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The
**Australian
Psychological
Society Ltd**



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**Submission to the
Inquiry into Balancing Work and Family**
The House of Representatives Standing Committee
on Family and Human Services

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Summary of submission

As a preliminary consideration, the Australian Psychological Society (APS) has some concern over the presupposition of the Inquiry that there is a problem with the current fertility rate in Australia, and believes the need to increase Australia's population should be carefully examined. There is also a concern that the focus of the Inquiry is on disincentives for having children, which may miss the opportunity to examine and support the current incentives that encourage the majority of Australians to have children.

There are many well-documented disincentives to having children and these have been broadly grouped within the Terms of Reference of the Inquiry into financial, career and social disincentives. This submission examines relevant psychological research to better understand each of these disincentives and offers psychological perspectives within each category. In recommending policy initiatives to address the disincentives for having children, the APS believes a whole-of-government approach should be taken to implementing family-friendly work practices. Such an approach would include a review of current taxation and industrial relations policy and practice, as well as family and community services, education and health policy. This would include an inquiry into gender inequity in income and provision of adequate support for families with children, including affordable and accessible health services, childcare and education for all ages.

1. Terms of Reference of Inquiry and organisation of this submission

Terms of Reference

The Inquiry will report on how the Australian Government can better help families to balance their work and family responsibilities. The Committee undertaking the Inquiry sought input on the following matters:

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

Organisation of APS submission

The APS has responded to all three areas of the Terms of Reference, however we have particularly focused on the first and second Terms. In the interests of clarity and to save repetition, we have arranged our responses to correspond to each area of disincentive identified under the first Term of Reference. Following some introductory remarks, the submission is organised in three sections – Financial disincentives to having children, Career disincentives and Social disincentives. Within each section, we have included recommendations for appropriate policy initiatives. Such initiatives include both ways of making it easier for parents to return to the workforce, as well as taxation and related matters.

2. Introduction

The APS welcomes the opportunity to provide input to the Inquiry into Balancing Work and Family. The issue of balancing work and family is central to personal and community wellbeing and requires support that is well-informed and effectively tuned by government. The profession of psychology is well placed to contribute to the current Inquiry through its evidence-based and integrated approach to issues that impact on the provision of services to individual and the community.

2.1 About the Australian Psychological Society

The APS is the premier professional association for psychologists in Australia, representing over 14,500 members. Psychology is a discipline that systematically addresses the many facets of human experience and functioning at individual, family and societal levels. Psychology covers many highly specialised areas, but all psychologists share foundational training in human development and the constructs of healthy functioning. Psychologists frequently work in a multidisciplinary context with other health professionals, including GPs, to support wellbeing, to contribute to the effective management of lifestyle problems, and to address mental health concerns.

The APS supports nine Colleges that promote specialist areas of psychology, including the Clinical, Community, Counselling, Educational & Developmental, Health and Organisational Colleges. A range of interest groups within the APS also reflect the Society's commitment to promoting equity for indigenous Australians, women, gay and lesbian people, ageing people, children, adolescents and families.

2.2 Preliminary remarks about the Inquiry

Presupposition of a problem with the current fertility rate

In the first instance there needs to be consideration of the presupposition behind the Inquiry that there is an actual or potential policy problem with the current fertility rate in Australia. We argue that there should be a careful examination of the need to increase Australia's population. The fertility rate in Australia is similar to that in most other first world nations, overall slightly below replacement rate (Weston, 2004). There have been concerns that this, combined with an ageing cohort of baby boomers, is leading to a potential and actual workforce skill shortage. The Australian Government has very recently put in place a number of quite direct incentives for parents to have children, most notably the 2004 'baby bonus' of \$3000 in place of a policy on maternity leave.

It is as yet unclear what the effects of such financial incentives might be. However, Morehead (2004) in a recent review of family policy initiatives suggests that the changes are too little to make any real impact on decision making for Australian women and men considering having children. The Weekend Enquirer (April 9–10) quotes Peter MacDonald from the Australian National University as suggesting that government policy is important not so much for any economic benefit, but for its psychological impact. Clearly at this time the Australian Government is encouraging coupled heterosexual people in the workforce to have children.

