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STANDING COMMITTEE ON FAMILY AND HUMAN SERVICES

Reference: Balancing work and family

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SYDNEY

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON FAMILY AND HUMAN SERVICES

Tuesday, 19 April 2005

Members: Mrs Bronwyn Bishop (*Chair*), Mrs Irwin (*Deputy Chair*), Mr Cadman, Ms Kate Ellis, Mrs Elson, Mr Fawcett, Ms George, Mrs Markus, Mr Quick and Mr Ticehurst

Members in attendance: Mrs Bronwyn Bishop, Mr Cadman, Ms Kate Ellis, Mr Fawcett, Ms George, Mrs Irwin and Mrs Markus

Terms of reference for the inquiry:

To 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.

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Committee met at 9.57 a.m.

BOURKE, Ms Juliet, Chair, Taskforce on Care Costs

UPTON, Ms Gabrielle Cecelia, Deputy Chair, Taskforce on Care Costs

CHAIR—Good morning everyone, and good morning to our witnesses who have arrived. It being past 9.45 and having a quorum present, I have pleasure in declaring open this public hearing of the inquiry into balancing work and family of the House of Representatives Standing Committee on Family and Human Services. This is the first public hearing for this important and timely inquiry. The committee will explore a range of issues relevant to many Australians and the choices they make in relation to having children and raising families. As policy makers, we need to understand why many are delaying childbearing and then having smaller families than they originally desired. The committee will examine the disincentives to starting families as well as how to make it easier for parents who so wish to return to the paid work force after having had children.

Today the committee will hear from the Taskforce on Care Costs, a welfare group, an employers group, an academic group and, not least, a mother. This broad range of witnesses highlights the many interests affected as we all seek to achieve sustainable balances between work and family commitments. This hearing is open to the public and a transcript of what is said will be made available. If you would like further details about the inquiry or the transcripts, please ask any of the committee staff here at the hearing.

I now call the representatives from the Taskforce on Care Costs to be sworn and to give evidence. We have received your submission and I wonder if you would like to make an opening statement.

Ms Bourke—Thank you for inviting the Taskforce on Care Costs to appear before the House of Representatives Standing Committee on Family and Community Services regarding its inquiry into balancing work and family. As you know, I am the chair of the task force and Gabrielle Upton is the deputy chair. The task force is obviously a lot larger than we, but we represent the interests of the task force. We are pleased to be able to assist the inquiry in relation to two of your three terms of reference, namely, making it easier for parents who so wish to return to the paid work force and the impact of taxation and other matters on families in the choices they make in balancing work and family life.

On 2 March 2005 the task force made a submission to the committee, and that submission annexed a copy of the task force report, *Creating choice: employment and the cost of care*, and our random sample national survey report. So, in total, you should have three documents: one is the submission and the annexed report—and I would take it that you would have at least had passing reference to that, if not read it in detail.

The purpose of my opening today is not to revisit all of those matters that have been raised within our submission, the report and the survey but to add colour to those findings and the recommendations by drawing your attention to three things: firstly, the compelling composition of the task force itself and the nature of the launch; secondly, real life examples of the impact of the cost of care on work force participation; and, thirdly, information about economic modelling

on different tax treatments. As an additional matter, I want also to draw your attention to the recent data that I obtained when I was speaking about the Taskforce on Care Costs in Manchester in the United Kingdom in March, and some information I there received about what is happening in Canada in relation to supporting workers with elder care responsibilities. I think that demonstrates that getting the mix right in balancing work and family will represent a global competitive advantage to Australia in an ageing population and a talent shortage.

Firstly, in relation to the compelling composition of the task force and the launch, I will take you behind the scenes in some ways to the Taskforce on Care Costs—the things that are between the lines of our report. The composition of the task force itself, the high profile attention of the launch and the task force report we say provides compelling evidence that the cost of care and work force participation is a critical issue for Australia and it crosses political, personal and social boundaries. In 2003, the task force was established by key Australian business and non-government organisations, and we also have the support of the Sex Discrimination Commissioner—so a member of government—to investigate the financial cost of care and how it impacts on work force participation.

We adopted an open-minded approach to the investigation and worked towards identifying reforms with three key objectives. The framework within which we operated was trying to identify what reforms would work which would create financial sustainability, equity and provide people with choice. That was our broad framework. People came together in that task force from all different political persuasions, from all different backgrounds, around this one issue and agreed on those objectives.

What is unique about the task force and why I think it is compelling for government is that its members might not naturally sit at the same table. Some would say that the interests of business and those diverse non-government organisations are sometimes oppositional; so you would not expect these people to all be sitting at the same table and be coherent in their view around what is the solution to work force and care. What is also unique about the task force is that some of the members of the task force are naturally competitors in their own environment. So there were multiple organisations from the legal industry and multiple organisations from finance, and they in their natural state are competitors, yet something is so strong in the psyche of the group to say this transcends those natural competitive boundaries. That in itself is very compelling. It is my view as the chair that the members saw a greater Australian interest in addressing the cost of care, and this crossed business, professional, personal and political boundaries.

In summary, the composition of the task force, together with the calibre of speakers who launched the report—Guy Russo, the CEO of McDonalds Australia; Alana Atlas, who is a group executive in Westpac, as well as Pru Goward, the Sex Discrimination Commissioner—is crossing boundaries. You can see that McDonalds is quite different from Westpac and is quite different from Pru Goward and yet they are all cohering and prepared to lend their identity to the task force. So that as well is compelling.

The other issue is that we received absolutely saturation media coverage—unprecedented and unexpected. Of course we expected some interest, but to have the front page of the *Sydney Morning Herald*, to have the *Financial Review*, to have the *Australian*, to be on Channel 7, the ABC and Channel 9—not just in the news but also in dedicated programs—and to have saturation coverage on the radio meant that we had hit a nerve, that this was of primary

importance to people in the community. The feedback that Gabrielle and I have received since then has been overwhelming. We would say that those things indicate that what we have identified—the link between work force participation and the cost of care—has struck a nerve in the Australian community, and the reforms that we have suggested have also struck a nerve.

Secondly, I said that I would provide you with some real life examples of the cost of care. I know that you will be hearing about some other material from other witnesses, but I want to draw out these examples because I think that they demonstrate quite neatly this nexus between the cost of care and work force participation. You would remember from reading the task force report that when we say ‘care’ we are not just talking about child care. In fact, that is a significant issue for the task force; we do not want to be marginalised as a child-care group. It is a group that is looking at care for people with a disability as well as the elderly and child care as well—so crossing those lifespan boundaries too.

I will give you three real life examples, and they demonstrate this broad spectrum of care. Often when presenting case studies you are asked if they are made-up examples and just represent what we wanted to say. It was not very hard to find real life examples, so these are real life and I provide them to you with their consent. Alan Lovell is an actor who works part time and he is the primary carer of his two school age sons. Alan says, ‘I feel that I am blessed with the opportunity to spend so much time with my boys; they grow up so fast.’ But there is also a financial reality to Alan’s decision. Given Alan’s sporadic income and the cost of before and after school care, he and his partner decided that Alan would reduce his work hours so that he would care for his sons.

Gail Meagher retired early from her work as a school principal to care for her son, who has Down syndrome, and her husband, who has multiple sclerosis. Her decision to retire early was due to health problems arising from her difficulty managing her work and multiple caring responsibilities. I think that is a significant finding of the task force. It is not just about having one caring responsibility but the number that stack up that really impacts work force participation as well. In the absence of substantial financial support, Gail exited the work force. Gail’s is an interesting perspective, because it is not just about the money for her. Financial support would have made a difference to her directly or indirectly, and that would have had a practical impact. Also for her having financial support signifies value—that we as a community value the care that she was providing. She says: ‘Money is at the back of it all. I would have been helped by a direct rebate or services in kind.’

The third example is Sara Howard. She is the director of a small clothing company, an organisation that we would want to support in our community. We want to support small businesses. She is also the primary carer of her preschool age son, and she is pregnant with her second child. Sara says: ‘With a small growing business, my income is not huge and often irregular. Dylan’s child-care costs account for about 40 per cent of my income, but with two children next year the cost of care will double and unfortunately my salary will not.’ As a consequence, Sara is currently evaluating how she will manage those extra costs and whether in fact she can remain in business.

The third issue that I said I would address you on is the economic modelling of different tax treatments. The reason I do so is that, because the task force had its head into this space for more than a year, we had gone down the path of analysing what would be the most appropriate tax

reform. Should we look at fringe benefits tax? Should we look at a tax deduction? Should we look at a rebate? We considered each of those individual tax treatments within our framework of providing equity, choice and sustainability. The launch demonstrated particularly to me—Gabrielle might speak differently, but I think not—the importance of communicating why we had reached our decision that the rebate was our preferred tax treatment to support carers with financial responsibilities.

Within that framework of equity and choice, and recognising the survey data that the cost of care is critical to workers at all income levels, the task force analysed the most appropriate financial strategies. I want to pull it down because I think where we lacked in our presentation at the launch was that we spoke in broad theoretical terms and we needed to bring it down to individuals. That is what I will try to do right now. Perhaps we can compare the case of Sue, a full-time clerical worker and Anne, who is a full-time executive, in terms of their income and the impact of child-care costs. Sue, as a full-time clerical worker, might earn \$40,000 per annum; she has one child in full-time child care. Assume conservatively that the cost of care for her is \$60 per day in a private day care centre. I say ‘conservatively’ because I am sure you know that the cost particularly in Sydney, but also in Melbourne, is a lot higher than \$60 per day. Certainly, we received reports on the task force that it can be between \$90 and \$110 a day. Anyway, let us just assume it is \$60 because it makes our argument even stronger. The cost of care per annum to Sue would be \$15,000. Anne earns an executive’s salary of \$140,000 per annum; she also has one child in full-time care. Her costs are obviously the same as Sue’s. They are both going to the same child-care centre, five days a week at \$60 a day. So, although the cost of care is static for both Anne and Sue, the differential occurs whether you treat it as a tax deduction or a rebate. A tax deduction generates a higher benefit for Anne, on the higher income, than for Sue, on the lower income.

Using current tax rates—and if it would be of benefit to the committee we have drawn this down into some Excel spreadsheets, and I am happy to table those—the financial benefit of a tax deduction to Sue on the lower income would be \$4,500, whereas the benefit to Anne would be \$7,050. As you can see, there is a significant, positive benefit for Anne, who is on the higher income, than there is for Sue. In contrast, if you had a rebate in combination with the child-care benefit scheme, that would in fact deliver the reverse. In terms of equity, that is where you want to be. It would put more money into the hands of Sue, the lower income earner, so she would then receive \$8,029, and less money in the hands of Anne, the executive, who would receive \$4,942. So, in terms of equity, it is appropriate to go for a rebate rather than a tax deduction. Setting aside the issue of a backlash that you are just supporting people on high incomes if you go down a tax deductibility path, it is more equitable to go down a path of rebate. I can talk to you further if you need that.

Hence, in terms of equity and providing a benefit where it is needed most, the task force recommended the introduction of a rebate. As you will see from the report, the task force also recommended a rebate that is much closer to a dollar for dollar on the cost of care. The reason for that is that we accepted the research generated by Family and Community Services that this would result in a positive return on investment. What that research demonstrated was that for every dollar spent on child care—and we are talking beyond child care—it would return to the community 1.8. This is because those people are in employment, and that means that they are contributing tax dollars back to the community and are not drawing down on benefits. So it is very easy to get to 1.8. In fact, when we did the launch, Guy Russo, the CEO of McDonalds,

said that that was not rocket science—you did not really need research to demonstrate that one. The research of Family and Community Services is important because 1.8 is the minimum. What they do is go up to nearly 12 times and, if you think about the flow-on costs in terms of generating other opportunities in the work force, there is a positive return on investment.

Finally, I just wanted to tell you about the information that I obtained when I went to Manchester in March. The task force was asked to address an international conference on work and family in Manchester in the UK. What was of interest there is that the cost of care and work force participation of carers was of obvious concern to the representative countries, and the ones that come to mind quite quickly for me were England, the USA and Canada. That is why I say getting the mix right could represent a global competitive advantage. All of these countries face the same issues and they are all looking at these issues of how to increase work force participation, and in particular how to address the cost of care.

The evidence from Canada—which is available to me in terms of the presentation that I received but the paper has not been written yet—from a study done in 2002 called *The general social survey* presented by the Department of Social Development in Canada, demonstrated that the cost of care and work force participation for older workers is critical in relation to their own caring responsibilities. The survey focused on Canadians who were 45 to 64; they were in paid employment; and they provided care to an elderly person. What was particularly compelling for me was that the sample size was 25,000 people. So these are not small numbers but robust data. What that data showed was that most of the caregivers—this was focused on elder care—have high family income and are well educated; therefore, their attrition in the work force—if you lose those people—is a significant loss. They are at the end of their career and they have significant money and you want them to stay in employment.

The Canadian data also complemented the data of the Taskforce on Care Costs because it demonstrated what we demonstrated—that there is a direct relationship between cost of care and work force participation. Their data showed that 20 per cent of women and 10 per cent of men had already reduced their hours of work to meet their caring responsibilities. It went further than our data because it showed a lot of hidden costs—the hidden costs of personal, social and health problems. The caregivers suggested a range of solutions, including flexible work, occasional relief and, like TOCC, a need for financial compensation. We would say that financial compensation is one solution as well—not the only solution but the one that has not been highlighted fully in Australia. Would it be of benefit to the committee if I reiterated our key findings or do you feel that—

Mr CADMAN—Read them.

Ms Bourke—I will just tap into seven of them—

CHAIR—I think Alan said we could read them.

Ms Bourke—Sorry.

CHAIR—Has everybody read them?

Ms Bourke—I thought you said reiterate. I am happy to do that. In relation to our recommendations, those five key recommendations, there is no need for me to reiterate those?

Mrs IRWIN—No, we have definitely seen those recommendations and have taken them on board.

Ms Bourke—In that case, I will just summarise with a concluding paragraph. For us, the task force puts robust data around a simple story, and the simple story is that when the cost of care is too high because a worker has children or elders or a dependant with a disability, or multiples of that, choice is diminished. For some people, the choice is that it is just not worth working. That is not good for carers themselves, it is not good for business and it is not good for the national economy. It is pleasing to see that the committee has an interest in these issues because, in the task force's view, the need to increase levels of work force participation, reduce skill wastage and create choice will be enabled by helping workers with carers' responsibility to fully participate in the work force at their optimal level.

The task force will continue to lobby government on these issues, and we would be pleased to engage in meaningful dialogue with government. It is somewhat disheartening to see that the government has not rushed to the task force, with the exception of the committee, to say, 'What can we do? Where can we take this?' The response from government has been, 'We're doing enough,' and I do not think government has heard how important this issue is for carers. The fact that we received saturation coverage means that we tapped that nerve, and it was not hard for those media people to find individual case studies to support it as well. For the task force, this issue will not fall off our agenda. What we intend to do is review the steps taken by government to implement our recommendations and, in 12 months time, to publish our formal review. Thank you.

CHAIR—Thank you very much.

Ms Upton—Madam Chair, I am just wondering whether I would be able to make some supplementary remarks.

CHAIR—Yes.

Ms Upton—Thank you very much. Just to add to the comments by Julie Bourke, as the chair of the task force, it is important that we understand that we have an ageing demographic. That means that we have lower fertility rates and people, happily, are living healthier and longer lives. That was brought to light, of course, through the Intergenerational Report of the Treasurer, Peter Costello, in 2002. There has been focus through the media and through public discussion on that issue. But, at the same time, the government is talking about increasing work force participation to address those issues. Our work demonstrates—and I am emphasising this point that Julie's made—the link between work force participation and the cost of care. There has not been focus on that issue; that is a new issue which we are bringing to light. There needs to be more focus on that issue. There has been focus on the cost of child care, but there will be a growing commitment needed to be made by people in society to the care of the elderly as we age. In fact, there will be people who will have to take care of children, because we are having children later in our lives, and to take care of their elderly parents and dependants. So, as members of Australian society, we will find that these issues of care become critical to both children and our

parents in our lives. So we are happy to have the committee's interest in this through its terms of reference and for it to take the time to bring light to the issue that we do not believe has had enough focus. Thank you.

CHAIR—I might perhaps ask the first question. It relates to your option for a rebate. When the question of child care was taken to the High Court to see whether it should be a tax deduction, the court held that there was no nexus between child care and the production of assessable income—which is the test for allowing a tax deduction. It further said that this was not a legal question but a political question, and all these years later it still is. You have chosen the rebate, and I understand your reasoning that it would help mitigate the backlash that you are only supporting people in the higher income brackets, but if you are interested in equity why is it equitable if you are in business—and it is usually men but it applies to women as well—that you can get a tax deduction for your computer, your car, your furniture in your office, your electricity expenses, whatever, but that when it comes to the question of child care it is suddenly something else. Why do you make that distinction?

Ms Bourke—That is obviously not equitable. It is not equitable that you can park your car but not, so-called, park your children, if you put it so simplistically. That is not equitable at all. Women lawyers have for a number of years taken those cases to the High Court, and we as a task force did consider whether we should go and relitigate and whether there is an opportunity to open up that debate around tax deductibility through litigation, and we received legal advice on that and made a strategic decision that we wanted to spend our energies in a different way from pushing the High Court to think differently about tax deductibility. That was the pathway of litigation versus policy reform.

After that, even accepting that there is the ability to tax deduct parking and child care, we considered whether that would assist the community in the greatest way possible. So our framework was financial sustainability, equity and choice. It has to be said that we started off on the basis that we thought tax deductibility was the way to go, and initially the task force was called the 'Taskforce on Tax Deductibility of Care Costs' because we accepted the rhetoric that tax deductibility was the appropriate solution. But we found in going through the numbers that that was not going to deliver an equitable solution. There was a backlash there, and when we initially consulted on this issue, whether we should go for a tax deduction, it was perceived that it would be benefiting people on higher incomes. And that is the reality. In fact, it would benefit people on higher incomes because the deduction comes off the gross income, reduces the gross income, and then you have less of a gap. Because a person on a low income has less income to tax deduct against—

CHAIR—But that argument applies to the worker, for the car, for the computer, for all the other things.

