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**HOUSE OF  
REPRESENTATIVES**

STANDING COMMITTEE ON FAMILY AND HUMAN SERVICES

**Reference: Balancing work and family**

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**HOUSE OF REPRESENTATIVES**  
**STANDING COMMITTEE ON FAMILY AND HUMAN SERVICES**

**Wednesday, 1 March 2006**

**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, Mr Fawcett, 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:

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

**WITNESSES**

**FLANAGAN, Ms Kerry, Group Manager, Women and Youth, Office for Women, Department of Families, Community Services and Indigenous Affairs..... 1**

**FOSTER, Ms Alanna, Acting Branch Manager, Family Payments, Department of Families, Community Services and Indigenous Affairs ..... 1**

**HENRI, Mr David John, Acting Branch Manager, Family and Children’s Policy Branch, Department of Families, Community Services and Indigenous Affairs ..... 1**

**POPPLER, Mr Jeff, Branch Manager, Child Care Policy and Planning, Department of Families, Community Services and Indigenous Affairs ..... 1**



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**Committee met at 10.22 am**

**FLANAGAN, Ms Kerry, Group Manager, Women and Youth, Office for Women, Department of Families, Community Services and Indigenous Affairs**

**FOSTER, Ms Alanna, Acting Branch Manager, Family Payments, Department of Families, Community Services and Indigenous Affairs**

**HENRI, Mr David John, Acting Branch Manager, Family and Children's Policy Branch, Department of Families, Community Services and Indigenous Affairs**

**POPPLER, Mr Jeff, Branch Manager, Child Care Policy and Planning, Department of Families, Community Services and Indigenous Affairs**

*Witnesses were then sworn or affirmed—*

**CHAIR (Mrs Bronwyn Bishop)**—I declare open this public hearing of the House of Representatives Standing Committee on Families and Human Services in its inquiry into balancing work and family. Achieving a sensible balance of work and family continues to attract national attention, especially in relation to the availability, affordability and flexibility of child care—in other words, choice. Today the committee will take evidence from the Department of Families, Community Services and Indigenous Affairs. They have responsibility for the family benefit system with more than \$20 billion a year, which includes the family tax benefit, the child-care benefit and the maternity payment. I am pleased that many families have benefited from these payments. The department has also funded research into a range of issues, including fertility trends and people's working patterns.

As in other hearings, the committee will examine the disincentives to starting families and how to make it easier for parents who wish to return to the paid workforce after having had children. The department's submission has been posted on the committee's web site. The hearing is open to the public, and a transcript of what is said will be made available via the committee's web site. I am now pleased to call the representatives of the Department for Families, Community Services and Indigenous Affairs to give evidence.

**Ms Flanagan**—The Australian government, through the Department of Families, Community Services and Indigenous Affairs, which we now call FaCSIA, provides support to families to balance their work and family responsibilities. The Australian government's view is that families are fundamental to a strong, cohesive society, and the best way of addressing welfare is to encourage and provide the right environment for people to gain access to paid employment.

For the purposes of this inquiry, we are able to answer questions on family payments, support for women, carers, Indigenous families, child care and the national agenda for early childhood. Since we put in our submission in April 2005, we have had an expansion of the portfolio to include the Office of Indigenous Policy Coordination, which gives us an expanded role in supporting Indigenous Australians. The child-care tax rebate, fringe benefits tax exemption and welfare payments for working aged are the responsibility of other portfolios.

Australia's strong economic position, continuing low inflation and low interest rates are key contributors to supporting families' wellbeing, providing an environment where families have the best opportunity to realise their goals and make their own choices in balancing work and family. The Australian government seeks to assist families to make choices around work and family that best meet their aspirations, needs and circumstances, and has introduced a range of initiatives designed to help families, irrespective of the choices that they make.

Substantial financial assistance is available to Australian families. Around 2.2 million families, with 4.2 million children, benefit from family tax benefit each year. Around 690,000 families have child-care costs subsidised each year. In 2004-05, the government spent around \$15 billion in assistance to families through family tax benefit, child-care benefit, maternity allowance and maternity immunisation allowance. Details of expenditure on families, as outlined in attachment A of the submission we put in last year, have been updated and we have those figures available for you.

In addition to financial support, there is direct support to working families through the provision of around 600,000 child-care places. That was the figure at 1 July 2005. Child care was used by 804,000 children in centre based long day care, family day care, occasional care, outside school hours care, vacation care and in-home care. Those figures come from the September 2005 quarter. In addition, in the 2005-06 budget, the government announced additional support to working families. A further 84,300 outside school hours care, 2,500 family day care and 1,000 in-home care places are to be provided over four years.

Measures support parents to remain in or return to the workforce, by improving the rewards they gain from working. The income-testing arrangements for family tax benefit allow families to keep more of each dollar they earn. There have been enhancements to the work training study test, in line with the government's work first principle. There is additional funding for the jobs, education and training child-care program to cover the out-of-pocket or gap costs of child care, and there is practical support to assist parents to return to the workforce as child-care workers. Representatives from the department are here today and we are happy to answer questions from the committee.

**CHAIR**—Thank you very much for coming back and talking to us. Just listening to what you said then, 804,000 children have used child care. In your submission you say:

In March 2005, 54 per cent of employed women of childbearing age were in full-time employment while 46 per cent of this group worked part-time.

