses as a tax deduction because of their perceived private character no longer makes sense. If the Welfare to Work program recognises that access to suitable child care is a pre-requisite for a parent to be made to participate in the workforce, then so should the tax system.

Giving workers a tax concession for child care expenses would acknowledge the economic contribution made by personal income tax dollars, and give back to these workers some of what they have earned through their own exertions. It acknowledges that, in a competitive global economy, Australia cannot afford to lose some of its most highly-educated and highly-skilled workers.

For the 2003-04 income year, the last year for which tax return data is available from the Australian Taxation Office, 50 per cent of personal income tax - or \$47.8 billion - was collected from the 14 per cent of taxpayers who were in the top marginal bracket in that financial year. While this distribution may have been flattened somewhat by structural tax cuts announced in the 2006-07 Budget, there is no doubt that tax paid by higher income earners represents a significant contribution to government revenue.

Higher income earners, which includes women who have worked and studied hard, contribute to the necessary subsidies paid by way of the excellent Family Tax Benefits and Child Care Benefit to lower and some middle income earners. However, higher income earners receive no recognition of the additional taxation dollars they are generating by remaining in paid work.

One consequence of the Family Tax Benefits and the Child Care Benefit is that families with children now have a higher net tax threshold. This is the income a family needs to earn before its income tax payments exceed benefits and assistance received. The table shows that, over the last 10 years, the real net tax threshold has risen by \$15,000 for many families.

## Increases in real net tax thresholds for families, 1996-97 to 2006-07

Family type	Real net tax threshold (\$)		
	1996-97	2006-07	Change (%)
Sole parent	34,594	48,065	38.9
Single income couple with children	34,021	48,065	41.3
Dual income couple with children (75:25 split)	34,650	51,829	49.6
Dual income couple with children (60:40 split)	34,749	50,910	46.5
Dual income couple with children (67:43 split)	34,703	51,808	48.1

*Source* Budget Paper no 1, 2006-07 Federal Budget, Statement 5: Revenue, table B1, p 5-26. Families are assumed to have two children, one aged three and the other aged eight. The figures in brackets represent the wages of each adult in the family, expressed as a proportion of average weekly ordinary time earnings for full time employees.

In terms of women's participation, Access Economics' report to the committee states that the highest growth in national income will come from more women becoming full time workers. Thus, Australia needs to actively encourage its high-income earners to participate in the workforce, both to their own advantage and that of the nation. A tax deduction gives people an incentive to move from part time to full time work and increase both family income and national income.

Fringe benefits tax was introduced in 1986. The fringe benefits legislation made employer-provided child care exempt from the tax, provided it occurred at a child care centre on the employer's business premises. This 'business premises' test has been interpreted by the Australian Taxation Office so that the employer must demonstrate control over the child care centre by being the owner or leaseholder of the property. Only large employers such as the banks, universities and governments have been able to meet these requirements. Across the economy, the value of salary sacrificing for child care has been marginal at best.

The committee's vision for employers is to greatly increase the options available to them to offer employees better child care options. For example, they are currently limited to building or leasing child care centres at enormous expense and financial exposure. Employers would be able to do a lot more for their staff if they had the choice of paying for: any number of places in a child care centre, an in-home (nanny) carer, family day care, occasional care, vacation care, or outside school hours care, without the penalty of fringe benefits tax.

Government policy has focussed on institutional or collective child care centres and, to a lesser extent, family day care in providing care to children under school age. Governments have overlooked the in-home care sector, including nannies. During the inquiry, the committee took evidence from a number of people who found that in-home care gave them the flexibility required to meet their work commitments. The committee also talked to people who would enter the workforce if they could afford the sort of flexible care that the in-home sector can provide.

Parents might need in-home care if they work night shifts, irregular hours, weekends, or if they have special care requirements. Further, in-home care can be more cost effective for families with more than two children. Governments need to recognise that, as more and more older people continue to work longer, families will be less able to rely on grandparents to fill the child care gaps.