Ms Bourke—Absolutely, and I agree with you. There are two equity issues here: one is that if you are going to have tax deductibility for other strategies to help you be employed—for example, car parking—then, yes, you should have equity for child care. I agree with you on that issue. Then we face the different equity argument—the broader argument, if you open it up and not just limit yourself to tax deductions—which is: what is the best financial solution for Australia? So I agree with you. I guess our first point is, yes, if you are going to have tax

deductibility for one type of benefit—as you say, it is often men in employment—but ours is a broader, further debate.

CHAIR—I will just ask you one other question and then cede to other members of the committee.

Ms Upton—Chair, if I could just add to that, Julie has suggested we were being pragmatic, and we were. The government also announced a child-care rebate for the election last year, so we knew, frankly, we had made a decision on the merits that deductibility was not something that delivered an equitable solution and that our resources would be better spent on developing a policy around another tax device, if you will. Then, of course, we had the announcement by the government of a rebate for child care, and we understood then there was an appetite for that device to be used to supplement care. So, to us, again it made sense to actually pursue that because we had the discussion around rebate as a means to actually deliver support to people.

Ms GEORGE—There are lots of other options too.

Ms Upton—There may be, but we made that the focus, with the balance of all of those things we have talked about.

CHAIR—Can I just make this one point and then cede to the other members of the committee, and that is that the rebate does not tackle the other problem that exists. Getting care for children, for disabled folk or elderly parents that are being looked after is in fact being cured now; it is being purchased. It is being purchased on the black economy. Very often I will address a large group of people, and I will say, ‘Put up your hand those people who know somebody who buys the services of someone to come and look after children or parents or whatever,’ and a forest of hands go up. I took a look at the ABS figures, and forgone tax revenue from just the jobs in and around the home is worth about \$6 billion. A rebate does not tackle the unpaid tax question; it does not attack the black economy question. Perhaps I am putting forward the contrary argument that, with tax deductibility, if you have a small withholding tax and you have a tax file number, you suddenly turn people who are operating in the black economy into taxpayers and all the benefits that flow from that.

Ms Bourke—I do have a response to that, and definitely we would agree. It was a striking finding from our survey that there was a significant proportion of people who were using care informally, as you say. I can put some stats around that. We found that there is a significant tax revenue loss because approximately 45 per cent of employees surveyed—that is, the employees with care and responsibilities—paid for their caring arrangements, but between 53 and 70 per cent do not pay for their services formally. So there is definitely a black market occurring.

CHAIR—As I said, I went through the—

Ms Bourke—I agree. But what we would say on that is that a tax deduction would work as well, but offering a financial incentive to declare would reduce that black economy. At this stage, there is no financial incentive to declare, because people are struggling with the cost of care as it is. So they feel perhaps compelled not to declare it, to just scrape some dollars back. If there was a rebate, or if there was a tax deduction, there would be a greater incentive. That would also have

a flow-on effect I think, because it would mean that the care was more formally monitored because you would be tracking it.

CHAIR—A proper job.

Ms Bourke—In relation to your other point that this is not just about the cost of care, I absolutely agree. We asked people in the study to consider whether quality and access of care were also issues, and we were informed by the ACTU—we wanted to consider what they were doing. We do have some data on the relative merits of cost of care, and suffice it to say that cost of care and quality of care and access to care are all of critical importance to carers. We would not say that one should be tackled outside of the complement of the others. This is a mosaic of strategies that should be adopted to improve outcomes. Just looking at the cost of care will not deliver what you need. It needs to be within a framework of access and quality as well. The value of the task force is that we have focused on one in depth.

Mrs IRWIN—I was going to ask a similar question to that of the chair, because I noticed that throughout your submission you were referring to the tax rebate. I wanted to find out from you if you felt the tax rebate was fair, and I think you have covered that very well. I refer to page 11 of your submission under 'Findings'. Could you outline briefly for us why you consider, and I quote from your submission:

2. Current support: The Australian Government's current financial support for workers with caring responsibilities is below best practice internationally.

Can you tell us which countries you feel are doing better?

Ms Bourke—I am not clear as to page 11 because my pages might be a little bit different from yours. Is this in the body of the report itself?

Mrs IRWIN—No, it was the letter that was sent to our chair—

Ms Bourke—No, my letter is three pages.

Mrs IRWIN—It was an attachment, and then the submission was after that, but I just found those comments interesting.

Ms KATE ELLIS—It is the second page of your letter.

Ms Bourke—We compared those countries which we thought were sufficiently similar to Australia, to add value. There were European countries—for example, France. I had better look at the list to check which ones we looked at. There was Belgium, Austria, the Netherlands and Sweden. We looked at New Zealand, the US and the UK. What we found was that the best practice countries appear to include Belgium. Belgium offered a tax deduction of up to 80 per cent of child-care costs per day. Given that we have zero tax deduction, it means we have fallen behind that best practice. In the UK a tax credit is available of up to 70p per day for every pound spent on child-care costs. So we would say that in relation to child-care costs those countries are providing best practice. There was also some evidence of tax credit in Canada. The availability

of tax credits, which essentially is like a rebate or a tax deduction in other countries, and the lack of it in Australia, meant that we were not providing best practice.

In relation to the issue of care costs in Australia, the support that we have—for example, the child-care benefit cost—is at a very minimal level, and it is attached to—

Ms Upton—Income.

Ms Bourke—It is income related, whereas these other ones were attached to the cost of care per se and not related to income at all. We do not have anything supportive for elder care and disability care for people who want to stay in the work force. The emphasis on the benefits that we currently have available, particularly in relation to elder care and disability care, is supporting people to stay at home, and that is not what people want to do. They want to be in the work force, but they just cannot do the juggle with the two of them.

There was some evidence—and surprisingly the evidence was coming from the US—that the US supported workers with spousal care in relation to care costs. You would not expect the US, given their emphasis on individualism and capitalism, to be ahead of us in this game, but they are providing a support beyond child care, and that is to spouses. Looking at a number of those countries led us to the conclusion that Australia is not doing as well as it could do internationally, and the support that is currently available is not acceptable.

Mrs IRWIN—I have one more question. Do you think employers can also play a role in supporting enhanced child-care options for their employees?

Ms Bourke—Absolutely. There is no doubt about that. The interesting thing to me is that Westpac and Qantas were at the table, as were a number of other best practice employers, particularly in relation to child care. Both Qantas and Westpac have on-site child care. It is not just about child care though; it is about elder care and disability care. It is not just about under-five child care, so there is a limit to what they can do. It is also of interest that those organisations saw this as a matter of choice for their employees. They can provide one choice—that is, use their on-site child-care centre—but that is not the end of the story. They are saying: ‘To give greater options to our employees we need to support the task force. We need more than one string to our bow, which is on-site child care.’

Ms Upton—I think they also made the point, in discussions with us, that there is a competitive advantage business-wise for them in terms of attracting and retaining employees. So the smarter companies will take that advantage.

Mr CADMAN—Yes.

Ms Upton—Some companies cannot. They are not as well-resourced and they cannot be as strategic in marketing themselves in that way. A number of them did express some concern around the issue of tax deductibility and fringe benefits tax, saying that it was somewhat limited and skewed towards the very large organisations. The smart ones know it is and are going to use it. It would be a good thing if government came to the table as well and assisted them in maximising the benefit to Australia as a whole, recognising the issue of care as a bigger one for us going forward.

Ms Bourke—The other issue is that a number of the people at the table were self-employed, so they just do not have the option. It is like Sara—the example that we used—who needs the support of government because there is no employer who will provide her with financial support for care.

Mrs IRWIN—It is similar to what is happening at Parliament House in Canberra, and I am talking about both sides of government. We have been very vocal about a child-care centre, not only for parliamentarians who have young children but also for the 3,000 people that are employed there. I take your point on board; thank you very much.

Mr FAWCETT—Firstly, can I say thank you for looking broader than just child care. I am certainly aware there are a lot of care issues out there that focus on disabled as well as elderly people. Has your study looked at the level of coordination of care options? The reason I raise that is that local government often decide whether something should be zoned in a particular location. Federal government looks at providing the financial ability for parents to afford it and there does not appear to be any level of coordination across the three levels of government as to the location or level of provision of service. I have a corporate child-care centre wanting to start up in my electorate and all the other child-care centres oppose it, saying there is not enough business, there is too much child care—which is the first time I have ever heard that. But it appears to be largely because of a lack of coordination. I am wondering whether, in the work that you have done, there has been any attempt to look at an appropriate mechanism for coordinating the provision, in this case, of child care?

Ms Bourke—We did not look at that. We certainly received evidence that there was inconsistency in the availability of child care, particularly in the CBD areas. For example, in Sydney's CBD there is a dearth of child-care places and it is very difficult to get a child-care place for under-twos, whereas if you go out to some suburban regions they have many places available. We did receive evidence of inconsistency, but the focus for us was not on coordination. I absolutely take your point that that would be of benefit.

Mr FAWCETT—I have one other question. A lot of your outcome revolved around equity, yet in your statements you have talked about best practice not taking income into account. You have also looked at the fact that having adequate provision for child care or other forms of care support actually give us a global competitive advantage in terms of attracting people to work in Australia. One of the significant areas of shortfall for us—and again I am looking at our rural and outer metropolitan area—is particularly health workers, nurses and doctors. Very often the thing that is a disincentive for their remaining in those areas is that there is so much equity that they do not get any recognition for the work they put in and they go overseas. We have a lot of graduates from our universities who qualify as doctors and then go overseas. I would argue that there is a case for retaining incentive in our systems. Tax deductibility as an option is not something you should exclude from your recommendations because there is a very strong argument to say that many sectors of our community need that incentive to attract qualified people, particularly in the health area, to remain in Australia. To exclude that as an option from the outset, I think, is unfortunate.

Ms Bourke—As we said from the outset, we were in support of tax deductibility. It took evidence to persuade us that in fact it did not produce what we say is a financial sustainable choice and it did not provide—as you say—equity. I absolutely agree with you on the issue of

providing incentives for people to remain in Australia. It is quite startling when people have the experience of working in another country—for example, the UK—and then they come to Australia and see that we do not provide the same level of financial support for workers with caring responsibilities. The incentive then is to go back to the UK, where they will get it, and not stay in Australia. What was compelling to me at the Manchester conference was that these issues of cost of care are on the table in many countries, particularly because of, as Gabrielle mentioned, the ageing of the work force. We have to get to the post first. We have to keep our talent in Australia and we have to attract overseas talent. We have to attract people from the Asian market and New Zealand to Australia because we can provide them with a fantastic place to bring up their kids, to have their elders, to look after people with a disability.

Mr FAWCETT—I agree with you on that. All I am saying is that I do not think limiting it to a rebate on the basis of equity alone is actually a strong mechanism to do that.

Ms Bourke—I hear what you say, but we just have to agree to disagree on that one.

Ms GEORGE—It is not the only option. I raised that point earlier, and I commend the task force for its work. I think the really important thing that has come from it is that it shows conclusively the relationship between the cost of care and the employment choices that people make. Representing, as I do, a pretty low-paid constituency, the calls that I get are from women who work part-time, saying, ‘Jennie, it’s just not worthwhile because I am now paying \$50 a day.’ The other issue that you do not touch on but which is equally important in terms of government commitment is the lack of places for under-twos; it is not just a Sydney-centric problem but a regional problem, because the cost of providing care is more expensive. I commend you on those issues. As you say, with the ageing of the population, we need to look at the factors that militate against the participation of people in paid employment.

One of the things that I wanted to touch on—the debate about tax deductibility versus rebates—has been an ongoing issue. I think the women’s movement generally has argued against tax deductibility on the basis that you point out that the advantage goes to the high income earner; a tax rebate is more equitable. But the other option that you have not factored into your economic modelling is the possibility that the amount of money that would be returned through a tax rebate could actually be apportioned to increase child-care benefit, thus helping people at the lower end. In fact, when I look at your figures, I am not sure in what situations the child-care benefit has been factored into the costs that you provide. It does not appear to be in your modelling of the impact of the tax rebate. That is a huge source of government support that seems to go missing in some of your figures.

Ms Bourke—The figures that I presented today are updated figures. I am happy to leave them with the committee, perhaps through Dr Mendel.

Ms GEORGE—So you have done new figures since the time of the submission?

Ms Bourke—Yes, because what I wanted to present to you today was real life case studies using the figures. The figures that are in the paper are at a more theoretical level and bring it down to an analysis—if you have a low income worker and a high income worker. I am happy to provide them.

Ms GEORGE—Can you explain why you did not provide the alternative costing, that the cost of care could be reduced by the government increasing the child-care benefit rather than putting the money in through a tax rebate?

Ms Bourke—One of the actual live debates that we had went even further than that. The debate was: why are we even going down a path of rebate or tax deduction? Why shouldn't child care be free? Why shouldn't elder care be free? That is kind of the nirvana, the blue sky. Once again, we took a pragmatic approach and thought we were operating within a certain framework, which is that at the end of our process we have a rebate offered by government through its election campaign. We will work within the framework and present that framework in its best possible light. We did not go back to square one, although we certainly received evidence that we should have done. Dr Patricia Apps was particularly critical that we should just jettison the whole thing and go back to square one.

Ms GEORGE—I guess there is a limitation in accepting the prevailing framework, as we saw with the inefficacy of the child-care bonus. That was just a joke in terms of its impact for women.

Ms Bourke—I do not make any comment on that because I do not feel I have sufficient expertise to do so, but I take your point that we were operating within the given framework and we were trying to maximise the benefits from that. Perhaps this is supportive, to some degree, of your argument, although we have not taken it to extremes—I will just leave it with you at top level. The argument could be made that whilst all income levels said that there was this direct causal relationship between work and the cost of care—we know that it is important to everyone; we know that we should not just target low income or high income earners—nevertheless the data showed that 55 per cent of people on low incomes and 23 per cent of people on high incomes would increase their hours of work if care were more affordable. The argument is whether it would be more valuable to support those workers on high incomes because you actually derive a greater financial benefit from them. That is, they are putting more tax back into the community, so a tax deduction would benefit not only them but also the community because you are getting more tax back. I do not know the answer to that. That needs further economic modelling done on it. I think it was an interesting finding from the survey. I would leave that with the committee to work out whether in fact you get a macro advantage through tax deductibility at the level that we did our analysis, which was around equity and choice and financial sustainability. Once again I come back to this view that it is compelling because so many people at that table—business and non-governments—all came to the same view. I do not think you can easily discount—you know, we did not think about it hard enough because—

CHAIR—Although if you refer to the figure I gave you earlier, you will find that the value in forgone revenue via taxation for the jobs that are presently carried out in the black economy is \$6 billion. These are the ABS stats. That is a lot of money.

Ms Bourke—I absolutely accept that. What I question, though, is whether the tax deduction will change it so that you get that in declared income, or whether in fact a rebate would do so.

CHAIR—It does if you make it contingent upon a small withholding tax and a tax file number, because you can then trace it.

Ms Bourke—And a rebate would do the same thing as well. To claim the rebate, it must be declared for care that is provided by a registered carer, so you would not get the rebate unless you have registered care. If you have registered care, you are paying for your nanny or your child-care provider. I think you get to the same end—that is, reducing the black economy—and there are other questions as to whether it is a deduction or a rebate.

Ms Upton—We are really looking forward, which is one of the recommendations that we made, to seeing the substance of the legislation that will give effect to this child-care rebate so that we actually understand how it will work. But our cursory understanding of it is that it will, as Juliet is saying, require some evidence of the cost incurred. It will bring under the scrutiny of sunlight some of the arrangements that at this point might have been informal, or indeed, give incentive to people to seek out registered child-carers to actually gain benefit.

Mrs MARKUS—You have obviously looked specifically at the cost of care, but looking at the broader issues in terms of availability of extended family and the way the structure of family is developing, we are a very mobile community and people are moving a long way from the availability of extended family and so on. In Western Sydney, for example, there are a significant number of shift workers considering alternative types of care arrangements. Considering the way child care is structured and the impact that it has on a family's ability to choose and their accessibility to a variety of child-care arrangements, did you look at the reasons why people choose informal arrangements? I cannot see anything here, but did any findings or issues come up as you were doing this survey?

Ms Bourke—We did not look at why they chose informal arrangements. We did note that there was a high level of informal care, and we disaggregated that data for different types of care that was required. Child care for under-fives is less likely to be informal, whereas child care for older children is more likely to be informal—that is, going to your neighbour's place or something like that.

What is of significant interest is that we do not really understand the care that is provided for elders. We thought it would fall neatly into this formal and informal dichotomy—that is, you have formal respite care, for example, or you are looked after by a neighbour as well, within elder care. But there is a gap there. We do not know what is happening to 30 per cent of people with elder care responsibilities. We did receive some evidence, and that is in the survey report, around the formality or informality of care. That goes to your point, Chair, about the informality of care, but we did not ask them why they were choosing that care in particular. I think we did one thing particularly well, and that was making the connection between the cost of care and work force participation. It had not been done before. We had other supplementary data that can be taken further.

Mrs MARKUS—My question points to an argument that I hold, that cost of care would be one contributing factor to being a disincentive to people stepping into the work force. I suspect that there are other reasons why people would make informal arrangements—including the availability of extended family, or lack of availability—and that people do not just fall into this neat nine to five work force.

Ms Bourke—The key issue for everyone was quality of care, and that is what they go for first. You are not going to go to a child-care centre just because it is cheap; you are going to go

to something that you think is quality care. Equally, if you go to informal care, you will do so because you think it is quality care as well, not just because it is cheap care.

CHAIR—Or we hope that is the case.

Ms Bourke—We do hope that is the case, but the data did show that the primary issue for people seeking care—and it ranged from 85.4 per cent to 95 per cent and is disaggregated for different types of care, from child care to elder care to disability care—was quality of care. That is the primary reason they chose those different kinds of care. That was their first stop, and it is absolutely right—cost of care is not as significant an issue as quality of care. To help inform quality of care, if it was formalised then you could track it. If you have registered child-care providers, you can check the quality of care. It is a virtuous cycle: getting the cost of care right impacts on the quality of care.

Ms KATE ELLIS—Returning to the cost of care, you had a stat in there about the incredible increases between 2002 and 2004. I would argue—and I think most people would agree—that the salaries that we pay our child-care workers are a disgrace and that increases are required. But you are actually talking about 2.2 per cent above the increase in wage and salary earnings and 4.5 times more than child-care costs would generally be increasing. I was just wondering what you attribute those rises to, and what we should be doing to address that.