Do we have figures for how many mothers of dependent children are in the workforce and, therefore, an estimate of how many people must be using informal care?

**Mr Henri**—No, we do not have those figures, but we could get them for you.

**CHAIR**—That would be very good if you could. Going back to the figures here, you say:

Recent labour force status data for women of childbearing age (15-44 years) indicates that 67.3 per cent are employed, 5.4 per cent are unemployed—



that means they actually want to participate—

and 27.3 per cent are not in the labour force.

And that means they do not want to be. These are the highest ever participation rates and employment rates, as I understand it. Would that be true?

**Ms Flanagan**—That is certainly my understanding, yes.

**Mr Popple**—Madam Chair, perhaps I could just clarify one of the earlier points you made. Relating the 804,000 children to employment figures does not always work because a number of those children will also be in child care even though their parents may not be working.

**CHAIR**—Can you supply us with information on just how many children are in that category?

**Mr Popple**—We will see what we can do. But I think doing a very simple calculation like you are suggesting would not give you the numbers who are using informal care. That is something we find difficult to track because, obviously, if they are using informal care, they are not being paid any assistance by the Commonwealth and so we do not have any data on what they are doing.

**CHAIR**—But it is quite important for us, I think, to know how many child-care places are available for children of working parents. That is not a criticism of people who are not in the workforce, or not even participating, using the places, but we need to be realistic and know how many places are available for working mothers.

**Mr Popple**—All places are available to working parents as a priority of access, which means that second priority goes to working parents.

**CHAIR**—I will rephrase it: how many working mothers are able to get a place for their child when they are working?

**Mr Popple**—We will see what we can do, but I do not know if we can actually calculate that because we do not separate out children of working parents and children of non-working parents.

**CHAIR**—Why not?

**Mr Popple**—Because they are eligible for CCB regardless of whether or not their parents are working; it depends upon the work-study-training test they have to pass. A new test is coming in from 1 July, but at present the data would not easily separate out those parents who are working and those who are not working.

**CHAIR**—Do the individual child-care institutions or centres file any paperwork with you?

**Mr Popple**—They have to indicate whether the parents meet the work-study-training test in terms of the number of hours they are eligible for. As you are aware, the government has just moved to strengthen that test, but that does not come into play until 1 July 2006. From then we

will have a better assessment of whether the parents are working, studying or training, or whether they are using child care for other reasons.

**CHAIR**—But you already have some data?

**Mr Popple**—We have some data, yes.

**CHAIR**—But that relates to the 5.4 per cent of people who are either forced to participate or wish to participate?

**Mr Popple**—The data that we have covers the whole gamut of people who use child care and sometimes we might be able to break that down into—

**CHAIR**—Yes, but if somebody is in the workforce you are not interested in how many hours they are working, because they are in the workforce. I thought you were talking about the people who are presently required to go and look for work, who are on Newstart, and have to put in so many hours going around and having interviews, or whatever it is they have to do, and therefore they would have a child-care place. Is that the case?

**Mr Popple**—As I said, the arrangements are changing from 1 July—

**CHAIR**—Tell me the position now.

**Mr Popple**—The position now is that you have to say that you are working for a certain percentage of time during the week, but it is not actually specified. It can be as low as one hour per week. That is why it has been changed.

**CHAIR**—Yes, I know that, but that is not every parent. Does every parent have to disclose that to get the CCB?

**Mr Popple**—Yes.

**CHAIR**—Then you have got data.

**Mr Popple**—It is the accuracy of the data that I am concerned about.

**CHAIR**—But you would be able to tell us how many people are getting the CCB because they have told you how much they are working.

**Mr Popple**—You get CCB regardless of—

**CHAIR**—I know, but you have got a database that tells you how many people have told you they are working. That is what we need to know.

**Mr Popple**—I will see what we can extract from that.

**CHAIR**—Thank you very much.

**Mrs IRWIN**—We have seen articles in the national papers, and people coming before the inquiry have made submissions, regarding the nanny industry. We have heard about the black market with nannies. Have you got any breakdown on the number of nannies or the family income of families who are using nannies?

**Mr Popple**—No.

**Mrs IRWIN**—I know that this inquiry is looking at that but the department has nothing on it. Have you never been interested in looking at this?

**Mr Popple**—We have no data on it.

**Mrs IRWIN**—Can you see us getting data on it in the future?

**Mr Popple**—The difficulty is that nannies are not registered in all states and territories. Nannies are not part of the formal child-care system and our data is primarily derived from people who access CCB who are using the formal child-care system. Given that these people are outside that system, it is not something that we would monitor or have any control over or even get involved in.

**Mrs IRWIN**—Have you got a breakdown of who the registered carers are—are they grandparents, aunts, uncles, even neighbours?

**Mr Popple**—It is basically just registered care; we do not separate them into categories. You register as a registered carer. You do not have to disclose—

**Mrs IRWIN**—Who you are caring for?

**Mr Popple**—You have to disclose who you are caring for but we do not—

**Mrs IRWIN**—Surely you could get a breakdown of whether someone was caring for a child or a child with a disability or an elderly relative?

**Mr Popple**—With registered care for children, all you have to do is identify the child that you are caring for; you do not have to identify the relationship between yourself and that child. So you do not say, 'It is the child of a friend', or, 'It is my grandchild', or whatever.

