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The Hon Bronwyn Bishop MP
Chairman of the Standing Committee on Family and Human Services
House of Representatives Standing Committee
Parliament House
Canberra ACT 2600

Dear Chair,

We are the parents of an eighteen month old baby and have been taking an active interest in the social issue of families since our baby was born.

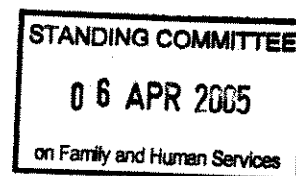
We have found supporting and raising a family very difficult at times due to numerous issues, and think it is timely that a Government Committee has been established to examine the factors involved.

This submission is based on personal experience and anecdotal evidence of other parents that we know and with whom we are involved.

There are many complex issues involved in the successful balancing of work and family life. This submission mentions the most basic ones, but we hope that together with the other submissions this will form the basis of an ongoing investigation which visualises and enacts the changes that are desperately needed to improve the life balance for parents and families.

Regards

Clara Hawker and Alex Kleiman



1. The financial, career and social disincentives to starting families.

From our experience and that of other parents we have spoken to, these three points are the most important when considering whether to start a family. Our experiences are based on living in Sydney. While this may not represent many Australians struggling with this issue, it does represent a large proportion that faces particular difficulties which may not be so apparent in other areas of Australia.

It is generally understood that most people would like to have a child or children, but this is often deferred for a wide range of reasons. These have been variously attributed to the level of female education and participation in the workforce, the changing world/political environment, the lack of family friendly workplace legislation and a host of other social issues including a decrease in the number of couples who partner for life (these issues are discussed in great detail in Leslie Cannold's 'What No Baby?'). The choice is also strongly influenced by a couple's financial stability and the feeling that they are able to provide for their family.

Financial:

- The prospect of losing an income for however long a parent is off work is daunting. For those lucky enough to have some paid maternity leave this is less of an issue, but there is still a time when they are on unpaid leave and are not receiving any income.
- Only 38% of Australian women are entitled to any sort of paid maternity leave; according to numerous studies this places Australia at the bottom of the list of developed countries with regard to maternity payment provisions.
- Only 30% of women and 19% of men had received paid parental leave in mid-2002.
- Many people simply do not have access to any paid leave and have to save up to have a baby, when otherwise they might have done it sooner.
- The \$3000 baby bonus goes some way to buying the things necessary for a new baby, but does not compensate for the non-working parent's salary.
- The cost of child care (if you can get it) is prohibitive.
- I have spoken to women who are not prepared to have additional children as it is simply not financially feasible: they can not afford not to work, but on the other hand if they do work they will not earn as much as they pay in childcare fees.
- As evidenced by numerous studies, women who bow out of the workforce to raise children are left permanently behind in their potential earnings, let alone the basic pay inequity that still exists where women earn only 84 cents for every male dollar.
- The affordability of housing has dropped by 25% in the previous generation¹, and this only adds to financial difficulties.

¹ Goward, P 2002, 'Work and Family: the Challenge for Modern Australia', Speech given at the Royal Women's Hospital, Sydney.

Career:

- For women, as they are almost always the ones at home with the baby (at least in the beginning), there is a career disincentive.
- There have been studies which relate the mother's age at the birth of her first child to the amount of time a woman has had to spend on education and establishing her career: many people want to feel secure in their career before taking time off for a family.
- Those who view career as important to their sense of self identity are likely to leave it longer until they have children. These tend to be women in higher socio-economic groups.
- Many women work part time when their children are young. Most women would prefer to increase these hours as the youngest child reaches five, with 64% saying they would prefer to have a paid job even if they don't need the money².
- After a woman has spent several years doing part time work it increases the difficulties she faces in being taken seriously when returning to her substantive position and continuing her career.
- It is not legislated for women to be able to return part time after maternity leave; this is still at the discretion of the employer.
- Flexibility in working arrangements is viewed by many as one of the major ways of achieving a satisfactory work-life balance.

- For example:
 - In my case, I would have been happy to return to work sooner than one year if I had been able to return part time. The fact that this was not an option meant that I stayed out of the workforce for longer.

Social:

- The services available in the area where a family lives will have an impact on their decision to have children.
- In areas where parents are likely to feel more socially isolated (through not being able to go back to work, or access childcare, for example) they may be inclined to put off having children.
- As the age at which women have their first child increases, so does the reluctance amongst a group of women to be the first one in her social circle to have a baby and all the demands and (sometimes isolating) new experiences that this entails.
- Although we live in an affluent area of Sydney, we cannot access the most basic benefit, namely child care, which is more accessible in other areas. People should not be penalized for living where they choose (my husband and I grew up in this

² Thornthwaite, L 2002, Work-Family Balance: International Research on Employee Preferences, Working Paper 79, University of Sydney.

- area and want the same for our children. Why do we have to pay more for this privilege than people in other areas?)
- Most parents have an aversion to having their child in care full time; many would prefer to change jobs, earn less and minimise their career prospects in order to avoid full time care.
 - For example:
 - One woman went back to work only three days per week to avoid her child being in full time care. For as long as she chooses to do this she realises that she will not be eligible for promotion or the resultant pay rise.
 - There is an increasing realisation that fathers want to be involved in parenting, but social and career restrictions have not allowed them to do so. Paid parental leave, not just maternity, could help ease these restrictions.
 - Having children should be a genuine choice people make, and not an either/or situation where something (career or family) must be sacrificed.

2. Making it easier for parents who so wish to return to the paid workforce

The single most essential element in this issue is the lack of affordable, quality child care. If parents do not have access to reasonable child care arrangements it is impossible for them to return to work. Currently more than 164,000 women cite lack of childcare or its expense, as the reason why they are not working³.