Ms Bourke—I will have to take that question on notice. I do not know the answer to that. I can come back to you with something on what is driving those. Essentially, what I think—it is my gut reaction—is that there is a dearth of places, so child-care providers essentially have a monopoly. They can charge what they like and you have to accept it because there is nothing else for you in the community.

Ms GEORGE—That would be the private providers, like the big ABCs, whose profit motive drives the incentive for the business.

Ms Bourke—Yes, that is what I mean. There is a profit motive there because they know people cannot go anywhere else. What is your alternative? If you think that is the quality of care—

CHAIR—The alternative is that you free it up and you let rebates apply to privately employed people, as distinct from saying you can only get it if you choose to institutionalise your child.

Ms Bourke—Would you like me to come back to you further on that?

Ms KATE ELLIS—I just think it is fascinating.

Mr CADMAN—That was a good question. I am surprised that you did not follow it through. Did you have an opportunity to compare the prices or the charges of community based centres with private centres? Of course, that was inherent in Jennie's question.

Ms Bourke—Yes, there is some data in there. I do not know on which page you will find it but on my copy it is at paragraph 4.2 on page 13 under 'Types of child care arrangements'. It breaks down the percentage of people in different types of care. We looked at long day care,

family care, occasional care and preschool care. Then at table 2, which is under 4.3, we looked at average full-time weekly fees in those different forms of care, so long day care, community based care and private family day care. We did consider it. But I guess the extreme is the private centres.

Mr CADMAN—I think that is a false assumption, if you are going to jump to that conclusion, based on my experience and what the charges are in north-western Sydney. I think you will find that the private centres are very competitive. The pressure I get for cost increases is from community based centres.

Ms GEORGE—Yes, but there is a reason for that. The private providers are not providing the places for the under-twos because of the cost involved in the staffing arrangements. That is certainly the case in my area. I do not know if you found in the survey that they will not take the under-twos, the babies; they are only taking—

Mr CADMAN—I think we need to examine this. If you have done no work in the area, we need to find somebody who has.

Ms Upton—We can certainly comment on that. It was not a focus or an avenue that we went down.

Mrs IRWIN—In Sydney, I am finding exactly the same thing as Jennie.

Ms Bourke—I will go back and ask. This paper was developed in a collegiate way and I will ask the person who developed this chapter if they can come back with any advice on what is driving up the cost of care.

Mr CADMAN—In a recent study produced by the Institute of Family Studies it is stated ‘it is not for lack of wanting kids’. They suggest that the most common pre-condition for having children is a secure, stable and adequate partner in the income stream. Child care is not part of that process. Do you think that enhanced government or workplace support for child care would provide an incentive for those considering starting a family?

Ms Bourke—Absolutely; I have no doubt about that. I think Professor Castles is—

Mr CADMAN—Do you have evidence?

Ms Bourke—Yes, Professor Castles has done a comparative study of 21 nations, and Australia is included in that figure of OECD countries. He compared the fertility rates across those different countries with different policy changes. What he found was that those countries that had support for child care and support for flexible work practices increased their fertility rates and those countries which did not had reduced fertility rates. During a lengthy period—I think it was a 22-year period, but I can get you the data on it—there was one group of countries that actually reversed the trend. That is, they had a lower fertility rate and they increased the fertility rate during that period because they had the two essential drivers of fertility—

Mr CADMAN—I would like to see that, because I know there is contrary evidence to that.

CHAIR—It was France, actually.

Ms Bourke—I can get you that.

Mr CADMAN—Contrary evidence indicates that taxation has more relevance to fertility than child care.

Ms Bourke—That was not his finding. His finding was that it was definitely around child care and flexibility, but I can provide you with that data. It was quite compelling.

CHAIR—Would you mind letting us have that submission so we can make it an exhibit. When you say ‘Professor Castles’, is that Ian Castles, the former statistician?

Ms Bourke—I think it is Frank Castles. I think his first name is Frank. He is Australian, but he is now at Edinburgh University or somewhere like that. I spoke to him about a year ago. I think it is Professor Frank Castles, but I can find out.

Mr CADMAN—You quote the NATSEM study as supporting child care. I think it really supports tax breaks for families with children rather than child care—if you look at that study carefully. I just think it is a misquote to use it in the way you have.

Ms Upton—Are you suggesting—

Mr CADMAN—It is at 8.1.3.

CHAIR—Which page is that on?

Mr CADMAN—Page 17.

Ms Upton—So your point is that we have wrongly attributed—

Mr CADMAN—My point is that you are deducing things from the NATSEM study that they do not really say.

Ms Bourke—We will take that on board and reconsider it. There are a number of documents that we need to come back with.

Mr CADMAN—I would like you to come back with something for me on that, because I think they point to the taxation regime for families with children. They do not, in my view, deal with child care in the way in which you have put it.

Ms GEORGE—But all that is saying is that with the effective marginal tax rates for low income earners, if they move into work they start losing other benefits. I thought that was generally accepted by everybody; it is not a party political issue.

Mr CADMAN—Yes, that is right.

Ms GEORGE—Isn't that all it is saying, that you can limit workplace participation—

Mr CADMAN—I think it is certainly being used to support the child-care argument in a way that NATSEM really did not intend it to be used.

Ms Upton—Can we take that on notice and respond to you?

Mr CADMAN—Yes. Jennie was absolutely accurate in what she said.

CHAIR—There being no other questions, I thank you both very much for coming and for your submission and for the answers you have given to questions that were asked. We do look forward to receiving that supplementary material which we will deal with by way of exhibit. We would be grateful to receive the answers to the questions you took on notice as well.

Ms Bourke—Thank you for inviting us.

[10.59 a.m.]

BOERMA, Mr Bernard, Director, Catholic Welfare Australia

QUINLAN, Mr Frank, Executive Director, Catholic Welfare Australia

CHAIR—Welcome. We have received the submission from Catholic Welfare Australia, but I wonder if you would like to make an opening statement.

Mr Boerma—On behalf of Catholic Welfare Australia, I would like to thank this standing committee for the opportunity to appear today and welcome the focus this particular inquiry gives to the role of the family in society. For the Catholic Church, the family unit is the core of society. The family is the foundation of cultural, economic and social life of the community. It is within the family unit that we as individuals begin our process of learning and where our first introduction to work is made. When the church refers to work, it is not only in the current Australian cultural context, which seems to be largely about paid work, but in the many other important forms of creative endeavour that families and individuals within families contribute to society which is unpaid. It is possible that this will be the most difficult challenge facing the committee. What value do we as an Australian society ascribe to unpaid work which comes in the form of care for children, care for the disabled, care for the ill and care for the elderly?

This discussion is critical in light of the federal government's work force participation agenda. Lack of child-care places, a lack of aged-care places, a lack of adequate care for the severely disabled means only one thing: that these people are being cared for in the homes of Australia. What of the people caring for them? What value will we attribute to their role as carers when they need to meet mutual obligation activity tests? Catholic Welfare Australia acknowledges that federal and state governments do provide some assistance in the way of child-care rebates, benefits, respite care, in-home care, family payments et cetera, but the constant message we receive from our members is that demand always greatly outweighs the availability. Further to this, some parents will decide that it is in the best interests of their children to remain out of the work force, a decision which must be supported.

Make no mistake: the Catholic Church supports a concept of participation in the work force, and we support the view that working is the best way out of poverty. However, there are some critical qualifiers around that statement. First, work exists for the individual, not the individual for work. Work is a means of fostering and supporting individuals and families in society. Secondly, participation in work is one of the ways in which an individual finds meaning and purpose in life. However, promoting and enhancing the dignity of the individual is dependent upon the choice of job. The key thing here is that it should not just be any job, as work is an expression of our humanity and of our dignity. Further to this, paid work should be seen in the context of a person's responsibility to their family and dependants.

It is worth noting that the discussion of family and work as two separate entities that require balance could be seen to imply that the tasks involved in raising a family are not work. Rather than relegating family life to something which should be balanced against paid employment, Catholic Welfare Australia believes it should at least be on an equal footing with paid work. For

those in the work force or wishing to enter the work force, we typically discuss the balance between family and work in the context of issues like access to paid maternity leave and the affordability of child care. This is the case for all families. However, low-cost families also confront additional barriers and issues when trying to maintain the competing demands of family and work. In many respects, for low-income families, subsistence rather than balance is the reality of their lives. It is in the interests of these families, those who are poor and marginalised in society that Catholic Welfare Australia puts forward its submission.

Financial, career and social disincentives to starting a family: fewer people with low skills, particularly low-skilled men, now have the opportunity to start their own family. While marriage rates for men across all socioeconomic groups have fallen, the biggest fall has been amongst men with no postschool qualifications. Unless strategies are developed to address the ability of these men to compete in the labour market, low-skilled men will not be able to have the same opportunity in life as others to partner and raise a family. Low-income couples are also struggling to start their own family because of the rising cost of housing. Buying your own home is still considered the great Australian dream, but the fall in housing affordability means that many people now start their family later in life. There are several strategies available to the government to address the affordability of housing, such as better targeting the assistance provided under the first home owners grant.

Making it easier for parents who so wish to return to the paid work force: for those families with dependent children, many have only limited access to the labour market. Over the last 20 years, there has been a significant rise in the number of families with dependent children that are working poor, where either no adult is in work or only one parent works part time. Some parents will decide in the best interests of their children to remain out of the work force, a decision which must be supported for the good of the community at large. However, there is a clear need for strategies to assist the many single parents and work-poor couple families who wish to return to the work force. Single parents need greater access to child care, education and training, while work-poor couple families are characterised by very low skill levels and need access to skills development.

Where parents are able to return to the work force, the wage they receive should be sufficient to support themselves and their families. This is a notion that has been at the core of the Australian industrial relations system since the Harvester judgment in 1907 and something the church has called for in its submission to the Australian Industrial Relations Commission's safety net review. The ability of the wage to support the family is equally important, given the government's commitment to promote greater work force participation. If greater numbers of people are going to make the move from welfare to work, they need to be assured that the income they receive from paid employment will be sufficient to support themselves and their families.

Parents also need assistance to return to the work force immediately following child-rearing. For couples struggling to make a living with part-time and casual jobs, as is often the case for poorer families, the impact of one person leaving the work force for even a short period of time can be diabolical. Workers need to be in a job for a period of time in order to have access to leave entitlements, such as sick leave, parental leave and special family leave. Once an employee has actually qualified for these conditions, they do go some way to providing flexibility in the workplace to respond to family demands. Parents attempting to move from welfare to work are

increasingly moving into casual positions. More than half of the new jobs created since 1988 have been casual jobs. This can have a particular impact on families. Casual work does not allow for sick leave or family leave if a parent needs to stay at home with their child in an emergency. For this reason, social security recipients should have a guaranteed return to income support in situations where they have trialled employment and the job is found to be unsuitable, especially in situations which impact on the welfare of dependent children.

For those on the margins of the work force, the risk of being without benefits, without paid work or without enough work to cover their financial commitments is dire. Catholic Welfare Australia recently learned of the case of a pensioner—let us call her Jennie—who was offered short-term casual employment as a way of getting off the pension. The thought of this terrified Jennie as the implications were very significant to her. In giving up the pension, Jennie would also jeopardise her rental assistance, her health care card and her public transport concessions—all concessions that Jennie factored into her weekly budget. The amount of money Jennie was set to earn from the new job was barely the same as her pension payments and Jennie feared would result in even greater financial hardship if she lost these supplementary benefits. If the short-term work did not result in ongoing long-term employment, the difficulty of re-establishing her benefits was also of concern to her, as it could result in a gap between employment and payment of benefits. Like many, Jennie does not have access to other financial assistance that could tide her over during such a period. It is easy to understand, therefore, that for Jennie, like so many like her, the safest solution, in her mind anyway, was to stay with social security benefits.

Catholic Welfare Australia believes it is critical that the government supports parents wishing to return to the work force through a variety of initiatives. Some may be as simple as encouraging employers to provide re-entry processes for those who have left or taken time out of the work force for family reasons, such as training programs. Access and affordability of child care is a critical issue for families. Currently in Australia child care is difficult and expensive to access. This particularly disadvantages the poor. Child-care subsidies have not kept pace with fee increases. Women on low incomes still face the gap between the cost of care and the child-care benefit prohibiter. Grandparents and extended family play an important role in the care of children, and appear to be filling some of the deficiencies in the child-care system. This is particularly so for families on low incomes who must rely on relatives and friends as they cannot afford formal care.

While not considered in our paper in detail, Catholic Welfare Australia is also concerned that the discussion of unemployment and work force participation frequently focuses on job seekers. This discussion must be balanced by a consideration of strategies to create jobs and, in particular, jobs that are suited to the skills and aspirations of available job seekers. It is a regular feature of recent news bulletins that businesses are being sold to overseas buyers—the globalisation of labour, for example. Telstra call centres are being serviced out of India to save money. This creates some real challenges for Australia if the net result will see low-paid and low-skill jobs increasingly moving offshore. Catholic Welfare Australia has been engaged in a number of forums of late where it has been said that the government is not in the business of creating jobs. Whilst that may well be correct, the government most certainly does have the means to encourage businesses to create jobs. More so, our regional development programs must ensure that jobs are created where workers need them. As mentioned earlier, we believe that an individual should not be forced to do any job just for the sake of it. It must be mutually beneficial to the growth and the human dignity of the individual. Needless to say, we would

strongly oppose any unfair demands on families to be geographically uprooted in order to comply with mutual obligation activity tests or to seek uncertain employment.

The impact of taxation and other matters on families and the choices they make in balancing work life and family life: family assistance payments could be better targeted if there was improved data available on the costs of raising children, linking movements in family payments to changes in average incomes and reviewing the real life impact of effective marginal tax rates and tax-free thresholds. We have reached a crucial point in the social development of Australia where policies pursued in the area of employment and work force participation have the potential to put extreme pressure on many Australians who are making valuable and notable contributions to society in unpaid roles. To accommodate the growing push to move people into the work force, with its harsher mutual obligation work activity tests and its focus on participation in the paid work force as the only valued outcome, we believe government must place a value, perhaps even a dollar value, on the unpaid work many Australians undertake as mothers and fathers and as carers of the elderly and disabled in this country.

Catholic Welfare Australia has presented a broad range of recommendations to the committee with a focus on ensuring that everyone can have the same opportunity to start a family regardless of socioeconomic status and that appropriate and targeted assistance is available to help with managing the financial and relationship pressures this involves. These recommendations also address a number of other challenges that Australian society will have to face over the coming decades. The government has often talked about the need to increase workforce participation. In our submission we have highlighted the difficulty that many people, particularly those with low skill levels, have in becoming engaged in the labour market. If the government is prepared to make a greater investment in education and training, this would not only give work-poor families with children greater jobs prospects but also help to increase the overall skill level of the Australian work force.

Similarly, we have also seen many forecasts of the impact of the ageing population. Rather than simply expecting people to work into their 70s, strategies must also be developed to increase fertility rates. More than 90 per cent of people say they would like to start a family, but many people, especially those on low incomes, do not have the opportunity to do this. The dramatic fall in the partnering rate of low-skill men is illustrative of this trend. The capacity to start a family cannot be considered separately from the security people feel in the labour market. Many young couples would like to start their own family but struggle with the cost of buying a home. All this has meant that many people now put off having a family until later in life. By addressing these issues, we will be giving more people the opportunity to start a family. This will go part of the way to addressing the social and economic challenges of an ageing population.

Catholic Welfare Australia wholeheartedly acknowledges the vital link between family and work, and the major impact that one has on the other. It is our aim, however, to ensure that the family unit is fostered, nurtured, protected and properly cared for in a political and social environment which appears to ascribe more value to the economy than to people. On behalf of the hundreds of thousands of Australian families we assist each year, and the many voiceless in our community, Catholic Welfare Australia looks forward to the outcomes of this important inquiry.

CHAIR—Thank you very much. I wonder if we could have a copy of your opening statement for the secretariat?

Mr Boerma—Certainly.

CHAIR—Would somebody move that we accept that opening statement as a further submission to this inquiry?

Ms KATE ELLIS—I so move.

CHAIR—Thank you. Thank you very much for that opening statement. Mr Quinlan, did you want to say anything as well?

Mr Quinlan—No, not by way of opening statement. I would just note, though, that the study in question from Frank Castles that was mentioned in the questions to the previous witnesses is actually cited in our submission also at pages 11 and 12, just for the convenience of the committee.

CHAIR—Thank you. I wonder if I could just ask for a point of clarification before I ask a second question. You referred to the Harvester case. I did not quite understand whether you were lamenting the demise of the principle and wanted it back or whether you were accepting the fact that it has gone.

Mr Quinlan—I think in fairness we are lamenting its demise. The concern that we have arises out of an increasing trend away from the family wage and also—and I think this was reflected in the recent sustaining prosperity conference—an even more alarming trend away from even the concept of fairness as a principle to underpin industrial relations. So it seemed that both the representatives of the business community and the representative of the economists were suggesting that fairness had no place in industrial relations anymore, and we fear that that is a slippery slope.

CHAIR—When you use the term ‘fairness’, are you referring to some of the principles that used to apply like wage comparisons and the like which do not apply now?

Mr Quinlan—I think in our submission we are concerned with a broader principle which is around the capacity of people to live a reasonable and dignified life on a subsistence wage. It seemed that the trend was suggesting that it is the role of business to provide essentially minimum wages that allow for greater prosperity and enhancement of the economy, and it is the role of government then to top up those minimum wages with a welfare safety net, and we are concerned that that push might essentially go too far, that we are essentially propping up those services.

CHAIR—The whole principle case of the Harvester case was that it was supposed to be a man getting a wage that would maintain the family where the woman did not work, was it not?

Mr Quinlan—Yes.

CHAIR—And her place was at home, barefoot and pregnant and whatever.

Mr Quinlan—That is certainly not our submission.

CHAIR—I am glad that has gone.

Ms GEORGE—But you can have the application of the principle to reflect modern society without giving away the underpinning which was that a body, not market forces, ought to determine what a family requires to live a reasonable life in a civilised society.

CHAIR—But it was the principle that was housed within a situation where we had a fixed dollar, where you had protectionism, and you had a rigid economy which, quite frankly, we just could not live with these days.

