COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON FAMILY AND HUMAN SERVICES

Reference: Balancing work and family

MONDAY, 10 APRIL 2006

MELBOURNE

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

INTERNET

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **http://www.aph.gov.au/hansard**

To search the parliamentary database, go to:
http://parlinfoweb.aph.gov.au

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON FAMILY AND HUMAN SERVICES

Monday, 10 April 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, Ms Kate Ellis, Mr Fawcett, Mrs Irwin and Mr Quick

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

Committee met at 9.40 am

CHAIR (Mrs Bronwyn Bishop)—I declare open this public hearing of the House of Representatives Committee on Family and Human Services on its inquiry into balancing work and family. To date the inquiry has received almost 200 submissions and taken evidence from over 40 individuals and organisations. The committee is pleased to return to Melbourne today to take more evidence for this inquiry. Many key stakeholders are based here.

Our key witnesses today include the Business Council of Australia, which represents firms that employ a total of one million people. We will also hear from the Community Child Care Association of Victoria and Dr Leslie Cannold, who recently wrote the well-received book entitled *What, no baby? Why women are losing the freedom to mother, and how they can get it back*. We welcome back the Australian Institute of Family Studies, which assisted us greatly in our hearings here last August.

The difficulties that families face in balancing their work and family commitments and women's challenging role in our society appear to go hand-in-hand. The committee is very much interested in discussing solutions that are of benefit to men, women and, most importantly, the children they love. This hearing is open to the public and a transcript of what is said will be made available via the committee's website. If you would like further details about the inquiry or the transcript, please ask any of the committee staff here at the hearing.

[9.41 am]

CILENTO, Ms Melinda, Chief Economist, Business Council of Australia

Witness was then sworn or affirmed—

CHAIR—Welcome. Would you like to make a short opening statement?

Ms Cilento—I would, thank you. As many of you may be aware, the Business Council has a policy agenda at the moment that is very focused on sustaining strong economic growth as the foundation for sustained prosperity in Australia. Over the past year and a half we have articulated quite a comprehensive reform agenda covering many areas that affect the key drivers of economic growth, which are productivity and workforce participation. In supporting higher levels of workforce participation, it seems clear that improved work-family policies and the higher take-up of these have a very important role to play. I should add that it is not just supporting workforce participation but supporting workforce participation in the context of people wanting to have families and not wanting to discourage people from starting families or having more children.

Many BCA member companies are leading the way in the adoption and implementation of policies that better enable people to balance their work and family responsibilities. I can speak more fulsomely about that later if you would like. I think this reflects that, among other things, there is a strong business case for employers to take these policies up. Our member companies are supporting work and family through a wide range of policies, including flexibility in working hours, paid maternity leave, stay in touch programs for women or parents who are on leave, child care and the like. As I said, I think there are significant benefits to employers in taking these policies up. I think there is a significant benefit in better publicising what is being done, the benefits it brings for business and how other businesses might follow suit. To reflect this, I think it is worth noting that the Business Council is a cosponsor of the National Work and Family Awards. We hope that, through these awards and more broadly, we can continue to showcase what we think is best practice in the adoption of work-family policies. I will leave my opening comments there.

CHAIR—Thank you. Can I ask you whether or not your members are starting to feel pressure from their own workforce to actually be very sensitive to the issue of work-family and whether that is aided and abetted by the fact that some of them might have daughters of their own or, indeed, second and younger wives?

Ms Cilento—It seems very clear to me that our member companies are feeling pressure to adopt work-family policies. ‘Pressure’ may be too strong a word. I think the reality is that our member companies are large employers. The vast majority of them seek to be employers of choice. They are looking to employ the best people that they possibly can and they are increasingly competing in a very tight labour market. Work-family policies are one of those issues which allow them to attract and retain quality staff.

We surveyed our member companies a couple of years ago on the types of work-family initiatives that they had in place. We used the work-family awards criteria, if you like, for assessing businesses and to tease out what they were doing and the range of things that they were offering. We found that a very high majority of our members were offering quite a wide range of policies. When they were asked about why they were doing that, the answers were very much in terms of trying to attract and retain quality staff, improve staff morale and improve productivity. They were indeed the results that they found. Many of our member companies were also happy to say that the costs of those policies were far exceeded by the benefits of implementing those policies. As one example, if you think about the cost of losing a middle to senior management person—having to recruit, advertise, retrain and the time spent in doing those things—that can run to tens of thousands of dollars when you are talking about replacing a member of your team who is senior and experienced. So there is a very clear business case.

One of the things that has struck me in recent months—and it is somewhat anecdotal—is that I am hearing a lot more of our members talk about the issue of child care. It seems to me that that is an area where there is growing pressure and where businesses are finding that it is cutting across their own employees' ability and willingness to work. That is the take that I have on it, given the number of people who have raised it with me directly as an issue for the BCA to take into consideration. In a general sense, it seems obvious that there are growing concerns about the quality of care available, the flexibility of care available and the absolute number of places available. One of the very specific issues that have been brought to my attention relates to the fringe benefits tax and how it relates to the provision of child care. The concern is that child care provided by an employer in the workplace is FBT exempt, but if it is not provided within the context of the workplace, it is not exempt.

It is interesting that even big business is raising this, because I think the simple assumption is that that is all right; it would only be big businesses that would be making use of this, and why would they be talking about it? It is very clear that there is a small and medium sized business issue there as well, because they will find it very difficult to provide child care, just by virtue of their size. But even large employers are finding that it is not a practical solution unless you have a very concentrated location of staff and very unique circumstances. It may be the case that not all staff would prefer to have on-site child care, so you are talking about an even smaller pool. Some of our members provide child care. They find that very effective. It seems clear to me that others are at least looking at doing so but are finding that there are some tax issues that need to be addressed in that context.

CHAIR—We know that your members employ a million people. What percentage of those are women and, of that cohort of women, what percentage would be in senior full-time positions versus those who are in more clerical and administrative part-time positions?

Ms Cilento—To be frank, I cannot give you that data off the top of my head. It would be a challenge for us to pull it all together across all of our organisations, which are national companies in many locations, and across a very wide variety of industries. For example, we represent all of the major banks. They would have female staff spread across the organisation in senior positions but also there would be a high proportion of them working part-time in clerical and administrative positions.

I think the broader point to make is that, from the feedback we have, our members are feeling the pressure and finding incentives, if you like, to think about it more constructively and provide work-family policies for all of their employees as a means of attracting people at all levels. My understanding, although this is based on anecdotal evidence not just from our own members but also more widely, is that, even in the lower skilled areas and the services sector, you are starting to see a lot more interest in flexibility and trying to find ways to bring people in part-time to meet a growing demand for labour.

CHAIR—Would you have any data that tells you what percentage of the women who are employed would be mothers with dependent children as opposed to people who do not have dependent children?

Ms Cilento—No, we do not have that information for our employees.

CHAIR—It would be very interesting statistic to have, wouldn't it.

Ms Cilento—I think that, to be honest, if you looked at it, you would expect it to be pretty close to the national average just in terms of the vast number of people that they employ and the range of businesses that we represent. Some of our sectors obviously would be unique. For example, in the mining sector you would expect that there would be fewer female employees there. However, it is worth noting that some of those companies compete just as aggressively for the National Work and Family Awards as the services sector, where you might expect there to be a more pressing need in terms of the proportion of women. Alcoa, for example, was a winner of the National Work and Family Awards. So there is very broad representation across our membership in terms of adoption of these policies.

CHAIR—What are the criteria for the award? What did Alcoa do that made it win the prize?

Ms Cilento—As I said before, our member companies adopt a range of policies suited to their own business circumstances in terms of providing flexible working arrangements, paid maternity leave and things like that. I would be happy to provide a case study.

CHAIR—Thank you.

Ms Cilento—The National Work and Family Awards website actually has case studies for all past winners as well as finalists. I think they provide quite interesting information on the range of policies being adopted.

Mr QUICK—When you say that 93 per cent of survey respondents offer flexible working hours, is this for full-time staff? You mentioned banking. Most people in banks now are permanent part-time. 'Flexible hours' can be interpreted a couple of ways. If you are working part-time permanently then, of course, you have flexible hours. But if you are permanent in the bank I doubt whether you would have flexibility to adjust your hours.

Ms Cilento—In the more detailed list that we put together, that higher level category, if you like, represents a number of things. But, for example, flexible start and finish times were offered by 93 per cent of respondents to the surveys. That would apply to full-time staff. So there is the

ability to start at different times and negotiate those types of arrangements. It is not just part-time work—

Mr QUICK—Is it for all employees? For example, in the banking industry or the insurance industry, do you have that flexibility level of 93 per cent?

Ms Cilento—What we asked members was whether they provide opportunities for their staff to do that. My assumption would be that you would be able to sit down and talk about what options are available for your position. There would be some positions in different companies where you need to have someone there at all times, so there may be less flexibility. But our intention was to find out whether those policies were made available to staff and that is the way in which our members answered.

CHAIR—Can I go back to the amount of women that you have. With regard to paid maternity leave, I would imagine that your members would probably provide paid maternity leave on a larger scale or more numerous scale than small to medium sized enterprises. Would that be the case?

Ms Cilento—Our understanding is that is correct—that there are a higher proportion of our members offering paid maternity leave than would be the norm in broader business.

CHAIR—Does the combination of the baby bonus, which will go up to $4,000 on 1 July, family tax benefit B and family tax benefit A added together over a 12-month period equate or come close to being the equivalent of paid maternity leave?

Ms Cilento—It depends, of course, on what sort of staff member you are talking about.

CHAIR—Take somebody who is a part-time worker who is working to help pay the mortgage.

Ms Cilento—I think we have got to the stage now where there is a not insignificant amount of financial support being provided for people who are having families. That would be a significant offset to women taking time off, particularly for those of a lower income. I think it is important to recognise that. Whether or not it is being provided in the best way possible and what the disincentives are with some of those payments in terms of returning to work are issues that we think need to be—

CHAIR—But leaving that aside, those payments are now quite considerable. You have a $7,000 lump sum, plus you have family tax benefit A, which for the first child is $600 a fortnight, I think.

Ms Cilento—There is a significant amount of financial incentive being provided. The issue of paid maternity leave is an important one, but the Business Council has tried to broaden the discussion about work-family policies away from just the focus on paid maternity leave. Not all of our member companies provide paid maternity leave, but they provide other policies. It needs to be recognised that it may not be the policy of choice for some workers. Workers who have higher incomes may be able to see themselves through a period of leave from work but are actually more interested in the flexibility that they might have when they return to work. They

might be more concerned about the availability of child care. They might be more concerned about trying to juggle work during school holidays, for example. Whilst we think paid maternity leave is an important issue to be discussed and it is clear, from the number of our members who are offering it, that they find value in doing so and it certainly assists in the retention of women—in particular, those coming back to the workforce—it is important to recognise that there are a wider range of policies that many companies find suit their purposes and suit their employees.

CHAIR—I have to say that I agree with that. Regarding the idea of paid maternity leave for the period that Pru Goward suggests of 14 weeks, I do not see it as just a 14-week problem; I see it as a 14-year problem. I think I agree with those other policies which we—

Ms Cilento—Anecdotally, if you read Bernard Salt, he might say that it is now a 25-year problem.

Mr QUICK—In your submission you state that there is a need for an appropriate period of leave after the birth of the child. Does the Business Council of Australia have a position on how long that appropriate period of leave should be?

Ms Cilento—No, we do not. There is obviously consensus around the fact that women should have time to be with their children to establish breastfeeding, care and things like that but, beyond that, we think it is an issue for families to determine themselves in a way that best suits their own needs and requirements.

Mr QUICK—In the survey, was best practice a certain number of weeks? Was there a wide range in your membership?

Ms Cilento—There is a wide range. Some of our companies come in and drop out. One company that had a very generous maternity leave has dropped out and was not included in this survey. To give you an example, it has ranged anywhere from six weeks to six months, but I would say that the average is closer to between six and 12 weeks.

Mr QUICK—What is seen as best practice?

Ms Cilento—I do not know that we would put a—

Mr QUICK—With productivity and the wellbeing of the workforce and the like, if you had that option of opting in and out of six months, surely that would be better for everyone?

Ms Cilento—I am not sure that I would agree with that statement. I think that different women have different family arrangements and there may be different circumstances that suit them. They may feel confident after three months that they have established the relationship with their child and they may have a secondary carer—a father or someone else—who is there. For example, if they are the primary income earner, it may best suit their circumstances that the woman returns to work and another carer takes over. I take your point that, if you are being paid for six months, most women might prefer that. But I am not saying that is unequivocally best. Our view has been that it is an issue for businesses to work out with their employees.

Mr QUICK—There is the issue of consistency across the states. I come from Tasmania, where the average mortgage might be $200,000. But, in Sydney or Melbourne, one of the factors forcing you to go back into the workforce is the fact that you have a mortgage which is probably 100 per cent more than that. That is not mentioned in the survey. When people are surveyed, do they talk about the impact the mortgage has on their desire to get back in and on their health and wellbeing?

Ms Cilento—It is not something that we have surveyed. We were surveying our members on the types of policies they adopt. It does seem evident in other research that financial issues are a factor—that is for sure. But there are other things that you would need to take into account in doing state-by-state comparisons as well, such as income levels and things like that.

Ms KATE ELLIS—You said that you do not want to focus just on paid maternity leave but also on a series of other family friendly solutions. You talked about a couple of those. I am just curious about what the council's view is on some of the solutions that they are coming up with internationally. We have heard a lot of evidence in this committee that there are a number of initiatives which Australia is quite behind the ball on. Obviously, there is the UK legislation regarding part-time work and leaving someone's part-time job open. Also, there is the option of unpaid maternity leave for up to two years rather than one. I just wondered whether you could comment on some of these alternatives to paid maternity leave.

Ms Cilento—Sure. We have not formally explored the idea of leaving a job open for two years. I would be happy to look further into it. I guess the issue for our membership would be how they managed their own employees and how they would juggle the number of staff being away and things like that. There would be an implication for them in managing that. I have to say that, whilst we have moved on a little bit from this survey, again, my sense from talking to CEOs and people at the HR level was that they are increasingly being open-minded to requests that are being put to them. The question is whether or not you have it as a policy that applies to all businesses or recognise that increasingly employees can discuss these issues with their employers and come to an arrangement that suits their purposes and their needs. I think it needs to be taken into account in that respect.

The other point, obviously, is that, whilst examples from the UK might be more or less comparable with what we do, we do need to take into account the broader social welfare system—that is, the history of it and the way it is structured. I say that more in respect of solutions that might be picked from, say, Scandinavian countries, where there is a different expectation in terms of what taxation, spending and social safety nets are.

Ms KATE ELLIS—A number of your members, I would imagine, have come to see this committee and shown some really wonderful initiatives and family friendly practices that they are taking upon themselves to put in place within their business. But I note that, in your submission, the council talks about how there is obviously a need for public policy as well as what individual employers are deciding to do. You talk in particular about tax reform, which we could get stuck here all day on—that is another whole inquiry—as well as workplace relations and workplace reforms. I know that you talked about senior and middle management positions held by women, but I am talking more about unskilled labour. What are your views on Pru Goward's comments on taking family friendly initiatives out of collective agreements and making individuals have to negotiate them themselves? You have talked about workplace reform

as a positive for family friendly policies. I just wondered how you thought that was going to help those lower wage positions.

Ms Cilento—Let me just touch quickly on the tax policy first, without wanting to sideline the second question. The issue in terms of taxation is the one of the high effective marginal tax rates. It is this conundrum, if you like: if you provide welfare and assistance, when that is withdrawn—which it is when you have means testing, and that is appropriate—you have these high effective marginal tax rates. There is no easy answer to that except to say that, while some might argue that it is not a disincentive to work, as I think we said in our submission, when you start getting effective marginal tax rates that approach 80 per cent, our view is that that has to have an impact on whether or not people return to work. We do think it is an issue. Without having the specific answer, we think it is something that needs to be looked at more carefully and that, in part, it is a result of the payments that are there and also the complexity of the system and the number of different payments that are made.

To go to the point about workplace flexibility and workplace relations, the issue that we have put forward is that greater flexibility in the labour market, we believe, results in higher levels of participation and higher job creation. We have seen, through our membership, that greater flexibility allows them to be more innovative and creative in what they offer. My view is that the more that you can demonstrate that, the more take-up there will be and it will be take-up in a way that is consistent with the circumstances of the enterprise and its employees. That is what we are trying to achieve. There is a challenge, I agree, in respect of lower skilled workers, but our perspective is very clearly that the better environment to create is one where there are jobs and job opportunities—and more of those rather than fewer. The greater the take-up is across the board then the more pressure there will be for those policies to be implemented and taken up. The question is whether regulating them, in a sense, or getting them taken up in a way that may not suit the enterprise itself best suits the employee in the end if it results in fewer jobs.

Ms KATE ELLIS—Touching on your agreement that there is a challenge for those lower skilled employees, what solutions does the Business Council have to meet those challenges? Obviously, as a committee it is very important to us that we improve the situation in Australia by encouraging people to have children and encouraging all workers to feel that they are able to balance that. If we do have these challenges—which, I would argue, are going to increase, particularly amongst those on a lower wage—then I wonder what solutions the council has to address them.

Ms Cilento—Our position is that you need to have a flexible workplace environment in terms of the regulation offered and you need an appropriate safety net. Those are the two crucial aspects in order to ensure that there are the best labour market outcomes for the broadest number of people.

Ms KATE ELLIS—I have one more question. Would you therefore agree that, with a lower skilled, lower wage position, if somebody is stepping into a more flexible industrial relations system by sitting down and negotiating with their employer, if they do try and push family friendly provisions then that will make them less likely to get that position and that we are encouraging a situation where mothers in particular, or those with families, will actually find it a lot harder?

Ms Cilento—What I am taking issue with a little bit is the assumption that they will then not be employed on that basis. One of the things that we have found, and one of the things that we need to publicise more broadly, is that when push comes to shove, with these policies that are being implemented, all of our businesses are saying that the benefits of implementing these policies far outweigh the costs. I think that is a message that we need to do more to get out there. There is a presumption that all of these things are by definition difficult and that all employers will say no to them. What I am saying is that, increasingly, employers are recognising that there are benefits on both sides of the coin in implementing those policies. So I think we need to do more to do that.

I am actually not inclined to think that automatically every person who sits down and says, 'Could I do this,' or 'Could I do that'—because it suits them and in return they get a particular type of work—will in every circumstance get the automatic answer, 'No; here is the door.' I think there is an inclination to want to depict it that way. I am not saying that it will never happen. I am not saying that there are not some employers that behave in a way that we would not support or condone. But the question is whether you set up a system based on that or on creating a flexible environment that supports job creation at all levels and also highlights the benefits that can be achieved through the types of policies that we think many of our members are adopting.

Ms KATE ELLIS—I agree. Just to clarify, I am certainly not putting forward the suggestion that every employer would say no to that either. I am just saying that, if we are getting more employers saying no in a new system than in the old, we are actually making the problem worse rather than addressing it.

Mr FAWCETT—I just wanted to confirm your position. I have small employers in my own electorate that have unskilled people in their business. Some of them made transitions just recently to the new arrangements. The workers themselves say, 'There's a higher rate of pay and it's more family friendly.' They no longer feel constrained to compete for the hours on Sunday because of the higher rate of pay. They get a higher hourly rate of pay throughout the week. That has given them far more freedom to swap and to meet family responsibilities throughout the week. Both the employer and the employees have actually found that a really liberating thing. They have kept trading on Sunday, the employees have found it more flexible and they are actually earning more on an hourly basis. So it has been a win-win situation.

Ms Cilento—That is exactly right. I think there is a temptation to talk a lot about individual workplace agreements and things like that. I would just be very clear that the Business Council's position was to look for a system that supported agreement-making at the enterprise level, because that is where we think you get that type of outcome, rather than having an imposed set of circumstances that says, 'This is the best way to meet your needs.'

Mr CADMAN—I have not had the benefit of reading in detail your paper on taxation—the taxation action plan. But I have looked carefully at the impact of effective marginal tax rates on families. I notice that you give priority to the impact that that can have on choice for families. Particularly for the second income earner, there can be a huge penalty at certain rates of pay and at certain hours worked. Have you done any detailed work on the area of impact of effective marginal tax rates on second income earners and on what detrimental impact that may have on

them deciding to work three or four days or no days or even going into permanent work when they prefer to work three or four days a week?

Ms Cilento—We have not done detailed modelling. My understanding is that the Melbourne institute is the expert, if you like, on looking at all of the different effective marginal tax rates, where they cut in and how they cut in and the like. As I said earlier, it reflects the layering of a whole range of benefits, including health care cards and all of those types of things. The issue we have raised, as I said earlier, is that when you have effective marginal tax rates that can be as high 80 per cent—so for every extra $1 you are earning, you get to keep 20c of that—it seems impossible to assume that that is not going to influence someone's decision. They seem particularly high for certain groups of people. I am not an expert in this area, but my understanding is that that can be sole parents in particular. What we are proposing is that this is an issue that needs to be very closely examined in terms of what it means for people who are considering moving into the workforce and the decisions they make. It is not one, to be honest, that we necessarily have the single right answer for. When you have a means tested welfare system, this is one of the outcomes of it.

The question we raise is whether we as a country think we have it right in terms of where we are at the moment and what some of the potential implications of the current system are, and not just for current generations. What you are now starting to hear more and more about is generation after generation of people not participating in the workforce and for whom it seems to have become an accepted norm, if you like, that that is the way things work. We think it is an issue that needs to be looked at but it is not one that you can necessarily solve just by looking at the tax side or at the welfare side, although obviously efforts to change either of those would have some benefit.

Mr CADMAN—A bit of work I have seen indicates that, with two dependent kids under the age of five, if you throw in full-time or even part-time child care at current rates as well, it becomes nearly impossible to consider going back to work, even for one or two days a week.

Ms Cilento—I think that is right. I come back to the point about child care as well. It is one that I think is becoming increasingly important. If it is being raised in the context of our employers then it is becoming a much wider problem.

