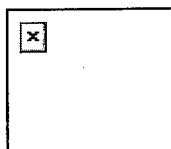


**SUBMISSION NO. 111**  
AUTHORISED: 9-05-05



**ACT Government**

**Submission of the Minister for Industrial Relations  
to the House of Representatives  
Standing Committee on Family and Human Services  
Inquiry into Balancing Work and Family**



## Introduction

The ACT Government is pleased to make a submission to this inquiry. The need to balance work and family has become one of the pressing social issues of our time. The ACT took part in the joint State and Territory Commission submission to the Australian Industrial Relations Commission's test case on Family Provisions.

The ACT Government supports the promotion of policies that address the work and family collision in both the public and private sector including:

- through improved conditions in the ACT Public Service (ACTPS), creating new benchmark standards for ACT employees
- through cooperation with unions and business to see improving work and family conditions in the private sector
- through submissions to national forums, like the AIRC, on the Work and Family Test Case, as well as the National Living Wage Case
- through legislative reform to areas such as Long Service Leave and Parental Leave, in recognition of the essential role legislative regimes can play in setting work and family standards.

The need to balance work and family obligations has become a significant issue in Australian society. While much media attention is focussed on caring for children, elder care is also an issue for many workers. Some of the interest in the issue is driven by families wanting greater access to quality childcare and a greater balance in their working lives, but others are interested because of the declining fertility rate in Australia. This, combined with the retirement of the 'baby boomer' generation, means there is a decline in the number of potential workers available and policies are needed to address this trend.

While there are many social issues driving the introduction of family friendly policies at the workplace there is also evidence that these policies are good for business. A study by Work Life Balance International showed that workplaces with family friendly initiatives benefited from them with reduced staff turnover, absenteeism and an increased rate of return from parental leave.

## **The financial, career and social disincentives to starting families**

### **Cost of childcare**

The cost of childcare can be a significant disincentive to workforce participation. In the ACT the cost of having two children in full time centre based long day care average is approximately 25% of a family's disposable income.<sup>1</sup> The figure is similar from the \$27,000 income bracket to the \$65,000 bracket because of the effect of the Childcare Benefit.

The Canberra Plan was launched on 11 March 2004. *The Canberra Plan* brings three core ACT Government strategies together - *Building our Community - The Canberra Social Plan*, the *Economic White Paper* and the *Canberra Spatial Plan*. This recognises the important links between Canberra's layout, economy and community.

*Building our Community - The Canberra Social Plan*, includes a commitment to promote a better balance between work and family. As a part of this commitment, the ACT Government is undertaking a feasibility study on shared work based child care for public and private sector employers. The feasibility study will be completed by 30 June 2005.

The establishment of Child and Family Centres is another initiative that has been established under the *Canberra Plan*. The Child and Family Centres provide a range of services to the community, with a focus on support and early intervention, including health, education, parenting and family support services. The Child and Family Centres deliver these services in a co-ordinated manner, assisting families and carers to access a range of services and information from the one location. This approach assists families to access the services they need with ease and can assist to minimise disruption to work and family life. After hours appointments are also offered through the centres, further supporting families who have work and other commitments that make access to services difficult during business hours.

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<sup>1</sup> SCRGSP (Steering Committee for the Review of Government Service Provision) 2005, *Report on Government Services 2005* Productivity Commission, Canberra Table 14A.15

## Insecure work

The growing casual workforce and the use of independent contractors and labour hire arrangements mean that work has become less secure for some Australian workers.

The Australian work force has become increasingly casualised over the past twenty years. The density of casual employment has increased from 19% in 1990 to 27% in 2000<sup>2</sup>. From 1985 to 2002 the use of casuals in the communications, finance and industries sectors trebled.<sup>3</sup> Much of the flexibility that casual work offers advantages employers rather than employees and many workers who work 'casually' do so because they want less than full time hours and the only way they can ensure this is to take on a casual position<sup>4</sup>.