Mr Quinlan—But our concern is whether it could be argued that there is a new form of protectionism if industries, that are arguably uncompetitive globally and need to force down wages to lower and lower levels, are in fact being propped up now by trade subsidies and not by a welfare safety net.

CHAIR—That is not what happens. If the industry becomes uncompetitive, it either goes out of business or it moves offshore. You used the example of the call centre. Instead of giving the Indians an opportunity to work and so enhance their ability to buy things, perhaps from Australia, should we keep those jobs here and limit the process? In that case, nobody benefits in the end. I sound like a free-trader and I am.

Recommendation 6 of your submission deals with the high rate of relationship breakdown. According to the submission, the ABS acknowledges that in 2000, roughly 46 per cent of marriages were likely to end in divorce and that partnering and marriage were still important in determining fertility. Given that high breakdown of marriages, which in reality means that one in two brides will face the prospect of perhaps being the head of the household and having to earn income to maintain the standard of living and look after the children, does it not become even more important that women are well educated, cannot afford to lose their work skills, and therefore must look to legislators for good, public policy to enable them to be the mother?

Women need to be in a relationship which they will nurture but they also need to maintain their skills and be able to participate. Perhaps we should not be pushing for more of recommendation 6 and more funding for pre-marriage education. I sometimes think that if you had too much pre-marriage education you would never get married in the first place. Should it be public policy to try make people so frightened of marriage at the very beginning that they do not get married in the first place or to believe that somewhere down the track words of wisdom might save the marriage—which I think is pretty speculative—or would we be better off putting our energy and resources into public policy which assists people so that they do not have to be a super mum or dad but instead have the wherewithal to nurture, love and maintain a family home?

Mr Quinlan—Certainly we would not like to be seen to be arguing one against the other. I think there is room for both strategies. The government's own evaluations of the family relationship services program, for instance, suggest that there can be very effective interventions into relationships, not only in terms of pre-marriage but also in terms of the availability of relationship counselling and so on. We look with some eagerness towards the announcement of

the family relationship centres and what those centres will mean to assisting the relationships of families. We have also suggested, as you would have seen, the importance of national training strategies and so on that give women and other primary carers opportunities to build and maintain their skills.

Mr Boerma—As a service provider providing pre-marriage and pre-partnering education programs, we find that people are not scared off marriage or commitment, although a lot of people tend to be very tentative about moving into commitments. Usually people are looking at starting a family, having children, when they come to these courses prior to getting married, and these courses provide them with a lot of skills and ensure that they have thought through all the ramifications. I think in general they help people to be better prepared for having a family and starting off.

CHAIR—They are certainly putting off the decision for a lot longer, aren't they?

Mr Boerma—They are.

CHAIR—I think one of the interesting issues, which almost overlaps into the adoption inquiry, is that 9,500 children were adopted in 1970-71 whereas only 500 were adopted last year. However, 7,000 children were born last year via IVF.

Mr FAWCETT—I also wish to address recommendations 6 and 7. Whilst we may have some commonality in terms of free trade, Madam Chair, I think I probably come from quite a different perspective in terms of preparation for marriage as I have run these courses and still participate in running them. I believe these courses are crucial in terms of building a fence at the top of the relational cliff although I accept that we sometimes need to spend inordinate amounts of money to help those people who will fall off the cliff.

Balancing work and family, particularly in aspirational two income families where people seek bigger and better homes, better education et cetera, puts an inordinate strain on relationships. If those relationships breakdown, that places an inordinate strain on that family, the supporting families, the schools and the taxpayer. It is crucial that we emphasise ways in which we can support couples who are looking at becoming married or partnering and having children, so that they can learn some crucial communication skills and set expectations. That is particularly the case where people do not have good role models on which they can base their own relationships. Although you have addressed the issue briefly in your submission, do you have more substantive research which you could make available to the committee to support the benefits of marriage preparation and support for relationships once people are married? I believe that is a very strong point that needs to be enhanced and not covered in only two brief paragraphs.

CHAIR—It would be very useful if there was evidence that could be adduced as to the efficacy of such programs. Is there any such evidence?

Mr Quinlan—Certainly. I believe there is some very substantial evidence from the government's own evaluations of family relationship services programs and of pre-marriage education, but I am more than happy to take that question on notice and bring back a more substantial response.

Mr FAWCETT—There is certainly a growing weight of evidence about the cost to the taxpayer of relationship breakdown. This is not even looking at the broader related areas in terms of dysfunction in families. The cost to welfare post-breakdown almost triples overnight and by the time you look at other dysfunction the cost to society is huge. Whilst it is only anecdotal, I can certainly point to a number of young couples I have worked with in the area of communications. When they looked at their families of origin, they admitted at the end of only a six-week course that they probably would not have survived. However, with a few very basic skills and by altering their expectations, they stepped off on a far more secure footing than people who go into relationships purely with a rosy-eyed view of romance. I think these courses are very valuable.

CHAIR—I accept that there are anecdotal examples, but I wonder whether there is a more statistical measurement of a lowering of the divorce rate. Can we show that we have spent X dollars supplying these services and, as a result, the divorce rate has dropped? Is there any research like that?

Mr Quinlan—I think we had better take that on notice and bring it back to you.

Mr CADMAN—And by broadening this slightly, general family wellbeing, which is a very weird concept—

Mr Boerma—Are you talking about a definition?

Mr CADMAN—I mean the sorts of things the chair has referred to such as breakdown, and also kids getting into trouble, juvenile delinquency, mental health problems, longevity—all of those sorts of things within families. Hugh McKay calls it community wellbeing. I am talking about family wellbeing.

Mr Boerma—Sure.

CHAIR—It would be useful to have such evidence if it exists.

Mr CADMAN—Hugh McKay has figures, and we need to talk to him, but I wonder whether you have similar figures.

Mrs IRWIN—Just following on from that, recommendation 6 states that you would like to have increased funding for pre-marriage education. Mr Boerma, I think you stated that you are a counsellor in these pre-marriage education classes. What reasons are people giving you for delaying having a family? Family groups in my electorate in south-western Sydney say high mortgages and high child care costs are causing them to delay having a family. In addition, young people leaving university and entering employment have very high HECS fees. So the reasons for delay include high mortgages, high HECS fees and high child care costs. Are you hearing something similar?

Mr Boerma—I should clarify that comment you made about me being a counsellor in pre-marriage counselling. I am not actually working as a counsellor; I am a trained social worker, but the agency that I head, Centacare Sydney, provides those courses. So I am not speaking as a counsellor in that regard.

In many ways there are a lot more pressures on young people and families generally these days with those increased costs of surviving. The people we provide services for tend to experience greater economic pressures than many other parts of the community where there are other supports. We are providing them with time to step back, to look at where they are going with their relationship, and to develop some survival skills. They need to be able to focus on some of the challenges that are inherent in starting a family. Being better prepared does not take away those challenges but it can provide you with access to additional support or advice. It can help you work through those challenges. That does not mean that it is always successful, but from the feedback we find that the skills people gain from the courses, and the opportunity they provide to communicate around life goals and those more personal issues, are of benefit.

Mr Quinlan—We can link that to concerns about insecure employment, whether that be casual or part-time employment or top-up jobs and so on. That is suggested in the information we provide about unskilled male workers, because their decline in marriage and partnering rates more generally is disproportionately higher than the rest of the population. So it is suggested that it is not just a broader social trend that the financial circumstances of people are really militating against their role as a partner and as a parent.

Mrs IRWIN—The last question that I want to ask—and I am so happy that Catholic Welfare Australia took this on board—is about the \$3,000 one-off maternity payment. You are talking here about domestic violence. I have heard stories of domestic violence regarding that \$3,000 one-off payment. I will quote a little bit from your submission so we can get it on the public record, and I quote:

As one staff member reported “if you are earning \$100,000 you are not going to be affected by a \$3,000 payment.” Our members noticed increased reporting of domestic violence as male partners sought to get access to the payments made to mothers. There were also reports of young women clients considering becoming pregnant to access the \$3,000 Maternity Payment.

I have also heard that people have bought plasma television screens. You also state that where that maternity payment was welcomed government should consider making the payment instalments. Do you want to say anything about what I have just quoted and about the types of instalments you would like to see?

Mr Boerma—This is really a strategy, I suppose, to take pressure off some of the women who are in these circumstances. By making the payment in instalments, it takes away some of the pressure to get the money up front, and hopefully it also provides a greater likelihood that it will be spent on what it was intended for, and that is to provide assistance to those women to care for their kids.

Mrs IRWIN—So your recommendation to this inquiry would be to have a look at, say, four fortnightly instalments of that \$3,000?

Mr Quinlan—I think that is what we suggested. I also think it ties to a broader principle that is implicit in a range of our recommendations. It is about flattening the ups and downs that these people, particularly at the low end of the income distribution, are facing because they do not have reserves of their own to tide them over difficult circumstances. Even suggestions like making the step from benefits to wages and back from wages to benefits much easier and

quicker is all part of that strategy to try to flatten off the income spikes and troughs to assist these people to better manage their lives more generally.

Ms GEORGE—Could I just follow on from there? Could I begin by saying thank you for the very comprehensive submission that you have put to us. Two issues really came to mind when I read it, one of which was the unintended consequence of the introduction of the maternity payment in that it might have had a direct or indirect impact in some cases on the prevalence of domestic violence. As legislators, we have a responsibility to take on board the potential unintended consequences.

The other issue that I would like you to elaborate on, which I think is based on fairly new data which has not received much consideration, is the decline in marriage rates for low-skilled men. Anecdotally, in public statements about the declining fertility rate a lot of store has been put on the high cost of housing, which you refer to in your submission, and on the increased HECS burden facing families and students when they leave university.

This is the first time I have actually seen any reference to the other end of the income scale and you tie the decline in marriage rates to the declining proportion of working men who have full-time employment. I find this interesting because in my own electorate the highest rates of unemployment are among men in this category and age group—the victims of the last downturn who, with a lot of unskilled jobs disappearing, have not been able to get back into full-time employment. I guess there is also the research that shows the potential impact of gender identity, in its broader sense, having some impact on these categories of people at work. For the public record I would like you to elaborate on these findings, the implications for the future and what government policy might be able to do to redress this particular category of the population.

Mr Quinlan—Sure. The information that I think you are referring to is mainly contained on page 11 of the submission; I need to point out that we are citing the studies of others—these are not studies that we have undertaken for ourselves. For instance, that information is suggesting that between 1986 and 2001, in the class of men aged 30 to 34, the partnering rate fell from 72 per cent to 59 per cent overall—but the greatest fall was amongst those with low education levels. We think that this trend is really suggestive and we make two recommendations in relation to this. One relates to a broader national strategy for training to ensure that we are increasing the skills of these workers. We also believe—and it is not our own core area of expertise—but we also believe in the need for programs around all the early school leaving. Strategies to identify people who might well be at risk of leaving education early and finding ways of supporting them through employment.

We had a case, an anecdote if I might suggest, amongst our own staff. Just recently we had a case concerning a very supportive family of a young man who had actually found the young person a potential apprenticeship in motor mechanics. This very committed family worked very hard for quite a long time in negotiations around ensuring that this young person had an opportunity to participate in school part time, TAFE part time and his motor mechanics apprenticeship part time. The family was really forced to jump through many, many hoops. I think it is those sorts of strategies that might see parallel streams in education and see closer relationships between trade education and other forms of education that will really be the challenge.

CHAIR—Can I just follow up on that. In looking at that page 11 of your submission, which is page 80 of our book, I am interested in the paragraph that says:

There has also been a similar fall in the marriage rates of low skilled women. In 1986, 77 per cent of women with low skill levels were partnered compared to 70 per cent in 2001. At the same time the partnership rates of women with degrees remained steady, only falling from 70 per cent ... to 67 per cent

What you are really telling me is it is always easier for low skilled women to get married than it is for people with degrees, and that has remained the case.

Mr Quinlan—Sorry?

CHAIR—Well, back in 1996, 77 per cent of people with low skills were partnered or married but for the people with qualifications it was only 70 per cent. Even with the low rate it has come down to 70 per cent for low skilled women and it has dropped to 67 per cent for women with degrees. So you are telling me it has always been the case for women without skills or with low skills to get married than it is for people with skills?

Mr Quinlan—Sure. I think we are also trying to suggest there though, that it seems there is a decline in the partnering rate for low-skilled women that is ahead of the general trend. So even though it is not as great as the decline amongst low-skilled men, we are suggesting there that there is a—

CHAIR—No, the point I was making was that according to your evidence, even with the drop, it is still easier for low-skilled women to be married than it is for women with degrees? Why do you think that might be so?

Mr Quinlan—I am not sure that we are making that case. Those percentages are given as percentages of that cohort, and we are just suggesting that the decline is not as great amongst women with tertiary qualifications. I don't think we are making a comparison necessarily about broader numbers.

CHAIR—But even with the decline, the figures say it is easier for low-skilled women to get married. Why do you think that is the case?

Mrs IRWIN—You might like to take that on notice.

Mr Quinlan—That may well relate to the sort of traditional notions of the roles of women in our society which have focused more on a pure sort of model of motherhood, the sort of caricature that you made at the commencement of our proceedings—

CHAIR—That is a bit sad, isn't it? We will have to do something about that, won't we?

Mr Quinlan—Yes, certainly so.

CHAIR—On page 90, or page 21 of your submission, table 1 says: 'The percentage of couple families where:' and you have 1983 and 2002 figures. I presume the 2002 figure for 'One parent is employed full-time and the other part-time' is 35 per cent, not 3.5 per cent?

Mr Quinlan—That is correct.

CHAIR—Secondly, you have ‘Neither parent is employed’ at 8.8 per cent in 1983 down to 7.2 per cent in 2002, which is actually an improvement, but on the next line you have, ‘Neither parent is employed—’ again ‘or only one parent is employed part time’. Is that really meant to say where only one parent is employed?

Mr Quinlan—I would have to take that on notice, I am sorry, and come back to you with a clarification of those definitions.

Mr CADMAN—I am sorry, that third line is 35 per cent?

CHAIR—Yes, 35 per cent.

Mr Quinlan—Correct.

Mr CADMAN—That is 35.0?

Mr Quinlan—Correct.

CHAIR—So the change has been that we now have nearly 60 per cent of couples where two partners work—be it one only part time, but they both work—as opposed to 39 per cent back in 1983. That has been the really dramatic shift, hasn’t it?

Mr Quinlan—Yes.

CHAIR—And in fact where neither parent is employed, it has actually improved a bit.

Ms KATE ELLIS—I believe in the importance of recognising informal care within our society and I wondered if you could first expand a little on, the levels of financial support that you think should be available to informal child care versus formal child care? Then I wanted to ask about the child care credits and whether you could expand on that concept a little?

Mr Boerma—The informal care, by which you are referring to people where it is not paid work, and how do we value it—

Ms GEORGE—It could be grandparents.

Mr Boerma—Yes, for grandparents and others. I think that this whole area is becoming more difficult; to balance family life and caring for grandchildren or children as against work commitments, particularly at a time when older people are being encouraged to stay in the workforce, which means they are no longer then available to care for a grandchild, for example. It is becoming extremely difficult or increasingly difficult both to find and be able to afford child care, particularly if you are in a low income group. The mobility of people in the community also makes it difficult, because sometimes grandparents are not just around the corner, they may be interstate. People are moving interstate to get into the housing market, to get lower rents and for a range of other reasons. So there are a whole lot of changes in the demographics that make up society that do make it more difficult. I think the lack of that support infrastructure that a

family provides, as a result of that, creates a lot of stress for people. It was interesting that a carer for a child with a disability, for someone with a disability or for an older person gets a \$50 allowance per week at the moment for caring for that person.

When we are looking for foster carers—people outside of a traditional family—to provide care for a child the rate is about \$175 per child per week and it is an allowance that is paid to cover their out-of-pocket expenses. That goes up to about \$250 per child per week if the child has a disability or any special needs. The feedback we get from our foster carers—and it is increasingly difficult to find foster carers—is that this barely covers their costs, and in many cases they are out of pocket. So, if you are trying to put a figure on what it costs to care for a child, we are finding it very difficult to find people who will do it for between \$170 and \$250 per week per child just to cover their costs. We are also trying to have foster carers, or people who are available, to take children at short notice and to encourage them to stay out of the workforce and be available for this we are trying things like retainers, but even with those retainers, which are \$300 at the moment, we cannot find enough people and we are looking at possibly raising that to \$500. So there are some real issues in terms of what it actually costs to have somebody looking after a child, and that is not even taking into account the lost opportunity of employment and that sort of thing. So it is a fairly significant issue, we think.

Ms GEORGE—So, following on from Kate's question, in that recommendation when you talk about child-care credit do you see it only in terms of financial recompense or could there be other incentives built in to provide for those credits? What did you have in mind—money specifically?

Mr Quinlan—We really made that recommendation in the context of an increasing discussion around the notion of people staying in the workforce longer, older workers in particular. It is really just to say that we need to find some strategies—I don't think we are particularly married to any particular strategy on that front—to perhaps find creative ways in which we could really credit older workers who might otherwise be back in the workforce but are, of necessity, providing child care to young relatives and so on. We need to find a way in our systems of recognising that.

Ms GEORGE—So, for example, the \$500 tax rebate that the Treasurer is going to propose for those people over a certain age who are still in the paid workforce—

Mr Quinlan—Except they might be tied in relation to credits in relation to pensions that they might be receiving or might not be receiving otherwise and so on.

Ms KATE ELLIS—I just have a quick one, out of curiosity. I was really glad that you brought up the affordability of housing. Do you have any evidence—even anecdotal—of this being more of a problem in some cities than others and in metropolitan compared to rural areas? Is this playing a major role across the board or is it yet to sweep the regions?

Mr Boerma—I think housing affordability obviously has a bigger impact in some cities or areas than others, Sydney for example. I know myself, even with children who are now finishing school, we talk amongst ourselves about the possibility of even the whole family moving interstate so they can get into housing at a later stage. So, it is even an issue for someone from the middle-income area, let alone the people from lower incomes. People do travel often to find

work, but sometimes they cannot because there is a conflict—as we say here in the paper—between leaving their support networks, that is, their family or the infrastructure they need, and going elsewhere to find work where they do not have that infrastructure. They are in a bind. So, although housing affordability may be cheaper in another location it is not always practical and other options, like staying at home with your parents, become an alternative.