Inquiry focus on disincentives rather than incentives to having children

A second concern involves the Inquiry's focus on disincentives for having children, rather than examining what the current incentives are that encourage the majority of Australians to have children. This may miss an opportunity to support already existing motivating factors. It is worth noting that although the Australian population is declining, in line with other first world countries, this tendency is not uniform across groupings. For example, indigenous Australians have a birth rate nearly double that for the total Australian population, as well as lower life expectancy (ABS, 1998).

Parker and Alexander (2004) suggest there are a number of emotional and psychological issues that make people wish to become parents. These include the desire to have someone to love; to add meaning to life; that the partner (male or female) would make a good parent; and giving existing children a brother or a sister.

It is important that parents' own needs are met, as well as their children's, as the cognitive, social and emotional development of babies and children is related to the quality of care they receive. Parents who do not achieve a satisfactory balance between their children's needs and their own needs are more vulnerable to psychological difficulties such as increased stress, isolation, reduced self-esteem and ultimately depression. The negative effects of parental depression on children's psychological health and wellbeing have been well documented (Dadds, 1987). It is therefore important that mothers or fathers have the option to parent full-time, if they wish, during their child's early years.

The APS recognises the importance of parents being able to create a balance between what is in the best interests of the child, their own needs, family needs and work needs, without making long-term sacrifices. 'Being in balance' meets no objective standard; rather, it is to have a sense of general satisfaction, happiness with one's life, and a feeling of being in control and able to cope. Being in balance is about having a sense of psychological wellbeing.

3. Financial disincentives for having children

The costs of having children have been a subject of significant research in the last five years and there are indications that individuals, both men and women, perceive children as an extremely expensive choice and one that is not well supported by public policy or community resources (Gray & Chapman, 2001). This view increases with education level and higher financial aspirations. There is a view among young tertiary educated Australians that children are a very expensive option, both in terms of actual cost of education, clothing and housing, as well as cost in terms of forgone earnings, particularly for mothers. This view is empirically supported (Gray & Chapman, 2001).

Financial disincentives are also linked to career disincentives, in that tertiary education for most professions – including traditional women's work such as teaching and nursing – is four to six years full time. This leads to many young people being in their mid twenties before seriously beginning a career. Many will carry a HECS debt and would prefer to have a relatively secure income stream and the ability to afford a good level of housing before starting a family. This situation applies to both young men and young women (Parker & Alexander, 2004).

All of these factors combine to ensure more women (and men) are waiting until their mid thirties before having children. In many respects those parents are 'better' parents since they have accumulated more social and economic capital than many younger parents in their twenties. However, it increases the likelihood that they will have less than their ideal number of children (2 or 3) and also increases the possibility that they will have significant difficulty conceiving children.

There are issues associated with the cost and accessibility of quality childcare for pre-school age children as well as before- and after-school care and school holiday programs for school age children. There are increasing reports of waiting lists for childcare of significantly over a year (Qu & Wise, 2004). In the same way, before- and after-school care needed by full-time workers for school aged children is in short supply.

A recent report on the cost of childcare estimates that for every dollar invested in care, the Government recoups \$1.80 simply in terms of increased tax contributions and reduced Government outlay (Bourke, 2005). This does not take into account the investment in benefits to children of accessing good quality childcare in their toddler and early childhood years.

3.1 Recommended policy initiatives

It is important for governments to provide a coordinated approach to addressing the financial disincentives to having children and to recognise the connections between economic and social policy. Obvious policy areas that have a direct impact on decisions about fertility include taxation, housing, childcare, education, family and health policy.

Decrease costs associated with raising children

Policy that directly or indirectly decreases the costs associated with bringing up children, most obviously childcare and education, will reduce the disincentives. Policy should aim to ensure good quality, affordable education from pre-school to university for all Australian children. Likewise the availability of good quality, affordable childcare, out-of-school-hours care and holiday programs are an incentive for prospective parents.

Review taxation policy to account for costs of caring for children

Policy initiatives that reduce the forgone income for parents who spend time out of the workforce to care for children would provide an important financial incentive. Currently, marginal tax rates for two income families quickly become punitive, and, when this is combined with a high cost of childcare, many parents find it too difficult to continue in the paid workforce. The current taxation structure does not include the expenses involved in caring for children as central to the costs of earning a living. There should be an overhaul of the taxation system to best meet the needs of families, rather than the continual piecemeal modification of the current system.