Mr CADMAN—Do you think we need greater flexibility in our approach to child care too? We seem to be only looking at formal child care rather than at a more flexible approach. I know that the chair is interested in a range of flexibility. I am wondering whether or not that would be an effective approach both for employers and employees.

Ms Cilento—I need to say that we have not at this stage done a lot of work on the child care issue beyond looking at some of the fringe benefits tax issues and suggesting that they need to be addressed. But my understanding and the thing we are hearing is that the issue with child care is not only affordability but availability of places, availability of quality places and availability of flexible places.

CHAIR—We are looking at things like nannies, for want of a better term. That is one-on-one child care in your own home. If we got rid of fringe benefits tax penalties then perhaps that is something that your employers could look at salary sacrificing for as well.

Mr CADMAN—But I think that, even if there was greater flexibility with the child-care rebate and where it could be applied, you would achieve—

CHAIR—Yes, into the home.

Mr CADMAN—much of the same thing, whether it be a formally trained nanny or some other sort of help. We may get a better result than from tying it so tightly to formal care.

Ms Cilento—I think these are issues that all need to be explored. The only other observation I would make is that one of the things that obviously needs to be taken into account is, for want of a better description—and I am an economist, so I apologise for that—both the quantity and the price of it all. If you start changing things, you have to take into account the supply and availability of child care—

Mr CADMAN—I think that is a very proper comment. I agree.

Ms Cilento—as well as the cost and who is providing it. Without wanting to make your life more difficult, I think it is all in the mix. But it is emerging as a growing concern.

Mr CADMAN—It is a very useful and helpful survey.

Mr QUICK—Can you explain how the 13 per cent who provide work based child care operate? Is it a range of small, medium and large employers or is it a particular—

Ms Cilento—No, we represent only large employers. My understanding is that—

Mr QUICK—So it would probably be two or three major companies?

Ms Cilento—That is right. They are providing facilities within their major headquarters locations, if you like. That is the issue of cost and scale—it only becomes feasible for people who are very large-scale employers who have many of their staff located in or around one close location.

CHAIR—It is basically the Bank of New South Wales and the ANZ bank?

Ms Cilento—Yes—Westpac. They would be the key ones.

CHAIR—Yes, it is Westpac, not Bank of New South Wales. I slipped back into the past!

Mr CADMAN—How often are these surveys done? Is there a comparison between this one and the last one? Have results changed all that much?

Ms Cilento—In fact, this is the first survey we have done. I have to say that it is on my list to give consideration to whether we should actually update it again and go into a bit more detail, particularly on the cost-benefit side of things. I would go to my point earlier about trying to perhaps get a broader understanding that this is not just all about a hit to the bottom line, if you like. There are actually quite significant benefits to companies as well.

The background to the survey is that we actually conducted it in some ways to try to get at the issue that this inquiry is getting to, which is whether or not there were policy impediments or policy issues that were influencing our member companies in providing work-family policies. We wanted to find out what they were doing. We did actually ask some questions about whether there was something more that government could do. Without wanting to make it the sole focus of my comments today, the FBT aspect of child care did not really emerge when we did this. It is now emerging in more conversations that I have.

This gives me an opportunity to raise the key issue that was highlighted in this survey as the impediment to the take-up of work-family policies. Quite simply, it was the fact that they are still seen as women's business. I think it is not something we can wave a policy wand over. We cannot say, 'Now it is no longer women's business.' This goes to the challenges of what you do on policy. If you regulate or implement policies which do not have ownership and which are not thought about in the context of the enterprise, our real concern is that you will end up getting policies that actually discourage the employment of the people you are trying to help and whose participation you are trying to support. I think there is still a long way to go in terms of changing the thinking and the culture around it.

One of the issues that we found with our employers was that, even within organisations where there is absolute buy-in at the senior management and CEO levels, there is the ongoing need to push that down throughout the management of the organisation to make sure that, day by day, the decisions being taken reflect higher level policy and support for work-family policies.

CHAIR—We have talked a lot about the high effective marginal tax rate and that it can be up to 80 per cent. Is the major component in that high figure the number of children that the mother has?

Ms Cilento—I am not sure.

CHAIR—I think it is.

Ms Cilento—This goes to the difficulty of the issue. It depends very much on the different benefits that that person has access to.

CHAIR—But the main thing that goes up in large lumps is the number of children you have.

Ms Cilento—It certainly is a factor.

CHAIR—The more children you have, the more dependent you are on a payment from taxation revenue—from other people's earnings. The other variables do not impact nearly as much as the number of children. If you have an enormous number of children, like six children, maybe the prospect of returning to work is very different from someone who has two children.

Ms Cilento—I am sure that is the case for any number of reasons.

CHAIR—But nobody even really puts that into the equation.

Ms Cilento—I guess that, from our perspective, the approach we have taken is that we would like a system that provides flexibility and supports people in the decisions they want to make. It is for individuals to decide how many children they want to have and the like. But we think that the more flexibility you have in the workplace, the more able they will be to juggle work and family responsibilities.

CHAIR—What we are looking at here—it is part of our terms of reference—is what impediments in our existing policies or lack thereof affect the decision of people to have no children or fewer children than they otherwise might ideally have thought they would like. That is why the number of children and the amount of taxpayers' money that is supplied to them is relevant. The question of who is bearing the greatest burden is also relevant—that is, which sections of people or which taxpayers are bearing the greatest burden to subsidise people who already have children? It could be single people or couples without children, for example.

I will use a specific example. A single person earning $40,000 a year pays tax of nearly $9,000 a year. A couple with no children earning $40,000 where one partner earns two-thirds of that amount and the other partner earns one-third pays $5½ thousand tax. But a couple with two children under five with one income pay no tax at all with an effective tax threshold of $41,000 because they actually get a payment top-up. That means that a couple with no children who may be saving like blazes to be able to afford to have a child are actually subsidising people who already have them. Is that fair? I do not know. I think we are uncovering some interesting figures. Would you agree?

Ms Cilento—The observation that I would make is that, as I said earlier, we now have a system that is quite complex in terms of the welfare payments that are being applied. There is a range of payments available and they cut across all sorts of different circumstances. There is not a great deal of clarity about how they interact in terms of when they are withdrawn and what the income circumstances are. You have some payments that are means tested on a single income and some that are means tested in respect of family. There are a whole lot of payments in there the implications of which people do not really understand. I think there does need to be consideration in terms of what the incentives are to work and whether there are incentives there that we have not anticipated regarding when and if you have a child or how many children you have. I do think those are issues that require further investigation.

CHAIR—We have heard a lot about effective marginal tax rates, but what we have not heard a lot about and what we are starting to see is that there are huge differentials in tax-free thresholds. That has been the result. So there might be high effective marginal tax rates—and I would like us to do some work to see if it is largely determined on the number of children—and a number of tax-free thresholds that are now impacting on who is subsidising whom. With 54 per cent of taxpayers earning between $20,000 and $50,000 and a further 1.2 million people earning less than $20,000, I am really quite concerned about that cohort of taxpayers earning up to $50,000 and much less who are subsidising people in a way that perhaps they cannot afford to be doing. It should be spread more evenly.

Ms Cilento—I will declare myself as not the tax expert in the organisation, but my understanding is that there is clear redistribution of income from top income earners down to middle income earners and below.

CHAIR—Yes, but I am talking about low income earners having their income distributed up the chain.

Ms Cilento—I understand that. I would have thought that that was a logical conclusion of a system where the family tax benefits have been increasingly topped up in recent years. That is exactly what is going to happen.

Mr FAWCETT—On the second page of your submission you talk about the biggest challenges for those seeking to balance work and family. You list a few things there such as care, school holidays, unforseen circumstances due to ill health et cetera. Other than the competition that you cosponsor, what direct educational or other activities does the Business Council undertake to actually try to demonstrate to employers the benefits of adopting these policies?

Ms Cilento—There are two issues there. One issue, of course, is what happens in-house amongst the members. One of the things I thought was a positive outcome of our survey was that, when we released the survey, we had a number of member companies ringing up asking for specific information about the survey and what other member companies were doing. So I do think that had a very clear direct impact within the membership.

We have continued to grapple a bit with what we could do more broadly in terms of encouraging the take-up. What we found within the context of the National Work and Family Awards, which have been held every year, was that the awards were being gobbled up by the award process—just in processing the number of applicants and the like. We were losing the breathing space to take the companies that were doing the right things, the positive things, in the context of work and family and use them as role models a little bit more and also as sounding boards. So that is something that we are looking at over the next 12 months in developing a more formal promotional campaign and getting people who have won awards in the past to use their information so that there is a better understanding of what they have done. This is early days. It is not entirely formalised, but we are looking at ways in which we can get those people together with others who are interested in what they have done, what some of the hurdles and obstacles were and how they got around them. It is a little bit of 'watch this space', but making sure that people understand, as best as possible, what has been done is definitely on the list of priorities.

Without wanting to sound like I am complaining about this, I will state for your information that when we did the survey, which we thought had some very positive results, we were not able to get any media coverage for it. That continues to be one of the issues. When you are trying to demonstrate something that is going well and are trying to use outlets in that way to spread the good news, it is perhaps a little bit harder than with some of the other stories that might spring to mind.

Mr FAWCETT—We understand the frustration well.

Ms Cilento—I am sure.

Mr FAWCETT—I am really encouraged that you are looking at taking the next step of role modelling. My next couple of questions relate to that. Having got a foot through the door and starting to break down the concept that it is all women's business and that it is nothing to do with the bottom line in running a company, there are two other areas that I think have not really been

addressed previously. Now that you have made the beach head, I am wondering whether you would consider exploiting it. One area is elder care. We talk a lot about child care, but increasingly we have seen people who also have caring responsibilities for older people. I am interested to know, in part, whether you will go down that path.

The second thing is that in your paper you say that one of the challenges Australia faces as a result of the ageing of the population is getting the birth rate to a sustainable and growing level. One of the submissions, from the Institute of Family Studies, talks about the fact that for people to feel that they can commit to having children they need to have a secure, stable and rewarding relationship. One of the things that often put pressures on relationships is the interaction with work, when both partners are working and trying to pay mortgages et cetera. What the Institute of Family Studies talks about, along with a number of others, is the increasing need for people to have education and training in interpersonal skills and counselling, as well as in counselling on strategies that help people avoid or overcome the pressures that threaten their relationships. So, along with elder care, there is also the aspect that certainly most corporations have never looked at before which is the care of the personal relationships of people who work within the corporations.

As part of your education campaign about the whole area of work-family balance, I wonder whether the council has given any thought to providing opportunities—obviously you could not mandate it—for people within workplaces to say, 'Yes, we would actually like to take advantage of employer provided access to individual counselling or perhaps group training education'—exposure to things like conflict resolution, communication skills and things to do that actually support and provide the framework to help relationships survive the pressures that come upon them.

Ms Cilento—On the elder-care issue, we have not done much in terms of the specific structure of elder care or the costs in the same way as we have with the child-care issue. As authorities, we cannot comment on what the ideal child-care system should look like. But it is clear that, like child care, that is an increasing issue. When we talk about work-family, we are not saying that family is just in respect of children under five. It is more broadly defined. There has been discussion about whether work-life is a better title for it. I think there is still a way to run on work-family so I am going to keep plugging that for the time being. But it is obviously a real issue and one that is becoming spoken about far more frequently. I guess that demographically this the first generation that is now going to confront the real challenge of having had children later and managing relatively younger families as well as older parents with increasing life expectancy. If you look through many of the things that apply to younger families, I think they equally apply to how you balance and manage your responsibilities with older parents, for example.

One of the things we found was that, even in talking about work-family or even in respect to children, many of the policies that companies are adopting have application in a broader sense. Indeed, some of our members have already moved on in that the policies they are using are very much work-life and are even talked about in a wellbeing sense. That leads onto your second point. Again, I think that, for many of our employers, in their quest to be employers of choice these are the kinds of issues they are hearing about from their own employees. They are responding to them. We do not have specific information about who is doing what or how that is

working, but I would be surprised if some of our companies are not already dealing with those kinds of issues.

Somewhat tangentially, one of the other areas we have done some work on in the past relates to supporting the participation of older workers. Again, there are issues of flexibility there. There are other issues regarding assisting them in planning for their retirement. We have certainly spoken to members about the benefits they might find in providing financial training or guidance to some of their staff who are thinking about retiring. One of the things you find at that end of the age spectrum is that people might make a decision to leave the workforce and then find that it does not suit them financially. They then have to make some difficult decisions about coming back, quite often at financial cost to themselves. There are some other areas there with very similar themes that are being picked up. But it is a point well made. I am prepared to take that away and think about whether there is a role that we can play in encouraging the take-up at an enterprise level of those kinds of policies.

Mr QUICK—You mentioned the opportunity to work from home. If people are working from home as part of the corporate structure, given the issues that we have just been talking about, are people included rather than feeling isolated? That would add another pressure to the whole family-work situation.

Ms Cilento—I think that is right. Working from home is a policy that suits some businesses and some people. It does not suit all people or all businesses. I think it is something that is being looked at. One of the challenges for businesses in managing it is to make sure that, even if their employees are not co-located, they are part of a team and part of the structure and all of that kind of thing. Without wanting to go off on another tangent, I would say that this relates very much to the culture of things and the comment I made about women's business.

We were part of a group that looked at this issue of working from home a bit more. Toshiba sponsored some research and put out some findings about working from home and things like that. It was interesting that one of the biggest obstacles they found for the greater take-up of those types of policies was in fact trust—that is, how businesses went about feeling that they could trust their employees working from home, basically. I think that is interesting. In my own experience, I do not think that many people wander around and check what you are doing every day. But there was a sense that, if someone is at work, you have a better idea about what they are doing.

At a very broad and general level there are still things such as how we think about work and the culture, and who we think of as working as well as when and how, that will need to be changed. I think that is happening but there is more that needs to be done. We need to say, 'Yes, this is acceptable and we find that our people are very productive. These are the things that help you to make sure that that relationship works.' Again, there may be a role that some of our members can play, having gone perhaps a bit further in those areas than other companies and particularly medium sized companies that might be looking at taking some of those issues up.

Mr QUICK—I am not aware of who won the awards or what they won them for. Is there a website?

Ms Cilento—Yes. There is a whole range of material there. I would actually really encourage you to look at it. One of the reasons I have really enjoyed being part of those awards is seeing the range of businesses that have actually demonstrated that they are willing and prepared to do this. I have to say that it is a real joy to be there on the night and see the enjoyment that people get and the pride they have in winning these awards.

You always want to single out different companies and organisations from the membership. IBM is now a sponsor and they have won. They are so committed to these issues. It is very impressive. But I have to say that the one that stood out the most was when the Federal Police won. One of the guys who had been responsible for driving the cultural change within the organisation was the sort of person you might look at and not automatically assume to have complete buy-in to this issue, having been basically a police force lifer and being an older gentleman. That is my own bias; you might not assume the link. He literally had tears in his eyes when they won the award.

If you talk to any of the people in the AFP who have been involved and the types of policies they have implemented, you will hear a fantastic story about what is able to be achieved and the benefits it brings. One of the things I think the awards has perhaps not done as well as it could is getting those people out there. They are personal stories and they are compelling. If we did more of that there may be less of a need to talk about some of the other issues that we have had to talk about today.

CHAIR—We have heard some evidence about Australia's birth rate versus the birth rates of countries such as Spain and Italy, which are much lower than ours. We have also heard evidence in discussions with Pru Goward that much of the reason for lower birth rates in those two countries and other Catholic countries is that in those countries women's expectation of maintaining independence is very much lower because they are very much more patriarchal. So they are opting not to marry. In so doing they do not go on to have children.

Bob Birrell in his work says that in Australia our birth rate is higher because women are prepared to have children outside of marriage, which they are not prepared to do in those countries. In fact, it makes up the difference. In employing people, do your members in any way make a distinction between people who are in a couple, whether they are married or de facto, who are balancing their work and family, and single mothers who are balancing their work and family? Do you have any evidence about how much those two groups of women achieve in the workplace?

Ms Cilento—I have no evidence, but I would be very surprised if any of our members took the status of a relationship into account in decisions they make on hiring or promotion or anything like that.

CHAIR—It is just that, if there is a family crisis and somebody has to go to hospital or whatever, if you are a single mother it is you doing it. There is not anyone else. If you are in a couple situation, it is a shared burden. I wonder if that affects people's career paths.

Ms Cilento—I would be very reluctant to draw those conclusions. It is not clear to me that you can automatically assume that someone is going to have less flexibility or be less able to respond to those kinds of crises. I will make a number of observations. You may have a couple

with kids who both work full time. It is not clear to me that either of those would be differently placed than a single mother in terms of something that emerged unexpectedly. You do not want to prejudge people's circumstances in terms of what sort of care they have available or what sorts of support systems they have available. I would not see that as an issue that factors into the decision making at the level of our employers. As a parent, I would also add that if there was a crisis at home I am not sure that I would not want to be there, irrespective of who else was there. It is a little bit more complicated than that, and I do not think that is an issue that our own employers would be taking into account in their decisions. The issue for them is the job at hand and who is best placed to fill that.

In terms of the broader demographic issues, I am not a demographer but my understanding of the literature and the research is that women in other countries with more rigid cultural standards, if you like, find it an issue. They may be given all the opportunities of education and employment early but once they reach the stage where they are settling down and having families those opportunities are less available to them, whether because of decisions made by or expectations within their own family or expectations in the wider community and work force. The countries that spring to mind there are countries such as Japan and Italy.

It goes to the broader issue that we have been talking around today, which is not only the workplace support for and acceptance of the fact that people have families and that that is part of who they are but the wider community and social support as well. That goes to the whole cultural dialogue and debate about how we live and how we support people in a whole variety of ways.

CHAIR—I have one last question. It is observed that in Australia the growth of part-time jobs has virtually coincided with and equalled the number of women re-entering the work force, and that that flexibility has been able to occur in our work force. It is noted that in some of the other countries that we have mentioned—and I have not looked at Japan in this particular context but I have certainly looked at Italy and Spain—there is very little part-time work compared to what we have here. Yet our economy is surging and performing better than either of those two economies. One witness put to us that if you have one employee doing an eight-hour day, then that is your productive time. But you could perhaps have two people doing that job, which could give you a 10-hour or 12-hour day, which would give you extra productivity. Has the Business Council of Australia done much work on those sorts of issues?

Ms Cilento—No. It is very clear that the growth in female participation has gone hand-in-glove with the availability of part-time work. That shows up in the research, it shows up in the simple data and it shows up in any conversation that you have with people about the ways in which they balance their work and financial desires with broader obligations and responsibilities. There is a lot of discussion about whether in an ideal sense jobs should be full time or part time and what the implications are for productivity. The more important issue is that you do not create obstacles for employers looking to take on more staff. If they can provide the part-time job in the first instance, that is a positive thing. It is good for the employer and good for the employee. If it gets to the stage of being a full-time job, whether that is offered to the person who is already in the job or whether someone else is brought in and there is job sharing or whatever—there are plenty of options available—then that is good. The issue is that the employers have the best opportunity they can to create jobs, rather than being discouraged from doing that.

CHAIR—Thank you very much for your most interesting testimony for us today. We appreciate it. There might be a couple of things that we have asked you to take on notice. The secretariat will follow up on that.

[10.50 am]

CANNOLD, Dr Leslie, Private capacity

Witness was then sworn or affirmed—

CHAIR—We have your submission, for which we thank you. Would you like to make an opening statement?

Dr Cannold—I thought I would give you an option, given that you have already heard a fair bit of evidence. What I submitted was a speech that I had given at Monash for International Women's Day, and that was because at the time I was extremely flat out and unfortunately could not do what I really would have liked to have done, which is specifically address all your terms of reference. One of the things that I know a fair bit about is one of the terms of references, which is about the impact that work and family has on sustained low fertility, or declining fertility, depending on who you speak to.

CHAIR—I would be most interested to hear about that.

Dr Cannold—I could either speak directly to the submission, which in some ways is really about the larger frames in which we try to think about this issue and some of the things that perhaps stop us thinking through what I see as some of the solutions, or I could speak in some senses to my book, which I have brought along and am happy to donate to the cause. Anyone could choose to read it later on if they would like to. The first and last chapters sum up what I think would be of interest. What you would like me to speak about is really up to you.

CHAIR—You indicated that it would particularly address the terms of reference, so that would be very good.

Dr Cannold—*What, no baby?* is based on my PhD. The PhD was really trying to look at the issue of childlessness. In the academic land, up until recently there was an idea that basically, if you looked at women who did not have children, you would find one of two things: women who were infertile or women who were childless by choice. Essentially, you had either things that were remedial, so you could help infertile couples by medical intervention—somewhere around seven to 10 per cent of couples are seen to be infertile—or a group of people who were not having children because they were seen to be choosing not to have children. They were childless by choice. There is not really a lot one could see to do about that, other than to try and coerce people to make different choices to the ones they were making. So, in some senses, there was really a stalemate in terms of trying to change what was in this country starting to be seen as an increasing problem, which was declining fertility. Of course, you would probably know that we have a plateau and there is a debate about whether or not the rates will go lower, but we certainly have very low fertility rates.

So one of the things I started wondering about was whether or not all the women in the category of women who were childless by choice were really choosing not to have children. I happened to be at the right edge when I was looking for a PhD topic. I had a lot of friends who

were in this situation and I knew that many of them would actually not have conceived themselves as having chosen not to have children. So what I thought I would do, which is what you always try and do in research, is work out whether or not I had a group of completely anomalous friends or whether or not I could find something larger in the community that reflected this as a story and what the story was. To cut a long story short, I ended up finding that there was a group of women who were not childless by choice.

You are probably all familiar with the ABS figure that 25 per cent of women are predicted to end up not having children. If you broke up the figure, somewhere around seven to 10 per cent of people are infertile and another seven per cent, which is a pretty static figure, are women who are childless by choice—that is, they are really choosing not to have children. The remaining number that is either continuing to escalate or has recently escalated in what we have seen as the drop in fertility represents women who are childless by circumstance. So the questions become: what are their circumstances and is there anything we can do about them? That is obviously what you are particularly interested in talking about.