**CHAIR**—Could you give us the figures for the number of CCB claimants who are in approved places and the number who are in registered places? From memory, the registered only get \$24 a week, don't they?

**Mr Popple**—That figure we gave you, of 104, relates to all types of care, excluding registered care.

**CHAIR**—Then can you give me the numbers for how many we have got in registered care?

**Mr Popple**—I think around 41,000 are in registered care.

**Mrs IRWIN**—I want to ask you a few questions about the maternity payment. I think on page 25 of your submission you state that there is a provision for the maternity payment to be delivered in six instalments in some circumstances. You also go on to say that that can be done if a social worker believes that a lump sum payment is inappropriate, such as when a mother is vulnerable, very young or experiencing difficulties for various reasons. Are mothers aware that they can take the maternity payment in instalments?

**Ms Foster**—The information that it can be taken in instalments does not appear on the claim form, but certainly the information would be available from Centrelink staff.

**Mrs IRWIN**—Only if the mother asked if she could get it in instalments.

**Ms Foster**—Yes.

**Mrs IRWIN**—I cannot understand why it would not be on the form. I have heard from a number of women who are not in the fortunate position of being able to get maternity leave from their employer so naturally they have got this, and they were saying, ‘Gee, it would have been great if we could have got it in instalments’. They were not aware that they could, because it was not on the form. That is something the department should really look at. Have you got a breakdown of the number of mothers who might be getting it in instalments?

**Ms Foster**—I believe about 700 people have received it in instalments. Can I just check that?

**Mrs IRWIN**—Would that have been on the recommendation of a social worker?

**Ms Foster**—That would have been on the recommendation of a social worker.

**Mrs IRWIN**—So that would be virtually 700 people who were receiving instalments on the recommendation of the social worker, with those other mothers getting it as a lump sum—is that correct?

**Ms Foster**—That is correct.

**Mrs IRWIN**—On page 9 of your submission at paragraph No. 51 you state that there are ‘over 1.6 million new jobs with over 53 per cent of these being taken by women’. This is to do with job creation. Has the increase come about because they want to work or because they need to work?

**Ms Flanagan**—I do not know whether the Department of Employment and Workplace Relations is appearing before the committee. That question would need to be referred to that department.

**Mrs IRWIN**—On page 13 at paragraph No. 74 you state:

The Government supports an industrial relations system that provides more flexible workplace conditions and allows both mothers and fathers to take an active role in the upbringing of their children.

How does that statement that you have made in this submission sit with the attitude of employer groups such as Australian Business Ltd, with their preference for casual and not permanent part-time? The reason I ask the question is that I was reading an article in today's *Sydney Morning Herald* entitled 'Casual workers win right to convert job to permanent position'. You have Australian Business Ltd virtually not supporting that. They would like to see more casual, not permanent part-time. As you would be aware, it is a lot easier if you know exactly the hours that you are going to work, especially if you have young children. I just wanted to know what you thought. How does the comment you have made here sit the attitude of this group?

**Ms Flanagan**—This is more a question that you would need to ask the Department of Employment and Workplace Relations, but the Office for Women has done some work on women's preferences around casual and part-time work. There are many women that do prefer to work on a casual basis. That is actually their preference. We have some data that we could possibly get you from when we examined this issue ourselves.

**Mrs IRWIN**—What do you mean by a casual basis? Do you mean where the boss just rings up and says, 'I need you this afternoon from two to five.' Is that what you are referring to?

**Ms Flanagan**—There are certainly women who express a preference to work in that way, yes.

**Mrs IRWIN**—They would most probably have a partner, though, because if they have children—

**Ms Flanagan**—They may well have.

**Mrs IRWIN**—It would be very hard if you were a sole parent to be able to do something like that.

**Ms Foster**—Can I correct the number that I gave earlier of customers who receive maternity payment by instalment? I said 700, but it was approximately 900 customers to 30 December 2005.

**Mrs MARKUS**—And what is the total number who would have received it?

**Ms Foster**—The total number who have received maternity payment from the time of its introduction is 366,013 people.

**CHAIR**—We have about 250,000 births a year, don't we.

**Ms Foster**—Yes. That is for the 18-month period since its introduction.

**Mrs IRWIN**—There are a lot of women out there, especially those who I have spoken to in my own electorate, who would have preferred to have got that as six instalments rather than as one lump sum after the baby was born.

**CHAIR**—I have a constituent from Centrelink who lost the paperwork and now they will not pay because the renewed form went in two weeks outside of the cut-off period. So we are having a nice stoush which has to be resolved in her favour.

**Mrs IRWIN**—Of course it has to be.

**Mr CADMAN**—On page 6 of your submission there are a number of programs that I have a vague understanding of, and I would like some more detail. The Stronger Families and Communities Strategy had funding of \$226 million for the first four years, and then in 2004 the new strategy began with \$365.5 million. That funding was further extended to total \$490 million. Could we have some details on how Communities for Children is working out—which are the communities and what sorts of programs are being put in place?

**Ms Flanagan**—We can certainly get that to the committee. We do not have it with us today.

**Mr CADMAN**—And I would like a description of the programs—the recipients of the benefits, the amount, what sorts of programs they want to put in place and the funding over the five-year period. I would like similar information on Invest to Grow, which has \$70 million. Who is developing those early childhood programs, who is going to deliver them and what resources are going to be applied? With regard to Local Answers, it sounds very nice to give communities an opportunity to develop their own solutions, but in an administrative sense that is a pretty vague expression. We understand the volunteer small equipment grants, and I think every member here strongly endorses this initiative and wants it to continue. The idea of small amounts of money coming through to community groups is just great, it hits the button for many of them, but it is only \$14 million of a \$137 million program. That is the only detail we have on that program, and I would like the rest.