These issues are important to Australia's economic development. The Australian Bureau of Statistics has reported that there are currently 162,000 women in Australia who would join the workforce if they could access child care. If these women were to find child care immediately, this would increase the workforce participation rate for both men and women by over one per cent, with a similar effect on our national income.

The centrepiece of the report, therefore, is a suite of recommendations around the tax and child care systems that will make care more affordable and more flexible. In particular, the committee wished to give choices to mothers returning from the workforce to suit their family and personal circumstances at all incomes and levels of participation.

The committee commissioned research from Econtech to cost these recommendations. Due to time constraints and the fact that the Australian Bureau of Statistics' Child Care Survey is net of Child Care Benefit,<sup>1</sup> Econtech modelled a slightly different proposal.

The proposal modelled by Econtech was the same as the recommendations in this report, except that the tax deduction had some elements of the Child Care Tax Rebate. For example, it was applied to a family's child care costs net of the Child Care Benefit. Econtech found that the additional cost to the Australian Government of this modified proposal would be \$262 million per annum. Although this is slightly different to the recommendations in this report, the committee is confident that these estimates provide a useful indication of the costs of what should be implemented.

The effect of women's education and workforce participation was also reflected in the report's analysis of fertility rates. Evidence taken showed that obtaining post school qualifications tends to reduce a woman's fertility because she delays partnering while initially pursuing a career.

What is less well known is that having paid employment, and a workplace supportive of her wish to raise a family, in fact promotes a woman's fertility. In patriarchal societies where married women are still required to solely undertake domestic tasks, such as Italy, Spain and Japan, the fertility rates are low and are a

---

1 The Bureau's data does not show both the amount of Child Care Benefit received and what the child care provider initially charged. They publish the net figure from combining the two.

---

major concern for their governments. In countries where women have more support to work, such as France, the Scandinavian and English-speaking countries, the fertility rates are significantly higher. This is a fundamental change to fertility patterns from previous generations.

Other aspects of fertility continue to change. For example, although more children are born before their parents marry, more fathers are being registered for these ex-nuptial births.

A key aspect to this inquiry is how workplaces in Australia are run and to what extent they recognise employees' family responsibilities. The committee found significant evidence that workplaces are changing to meet the needs of their staff. Since 1993, both men and women are now more likely to use work arrangements to care for their children. The arrangement growing the most rapidly is flexible hours, followed by part time work. Further, Australia had high levels of staff working flexible hours, compared with other OECD countries.

Under these circumstances, the committee has not recommended any additional regulation, such as the 'right to request' legislation in the United Kingdom. However, the committee has made some recommendations to improve the climate of negotiation in Australia and to clarify the business case to employers of flexible working. There is much to be gained by both management and staff in effective workplace negotiations. Businesses are more profitable and workers have more options in enjoying their family life.

The last chapter of the report covers carers of the elderly and people with a disability. These people do an enormously demanding job with only modest support from government. Many carers end their working lives socially isolated, with few assets and compromised health. The best way of giving these carers relief is to let them participate in the workforce.

However, the committee found that the services to help these people work, especially for the parents of disabled children, were virtually non-existent. The states, territories, and Commonwealth governments have been disputing who has responsibility for these services while the parents and their children continue to go without. If mainstream children are able to socialise and develop at child care, it is discriminatory to deny similar services to disabled children.

The committee has made recommendations to permit child care funding to be used more flexibly for disabled children. On an individual basis, children with a disability and their parents have much to gain from this report because the services currently available are so limited.

Completing a major report such as this requires the assistance of many people and organisations. Firstly, I would like to thank those who provided submissions and gave evidence at public hearings. The work of this committee depends a great deal on the contributions of ordinary individuals, as well as companies and experts,

and we very much appreciate the time and effort they put in to the inquiry. The Parliamentary Library, the Australian Bureau of Statistics and the Australian Institute of Family Studies provided significant assistance, helping the committee with a broad range of information.