The research I did was qualitative, which means I had a small sample. So, without the help of other researchers—the work of people like Peter MacDonald and people working at the AIFS—I would not really be able to tell you anything other than 'Here are the stories of the few women I spoke to.' But what I tried to do in the book and in the PhD was to bring in larger research so I could say, 'This is what I found and it looks like there are broader trends in the community that suggest that this is happening in larger numbers.' I will speak about this in a broader sense, based on both my research and the larger body of research.

I ended up finding that women I spoke to were certainly childless by choice. For me, choice meant that these women had a range of options and, equally, were free to choose amongst those options, and what they chose was not to have children. That was definitely what they wanted in their lives. If they had been given every other kind of option or every other kind of work-family policy, nothing would have changed their view; they were doing what they wanted. The rest of the women were childless by circumstance. The circumstances broke down basically into two groups. One group had difficulties with meeting men. I am sure you have been exposed to research that shows very clearly the problems that women are having in meeting the right sort of man—a man who wants to have children with them, wants to have children in a timely manner with them and wants to have children. For some women this was particularly important, in the way that would mean they would be sharing both the responsibilities and the joys of looking after those children with Mr Right. In some circumstances, women were having a lot of trouble in meeting that kind of man.

I will divide the other women into the groups that I put them in. I called one group of women 'thwarted mothers' and that was because for those women becoming a mother was a very primary drive. Their self-image, their idea of who they were and who they were going to be, was very much caught up with being a mother. They were going to have children no matter what. Some of them expressed some concerns about the difficulty in what they perceived as being the either/or choice: having to choose between having children and the number they wanted and being able to continue to work in the way they wanted. But, when push came to shove, those women were going to have children and the number that they probably intended to have, which means that in some ways they were not really the ones for whom policy change was going to matter, because they were going to have children anyway.

The other group of women were ambivalent and undecided. I called them the 'waiters and watchers'. They were the women that I saw as being much more amenable to changes in policy, because they were ambivalent and undecided. They could have children but they may not. Their identity was not necessarily caught up in having children. They could see a future in which that did not happen. Often, if they met a man who was also ambivalent and undecided about having children or did not want to have children—he was childless by choice—this would be a factor that would tip them over. For those women, often issues around career and family were quite primary. They were very concerned. For them to have a child, a number of things would have to happen: they definitely had to meet a man and he had to be Mr Right, because they were not committed enough to having children on their own. It is amongst the 'thwarted mother' group that you get women who would become single mothers. They were the kinds of women who were so determined that, even if the right man did not come along, they might seek sperm donation and try and do it themselves.

The 'waiters and watchers' are not in that group of women. A man definitely has to come along and be the right sort of man for them. He has to be the kind of man who, for most of them, will share the work of having children. Often, those women will have a very committed approach to work. They do not want an either/or situation, where they have to choose between either their career or having children. They want to have both and they see the man as a fundamental way in which that can happen. They want him to commit to having children and also to caring for them.

For instance, one woman was extremely ambivalent and undecided. I know now from following her up that she has had a few kids. I would say that she almost was childless by choice. She really did not want to have children, but she had a partner who really did. His way of bargaining with her, because she was very committed to her career, was to say, 'I will do it all. I will be the one who will stay home. If anyone has to work part time it will be me. I will take the leave,' and through that he convinced her to do it.

Those are the kinds of women we are talking about: they range from almost being childless by choice in their orientation to being highly ambivalent and undecided. So for them the man is quite key in terms of what he is willing to do. Of course, this is where the whole work-family issue really comes into play, because she is evaluating what is going to be possible for her to do in terms of leave, the impact that leaving work will have on her, work progress and part-time work. But, of course, the man, in making his decision, is also making similar evaluations about what kinds of costs are going to affect him should he make a decision to be the home parent or a part-time parent. I will finish there and let you ask me questions on that.

What ended up coming through from all that is that if you wanted to try to influence the women sitting on the fence—the 'waiting and watching' group—to make the decision to have children then you would want to try to create more gender equity in the home, because that is what women are looking at. They are looking to the situation they can create in their home that will enable them to not have to make an either/or choice about work and family but to a satisfying degree be able to do both. Therefore, that very much impacts on not just what you do for women in a policy sense but also what you do for men. In some senses, that requires quite a significant reframing of the way that we think about the work-family issue at the moment.

So the argument I made is that we essentially have a framework that still tends to look at the issue of work-family as the norm, which is the traditional family, and women want to work too, so we need to let them also work, but they are really leaving their responsibilities. Their responsibilities are to look after the children and the home. That means it is really up to them to find child care—to find alternate arrangements—and it is on their head when those things do not go well and when other sorts of caring responsibilities are not met. In the public discourse that we had we see that men are very much watching from the sideline of this whole debate. Interestingly to me, we see this not just by conservative commentators; we see this also from feminists. If you look at Anne Summers' book, *The end of equality*, you will see that she spent a lot of time talking about what happens when women pick up their children late from child care, the fines that they incur and the high child-care costs. It is almost like men are not really part of—

Mrs IRWIN—She never mentioned fathers—that 'f' word—at all, did she?

Dr Cannold—They are just not there—that is right. It is almost like the children are the women's children and the responsibility to look after them is the women's. Therefore issues around child care—and I think the previous person sitting in my seat was saying something similar—are really seen as women's issues. The framing is quite problematic in trying to make the shift that I think is really important to the women who can be shifted in terms of their fertility and making decisions.

Ms KATE ELLIS—In terms of your conclusion—that it is by greater gender equity within the home that we might be able to address some of these issues—how do we do that? We have seen some evidence that there are moves to legislate internationally. I remain unconvinced that that is the best way to do it. How do you suggest that this committee makes recommendations to encourage that?

Dr Cannold—To answer that thoroughly we would need a lot more data about men than we currently have. I think one of the largely unexplored areas in all of this involves knowing more about men, what they really want and how you can effect change for men. There are little bits of evidence that we have floating around at the moment. I am sure you have all heard about the mummy track. From the evidence, that is not in fact what it looks like—that is, a gender problem. It is not that women are being put on the mummy track because they are women. Rather, anybody who is trying to be taken seriously and be seen as a career worker but is actually trying to reduce their hours or otherwise constrain the way they work in a 24/7 workplace will be seen as problematic.

There are certainly the larger issues about how we perceive those who wish to take time off for caring responsibilities, whether it is for elder care or children. We need to change the way we look at those people so that the cost of that is not one that a lot of people do not want to pay. Men, I think, are probably going to be even stronger than women—and I think in some ways that is why their behaviour is as it is—about not wanting to pay the costs that come along with taking time out from work and putting it into their families. It is about trying to reduce those costs in some ways.

There are a lot of reasons for all of this, but one of them is the old sex stereotype. Unfortunately, we have not yet got to the stage, or even close to it really, where people do not

have particular ideas about what it is appropriate for women to do and what it is appropriate for men to do. What they naturally do and what they want to do and all of this sort of stuff is still swirling around. I am sure you have been hearing an endless amount about Sweden. We have these frames regarding the way the problem is conceived of. I was just talking about the frame we have, which is that women are going to work but what are they going to do with their children—a traditional family is still the norm. In Sweden you have a gender equity model in the way the issue is framed. They said: women and men work. They do, must and should work. So what are we going to do to help them to have children and look after them?

What they did was put in things like, for instance, 18 months of paid care. But then they found that men were not taking it. So the idea was that a couple would get 18 months of care. They could split it any way they wanted. They could stretch it out over five years or use it all in the first year. It was hoped that they would share it. But they did not. When they tried to find out why, they found out that the men were worried that the employer would see them as not serious. It is the same old thing that we keep hearing over and over again. They felt that, if they took this care, they would be saying to the employer: 'I don't care as much about work as I care about my family. I'm not really a career person anymore.' Men did not want to do that. Interestingly, they were the ones who had the prerogative not to. The woman was taking the care.

So then they legislated for I think it was two months—use it or lose it. All of a sudden that empowered men to say to their boss: 'I'm really sorry—I have to take this leave. It's not my problem or my fault. My wife will kill me. We need the time.' All of a sudden you had that kind of back-up that enabled men to do something that otherwise they did not feel empowered to do.

I think sometimes there can be a role for statements about what we think ought to be. We often talk about this issue entirely in terms of the importance of gender equity. I am the last person to say that gender equity is not important in and of itself. But I also think there are some important arguments here about what is best for children. I think we have a kind of a schizophrenic view about the role of men with children. In some contexts, particularly in family break-ups, for instance, there is a lot of talk—and rightly so—about the important role that men have in the lives of their children. But somehow, in this issue, men can disappear and nobody thinks it matters. I think it does matter. I have two sons so I can even say from personal experience that it very much mattered that my partner spent more time with our children. So I think we can make different statements to the ones we make at the moment about the role of men and women in families, not just because this is about gender equity but also because it is about what is best for children.

CHAIR—You raised the question of the role of men with their children in break-up situations. That has dominated the agenda, actually, for a considerable period of time, as you may have noticed from the break-up statistics. In recent times I have had the opportunity to talk to single mothers who feel they have missed the boat. Because they have in fact been the custodial parents at home, working and looking after the children, they have not had the opportunity to get together in lobby groups to make a big noise about what is happening to them. They have lost the debate. So I do not think the debate is settled. I think there will be more things coming forward.

But on this question here and that example you gave of Sweden, unless there is an imprimatur that says you must do this they will not. And women do not, either, if it is a career that they want

and they are having children as well. They have to find care which is appropriate and which they believe their children should have. They do not want to be seen as the person who is not committed to a career. We have had professional women, including lawyers, give evidence to us that shows that once they have children their careers plateau. They see the men take off in terms of career promotion. Employers say, 'You're bright, and we need you here, but that's it.'

The only care models that get any government assistance at all are ones which institutionalise children. We stick children in an institution with a lot of other kids and carers with some degree of proficiency. Have you looked at the question of why it is that we refuse to pay to individuals the government benefits that are paid for institutional care—which is such a large amount of money that you can put the institutions on the stock exchange and have shareholders who get dividends? Should that money be paid to individual carers in individual homes looking after children in individual circumstances which parents believe are appropriate?

Dr Cannold—Those are all really good questions. One of the starting points I come from is that, in an ideal world, for the sake of the child we would have a lot more equal and significant input from parents, particularly in the early years—but then there are the hours that one needs to spend at work. There are a couple of ways of doing it. One way is reducing the hours that everybody is working. I talk about this in my book a bit. I know you do not like that.

CHAIR—France tried it and it has been a miserable failure.

Dr Cannold—I have been told that. I tried to come up with something last night that retained the ideas around it, because I know you do not like it.

CHAIR—As I said, they have tried it in France and it has been a dismal failure.

Dr Cannold—The whole world has quite an investment in making sure France is perceived to be a dismal failure, because—

CHAIR—It is.

Dr Cannold—there is not a desire—

CHAIR—They have high unemployment rates.

Dr Cannold—Let us leave it to one side. What is important it to try and think of a number of principles. One of the principles might be that we want to have both parents as involved as possible in the lives of their children, particularly when they are very young. There is lots of controversy about the research and what the research tells us, but many parents want, rightly or wrongly, to either care their very young children themselves or have them for by individual carers. We want something that facilitates that happening. That would probably be in some tripartite arrangement if both parents are working. There would be some parental care and some form of formal care. For those people who do not have grandparents—and we all know that we live in a society where a lot of people do not have access to relatives, which is the preferred third source—or an aunty—

CHAIR—A lot of grandparents are still working.

Dr Cannold—Exactly. Also, we are a very mobile society, so a lot of people are not near anymore. We need to have the option of people being able to share. What the research tends to show—and I did my PhD in the early childhood centre, so I am quite familiar with a lot of the research around child care—is that when we start talking about problems, we start talking about problems connected to very long hours and very low quality. We could have a situation where parents—and I will throw out another suggestion here—each had 18 months leave. Each parent, regardless of where they move to—because the leave attaches to them—can care for their children for 18 months. They can spread that out any way they want—they can spread it out through the entire life of their children's schooling; they can use it all in the first three years. But each one has it, and in a situation where a couple has that care they have three years of care, and that will enable them to continue to be paid at a relatively high rate—let us say 85 per cent just to throw something out there. And they can take that care with them.

If they want, they can choose to spend the first three years caring for their child. Each one of them would work part-time, presumably, in order to do that. They could choose to spread it out in a three-day-a-week arrangement over five years. They could decide they want to spread it out through seven or eight years. But the care would be, as you say, in their hands. They would have a whole range of guarantees attached to it. It would be guaranteed that they could return to their job full-time when they wanted to. It would be guaranteed that they could go part-time and come back. It would be guaranteed that they could keep their career progression going. They would be able to choose how to use that time.

CHAIR—But we are only talking about three years. One of the things that Mrs Markus, a member of this committee, in particular is concerned about are the very vulnerable cohort of 12- to 16-year-olds. Nobody seems to think that they also need some sort of supervision and arrangements. What I was looking at, and one thing we have discussed along the line, is the use of nannies. We use the term 'nanny' because it is what people know. If you had a nanny who had at least a level II certificate and was on a register, why shouldn't that person getting child care in their own home be entitled to receive child-care benefits and the rebate as much as if you put it into a commercially owned child-care centre?

Dr Cannold—I have never thought of it so I do not know in depth what you are talking about. But, from what you have just said, I cannot see a problem with it. I guess that all I was trying to emphasise was that I think what we ought to be encouraging as far as possible is for parents to have the freedom to do some of that care on their own and therefore not suffer the consequences. I guess the move towards 24/7 child care, for instance, pushes for that. Substitute carers are essentially substitute carers for the mother. I do not think it is ideal for the child and in many instances I do not think it is what the parents want. I think what they really would like in many instances is to be able to do some of that care themselves.

For many of the women I was particularly thinking about—those with the ambivalent or undecided orientation towards child-bearing—they want to share it with their partner. That is for reasons to do with them and reasons to do with the child. They could have some small assistance through whatever they would like—a nanny, a formal child-care centre, family day care or whatever it is. But, you could keep the input for each of those things. The parents have the large input and they are getting support from a high-quality, affordable child-care sector which has all of that range of options, I think that gives people adequate choice. If they choose to do what you

have suggested then they would just keep that leave for when the child is 13 or 15 because it would be up to them to use it when they thought it appropriate.

CHAIR—I am going to be very anecdotal. One of the most important times, I think, for the relationship between fathers and children is the bedtime reading of stories, whether they are the famous ones I grew up with—The *Cat in the Hat* or whatever—or something else. That sharing of quality time and also the learning experience is the sort of thing that I think is important. I am being too anecdotal, I think. But I think those are very important times. Mothers tend to do the—

Dr Cannold—Research shows that fathers do a lot of that kind of high-end child care. They are coming home around bath time. They are helping a little with the bath and getting that fun stuff. I like to do things like read my child stories at night. That is the good bit. They smell sweet, they are good and quiet and you are putting them to bed. So they are getting that sort of stuff while the woman is doing a much more disproportionate amount of child care and domestic care or the more low-end work—that is, working out who needs to be where, organising doctors' appointments, cleaning up and doing the washing and all of that sort of stuff, which is more maintenance work and not quite as rewarding.

In terms of gender equity, what do the women I am speaking about want and what will push them over into having children or more children than they otherwise would have had? There was some very interesting research done by a woman named Lorraine Newman looking at women's decisions to stop at one child. Often those decisions were very much based on what some women found. They were quite aghast at what had happened to the gender equity in their relationship and their careers. They were trying to minimise further distress and damage by not having any more children.

So I think for some women—and we are all different—a father sweeping in in that kind of Stephen Biddulph or Daniel Petrie way, arriving home for story time, is adequate. But for the women I am thinking about, who are trying to facilitate having more children than they would otherwise, that is not really what they have in mind. They have in mind a much more equal sharing of the good bits and the not-so-good bits, the joy, the responsibility and the whole range of caring that goes along with raising children.

Mrs IRWIN—How about the single mother, though? We are talking here about married couples. There are a lot of single women out there that are finding it very hard. They want to be in the workforce but they seem to have the doors closed all the time. They may not have grandparents there to assist them and they do not have a partner in their lives. I think the chair was talking about reading at night-time. My husband sometimes found that difficult to do because of his job. He might not be home at 7.30 when they go off to bed. We also have to look at the single women.

Dr Cannold—I will take the second bit first. There are two different groups there. This is a very key issue and I think that is why we need to know a lot more about men and we need to bring men into the conversation. Silently they are having a huge impact on the decisions that women are making. A woman is making a very different decision about how she is going to balance work and family if she has a partner who has the kind of job that means that he is not coming home until extremely late at night and working weekends.

There was some very interesting research published recently in *Family Matters*. I am sorry but the author's name escapes me. She was speaking about how women's decisions in the early stages to take on things like part-time work to manage the work-family load end up sometimes setting in place a whole range of patterns in the relationship that continue to mean that she will continue to shoulder a disproportionate burden of all of that. She is the one who is home part-time so she ends up doing more of the housework and making the doctors' appointments. He is not needed in that way so he continues to run along the same path, which for most men is quite similar before and after children. If anything, they work more hours after they have children.

You are seeing a radical divergence in terms of the way each parent is feeling they should be coping with the increased demands at home when a child is born. That is impacting on the decisions women are making about having more children. The women on the sidelines—they really are waiters and watchers; that is why I called them that—are watching their aunts, cousins, sisters and workmates. They are watching what is happening to that woman's career and her domestic equity at home when a child comes into the equation. They are making notes and literally almost thinking: 'I really don't want that to happen. I wonder how I can make it different for myself.' Empowering men to be different is part of that broader strategy of changing the costs in the workplace of being a more active part of a family. Those are costs that women bear disproportionately at the moment, but not because they are women. It is because of their behaviour. When men do it, they will bear them. We need to alleviate those costs.

With regard to single women, that I think is part of the reason why we need to make sure we are not assuming that parents, even if there are two, will be doing all of the care. What I envision is a realistic sharing arrangement between parents, if there are two, and facilities that are high quality and affordable that are being managed by society at large. Whether they are using nannies or family day care or child care, it needs to be high quality and affordable. Certainly, people need to have a range of options that are flexible to their situation. Some people will need more than the 18 months. Let us say a woman is on her own. She takes her 18 months, just for argument's sake, to look after her child, but she still wants to be spending more time with that child. You are still going to need to have things like people being entitled to take part-time work and entitlements that go along with making that less costly—not being pushed off the career track and onto the mummy track or the daddy track and being able to return to full-time work when it is time for them to do that and when they want to.

Mrs IRWIN—Hence I think one of your recommendations was a maximum 30-hour week.

Dr Cannold—With the 30-hour week, I was partially just trying to be provocative. I am not completely unrealistic. But I think one of the things that constrain our capacity to think through these issues is that we have put a very tight frame on it. We do that through the of scoffing capacity—which is where a conversation goes beyond the bounds of what can be talked about without someone snorting or sneering.

The reality is that we are handling this problem extremely badly at the moment, and part of the reason is because we have such tight frames on what is possible to think about, what is possible to imagine. I think it is interesting if you take what I call the parameters that need to define any solution, a 30-hour week is one of them. So what we need—and I have not mentioned this yet—is something that applies to everyone. You were speaking before about caring issues that extend not just to people with children, but we have elder care issues.

CHAIR—And disabled people.

Dr Cannold—Exactly. Most people in society, at different points in their lives, will have caring responsibilities. So I was trying to play around with two things. One is the idea that we are an extremely wealthy society—not just Australia but Western civilisations in this time and place, who do not spend almost all our time thinking about how we are going to eat and how we are going to get a roof over our heads. I am a philosopher; I think about these things. I find it interesting that we are choosing to take that time that we now have and spend it working more. That interests me.

CHAIR—I do not agree with you when you say we are handling it badly. I do not think we are handling it badly. I think we are in a society where we have achieved such a level of success that we are able to look at refinements, and we are able to see where outcomes may be improved. That is not to say we are doing it badly. To use Peter Drucker's words, the baby boomers are the first cohort of human beings in the history of civilisation who, after 40 years of work, are not physically worn out. The reason for that is because we do not have to do the backbreaking work that was the lot of previous generations.

Mr QUICK—But we have children going to non-custodial parents every second fortnight—

CHAIR—I could say that is better than working in the mines.

Mr QUICK—What is that breeding? And second and third relationships are the norm rather than the exception.

Dr Cannold—I certainly would take issue with the idea that we are not doing it badly, and I would cite the things that I think have driven this inquiry. We have sustained quite low fertility rates, which in terms of people who are concerned about—

CHAIR—A lot better than other countries—better than most of Europe.

Dr Cannold—It depends on who you compare us with, doesn't it?

CHAIR—Spain, Italy, Greece, Japan, France is about on par with us, Germany—

Dr Cannold—Yes, but of course, not as well as some of the countries where they are using different sorts of solutions. Let us use another figure then. We have very low rates of female workforce participation.

CHAIR—But it is still better than those countries I just mentioned. We are up to 65 per cent.

Dr Cannold—Perhaps, but I guess it always depends on who you decide to compare yourself with: the worst or the best. I would think that our ideal would be to try to compare ourselves with who we think is doing it best. I would say Sweden, for instance, is a good example of a country that had a similar problem to the one we have. That is, they were worried, 20 or 40 years ago—I cannot remember—about dropping fertility rates and very low fertility rates—

CHAIR—And they plateaued too. They are not all that crash-hot.

Dr Cannold—Yes, but they are better than ours.

CHAIR—Not much.

Dr Cannold—Not much, but better—

CHAIR—Not much, and they pay a huge tax rate, which our people would not accept—

Dr Cannold—And they have double our workforce participation rate in terms of female participation. So I would have thought, again given the two driving policy issues that are behind a lot of the inquiries we have been having about this issue—

CHAIR—Australians would not tolerate the tax rate the Swedes pay.

Dr Cannold—I guess that goes to something you said earlier when you were speaking to an earlier witness about what we are really talking about here. I do not see children as a private consumer choice. I think we have increasingly come to see children as a private consumer choice.

CHAIR—I do not know what that means.

Dr Cannold—I want a red car or a blue car—

CHAIR—I disagree with that entirely.