While the ACT Government supports the role that genuinely independent contract work plays in the ACT economy these arrangements are not appropriate when the contractor is not genuinely independent from the principal contractor.

The ACT Government has noted that there is an emerging class of independent contractors who could be more accurately characterised as dependent contractors. A 'dependent' contract is one where one party is not truly independent, and work under the contract is in reality performed in a similar way to work under a contract of employment<sup>5</sup>. Compared to truly independent contractors these workers tend to be those who are more vulnerable in the labour force - they work in lower skilled occupations<sup>6</sup>; are young<sup>7</sup>; and female<sup>8</sup>.

While independent contracting is a choice many people make, an emerging group of dependent contractors seem to have little choice but to accept employment that is not subject to the regulation of the industrial relations system.

While labour hire arrangements play an important role in the labour market, the growth of these arrangements as a form of work has had significant consequences for those earning their income from these arrangements. There is a concern that these employment types limit access to family friendly work arrangements. The nature of these work arrangements mean

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<sup>2</sup> Campbell, I. and Burgess, J. (2001), 'A New Estimate of Casual Employment?', Australian Bulletin of Labour 27(2), pp. 6-29. as quoted in Watson I Contented Casuals in Inferior Jobs? Reassessing Causal Employment in Australia. Acirt Working Paper 94 p1

<sup>3</sup> Wooden, M. and Warren, D. (2003), 'The Characteristics of Casual and Fixed-Term Employment: Evidence from the HILDA Survey', Melbourne Institute Working Paper 15/03 as quoted in Watson I Contented Casuals in *Inferior Jobs? Reassessing Causal Employment in Australia*. Acirt Working Paper 94 p1

<sup>4</sup> Pocock, B *The Work/Life Collision* The Federation Press 2003 p173

<sup>5</sup> Waite and Will *Ibid* P vii

<sup>6</sup> Waite and Will *Ibid* P46

<sup>7</sup> Waite and Will *Ibid* P41

that jobs vary in length and security; little attention is paid to the training and development needs of the workers; career paths are limited and there is evidence that these workers have poor conditions in comparison to employees who work under a contract of service.<sup>9</sup>

Expansion of these arrangements would mean erosion of economic security for Australian workers and their families. It is significantly more difficult for families to achieve goals such as home ownership if the family does not have a steady source of income and poor job security. High levels of household debt and the recent rise in interest rates compound the problems of insecure employment.

#### Role of the Commission in establishing family friendly provisions

The ACT was proud to have participated in the joint State and Territory Submission to the Australian Industrial Relations Commission's Family Provisions Test Case. This submission supported a 'right to request/employer obligation to not unreasonably refuse' model for family friendly provisions such as varying daily hours and 24 months unpaid parental leave. The 'right to request/employer obligation to not unreasonably refuse' model was adopted for family friendly initiatives in the UK in 2003. Although the UK legislation will not be officially reviewed until 2006, research by the Chartered Institute of Personnel Development on the impact of the legislation 6 months after it commenced reveals it is working well.

The Economic White Paper and the Social Plan commit the ACT Government to promoting family friendly work solutions and participation in a joint submission is one way of supporting the objectives outlined in the Economic White Paper.

#### Aged Care

Many recent studies have anticipated a significant change in the future age demographics of Australia's population.<sup>10</sup> As people are living longer and fertility rates are lowering, the ratio between people over the age of 65, and people aged between 15 and 64 is increasing rapidly. As the population ages, more people will require care.<sup>11</sup> As life expectancies increase it is also possible that older people will require some level of assistance for longer periods of time.<sup>12</sup> In addition women are having children later in life, so that they may find themselves attempting to

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<sup>8</sup> Waite and Will *Ibid* P41