I would also like to thank the members of the committee, particularly the Deputy Chair, Julia Irwin MP. My colleagues invested considerable time and effort in collecting the evidence for this inquiry, which is reflected in the report. The Committee Secretary, James Catchpole, and his team also deserve special mention for supporting the committee in its endeavours.

This report represents a snapshot of change in Australian society. Thirty years ago, whilst there were significant numbers of women in the workplace, participation rates have since increased dramatically while male participation has declined. What has also markedly changed is that many more women have post school qualifications. Women are accumulating economic power and this has given them a platform in the workplace and society from which to promote change.

The debate over balancing work and family still has a long way to go. The trend shows that women will ultimately hold as much economic power as men in Australia, in which case the changes that are occurring and will continue to occur are inevitable and to the benefit of our nation. It is not a question of our final destination, but what path we take and how quickly we arrive.

Hon Bronwyn Bishop MP  
Chairman

## Postscript

For the clarification of readers of the report, I provide the following:

- a statement I made to the House yesterday on the conduct of the committee's report consideration meetings;
- correspondence from committee member Mr Ken Ticehurst MP, to the Speaker, on the conduct of the committee's report consideration meetings; and
- an overview of the report consideration process, including attendance at report consideration meetings.

### Statement to the House from Hansard, Wednesday, 6 December 2006

'I rise to speak briefly about the matter that was raised after question time today concerning the Standing Committee on Family and Human Services and the consideration of the report which has taken place over some weeks. I just want to put on the record that the chairman's – that is, my – draft report was circulated to all members of the committee on Tuesday, 21 November and that there were then five consideration meetings: on Monday, 27 November, from 9.35 to 11.45 am; on Tuesday, 28 November, from 3.45 to 4.35 pm; on Tuesday, 28 November, from 8.11 to 9.33 pm; and on Thursday, 30 November, from 3.46 to 5.56 pm. Those meetings were attended by opposition members of the committee as well as government members, and we covered five-sevenths of the report on those occasions – five of the chapters were dealt with. The remaining two chapters were to be dealt with on Monday, 4 December. We met at about 9.10 am and we sat until 12.15. I realise that there was a vote going on for leadership for the opposition members, but I really did think they would come after the ballot had taken place.

There was also a very important reason for continuing with that meeting on 4 December, and that was that we had to deal with the very serious question of the leaking of the recommendations and material contained in the report. I stood in this place earlier this week and said that a journalist had called a staffer of mine and advised that he had been slipped a copy of the recommendations. I then sought advice of the Clerk. I spoke to the editor of the newspaper concerned and confirmed the advice in writing: that to publish would be in breach of the standing orders and that we would discuss that with the committee subsequently. It was an important thing to do, and it was also important to continue dealing with the report.

Because of the leaking of the material I was careful about the distribution of material. Nonetheless, when the report was finally compiled with all of the

amendments and the work that we had done, it was sent by electronic mail to all members of the committee, both government and opposition. There was a further meeting today at 3 o'clock, when we dealt with minutes. But unfortunately the opposition members did not appear at that meeting. They probably had very good reasons for not being there, but in fact they were not with us at that meeting.

I think the committee worked very hard and very studiously until the matter of the leaking of the recommendations, which really did make life very difficult. The committee really did feel, I think, that when material is leaked you have to take precautions to make sure that more material is not leaked. I would like to place on the record that all members of the committee have worked hard. I think perhaps the spill motion and people wanting to compete for frontbench positions and support other folk got in the way. I have to be very strong and simply say that the work of the committee has been good and that the outcome is important. For the record, I wanted to put those details into the *Hansard*.'