Dr Cannold—This person wants to choose to have children. There is a whole discourse—and I cover it in the book, so you might find it interesting—that is coming up from people who are childless by choice who are asking similar questions to the questions you were asking before. They were asking, 'Why should we pay when we are not having children? Why should I pay for schools? Why should I pay for hospitals? I don't use them the same amount.'

CHAIR—You are expressing it that way. I did not express that. I was simply saying that we were exposing a subsidisation from certain groups, which we had not looked at before. I did not draw conclusions from it. There is one thing you have not touched on at all, and it is something that came home to me as I sat at breakfast the other morning with a single mother and we were talking about this. She said, 'It is very simple. There's a lot of domestic violence. Children see it and they do not want to replicate it.'

What impact has the Family Law Act had? It came in 1972, so we are now seeing women who were born into that period when divorce became no fault divorce. They are people who have lived with, in your terms, Harry, split families. What impact has that had on them to not want to have children and to not have their children go through that themselves? Has anyone done any work on that?

Dr Cannold—There has been fascinating research done on this, not in Australia but in the United States, just looking at the impact of divorce on children and their attitudes and behaviour around marriage. Some of that work certainly shows a phenomenon where, interestingly, marriage becomes more highly valued. Marriage is seen as an ideal and very important and very

important to do right, as in to do once and not to result in divorce. As a consequence, that seems to be leading some people to be less inclined to get married because they want it to be perfect, and they do not want to engage in marriage unless they are confident that it will be perfect—and of course no relationship is perfect. And any sign that there may be fights or any difficulties that could risk break up are seen as reasons to terminate relationships. I do not know anything about tying in—

CHAIR—The facts are that more and more children in this country are born outside marriage. It is an increasing line upwards.

Dr Cannold—But are we trying to work out how we might change work-family structures in order to reduce the rate of ex-marital births? Is that what you are trying to get me to draw a linkage to?

CHAIR—I go back to that statistic I used earlier on: in Australia, the difference in the size of our birth rate and the size of the birth rate in countries like Italy and Spain is due to the fact that people are prepared to have children outside of marriage.

Dr Cannold—Yes, and, I suppose, as you rightly quoted Bob Birrell, he has pointed out numerous times that if we did not have that situation we would have an even lower birth rate than we do at the moment.

CHAIR—We would. We would be like them.

Ms KATE ELLIS—In contrast to the argument that the chair put forward that we judge how Australia is doing by the opportunities that baby boomers were given, I advocate that there are other benchmarks, particularly the choices and decisions made by the generations after the baby boomers. I really enjoyed your submission in that I think you did widen the horizons a little and throw some other issues out there. There was one part in particular where I thought that you were a lot more pessimistic than I personally would be and that was regarding part-time work. I think you said it was human nature that people will never accept parents being given particular rights or opportunities in the workplace when other people will not be given those things. One of the things that strikes me is that as a society we do not seem to have very much understanding about why it is important that we increase our birth rate and why it is important that we actually address work-family issues. If we put some greater spotlight on why that is important and had a greater public debate about those issues, could we perhaps change the opinions of some of those workers who are working alongside part-time people or people who are getting parental opportunities?

Dr Cannold—That is a really good question. There are two general ways of approaching it. The usual way of approaching it is to say that we need to have a discussion that makes it clear that children are not a private choice but rather a public good. Of course, in an obvious sense, children are literally the future. They are future taxpayers and the future workforce. There are all sorts of ways in which we all benefit from or, as I think we are seeing, we all pay the consequences when people make the choice not to have children. There is one way of talking about that problem: just saying, 'We need to recognise that my decision to have children isn't a cost to you but rather it's a contribution to society and you, as a member of society, are going to benefit from that. You need to not feel resentful of me. You need to support me in making

whatever decisions I'm making about part-time work, leave or whatever it is to do those things without feeling resentful of them.'

I feel suspicious, although it is much more of a gut instinct than something that is well grounded in research. My view of human nature in general—and particularly with the generation that is coming up now, that is, the children of the boomers; we all know they are a particular lot—is that they seem to feel a level of resentment. There are two levels of resentment in the workplace that childless workers or workers who have children but have someone else taking care of them have of people who are taking special privilege solutions to manage their work-care difficulties—whether that be their leaving early to pick up a child, their coming in late after they have dropped off a child, their working part time or whatever it is. They can feel that it is not fair because at the end of the day there is still a project on the table that has to get done and now there is one fewer person doing it, and as a consequence of that they are having to work later or for longer in order to fulfil what is a static expectation. I think that kind of concern is understandable.

There is also a concern that it is not fair that only people who have children are getting the capacity to leave early, come in late or take part-time work. So the things that I think we are seeing with the coming generation is a real recognition that work is not the be-all and end-all and that not all fulfilment comes from work. In particular—and this is extremely anecdotal, but I have seen it more broadly—a young woman said to me, 'I really don't mind that these parents are getting all this part-time work and stuff, but I want an option to go part time too. I'm trying to pursue my tae kwon do lessons'—I cannot even remember what she was doing. For her, work was not the be-all and end-all. Some of this is symptomatic of some in this generation. So one of the ways of expanding our way of thinking about this is: is it possible for us to think about the work-life conflict as just that, not the work-family conflict, given that most people will have a range of responsibilities outside of work? We all have a life outside of work anyway. And is it possible and might it be better to provide solutions that are given to everybody? There are two benefits to that: we do not incur the resentment and, also, we do not incur the cost of the people who take the special privileges.

So a lot of the complaints that people make about part-time work and any of the leave provisions that you get are about ending up on the 'mummy track' or the 'daddy track'. You cannot compete. If I am working part time and I have done it or I am taking special sorts of leave provisions and I have done it, I cannot compete with the workers at my workplace who are either blokes with wives who are there full time or people who do not have children. I cannot compete with them. So it seems to me that there are two benefits in trying to find more global solutions. The 30-hour week is one and the 18 months of leave is another, simply because they are global. They go to everybody and therefore you do not have the two problems of resentment.

Mrs IRWIN—Fairness for all.

Dr Cannold—Yes. And there is the inequality that comes from not being able to compete with people who are running the full race.

CHAIR—The idea of competition is a good thing, but it does not just sit with me.

Mr QUICK—I have really enjoyed the discussion. It has been a breath of fresh air.

Dr Cannold—Thanks.

CHAIR—It has been very good, very stimulating and makes people think. We thank you very much for coming.

Dr Cannold—I will leave my book if anyone wants some bedtime reading.

CHAIR—Please do. Would somebody move that we receive that as an exhibit?

Ms KATE ELLIS——I do.

CHAIR—So moved. Thank you.

Mrs IRWIN—Leslie, I would like to congratulate you on the excellent 2005 speech that you sent as a submission.

Dr Cannold—Thank you very much.

Mrs IRWIN—Did you do one for 2006?

Dr Cannold—I did not, but the 2005 speech was very well received, so it definitely struck a chord with someone.

CHAIR—Thank you very much.

[11.40 am]

ROMERIL, Ms Barbara Ann, Executive Director, Community Child Care Association of Victoria

Witness was then sworn or affirmed—

CHAIR—Welcome. We have your submission, for which we thank you. Would you like to make an opening statement?

Ms Romeril—Yes. I would like to refer to some of the key points that we made in our submission, in particular our firm belief—based on 35 years of experience in helping to set up and support the child-care sector in Australia—that high-quality, community owned child-care services are an absolutely essential component to enabling families to balance work and family responsibilities. Child care is now firmly established on the social landscape as something that families expect to be able to access in order to enable them not only to work but to participate in other aspects of civil society as well.

In 2004, which was the year of the most recent census of child-care services, there were over three-quarters of a million children in formal child-care services around Australia, and that was an increase of almost three per cent from the previous census in 2002. I am talking about the whole range of formal children's services in Australia: family day care, where children are cared for in the carer's home; out-of-school-hours care, where children are looked after before and after school and in holidays; occasional care, where families can access brief episodes of child care; and the most commonly recognised form of child care, especially in the work-family balancing act, which is centre based long day care. That includes both the commercial sector, often referred to as private child care, and the community owned and community based long day care centres.

The community based children's services, for which we are the peak body here in Victoria, were established precisely to enable families to balance work and family commitments. Today I am going to comment briefly on the disincentives to starting families that arise out of weaknesses and flaws in the current child-care system, some positive strategies that we propose to support parents when they want to return to paid work and some comments on the taxation initiatives that are in place at the moment to support families in accessing child care.

First of all, the bad news. There are two significant disincentives to starting a family that arise out of the deficiencies in the child-care system in Australia: firstly, the cost and, secondly, the accessibility. There are long waiting lists in many communities and for many families the out-of-pocket cost is simply unaffordable. The Australian government provides the child-care benefit, which is a highly effective and well-targeted subsidy for parents to assist them with the fees, but even after that subsidy parents can be paying between $130 and $250 per week for full-time care for one child. The statistics show that 90 per cent of children are not in child care full time, so there are not a lot of families paying that full fee, but we do not know to what extent the families who are using part-time care are choosing that because that actually meets their needs or because they simply cannot afford the full-time fees.

That child-care fee is on a steady rise. Last year the annual inflation rate was under three per cent. The cost of child care rose 12 per cent. One of the reasons that child-care fees are going up is that there are some very welcome improvements in wages and conditions for child-care workers rolling out around the country at the moment. We welcome that. We think that child-care workers need to be remunerated and recognised for the important work they do with the future citizens of this country. However, the pressure that places on families to be able to afford the fees for services to be able to pay decent wages is enormous.

There is also another fee that many people are not aware of. With long waiting lists, families often need to put their names down on a number of waiting lists in the hope that a place will come up somewhere. Many services are now finding it difficult to manage the large waiting lists they have so they are putting a fee on it. It can be as high as $100 just to put your name down on a waiting list. If you are on several waiting lists, that is a fairly big burden on the family's budget. The cost and the waiting lists are a disincentive for people considering starting a family.

The second thing I wanted to talk about is our ideas for positive strategies to address this major problem. There is a real opportunity for the Australian government to invest in the child-care system so that it is in fact able to respond to the needs of people who wish to have families. The Commonwealth government used to invest capital funding in the development of not-for-profit children's services. It made a deliberate decision 10 years ago to stop doing that and rely on the free market to provide long day care especially. Here we are, 10 years later, and clearly the market has failed. It is not meeting the needs of families. It is making it increasingly difficult for parents to make the transition back into the paid workforce.

Our national peak body, the National Association of Community Based Children's Services, put out a call to the Australian government in 2004 to reinstate capital funding to ensure that there is at least one community owned and managed early childhood service for every 800 children up to the age of five in this country. We believe that, with that sort of investment, families would then genuinely have a choice of accessing a high-quality service, one that they can have some control over through participating in the management structures, to support them in the raising of their children until they reach school age. Our national peak body also called for an increase in the child-care benefit, especially for low-income families, so that services can afford to pay decent wages and families can afford the fees required to support those wages.

The third thing I am going to comment on in my introductory remarks is the taxation initiatives that the government has brought in over the last year or so in an attempt to assist families with the cost of child care. We believe that the 30 per cent tax rebate on out-of-pocket child-care expenses, when it finally flows through to families, will only truly benefit high-income families. Obviously, if you are not paying much in the way of taxation then there is not much you can receive back as a rebate. So, for families on low incomes who are not paying a lot of income tax or for those who are not paying any—students et cetera—there will be no benefit to them whatsoever from the offer of a rebate on their income tax.

Similarly, there are a number of proposals out there that come up over and over again—and I am sure you have seen this in written submissions and heard it in verbal evidence—such as fringe benefits tax exemption, income tax deductibility and a range of other taxation mechanisms to support families in paying for child-care costs. We believe that all of these initiatives are fundamentally flawed because they clearly benefit the families who are paying the higher tax to

benefit from those exemptions. Government policy to support access to child care needs to be fair and it needs to support all families regardless of their income and tax burden.

Thus, we call on the government to look at the child-care benefit rebate, which works quite well and can be improved by boosting the rates to low-income families. If this were done in tandem with investing in building more facilities so there was an expansion of not-for-profit child care then we believe families would be able to make a genuine choice about balancing their work and family responsibilities. Child care is an essential support. Children's services make that balance possible for Australia's families.

ACTING CHAIR (Mrs Irwin)—Thank you very much. Yours was an excellent submission. Your introduction, I think, covered a number of questions that we were going to ask you today. I wanted to ask about one point you made, which was the 30 per cent rebate. I think in your submission and also in your introduction you stated that it appears that the 30 per cent rebate will only truly benefit higher income families because they have larger out-of-pocket expenses and heftier tax bills. What would you see as fair?

Ms Romeril—As I said, the childcare benefit fee relief system is actually quite good. It is highly progressive, so the larger payments go to the lower income families whose household budgets are more stretched in trying to meet childcare fees. We believe the many millions of dollars set aside to cover the lost revenue from that childcare tax rebate could be better directed into boosting the funds spent on childcare benefit so that a higher rate of benefit could be paid to low-income families. I think, at the moment, the maximum childcare benefit is about $25, and you would be pushed to find a long day care centre that can afford to operate on fees of less than $50 a day, and some are as high as $100 a day. So, really, $25 a day off those sorts of fees is not enough for a family that is struggling to keep the electricity connected and buy food for the children.

ACTING CHAIR—Also in your submission you noted that some areas have a surplus of services, yet more facilities are being built. Why is this occurring?

Ms Romeril—That is the free market in action. It is a direct result of Australian government policy to move away from a planned system of long day care development to a belief that the market will provide. There are still tight government controls over the allocation of childcare benefit places for family day care and out of school hours care in Australia. There are no controls over the allocation of those funds into long day care; other than if you build a childcare centre, you need to meet the national quality assurance requirements. But if there is another centre next door and another one over the road and you are competing with each other for a limited pool of children needing that care, the government is silent on that matter. If you are providing a high-quality service, then you are free to compete with neighbouring services. We see that as a highly wasteful way of meeting a social need, which is for families to be sure that when they need child care they can get access to a high-quality service at the time they need it.

Mr FAWCETT—If I could follow up on that point. In terms of the planning for where these centres can be located, as you are probably aware that is a local government consideration. The federal government does not actually have any power to determine where centres can be placed. The second point is that you said it was a market failure. Yet in your submission, as I read it—and I am playing devil's advocate here—you establish that the market and the consumer base is a

community not-for-profit sector and it is being encroached upon by commercial operators. Your fear is to do with the direct competition that the commercial sector will bring into the market because they do not appear to have any problems in terms of the capital base to build new facilities, to extend high-quality services, to pay their people higher rates and to give them ongoing professional development. Whether the market has a demand, they are moving in to meet that demand. The complaints that seem to be coming out of the community sector could be read as, 'This is our turf. Back off.'

Ms Romeril—Sour grapes.

Mr FAWCETT—Would you like to comment on that?

Ms Romeril—Yes, I will. First of all on the planning issue. Certainly local government has a direct role in terms of approving applications for building planning matters. But for the access to Australian taxpayers' funds through childcare benefit, the Australian government has the mechanism at its fingertips to control where childcare centres develop. It does in out of school hours care and family day care now. Communities have to demonstrate need. They have to demonstrate a competent provider is available and then the Australian government assesses that and determines, 'Yes, this is how many places are required in this community.' So the mechanism exists. It is simply a question of government deciding that that is what it wishes to do in the long day care sector.

In terms of the community sector responding to competition, it is interesting that that is the way you read our submission. On the contrary, the community owned childcare sector has no fear whatsoever in terms of its survival in the face of competition from the commercial sector. And on the contrary, around the country the vast majority of not-for-profit, community owned, long day care centres have very long waiting lists and have no problem with viability. Commercial services up the road may or may not be fully utilised. We know of communities such as in the city of Whittlesea in the north of Melbourne where the community owned centres charge fees that are significantly higher than the commercial services. Yet they have long waiting lists and the commercial services have vacancies.

Our concern is for the families who are saying to us, to our members and to various levels of government: 'We want access to a high-quality, not-for-profit service. We don't want to have to choose from amongst the commercial providers.' Some commercial providers are providing an adequate service. Others are not. In some communities that is the only choice available to families. Our criticisms of the system are not to try and protect our turf and to protect our members from competitive pressures. We went through that 10 years ago. A small number of community owned services closed down when they lost the operational subsidy. Most survived and reformed themselves as small, not-for-profit businesses. They operate highly successfully and will continue for the foreseeable future. Our concern is for the families who miss out on access to those services. Their voices are becoming louder and louder.

Mr FAWCETT—You mentioned before the duplication of facilities and the waste of taxpayers' money. If the private sector are putting money in for the facilities and are offering lower fees and the service still meets the required standards then surely there is no duplication, because they are taking up some of that waiting list that is trying to get into your centres? Even if they have vacancies, that is an operational risk that they carry. The taxpayer per se does not

carry any risk there, for the simple reason that the federal government is not putting taxpayer money into the private facilities. So how does their existence become a duplication or a waste of taxpayers' money?

Ms Romeril—There are two levels of concern there. The first is that the market is very patchy. I have referred to areas of oversupply but they are quite rare around the country. In most metropolitan and rural areas there is an undersupply of child care. It is only in patchy locations around the country that there is oversupply and competition. That is where we believe there is a wasteful use of government funds in subsidising places in the centres. That could be used more efficiently. Really, the main failure in the market is in those areas where the market is not providing enough child care—which is the bulk of Australia. Our understanding is that in inner metropolitan areas the cost of land is a prohibition to the commercial sector in developing. In outer metropolitan areas it is not so bad. You tend to get a decent supply there. Out in the rural areas the lack of customers is the main impediment to setting up a successful commercial business. So there are bands of adequate supply around the outside of cities, but within the city and out in the rural and regional areas there are significant areas of undersupply. That is what we refer to as the market failure.

The second issue of course is that, even in those areas where there is a nice balance of supply and demand, because the community sector has not had an injection of capital funding for such a long time, the number of places available has stalled. The commercial sector is the only part of the sector that has been able to grow, so families in those outer metropolitan areas often do not have access to the choice that families living in the inner city have—where community services have grown up, traditionally—to shop around, compare and contrast and make an active choice between a community owned service that they can have some say and control over and a commercial service. It is increasingly uncomfortable for families as they become more educated and aware of the importance of the location of the service that their child is accessing. It has to be more than just a safe place to keep your child off the street. It needs to be a high-quality developmental program to maximise the development of the child right from birth. That is how we get productive citizens later down the track.

Mr FAWCETT—You mentioned that workplace child care is an expensive option for a lot of employers. You have done a survey, through Accor, I think it was. The employers' perception is that employees do not want workplace child care. We have heard the opposite from many people who say that they would love to have it in the workplace. If the fringe benefits tax arrangements were changed or if the private ruling that a couple of companies have were to be extended whereby small to medium sized businesses could aggregate the demand of their employees to have a workplace sponsored child-care service in that inner metropolitan area, would you as a sector support that sort of model development or would you still say that the best child care should be community based, in the suburbs where people live?

Ms Romeril—There are two responses to that as well. I will answer the second question first. Our bottom line is that the best services for babies and young children are those which are controlled by the parents and the community that accesses those services. If work based child care can be operated in a way where the families have a genuine say and influence over decisions, especially on the allocation of resources and the nature of the service that is provided—hours of opening et cetera—then we have no fundamental objection to the concept of work based child care.

As to your first question about demand, I am told by colleagues who have been in the sector for many years that the notion of work based child care was seen as the great solution to the problems that were facing the sector 10 or 15 years ago. The reality is that it has not rolled out as a massive solution. We believe that is not just because of the lack of taxation benefits to employers in offering child care. We believe it is also due to the fact that, where there have been initiatives—and there have been a number around the country where work based child care has been established—and where families said, 'We would like to have the choice of accessing work based child care,' when it was actually offered they weighed it up against the benefits of having their children cared for in their local neighbourhood and voted with their feet.

There are so many benefits to having your child cared for close to home in terms of emergencies; pick-up and drop-off; having someone like a neighbour or family member able to hop in if the child is ill and needs to be taken home during the day; and forming relationships with the other people using those services so that you can then access babysitting networks and social supports on the weekend that you just do not get if you are using a work based child-care service. If you are using a work based child-care service your relationships are with colleagues. At home on the weekend they are unlikely to be the sorts of social networks that are going to be able to help you out in your general parenting responsibilities.

We would see work based child care as one part of the picture, but it is not the grand solution. We certainly would not support government initiatives that pour taxpayers' funds into taxation responses to the need to support access and affordability because that is fundamentally inequitable for families that are not paying taxation or not paying high levels of taxation.

CHAIR—On David's question, if the FBT tax laws were reformed—and bear in mind that it is not pouring taxpayers' money into anything; it is simply giving relief from paying FBT tax, so it is their own money—would you be supportive of it if it meant that an employer could purchase a place for the child of an employee anywhere they liked, such as in a community based child-care centre or a work based one or whatever? They would have the freedom to buy a place for a child wherever that was applicable. Would you support that?

Ms Romeril—We have examined this question from all sides trying to find a way that we could recommend that it be structured so that it was fair and equitable to all families. We just cannot see it. Every taxation approach—

CHAIR—I am sorry; you are not answering my question.

Ms Romeril—The bottom line is that we would not support that.

CHAIR—Why not?

Ms Romeril—Because any government initiative that is attempting to support families in accessing child care that is based on the taxation system is by its nature restricted to families that are participating—

Mr FAWCETT—I think you are not understanding the question. If I am a cleaner on a low income working for a firm—

CHAIR—ABC Cleaning.

Mr FAWCETT—Yes, ABC Cleaning. As part of the salary package they say: 'Look, we will go to this community based child-care centre and as part of your salary package we will purchase a place there if you will come and work for us. We need you to work slightly longer hours and we realise that it is out of school hours et cetera. So as part of your salary package we will purchase a place with Barbara and your child can go there.' It is not the government subsidising tax rebates or anything with taxpayers' money. The whole area of fringe benefits tax is for the employer to provide as part of a salary package.

CHAIR—Like a car.

Mr FAWCETT—If they get stung with a high FBT rate then it is not cost-effective for the employer to do that. But, if they get that relief, whether it is a car or school fees or, in this case, a child-care place, it is just part of the salary packaging that they can give to that person, whether they are the CEO or the cleaner. So what we are asking is, if that kind of reform took place so that we were not giving people rebates in accordance with their own personal income tax but were making it attractive for the employer to offer it as part of a salary package, would you support that?