Mrs MARKUS—I would like to ask a question and make some comments regarding recommendation 7: the government providing support for families, including single parent families. Having social work qualifications myself and having worked extensively both in sectors of the community that would be regarded as lower socio-economic background and in newer estate areas—where we have aspirational, establishing families—the types of approaches in providing this kind of support require very different approaches. Have you any access to information that backs up the kinds of support that would be the most appropriate, given those different or varying kinds of demographics that I have mentioned?

Mr Quinlan—Yes, certainly not immediately to hand, but we would be happy to provide it. Within our network there is a vast array of programs that are available on the ground. I will make the general comment that a lot of these programs are really about community building and fostering broader networks within communities than about providing individual clinical assistance. I think it is important to recognise that, as families are more mobile and often disparate across different regional areas, it can be quite a struggle to establish broader social networks—whether it be for single mothers or a lot of men’s and fathers’ groups and so on that we have seen that all reflect a need for broader strengthening of social institutions. I suspect the particular sort of support that is provided it is less important than just that notion of fostering broader social networks.

Mrs MARKUS—I would be interested in looking at any research or information that you have that would actually direct and support the best way to provide support for families.

ACTING CHAIR (Mrs Irwin)—You might take that on notice and bring it back to the committee.

Mr Quinlan—Yes, happy to.

Mr CADMAN—That elucidation was great. You did not mean relationships in broken families between partners of a broken relationship—you meant within the community context in that—

Mr Quinlan—In set relations and establishing healthy relationships—yes, that is certainly true.

Mr CADMAN—Okay, right, that is great clarification. You have a section there regarding domestic violence—are there any predictable factors in domestic violence? I know there are some facts and figures that domestic violence is more likely to occur where there is not a blood relationship within a family setting. A de facto relationship or something like that where there are children involved is more likely to create violence rather than a blood relationship between parents and children. Do you have any details or any knowledge of what is a predictive factor for violence?

Mr Quinlan—I am certainly happy to investigate that further. One of the observations that I would make is that it can be very difficult for us to ascertain accurately where domestic violence even exists. Often those leaving violent relationships who have better access to income support and broader networks, are able to essentially take on a new life and re-establish themselves without them necessarily having much contact with a support system. So there is a sort of natural bias in a sense that—

Mr CADMAN—So you have a natural bias in anything you observe towards lower income families, I would guess?

Mr Quinlan—Yes, that is certainly true. Not to suggest that domestic violence is unique to lower income families, of course.

Mr CADMAN—No, precisely—good. Fearing breakdown is a factor in these older men, in particular, not marrying; fear of marriage breakdown. I wonder whether that is a fact? You talk about poor skills, low levels of income, but there seems to be a factor out there that I have observed—fear of a fractured relationship which is difficult to recover from. I guess that is only empirical.

Mr Quinlan—I think the study we referred to is the Institute of Family Studies research. We could certainly look at whether or not fear of relationship—

Mr CADMAN—We need more information. The Americans have much more information than we have in those areas. We need to get the institute to do further work, in my opinion. If you feel that that is the case, tell us that.

Mr Quinlan—Sure. We also made an observation that there is a need for greater data across a whole range of variables—precisely the sorts of questions that you asked, Mr Cadman, at the start. We do not have a good handle on the circumstances in which people are entering the world, so we do not have much information available to us about whether new babies are entering low income households as opposed to higher income households as opposed to the make-up of those households. We do make some recommendations about data collection more broadly.

Mr CADMAN—Yes, you do, and I think that is very welcome.

CHAIR—While I was absent for a few moments I was just reconsidering the question I asked you earlier about the percentage of women with degrees who are not partnering. The number of women who met that description in 2002 would be much greater than the number of women who met it in 1983. It is in fact a growing percentage of the population with 30 per cent of young people now going to university. Perhaps the percentage of low skilled women is actually declining. Maybe what we have is a mismatch. Do you have any raw numbers about whether or not the number of low skilled men as a group is growing or shrinking and whether or not the number of low skilled women is shrinking, as I suspect it may well be, and the percentage of women who are now skilled and hold degrees or tertiary qualifications—of whatever kind—is a growing percentage of the population? Maybe what we have here is a mismatch.

Mr Quinlan—I think I understand the question. I would be happy to take it on notice. We cite information from other studies, not our own, suggesting that the pool of low skilled men is essentially growing—

CHAIR—Or even remaining static.

Mr Quinlan—Or remaining static at a time when the pool of low skilled women might be declining. We can go back and review the information that we cited and bring back an answer to that.

CHAIR—Yes. We could start to paint a very different picture of what we are looking at.

Mr Quinlan—Sure.

CHAIR—The question of education becomes even more important.

Mr FAWCETT—I would like to come back to your opening statement where you put on the table your opposition to the concept of people moving to take up work. ACOSS and others have said that work, and the many benefits that flow from that, is actually the best form of welfare. I look at regional South Australia in particular, where there are regions that desperately need workers, to the point where employers and banks and other people are looking at how they can provide subsidised housing and options for people to go there. Would you say that you oppose, under all circumstances, people moving for work, because that is how it comes across in your statement? I personally believe—particularly from a defence background, where moving is frequent and often builds community through the interaction of people who have common needs of support—that it is not necessarily a negative thing. It may be in some cases but not across the board. Your statement is very general. Can you explain that a bit more? Do you actually mean it to apply generally?

Mr Quinlan—The statement certainly intended to suggest that people ought not be forced to move just for any job. What we are really saying is that there are some important considerations about the quality of the work, the long-term nature of the work and the income that can be achieved from the work that need to be considered. I have some real concerns about forcing people to uproot for seasonal work in some circumstances and for jobs that might be casual, part-time and so on. Defence is a good example where the work that people are undertaking is part of a longer term structured form of employment. We are certainly not arguing against the notion of people moving at all. We would just put some riders on the sorts of jobs that people might be expected to move to. We would also perhaps tie it to a consideration of the discussion that we had a moment ago about the development of social infrastructure and social support networks, because I think it is important to see the mobility of the labour force in that context. We need to be ensuring that, even in our regional centres, we are building social networks that are sustainable. Again, whilst not opposing the mobility of labour completely, I think we need to give due consideration in our strategies to the fact that the mobility of labour and families and so on can militate against the sort of support networks that we talked about single mothers and others requiring.

CHAIR—So you are really talking about forcing people to move for a part-time job. Is that what you are saying?

Mr Quinlan—Yes, that is our core concern. If there are opportunities that support regional development—because we think it is important to support regional development across Australia—and also provide people with secure employment opportunities in other regions, then we would have no objection to that in principle.

Mr Boerma—I think it is about the value you place on work and family life. Often work is important to sustain family life, but at times the emphasis seems to be on work—at all costs. I think in certain circumstances relocating for a job, particularly as Frank said—if it is only on a casual or part-time basis—may create a lot more stresses for a family than it solves.

Mr CADMAN—Recommendation 14 is linked with 19. Recommendation 14 proposes child-care credits for mature Australians who engage in the provision of unpaid child care. Do I see those two as being linked—something like a system of taxation where there are credits given for dependants, or do you have something else in mind? I do not understand child-care credits. Does it mean that the elderly couple looking after somebody else's children should have a child of their own—they get credits when they have children?

Mr Quinlan—No. What we were suggesting in our earlier discussion was that—

Mr CADMAN—It cannot happen because that is a government promise—

Mr Quinlan—We are really talking, for the most part, about grandparents caring for their grandchildren.

Mr CADMAN—What is a child-care credit?

Mr Quinlan—What we are suggesting is that, as we look to strategies—and I do not know what those strategies will be—which the government are investigating to maintain workers in the work force for longer, we need to find ways of crediting those potential work force participants with unpaid or low paid child-care roles that they might provide in the community. We are not proposing that we have particular strategies available to us there. We are suggesting that as we consider the strategies for moving older workers into the work force or retaining them in the work force, that we might—

Mr CADMAN—That is very interesting.

Mr Quinlan—as we are doing that consider ways of child care performing some of that function for us.

Mr CADMAN—Are you aware of any writing, or any development of that idea, or is it just one that you have plucked out of the air?

Mr Quinlan—I think it is one that we have built on in our experience of many low income workers in particular who are finding that grandparents, and other sorts of surrogates for grandparents, are the core source of the child-care arrangements that they are able to make. We could come back with some more detailed proposals around that.

Mr CADMAN—If you have any ideas on that, yes. It is a fascinating idea.

CHAIR—There is another growing problem and that is that quite a lot of grandparents are becoming the de facto parents of their own grandchildren, because their children are working.

Mr Quinlan—Taking on the role sometimes lovingly, but not necessarily willingly.

CHAIR—I think that is probably well said. If child care or looking after disabled people and so on became a proper job, as it were—one where you paid tax and had some rights—then the market would probably sort all of that out. People would actually get those jobs. Instead of ‘you are the grandparent, just get in here and mind that child and you have no say’ there would be choices around for people. When we read the submissions we have received from individuals we start to hear a bit of a desperation voice coming through.

Mr Quinlan—Sure.

Ms GEORGE—It would not necessarily lead to the outcome you are suggesting—that market forces intrude into the unpaid sector of the economy. It might be that, assuming some of these grandparents are on some form of pension or income support from the government, the income earned or given by their children for the caring of the grandchildren is not counted as income for the purposes of their entitlements.

Mr Quinlan—Perhaps discounted against—

Ms GEORGE—I do not share your faith that market forces—

CHAIR—I know, Jennie, that is why they sit on opposite sides of the chamber.

Ms GEORGE—Yes, but we can see that in the provision of child care where there is no planning. It is totally unregulated where market forces reign supreme and some areas are missing out.

CHAIR—I would disagree with you. To my way of thinking the institutionalising or the provision of child-care places is offering only one option which is to institutionalise your child. From my point of view, free enterprise would say, ‘I want some choices out there.’ If I am looking for child care it does not have to be an institution; it does not have to be beg, borrow or steal; it does not have to be a favour from a relative or a friend. I want some other options.

Ms GEORGE—The child-care credit need not necessarily be related to market forces or the way that the tax system applies to people out there in formal paid work.

CHAIR—Tax is a tremendous driver of people’s behaviour. That is why I do not think that you can ever discount tax as being a major driving force for any social behaviour.

Ms GEORGE—For antisocial behaviour.

CHAIR—No, for any social behaviour.

Ms GEORGE—Both.

CHAIR—Both. Are there any other questions because we are running behind time? It has been really terrific.

Mr CADMAN—That was a great submission.

CHAIR—Thank you very much for that submission.

Mr Boerma—My only query is: what is your time frame for giving these further materials to you?

CHAIR—We will be having more hearings, but I would say to you probably sooner rather than later so that we are not getting stale information.

Mr Quinlan—I might suggest that it affects the work-family balance of some of my research staff back in Canberra!

CHAIR—We would not want to burden them unnecessarily. Perhaps we can have a balance in the stress that you put upon them.

Mr CADMAN—Get them to work on child-care credits. They will work longer and harder if they think they can pull that off.

CHAIR—Thank you very much.

Mr Quinlan—Thanks for the opportunity.

[12.16 p.m.]

FLYNN, Ms Katrina Caroline, Private capacity

CHAIR—I welcome Katrina Flynn. We were hoping to hear from Louise John but she is subject to the pressures that mothers have: this was the only day she could get an appointment for a specialist to see her young son who is unwell. She was unable to come and give her evidence today but has consulted with her friend Katrina Flynn, who has agreed to come and give evidence in her place today. I understand Katrina is familiar with Louise's submission. It might be a good idea if we let you make an opening statement.

Ms Flynn—I am happy to be appearing today just representing the average professional woman. I am 33 years old and have a seven-month-old baby. I live in Sydney and have a Sydney-sized mortgage. I am a marketing manager for a large organisation and the main income earner. My husband owns a small business that has been affected by drought. I am currently on 12 months maternity leave—a luxury made possible because of five factors, including the baby bonus, which managed to pay one month's mortgage payment. I received six weeks maternity leave as well as six weeks annual leave, after taking only two weeks holidays in two years. After much wrangling with my financial institution I was granted maternity leave of three months on my mortgage and, because of my husband's financial status, I am eligible for a parenting pension in addition to Family Benefit A and B.

Whilst applying for the parenting pension I found that I was disadvantaged by the fact that I have a mortgage and am not renting. Extra money is available for rental assistance while people who are struggling to pay a mortgage are ignored. As the main income earner, I do not have a choice in returning to work. As do many professional women, I feel that there are no choices in corporate Australia for flexible work. I will be returning to a career which demands time commitments of a minimum of 50 hours per week and adding travel time means that I will be away from my baby for 12 hours every day.

The marketing profession is dominated by women; however, part-time jobs are rare. Despite the fact that, by its nature it is project based, job share does not exist. Despite technology, it also seems that working from home is not an option either. I believe that corporate Australia largely pays lip-service to providing mother-friendly workplaces and that professional women are disadvantaged because there are no affordable avenues of redress. The lack of support for working mothers is evidenced by the organisations that have facilities such as a gym but not a creche. How many companies provide a nursing room?

Of my peers, both inside and outside of marketing who have returned to work after maternity leave, very few return to the role they left. A few are unofficially demoted whilst on leave, usually by diminishment of responsibility. Promised promotions never eventuate. Companies are managing to bypass the right of return that our mothers fought for. Of those rare few who have managed to negotiate a part-time position, it is usually four days a week, with the added pressure of doing six days workload in four. Workplaces are not respectful of part timers with meetings called regardless of day—mobile phones meaning people are always on call.

Part-time workers are generally ignored for promotion, training and pay increases—after all, part timers should be grateful for how flexible the company is. Should any complaints be made, suddenly the part-time role is redundant. Full-time women face inflexibility when it comes to working hours. One woman I know was given a letter of warning upon requesting 15 minutes leeway to cater for child-care dropoff.

Sadly, many companies measure an employee's contribution and ability to perform by time spent exceeding the nine to five. This means that working mothers are perceived as incapable of performing their jobs. This particular woman was told that she had to choose her career or her family. With no unions to represent these women, they cannot afford legal representation. They are effectively voiceless and have to accept their situation.

In my individual case, I have been attempting to find child care a full month prior to giving birth, but to no avail. I recently found one centre but they do not open early enough to allow me to travel to work on time. The cost for day care of a one-year-old child on Sydney's North Shore averages \$75 to \$85 a day—\$22,000 annually or, more importantly, in pre-tax terms that is \$44,000 that I have to earn. By my calculation I will be returning to work for 17 per cent of my income after I pay tax and child care, which is insufficient to pay our mortgage.

I have been exploring the opportunity of a nanny, which for one child is \$39,000 a year or, if shared, \$19,500—marginally cheaper than day care. For financial reasons I will have to use an au pair, who will live in our home and will be with our child unsupervised, but at \$10,500 per annum plus board it is significantly cheaper than the alternatives. When I return to work in a few months time I will not have received a pay increase even to inflation, despite the fact that my program of promotions was used for the first six months of my leave. I do not know yet whether I am going back to the same position. I worry that, after giving 250 per cent effort, I will be viewed negatively when I can only give 100 per cent.

I worry about my baby being left with the unknown au pair and never being able to see her. I worry whether my relationship with my husband will survive the pressure of someone living with us and about the lack of quality time as I catch up with work in the evening. Will I have any more children? Right now it seems impossible. I have the opportunity to start a business but do not have the financial resources behind me that will cover my mortgage while starting out. A part-time job in that respect would be perfect. I am aware of the NEIS but it pays at the rate of unemployment benefits and would be insufficient.

However, that said, it is not surprising that Australia has the highest rate of female entrepreneurs given the inflexibility and archaic attitude of managers who have the power to make a difference. I believe that, in balancing work and family, organisations must become more flexible. Job sharing and part-time work are reality. There needs to be a system of arbitration that gives a voice to professional women.

The government needs to change its policy on child care and I would like to see it become a tax deduction. To allow women time to stay at home with their babies, the baby bonus is good but it is not enough. Maternity leave should be mandatory, not just for those who are lucky enough to work for government bodies or companies with schemes. It would be good to be able to access superannuation to assist in mortgage repayments, so that families can continue to make inroads into their mortgage instead of financially regressing when having a baby.

Finally, in one of the hardest working and highest taxed nations in the world, some of the benefits need to come back. Our mothers fought so that they could go back to work, but bad work practices and lack of supportive government policy mean that the battle today is for us to keep those jobs.

CHAIR—Thank you very much, Katrina. Thank you for giving us what is a very personal account of what you are facing and what we are discussing.

Ms KATE ELLIS—First of all, I thank you for coming in to tell us your story. You have made a really valuable contribution to our inquiry. I am particularly interested in part-time work and in your comments about the lack of career advancement for people in part-time work. Do you have any ideas about government policies. What could we, as a committee, recommend that could make any inroads to addressing the problem?

Ms Flynn—I think that it should be mandatory for people to do part-time work in the position that they left. The excuse I always hear is that it is not feasible—jobs do not work that way; companies do not work that way—but I think it has to become mandatory or at least for job share to become available.

CHAIR—Do you think that would create a problem in that you would be unlikely to get the job in the first place if they thought that, by employing a woman who was married and about to have a baby, they were going to be in a position where they were going to be forced to manage a business in a way they did not think they could?

Ms Flynn—I think that that possibly happens anyway. I think that people would look at women around the age of 30 and consider that when they employ them—before they fall pregnant.

Mr FAWCETT—You mentioned paid maternity leave and that your husband runs a small business that is currently affected by drought. One of the challenges facing anyone trying to help on both sides of this argument is that, given that a lot of job creation comes through small business—and we are constantly being told by small business how hard it is to take on additional people because of requirements—how would you suggest we try and balance the ideal that you have put forward for paid maternity leave for 12 months, when it would affect the ability of someone like your husband to run the business?

Ms Flynn—I think there obviously needs to be a rule of profit generation or staff numbers—above a certain level the company does have to contribute to maternity leave. From my point of view I think that the government should provide for small businesses in that respect. My husband is a sole trader and so that is a different scenario. Coming from a family who has run small businesses, I understand that it is tough on small business but I think that the government has to step in.

CHAIR—You gave us the figures about the options to look after your daughter. Have you done the figures on what would be your situation if you got tax deductibility for your child-care expenses?