Choice and Flexibility in Child Care will continue the in-home care and extend incentives for long day care providers to set up in areas of high unmet need. Where and how are they doing that? Does it apply to both the private sector and the community sector? Are they long day care centres or are they outstations that can perhaps develop family day care or something like that—what sorts of programs, what sorts of communities, who is instigating them? Is this just allowing ABC, for instance, to spread its network? I would not have any idea, so I need to know about that. That leads me to my next question: what is recognised child care? There is some term you use that gives an impression that there is some type of care that is formal and sometimes some type of care that is informal. Can you help me with that?

**Mr Popple**—I think the term you are after is ‘approved’ child care.

**Mr CADMAN**—Yes, that is it.

**Mr Popple**—That is primarily child care which takes place within certain regulated settings, usually long day care, family day care, occasional care and outside school hours care. There are Commonwealth regulations around that for eligibility for CCB payments. So ‘approved’ means that it is approved for the purpose of CCB.

**Mr CADMAN**—So the in-home care program would not be part of that?

**Mr Popple**—That is part of it, yes. It is basically any form of child care which is approved for above the minimum rate of CCB. In addition to that, you would have registered care, which, as we discussed, is care by a friend or a neighbour or someone else.

**Mr CADMAN**—So the traditional kindergarten or the nine to three program is not part of this?

**Mr Popple**—Occasional care is and long day care centres are. If you are talking about child care which takes place in a preschool setting—

**Mr CADMAN**—Short day care—nine to three—in traditional kindergarten preschool settings.

**Mr Popple**—Preschools are not usually eligible for CCB unless they provide ongoing care over a full day.

**Mr CADMAN**—That is good. Thank you.

**Mrs MARKUS**—Jeff, earlier you talked about casual care and, Kerry, you talked about casual employment. My sense in the community is that a lot of women prefer casual employment, particularly during those child-rearing years when they tend to want to take more of the responsibility for that. Not all women choose that, but certainly there is a significant number. What information or statistics do you have regarding that?

**Ms Flanagan**—I can certainly get out the proportion of men and women choosing to take casual part-time or full-time. I do not know that we have a lot of data to show why they choose to do so. Certainly, as you would appreciate, casual wages are usually higher and that might be one of the reasons some women are choosing to take casual care as their preferred choice. I will see what data we have. I am recollecting from a couple of years ago when we looked into this. I can get you that data.

**Mrs MARKUS**—Related to that, in the child-care system, for want of a better word, is formal care responsive enough to the increase in the number of parents that would be working in casual part-time positions? Often a parent would have to pay for a full day of care to keep a place. What suggestions would you have?

**Mr Popple**—There are a number of arrangements. Some long day care centres will only charge for half a day if you only need child care for that long. Some long day care centres also offer after school care as well for those people who just want child care after school. You also have family day care, which tends to be a bit more flexible, and so you might engage a family day carer to cover those hours that you require. Casual work is often used by people who have children in school, so there you have before and after school care which picks up on those casual hours as well. We do not often specifically relate back the choice of child care to the type of work that you are doing, but people who work casual hours could take advantage of either occasional care or family day care, and perhaps long day care if they had fixed periods of work each week.

**Mrs MARKUS**—I am not convinced that there is enough flexibility out there and that there would be enough long day care centres that would provide that shorter term demand. There is not always occasional care available in some communities. Is family day care growing or diminishing in the number of places available?

**Mr Popple**—All types of child care are growing and so family day care is also growing. The government has announced an additional 1,500 places to be released in July 2006. There is an increasing demand. One of the issues around family day care is the availability of carers. It is a growing sector and we work quite closely with the National Family Day Care Council around how we can make it a more viable form of child care and promote it.

**Mrs MARKUS**—Thank you for that. I want to come back to in-home care. Is the type of assistance available in rebates or CCB very different in the amount that would be provided in comparison to, say, long day care or family day care?

**Mr Popple**—In-home care attracts the same rates of CCB as other forms of child care, such as family day care or long day care. It is just a newer and more flexible way of providing care. Perhaps, if you like, we could provide the committee with a briefing on in-home care or perhaps a brief outline setting out the arrangements around it and the numbers and that sort of thing.

**Mr CADMAN**—And the take-up pattern?

**Mr Popple**—Yes, we could include that.

**Mr CADMAN**—By state or district?

**Mr Popple**—Sure.

**Mr CADMAN**—Has there been a consistent take-up between the states on home care or not?

**Mr Popple**—Sorry, I do not have that information.

**Mr FAWCETT**—Still on in-home care, looking at pages 11 and 12, you obviously fund a range of different types of child care, between long day care and family day care et cetera. I am fascinated, whenever we talk about the nanny industry, that one of the comments immediately thrown back is: ‘But how would we know that nannies were not doing other things like house work or cooking meals or whatever? That is not a tax deduction.’ As I look at particularly long day care and other places of the corporate sector, I see that they are increasingly saying, ‘We are not just care; we are educating your children.’ They are providing early learning and all of those sorts of things. Education is not a tax-deductible thing for most of us, yet there is no attempt to say that you should not get CCB because those people are also educating your child. With your current funding of in-home care, is there any attempt by the department to stipulate what the carer can or cannot do in the home during the period that he or she is being paid to care for the child?