Ms Romeril—My understanding from my colleagues who understand the tax system to a much greater depth than I do is that the FBT exemption will always benefit high-income families to a greater extent than low-income families.

CHAIR—It has nothing to do with them. It is the employer who is paying it.

Mr FAWCETT—It is the employer who pays FBT.

CHAIR—It is not the employee; it is the employer.

Ms Romeril—Okay. I will take that on notice and get back to you after I have consulted with people who understand the system better than I do. I do wish to say today that the people who I trust who understand the tax system have looked at these questions and advised me that they cannot see a way that it could be done that would provide equal benefit to low-income families and high-income families. Perhaps they are referring to the families that are not part of the workforce, so perhaps that is outside the purview of this inquiry because you are looking at work and family balance.

CHAIR—No, we are looking at everybody.

Ms Romeril—But channelling government support through fringe benefits tax exemption could not benefit families where the parents are students or others who are not in the work force and need child care, could it?

CHAIR—It is one of many options. There are lots of other ways you can help other people. Are you against people who work?

Ms Romeril—No. We are against government policy—

Mr QUICK—That is a bit hard, Chair.

Ms Romeril—that can be applied inequitably.

CHAIR—Are you against giving tax relief to people who work?

Ms Romeril—No. We are against using tax relief as the vehicle for government support to families for accessing child care.

CHAIR—Well, the answer is yes.

Ms Romeril—We think there are other mechanisms that are much more equitable and do not carry with them the potential to unfairly benefit working families and in particular high-income working families.

CHAIR—I am going to go to Harry because you clearly were not here earlier when we were dealing with who is subsidising who. I do not think you were here, were you?

Ms Romeril—No.

CHAIR—You might find it a big surprise who does the subsidising.

Mr QUICK—I come from Tasmania, where we have tried to address the lack of access by establishing child-care centres in our schools so there is a seamless transition and the whole issue of early childhood is part of the education program. That seems to be working quite well. We have recently been visited by the corporatised, I guess, child-care fraternity.

My concern is the question of why the state and local government authorities have abrogated their responsibility. All the states do is licence. They do not contribute. You are arguing that there should be some investment in capital to provide the child-care centres. As I said, our education system has finally got off its backside and is doing something.

Those of us who own houses, and that is a fair proportion of the population, pay rates, which provide for access to libraries, sewage, water, ambulances, fire services and other things. Why haven't we done a quantum leap and had a community service component in our rate base so that if you had a child with disabilities your local council would provide taxis for carting them around, if you were an elderly person and you needed some services those would be provided and if you needed child care, community nursing respite or other services those would be part of the whole package?

When this committee did a study into home and community care we noticed in Victoria that some of the local councils were world leaders in providing that. Others could not care less, and people moved to take advantage of it. Why haven't we put the heat on the local government and the state governments rather than expecting the Commonwealth to always come to the party? Also, how many child-care centres do we need to create? Do we need to build another thousand across Australia? We have a declining birth rate. Is this is a bulge going through which, once it goes through, will result in us having a surplus of child-care centres which are all going to turn up their toes and leave vacant buildings? How large is the problem?

Ms Romeril—With regard to the first question, I am pleased to say that, here in Victoria, we have put the pressure on local and state government, and there are some fabulous initiatives going on here right now. The state government has a policy of making a capital contribution to the development of children's centres that bring together not only child care but also kindergarten programs, maternal and child health, visiting specialist counselling and medical services into a single building or a single location called a children's centre precinct. The state capital contribution is relatively modest—that is, $250,000 to $500,000. It will not build a facility, but it will certainly give it a big boost. I think 40 in total have been built over the last three years. For most of those, the balance of the $2.5 million or $3 million—whatever is required for that facility—has been provided by local government, so we are seeing very well targeted capital investment here in Victoria by local and state government. The missing partner is the Commonwealth government. We believe that model could be rolled out nationally and would be much more likely to be taken up by local and state governments in other parts of the country if the Australian government was willing to come to the party and make a contribution.

Mr QUICK—So you would see a model like the aged care sector where you get in some sort of capital allocation where you get so much per long day bed and whatever it is in the aged care sector. Madam chair knows more about it than I do. I am talking about that sort of capital where you can go to the bank and borrow, because there is an expectation that you are going to have 150 kids in your centre or whatever.

Ms Romeril—Yes, and we would welcome that funding being tied to a very tight submission based process where a community has to show it has done its homework and can demonstrate that there is a demand or a strong potential demand for that service and also tie to demonstrated outcomes that whoever receives that capital funding then shows government that they are providing a high-quality service; they are inclusive of all families, even the difficult to serve families; and that the children who are accessing that service are getting the best start in life. We would support that kind of model and we would not call for it to be a free for all where you put your hand up and say, 'We've got this many babies; give us this many dollars.' We would be happy for the recipients of that funding to be held accountable for demonstrating that they are really meeting needs and providing a good start for children.

With regard to your other question about wether we are seeing a bulge in demand at the moment and whether we are going to have a whole range of empty facilities down the track, that is a real chicken and egg dilemma. I am sure you must have had other people presenting on this to you. This is not an area in which I have a depth of expertise but my understanding is that we are seeing an overall decline in the population of babies and young children around most parts of Australia while we are at the same time seeing an expansion in the number of families attempting to access child care. There are some conflicting trends here with the actual number of babies being born perhaps being lower than it was in the past but the number of families expecting to access child care as part of their child rearing increasing.

As we stressed in our submission, there is also the issue of families making the judgment about whether or not they will have children or will have more children. Part of their consideration is whether they are confident they are going to be able to access the supports they need to raise those children. One of those essential supports is access to child care when they need it. There is the potential that, if government invested in a massive increase in child care over the next 10 years that in 15 years time those facilities might need to be adapted to some

other community use as demographics and social needs change. From this point in history, it looks highly likely that, if government were to invest in an expansion in high-quality services that communities were confident of, we would see an increase in the birth rate and more babies being born when parents are confident that they are not going to have to do it on their own and that there are good services available to support them when they need it.

Mrs IRWIN—What happens to shift workers? What facilities are there for them?

Ms Romeril—This is another hoary chestnut within the child-care sector. I believe when the free market was introduced in long day care and government policy was changed to facilitate the expansion of commercial long day care providers, the expectation was that the market would demand 24-hour long day care centres and access to flexible hours of care for shift workers. In fact, the attempts at establishing those kinds of services have all been unsuccessful. There simply is not enough demand in the one geographic location to support 24-hour long day care. What has grown up though is family day care where children are cared for in the carer's home and there is much more capacity for that service to be flexible and offer weekend care or overnight care.

CHAIR—Not if your shift starts at midnight.

Ms Romeril—Yes, and it is a challenge for the carer to have a parent knocking at the door at a quarter to twelve, dropping the child off. The other big challenge in relying on family day care to meet the needs of shift workers is that family day care schemes are finding it increasingly difficult to recruit and retain carers, because it is very difficult work and, by its nature, very isolating, where the carer is not part of a service with other carers in the next room and with colleagues that can support them in their daily work. They are in their own home with a number of children, perhaps without other family supports available to them to help them maintain their physical and emotional energy for that important work. Unfortunately, family day care is quite constrained in its ability to expand to meet increasing needs of shift workers. I think this is a real challenge for government as well as communities as to how we are going to provide care, especially as we ask more and more of the workforce in terms of flexibility. The only solution we can see is for government to invest directly in the provision of services that are available after hours. As long as we rely, as we do in the current system, on a service accessing a market to make sufficient demand on their service to earn enough fees to cover the cost of providing that service, it seems we will limp along in this area. If the government is serious about wanting child-care services to be standing ready to provide care to shift workers when it may only be a few people at a time, there will be a cost associated.

CHAIR—What about a system that is made to meet the needs of parents rather than the parents having to meet the needs of the system, which is how it is at the moment.

Ms Romeril—I am not sure I agree with you that it is the other way around, because services—

CHAIR—That does mean we say to the shift worker, 'Too bad for you'?

Ms Romeril—The way child care is structured at the moment, and the way government funding support flows, the services do have to be responsive to the needs of parents, but they can

only provide the service when there are enough parents demanding that particular service at that particular hour of the day to generate enough fee income to pay their costs.

CHAIR—That is my point: it is a collectivist model, not an individual model. Would you be opposed to having individual child care in the home for individual children, or do you like the collective model where it all has to go into an institution? We have asked the question of other witnesses. I am talking about the concept of a nanny—and we use the term because everyone knows what it is—registered with a level 2 qualification being available to be in the home of the parents who want their child looked after in their home and attracting the same benefits as someone in an institution?

Ms Romeril—There is currently a service type called in-home care, which provides—

CHAIR—No, that only applies to people who are registered. It is very limited, they do not get the full benefits and it is a very small number of people. There is a possibility to expand that system and put them on the same footing as institution, but the in-home care is a very small sector.

Ms Romeril—My understanding is that the reason it is a small sector is that it is quite new. It has only been rolled out over the last few years.

CHAIR—It is very limited in who is eligible.

Ms Romeril—And it is very expensive. Because it is small numbers of children being cared for, the fees that need to be charged per child are quite high.

CHAIR—No. We took a lot of evidence from nannies. We had a whole nannies day where we looked at providers, employers and a whole range of people. It is quite competitive, so long as it has the same benefits that apply to everybody else, which presently is not the case. Would you support that?

Ms Romeril—I am going to come around to an answer, and it is not a yes or no. Our basic principle is that the best form of care is that where the families who use the service have a strong say over the way that service is delivered—

CHAIR—That would be in your own home, wouldn't it?

Ms Romeril—and where the participation in that service links families with each other for broader social support. So if there is a way of providing a nanny service that is more than just sending the nanny in as the parents go out the door and the reverse when the parents return from work—

CHAIR—You could send in the inspectors to make sure that they are behaving as you would like them to.

Ms Romeril—No. If there was a way of delivering that service that linked the families together to facilitate social supports—

CHAIR—No. This is a one-on-one. This an individual for that person.

Ms Romeril—That is my concern about it, and I have to say that this is not an organisational view.

CHAIR—So you like a collective model. It is all about collectives.

Ms Romeril—I like a system that connects parents to each other for social support. I think that parenting can be very lonely, especially now that extended families are less likely to be available to offer practical support. As parents are having children older, their parents are a lot older. They may not be alive. They may be frail and unable to provide—

CHAIR—They may also be working.

Ms Romeril—Grandparents may also be part of the workforce, yes.

CHAIR—So you do not even like mothers staying home with their own children.

Ms Romeril—No.

CHAIR—They have to be in a collective.

Ms Romeril—No. I think parents, mothers and fathers, need to be connected with others who are going through the same experience.

CHAIR—But they have to be in a collective. They cannot be individuals; they have to be part of a collective.

Ms Romeril—No. I think you can be an individual and be well connected in your community. I would be very concerned about any system of child care that discouraged parents from forming connections with each other for social support.

CHAIR—I think I got the drift. What hours does your community based care work?

Ms Romeril—Are you talking about long day care centres in particular?

CHAIR—Yes. Do you have many? In community care are there many long day care centres?

Ms Romeril—Yes, there are. They are subject to the same requirements as the commercial long day care centres.

CHAIR—But not all community centres do the long day care. I am involved in setting up one right now in my own electorate and it will not be doing long day care.

Ms Romeril—Is it offering occasional care?

CHAIR—No, it will be more the normal nine to five type care.

Ms Romeril—My understanding is that the definition of long day care is set by the Australian government in terms of access to approval for child-care benefit. It requires that a service be open 48 weeks of the year, five days a week, from 8 am to 6 pm.

CHAIR—These people are not going to offer long day care, so you can have one that does not. What proportion of those that you represent do?

Ms Romeril—I am sorry, I am not sure I understand your definition of long day care.

CHAIR—I am not giving one. I am just saying that they are not doing it. I am asking what percentage of the ones that you represent give long day care. Is it all of them or a small percentage of them? Do you represent all community child-care services?

Ms Romeril—Community owned children's services.

CHAIR—All?

Ms Romeril—Yes, that is right. We speak for all community owned children's services.

CHAIR—Do they all join up with you?

Ms Romeril—No. There are other peak bodies that speak for some service types. The family day-care sector has a peak body.

CHAIR—No, I mean: do you speak for all community child-care centres or do they have to join you?

Ms Romeril—Services can choose to become financial members, but we speak for their interests whether they are financial members or not.

CHAIR—But they might not want you to if they have not joined you.

Ms Romeril—We form our policy positions in—

CHAIR—It is a bit like the P&C. They pretend they speak for all parents. They do not. Is there an analogy there or not?

Ms Romeril—I happen to be the president of the parents and friends association in a government school and, no, I would not say there is an analogy. As a parents and friends association we are very limited in our ability to consult. We invite parents along and they either come or they do not.

CHAIR—They mostly do not.

Ms Romeril—That is right. As the peak body for the community owned not-for-profit sector, we have the resources and history and capacity to consult widely with the not-for-profit community owned sector. We operate in a very transparent—

CHAIR—I think I am missing the point. I must be asking bad questions today.

Ms Romeril—I am confident that we do speak for the sector broadly.

CHAIR—Do you have a membership list?

Ms Romeril—Yes, we do.

CHAIR—Do all people who operate community child-care centres belong to you?

Ms Romeril—No.

CHAIR—So we have a variety of things. Do your members have a penalty regime for late pick-ups?

Ms Romeril—I am not sure. I know that in order to keep a service open after normal closing time a long day care centre has to have at least two staff present, so there are costs if children are not picked up before closing time. The service would need to recoup that cost. I am not sure off the top of my head whether services recoup that through a general levy on all fees—a few cents a week to have a pool of funds to pay for late closing when a child is picked up late—or whether they charge the individual parent.

CHAIR—The bottom line is that you do not know.

Ms Romeril—I can find out.

Mrs IRWIN—Can you take that on notice and get back to us?

Ms Romeril—Yes.

Mr CADMAN—It is traditional to think of your sector as being funded by state governments, isn't it?

Ms Romeril—No. Our sector grew out of a federal government initiative back in the early seventies, but state governments have contributed, as have local governments.

Mr CADMAN—But that has basically ceased and community based centres have been seen more, I think, over the last few years under both governments to be more of a state responsibility for the bricks and mortar aspect of it?

Ms Romeril—No. As I said earlier, the Victorian government over last few years has had a capital funding program. It has been very modest. Prior to that, there was not any state funding for bricks and mortar in child care in Victoria. There was for kindergarten and preschool, but not for child care.

Mr CADMAN—You say that the private sector is the reason for the increase in cost of 12 per cent—is that right?

Ms Romeril—No. I think there is a range of factors contributing to the increase in cost.

Mr CADMAN—That is the way that your submission seems to read. You say that the CPI is 2.4 and the cost of child care has gone up by 12 per cent basically because of private sector involvement. That is the way I read it.

Ms Romeril—And there is also the wage increases that have come in. There is a range of factors contributing to fee increases.

Mr CADMAN—Okay. The big cost, I guess, in child care would be wages and salaries?

Ms Romeril—Absolutely.

Mr CADMAN—What proportion is it?

Ms Romeril—In the community owned sector it is 80 per cent to 85 per cent of expenditure. I believe that, in the large corporate child-care chains, it is closer to 50 per cent or 55 per cent. Nevertheless, it is still the majority in all service types because it is the largest cost.

Mr CADMAN—So wages and salaries in your sector are increasing much faster than inflation?

Ms Romeril—Yes, because there were long overdue award improvements in a number of states and territories and they are still flowing out now. Child-care workers were appallingly underpaid for many years and have only very recently started to win some improvements.

Mr CADMAN—So you have now caught up and it will drop back to about the level of inflation from now on, will it?

Ms Romeril—It will be interesting to see. We are concerned that the 30 per cent—

Mr CADMAN—You are not giving a commitment—that is obvious.

Ms Romeril—Yes. We are concerned that the 30 per cent tax rebate may prompt fee increases in the commercial sector. In our experience, the community sector tends to peg its fees very strictly to the actual cost of delivery. The commercial sector by its nature pegs its fees to what the market will stand. With a fee rebate for higher income families, clearly some parts of the market will be able to stand higher fees. So we are concerned that that will continue to put upward pressure on fees in the commercial sector.

Mr CADMAN—How do your fees compare with those of the private sector?

Ms Romeril—They are about equivalent at the moment, but it is very patchy. It varies enormously from community to community. But nationwide they are about the same.

Mr CADMAN—I have an oversupply of child-care centres in my electorate and in a couple of neighbouring electorates also. We have a large child population and some good centres are half full. My colleagues made comments about whose responsibility it is to see where centres are

built. You can build a strong argument for undersupply. I would like to see fewer child-care centres in my area and some of them moved to those areas where there is undersupply. Who should be responsible?

Ms Romeril—We see child care as a social good. We believe it should be controlled by sensible planning and developed in response to genuine need rather than commercial opportunity. That is one of our fundamental concerns about relying on a competitive market.

Mr CADMAN—Who makes the decision about siting, though?

Ms Romeril—Of long day care centres? Is that what you are asking?

Mr CADMAN—Who makes the decision about where they will be placed or where they will be built?

Ms Romeril—Any operator who wishes to build can build anywhere they want if they can get local government planning—

Mr CADMAN—Do you regard that as a Commonwealth responsibility?

Ms Romeril—We believe it is important that there are controls, that services go where they are needed and that there is not unhelpful duplication. There is probably a role for local, state and federal government. But, clearly, through the approving child-care benefit places—

Mr CADMAN—Nobody in Canberra would have a clue about my suburbs, let me tell you. They would not have a clue where the child-care centres are or whether they should or should not be built.

Ms Romeril—At present the Australian government has a planning system for out of school hours care and family day care. It relies on planning advisory councils in each state and territory, made up of people within the child-care sector

Mr CADMAN—That is for applying the service. It is nothing to do with the use of a particular block of land. That is a response for a request for a service, not for the siting of a service.

Ms Romeril—However, clearly the availability of child-care benefit fee subsidy is a factor in commercial decisions of whether or not to build a service. At the moment there are no controls on access to child-care benefit other than that the service provided be high quality.

Mr CADMAN—Should there be controls on that? You are not suggesting the Australian government treat children differently depending on where they live, are you?

Ms Romeril—No.

Mr CADMAN—It sounded a bit like that. You were saying that there are no controls on the flow of child-care benefits and that the flow of child-care benefits establishes where the centres

are. The inference that I gained from that is that you would like to see those benefits managed so that children in some areas may not receive them.

Ms Romeril—There are existing planning systems for out of school hours care and family day care, where the government decides how many child-care benefit places will be approved for each of those service types in a particular geographic location. Government has tight controls over CCB in two child-care types and not another.

Mrs IRWIN—Would you like to see it be expanded to long day care?

Ms Romeril—That would be one way of introducing some control over unhelpful duplication and oversupply of long day care. Government has that capacity at its fingertips.

Mr CADMAN—I would like to suggest that all your efforts be directed at state and local government. I do not think any federal government is going to get into that siting problem that you have given us the example of.

Mr QUICK—That is what I suggested about half an hour ago.

Mr CADMAN—I know. I agree with you completely.

Mr QUICK—Barbara made the point that there should be one centre to each 800 children as a given rather than this hodgepodge system that has grown up over the last 10 or 15 years as more women have wanted to get back into the workforce. It is a hit-and-miss thing depending on where you live. The further you live from the CBD, the more pressure you are under to find a job and to find child care. Then you have the cost of petrol to get backwards and forwards to pick up your children, the traffic and all the other things. I think it should be in the community where you are growing up as a family.

Ms Romeril—That was the vision on which community child care was established back in the early seventies—a nationwide system of community owned and controlled child-care services located in local communities so families could have a say on the service that was available for supporting them in caring for their children. We made a start on that and then we veered away into a more free market approach. That has expanded the availability of child-care places but it clearly has not located them where they are necessarily needed. We would like to see the government having a more interventionist approach to ensure that child care is available as a social good rather than purely as a commercial product.

CHAIR—Thank you very much for coming. I think it is really useful for the inquiry to hear varying points of view and to hear ones that are kind of out of left field and those that are more orthodox. We thank you very much for contributing to the debate and for the value of the evidence you have given to us.

Ms Romeril—My pleasure. Thank you for the opportunity.

[12.34 pm]

MAHER, Dr JaneMaree, Senior Lecturer, Centre for Women's Studies, Monash University

Witness was then sworn or affirmed—

CHAIR—We have your submission, thank you very much. You have also handed us a two-page document. I would ask someone to move that the document be accepted as a further submission.

Mr QUICK—So moved.

CHAIR—Thank you. All are in favour so that is accepted. Would you like to make an opening statement?

Dr Maher—Yes, thank you. I am here on the basis of a large qualitative study that we did at the Centre for Women's Studies and Gender Research, which was titled *Families, fertility and the future: hearing the voices of Australia*. We were interested at that time in the link between discussions on the development of universal paid maternity leave and the impact on women and men in the choices they were making to have children—whether that was seen in a sense across the community as a kind of a limit point. We were also interested to go beyond survey responses and focus group discussions to get a broader sense of how people worked through those decisions in their lives.

One of the things that characterises research on work and family, in my view, is that, when you ask people to talk about the problems and difficulties, they are very well able to do that. But, in terms of generating creative solutions for the future or getting a sense about how these things are working in people's lives, the barrier type questions tend to elicit a very particular form of response. We were interested in gathering a much more textured account of how people thought about issues of tax, work, social support and local and regional issues like child care. We focused on in-depth interviews to do that.

We advertised quite widely. One hundred women responded and only 14 men. I am happy to talk about that in questions if you would like to. We were very happy about the diversity that we were able to gather in our respondents. We focused on rural and regional areas as well as metropolitan areas. We made a number of visits and we used community newspapers and community radio quite widely. We also gathered a range of views from people of diverse ethnic backgrounds. We gathered, we think, a really good sample of the community's views. We gave everybody a really substantial amount of time to talk about how they worked out the work-life or work-family balance that was particular to them.