Ms Flynn—No, I have not, but it would make a significant difference.

CHAIR—You could probably do it?

Ms Flynn—Yes.

CHAIR—Then you would not be asking the government to come in and pay for all the other things that we have just mentioned?

Ms Flynn—Yes, exactly.

CHAIR—In other words, you get some of your own money back.

Ms Flynn—I think that maternity leave is important as people feel that they are able to take the time to have a baby. I think that, for people to return to work, ongoing child care costs need to be a tax deduction. If I were in a situation where my husband could not contribute to the mortgage, I would look at the figures and say, ‘At 17 per cent why would I go back to work?’ I was speaking to a friend yesterday and for women who have two children it is \$650 a week for two babies. Why would she return to work? She earns \$1,400 a week.

Mrs IRWIN—That is probably because some husbands are paying the mortgage and they might need that \$50 or \$60 extra to go towards food. I gather you live on the North Shore?

Ms Flynn—Yes.

Mrs IRWIN—You were saying that four months before your gorgeous daughter was born—

Ms Flynn—That is behind me.

Mrs IRWIN—that you tried to put your name down for child care. Just out of curiosity, what is the waiting list?

Ms Flynn—Some of them are booked until 2007. I know that they are meant to send you out enrolment forms but so many of them just take a phone call and give lip-service—‘We will send you out an enrolment form,’ but why would they bother when they are booked up until 2007 and I was ringing in 2004?

Mr FAWCETT—Whereabouts on the North Shore?

Ms Flynn—I live in Turrumurra so I was ringing anywhere from Wahroonga through to Roseville.

Mrs MARKUS—Katrina, if there were some financial incentive from the government, whether it be a tax deduction or some other form of credit—and you talked about some of the options available to you for child care and that you had decided to go with an au pair—

Ms Flynn—I will be.

Mrs MARKUS—and if you were to create another option that would be preferred by you, what would that look like?

Ms Flynn—For me it would be to be able to do my current position in a part-time role—that it would not be six-day a week demands in three or four days. The option to work a five-day fortnight would also be good. If I could have the child care costs as a tax deduction that would help. I think that would then balance the financial side with the quality time of having a family.

Mrs MARKUS—So you would prefer choosing the number of hours, how much you worked and the flexibility for that, ahead of an alternative child-care option like home care or some kind of care that was available and more creative?

Ms Flynn—I think that it is important to spend time with children. Are you saying ahead of working full time?

Mrs MARKUS—Yes.

Ms Flynn—Yes, I would prefer to work fewer hours, especially when a child is so young. The difficulty, in my experience, is that you look for part-time jobs outside your current career and you can never find a part-time job that pays, even commensurate to a full-time job. A part-time job might be three days a week, but it is not going to be 80 per cent of my current pay. That is the big problem that women face.

CHAIR—But the reality of your situation is one that is growing. It comes back to the question I was asking Catholic Welfare—more and more women have qualifications and are the major breadwinner and that is likely to increase. So the problem you face of needing to work, needing to nurture and stay sane is one that is going to be repeated.

Ms Flynn—Yes. I am not saying that I do not want to go back to work. Some part of my personality as a woman is satisfied and enriched by working, so I will always work. It is the feeling of the pressure that I others face will face when we have to go back to full-time work and there is no balance.

Mr FAWCETT—Katrina, in terms of adopting a very lateral approach to parenting and life these days if you are the principal breadwinner, and you have chosen to live in Turramurra where the mortgage rates are high—

Ms Flynn—Actually Turramurra is probably the poverty trap of the North Shore.

Mr FAWCETT—Have you and your husband considered your going back to work full time and him choosing to look after the children?

Ms Flynn—That is funny because that is always what we said we would do. I think it is different once you have a child because you see that a woman's role is very important as a mother and babies do need their mother. In our situation because of my husband's business he has debt that he cannot walk away from. If we do have a second child, it will probably come down to that—he will have to give away his business and stay at home.

Mr FAWCETT—Does your work require you to live where you do?

Ms Flynn—In Sydney, yes. I live there because I am close to my family.

CHAIR—Let me say, David, in the Sydney market it would not matter whether you moved west or south, you would be paying the same mortgage. It is just a fact of Sydney.

Ms GEORGE—Thank you, Katrina, for coming along. Coming from a professional background, the issues that you have identified about cost, work force impacts and availability are very interesting. It gets back to the point I made earlier that I think we have a major problem for the under twos, wherever you are, that government seems not to be addressing. I think we need to make strong recommendations about that.

What I find worrying about your story, Katrina, is that, in many sectors where women are working and covered by an award, there would be a guaranteed right of return to your former position and the opportunity of part-time work for the year following return. This is a case where market forces are not working in the best interests of people. Maybe that is something we need to look at—that there are growing numbers of women who are outside the formally regulated workplace and conditions regulation that are falling through the cracks. Do you want to comment on that a bit more, Katrina?

Ms Flynn—Yes, I would definitely agree with that. As I was saying, there are a number of women that I know that have been disadvantaged. They simply have to accept it because there are no unions to go in and fight a battle for them. If you seek legal advice it is \$2,000 to send a letter to the employer. So what do you do?—you simply accept it. A lot of women just find themselves unhappy and end up leaving. That is why nobody ever hears about them.

Ms GEORGE—On return to work, if you are not able to return to your former position at a reasonable rate of remuneration, even though you are award-free, you would certainly have access to HREOC. I would encourage you and other women in your situation to at least go through the formal lodgement of a complaint through that body, which is supposedly there to pick up people in positions like yours who are award-free. I think that is an interesting area where growing numbers of women, who are award-free in managerial and professional occupations, are probably missing out on any form of regulation or protection that others have got.

Ms Flynn—Yes. They are sidelined. They might be remunerated to the same level but their career is taken off track and they are marginalised in the work force.

CHAIR—But if you go and take that sort of action, you would be marginalised more.

Ms Flynn—Exactly.

Ms GEORGE—That is the problem.

CHAIR—That is symbolic, isn't it?

Ms Flynn—Yes, it is.

CHAIR—Would you feel that, if you had tax deductibility, you could have someone come into your home on a daily basis, look after your child but go home at night—you could then give your usual commitment to the job that you used to before you had a child—that life would be more bearable, that life would be good?

Ms Flynn—Yes. Life would be more bearable if I could have someone come into the home and obviously not have to live with us. I would feel more secure in knowing that she was better supervised. I would be happy to put my child in day care. It is not ideal obviously at her age, but the fact is that I could not find anywhere. With a tax deduction it would make things much easier.

CHAIR—Let us look at the quality part of your work. You say that you need to work because it is part of you, part of your personality.

Ms Flynn—Yes.

CHAIR—I understand that. Do you feel that, if you were not feeling torn—how am I going to cope?; my husband cannot stay home yet; it is tough for him; he has to do that; I am unsure about this person living in—and if you were relieved of the pressure, your productivity as a worker would be greater?

Ms Flynn—Absolutely, and it would be easier to return to work. Strangely, I was told that when I was pregnant I was more productive—probably because I was so conscious of time and I had a time frame and had to get everything done. So, yes, my productivity would definitely be better because you would not be anxious. I think that working mothers are more productive anyway. I found that when I was pregnant. Suddenly there are no chats around the water cooler and no coffee or smoko breaks—you do not have time. You are just there to do a job. I think women are much more focused in that respect when they have a time frame. One thing that you also alluded to is right of return in terms of time frame. If I did not have the pressure, would I go back after 12 months? I think it would be nice if I had the option to extend, even for just three more months, and know that I could go back to my job, but obviously that is not possible in the current workplace.

Mrs IRWIN—Thank you very much for your honesty and what you have had to say today. You were giving us examples of child-care costs on the North Shore of \$75 to \$85 per day and saying it was cheaper to have an au pair come into the home. What does that cost? Have you already costed that?

Ms Flynn—That is \$10,200 per annum. So it is \$180 per week. For that I have to provide accommodation and food.

Mrs IRWIN—I think you were stating also that you would have preferred to have sent your child to child care if there was a place available.

Ms Flynn—Yes, child care or a nanny. Obviously child care is a bit cheaper than a nanny. My concern about having an au pair is that it is an overseas student who is here on a holiday. What are her credentials? She is going to be there for however many hours a day, by herself,

unchecked. It is not like home care whereby you know that there are random visits that occur on the home. It is completely unmonitored by the state.

Mrs IRWIN—So you would most probably be worrying at work, but it would be all right if you knew that your child was in child care with qualified people there and that you or grandma could call in unannounced to see if everything is okay. I just want to get back to the child care and where we were talking about a tax deduction that would assist your family. To what income level would you like to see child-care tax deductions available?

Ms Flynn—I do not know what changes were instituted—was it six months ago?

CHAIR—Thirty per cent rebate.

Ms Flynn—Yes. The ceiling late last year—

CHAIR—It was \$4,000.

Ms Flynn—That is just nothing. In terms of income levels, I know that the rebate was capped at something like \$96,000. I do not see why it should be capped at that. I know that \$50,000 is the average income these days but professional women probably earn around \$75,000 to \$130,000 on average. I think it needs to be a lot higher. I do not think that it should be capped at all. I think that child care should be a complete tax deduction.

Mrs IRWIN—Fine.

Mr CADMAN—You did not set out for things to be quite this way, did you? You set out to be able to organise part-time work, your husband's business was going to supplement your income and you were going to be in that process to easily meet your financial commitments?

Ms Flynn—Yes.

Mr CADMAN—What has changed—

Ms Flynn—I think that before—

Mr CADMAN—Just let me go on and then correct me over the whole lot if I have it wrong. What has changed is that your husband's business is not producing income. In this process, instead of your being an equal or supplementary income you have become the main source of income.

CHAIR—She was always going to be the major source of income.

Mr CADMAN—I do not know whether I have this right. Is that the way in which things have changed from the original plan when you committed yourself to purchase your home?

Ms Flynn—I have always been the main income earner. It was my income that purchased our initial unit, which we then sold and I purchased a house. So I have always been the main income earner. Yes, my husband's business is not doing as well as we thought, but until you start

investigating it you do not realise the high cost of child care. As a woman, I was brought up to think that I could do absolutely everything. That is my generation. Then you realise when you fall pregnant that that is not quite the case and that women are required to be mothers—you have a really important role.

Mr CADMAN—But balancing that change is really hard.

Ms Flynn—Yes.

Mr CADMAN—That has put it in context for me. Thanks.

Ms KATE ELLIS—You stated that you previously thought you might have more children and now that is a bit up in the air and you are not sure about that. I am just wondering whether, if there was one thing that you could change, you would definitely extend your family and have more children. Is it the cost of child care?

Ms Flynn—It is the cost of child care, but time is also such a big issue. That is why I was saying that, from my point of view, I think that I probably need to start my own business. I am financially constrained in that. If I could work part time and earn commensurately to what I am currently earning, then that would probably enable me to take a bit of risk and start my own business, and that would probably enable me to have another child.

Mrs IRWIN—I think what we were saying earlier was that we have to have more family-friendly workplaces. You have negotiated with your employer about part-time work or working at home or reduced hours?

Ms Flynn—I haven't because I know what I will be told. Yes, they have to find part-time work for me and I will be marginalised and put into a corner, because in marketing it is viewed that you have to be in the office five days a week; there is not even the option of working one day from home.

Ms GEORGE—So, in the long run, for women in your position Katrina, just following on from Julia's question, is there a case for government to regulate a minimum standard that would apply for the period of maternity leave, the right of return, the option of part-time work, so that you would have a safety net applying to all women.

Ms Flynn—Yes, because I think that job share is a really great alternative. Instead of putting on that pressure of part-time work, if it becomes job share then there are two women who are enabled to work.

Ms GEORGE—You are creating another position, aren't you?

Ms Flynn—Exactly, and I do not see what the deficit is then for the corporate side.

CHAIR—The long and the short of it is that, if you are working full time, you are in a full-time job. If you are part time, you cannot expect to be paid the same as being full time. That is the difficulty, and government legislating to increase those sorts of things is just going to make sure the country gets poorer. The problem that I see in public policy is that we have got to find a

way where the equity of it is recognised and we see relief for you. Going back to the tax deductibility question for child-care expenses, would that let you think about having a second child?

Ms Flynn—Yes. Foremost in my mind is that I feel that we are going backwards. The steps that I have had to take to be able to take 12 months off have meant that we have regressed. We are behind on our mortgage. I took two weeks holidays over two years to be able to get six weeks annual leave, so for me to be able to build up all those steps again would take a long time. I am going to be 35. Will I be able to have more children? In the next few years, if I could claim child care, that would certainly help my situation.

Mr FAWCETT—On the question of claiming child care, the Taskforce on Care Costs, who presented to us this morning, were talking about the difference between a tax deduction and a rebate. Essentially they recommended a rebate, because they felt then that low-income earners would get in the order of a \$8,000 benefit and high-income earners roughly \$4,000. If it was a tax deduction—higher tax, therefore more benefit—it would be roughly reversed. How would you feel about a rebate as opposed to a tax deduction?

Ms Flynn—I think I would prefer a tax deduction.

Mr FAWCETT—So you think that would be unfair and would not actually provide the incentive that you need to return to the work force if you got the smaller amount?

Ms Flynn—Yes. I think a tax deduction would be better, because it is then more equitable to your income.

CHAIR—In the job you do—and you will be in a high decile of income earners—you would work long hours, I guess.

Ms Flynn—I would not think that I am a high-income earner; I think I am above average. The problem with all the statistics that we see is that they never really reflect the truth. Earning \$100,000 these days is not that big a deal.

CHAIR—It is if you are only getting \$20,000.

Ms GEORGE—It is if you are on the minimum wage, yes.

Ms Flynn—Yes, but in the Sydney market particularly, and if you have a mortgage, that money does not go very far. I think one of the big problems about working full time is that socially, and in the current culture of corporate Australia, full time is not even eight to six any more. It has much higher demands than that. That flows on to have implications on part time as well.

Mrs IRWIN—So what you are saying is family-friendly workplaces, availability of child-care places and a tax deduction for child care.

Ms Flynn—Yes, child care needs to be much more affordable, and then more flexible working arrangements in the corporate environment. I think there needs to be some system of arbitration,

although you are saying that there is an avenue there for professional women who do not have a voice or somebody to fight for them.

CHAIR—If you are in a business which is entrepreneurial, which is what you are in, there are many women who feel that their voice is going to be the one that speaks for them best.

Ms Flynn—Yes, but the ramification is that your career will be affected. So there needs to be some sort of system. Arbitration was my suggestion that would assist.

CHAIR—Arbitration—to arbitrate what?

Ms Flynn—Women being sidelined. There is a woman that I am friends with who, in effect, has just had her role demoted. She was offered a sideline position for when she returns to work, which she refused. Her company has now decided that she cannot work four days a week. They will not discuss working four days in the office and one day at home. The net outcome of that is that they have decided to take away some of her responsibility and direct reports. What is she to do?

CHAIR—That is the problem, isn't it? You cannot say—

Ms GEORGE—It is a problem for women, Madam Chair, isn't it?

Mrs IRWIN—Women have come a long way, but we still have a long way to go.

Ms Flynn—Yes.

CHAIR—Employers are not benevolent organisations. So, if you have a choice between someone who can work to full capacity and someone who cannot, you are going to take the one who can, aren't you?

Ms Flynn—But her requesting to work four days in the office and one day at home, why should that be diminished capacity?

Mrs IRWIN—That is right.

CHAIR—I do not know the nature of the business.

Mrs IRWIN—You are talking about negotiation between the employer and employee, aren't you?

Ms Flynn—Yes, exactly. When I suggested to her that she should ring up the department of employment, she said she did not want to rock the boat because she relies on her employment. She is not in a position to be suddenly unemployed and looking for another job.

CHAIR—But is she in that position because there is nothing else that allows her to organise her life and carry out that job?

Ms Flynn—No, I do not think so. I think she is prepared to go back to work.

CHAIR—No, but I am saying—I take it she has a child.

Ms Flynn—Yes.

CHAIR—And she would like to be at home one day with the child and work from home.

Ms Flynn—Yes.

CHAIR—If she did not have the child, she would be there five days a week.

Ms Flynn—Yes.

CHAIR—If she was a bloke, he would be there five days a week.

Ms Flynn—Yes.

CHAIR—Her feeling is that working four days and being home for that one day a week is for her the only way that she can be with that child and feel that she is with it.

Ms Flynn—Yes.

CHAIR—If she was able to have someone care for her child while she was at work, and she could come home without all the angst and be with her child in those hours, would she still want to do the four and one?

Ms Flynn—I think when you have a young baby, yes, you do, because you do want to be at home with them as much as possible. I understand that companies are entrepreneurial and they have a profit incentive, but companies also have a social responsibility, and that I think is what we are not seeing.

Ms GEORGE—And I would have thought that just focusing on tax deductibility as a kind of nirvana does not solve the other issues that go to workplace culture.

CHAIR—No, but saying that somebody else has to wear the cost is not either.

Ms GEORGE—Society generally—

CHAIR—That is what we are doing. We are trying to balance it, aren't we?

Ms GEORGE—I think there are benefits as well as costs that are part of the equation.

Ms Flynn—The situation is that if she does not accept that then this woman who is highly skilled is going to get a job working at Coles—I am just making this up. So we are seeing like a shift or an underutilisation of resources in the economy. Surely that is not ideal either.

CHAIR—The sort of person you are discussing who is going to take a job presumably packing the shelves cannot afford to do that, can she?

Ms Flynn—No.

CHAIR—So it is not realistic to talk about wasting skills. Yes, we need the skills, and her skills. What we ought to be looking at is a way in which public policy can make that possible without saying to an employer, ‘You have to employ someone who is not going to be giving full capacity.’

Ms Flynn—I think the problem is that the current workplace demands 250 per cent of people.

Mrs IRWIN—They are not family friendly.

Ms Flynn—They are not family friendly, and I think that women can be productive and do their jobs but without having to sit there in the office 12 hours a day, from seven to seven. There is this misconception in corporate Australia that time is a measure of productivity and success, and that is not true.

CHAIR—There are people who do negotiate to work in the office and at home, and that is something they have negotiated with their employer. But there are some jobs that that is not going to fit.

Ms Flynn—Yes, but normally job share is a good alternative to that.

CHAIR—But if you job share you are only going to take a percentage of what you are earning.