**Mr Popple**—First of all, I might clarify something. Under the government’s quality assurance regime for child care, an important part of child care is providing a stimulating environment, and therefore an educational sort of environment, for children, particularly those who are under five. That forms part of what the quality system is that we have in place. We would be expecting that long day and family day carers would be providing environments that were stimulating and meeting some of those early education care and education ideas that are quite popular at the moment around improving outcomes for children. I think that is just part of child care. Some long day care providers might be using that as part of their promotional pitch. That is that we



would be expecting to see in a range of long day care providers in particular but also in family day care.

**CHAIR**—They also have to wash up and feed you and make beds for little naps.

**Mr Popple**—Yes, they do a range of things. But I am saying that we do not necessarily see education as being something separate from the care which is being provided in approved centres. That is one of the reasons why the government offers a higher rate of CCB to people who use approved child care as compared to those who use informal care, where there is no quality assurance and perhaps no quality being provided through a regulated regime.

Child-care centres also provide a range of other services. For instance, some of them provide dry cleaning and meals and stuff like that. But that is not the part of the work which attracts CCB. That is something extra which they provide. And it is similar around in-home care. We are providing CCB for the component of the work they provide, which is around caring, in the widest sense of that word, for the child. The same as family day care, long day care centres provide meals for children. Caring for the child might mean washing clothes and other things which are focused on the child as opposed to focused on the other members of the family.

**Mr FAWCETT**—If the nanny industry wanted to get registered and provide approved care in the home, would the department accept, as long as any work done in the home in terms of cleaning, preparation of meals, washing clothes et cetera was focused on the child and not the general family, that that would fit within the guidelines that you currently apply?

**Mr Popple**—That would be a matter for the policy arrangements that the government put in place around extending it to nannies.

**Mr FAWCETT**—But, in principle, it is not a completely different thing to what currently exists?

**CHAIR**—It sounds like they will need a team of inspectors, David, which would be a return to the old sheet-sniffing days.

**Mr FAWCETT**—I am flummoxed. When we look at the whole concept of balancing work and family, it strikes me that the service that a nanny provides actually removes a huge amount of the stress associated with working. If you have got to get a child out early to day care and race back and pick them up if they are sick et cetera, it achieves a huge amount in terms of balancing work and family. It legitimises the whole industry sector and improves the quality of care, and those people come into the tax system. This argument that is thrown up about them perhaps doing the ironing seems a little vague given what we currently have in place elsewhere.

**CHAIR**—I want to go to the part of your submission about publications that you have funded, the ones discussing fertility, and particularly the one, *An analysis of the relationship between fertility rates and economic conditions in Australia between 1976 and 2000*. From all that funding that you put into that research I wondered what the outcome of that has been and whether you have done anything with it. Paragraph 22. This is research that you have done between 2001 and 2004.

**Ms Flanagan**—The department has undertaken a large range of research around fertility decision-making and what is happening with fertility. I think that the outcomes of the research that I am aware of personally are that there are two things that assist with increasing fertility or with people deciding that they would like to have children. The first one is that they feel financially secure. If there is a strong economy and they can get jobs in that economy that is one of the primary factors that you get in place. The second one is having a strong and secure relationship. If you have those two things people are more likely to have children.

**CHAIR**—I would have thought that it would have shown up the deferment, the later age at which people are having children. That must show up.

**Ms Flanagan**—Certainly that has had an impact. People are forming relationships later, which is one of the factors that has had an impact on fertility, because people have less opportunity to have children. They are only having one or two because the average age of partnering is now 29 or so.

**CHAIR**—But there is nowhere where you have taken the information out of all that research you have done and published an overview?

**Ms Flanagan**—We certainly have not done an overview but—

**CHAIR**—It would be a good idea, wouldn't it?

**Ms Flanagan**—To draw the major findings out of it, yes. We might commission one of our bright young graduates somewhere in the department to pull it all together.

**CHAIR**—That would be very interesting and, if you do, we would like it. I am also looking at your charts about the return to work of a mother who is partnered and a mother who is the lone parent. That shows quite clearly that a lone mother never catches up with a partnered mother. We were told in Melbourne by the Institute of Family Studies something that absolutely rocked me, and that is that marriages break up more frequently in lower socioeconomic groupings and that the people re-partner a lot less. So when we are looking at this cohort of people here they are likely to meet that description that was given to us by the Department of Family Studies. Do you have research yourselves into that?

**Ms Flanagan**—Again, we have done a lot of research as a department into these sorts of factors and what causes them. Unfortunately, we do not have experts in that area here today.

**CHAIR**—I am going to ask you a very important question. This group of people are going to be affected by the new Welfare to Work provisions that are coming in. They are also going to be affected by the new Child Support Agency reforms announced yesterday. Have you done any work on how those changes are going to impact on those people?

**Ms Flanagan**—No, we have not pulled that work together. You would appreciate that the Welfare to Work changes are being implemented by the Department of Employment and Workplace Relations. The child support changes are the responsibility of this portfolio, but we have not pulled those two things together. The fact is that they have not yet been introduced, so it is hard to do any analysis before they are actually in.