We were also very keen to gather the voices particularly of working-class women. Often the debate about work-life does centre on middle-class voices. Very often, when you see a range of views represented in the newspapers, you see people who are financially well off. It has been very clear in patterns of employment in Australia that, for working-class women, for example, the meshing of paid work and family life has always been a part of what they have done. There

was never a period where that intensive, independent care was provided to children. There has been quite fantastic work done, for example, on migrant women workers. They saw part of being a good mother as engaging in the paid workforce. So some of the discussions about mother guilt and all of that kind of stuff are very much related, I think, to a particular form of mothering that was really only ever applicable to quite a small group.

We were quite interested in making sure that we got the diversity of voices. We feel we did well on that level. For all of those people we spoke to—and, as I said, there were only 14 men, so I will largely leave them aside in my discussion since that is a very small sample—

Mrs IRWIN—Before you go on, were these 100 women and 14 men just from rural and regional Australia or was it a mixture from right throughout?

Dr Maher—It was across the spectrum. We chose two areas of Melbourne. We chose the area around greater Bendigo, which actually has quite a high proportion of young women having babies comparatively for Victoria. We also chose the Gippsland area and the regional and rural communities from around there because that is an area that is identified often as socioeconomically depressed. So we tried to make sure that we had those voices as well as metropolitan ones.

CHAIR—A good mixture.

Dr Maher—Yes. What was critical for all who presented and talked to us in their study was that family and work were not thought about as separate things that they had to manage and that in fact there was very much a mesh in their thinking, ideas and understanding. Their decisions about children, work and having one to, two or three babies—one for the nation—were very much linked to a quite sophisticated analysis of the range of opportunities that were available to them. I will now talk about those under the headings of the areas that the inquiry is interested in.

One of the things that we were quite taken by was the very high value that was attributed particularly to mothering by all women who were interviewed, even those who were not intending to become mothers. The sense that there are mothers and nonmothers and there is conflict between those two groups was certainly not borne out in our findings. All women were actually extremely respectful of the important job that was being done by women raising children and they were admiring of that for the most part.

They did note that in their view there was not necessarily broader social and community support for that work. This was particularly pertinent for younger women who were convinced they were going to work, and, as most studies show, 85 per cent of younger women want to have children. Once they start to see the combination of work and family they reduce the number of children they want and a number step away from that initial desire. Younger women were particularly looking at the experiences of struggle with work and family commitments of women that they knew either in their workplaces or in their communities. They really reflected that although mothering was seen as great thing there was not necessarily structured support behind it.

This meant that for these young women in particular questions of employment security and wealth were quite crucial. These are the group most likely to look at an article in the newspaper

saying, 'It costs $250,000 to have a baby,' and say, 'I'm never going to have $250,000 to do that.' Quite a lovely aspect of our talks with women, for example, who had large numbers of children, six or eight, was that they often acerbically reflected that actually children do not need shoes with brands on them and they can also sleep three or four to a room and enjoy it. There was a very different perception of what was needed to mother and to effectively raise children than we found amongst the younger cohort. That was having an impact on people's decisions.

In terms of work in workplaces, the critical issue that came up most often was about quality part-time work. While in the workplace part-time work is often seen as a lesser degree of commitment, women with children argued to us that it shows the highest degree of commitment to work because it reflects that women are determined to continue their professional or economic lives even though the structures of part-time work are not always particularly effective in supporting them.

I think this was an important finding and meshes well with the broader statistical analysis which suggests that, despite the crisis and collision discourse and a whole lot of discussion about how hard work and family is—and it is certainly is tricky—women are determined to do it. In greater numbers they are returning to the workforce earlier than they ever have before. They are determined to make this work. These women's commitment to part-time work was a sign of their desire to keep involved with the labour market. They then found it very difficult when it was often evaluated by employers as a sign of their lack of commitment because they were not prepared to be full-time. They talked about mummy tracks, mickey mouse jobs and a lack of adequate professional development to go with their part-time work. That was, again, across all sectors.

International research too would very strongly support this view that we have perennially across industrialised nations and also in Australia to some extent a group that work less than 15 hours, which they consider is too little, and a growing number of overworkers—those who work substantively more. People were talking about working 20 to 30 hours. They were interested in a real combination in terms of their life, being able to work, being able to develop in their workplaces and being able to spend time with their families. They did not want to feel that there was a conflict between those two spheres, because realistically for their lives to work and be good they had to be doing both, and they wanted to be doing both.

It was also particularly interesting to us that, although the maternity leave debate was on the front page of the newspapers throughout the study period almost continuously, single policy initiatives were never identified by people as definitive in terms of their decisions about work and family. I think this was quite important. As I said in my initial statement, they made very sophisticated analyses. So maternity payment, the baby bonus and family tax benefit B—all of those things—were good things, but they were not things that were going to determine people's decisions about children and about work and family. It was their connection to the labour market that they most wanted to preserve and have strengthened in the processes.

Mrs IRWIN—But those things did not discourage them from having another child.

Dr Maher—No, they did not ever say that. We really pushed; we had direct questions about particular policies, but the answer to: 'If you got paid maternity leave, would you have another

baby?' was never no. It was that they would have to think about it as 'in my workplace they have done X and Y'.

It is worth noting that the younger group of women—and I have read other research that supports this—thought they would all get paid maternity leave. So the younger ones may well have been operating on a false presumption, but there was a sense that it was not a limited case. But for those women who had one child and were thinking about having two or more, it was absolutely essential, because those women had had the experience of potential dislocation from the labour market and they saw maternity leave, which not only delivered financial benefits but also marked them as still connected to the workplace and the workforce, as critical for them.

The final point that I would like to make in terms of the findings is that, as I said, initially there is often a sense that there is resentment between groups. We did not find any people who said: 'Those women with children are always banging on about things they need; they are always carrying on about things they need, and we think they should not be given any more.' Most people viewed their workplaces quite organically and reflected that they had not personally been negatively impacted by, for example, maternity leave or family friendliness or access. We had about a 42 to 53 split—53 women with children and 42 without—and, of those women who were clear that they were not going to have children, about 25 were saying they would not have any—

Mrs IRWIN—Sorry, it was 53 married with children?

Dr Maher—Not married but partnered. There were 53 women with children and 42 without children in the study, so it was basically half-and-half. But even where women were sure that they would not want to access maternity leave or flexibility, they wanted flexibility for other things in their lives: for other forms of professional development, for caring for aged parents and to put their feet up and have a cup of tea on the weekend. There were a range of different things. Most people saw flexibility within the workplace as a positive benefit.

What did we think the implications of this were for moving forward? We thought that they were more research focused on successful strategies, on places where people feel that the work-family or work-life balance is working for them. We have a tendency to have a very good idea about what is not working for people, such as inflexible hours, child-care crossover times—all of those things that we know. But we have little data on the workplaces where people have been able to manage well, where women or men have been able to progress and the sorts of things that make a difference.

One of the stories that stuck out for me was about a woman from down Gippsland way who worked as a horse coper—I think that is the term. The substantive thing for her was that her employers did not mind if her child got off the school bus at four o'clock in the afternoon and came and hung around with her for the two hours that were needed to put the horses away or finish up. It was a very simple thing. She was parent raising a child alone. She did not have access to any other care. It made a huge difference to her financially and also in terms of her profession. Again, there are small localised solutions in which people might be able to generate innovative responses to the work-family issue.

The other question that was raised for us and is something that we think needs some broader cultural and social consideration is that we were very influenced by the arguments about policy solutions. They reflect that the way that we talk about social problems will have an effect on how we think about the solutions for them. When we use crisis and collision discourse around work and family, which is quite consistent in Australia, we reinforce that these are separate spheres. One of the effects that we thought we saw from that in our study was that people felt that governments and employers were not particularly interested in that part of it—that their family, in a sense, was something they had to manage.

We would argue that moving beyond the crisis discourse and looking at solutions focusing on the fact that the labour market needs women and men inside—we need children to be cared for—and that these things are not separate spheres of activity but things that people do as part of their everyday life might well assist in generating more productive conversations about what we can do about work and family together rather than as separate things.

Mrs IRWIN—As you have stated, there were 100 women and 14 men. Out of the interviews that you had with these people, how many wanted to work or had to work due to financial reasons?

Dr Maher—The financial reasons were quite substantial for most participants. What was interesting was that very few felt unable to work. We had a small number of women who cared for children at home as their primary thing, but even those women talked about access to the workplace. For that group of women, it was access to education and retraining that was critical for them, but it was a small number. Over the sample, there were probably only about 10 who did not have some form of relationship with the labour market post child bearing. That varied in intensity, but all of the women saw that as a really critical relationship.

Mrs IRWIN—So it was mainly the retraining and education?

Dr Maher—For the group of women that had made a decision to step out for a period of time, education and retraining was an issue for them. In fact, for that group, the higher education fees were am issue. It is quite interesting to look at studies conducted 15 or 20 years ago and to see that we got no mature-age women involved in higher education, which is very different to how—

Mrs IRWIN—It is like the changes that government is making at the moment that, once your child turns eight, you have to go out and find a job. It is very hard, as you have most probably found out from talking to these women. They might have been out of the workforce for 10, 12 or 15 years. They find that they do need that retraining. I suppose that is something we should look at as well as the HECS fees.

Dr Maher—I think the HECS fees are a substantial issue. If people are looking to undertake retraining in that way, not training per se but some form of further education that would benefit them for higher paying employment, they are going to be faced with the issue of the immediacy of the benefit. Are you sure it is going to pay off? For a lot of women, that was clearly a consideration.

Mrs IRWIN—Talking to these women and 14 men—we cannot forget the 14 men—what types of policies would they like to see in place?

Dr Maher—The questions for them were about the places where the transition between work and family could be easier. The question of transport or travel was particularly an issue in rural and regional areas. Driving around your work time is substantially cut into. They were looking for things like much more flexibility in starting and finishing times, opportunities to work at home and opportunities to have children in the workplace at times when that was not constraining or difficult. From our perspective, we looked over those responses and thought about the difference it makes to greater integration to work and family when a person leaves to pick up their children and you know that Sally and Nick are their children who you have seen and who you know are a part of their life and not a barrier to their engagement in work.

Again, it should not be one structure, because the best stories were the stories where there had been a localised or workplace based opportunity to negotiate. For example, we got a group of community services officers up at Bendigo who came to us because they were told, 'You can talk to these people about this,' and there is often a flow on effect that comes. They talked about specific management practices that were very focused on school holiday times and acknowledgement that that was coming up. They were asking how we can think about that, what the key deadlines are and the ways we might manage a bit more flexibility in this period. Those were the things that made all the difference to people. With regard to all of the things like paid maternity leave, the amount of money was important but it was a focus on how those things then interacted with the opportunity to work more effectively that was really important for the women that we talked to.

Mrs IRWIN—In rural and regional Australia, was there any concern from these people that you interviewed regarding access to good child care and the cost?

Dr Maher—The child-care question was a perennial one. People talked about it as a barrier. They talked about it as very expensive for those women who were staying out of the workforce. Very often, it was not an ideological commitment to being at home but it was just that, once you have done the sums, it is very difficult. We saw a number of people who had moved from metropolitan centres to regional centres looking for life affordability in terms of children and lack of transport. Yes, for those people, access to child care was a very important issue.

Mr CADMAN—I found the comments that women without children were not resentful of benefits received by women with children particularly interesting. I wondered whether or not there may be resentment within the community between those two groups. It is fascinating that you found that that is not the case in the group that you surveyed.

Dr Maher—To my mind, there were several findings that supported that quite strongly. The first one was the number of accidental first pregnancies, which was almost half. We were quite startled, and the demographers that we work with were also very startled, because we have a fantasy that there are a whole group of women who decide to be mothers, they are focused on it and that is what they like to do and then there is a whole group of women who say, 'Never'. We found that there was a lot of happenstance in how people got to be mothers or not to be mothers and how they went on having children. I think that is a really productive insight. I certainly take your point that, if you pick up the Saturday papers and see groups of women having discussions,

you very often see a sense of conflict between them. I would be arguing quite strongly that it is quite manufactured. When you talk to people about the work that parents do, by and large, they think the work is great. Even if it is not for them, they think that work is really important too. It does make me sound slightly Pollyannaish, I know, but we asked them and people did not say they had major issues around equity or access in their own workplace and they were happy that this be worked out.

Mr CADMAN—That is interesting. I would like to see a bigger sample done with some of the work that you are into. Reading your submission, I completely misunderstood the intellectual strength of it, if I may say that. You are supporting that strongly now, and I would like to see a bigger cohort and a more in-depth analysis done. I think what you are doing is significant work.

Dr Maher—Thank you.

Mr CADMAN—Why don't you get into the Institute of Family Studies and see if they will give you a run there?

Dr Maher—We have had some discussions with them, and they have certainly read the report. We have funding applications in for a more systematic study, as you say, that picks up on the initial findings that we have here and pushes those further.

Mrs IRWIN—You would definitely like to have had more than 100 people. It would be interesting to find out if it was the same right throughout Australia.

Dr Maher—That is right, and with regard to the further study that we are talking about, we had partners in Newcastle and in South Australia, so we are looking to expand and to again address places where there have been substantial economic benefits delivered in the last decade and places were perhaps those economic benefits have not been as prevalent. We are certainly interested in doing that. I make a note in support of qualitative research that 100 interviews is a lot and the data pile is high. It is always a trade off. You can get lots and lots of people if you are prepared to do surveys. If you want to spend time really trying to understand what it is that people are saying to you, it does limit the numbers.

Mrs IRWIN—I do not know if you put the direct questions that were asked to this group of people with your submission. Could you take that on notice, because I think the committee would like to have a copy of what types of questions were asked?

Dr Maher—Yes.

CHAIR—Also, I am not quite sure if you have described to us who your women were? What socioeconomic group did they come from?

Dr Maher—I have copies of the report, which has appendices for recruitment. The women were aged between 18 and 43—the child-bearing ages, nominally. As I said, they came from all places across Australia. We have a data matrix which I could break down and provide to you in a table so that you could see where people came from.

Mrs IRWIN—We would appreciate that.

Mr CADMAN—The other thing that I found interesting was the lack of resentment for not having more support for child-bearing. It was interesting that the couples you saw seemed to regard it as a very personal decision and not really one where society had a strong responsibility. Is that right?

Dr Maher—It is true that people did not. I would say that people did not expect that governments would necessarily assist them with that intersection. They were talking about state and federal governments. What that meant for their decision was that they would stop at one or two or they really questioned whether they would have it.

Mrs IRWIN—Whether they should have that third one for the country, as you said earlier.

Dr Maher—They certainly had a lot of issues about that. This was very prevalent, for example, in the group who had just one. Some of them had said, 'No more,' and others were saying, 'Maybe.' But they had taken on board that they would not be very well supported, that there would be workplace costs and financial costs. I would say that this inquiry is a clear statement that that is not government's perspective, because we have an investment in making sure that Australia's 1.8,1.75 or 1.7 stays up around there and does not become 1.2, which it is, for example, in Italy, in terms of replacement. I would be arguing that the fact that people did not have those expectations and did not feel disappointed is perhaps a sign of a breakdown in communication and of people's understanding of government's really quite substantial—as I would understand it—commitment to this area.

Mr FAWCETT—I have a couple of questions on that commitment. Am I right in assuming that the 114 people you interviewed were all employees as opposed to employers?

Dr Maher—No. There were people running small businesses and there were people who had stepped away. They came from large and small organisations. Some of them worked casually and some of them worked in ways that might not be particularly visible in the employment statistics, so there was quite a diverse range. Obviously, there were small numbers in those groups because those people do not read community newspapers or listen to community radio. Probably they do not have the time when they are doing a 16-hour day. That is certainly something we are quite interested in pursuing.

Mr FAWCETT—One of the really important things that keeps coming through is that at the employee level there is the perception of the government's commitment that you are talking about but at the employer level it is about understanding how some of these family friendly policies are of benefit to the company. Perception is a really powerful thing there. For example, you commented on the HECS issue for mature age women going back and studying. Unless they are earning quite a reasonable income they do not have to pay the HECS back anyway, so there is obviously a perception there that is not accurate. They think they are going to have a debt that they will have to pay back, but they do not actually understand. How much of this is about not so much adjusting policy on a massive scale but adjusting the focus we have on educating people to understand what supports already do in fact exist?

Dr Maher—I think that is right. That again would be one reason why we would argue very strongly for better conversations at local levels, workplace levels, sector levels and industry levels in order to work out where there can be benefits for both sides. As you say, that perception

cuts in both ways and does provide a barrier. Very often people feel discomfited talking about what might be possible. The attitude might be: 'Could I trade you off X for Y as your employee and you would then benefit?' One of the things that was really startling was the amount of gratitude and commitment to employers. People talked about simple things, like that school holiday discussion or like my horse coping woman whose employer said, 'If so-and-so is getting off the bus, that's fine.' It meant that if they needed something at 6.35 pm she was still there and she was really happy to do that. I think the benefit cuts both ways. There certainly are barriers, but I think we are not making the most of the opportunities to make it work better for both parties.

Mr QUICK—So, considering the huge amount of money that state and federal government departments spend on advertising the benefits of a whole range of programs, was your advice that perhaps they should get down to the nitty-gritty rather than having the mass media stuff? Do we have to localise it more?

Dr Maher—I think so. I think that supporting communication facilitation within workplaces and industry sectors would be a very effective mechanism to use. Paid maternity leave was all over the paper. We thought that everyone was going to come out and say, 'Paid maternity leave!' It was not like that. People were very much focused, as you say, on their experience there. That is really the place where the opportunity to support conversations and strategies needs to be generated.

Mr QUICK—I would be interested in developing the idea of having a longitudinal study, especially of those 18-year-olds, and also linking it in with young women in years 11 and 12 who are about to enter either the workforce or higher education—in light of the fact that they seem to be greater achievers than the boys at the moment—to see the impact that would have. It would be interesting to interview some of those year 11 and 12 girls prior to them leaving the school and then following them along to see what attitudes changed and what the causal effect of those changes was. I think that would be wonderful.

Dr Maher—Yes. Barbara Pocock has actually done some wonderful interviews with young people. She is in South Australia. She said that the girls were sure that the domestic labour around children was going to be split fifty-fifty and the boys were pretty sure that it was not. So already at that very early age they were facing into some quite significant challenges. But certainly in our study we found that workplace experiences changed people's perceptions of how many children they would have and what they could aim for in their careers. Something that tracked people would be good and that is something we are working towards too.

Mr FAWCETT—Does it also point, though, to a role for earlier intervention at a school level about setting role models and expectations of relationships and engagement?

Dr Maher—Absolutely. I think this is a point where the crisis and collision discourse becomes very difficult. If you are saying to boys, 'Trying to combine work and family is a hellish nightmare that you have to struggle with, but we expect you to do it,' there is not really a strong inducement for them to think about it. If the discourse was focused on saying, 'There is work, which is incredibly rewarding, and there is family life and caring for children, which is also rewarding, and we are offering you the opportunity to have a combination of both,' I think

you would be able to start to address some of those things. While we continue to talk about work-family as this intractable morass and mess, young people are likely to look at it—

CHAIR—That is fine, but I think the argument that we are offering both would have more substance if we removed some of the barriers.

Dr Maher—Absolutely.

CHAIR—Because if we say, 'It is all there for you to have,' but the evidence is that it is all too hard, we speak with a forked tongue.

Dr Maher—When working on this data and trying to think about the ways forward, that was certainly a concern. We have a lot of stories of difficulty, struggle and barrier. But we have had those stories, I would argue, for a decade. Really there are clear indications that there are barriers to the integration of work and family and we need to address those. But it is how we find the strategies to do it that certainly exercises our group of researchers at this point in time.

Mr QUICK—Are we labouring under the apprehension or idea that boys are always going to be full-time? I know that, with my two girls, a lot of their peers work part-time while they are in year 11 and 12 and even when they are at university. The boys were more reluctant to do that. They wanted to aim for a more permanent position. Is that carried on and muddying the waters—that is, the idea that women do part-time—

Dr Maher—And men do full-time. Even in countries like the Netherlands, for example, where there are really strong supports, it still ends up most often being a 1½ type breadwinner model, where you have one full-time wage, usually with the male, and a half wage with the woman. So I think there is an ongoing sense that men's attachment to the labour market and expectations about breadwinning are extremely prevalent. What we know from men's health studies is that that is not working hugely well for men, and what we know from women's attachment to the labour market is that they want more. I think that opportunities to share and to integrate within the life of a family a range of different ways of doing that is something that we should be working towards.

CHAIR—Going back to your group, which said that there were no negatives about mothering, one of our other witnesses coming today, the Victorian Women's Trust, state in their submission that in May and June 2004 they:

... convened three focus groups to explore women's perceptions of their role and living situations. The groups were from different cultural and socio-economic backgrounds in suburban Melbourne and the provincial city of Geelong.

The prevailing sentiment expressed by these women echoed much of what we had discovered through our literature research. Mothering more often than not, without understanding and support from others, leads to a loss of self-esteem and confidence. Women experience acute loneliness, a lack of community support and a sense that their effort is undervalued.

I will pick out perhaps some of the more negative themes emerging from the focus groups They said:

• Women who are (full-time) mothers have a poor self-image

• Women who are (full-time) mothers feel isolated

… … …

• Women who are full-time mothers have to justify themselves and have no status ...

… … …

• Children don't like to say their mother is 'just a full-time mother'. They don't mind telling their friends that—

she—

... does community work, but they like their mothers to be around when they need attention.

… … …

• There is not enough government support; child-care, tax rebates, superannuation

• Women's work is silent. Mothers are walking ghosts

There are others:

• Women who are full-time mothers have ... good organisational skills.

They have:

special listening skills—

and—

Patience and tolerance ...

They are all passive, aren't they?

Mrs IRWIN—One I particularly noticed is:

• There is nowhere to learn how to be a mother —we are expected to know.

CHAIR—You are expected to learn from your mother or your instincts.