For example in our situation:

- We were on waiting lists at 10-12 child care centres (from Council and Non-Profit Centres, to private and Family Day Care centres) in December 2003. In February 2005 we were offered a place in a Non-Profit Organisation (NPO) child care centre.
- Had we not had grandparents we could rely on to provide child care I would not have been able to go back to work.
- We had to wait fourteen months to be offered a place, and endure all the stress that is involved as the deadline for returning to work gets closer and you still don't have care for your child.

Our situation is not unique. We have heard of people who put their child's name on a waiting list only to be told that there are six A4 pages of names before them, or that the child may get a place by the time it is of school age, or simply not to bother putting a name down as there is no chance of getting a place.

³ Cannold, L 2005, *What, No Baby?*, Freemantle Arts Centre Press, WA.

- For example:
 - One mother was fortunately retrenched at the same time as she was due back at work after her maternity leave expired.
 - This was fortunate for her as, having been unable to find a childcare place and having no family in Sydney, she would have been unable to return to her job in any capacity as she had to look after her child.

This lack of places for children in registered childcare is the driving force behind parents reduced participation in the workforce and could be simply addressed by more money being directed towards this system.

The simple fact is that unless you have able and willing family to help, many people cannot return to work - it is not always a choice.

The cost of childcare is also prohibitive. In our case we are lucky enough to attend a centre run by a NPO, charging us \$80 per day. This fee is payable even on public holidays when the centre is closed, in order to keep our place. We receive \$4.50 per day back under the current child care rebate scheme. Even though our family earns a relatively high salary, we are only able to afford three days per week at the Centre and rely on grandparents to cover the extra two days.

For parents who work on a roster system it is not financially feasible to return to work as they have to pay childcare fees even for the days they are rostered off, if these are the same days their child is registered for care. Childcare centres run only on 'standard' hours, and when overtime and rosters are taken into account, many parents no longer work 'standard' hours.

Mortgages and the high cost of living in Sydney eat up a large proportion of family income, and it would be few people who could afford to send their child to care full time at the cost of \$75 a day. Child care is too expensive and depending on income, this can be a major disincentive to return to work for some.

The above relates only to families with one child in care; if a family has more than one child requiring care most of the population would not be able to return to work as the child care would be worth more than the income.

For example:

- A family I spoke to with two children is struggling to make payments on their mortgage and the mother wants to return to work.
- The cost of two children in care however, would be more than she would earn, so she will continue to stay at home.

It is interesting to note that only 43% of Australian women with two or more children are in the workforce, compared with 82% in Sweden and 62% in the UK⁴. Looking at the

⁴ HREOC, 2005, Striking the Balance: Women, Men, Work and Family, HREOC.

cost and availability of child care, coupled with non-flexible working arrangements, this is hardly surprising.

It would be easier for parents to return to the paid workforce at a time convenient to them and their family, and with the benefit of flexible and appropriate conditions. At the moment this is not mandatory. Particular sectors suffer more than others. While more than 50% of staff employed in the retail sector are women, less than 30% of retailers have any family friendly initiatives in place⁵, let alone provisions for paid parental leave.

Legislation should ensure that employers assure their employees of a family friendly and flexible workplace. This would contribute greatly not only to the individual employee, but industrial relations morale as a whole. Returning to work after having a baby should be a right, not a privilege.

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

We understand that certain groups of people are subsidised by the Government to a greater or lesser degree. The equitable distribution of this subsidisation is not apparent at first glance, however.

- For example:
 - A person we spoke to has two children under five and the mother can not afford to return to work as child care fees are too high. As a result they are struggling to pay their mortgage.
 - This person's sister, an unemployed single mother, receives approximately \$485.00 per week in Government benefits. She also receives childcare that is subsidized so that she only pays a token daily fee.

While we agree with Government paying these benefits, why are they not also available to parents that work? A parallel is seen in the availability of vacation care for children. Some working parents are not able to book places for their children as they have been allocated to children of parents who do not work.

Are we being penalized for rejoining the workforce? It almost seems as if this Government wants women to stay at home and have babies instead of rejoining the workforce. If parents who choose to return to work are forced to pay \$75 per day for essential child care services, and these same services are available to those who do not work, what message does this send parents about returning to the workforce?

The top salary rate at which child care benefits stop is too low and the way tax benefits are reduced if both parents work full time is a serious disincentive to return to work full

⁵ Edger, D 2005, 'The Baby or the Briefcase', Sydney Morning Herald, April 1, 2005.

time for many. Why bother working if it means you will get less benefits and this will not be equaled by your larger pay packet?

If the Government is serious about making it easier for parents to return to the workforce after having children, at the very least, the cost of childcare should be tax deductible. The new 30% childcare rebate is an attempt to rectify this situation, but it is only a beginning.

I work full time and spend approximately one third of my wage on child care costs. When added to mortgage and other living costs this seems a disproportionately and unfairly large sum to be spending. The contribution that I make to the mortgage and family living costs comes at a high price for me not to spend time with my child.

Finally, we would like to say that public policy and changes to workplace regulation do have the potential to boost Australia's falling birth rate by making it easier for parents to choose to have children.

Recommendations:

- Child care **MUST** be equitably distributed and freely available in all areas.
- Child care must be more affordable, or alternatively tax deductible.
- Employers must be legislated towards family friendly practices- it is not enough to simply pay lip service to these practices.
- The baby bonus, while it offers something, would be better replaced with a policy to help ongoing childrearing costs, such as care.
- Taxation relief should be expanded to all families with young children.