### Correspondence from committee member Mr Ken Ticehurst MP

-----Original Message-----

**From:** Ticehurst, Ken (MP)  
**Sent:** Thursday, 7 December 2006 7:49 AM  
**To:** Hawker, David (MP)  
**Cc:** Bishop, Bronwyn (MP)  
**Subject:** Family & Human Services Committee

Good morning Mr. Speaker,

Yesterday, I watched the orchestrated questions of feigned indignation to you by all the Labor members of the above committee. Although I am mainly recovering at home I have access to the webcast of parliament.

Last Monday morning I participated in the committee meeting by phone, as I was only available for the morning. The draft report had been sent via email many days before. As it runs to over 350 pages this is the best way to deliver such a document. This has been the usual practice.

While I was on the phone I had the radio running and was able to advise the committee members of the Labor leadership change shortly after 10:30 am. Soon after both the old & new Labor leaders were on air. This indicated that the meeting had concluded its main business and if Labor committee members were so concerned they could have joined the meeting. The decision not attend the meeting was theirs alone.

I can also confirm that the meeting was conducted in the normal manner, without any sign of haste, and indeed a little too slow for my phone battery ( which was giving signals of running out of power). The meeting concluded around 12:15 pm.

Regards  
Ken Ticehurst



## Overview of the report consideration process

### Chair's Draft report –

- distributed Tuesday 21 November.

### Report Consideration Meetings

Monday 27 November, 9.35am – 11.45am

Hon B Bishop MP (Chairman)	Mrs J Irwin MP
Hon A Cadman MP	Mr H Quick MP
Ms J George MP	

Tuesday 28 November, 3.45pm – 4.35pm

Hon B Bishop MP (Chairman)	Mrs J Irwin MP
Hon A Cadman MP	Mrs L Markus MP
Mr D Fawcett MP	Mr H Quick MP
Ms J George MP	

Tuesday 28 November 8.11pm – 9.33pm

Hon B Bishop MP (Chairman)	Ms J George MP
Hon A Cadman MP	Mrs J Irwin MP
Ms K Ellis MP	Mrs L Markus MP
Mr D Fawcett MP	

Thursday 30 November, 3.46pm – 5.56pm

Hon B Bishop MP (Chairman)	Mrs J Irwin MP
Hon A Cadman MP	Mrs L Markus MP
Mr D Fawcett MP	Mr H Quick MP
Ms J George MP	


Monday 4 December, 10.09am – 12.15pm

Hon B Bishop MP (Chairman)	Mrs L Markus MP
Hon A Cadman MP	Mr K Ticehurst (audio link)
Mr D Fawcett MP	

### Final Report (near finalised version for printer)

- Hard copy to Chair, 10.50pm, Tuesday 5 December
- Distributed to Members 11.30am, Wednesday 6 December





## Membership of the Committee

Chair            Hon Bronwyn Bishop MP

Deputy Chair   Mrs Julia Irwin MP

Members        Hon Alan Cadman MP

Ms Kate Ellis MP

Mrs Kay Elson MP

Mr David Fawcett MP

Ms Jennie George MP

Mrs Louise Markus MP

Mr Harry Quick MP

Mr Ken Ticehurst MP

## Committee Secretariat

Secretary	Mr James Catchpole
Inquiry Secretary	Mr David Monk
Senior Research Officers	Dr Louise Mendel ( <i>until October 2005</i> ) Ms Anna Engwerda-Smith ( <i>from November 2005</i> )
Research Officer	Ms Belynda Zolotto
Administrative Officers	Ms Cate Dwyer ( <i>until April 2005</i> ) Ms Kyriaki Mechanicos ( <i>until November 2005</i> ) Ms Emily Shum



## Terms of reference

“The House of Representatives Standing Committee on Family and Human Services has reviewed the 2003-2004 Annual Report of the Department of Family and Community Services and resolved to conduct an inquiry.