Ms Flynn—Yes. I am not necessarily saying that for me, but I am saying that that is a really good alternative.

CHAIR—I was just talking to the secretary of our committee and we are starting to do that with a job in our secretariat. So it can happen, but that is not going to solve your problems.

Ms Flynn—I think government bodies are far more advanced than most companies in Australia. That is my experience.

Mrs MARKUS—Katrina, if I can just pick up on your comment, you mentioned you had thought about starting your own business from home, and you mentioned one of the challenges to that. What would be some of the other reasons that you would not consider that—any challenges or barriers—and would that be your preferred choice?

Ms Flynn—My main reason for not being able to do it is that my husband’s circumstances are such that I do not have a safety net. If we took that away and I had a part-time job that brought in some income, then I would have time to start my own business. I think in a few years time that is definitely the preferred option, because it allows flexibility of time to spend with children.

CHAIR—Katrina, can I say to you that your testimony here today I think has presented all the problems that we have known were there and have thought about, and we have aired them. We are starting to look at all the issues, and that will continue throughout the inquiry, and the competing ways in which we might look and address the question. Can I say to you with your gorgeous baby—

Ms Flynn—And my lovely mother—

CHAIR—And your wonderful mother, who also has a life—that we hope you are successful and that your resolve and your strength holds up and that you continue to have a successful life.

Ms Flynn—Thank you.

CHAIR—Thank you for being with us.

Proceedings suspended from 12.56 p.m. to 1.59 p.m.

MANDLA, Mr Edward, President, Australian Computer Society

CHAIR—Welcome. Mr Mandla, we have received your submission, but I wonder if you would like to make an opening statement.

Mr Mandla—I certainly would, just to give you a little bit of background as to why the computer industry would do something like this. I have only ever worked in that industry. It has been a fabulous industry. It has given young people great opportunities—always new offices, new furniture. It is an industry that probably knows no discrimination where women have always pretty much earned the same as men, if not more in many circumstances. But what became very noticeable over the years was that we actually had one great weakness: we work our industry into the ground. One of the great losses that we had was that women joined our industry, had tremendous lives, superior incomes, had children, went back to work—but bypassed our very own industry. So we noticed a tremendous problem. We also noticed with the men that there were early retirements and a lot of burnout, so we felt we were in a very strong position to comment.

We also feel that technology is one of the great enablers of work-life balance. You have seen our policy, but I just want to put it in a little bit of context with some examples of the people that called me both during and after the policy preparation process. I am going to give you examples of three multiaward-winning companies. These are companies where you walk into their reception areas and you will see something like ‘Employer of choice’, you will see multiple awards and an incredible passion for work-life balance. When you dig under the covers of almost all organisations, I am afraid they are just words. Sometimes Human Resources like it, other times a managing director will believe it, but middle management refuses to implement it. We had people in our policy process that actually admitted that they have regular 7.30 a.m. meetings and it is their job to dismiss people who come in at 7.30-7.45. They might in particular circumstances choose to humiliate the employee for a few days and maybe give them a chance, but literally unless you are there at 7 a.m. for a 7.30 a.m. start your career is over. So, if you have children, families, it is not particularly friendly.

I always ask the question of HR people, who are the ones that hand out these dismissals, ‘Do you have a spouse? Do you have children?’ and I often notice the answer is no. So I wonder whether there is just a general lack of empathy as to what a family means. I will go a little bit further into that in a minute. The day after we released our policy, which had just extraordinary media coverage, I had a phone call from a lady who works for one of our big four banks and she said she was reading about our policy release in the paper at 7.30 p.m. I said, ‘What on earth are you doing?’ She said, ‘I am waiting for a meeting with my boss at 8.30 p.m. It is a crisis meeting that I have to attend.’ I said, ‘Well, why didn’t you go to that meeting at 7.30 p.m.?’ The answer was, ‘He was busy.’ I said, ‘Surely you could have gone home and done domestic duties with your family and come back or even phoned in or used technology.’ ‘No, my boss’s culture is that office hours are for being with clients, out of office hours are for planning and strategy, and if you don’t like that you can move on.’ I asked the question, ‘Have you gone to Human Resources?’ and the answer came back that anyone who ever goes to Human Resources will find that they will not have a job within a six-month period. So a heavily ingrained culture.

Last week I got a phone call from another award-winning computer company, a world-leading software company—from one of their lead technical employees, who earns a very high salary, \$130,000 per annum, seven years with the company, and who had just received the Asia-Pacific best employee award. They have a child aged three and a child aged nine months, and his wife had an extraordinary opportunity to go back to work with a chartered accounting firm. So he went to their Human Resources and said: ‘I think I’d like to spend time at home with the kids. Could I work two days a week part time? I believe I would still be very productive.’ The answer that came back was, ‘We have a global policy for no part-time work.’ He came back and said, ‘Could you keep my job open for 12 months?’ He was sent to the managing director, who said: ‘You know, I find this quite an extraordinary situation. If you leave our company you cannot get re-employed. We have a crèche. Why will not you use it?’ His belief was that they wanted to bring up the kids their way. He was promptly told that if his attitude is to spend 12 months with children then he would no longer be required in the company—that that kind of attitude is not the team spirit and drive that they would expect out of their employees.

These are multiaward-winning companies. I really think one of the big problems is that there is no independent body that can hear both good and bad things about what happens with employers in this area. When I got our group together, which was 10 men and 10 women, I had a few fights on my hands. We had a women in ICT group that fought me tooth and nail to run this initiative. Women’s issues is what I was told and I had no right to interfere in that. What we found, very quickly in that group, was that these were issues that equally crossed both genders. Within 15 minutes of having this group together, it was actually the men who were on their feet saying that one of the biggest issues that we have in Australia is that we do not have tax deductibility of child care and that the great pressure we have on child care is that without flexible work hours we need it more and more—it is this vicious circle. If we have to start at 7.30 and go to late night meetings, then we put pressure on that system to put in longer hours. The second biggest item was that men equally want to spend as much time with their children. They do not get those opportunities and they felt that if they did that and came back in the work force they would find it very difficult to get their career going again.

What is work-life? At the end of the day I think it is about higher participation rates for workers, and it is about a longer working life. If you can truly balance your work and life and do other things besides work, many of which help your work, you will work longer. I feel that is something that is very important to all Australians. Essentially, it is all about happiness, and I talk about happiness from an economic sense. If employees are happy, they are more likely to have work of higher quality, and they are more likely to be more productive. What we see in our large organisations in particular as the answer to productivity is longer hours, more out of hours meetings and endless key performance indicators trying to get that quality up.

The key drivers that we found in happiness: No. 1 was family time, and family was the broadest definition. It could be a 21-year-old and their dog. There is a misunderstanding really of what family time is. No. 2 was exercise, which is an increasingly important issue in our society. Then came extracurricular activities, time to reflect on achievements and study. By far, we found the biggest driver of all of this was working hours. If you truly had flexible working hours, you could actually find time to study; you could actually find time to spend more time with your family. You could actually achieve everything you needed to be happy.

So we defined, with a very aggressive working group of employers, that key face-to-face business hours could be 10 a.m. to 3 p.m. They would be the hours where you would have your face-to-face meetings. Two big problems—one of course being the stigma. If you start early people do not see you, and if you leave early then you are not a team player. If you start late then obviously you have had a big night, and you are not seen later on if you are working in the evening. So there is certainly that stigma. But the big enemy has always been company meetings. So our suggestion was that, where those meetings were out of those core hours of 10 a.m. to 3 p.m., that is where you use technology. Let people teleconference in; let them video conference in; let them use the internet to be part of that meeting. Let them go home, settle down with the family and then they can participate at eight or 8.30. It is an individual's choice whether they stay in the office or go home, but we understand that that meeting is very important.

We also found that many SMEs rang in, particularly on talk-back, and said that flexibility was one of the big things that they were doing. A lot of nine to five businesses reported that naturally they had people who started at 6.30 or 7 a.m. and wanted to leave early. Other groups started late and worked late. A lot of SMEs were getting 13-hour coverage where they essentially ran a nine to five business, and they were huge winners. They needed to do that to compete against big business in their careers.

The final thing I would like to point you to in our policy document is the parental leave aspect. We felt strongly that saving for parental leave was something that could be very attractive. When you are a young person, that is the point at which you have the most money in your life and that is a time when you could potentially start putting money away in a favourable tax regime like superannuation and save for parental leave. We envisage you could have a marriage where maybe one party had nine months parental leave, the other had eight months and you could pool that, giving you a very effective start. Or even later in life, when you are earning higher incomes, you could quickly compensate and salary sacrifice more. That is the background to what is in our document. We certainly believe it is one of the keys to higher participation rates and longer working lives.

CHAIR—Thank you very much. This is quite an innovative way of looking at the question, and we are grateful for that presentation. I ask the first question, and it goes to the point you just made at the end that when people are young they have more disposable income. Statistically it is going to be the over 65s who are going to have the money. It is another side to the question of pressures that can build up. Supposing you have a young couple who do save—they are forgoing income and putting it into super and so on. Fifteen years down the track, the marriage breaks up. Those savings, for which you have forgone pleasure of life during the 15 years, are now part of the marital property. The outcomes are often very tough for people to deal with because you have to make a notional calculation of what it is worth, how long you are going live, and all those actuarial things. How do you factor into the picture that you have just painted anticipation for what the future may hold and how people might protect themselves?

Mr Mandla—That is a very good question. We actually had factored in that maybe you never have children, so at that point you could either pay the tax and take the money in full, or you could roll that money into the superannuation scheme and there are no problems. We certainly did not go down the path of considering how that would be split in terms of a divorce.

CHAIR—One in two is going to have to face it.

Mr Mandla—Absolutely. That is a big issue. It is a difficult one.

Mr FAWCETT—You spoke about the response of employees and people who were sitting reading the newspaper at eight o'clock at night. Have you had much feedback from, in this case, the big four that you mentioned—those employers of choice, of award winning companies? Have they responded, either formally or informally, to some of the proposals that you have put forward about how viable they, as businesses, see those proposals as being?

Mr Mandla—A number of legal firms, and some of the big accounting and services firms, rang us very quickly and asked for a copy of our policy. We have a little working party going at the moment on how to do this right. We found out that one of the lawyers at Mallesons had already put in core hours, much like we had suggested, although I think theirs was for nine to four or 4.30, but they were certainly going down that path. Generally, I found there was huge interest, and the downloads off the web site were huge.

Mr FAWCETT—Are you aware though of any people who have looked, from a corporate point of view, at actually implementing any of these policies, beyond the lawyer's firm?

Mr Mandla—No.

Mr FAWCETT—Having said that, bear in mind that I am actually very supportive of some of the things you are talking about. I am just trying to get a feel for whether there has been an update from the corporate sector. You have mentioned 'human resource' a number of times. Personally I have a great distaste for the title 'human resource manager'. I believe you manage resources, which are infrastructure, policy, funds and whatever else. You lead people, because that takes into account the human aspect—all your decisions actually impact on people and their lives and their families. From your perspective, have you noticed a difference in companies where they put more of an emphasis on leadership than management? Have you looked for those differences? Have you quantified those at all?

Mr Mandla—I can only give you my observations where human resources is either on the board of a company or reporting in to the CEO. There seems to be a totally different attitude to leadership and people than when HR is somewhere reporting deep down an organisation or within a finance type of function as a cost centre. If you look at a smaller medium enterprise, they do not have HR managers. It is the CEO each and every time. It is one of those things that, when an organisation gets large, it just gets pushed aside. So I do think there is that case of giving it more prominence. The CEOs we speak to are always supportive of this. The big issue is how they get their middle management to implement it. They do need to try harder is one answer, and it needs to be one of the KPIs in the review processes.

Mrs IRWIN—The Australian Computer Society's recommendations are about setting core working hours between 10 and 3 p.m. How practical and achievable do you think this is within the ICT industry?

Mr Mandla—For most segments of the ICT industry, that is pretty easy. Once you get call centres involved and people who are on help desks and help lines, it gets a little bit more difficult. Our group found that if you gave a lot of power to a call centre their own staff would be able to work it out if one said, 'I have to come in later' and another said, 'I need to go early.' The

team would be able to fill in the gap better than managers telling them what to do. We are not asking for much here really when you think about it. It is really the face-to-face meeting times between 10 and 3, and really that is to facilitate time in the morning or time in the evening with kids, or with family, or doing whatever you need to do. It is more of a psychological shift than any other great shift and, as I said, with a lot of companies that have that flexibility, they were effectively getting 13 hours coverage for the price of nine. They were huge productivity winners.

Ms KATE ELLIS—What feedback did you get? Obviously there would be a lot of small businesses within your sector in particular. With regard to some of the proposals you have put forward, such as salary sacrificing, how practical is that to small business? What was the response from them to some of these suggestions?

Mr Mandla—There was a big ‘hip hip hooray’ from a lot of businesses who initially thought we were suggesting that they had to fund 12-month parental leave. I think in a nation of SMEs that is just totally impractical. It is hard to keep a job open for 12 months, but I think we are now beyond that. We know that is a responsibility, and we are happy to do it, but the salary sacrificing went down really well. There seems to be a good community feeling about user pays. They like the thought that you are controlling it. If you make the decision to do it young, that is great. If you leave it until later in life, then you are going to have to quickly save. We also put a loan system into our scheme where you could get a dollar for dollar loan for when you were short and then pay it off for the next seven to 10 years. That went down really well.

Mrs IRWIN—You also said in your submission that there is a skills shortage looming in the ICT industry. I think one of the reasons for that is the participation rate of women. Would you say that is correct?

Mr Mandla—Absolutely.

Mrs IRWIN—So it virtually boils down to not having family friendly workplaces and affordable child care.

Mr Mandla—They are absolutely huge issues. We have some other issues where young children are not choosing computing as a profession. Parents are recommending they do not do it. One of the reasons they give is long hours and dark, windowless rooms. There is a little bit of a misunderstanding that our industry is all about programming. It was 20 years ago. Today it is all about solving business problems and aligning computer systems to very large corporate needs, but certainly there are two aspects. One reason young people are not choosing the industry is the perception of long hours, and certainly the women that join our industry are not coming back—we are big drivers. The issue of child care came right up there. Two thousand dollars a month—all that for the long hours, it is not worth it. They say, ‘I’m better off setting up my own business or doing something else than going back into the industry.’ It is a big impediment.

CHAIR—Would it be true to say that it impacts on your industry, perhaps more than others, because you have a lot of people in that child-bearing age group who go into that industry?

Mr Mandla—Very much so. There is also a culture of having to work the hours to get the job done. If you are seen to be working long hours, you will get the promotions.

CHAIR—You said it was the men who got up and wanted the tax deductibility.

Mr Mandla—Yes.

CHAIR—What drove that?

Mr Mandla—When we asked those questions most men came out of the closet at that meeting and said they too wanted to spend time with their kids. A number said they now have teenage kids and they missed their kids growing up. They were worked to death in their twenties and early thirties and they are now really regretting that as they are getting older. There are a lot of broken marriages—and again the long hours are blamed as one of the reasons for that happening. It was quite surprising, and very pleasant, to see them getting on their feet.

CHAIR—Going to the point about HR managers: in 1999, when I was doing the International Year of Older Persons and looking at why there was so much difficulty in keeping older people in the work force in large corporations, it became quite apparent from the research I did that if you worked for yourself, you would work a lot longer—you would work until you were 80. If you worked for a small business, you would work for a lot longer. If you worked for a big bank or a big insurance company, a big firm—you were probably out on your ear by 57. One of the reasons that came across, and one of the continual complaints, was the HR managers, because on the corporate ladder that is the first job that someone who has much potential tends to get. They get it when they are young and they do not like the idea of having people above them, or even too close to them, who know more than they do. Therefore, they are very anxious to get rid of anyone who is older than they are so that they cannot be shown up for having a lack of knowledge. You are saying that it is the HR managers who are giving people who try to get a bit of family life a hard time. Is it the same problem? It is the first rung on the ladder. You are more likely to be single. You are pretty aggressive, and you really want the competition out of the way anyway. Is that still a factor?

Mr Mandla—That is a very interesting point. I personally found that, again in the computer industry, we have a disproportionate amount of young managers. I led my first Australian company at 24. I led a multinational at 25. Young people do not tend to really care about what age the people are who report to them. From a headhunting and executive search point of view—I am a director of a company—most often the requests for the young glamorous teens come from the older managers. That is something I have consistently had for 10 years, which has always made me think whether discrimination truly comes from one's own type of person. Sometimes I look at cleaners in an organisation that seem to be flogged to death, but it is their own race that they report to that owns the company. That is a syndrome that I have seen. Young managers never ask for a particular age group. I have never seen that happen before, but older people always do. I think that an HR director tends to be an older person and the other HR people are not, and I think there is a perception that we need these young workaholic dynamos in IT.

CHAIR—You have got the contrast of the HR person who is older—they want younger ones—and if it is a younger one, they could want—

Mr Mandla—I do not think we have really grasped diversity of ages in a lot of our organisations. I think that is one of the big issues.

CHAIR—There is also the fact that managers have been used to having a great cohort of young people perpetually coming onto the job market—leaving school and coming on—and they are cheap, or they have been cheap, and the older the worker is, the more expensive they have been. Many people have not woken up to the fact that that source is drying up—they get bored. So there are fewer young people coming onto the job market, The bulge is at the other end, and they are going to have to stay there or we will not be functional.

Mr Mandla—I could not agree more. I try and run my own business with a great mixture of ages and it tends to work really well. Young people have their usual boyfriend-girlfriend problems, and they do work long hours, but the older people have got it all figured out; they just hone in on the issue and solve it. There is often good rub-off on both sides, but that is definitely not a culture in our industry, in our organisations.

CHAIR—It is not?

Mr Mandla—I do not believe that at all.

CHAIR—So how do you change the culture?

Mr Mandla—It is a long-term issue. I keep coming back to some sort of independent rating system of what you are like as an employer. If there was a way that employees could talk frankly about their employer and it was then fed back to the organisation that that is the kind of feedback you are getting—

CHAIR—It is like being a whistleblower—

Mr Mandla—it might have an impact. A lot of the HR awards, I am afraid, are not reflective of what is really going on. It is a cultural shift.

Ms GEORGE—It reminds me of the earlier period with affirmative action reporting, where you had the ticker box. When you looked beyond the box as to what was actually happening in reality, it was often quite a different story.