**CHAIR**—Going to the payments we make with FTB parts A and B, I am drawing this out because the argument about tax deductibility—that is, letting individuals who earn money have the use of some of their tax money to pay for child care—usually gets translated as the community paying for their child care. It is not; it is allowing them to use some of their own hard-earned money to pay for it. In the way we pay family tax benefit parts A and B, we assist 38 per cent of families enormously with allowing a two-parent, single income, two-children family to pay no tax on up to \$45,000 a year. Somebody who is on an annual salary of \$40,000—single income, two parents, two children—will end up with a net income of \$41,405. A single person, or a husband and wife who live together with no children, who are adding \$40,000 a year into their household, is paying \$8,172 in tax. So in fact a family with no children, or a single person, is actually subsidising families through the family tax benefit to the tune of \$9,000. That is someone on \$40,000.

It does not sound inequitable that somebody who wants to choose to look after their child in their own home and work, and who could conceivably be one of this cohort of people here who never catch up—making arrangements because they might have to work shift work—can have some of their own money back as a tax deduction to them. They are not calling on anybody else's money to be paid in, but their own money. Isn't that an equitable thing to say?

**Ms Flanagan**—You are reading from some figures, so I would need to look at the circumstances. I would need to look at the examples to be able to comment.

**Ms Foster**—One of the issues is that FTB B is paid to sole parents free of the income test so, for instance, when they go back to work, they would continue to get the full amount of FTB B—

**CHAIR**—No, what I am talking about is a family of two—mother, father and children under five, which I should have added before—on a single income of \$40,000. The tax payable on that is normally \$8,172. From FTB part A they get \$6,688, and they get \$2,989 part B. They end up with a net income—and the thing that is important is what they end up with—of \$41,505. Someone who is on \$60,000 in the same circumstance ends up with a net income of \$52,044, whereas somebody with no child income would be paying \$14,412 tax.

**Ms Flanagan**—The government has decided that there should be a redistribution of resources to those with families.

**CHAIR**—It is a redistribution of other people's income.

**Ms Flanagan**—Yes, just as we subsidise roads.

**CHAIR**—One of the arguments used against allowing tax deductibility for people who arrange in-home care is that it is not equitable because you are using other people's money to assist them go back to work. But we are already redistributing other people's money to allow the family tax benefit system of payments to work. We need equity in the entire argument. It seems to me that talking about choice should include people being able to have some of their own income tax back—not somebody else's just some of their own tax back. In some of these instances we have here not only do they get all of their tax back they then get some of somebody else's tax too.

**Ms Flanagan**—So we might see that in your recommendations.

**CHAIR**—I do not know. I just want to see that we have something equitable. If we go to the structure of families, we have 4.6 million children under the age of 17. We have 739,000 under the age of two and 502,800 aged three to four. Then we get to the big block of primary school aged children from five to 11. We have 1.8 million in that category. Of those, 1.3 million live in intact families where the parents are the natural parents. We have 67,000 in step families and 46,000 in blended families where the blended parents are the natural parents of the children. That is the break-up. Of the five- to 11-year-old cohort, do you have figures showing how many of those children are using approved child care?

**Mr Popple**—Seventeen per cent.

**CHAIR**—Is that all?

**Mr Popple**—Yes.

**CHAIR**—That is terrible, because far more than that number have parents in the workforce.

**Mr Popple**—You have to recognise that once you get towards the higher end of that age range children do not like to use after school care and so they tend to drop out.

**Mrs MARKUS**—That is one of my arguments for saying that I think we definitely need to look at in-home care. What happens to children after 11? Is there structured child care provided for them?

**Mr Popple**—Most children, once they leave primary school, do not have access to after school care and do not want access to after school care.

**Mrs IRWIN**—I think you are correct. The majority just do not want access. My children are exactly the same.

**Mr Popple**—And so it really is not in our provisions. Most children will just not go to something which is usually located in a primary school or at someone's home. That is why in the past the government has introduced a range of youth programs, youth activity centres and stuff like that focused on trying to provide activities and things for these children to do once they get to high school.

**CHAIR**—Is it possible to break it down to nine-year-olds? Nine-year-olds still need a good deal of supervision. Or five- to nine-year olds.

**Mr Popple**—Sure.

**CHAIR**—And can you give me the percentages for nought to two and three to four?

**Mr Popple**—Yes. Nought to two is 27 per cent. Three to four is 51 per cent. Overall, nought to four is 36 per cent.

**CHAIR**—Do we have corresponding figures relating to the number of mothers in that category who go back to work?

**Ms Flanagan**—I think that the graph on page 11—

**CHAIR**—That is the one I am looking at.

**Ms Flanagan**—gives you the idea of when women are returning to work. Part of the problem with all of this, including the earlier question you had about the five- to 11-year-olds, is that it depends whether there are one, two, three or four children in the family and whether they have older siblings who might be able to look after them. It can be a very complex set of arrangements, and giving you just raw figures often hides this huge amount of complexity in care arrangements that might be going on in these years.

**CHAIR**—But the idea of a 12-year-old looking after a three-year-old is not really a crash-hot, ideal solution, is it?

**Ms Flanagan**—No, that one does not work, but maybe you have a 17-year-old looking after a younger child.

**CHAIR**—A 17-year-old is going to be doing something else.

**Mrs MARKUS**—Although, legally, if something were to go wrong, that 17-year-old will not be held accountable for what happens to that child.

