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**Submission to the
Commonwealth Parliamentary Inquiry into
Balancing Work and Family**

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1 INTRODUCTION

Australia is experiencing one of its most prosperous periods for several decades. This has delivered economic well-being and higher standards of living to more and more Australians and reflects the benefits of past economic reforms. Income and employment growth have been strong, unemployment has fallen to historically low levels and inflation remains well contained.

Nevertheless, behind this robust performance lie a number of vulnerabilities. Constraints and imbalances are emerging that, in the absence of reform, will slow growth and limit future opportunities. In addition, Australia like many other countries faces longer term challenges associated with ageing populations, slowing population growth and ever-increasing competition from global markets.

The key task of economic policy is to ensure that Australia maintains a strong rate of economic growth into the future. Only on this foundation can the economic, social, environmental, cultural and security aspirations of Australians be fulfilled. To deliver all of this, Australia requires a reinvigorated reform agenda. The BCA considers that a reinvigorated reform agenda must focus on two important objectives: sustaining high levels and strong growth in productivity; and achieving higher rates of workforce participation.

In terms of raising participation, it is well known that Australia's workforce participation rates are at best average, and well short of the rates in many other OECD countries. Workforce participation rates of women are relatively low, as well as among mature-aged Australians. In addition, sole parents also have low levels of workforce participation.

If Australia is to manage future challenges, and in particular the impacts of population ageing, as effectively as possible, we must ensure that policies support higher levels of workforce participation. This in turn means Australia's policies must better support those looking to balance both family and work obligations and aspirations. This will not only support participation, but also should work to support population growth through natural increase at a higher rate than would otherwise be the case. The fact that research shows many families would prefer to have more children but are delaying or limiting family increase because of social and economic factors suggests more needs to be done to support work and family balance.



2 WORK-FAMILY POLICIES IN THE WORKPLACE

Appropriate policies in the workplace clearly have a key role to play in supporting work-family balance. Policies that aim to support work and family can ease the pressures on parents or prospective parents that might otherwise discourage workforce participation, starting or adding to a family.

One of the biggest challenges for those seeking to pursue both work and family aspirations is trying to balance the competing demands of caring for children with broader domestic and work responsibilities - on a day to day basis, during school holidays and in the face of unforeseen circumstances such as child ill-health. Many, particularly second income earners in the household, seek to achieve balance through the pursuit of more flexible and part-time employment options.

There are additional challenges for women choosing to start a family while employed. These include the need for an appropriate period of leave after the birth of the child to ensure the physical and emotional wellbeing of both mother and child, as well as the financial implications and considerations associated with periods of absence from work.

Employers have an important role to play in working with their employees to develop appropriate work-family policies that best suit the needs and circumstances of both and which are therefore able to be sustained over time.

While public debate has tended to focus on the role of paid maternity leave there is in fact a wide range of policy options available to employers and employees in addressing work-family balance issues. These include not only paid maternity and paternity leave, but flexible working opportunities including flexible start and finish times, job sharing, work-from-home etcetera, as well as the possibility of providing employer sponsored childcare.

In order to better understand the nature and incidence of work-family policies in the workplace as well as the challenges and benefits associated with implementing such policies, the BCA undertook a survey of its Member Companies on these issues. BCA Member Companies are among Australia's largest employers and collectively employ nearly one million workers. The results of the BCA survey therefore provide important insights into these issues.



The survey showed that BCA Member Companies are adopting a wide variety of strategies to better support work-family balance and that there is no one-size-fits-all approach. For example:

- 93 per cent of survey respondents offer flexible working hours;
- 88 per cent provide job share opportunities;
- 74 per cent provide paid maternity leave; and
- 13 per cent provide work-based childcare.

BCA Member companies reported that good work-family policies produced real benefits for the business, including in terms of staff retention, recruitment, staff morale, and higher productivity.

One issue highlighted as inhibiting the adoption of further initiatives was workplace culture – in many instances work-family policies are still seen as ‘women’s business’.