Encourage family-friendly workplace policy

Family-friendly workplace policy including flexible hours and arrangements such as leave buy-back to allow parents to spend time with children in the school holidays, should be supported and encouraged by appropriate policy initiatives. Such initiatives could be coordinated through industrial relations policy at a national level.

Expand the current Victorian inquiry into gender-related pay equity

The Victorian Government has recently launched an inquiry into gender pay equity. The APS believes a national inquiry into gender-related pay equity is warranted and could be achieved by expanding the current Victorian inquiry. Improved pay equity is likely to have a flow-on effect to families' fertility choices by making it viable for couples to have dual careers and providing an increased ability for both parents to share care responsibilities. For single parents, particularly women, access to more equitable income will allow parents and children greater life choices (Goward, 2005). The terms of reference of such an expanded inquiry could include a review of industrial relations legislation to assess its impact on family-friendly work practices. The current review of benefits for sole parents should ensure that sole parents are not overburdened by pressure to return to the full time paid workforce.

4. Career disincentives for having children

Preference for some involvement in the workforce

The majority of women with children prefer some combination of family life and work over their lifetime, and most women caring for small children at home indicate an intention to return to the workforce at some stage. Most women with children prefer part-time employment over full-time employment irrespective of the age of their children, and, in fact, women who work part-time have been found to be especially satisfied with work-family balance (Glezer & Woolcott, 1997).

A majority of fathers and mothers, in a recent study, said that they would prefer to be in the paid workforce even if, financially, they did not need to work (Glezer & Woolcott, 1997). These findings indicate a strong degree of work attachment and the importance of employment to a sense of personal identity to both men and women.

The most common way in which parents try to balance children's needs, family needs and their own needs is through combining work and family by working hours that maximise family time and by varying their work hours according to the developmental needs of their children. It remains the case that mothers of infants less than one year old rarely work full-time hours.

Career disincentives for women

Young women perceive a range of limitations to their ability to have both a career and a family and to be effective in both. Women expect that they will be in the paid workforce and the majority of women enjoy their attachment to the workforce (Glezer & Woolcott, 1997). However, Australia still has a highly gendered workforce and women as a group still earn overall less than their male counterparts. Women still overwhelmingly provide the major (unpaid) workforce in the care of children, particularly in the active practical aspects of parenting. For women, time out of the workforce reduces lifetime income by approximately 37% (Gray & Chapman, 2001).

In the early years of children's lives, women remain primary carers and the very large majority take at least a year out of the paid workforce after the birth of each child. The majority of Australian women prefer to work part-time or not at all before their children begin primary school. If a family has two or three children, the time out of the workforce can be a period of five or more years.

Re-entering the work force at a satisfactory level in terms of both status and financial reward are not the only challenges facing parents wishing to seek a balance between children's needs, their own needs, and work needs. Widespread increases in work pressure, and un-family-friendly workplace conditions present significant difficulties for both mothers and fathers who are trying to combine family life and work life. The stress associated with working and parenting is known to compound upon each domain (Dadds & Powell, 1991).

There is still a great deal of variation in access to family-friendly work practices among employees in the same workplace, as well as between employees working in different workplaces. Indeed, employees with dependent children are no more likely to report having access to family-friendly work practices than are childless employees. Employees with the lowest levels of education, job tenure and organisation-provided training are least likely to have access to family-friendly work practices (Gray, 2002).

There are few models of successful career and family balancing, and many models that provide positions for women with children where work is casual and intermittent are perceived as lower skilled and therefore poorly paid. In addition many women find the costs of further education prohibitive, be it study, retraining, maintaining or improving skills, or participating in ongoing professional development to maintain registration or membership of a professional body.

Career disincentives for men

It appears that men are also increasingly reluctant to have children for similar reasons to their partners and potential partners, including the cost of children, the possible impact on career, and social disincentives relating to increased expectations on men to play an active role in the parenting of their children (Parker & Alexander, 2004). There are still gaps in policy designed to help fathers to balance work and family life, despite the evidence that they are finding this balance increasingly hard to achieve (Morehead *et al.*, 1997). Many men are working extended hours, and report finding it more difficult with their current workloads and work conditions and/or cultures to be involved in their children's lives as much as they wish (Gray *et al.*, 2002).