The Committee shall inquire into and report on how the Australian Government can better help families balance their work and family responsibilities. The Committee is particularly interested in:

- the financial, career and social disincentives to starting families;
- making it easier for parents who so wish to return to the paid workforce;
- and
- the impact of taxation and other matters on families in the choices they make in balancing work and family life.”

Adopted by the Committee 9 February 2005



## List of abbreviations

ABNs	Australian business numbers
ABS	Australian Bureau of Statistics
ADHD	Attention Deficit Hyperactivity Disorder
AEIOU	Autism Early Intervention Outcomes Units Inc
AWAs	Australian Workplace Agreements
CPI	Consumer Price Index
FBT	Fringe benefits tax
GST	Goods and Services Tax
HACC	Home and Community Care
HECS	Higher Education Contribution Scheme
HILDA	Household, Income and Labour Dynamics in Australia Survey
IVF	In-vitro fertilisation
NACBCS	National Association of Community Based Children's Services
NATSEM	The National Centre for Social and Economic Modelling
OECD	The Organisation for Economic Cooperation and Development
PBS	Pharmaceutical Benefits Scheme
TFNs	Tax file numbers



## List of recommendations

### 4 Starting families

#### Recommendation 1

The Department of Education, Science and Training arrange for the interest on HECS debts of second earners in couple families, and for single parents, to be frozen until their youngest child reaches school age.

#### Recommendation 2

The Department of Families, Community Services and Indigenous Affairs fund a public information campaign, aimed at both men and women, on the effects of age and late partnering on fertility.

#### Recommendation 3

The Department of Families, Community Services and Indigenous Affairs and the Attorney General's Department establish the following additions to the relationship education components of the Family Relationships Services Program:

- programs to be offered at different stages of relationships; and
- a multimedia campaign to highlight the availability of these courses and the benefits of attending and completing them.

### 5 Returning to paid work

#### Recommendation 4

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

#### **Recommendation 5**

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.

#### **Recommendation 6**

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.

#### **Recommendation 7**

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).

#### **Recommendation 8**

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.

#### **Recommendation 9**

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.

#### **Recommendation 10**

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.



## 6 Choice and flexibility in child care

### Recommendation 11

In-home (nanny) care be categorised as approved care, and thus attract payments and tax concessions extended to users of approved care, where providers are registered with the Family Assistance Office, and:

- have or are at an advanced stage of attaining a minimum Certificate II qualification in child care, or an equivalent recognition of prior learning; and
- have a current 'working with children' police record check; and
- have a current first aid certification.

### Recommendation 12

The Government investigate the introduction of a national au pair program that would allow child care workers to live-in and work for a host family for 12 continuous months under a special category of visa.

### Recommendation 13

Paid care currently categorised as registered, including family day care, occasional care, outside school hours care, private preschools and in-home care; excluding care provided by grandparents, relatives or friends; be re-categorised as approved care, and thus attract payments and tax concessions extended to users of approved care.

### Recommendation 14

The registered care category and associated rates of Child Care Benefit continue to apply for work-related care that is provided by grandparents, relatives or friends who are registered with the Family Assistance Office.

## 7 Tax relief for child care

### Recommendation 15

Fringe benefits tax be removed from all child care, so that all or any child care provision made by employers to assist employees is exempt, inclusive of salary sacrificing arrangements for child care

### Recommendation 16

The existing Child Care Benefit and Child Care Tax Rebate be retained.

A choice should be afforded to working parents to opt for the Child Care Benefit and Child Care Tax Rebate, or to claim work-related child care costs as a tax deduction, either by way of a claim through their annual income tax return or by salary sacrificing.

**Recommendation 17**

The *Income Tax Assessment Act 1997* be amended to allow child care expenses incurred for the purposes of earning assessable income to be a tax deduction in the hands of the parent taxpayer who incurs the expenses.

A tax deduction shall only be claimed for the days of work on which the taxpayer can demonstrate that the care was necessary in order for them to work.

A tax deduction between parents in a couple family shall be apportioned between them in proportion to income earned by each.