<sup>9</sup> Hall, R *Ibid* P5-7

<sup>10</sup> See for eg. Productivity Commission 2004, 'Economic Implications of an Ageing Australia, Draft Research Report'; National Centre for Social and Economic Modelling 2004. 'Who's Going to Care? Informal Care and an Ageing Population.' (Who's Going to Care)

<sup>11</sup> Who's Going to Care? p26; Australian Institute of Health and Welfare 2004 'Carers in Australia: Assisting Frail Older People and People with a Disability,' p12. (Carers in Australia)

<sup>12</sup> Who's Going to Care p6.

care for older relatives at the same time as caring for children.<sup>13</sup> The responsibility for providing informal care for older people largely rests with female family members.<sup>14</sup> This has implications for the workforce by creating greater pressure on workers who will need to combine caring and working obligations.

As well as increasing the demand for informal care, the increase in the proportion of older people has created concerns that there will not be enough people of working age to support those who are retired.<sup>15</sup> This means that in order to maintain a sufficient supply of labour the pool of workforce participants must be maximised. This may include encouraging older people<sup>16</sup> and carers to participate in the workforce.<sup>17</sup> To do this we will need to increase efforts to accommodate the particular needs of carers, so that they are able to manage their working, caring and family commitments. This may be particularly true for older workers, who are likely to have caring responsibilities.<sup>18</sup> Helping carers balance work and caring commitments requires flexibility in the work place, as well as assistance and support for their roles as carers.<sup>19</sup>

In addition to our efforts to provide flexible working conditions within the ACT government and private sectors the ACT Government provides a range of services to assist in the care of older people.

One element of this is the Building for Our Ageing community strategy, to provide high quality aged persons' accommodation. This strategy includes land release for aged care, improving planning and development processes for aged persons' accommodation, assisting proponents of aged persons' accommodation and researching and collecting data about the demand for aged persons' accommodation so that we can create a strategic, long term plan.

The ACT Government currently provides a range of non-residential and respite care services, as well as services to assist carers. This includes a recently introduced service to help older people to stay in their own homes. The program provides packages of 8-10 week rehabilitative

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<sup>13</sup> *Ibid* p11.

<sup>14</sup> Carers in Australia p4.

<sup>15</sup> The Hon. Bronwyn Bishop MP Minister for Aged Care, 1999 'National Strategy for an Ageing Australia: Employment for Mature Age Workers Issue Paper' p8. (National Strategy for an Ageing Australia)

<sup>16</sup> National Strategy for an Ageing Australia pp14-15.

<sup>17</sup> Currently carers are less likely than other people to participate in the workforce, and carers may not return to work after the period of caring. Carers in Australia p20-21.

<sup>18</sup> National Strategy for an Ageing Australia p21.

<sup>19</sup> Carers in Australia p xiv.

and convalescent services for older people in hospital who need special care in order to regain their independence. The ACT Office for Ageing is also considering a range of initiatives to decrease the demand for full time residential care, by assisting older people to maintain their independence for longer.

### **The impact of taxation and other matters on families in the choices they make in balancing work and family life.**

In the private sector a payroll tax exemption was included in the 2004/05 ACT Budget for private sector employees who access paid maternity, primary care-giver and adoption leave. This includes full time and part time employees and would be available for a maximum of 14 weeks. The exemption commences on 1 July 2005, and will apply while employees are on leave.

The current tax system is a disincentive for mothers, particularly those on low incomes, to return to work after having a child. The National Centre for Economic Modelling found that Effective Marginal Tax Rates (EMTRs) for mothers could be quite high. For some mothers the amount of income lost can be up to 60%.<sup>20</sup> Their research concluded that the tax system provided a disincentive for mothers to return to work, particularly those from low-income families. NATSEM accepted that while there were long term benefits for mothers going back to work these low-income families were least able to bear the short term financial loss.<sup>21</sup>