A copy of the BCA’s *Balancing Work and Family Survey* has been provided with this submission.

The BCA considers that showcasing best practice is important in encouraging the wider adoption of appropriate work-family policies. Reflecting this, the BCA co-sponsors the National Work Family Awards which recognises excellence in the pursuit of better workplace policies in this area.

The BCA will continue to work towards ensuring that these Awards play a constructive role in broadening the adoption of work-family policies and raising workforce participation among women and parents. More information about the National Work Family Awards is available at the Department of Employment and Workplace Relations website:

www.workplace.gov.au/workFamily.



3 SUPPORTING WORKPLACE FLEXIBILITY – THE NEED FOR COMPREHENSIVE WORKPLACE RELATIONS REFORM

In order to ensure that business has the capacity to adopt the flexible and tailored workplace policies to support greater diversity in workforce participation, including higher levels of participation among women and parents through progressive work-family policies, the BCA considers that further, comprehensive reforms to workplace relations regulation and structures is required. In particular, the BCA considers that there needs to be far greater flexibility in employment agreement making – that is, it should be easier to adopt flexible agreements that better support the needs of individual employees.

The BCA has recently released its *Workplace Relations Action Plan for Future Prosperity*. The Action Plan clearly outlines the BCA's priorities for workplace relations reform including the need for, and benefits of, greater flexibility. A copy of the BCA's Workplace Relations Action Plan as well as background research prepared by Access Economics has been provided with this submission.

4 BETTER SUPPORTING WORKFORCE PARTICIPATION – THE NEED FOR COMPREHENSIVE TAXATION REFORM

The BCA considers that a key factor influencing decisions about workforce participation – including decisions about whether to work and for how long (hours and to what age) – is the interaction of the tax and welfare transfer system. This is particularly so for parents who are second income earners (mainly women), sole parents and mature-aged Australians.



It is well known that the interaction of a progressive tax system and means testing of welfare payments (which results in their withdrawal as income is earned) results in so-called high effective marginal tax rates. In short this means that when account is taken of tax paid and benefits lost, the gains that flow to an individual or household from taking on paid employment are quite small and significantly lower than those that flow to other income earners facing even the highest statutory marginal tax rates. An indication of the types of effective marginal tax rates that apply in different circumstances can be found in research undertaken by the Melbourne Institute which is available at: <http://melbourneinstitute.com/labour/downloads/WebReport.pdf>.

Some argue that improving incentives to work by reducing high effective marginal tax rates will not lift workforce participation. However, the BCA finds it difficult to accept such a conclusion in the face of effective marginal tax rates as high as 80 per cent or more, especially when account is also taken of additional costs that some workers, particularly those with responsibilities as carers, face when taking on paid employment.

The BCA's has recently released its *Taxation Action Plan for Future Prosperity* which calls for a review of, and response to, the issue of high effective marginal tax rates and the implications for workforce participation. A copy of the *Taxation Action Plan*, which also addresses wider reforms to the tax system, has been provided with this submission.



5 CONCLUSIONS

The BCA recognises the importance of improving work-family balance in order to better support higher levels of workplace participation among all parents and to ensure that individuals are not discouraged from starting a family or having more children.

Strengthening work-family policies within the workplace has a key role to play. BCA Members have led many others in the development of comprehensive and innovative policies, but of course more can be done in this area. Of fundamental importance is ensuring that there is a positive and supportive culture in regard to work-family balance in an organisation if policies are to produce positive outcomes in practice. The BCA through its ongoing sponsorship of the National Work Family Awards hopes to support the wider adoption of constructive work-family policies among businesses of all sizes.

While workplace policies are of course fundamental, it needs to be recognised that the structure and nature of public policies also has a key bearing on work and family aspirations as well as the capacity of business to provide appropriate policies to better support work-family balance.

The BCA considers that comprehensive reforms in the areas of workplace relations and the interaction of the tax-benefits systems in particular would make a positive and significant contribution to improved incentives to participate in paid employment and to balance work and family aspirations.