**CHAIR**—That is right. There are minor issues.

**Ms Flanagan**—Indeed. There are issues.

**Mr FAWCETT**—Are there uniform laws around the states and territories that stipulate the age at which somebody (a) can be unsupervised—we have all just talk about the reality that kids around the 11 or 12 mark do not want to go to after-school care—and (b) can supervise younger siblings?

**Ms Flanagan**—I think the answer is no. We would need to check with the states and territories.

**CHAIR**—There is not. There is just a general definition or concept of neglect, if my memory serves me right, and whether in a particular circumstance a child is deemed to be neglected because of sibling arrangements.

**Mrs MARKUS**—It seems to me that we have a picture of people increasingly returning to work, and more so to full-time work, when their child or children hit high school. Yet, in those early years of high school, 11- and 12-year-olds are definitely at a higher risk of being sexually abused than younger children. Is anybody looking at what families and parents are asking for or would like for that age group?

**Ms Flanagan**—This is one of the issues, because we have these programmatic responses where we need to use age or school participation as one definition. I also look after youth, and there are a range of youth programs that kick in. There is a program called YouthLinks, which is providing after-school activities, but they are usually for youth at risk rather than having, like you are talking about, a more general understanding of the sorts of support needs that parents have for their children in the high school period. As I say, there are youth programs and I think there are also some state based programs that work with youth.

**CHAIR**—Going back to the graph on page 11, by the time their child is two, about 15 per cent of mothers in a couple are back in the workforce full time and just over 50 per cent are back in the workforce generally. That is a big figure, isn't it? For a lone mother, the figure is just under 30 per cent. I am trying to correlate those figures. Twenty-seven per cent of nought to twos are using child-care places. That means that around 23 per cent of coupled mothers and three per cent of lone mothers are using those places. A hell of a lot of people out there are missing out—that is what I am trying to get at.

**Mr Popple**—Or they have got other arrangements for their young children that they are happy with.

**CHAIR**—But what we hear back is that they cannot get it. Having a system of approved places is really a system of rationing, isn't it? We say we are prepared to spend this amount of money because we can ration the number of people who can use the places by saying we will only pay on this number of places. It does not matter whether it is hospital beds or whatever it is, it is a system of rationing, isn't it?

**Mr Popple**—The government does not ration the number of long day care places; there is no rationing of that. If you open a centre and you meet the state and territory regulations and you meet other Commonwealth ones, then you are approved for CCB. There is no rationing of long day care.

**CHAIR**—No, I am talking about nought to two-year-olds. They have to be in approved places, don't they?

**Mr Popple**—That is what I am saying: they would be in approved places, the majority in long day care, and there is no rationing of long day care.

**Mrs MARKUS**—There is some state legislation that affects under-two child care in terms of the number of staff, which does impact on the number of places.

**Mr Popple**—It does not impact on the number of places. They do not ration the number of places. They just put in rules and regulations that you have to abide by, which might have that flow-on effect. I want to make it clear that there is no rationing of long day care places in Australia. The Commonwealth government does not ration them.

**CHAIR**—So what you are saying is if the state government will approve them we will pay.

**Mr Popple**—If someone builds a long day care centre, we will all pay provided they build a long day care centre which meets the state regulations around occupational health and safety and

a number of other regulations. If they meet our requirements around paying the CCB, we will pay it.

**CHAIR**—So when is the announcement of 1,500 new places coming online? What are we talking about?

**Mr Popple**—We only talk about two things. We talk about outside school hours care places, which are places for children who are at school and who use an outside school hours centre which is usually in their own school, and family day care. With family day care and outside school hours care we are currently meeting the demand which is there.

**CHAIR**—Do you mean the people who are willing to set up a centre and do it?

**Mr Popple**—Yes.

**CHAIR**—In the Welfare to Work proposal there was a suggestion that lone mothers could establish family day care centres and earn money that way. Is any work being done on that, aside from the fact that they need \$10,000 to do it?

**Mr Popple**—What Senator Patterson said when she was minister was that this is perhaps one of the avenues that Welfare to Work participants might like to consider and that this is just one of the avenues that they might like to consider as to employment. It was not necessarily forcing them into it or suggesting that they set it up. I would not suggest that the cost of setting up a family care centre is \$10,000. They are usually a lot less than that.

**CHAIR**—That is the figure I hear.

**Mr Popple**—The government is going to make available from 1 July grants of up to \$1,500 to assist people who are taking up family day care to establish themselves. My understanding is that \$10,000 would be very much on the high side of what it costs to establish a family day care centre.

**CHAIR**—Going back to these figures for single mothers, 27 per cent of that cohort are using child care. If they do not get it they cannot work, which is why only 30 per cent of them are working whereas 50 per cent—

**Mr Popple**—I do not think you can make the connection you are necessarily making between the two figures. As I said, there is 27 per cent of nought to two-year-olds using approved care. A lot of parents may not wish to use approved care. They might wish to utilise family or other avenues especially for young children. We know that parents with young children prefer to use grandparents as a good way of looking after their children. So it is not necessarily saying that they cannot find it. It might be a choice that they are making.