Mr Mandla—That is exactly it.

Ms GEORGE—What I found interesting was the question of time being a very critical component in the balance between work and family life, and your description of your industry as having a reputation for long hours in dark towers—where an 80-hour week is seen as the norm and one that is kind of the benchmark by which people's productivity and contribution and corporate ethos is judged. Is there anything this committee can do in a practical way to try and redress that culture in your industry, and in industry generally, and to encourage a greater take-up of part-time work? Can you see anything practical that might come out of our deliberations with regard to the time issue?

Mr Mandla—Our industry only understands one thing and that is government contracts and accessibility to government contracts. If there was a component where you would get favourable treatment on a tender because you had the right work and life balance practices in your

organisation it would be amazing how quickly that would become a reality. That is the hard answer.

Mrs IRWIN—We will store that away.

CHAIR—I do not know how you write that in—‘value for money’.

Mrs MARKUS—That is the issue.

Mr Mandla—Often government has to take a leadership role, and regrettably corporate follows 10 years later. If we look at the history of the last 20 years it was the government that brought in flexi days and flexibility, and corporate said that it would bankrupt us. Today it is normal that an employee says, ‘I’ve been working long hours, can I get half a day off on Friday?’ It is just factored in. It just might have to be a 10- to 15-year vision that is constantly drummed into employers and it might have to be matched with awards and examples of employers that have done really good things, and then hopefully we try and match that to their performance. We keep statistics in our own industry, and if you have computer people on your board of directors you outperform the market. Equally, there will be statistics that if you have the right work-life policies you might see that they are starting to outperform the market. It is a bit like drink-driving. It took 15 years to get that culture into people’s heads. I think this is the same thing. It has been a long culture. You have to push employees to physically work hours without really looking at the output. Again, we are about choice. If you are a young person and you want to work 80 hours a week, that is fantastic. If you get a diversified work force then you are going to get the full benefit of all that anyway, but you may not always want to work 80 hours a week.

Mrs IRWIN—I just want to go to page 8 of your submission, I think it’s on page 120 in our book, where you are talking about child-care arrangements and you stated:

Tax deductibility should cover public and private child care facilities as well as nannies or special care arrangements that might be necessary for children with disabilities.

Our first witness this morning was the Taskforce on Care Costs. They have recommended a tax rebate rather than a tax deduction. What would your feelings be on this? Would you prefer a tax rebate or a tax deduction, on your statement on page 8?

Mr Mandla—Our industry is not one that really likes rebates. I cannot give you a great reason why that is. Maybe if they are means tested they do not fit. As a general rule most people in our industry pay the top tax rate. They are looking for straight tax deductibility. It is an easy thing to calculate.

Mrs IRWIN—So the higher the amount of money you are on the more tax you would get back. So what if you are on something like \$32,000 to \$35,000 a year?

Mr Mandla—Quite frankly if you are paying \$1,000 a month in child care, you can quickly do a calculation in your head that it is really only costing you \$500. You can quickly make a decision on that, as opposed to working out what the rebate might be if certain circumstances happened. I know our industry is always very keen on the right tax deduction and what the tax rate is. Maybe because it is a commission driven industry.

Mrs IRWIN—Not only are you were talking about public and private child care facilities, but you would also like to see a tax deductibility for nannies.

Mr Mandla—That was actually a very, very interesting discussion that we had with Access Economics. We actually felt there was a lot of black money running around in the nanny business.

CHAIR—There is.

Mr Mandla—It is good to know we were right. We felt that where there is black money, there is no quality, there are not the right standards. If you could clean that up, you could get a wholesome industry that would operate better for everybody. If you got the black money out, it may not cost as much as we originally calculated anyway. Certainly the people in the group were big on not everyone works in a big company that has a crèche, and some people have different needs. Choice again. You might just want a nanny.

CHAIR—Some people do not want to institutionalise their kids, which is what a child-care centre is.

Ms GEORGE—Some people have no option of having choice, because their life circumstance denies them choice.

CHAIR—If you take a look at the figures, the number of people not in the work force who are utilising child-care facilities is actually quite high.

Mrs IRWIN—Well we cannot deny those people that right.

CHAIR—I am not suggesting for one minute we would. Of course they should have the right to some respite from their kids, if you like, but it does mean that the more choice you have, the more efficient the system will be.

Mr Mandla—That was certainly our view, but the deterrent of child care for women returning back into our industry was not to be underestimated.

Ms GEORGE—The cost or the accessibility?

Mr Mandla—Certainly the cost was one. The other aspect is that someone has to drop these kids off to child care and pick them up, so we need that flexibility to be able to do that, but sheer cost came out. The figures that were being thrown around the room of actual amounts that people were paying—it was just staggering.

CHAIR—Did they talk about the penalty rate when they were five minutes late—you know \$10 a minute or whatever it is? It's a bit like the garlic bread in the restaurant—that is where they make the money.

Mr Mandla—Yes, one actually had that and the money goes to charity.

Ms GEORGE—But in the context we are talking about, one of the lowest paid groups of people in the sector—the child-care workers. I didn't quite get the point about penalty rates?

CHAIR—If you are late picking up your child, the parents have to pay a penalty for being late. That is where there is a lot of cream; if you are five minutes late it can be \$50.

Mrs MARKUS—How do you see the flexibility of time working in terms of 10.00 a.m. to 3.00 p.m.? How does it impact on your industry in terms of the client demand? Does that fit with their need for flexibility?

Mr Mandla—Only a small percentage of our industry is actually in a call centre or providing hotline support in that type of environment. Most of the employment is either on the vendor side, which is supporting large corporations and government that have brought large computer systems, or they are in corporate or government departments and it fits fine. People have objectives to implement a project in a point in time. They have the right measures and milestones. It is not necessarily just physical hours, but certainly if a project gets behind, yes, you have to put the hours in. There ought to be the flexibility at the end of that project. We do not see it as being arduous at all.

CHAIR—Thank you very much. That was an interesting and refreshing look at it, and telling us tales of your industry that we did not know. We are very grateful to you and thank you for your submission, and for your testimony today.

[2.36 p.m.]

CRAIG, Dr Jocelyn (Lyn) Patricia, Postdoctoral Fellow, Social Policy Research Centre, University of New South Wales; and Office for Women, Department of Family and Community Services

CHAIR—We have received your submission, but I wonder if you would like to make an opening statement.

Dr Craig—Yes. I will just make a short statement that really just summarises the main points in the submission you have before you. This is based on work that I've done in a PhD thesis and when I say I am here representing the Social Policy Research Centre it is actually my own work, so I should probably put in as a proviso that they cannot be held responsible for anything that I am saying here today.

The thesis was on the time cost of children, and really just catalogues what happens to people when they become parents in terms of their time commitments. It is an area that we all know is the flip side of work, but has been rather overlooked in terms of actually being quantified so that we know exactly how people's lifestyles change when they become parents. I think it is a huge difficulty that is overlooked because we regard child care in such very different ways. We love our children, we want to be with them, it is not supposed to be like work but it does actually take people's time that could be allocated to work, and they do need to make a living. So it straddles areas, and people need to find time for both work and children, but cannot necessarily categorise them in the same way, and make choices that are directly economically rational over how they would spend their time. So choices are made about how you allocate time to work and family that go back to gender patterns, and power issues, and accessibility. There is policy in it, but there are also a lot of social factors that are bundled up in it, and are hard to tease out.

The main point of my work was to try and describe what actually happens in Australia, today, to people who become parents. Raising children is not only a cost in terms of money, but it is very demanding on time, and I think this has an affect on people's finances and career. People often have children and the affect that it has on their lifestyle is unexpected and very overwhelming. The first graph there shows what happens to the workloads of Australian men and women following the birth of a first child. When people have a child the way they spend their time alters. They work longer, and they do a lot more of their total work time as unpaid work. The alteration in both the amount of work and the proportion of it that is unpaid, is very much more dramatic for women than for men. This appears to be particularly strong in Australia.

I did a very small cross-national study with only four other countries. They were chosen really because they represent different types of social policy constellations. This was Norway, Germany and Italy. Norway as you know, is a Scandinavian country and it is known to have a lot of social policies that facilitate balancing work and family. One thing I would say about that, though, is that it does seem to balance it between the mother and the state, not necessarily between the mother and the father, but it has a flow-on effect between the mother and father.

Germany is a central European country with quite a traditional arrangement of social policies. It is generally the family's responsibility to look after the children, and it is expected that the mothers will do that much more than the men, but there is a lot of help from the state to do that with nurseries and things. Italy is not really supportive of work force participation—it really does leave things entirely to the family. What was noticeable about Italy is that the division of domestic labour falls very heavily on women, whether or not they had children.

In the other countries it made much more difference whether they had children or not, but it was particularly so in Australia. I was interested to find out if women who, in economic terms, invest in their own human capital—become educated and therefore want to work and use that human capital for whatever reason they might like to—experience any alleviation of this difficulty that Australian women seem to have. I found that they did not, that in fact it was worse because, as far as my data can show, they seem to be allocating more time both to work and to child care. I speculate that that is because we have ideals of raising children that require a lot of time and attention and attentiveness. Our servicing of our own children is very high, and I think perhaps that is particularly so for educated people. I think it is across the board really, but we have very, very high expectations of what parenting requires now. That may be related to why educated people have fewer children. Perhaps it is very hard to deliver this kind of standard of child servicing, if you want to put it like that, to more than one or two children as well as the services that goes with it—all the music lessons and that sort of thing.

Educated men do spend longer with children as well, but it is not usually substituting for their wife's care. If the issue is how to get women to balance work and family, it is no easier for educated women, although the children may be getting more parental attention altogether. As for women who do use non-parental child care in order to work—as you commented before to the last speaker—there is a lot of child-care use for non-work purposes, and that can confound the figures on how it can be that people who use child care manage to spend almost as much time with their children as people who do not. Partly that is because the figures include a lot of children whose parents are using it for non-work purposes and then can just shift their times around that. People who use it for work purposes also shift their times. There seems to be some sort of irreducible minimum goal that people want to spend with their children.

Certain types of activity—the kind of activity where you are talking and listening and interacting with your children—do not vary with child-care use or work participation. What does seem to vary is the supervisory time. There is a lot of time that stay-at-home mothers will be with their children and doing other things at the same time, and of course that goes, and some physical care. Almost irrespective of personal circumstance, parents seem to spend the same amount of time doing those activities—talking, reading, listening and playing—which is nice for the children. It is good for their development. It is just hard on the parents that are trying to do everything, I think.

I was interested to see what happened with sole parents. The main finding I had there was that, although sole parents and their children are the group most likely to be living in poverty in Australia, they do seem to manage to make up pretty much for the absence of a resident father in the time spent with children. Again, I am speculating that they are making a decision to suffer a financial penalty in order to not have a care penalty on their children. So, again, there seems to be an irreducible minimum of care desired by the parents, and in a way they will sacrifice to make sure that happens. My concern there is that if they are to enter the work force then the

social supports that enable the care to be given to their children need to be put in place; otherwise, I also speculate, they will not take them up.

That is all I think I gave in your submission, but I would just like to say that I am coming from the point of view that children are a social good; they are not just an indulgence for their parents. The idea that people have the choice to have children, therefore they should bear all the costs—that they are like pets and they are equivalent to having a dog and why should anybody else take any responsibility—I think is wrong, especially when as between couples it does seem to be very much loaded onto the women. You could perhaps argue it with households, but the way it is allocated so inequitably to women just seems to me to be taking something that is in society and loading it onto one particular social group, which is unsustainable. I think women now are at a point where they cannot go on bearing this cost, and they are showing it by the lower fertility rates. I do not really have any specific policy measures except to suggest that we can really ask no more of women. Now the other stakeholders in the project—employers, the state and fathers—really need to come into it. In my opinion, that is where the new policy should be directed.

Mrs IRWIN—I was a bit shocked when I read in your submission a reference from Alison Barnes, who did a discussion paper on low fertility. It is on page 132 of our briefing notes—I am not quite sure what page it would be on in yours—where you stated:

Educated women are more likely to remain childless, or to have fewer children than women with less education.

Have you any statistics on that?

Dr Craig—I am sorry, I do not, but it is a very well accepted phenomenon. I would have supported it more if I had known you would be surprised.

Mrs IRWIN—I am myself. I have a number of friends who are educated. It is my era most probably, but do you think it is more the younger generation now compared to those that went through university in, say, the sixties?

Dr Craig—On a general social level, one way to lower a population is to educate the women. That is what they call the demographic transition—it is to do with industrialisation as well—but, basically, the major factor is that, if you educate the women and give them choices, the population just plummets. Also, more specifically, within a population, yes, that is true, although, I am sorry, I do not have any figures to support it.

Mrs IRWIN—What changes do you think need to occur to create conditions more favourable for educated women to have children?

Dr Craig—I think they are probably the same conditions for all women to have them. Having concentrated my research within the domestic sphere, the first thing that comes to mind is getting the men actually involved in the care and the housework. In fact, men are spending more time with children, but they are not doing any more housework than they ever did.

Mrs IRWIN—There are some women who do not have a man in their life—educated women who have a child.

Dr Craig—Exactly; that is true. Those other factors come in with delayed partnering and those sorts of things, because when you are doing your education it takes years, and then you have your HECS and all those sorts of things. So partnering late will obviously have an impact on that. I do not have any expertise in it, but I think a lowered HECS would help.

CHAIR—Can I make a comment on the issue of housework. It has actually got a lot easier. You do not physically have a washing day where you have to boil up the clothes, have a clothes pot, put the blue in and stick it up on the line any more; you stick it in a washing machine and, if you are like me, the rest goes in the dryer too.

Mrs IRWIN—We are not that old.

CHAIR—I do not think anyone here is that old but that was the origin and derivation of the term ‘washing day’. It took a whole day. You do not have to take out rugs and put them over the line and beat them. You have got a vacuum cleaner. Life has become physically not as demanding as it was for women in developed societies.

Dr Craig—There was a very long period where there was one single woman doing that in each household though. When that amount of housework was required, it was often several women working together to do those things—if not servants then groups of women within the house. You still have to be physically present if you have children. It is the constraint thing that seems to be the problem. Yes, housework has got less and it is really largely because women are just doing far less of it; they have just unilaterally dropped it really. Men are not doing any more but women are doing far, far less. What I did find through my research was that they do not seem to be dropping child care. It is actually increasing, from both men and women, and the difference is widening.

Ms GEORGE—What are the factors that lead you to conclude that Australia has probably got the worst division, on a gender basis, in domestic work?

Dr Craig—It is just the table.

Ms GEORGE—I have seen the table, but what do you think are the factors that explain why we are doing worse in the division of labour domestically than any other comparable nation?

Dr Craig—Italy is worse—it just does not change. The change at becoming a parent is what is worse in Australia. I think it is to do with the lack of affordable and accessible child care and maternity leave. I think we do not really cater for that transition in people’s lives.

Mr FAWCETT—Some of the expectations are that a man will iron, wash the floors, clean the toilet and mow the lawns over the weekend. I see many of my peers do more in the house, and with children, after children come along.

CHAIR—David, you had very good training in the forces. The defence forces turn out very good husbands.

Mr FAWCETT—Thank you. A lot of people I know through other social contacts—they have not been through the Defence Force—increase the amount of work they do in the home. So

whilst I am not disputing the source of data, all I would say is that can it be applied generally across Australia.

Dr Craig—I am talking about averages. It is a very large sample and a very robust one. I do not want to be rude, but they say the plural of anecdote is not evidence.

Mr FAWCETT—Sure.

Mrs IRWIN—Can we just talk about sole parents. You have talked in your submission about the time cost difficulties they experience in rearing their children. What do you think of the recent government proposals to encourage sole parents, whose children are of school age, to seek employment?

Dr Craig—If there is sufficient before and after school care and if there are sufficient supports in place, it probably is a good thing because poverty among sole parents is a big problem. I would be concerned if it was just expected that they find work. If it approached the American ‘welfare to work’ idea—there is a cap of two years and then you are given five of support—I would very much be concerned that there was going to be a care deficit. It depends on how coercive it is really and what supports are in place. I think it would have to be handled very carefully. You cannot just say you must work and therefore the problem of looking after the children disappears in some way. We have an ideal of a full-time mother at home, and in a lot of cases for coupled parents, and then at the same time we expect that sole mothers’ children do not need or require that does seem a bit inconsistent.

Mrs IRWIN—They would need re-skilling too if they had been out of the work force for a number of years. As a sole parent they would have to bear the cost of child care, drop the child off at child care and pick the child up. I remember when my children were young that I used to love it when my husband came home. He would bath the children. As a sole parent you do not have that support mechanism in place.

Dr Craig—No. I think it is extremely demanding and I think there would have to be good supports in place. I think there is also a problem with people rearing their children as sole parents—what happens when the children leave home and they have no skills? So I think assistance with being attached to the labour force is probably a good thing, but I certainly do not think it should be coercive.

Mrs MARKUS—With the differentiation between how much time men versus women are contributing towards the care of the children and domestic—I do not know what you call it labour, domestic or whatever—

Dr Craig—I think it is labour.

Mrs MARKUS—what factors do you think contribute towards that? Did you look at what women expect? Is it coming more from their expectation—what they think or believe they ought to be doing vis-a-vis men being prepared, trained, equipped or thinking that they ought to or not ought to be involved in that?

Dr Craig—This is from a large scale quantitative of just how time is spent. There is only a bit of attitude stuff in it and there were no interviews from the people. There were over 4,000 households in the survey. Those sorts of qualitative questions would need to be done separately, so I would only be speculating about that.

Mrs MARKUS—Are you aware of any attitudinal work that has been done on that at all?

Dr Craig—I think the Institute of Family Studies has probably done things on that. I am not specifically aware of it though, no.

ACTING CHAIR (Mrs Irwin)—Since our chair has left the room, as deputy chair I thank you very much for coming to the hearing today. I have enjoyed reading your submission. It was good.

Resolved (on motion by **Mr Fawcett**):

That this committee authorises publication , including publication on the parliamentary database, of the transcript of the evidence given before it at public hearing this day.

ACTING CHAIR—I now declare this meeting closed. I thank everybody who participated in the public hearings today. I especially thank our great Hansard staff.

Committee adjourned at 2.58 p.m.