### **Making it easier for parents who so wish to return to the paid workforce**

#### *ACT Public Service*

The ACT Government is a leader in the field and has a demonstrated commitment to improving family friendly provisions in the public sector. The Government, in cooperation with ACT public sector unions, through enterprise bargaining agreements<sup>22</sup> has introduced a raft of family friendly and work and life balance initiatives in recent years. Paid maternity leave has increased from 12 to 14 weeks for ACT public servants. All employees returning from maternity leave can access regular part-time employment for a period up to two years from the

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<sup>20</sup> Toohey, M and Beer G *Is it worth working now? The financial impact of increased hours of work for mothers under Australia's new tax system* National Centre for Social and Economic Modelling, University of Canberra P19

<sup>21</sup> Toohey, M and Beer G *Ibid* P20

<sup>22</sup> ACT Government Template Agreement 2004-2007, Section E Recognition of Work and Life Responsibilities; Section F Flexible Working Arrangements; and Section G Leave.

birth of their child. Maternity leave may now be taken non-continuously in situations where a newborn child requires hospitalisation. Access to annual leave and long service leave on half pay can be taken in conjunction with maternity leave.

In addition, 14 weeks paid primary care giver leave is available for ACT Public Service employees who are the primary care giver of a newborn or adopted child.

Bonding leave is available whereby a partner can access up to 5 days paid leave on the birth and/or adoption of a child.

Reimbursements for a Vacation Childcare Program, which apply when access to leave is rejected during school holiday periods, have been enhanced. Under this Program employees can receive \$100 per week per child for childcare up to a ceiling of 3 children for a maximum period of 10 days per child per year.

In recognition that all employees have commitments outside of the workplace, including family commitments, each enterprise bargaining agreement possesses a management of excess hours clause whereby managers, supervisors and employees must regularly review workloads and priorities and develop strategies to overcome excessive working hours.

The ACT Government recognises that employees may have caring responsibilities that may vary considerably. Carers are defined as employees who provide, in addition to their normal family responsibilities, care and support on a regular basis to other family members or other persons who are sick or ageing, have an injury, have a physical or mental illness, or a disability. ACT public sector enterprise bargaining agreement provisions also provide for flexible working and leave arrangements that can be implemented in carer responsibility situations that greatly assist the employees and the person/s requiring care.

Other family friendly and life and work balance initiatives include the ability of all ACT public servants to purchase up to 6 weeks additional leave annually and the extension of sick leave that can be taken without a medical certificate from 5 to 7 days.

Home-based work can also be accessed on a regular basis as agreed between public servants and their managers. Computers linked to the Government network are often supplied for home based work.



## Conclusion

Helping Australian families strike a successful balance between work and family responsibilities requires new thinking and positive action by all levels of government, industry and business, community groups and non-government organisations. The issues involved are complex, interconnected and tremendously diverse; including as they do, fertility rates, flexible employment options, family friendly workplaces and workplace cultures, flexible leave options, childcare arrangements and costs, regional and urban development issues including affordable and high standard aged persons' accommodation.

It is commonplace to refer to the benefits of "whole-of-government" strategies to deal with complex areas of public policy. In this case nothing less than a "whole-of-society" approach is required. With this in mind, the ACT Chief Minister, Jon Stanhope MLA, has written to the Prime Minister, the Hon John Howard MP, calling for the peak intergovernmental body in Australia, the Council of Australian Governments (COAG) to convene a national summit on work and family balance. Such a summit would involve all levels of Government in Australia, Commonwealth, States and Territories and Local Government, together with business and industry, trade unions, community and non-government organisations. It would focus national attention and debate on the issues involved and facilitate the development of comprehensive strategies to advance the well-being of Australian families.

The idea of a national summit on work and family balance has already received bipartisan endorsement by Commonwealth, State and Territory Ministers for Women at their ministerial conference in August 2004. The ACT Government strongly recommends that the Committee endorse the proposal for a national summit convened by COAG as an appropriate vehicle for raising awareness, stimulating debate and generating change. A summit on work and family balance would be a major step forward for the well-being of Australian families and the nation.