4.1 Recommended policy initiatives

Encourage provision of innovative part-time employment

Industrial relations policy should work towards ensuring the provision of secure, valued, interesting part-time employment that can be organised to suit employees' needs, for example shorter days for parents with school age children. Such policies would encourage families with one child to consider having a second child with minimum additional difficulty.

A small grants program could provide assistance to small and medium-sized organisations to implement innovative workplace practices that assist employees to better balance their work and family commitments.

Encourage active development of skills during absence from workforce

The APS sees value in a labour market approach that actively encourages parents to continue to develop their skills throughout their working lives. Parents (and in the majority of cases, mothers) who take time out from work in their children's early years, have difficulty re-entering the workforce at their same level, and in keeping abreast of developments during that period of leave. One option that might address this, and be personally fulfilling, is to assist women to take advantage of their maternity leave, or years at home caring for young children, to pursue further education or training. These study options could be for maintenance or further development of work skills, retraining in new or related fields, participating in ongoing professional development to maintain registration or membership of a professional body or further development of life skills.

Assisting women to maintain or update their work skills also means that the social and human investments in training women prior to having children are maintained during their years out of the work force, and women would not need to start again to catch up in an era of increasingly rapid knowledge growth. It would also lead to increased numbers of skilled women in the workplace.

There are few government funded schemes to assist women to return to study unless they are a single parent, choose to study full time, or have a disability. Clearly, if we wish women to be able to participate in stimulating and satisfying activities during their years at home with their children, plus reduce some of the career and workplace disadvantages of extended maternity leave by pursuing study options during this period, they need to be supported in achieving this outcome. Support could include financial assistance, development of the capacity of educational institutions and organisations to meet the needs of mature-aged students with families, increased availability of part-time courses, study options that recognise prior learning for women wishing to update skills rather than repeat an entire course, and flexible child-care options in educational institutions.

5. Social disincentives for having children

Recent research has shown that one of the major incentives to having children is being in a secure partnership where each partner believes the other would make a good parent (Parker & Alexander, 2004). Conversely not being in a stable, secure relationship is a very significant disincentive. Both men and women feel strongly about the need to be in a suitable partnership before having children (Parker & Alexander, 2004).

Potential parents in the child-bearing years, particularly women, are very keenly aware of the high rate of divorce and parental separation. This understanding adds to cautiousness about having children. There is also considerable evidence of the pressure that the arrival of children places on relationships (Probert, 2002).

Part of the concern about having children in an age of high divorce rates is still the significant social stigma attached to being a single parent. There is also a considerable literature showing the perceived poorer outcomes for children of single parents (National Council of Single Mothers and their Children, 2004).

In addition, both men and women have a clear understanding that caring for children can be both complex and difficult, as well as financially costly. There are greater perceived social threats to children and a perceived need for close supervision and care, particularly in the context of sexual abuse. Parents are choosing to have smaller families rather than have one parent concentrate efforts on caring for a larger number of children. Weston (2004) suggests smaller families allow parents to invest more in their children in both a financial and a non-financial sense. Parenthood is the most significant predictor of how adults spend their time, and mothers spend twice as much time as fathers directly caring for children (Goward, 2005). Women tend to manage their paid work by sacrificing leisure and or adequate sleep, while men spend more time at the workplace after becoming parents (Weston, 2004).

5.1 Recommended policy initiatives

Promote relationship preparation and parenting courses

Policy designed to provide relationship preparation courses could address the community's increasing lack of confidence and skills to form lasting, secure relationships that could nurture children. Similarly, the provision of parenting courses in the community would increase the confidence of couples who may be wavering about a decision to have children.

6. Conclusion

It is difficult to recommend simple policy change that can significantly and quickly change social expectations and beliefs, and it is arguable whether such 'social engineering' should form the basis of government policy. Rather, the APS recommends a whole-of-government approach to the implementation of family-friendly work practices that assist in allowing parents and potential parents to make real choices in how they balance their work and family responsibilities.

A whole-of-government approach would include a review of the current taxation and industrial relations policy and practice, as well as family and community services, education and health policy. Such a review would include an inquiry into gender inequity in income and provision of adequate support for families with children, including affordable and accessible health services, childcare and education for all ages.

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