**CHAIR**—But that is absolutely more likely to be the mother in a couple. You have got 50 per cent of mothers in a couple working and 27 per cent of places which are available, so the rest has got to be some sort of other care. But in the case of a lone mother you have got just under 30 per cent of them working and 27 per cent of those using CCB places, which means basically that the

reason that the figure of below 30 per cent does not reach the 50 per cent is that they cannot get any child care—formal or informal.

**Ms Flanagan**—Again, I think it is very difficult to draw a correlation between the level of child care that might be available and people's capacity to work. We think that the primary reason we see a lower level of employment by sole parent mothers is that they do not have a partner and that sharing role of care within the family is so much more difficult. Child care is only one of the factors that might be driving these figures and the more important factor is that they are sole parents and it is so much more difficult.

**CHAIR**—Which means they cannot have less access to informal care.

**Mr Popple**—We are not talking about 27 per cent. You asked me for the rate of nought-to-two-year-olds. If you look at straight two-year-olds, which is what you are doing there—

**CHAIR**—No, I am not; I am looking at nought to twos. It reaches 30 per cent at two. It is even worse when you look at it for noughts—

**Mr Popple**—If you are looking just at two-year-olds, the percentage is actually 45 per cent. I was giving you the breakdown for nought to two, but if you look just at twos it is actually 45 per cent.

**CHAIR**—What is it—45 per cent?

**Mr Popple**—Yes. Those who have children who are age two.

**CHAIR**—Age two is 45 per cent; 27 per cent is the other figure.

**Mr Popple**—Twenty-seven per cent is for the cohort nought to two.

**CHAIR**—That certainly makes it very clear that if you do not get child care you do not work, if you are a lone parent, whereas if you are one of a couple you have other options. What explanation do you give for the fact that a single mother never catches up to the work pattern of a mother in a couple?

**Ms Flanagan**—It is again because household duties, the care of the children, are not shared in a couple relationship. That is, to me, the major driver. You have got to do the housework on your own, you have got to look after the children on your own and you have got to do the homework on your own.

**CHAIR**—With the best will in the world, all the evidence shows that the sharing of the housework has been pretty token.

**Ms Flanagan**—Yes.

**CHAIR**—So I do not really accept that as a reason. I think there has got to be a much deeper reason why they never catch up. Even when the children are 14, the disparity is still over 70 per cent for mothers in a couple and below 60 per cent for a single mother.



**Ms Flanagan**—It is about a 12 per cent difference at that age.

**CHAIR**—They never catch up, ever. Why is that? It cannot be housework. I am not accepting that.

**Ms Flanagan**—It is not just housework, it is the whole—

**Mrs IRWIN**—I think what Kerry is trying to get at is that extra support within the family home. I know that I could not have worked full time if I did not have the support of a partner within the home—homework, bath time, cooking meals, washing, hanging it out—

**CHAIR**—So what is going to happen to them when their child is eight and they have got to go out to work?

**Ms Flanagan**—Again, I think the government is putting in place arrangements and DEWR will be able to explain, if you want to call them, how they see that happening.

**CHAIR**—Look at eight-year-olds, and they are on 50 per cent. Eight-year-olds in a couple relationship are about 68 per cent. It is a huge difference, isn't it?

**Ms Flanagan**—Yes.

**Mrs IRWIN**—I do not think we will get into a debate today, but I think that Welfare to Work is going to have a very bad impact on single parents. But that is a debate for another day.

**CHAIR**—Yes. I am not having that debate; I am just genuinely puzzled about why they never catch up and what work you have done to show that the Welfare to Work program is going to assist those mothers. That is what I want to know.

**Ms Flanagan**—We have not because, as I say, it is the responsibility of another portfolio and the Welfare to Work changes have not yet been implemented. I am sure that the department responsible will be monitoring—

**CHAIR**—You must have had an IDC. Everybody has an IDC. Did you have an IDC? You must have talked to them.

**Ms Flanagan**—We were certainly part of an IDC, but I would leave it to the chair of that IDC to speak.

**CHAIR**—Who chaired it?

**Ms Flanagan**—The Department of Employment and Workplace Relations, I think.

**CHAIR**—We will make a note. We need to get in the chairman of the IDC.

**Mr Popple**—It was actually chaired by the Department of the Prime Minister and Cabinet.

**CHAIR**—All right. We will make a note of that too. When it comes to the CSA, that is not you either, or did you have an input in that? There is certainly great need for reform in this area.

**Ms Flanagan**—The child support arrangements are the policy responsibility of the department. The Child Support Agency is in the Department of Human Services, but I do not think we have got anybody here who is an expert on the child support arrangements today. We did not think that the committee would want to ask questions on that.

**CHAIR**—It is brand new and I think we do need to ask questions about it, because there are going to be winners and losers. I would really like to know if any work has been done to identify who the likely losers are—what their profile is, what sort of people they are.

**Ms Flanagan**—We can take that on notice and if we have got the information available we can give it to the committee.

**CHAIR**—There being no further questions, we will leave it there. You are administering some terrific policy. I am just very keen to see equity and choice and to show that excluding options for people cannot be done on the basis that it would be a burden on the taxpayer when the whole structure of the way we are going is a redistribution of other people's income to support families, whereas this other group we are looking at will actually allow people to have the use of some of their own money, their own taxes, rather than asking for other people's taxes. Thank you for your attendance and I also thank Hansard.

Resolved (on motion by **Mrs Markus**):

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.

**Committee adjourned at 11.33 am**