Any unused portion of the tax deduction shall not be transferable between spouses.

Where a taxpayer elects to claim a tax deduction for child care expenses, Child Care Benefit and the Child Care Tax Rebate shall not be payable.

Where a taxpayer elects to claim the Child Care Benefit and Child Care Tax Rebate, a tax deduction shall not be available.

**8 Elder and disability carers****Recommendation 18**

The Australian Government consider allowing adults, who incur care costs for the care of elderly relatives or relatives with a disability, to have the choice of either receiving all current carers' benefits or claiming these costs as a tax deduction where they can demonstrate that paid care was necessary to allow them to work.

**Recommendation 19**

The Department of Families, Community Services and Indigenous Affairs make access to its funding programs more flexible, including the \$19,000 per child per annum under the Inclusion Support Scheme, so that community groups and businesses can establish child care centres that have expertise in the needs of children with a disability and allow the development of after school hours care and vacation care for special needs children.



## Overview of the inquiry

### Conduct of the inquiry

- 1.1 House of Representatives Standing Order 215(c) permits the committee to, among other things, make any inquiry it wishes to make into the annual reports of specified government departments and authorities. The committee reviewed the 2003-04 Annual Report of the Department of Family and Community Services and resolved on 9 February 2005 to conduct an inquiry into balancing work and family.
- 1.2 The inquiry was advertised in the national print media, through an extensive mail out to relevant parties, and through the House of Representatives' Liaison and Projects Office.
- 1.3 The committee received 225 submissions to the inquiry which are listed at Appendix A.
- 1.4 Eighty-one documents were received as exhibits to the inquiry and are listed at Appendix B.
- 1.5 Given the economic focus of this report, and the complexity of the interactions between families, work and taxation, the committee has invested in specialist analysis. As mentioned above, Access Economics was engaged as a consultant to the inquiry. Access Economics provided specialist macroeconomic modelling and analysis on women's workforce participation and the economic projections of the intergenerational report of 2002. The report is reproduced at Appendix D.
- 1.6 Econtech was also engaged as a consultant to the inquiry to undertake microeconomic modelling on the impact on individual families and on the federal budget of expanded salary sacrificing for child care, and tax deductibility for child care, including in-home carers (nannies). The report is reproduced at Appendix E.

- 1.7 In order to hear first-hand the views of the community, the committee held 25 public hearings between April 2005 and November 2006, taking evidence from over 200 witnesses in Sydney, Brisbane, Canberra, Hobart, Adelaide, Perth and Darwin. Public hearings for the inquiry are listed at Appendix C.
- 1.8 Appendix F contains source notes for Table 2.8: *Summary of major Australian Government payments to families and carers*.
- 1.9 The subject of the inquiry, it became clear, was meaningful to many Australians. It attracted national media headlines throughout, particularly on issues of child care and women's careers.

## Structure of the report

- 1.10 This report is largely structured along the three terms of reference adopted by the committee at the initiation of the inquiry.
- 1.11 The second chapter outlines government assistance for families in Australia.
- 1.12 The third chapter examines taxation measures relevant to families and outlines the taxation treatment of child care in Australia.
- 1.13 The fourth chapter examines the financial, career and social disincentives to starting families. It also considers how tension between the labour market and the family, together with other social factors, could be contributing to Australia's low fertility.
- 1.14 The fifth chapter examines how parents and carers cope with the transition to paid work after periods of unpaid work.
- 1.15 The sixth chapter examines child care in Australia, including whether existing services are providing adequate flexibility and choice to parents.
- 1.16 The seventh chapter examines the child care disincentives and inequities that result under the *Fringe Benefits Tax Assessment Act 1986* and the *Income Tax Assessment Act 1997*. It considers taxation relief for child care.
- 1.17 The eighth chapter considers evidence received by the committee on the added pressures of those who care for a child with a disability or for an aged family member.

”