Dr Maher—One of our women said that people talk about it as if you will know when you have the baby—that you are just chucked into it and then you become a mother by some osmotic process. When I said there were no negative perceptions, what I was suggesting was that when people talked about the work of mothering, they put a high value on it. The findings we had about how it was regarded were very much like the findings from the Victorian Women's

Trust—that despite the fact that most of our respondents could independently say: 'What women are doing in raising children is really good,'—

CHAIR—But don't we echo that when, if somebody says, 'I am in favour of X,' we make statements like: 'That is a motherhood statement'? Ergo, if you said anything other than: 'Motherhood is good,' you would be somehow abnormal, psychotic or something strange. In other words, what do we mean when we say motherhood is good? It is a statement that says that it is an accepted norm, but what is happening underneath that?

Dr Maher—I am particularly interested in the work of the group on notions of motherhood, so I will expand a little. What we were interested in was the work that mothers do, not motherhood itself. We tried to focus very much on labour, tasks and activities and on asking: 'Do you think that the work mothers do in raising children is good and important work?' and: 'What is your estimation of that work and the significance of it?' I agree that there are a whole lot of discussions about how we think about mothering and all that sort of stuff, but most women who are mothering get up in the morning and they are not thinking about whether they are fitting in with a series of norms. They are thinking about whether the vegemite is going to be in the lunch box and whether the two-year-old will ever go to the toilet without assistance. In some ways, as a community, we have a lot of ideological discussion about mothering. What was very interesting in our study was the insistence from the working-class women, for example, that paid work was a part of their good mothering.

CHAIR—Absolutely.

Dr Maher—Paid work was the way that they looked after their children, and they did not want to have discussions about whether a mother is a good mother if she is not eyeball-to-eyeball with her child. That is not good mothering as far as they are concerned; good mothering is making sure that their children are safe and well and have slightly more opportunity than they did.

CHAIR—So you are saying that this concept of staying home and being confined and closeted is a middle-class myth?

Dr Maher—I think, for most women, it is a very historically specific form of mothering, so it does not have—

CHAIR—Is it or was it fairly new? Was it always the case? It was often said that childhood was an invention of the Victorian era. Children went to work.

Dr Maher—Absolutely. And prior to that homes were places of production.

CHAIR—They were workplaces.

Dr Maher—So children were part of that there. When I look at those models I think about them in a sense as those more agrarian or pre-industrial models of production, even though there are machines, because everybody is involved.

CHAIR—It is pretty grim. I would not want to be there.

Dr Maher—That is right. But, again, people make specific choices to manage as best they can in the circumstances. We talk about good mothering and motherhood statements, but the vast part of mothering is actually work. It means making sure that children are fed and looked after and organised to go to school so they can be educated and become productive citizens in the future. Talking about the goodness or the badness of it—and this is referential to the women who do, women who do not and the dislike—muddies the waters, in my mind.

CHAIR—If you go back in history, women died in childbirth. That was not uncommon. Women had a lot of children because they expected many of them to predecease them.

Dr Maher—They still do in some places in the world.

CHAIR—That is right. I was shocked to learn, in all honesty, that 40 women a year die in Australia from childbirth, because I thought it was nil. You expect the child that you bring into this world to live a full life unless an intervention occurs like a bus accident or something. So our parameters are totally different. Regarding work, there are such things as washing machines, so you do not have to boil up the nappies like previous generations did. There are totally different allocations of time. I think what has happened for many women is that they have shifted what was physical work at home, which has now been alleviated—

Dr Maher—To some extent.

CHAIR—to a degree, and they are putting that productive time into the paid workforce. If they had to do what people at the turn of the 20th century had to do, it would be far more difficult. But there were women then who were left alone and had to go and earn their living to survive too.

Dr Maher—That is right. There is quite wonderful data in a new book called *Double Shift*, which describes the experience of those turn of the century women and how they had to manage with the very parlous child care that they were able to access while they were doing that work. I take your point absolutely. I think what we are seeing historically in women's desire to work and parent at the same time—

CHAIR—It is not new.

Dr Maher—is a consistent restatement of the fact that women have energy to do that and to do other things and they want to contribute.

CHAIR—And now they have education as well.

Dr Maher—And they have lots of opportunities. So it is about supporting women contributing in all those ways and not seeing those things in conflict, although there are clearly barriers.

CHAIR—Further questions?

Mr CADMAN—No, she has been good.

Mr QUICK—We will find you some more money to do some more longitudinal studies.

Dr Maher—Not only I would be happy but so would my boss.

CHAIR—We are very grateful to you. Thank you very much. Do you have some reports there?

Dr Maher—Yes, I have copies of the full report.

CHAIR—Would somebody move that they be received as an exhibit?

Mr FAWCETT—It is so moved.

CHAIR—That is carried. Thank you very much. We do appreciate it.

Proceedings suspended from 1.19 pm to 1.52 pm

WINTER, Dr Ian, Executive Director, Australian Housing and Urban Research Institute

Witness was then sworn or affirmed—

CHAIR—Welcome, Dr Winter. We have your submission, for which we thank you. Would you like to make an opening statement?

Dr Winter—Thank you. Our key purpose of providing evidence to this inquiry was to insert housing into the work-family balance equation. Housing is one of those things that often gets pigeonholed to a side, and I hope that our submission has pointed out the various ways in which, certainly based on the evidence that we have collated over the past six years, we believe that housing is a central part of any work-family life balance. There are perhaps three key ways which we need to be mindful of in the role of housing in a work-family life balance. Firstly, housing is central to decisions about starting a family; secondly, housing is central to decisions about workforce participation; and, thirdly, without secure and stable housing, a balanced family life is difficult, let alone a balanced work and family life.

On starting a family, we know that for the typical family entry to home ownership is a precursor to the birth of their first child. The typical life course pattern these days is marriage or partnering, then entry to home ownership, then the birth of the first child. This is a change; for earlier generations, the first child was typically born before entry to home ownership. The key reason for this change is the need for two incomes to enter home ownership. We now know that two-income households are far more likely to enter home ownership and that those two incomes are maintained during the early years of home ownership whilst the mortgage repayments are relatively high, with one partner then reducing their employment commitments to raise children once the mortgage is under some control.

Confirming this link between starting a family and entering home ownership, the AHURI submission notes that the strongest aspiration for home ownership is found amongst those who intend to have children. Those who intend to have children are seven times more likely to aspire to home ownership. Indeed, the sociologist Lyn Richards comments that renting is one of the most effective forms of contraception that we know. Being unable to enter home ownership acts as a social disincentive to starting a family. We know that the rate of entry to home ownership amongst younger households is slowing—for example, in the decade 1986-1996 in metropolitan cities, there was a 10 percentage point decline in the rate of entry to home ownership amongst 25- to 44-year-olds.

More recently, we know from the Productivity Commission inquiry into first home ownership that first home owners have been squeezed out of the housing market by the flood of investors moving into it. That circumstance has eased somewhat recently, but there is still concern about the rate of entry of younger households into home ownership. That slowing rate of entry into home ownership is in part due to problems of housing affordability, but is also due to changes in demography such as staying in education longer, leaving the parental home later and partnering and marriage later.

The basic point we are trying to make here is that the issues of housing affordability are about entry to home ownership, and entry to home ownership is about decisions to start a family. AHURI has ongoing work on these various matters. We have a three-year national research initiative under way on how the housing careers of Australian families are changing and a further national research initiative under way on the trade-offs and compromises that are made by households in securing affordable housing. These trade-offs may relate to distance from work, size and quality of dwelling, whether or not they take a family holiday or even such basics as food and health care.

Balancing work and family is also a housing issue, because housing affects workforce participation, for where you live shapes access to employment and access to informal and formal services, such as child care, that enable employment. For example, amongst a sample of income support recipients who moved into Sydney and Adelaide a key driver of that move was the search for employment. Yet when we looked at income support recipients who were moving from metropolitan areas to non-metropolitan areas the key driver of their move was the search for affordable housing. So with people leaving the cities looking for affordable housing and people moving back into the cities looking for employment, we have a mismatch between where our affordable housing is and where the job opportunities are.

The design of housing assistance programs can also affect workforce participation—for example, income based rents for public tenants contribute to high effective marginal tax rates for public tenants trying to return to employment. Public tenants typically pay 25 per cent of their income in rent, thus, for every extra dollar they earn, 25c goes in rent. Add that to the income tax and the withdrawal of income support and benefits and you find that some public tenants are facing effective marginal tax rates as high as 60 per cent.

Finally, balancing work and family is a housing issue, because, without a home—a secure and stable base—a balanced family life is difficult, let alone a balanced work and family life. There is evidence on this point—for example, amongst a sample of new public tenants AHURI has found that significant health improvements, increased feelings of safety and improved school performance by children was associated with a move into public housing. This is amongst a group of households who were previously in the private rental market experiencing very high levels of mobility and moving very frequently. Yet the move into public housing, where they had a secure place for a period of time, enabled all sorts of positive benefits in terms of wellbeing, family stability and education improvements.

In conclusion, housing needs to be introduced into the work and family equation, for it shapes decisions about starting a family and about workforce participation and it is the foundation for a stable family life. I encourage the committee to reflect upon the important role of housing, housing policy and housing assistance in its final report.

CHAIR—Thank you very much. I am interested in the figure you mentioned of a 10 per cent decline. Was that new home ownership?

Dr Winter—Yes, new entrants to home ownership amongst 25- to 44-year-olds.

CHAIR—Has that changed in the last 10 years—1996 to 2006?

Dr Winter—We are very much awaiting the 2006 census to update those sorts of figures. We do not know, effectively.

CHAIR—What happened in 2001? We had a census then.

Dr Winter—In 2001 the pattern continued. We have checked the 2001 census data and there was certainly no change in the rate of entry to home ownership evident from the 2001 census. Part of the reason we have started this three-year initiative to try and understand the housing careers of Australian families better is to get some contemporary data on the rate of entry to home purchase amongst younger households. Certainly, there is a lot of evidence around the housing boom that that rate of entry was slowing even further, and that is partly to do with the housing boom, rising prices, obviously, and people finding it more and more difficult to get into home ownership.

CHAIR—Who are the people paying the high prices?

Dr Winter—Investors were the people who flooded into the market from about 2001 through to 2003. Because investors have tax advantages, they can bid higher prices for houses compared to first home buyers. Whilst the $14,000 first home owners grant certainly brought forward a lot of purchasing by first home buyers, when it was reduced back down to $7,000 our research suggests that it was far less effective in bringing forward that purchasing by first home buyers.

CHAIR—So did the $14,000 grant push it up?

Dr Winter—Yes. There was certainly a bring forward in the purchasing by first home buyers when it was set at $14,000. You see a rise in the numbers and then a fall consequently because people got in more quickly.

CHAIR—Did it also push prices up?

Dr Winter—I imagine it would have done, yes. It would certainly have contributed towards the boom. If you give people an extra $14,000 to bid on a house, then that money—

CHAIR—But you had all those people owning houses and then the vacancy rate for rentals rose dramatically, which meant a lot of people got out of it.

Dr Winter—One of the difficulties with housing market analysis is that often the statistics that we are using and that are recorded in the media are aggregate or average statistics. We have been doing a lot of work on the different segments in the private rental market and, whilst you can show that vacancy rates on average went up through the housing boom, if you look at the lower cost end of the private rental market, there is a dramatic undersupply of dwellings at that low-cost end.

We have done analysis by capital city of who is living in the low-rent accommodation that is available, and we find very high proportions of middle-income earners occupying the low-rent accommodation which previously low-income households would have occupied. In Sydney the figure is as low as something like 10 per cent—that is, 10 per cent of low-income families are occupying the low-rent stock—and I think this is reflective of the fact that the middle-income

households are trying to find as cheap rental accommodation as they possibly can to save as much money as they possible can to try and get into home ownership. That would certainly make sense from their point of view, but it does mean that there is a severe squeeze on the supply of accommodation at the low-rent end of the private rental market.

ACTING CHAIR (Mrs Irwin)—In your submission, and I think in your opening statement as well, you mentioned the falling purchase rates amongst 25- to 34-year-olds. Why is this? Is it the cost of housing that they cannot afford?

Dr Winter—That is certainly a key part of it, but it is also to do with a series of demographic and life course decisions that people are making. We know that people are choosing to stay in education longer than they used to. We know that people are choosing to stay in the parental home longer. If you look at the data on the age at which people first leave the parental home, it has not changed a great deal in the past 50 years, but the age at which children finally leave the parental home has increased, because there is a pattern now of returns to the parental home after first leaving which did not used to be there. The fact that people are delaying their leaving the parental home, staying longer in education and delaying partnering and marriage are all triggers for not entering home ownership—that is, settling down and having children were things that triggered entry to home ownership in previous cohorts. Those demographic delays and the difficulties of the cost of entering home ownership are according for the fall in the rate at which people in those younger age groups are entering home ownership. We do not know as yet, categorically, whether or not there is going to be a catch-up—whether or not, once people are past their mid-30s, that rate of entry is going to pick up. I doubt it, but we do not know that for sure.

ACTING CHAIR—I was speaking to some of the young people from my electorate that I have the pleasure of representing in the federal parliament, and they said that they are not even considering looking for housing at this stage, mainly because some of them have got very high HECS debts of $20,000 or $30,000. When they go to a bank to borrow the money for housing, that debt shows up as well. Are you hearing that?

Dr Winter—We have not found any evidence of the impact of HECS debt on entry to home ownership, but I would imagine it is another factor that must be affecting the delay. If people have already got debts, they are typically going to want to try and clear those before they take on a mortgage.

We have found some evidence amongst a sample of first home buyers in Adelaide that the nature of your attachment to the labour force—that is, whether or not you have a permanent ongoing position, a casual appointment or a contract appointment—can affect house-purchasing behaviour. In this sample of first home buyers in Adelaide, the nature of your attachment to the labour force was a better predictor than your income of the amount of money you would pay for your first house. Previously, you could be fairly assured that income was the best predictor of the size of debt that people would take on to enter the housing market. Interestingly, this sample suggests that people having less security in their jobs due to the changing nature of the labour market is affecting the way they are going about buying housing. They are typically taking out smaller mortgages, as much as they possibly can, and buying less housing—because obviously they are covering the fact that they cannot guarantee their income for a number of years.

ACTING CHAIR—I think you were saying that people in Victoria are moving out to more rural and regional areas but they are having to come back to the city and to the suburbs to find employment. Do you feel that we should be looking at improving services and infrastructure in these areas, if that is where they are moving to?

Dr Winter—Transport networks have got to be a key part of these sorts of issues as well, in terms of linking where people are living to these sorts of labour market areas. The Melbourne 2030 plan quite rightly says it is going to try and concentrate some of the new growth within the existing metropolitan area because infrastructure costs a lot of money to provide. So centring activity centres around particular regional centres within the metropolitan area makes a lot of sense. Having efficient and effective transport networks into metropolitan labour markets will be important if we are to sustain that regional growth in an effective way.

We have found, from earlier research that we have done, that in Melbourne there is quite a high degree of regional self containment—by which we mean that people are living and working in more or less the same regions. That was higher than expected. You still get a lot of commuting, obviously, into the central business district but, in Melbourne, with its radial transport network, that is reasonably well handled by public transport. Cross-metropolitan commuting is much more difficult—if you have to go from one side to the other—but we did find quite a high degree of regional self-containment. That suggests that if people have got permanent jobs they are changing their housing locations over time or, if they have settled in one part of the city, they are actually changing their job locations to be relatively close to where they live.

Mr FAWCETT—To follow up on your point, Dr Winter, about people moving to the country for cheaper housing but having to come back to the city for work, that is certainly not consistent with Wakefield, the area I represent, or the Barossa Valley, Clare and Gilbert Valleys, or Adelaide Plains, which are the three broad rural regions. Unemployment there is as low as 1.5 per cent; they are desperate for workers; housing is expensive, and we actually have people living in the outer metropolitan areas who commute to the country to work. So I would be careful about generalising about that, because it is certainly not true where I come from.

Dr Winter—That sample I was talking about was income support recipients, so it is not people who are in the workforce. It is a group of people who are unemployed and looking for work who are moving in those directions. We do not know whether it is the same group of people moving in both directions, either. There were different samples. It is not necessarily that they are going out there and then moving back, having not found work. But also that survey was done three or four years ago and the labour market has changed since that time.

ACTING CHAIR—I found an interesting point in your submission, and also in the statement that you made earlier, where you stated:

> ... families that move to public housing often enjoy a higher quality of life in terms of health, safety and educational outcomes for their children.

Everybody's dream is to own their own home. Are you virtually saying that people who live in public housing are going to be healthier and have higher educational outcomes for their children than they would if they were trying to pay off the family home?

Dr Winter—No, this is a sample of people who have moved out of the private rental market into public rental housing. That is not a comparison of home ownership and public housing. But for these families, a lot of them were sole parent families who had had, say, a dozen moves in one year in the private rental market.

ACTING CHAIR—Because rents were going up et cetera?

Dr Winter—Yes, they were having a hard time finding accommodation that they could afford in the private rental market, and they found that they were moving very frequently. Compared with that experience, the move into public housing was a positive one. You could not make the same comparison with home ownership. Home ownership arguably provides the stability and the security, as long as you can afford to pay the mortgage, that public housing also provides in those ways and often gives you a far greater degree of choice about where you can locate as well.

Mr FAWCETT—You have talked a couple of times about the private rental market, particularly about rents going up, but you have also talked about investment causing prices to go up. I am wondering what your association's perspective is on negative gearing and capital gains et cetera, because I remember that back in the eighties we had this discussion and some of those things were removed and rents went through the roof because all the investors pulled out. Supply and demand said, 'No more rental accommodation,' and therefore people could not afford to rent anywhere. To avoid a repeat of that, I am just wondering what your association's perspective is.

Dr Winter—The institute does not have a formal position on policies such as this. We are a research institute, so we are concerned to make sure that we stick to the evidence. I am happy to venture a personal view about what we might do in relation to negative gearing. A Bank of International Settlements report was put out three or four months ago which compared negative gearing across a range of countries. It pointed out that Australia maintains the most generous negative gearing provisions in the world. To me, that seems like an opportunity not to say that we are going to withdraw negative gearing but to try to use it to secure some positive housing policy outcomes. I wonder whether or not those most generous provisions in the world provide an opportunity to suggest that we will continue to provide those negative gearing provisions if the property is rented through perhaps a not-for-profit housing association which then leases the property to a low-income tenant. I think that from a housing assistance point of view it is the low-income end of the rental market that we need to be concerned about. We know that, because of the interaction between negative gearing and income tax rates, negative gearing has been very effective in attracting investment into the middle and high end of the private rental market but very ineffective in directing that investment towards the low-cost end of the rental market.

I would like to see us explore the possibilities of using negative gearing to try to direct that investment towards the low rent end so that we gain some good social policy outcomes from that investment. I think there is $2.6 billion a year in negative gearing tax expenditures at this point in time. We spend another $2 billion a year on Commonwealth rent assistance provided to private tenants. That is some $4.6 billion a year going into the private rental market for which we get very little in the way of a social policy return.

Mr FAWCETT—From a pure investment point of view, though, the higher returns tend to be, from people I have spoken to, at the lower end of the market. A lot of people do not go there

because of the fear of damage to property and costs and things. In the model you are proposing would you be suggesting that the taxpayer in some way subsidises people to essentially expose their asset to a greater risk?

Dr Winter—I think that part of the infrastructure we are missing is the not-for-profit housing association sector. The not-for-profit housing association sector is getting considerably larger in the United Kingdom. These would be the people who are professional tenancy and housing managers who would ensure that there is no undue damage to properties and provide guarantees about rent returns whilst the landlord still enjoys the same rates of capital gain.

Mr FAWCETT—You talked a little about interaction. One of the big things at the moment in terms of interaction, for which I get feedback from people in public housing, is that at the federal level we look at whether it is reducing the taper rates et cetera for withdrawal of support. Simultaneously, the state governments are either leaving unchanged or increasing, in some cases, what they take in rent. So, no matter what we do in trying to reduce taper rates, people are caught in this situation where, for every extra dollar they earn, they can actually sometimes end up having less money in their pocket because of that interaction. Again, do you have any formal positions as a group or personal comments on how we overcome that negative interaction between state and federal government?

Dr Winter—Again, there is no formal position from the institute's point of view, but I would be prepared to venture some personal opinions.

ACTING CHAIR—We like personal experience. Please tell us.

Dr Winter—It is not necessarily personal experience but I have personal opinions. There are certainly things that state governments could do to help alleviate that problem of contributing to the effective marginal tax rates. We have drawn out, from some of the research that we have done, the issue of perhaps treating income as net income rather than gross income. At the moment rent is charged as a proportion of gross income. So that might help. Even more significant is the notion of a rent holiday, whereby there is simply a period of time, be it six months, nine months or 12 months, between people earning new income and the extra rent being taken from that. So the disincentive to earn extra money to join the workforce does not take effect immediately, if you like—you allow a period of time. Maybe there is a reduced proportion of that extra income which is taken in rent, too. There are other ways of treating those sorts of things.

In terms of the collaboration between the federal government and the state and territory governments on housing, there is ongoing political discussion and debate about where that line is drawn of who is responsible for what in housing. There are now 50-plus years of Commonwealth-state housing agreements, but there is still ongoing discussion about which aspects of that framework are federal and which are state responsibilities. At a federal government level there is ongoing discussion and debate about whether something such as Commonwealth rent assistance is a housing policy or an income support policy. Clarity about which aspects of the social policy framework more broadly are actually going to be counted as housing policy levers would certainly be helpful. One of the difficulties in the housing sphere is that to make any progress very quickly a housing conversation becomes a tax conversation, and that becomes a land use planning conversation. Housing ministers and housing departments

would very quickly start having whole-of-government conversations, which makes it far more difficult to make policy progress.

Mr FAWCETT—Coming back to your core function as a research body, do you have any longitudinal studies that look at, particularly, first home buyers? I will use the words 'form versus function' of the house. We have all been regaled by our parents and grandparents about their first house: a cardboard box, and you sat on the packing case and eventually worked your way up to having curtains. Whereas now I go around a lot of areas where first home buyers are in two-storey Tuscan style places with double garages, spas, ensuites and everything else. They are both out working to pay the mortgage, so there are incredible pressures on the relationship and the family, which is the whole topic of this inquiry. Do you have any long-term figures that trace any substantiated changes? We see lots of anecdotal evidence of change in people's expectations and what they determine to be a suitable first home threshold. But in terms of this whole issue of balancing work and family it strikes me that that changing expectation is a significant factor. You are probably one of the few groups who may have some data on that.

Dr Winter—We do not have the longitudinal data that you are seeking. The only time series data that I am aware of that informs that issue is the data that the ABS puts together on sizes of dwellings and the numbers of people in households occupying dwellings. The time series is very clear that the sizes of dwellings are growing at a fast pace and the numbers of people living in those households are falling. So those two lines are moving in opposite directions. We know that we are building bigger and bigger houses with fewer and fewer people living in them. Other than that I am unaware of data that maps changing aspirations about house size, fittings and those sorts of things.

The national research initiative I mentioned, which is a three-year research investment, is designed to give us a contemporary understanding of what people's housing aspirations and preferences are so that we are able to compare the change in those things across the generations. My sense is that the anecdotes you are referring to will be confirmed by these sorts of data. Again, they are not longitudinal, because you are not tracking people over time, but the comparison of the different generations at the same point in time I think will show us quite different sorts of aspirations about what people are trying to get out of their housing. Part of the housing affordability problem we face today is that people want to consume more and higher quality housing than was previously the case.

CHAIR—Underground electricity and cooling—

Dr Winter—Indeed. Planning standards and building controls are asking for more-expensive solutions as well. But I am afraid I am not aware of the existence of the actual data that are you after.

Mr QUICK—I know that in Tasmania, when buying your first home, if you want to get into a broadacre public housing area, banks and mortgage facilities require double the normal deposit—which will probably cost you another $50,000 or $60,000—because of the possibility that you will default on the loan, which means that the bank or mortgage facility may not make much money. People find that is a disincentive, because they cannot raise that extra five per cent. Does that occur only in Tasmania, or does it happen elsewhere? The mortgage people are saying to the banks, 'We're going to lend all this money and we want to get a return.' That is thwarting

the aspirations of the 25- to 34-year-olds, because they cannot raise that extra $20,000 or $30,000 to get into a house that they can ill afford.

Dr Winter—I do not know the answer to your specific question, I am afraid. My sense is that there are now far more players in the mortgage markets than there ever used to be. Financial deregulation has enabled growth of the mortgage broking industry to occur. In fact, it is probably far easier to get mortgage finance today than it was 15 or 20 years ago. I know that a number of people in the financial and consumer counselling areas are quite concerned about 'low dock' loans and those sorts of things whereby people can borrow 95 per cent or 100 per cent of the value of the property. There is a difficult set of trade-offs there, isn't there? On the one hand, I think it is very positive to enable people to access home ownership. I think home ownership is a good solution for many people who choose it and, in many cases, the availability of mortgage finance makes that easier. However, those people need to be well informed about the responsibilities they are taking on board and the risks they are opening themselves up to. It is my understanding that, generally, the banks are more cautious than mortgage brokers are about mortgage lending, but the difficulty there is that it reduces the number of people who potentially can get into home ownership.

Mr QUICK—The role of local government: When I was teaching in the 1960s and the 1970s, the inner cities were the pits; that was where the poverty was. Now they are the elite suburbs and the disposed and the poor are being forced out on to the fringes, where there are fewer services and the like and the cost of transport is higher. In my neck of the woods, most have cars worth $3,000 or $4,000 that the transport people try to defect as often as they can. But these families need those cars; in fact, they need two of them in order to get to their workplace, which is not in those suburbs. How did we move from the inner city being the poor area in the 1960s and the 1970s to where it is now the affluent area? Why did that change occur? It has had a remarkable effect on employment opportunities, the value of education and additional cost to families—because, as I said, a family needs to run two cars. Was it just an unconscious decision?

Dr Winter—Again I am straying well beyond the evidence base that this institute has been able to provide, but I am happy to venture some personal thoughts on the matter. I think there were both economic and social drivers of those sorts of changes through the 1970s and 1980s. From the economics point of view, I think the housing markets in those inner suburbs became very affordable. That was partly because fewer people wanted to live in those areas; therefore, if you wanted to get into home ownership, they were not bad places in which to do so. When you looked at them at face value, they were very close to the city and provided good access to services. So there was a series of economic drivers, but there was also a series of social drivers. It was the start of a demographic shift—people not necessarily having kids as early and not necessarily looking for a suburban family home as early in their careers; people being happy to stay closer to the city and looking for alternative sorts of lifestyles, such as opportunities to access pubs, cafes and night life. That occurs as the demographic shifts, with people earning incomes and spending quite a bit of money throughout their 20s. A whole series of factors come together to bring about that shift.

But it is my understanding that the fringe will not necessarily be the affordable place that it has been through the 1990s, say. Developers I have spoken to say that the developments they are putting out now in the urban fringe are not intended for the lower end of the market; they are intended for the purchaser who is looking to trade up. Recent work we have done in Melbourne

suggests that the areas of cheaper housing are the older 1950s suburbs, in which there was a concentration of manufacturing employment in the 1950s, such as around the Dandenongs, Maribyrnongs and those sorts of areas. That manufacturing employment has now collapsed and it is in those areas that you will get a concentration of disadvantaged households, lower housing costs and probably poorer housing quality; some of it is accompanied by larger public housing estates that were built in the late 1940s and 1950s.

Mr CADMAN—Have you done any studies on the impact of taxation on housing affordability?

Dr Winter—Yes. It does not directly measure the impact of taxes upon affordability. We have looked at the tax expenditures that go into housing and the direct taxes, but it does not pick up on the impact of things like stamp duties, land taxes and those sorts of things on affordability. The Productivity Commission inquiry into first home ownership does provide information on that.

Mr CADMAN—In New South Wales the tax impact imposed by state and local authorities on new developments is something like $200,000 a block. It would be very interesting to speculate on the impact that taxation at that level has on family formation and children.

Dr Winter—I think this information came out a couple of weeks ago; I saw it too. They said that the most expensive components of a house and land package were: No. 1, the house; No. 2, the tax; and No. 3, the land.

Mr CADMAN—I think that is right.

Dr Winter—As I understand it, this is partly to do with a change in how we charge for infrastructure associated with those sorts of developments. We now expect the users or owners in these new developments to pay for the infrastructure, whereas previously those sorts of costs would have been shared across the whole community. So that has partly impacted on it.

Mr CADMAN—And amortised over a period.

Dr Winter—Indeed, yes.

Mr CADMAN—If that is the case, another factor on family formation seems to be a trend that I have observed on the size of the house/land package. I will put a hypothesis to you and I do not know whether you can help me with it or not: if you have a 320-metre or 350-metre block and, apart from a very small curtilage, the house takes up that total area, the incentive to have more than a couple of kids is pretty limited, because you cannot get them out of the house unless you tip them into the street—and nobody will really do that. Is this just a feel I have, or do you think certain factors about the size of the house/land package are predictive? In my area, I see kids who come home having nowhere to play, so they go straight on to their computers. If they want to play outside, they have to go to the park and mum has to accompany them, because she is not going to send them there on their own. All of that, I think, is conducive to smaller families rather than larger families.

Dr Winter—Again I am unable to help with any particular evidence on that matter.

Mr CADMAN—Do you know where we could look for anything to help us with that?

Dr Winter—The Institute of Family Studies may have work on parenting and children's play, but that is the sort of issue that would be tackled more from the family and parenting end of things than from the housing end.

Mr CADMAN—I think it has a lot to do with land development and block size.

Dr Winter—The bigger houses that people are building these days tend to include things like a kids' wing and a parents' wing and these sorts of things. Built into the design of the houses are discrete areas for children and children's play, but again that is still internal.

Mr QUICK—With respect to housing affordability in relative terms, I am about to turn 65 and I bought my first house in 1977. The house and land cost $25,000. As a schoolteacher, that was a real struggle. In relative terms, has affordability changed all that much?

Dr Winter—Yes. The long-run historical average through the 20th century was that your average house price was about six times the average income; it is now up to nine times the average income.

Mr QUICK—Has this happened over the last 20 years or the last 10 years?

Dr Winter—Particularly through the nineties and the most recent housing boom. It has kicked up particularly through this recent housing boom.

Mr QUICK—Is this across all the capital cities or are some worse than others?

Dr Winter—I am citing a national average.

Mr QUICK—So in Sydney and Melbourne it would probably be even worse.

Dr Winter—Sydney would be worse again, yes; Hobart would probably be a little better off; Adelaide would be a little better off. I do not know what the figure would be for Sydney but it would be worse than nine times, I am sure. You may have seen these international comparisons of housing affordability. Australia now is right up there in terms of the cost of its housing relative to incomes.

CHAIR—Doesn't that have a demographic component in it? Right across the developed world, where there was a baby boom, there has been tremendous prosperity and a very large underpinning by housing prices and all the industries that attend upon them. If you look at the countries that lost the war—Germany, Japan—they did not have a baby boom and they were the ones who have remained in recession. Some articles were written fairly recently about what will happen when the baby boomers all decide that they want to downsize and sell off their properties. What will happen to house prices?

Dr Winter—The demand for housing will continue to grow. It will continue to grow not because population is expanding but because household numbers are expanding. It is driven by the growth of single-person households.

CHAIR—It is also driven by divorce.

Dr Winter—Indeed.

CHAIR—Divorce actually adds to GDP. There is an increased demand for an additional house, extra garbage services—the whole thing builds up so that it actually adds to GDP. But there must come a levelling-off period. In New South Wales, for instance, you have people leaving. The prime real estate around the harbour, beaches and whatever will hold up, but what about the rest of it?

Dr Winter—The evidence we are seeing in the housing market now is that house prices are levelling off. Home owners choose not to sell when prices are likely to fall, if they have that option. What tends to drive the house prices levelling off or dropping a little bit when the housing market cools is the investors leaving the market—and we have seen that recently. It will not be driven so much by home owners leaving the market and selling at a price that is lower than the one they think they can gain, particularly if they are more recent entrants. Certainly, all of the predictions I have seen suggest that, whilst house prices will level off in the next five or six years, rents will go up in the private rental market—again, to try to return to the long-term relationship or ratio between rents and house prices, which at this point in time is out of skew, whereby house prices appear to be overvalued compared to what you can charge for them in rent.

CHAIR—They are.

Dr Winter—Yes, although people are paying the prices for them. Presumably they are going to have to be content to sit on those houses for a fair period of time before they are going to see any capital gain.

CHAIR—On average, don't house prices here double every seven years?

Dr Winter—I do not know that. In real terms they go up by only about two per cent per year. Taking inflation out of it, you see about a two per cent increase in real terms.

CHAIR—It is like trying to tell self-funded retirees that they are actually better off being paid an interest rate of 5.5 per cent than they were when they got 16 per cent. Economically you can prove that is the case, but they just do not believe you.

Dr Winter—Indeed.

Mr QUICK—We have been talking about the issue, but now we have got some hard evidence.

CHAIR—You said that the cost of a house used to be six times the average income, and now it is nine times. Does that mean that the increase in the price of housing has been exponential and therefore what has driven it, or does it mean that wages have slowed?

Dr Winter—I think with the recent housing boom it is the house prices that have skipped ahead of any predictable trends. Incomes have been rising with CPI broadly, but house prices

have been rising way ahead of CPI—certainly through 2000 to 2003. What has driven that is that towards the end of 2000, returns from the share market were looking poor; investors were looking for other opportunities and the changes to the capital gains tax that came in with the new tax system made investment in property even more attractive. That pushed a lot of people across.

CHAIR—But the changes in capital gains tax apply to shares just as much as to property.

Dr Winter—Indeed, but the performance of the share market in 2000 was looking very poor. We now see the share market picking up, but those investors have moved back.

CHAIR—Maybe that is one reason why prices are levelling off—because investment has gone elsewhere.

Dr Winter—Indeed. And we now know that first home buyers, as a proportion of the market, are climbing back to where they normally are.

CHAIR—The other aspect is that wage growth was very low up until 1996. Wage growth in the last decade has been high, and there has been pent-up demand where suddenly a whole lot more people could afford to buy.

Dr Winter—I am not aware of that. We know that, as I was mentioning previously, the first home owners grant brought forward quite a lot of first home buyers in 2000 and 2001. Probably by the end of 2001 that had finished. So the $14,000 first home owners grant certainly brought through a lot of that demand that may have been pent-up through the 1990s. But it also meant that there was a considerable dropping off once the first home owners grant—

CHAIR—There was certainly resistance right up to 1998-99. Despite the fact that we had pressed interest rates down, there was still an inherent disbelief that they would stay there. There was still that expectation that they would suddenly take off again, as they had done previously, and therefore people were very reticent. There came a point when they actually believed that they were going to stay down low. Plus securitisation started to emerge around then as an important source of finance. Thank you very much for coming. That was a most interesting addition to our debate, and we do thank you for that.

Mr QUICK—Can we access some of the information that you people have on the website?

Dr Winter—Yes, indeed. All of our information is free on the website. I think in our submission we gave you a list of the key references that we were referring to. Is there anything else I can do to assist with that?

Mr QUICK—No, thank you.

[2.41 pm]

ALEXANDER, Mr Michael, Principal Research Fellow, Australian Institute of Family Studies

GRAY, Dr Matthew, Deputy Director, Research, Australian Institute of Family Studies

HAYES, Professor Alan, Director, Australian Institute of Family Studies

WESTON, Mrs Ruth, General Manager, Research, Australian Institute of Family Studies

Witnesses were then sworn or affirmed—

CHAIR—I welcome the representatives from the Australian Institute of Family Studies. I thank you very much for coming. I also note that you have been in the room quite a bit through today; we appreciate your shared interest in our witnesses. We have your most extensive submission, for which we thank you. Would you like to make an opening statement?

Prof. Hayes—Thank you, Chair, I would. On behalf of the Australian Institute of Family Studies can I say how pleased we are to have another opportunity to address the House of Representatives Standing Committee on Family and Human Services in its inquiry into balancing work and family.

Since we last appeared before the committee in August last year, we have published a number of articles that may be of relevance to your inquiry. With your permission, Chair, we would like to table *Family Matters* Nos 71 and 72, published in September 2005 and January 2006 respectively, and briefly advise the committee of the findings of the relevant research. I will try to keep this brief.

CHAIR—Thank you. Firstly, could we have a motion that we accept those exhibits.

Mr FAWCETT—So moved.

CHAIR—Thank you.

Prof. Hayes—In relation to the first of your terms of reference, we have undertaken further analysis of our fertility decision making study data, with an article appearing in *Family Matters* No 71 on people's beliefs about the effectiveness of IVF as a fallback option in order to address delayed fertility. Our data showed what we believe to be a concerning lack of awareness among both men and women, on the one hand, at the success rate of IVF and, on the other, how that rate declines with maternal age. We concluded that there is a need for raising public awareness about the pitfalls of postponing child-bearing and the age related success rates of IVF.

With regard to the second term of reference, we have published a number of articles on balancing work and family and on child care. I will very briefly run through some of the key new findings. Our investigation of how work transition patterns following childbirth in Australia

have changed from the 1970s through to the 1990s shows that certain personal or family characteristics are associated with these changed patterns. Women are now more likely to be working before the first birth, which in turn is associated with the great likelihood of working after the birth. There is also evidence of a faster return to work among those who took a break during the period surrounding a pregnancy and delivery. Married mothers are more likely to take a break from work than non-married mothers, which suggests that these women can better afford to take such a break, given the support of a husband. Women with higher levels of education were less likely to leave employment on commencement of child-bearing and had a faster return to work. We speculate that a combination of factors influence these women, including having access to jobs with better employment conditions, including paid maternity leave, which enables them to maintain continuity of employment and to make an easier return to work after their maternity leave.

In *Family Matters* No. 72 we analysed data collected by the Australian Bureau of Statistics to explore differences in the use of family-friendly work arrangements by lone and couple mothers. More than half of the couple mothers and nearly two-thirds of lone mothers had made use of a family-friendly work arrangement to enable them to provide care for their children in the six months prior to the survey. Not surprisingly, there was a higher demand for family-friendly conditions among lone mothers. Lone mothers were more likely than couple mothers to use shift- and casual work to manage caring responsibilities, while couple mothers were more likely than lone mothers to use part-time work. Lone mothers were also more likely to use their paid leave arrangements in order to manage caring responsibilities.

In *Family Matters* in January this year, we published an article which compares mothers' work preference data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey, which was conducted in 2003, with data collected by the institute in 1996 to see whether the increase in the employment rate of Australian mothers between 1996 and 2003 actually reflects women's preferences. The 2003 survey indicated that nearly three-quarters of mothers with a child aged under 13 years wanted to be in paid work. Five-five per cent of the mothers without paid work, whose youngest child was under five years of age, indicated a preference for not working—so they were doing what they preferred to do. Roughly half the mothers who were working full time wanted to continue working these hours, while the other half wanted to work fewer than 35 hours. In other words, there is a split in the preferences for hours of work among those who are working. There seems to be a marked increase in the proportion of mothers working fewer than 15 hours who want longer hours of work; that has been a trend that has increased over those two time periods. Sole mothers were more likely than partnered mothers to want a job if they were not in paid work—sixty-six per cent of them compared with 38 per cent of couple mothers want to increase their work hours if they work part time.

CHAIR—That is quite important.

Prof. Hayes—Sole mothers are indicating that they want a job if they are not employed and that they are wanting to increase the hours if they are already in part-time work.

CHAIR—That is quite interesting because people have said that lone mothers do not want to be back in the work force, but they clearly do.

Prof. Hayes—From these data, yes, they indicate that they do.

Mrs IRWIN—From a financial point of view? They want to work or is it more financial?

Mrs Weston—The question did not address the reasons for preference but it was the case that sole mothers, including sole mothers who were working full time, were more likely to want to retain those full-time hours than partnered mothers. If they were working part time they wanted an increase, and if they were not working they wanted a job. There were quite substantial differences there.

Prof. Hayes—We have also looked at the impacts of work on family life through the lens of the Longitudinal Study of Australian Children or LSAC. We published those data again in January of this year. Fathers of preschool age children were more likely than mothers to report work to family strain, especially in relation to missing out on home or family activities because of work. Work was most likely to have a negative impact on those in higher skilled jobs, especially professionals, managers and administrators and associated professionals. These were also the jobs with longest hours reported in the LSAC sample.

Self-employment was associated with a less negative impact from work onto family both for mothers and fathers. A number of women commented on the value of self-employment as a way of overcoming some of the difficulties of balancing work and family life. Casual employment reduced the amount of negative impact for mothers although for fathers it significantly increased it. Parents with a youngest child aged four to five were more likely to report work to family strain than parents whose youngest child was younger than four—mainly because both parents are more likely to be working as the children get older, so there is less strain for those with younger children because it is less likely that both are working at that time.

We also have through the longitudinal study some data on the extent to which children receive regular care from their grandparents. About 18 per cent of infants in the sample and 17 per cent of four- to five-year-olds receive care on a regular basis from their grandparents. This typically involved care on either one or two days per week but occasionally for up to seven days per week. For 13.2 per cent of infants, grandparent care was the only form of non-parental care the child received and, in 4.8 per cent of cases, grandparent care was combined with other forms of care.

As children get older, however, and start preschool, less than one per cent—0.6 per cent to be correct—have grandparent care as the only type of non-parental care received. The majority of grandparents caring for children receive no payment for the care they provided with just 4.9 per cent of those caring for an infant and 8.3 per cent of grandparents caring for four- to five-year-olds being paid. Although work and study are the most common reasons that families give for the use of formal care as well as grandparent care, there is evidence for the priority that families place on the relationship with grandparents and the socialisation and other benefits that flow from that in its own right. There is recognition of the role of grandparents and extended family in the development of children.

Lastly, I turn to some findings on child care again published in *Family Matters* on the basis of the Longitudinal Study of Australian Children, which, by the way, has a sample of 5,000 infants and their families, carers and teachers, and 5,000 four- to five-year-olds, so it is a very extensive study. Regular non-parental child care is experienced by 36 per cent of Australian infants in the first year of life. Exclusive care by parents therefore is the norm for most Australian infants in

the first year of life. Fifty-nine per cent were in informal care settings while only 30 per cent were in formal care arrangements and a further 11 per cent experienced a mix of both formal and informal care. Infants in informal care spend on average 14 hours per week in care while those in formal care or a combination of formal and informal care spent considerably more time in care: 20.8 hours on average versus 24.6 hours respectively.

Very few infants attend care full time. Of the four- to five-year-olds, about 96 per cent were participating in early childhood education and care programs, either in a long day care setting or a preschool. Forty-one per cent of the four-year-olds attended two or more education and care settings each week. Combinations included preschool plus day care and preschool or day care plus informal home based care.

Cost is closely interlinked with care type and setting, with many parents using care settings that fall outside the government regulated sector. Informal care is most common for infants, especially care that begins very early. Much of this care is unpaid or, where it is paid, it is not subsidised through the childcare benefit scheme. The use of formal regulated services on the other hand is almost always associated with payment and the receipt of subsidies.

Much additional research has been completed and published since we last spoke to the committee. I hope that by giving you this quick summary, you have a sense of this new research. As I said earlier, we provided copies of the articles to the committee. I brought with me today the institute's deputy director of research, Dr Matthew Gray, and two of our principal research fellows, Mrs Ruth Weston, who is general manager of research, and Mr Michael Alexander. I will try to direct questions to the relevant team member so you get the richness of the data, which I do not entirely have in my brain. Once again, we would welcome the opportunity to assist your inquiry and wish you very well with such an important set of deliberations, and we look forward to the outcomes. Thank you very much.

CHAIR—Thank you very much. Did you say that 96 per cent of four- to five-year-olds are participating in formal care—preschool or long day care?

Prof. Hayes—In early childhood education and care. It is mix of preschool in the states where you have, for example, universal preschool or long day care that offers a preschool program or early childhood programs that are offered, for example, by some schools, particularly in the independent school sector where early learning centres are available.

CHAIR—Could it be one day a week?

Prof. Hayes—It could a number of hours per day. It could be one day a week. Correct. It is certainly not full time in coverage.

CHAIR—Do you think children would benefit if there was universal preschool for children?

Prof. Hayes—Definitely. I think it has been shown through the Rand Corporation and other studies to be one of the most cost-effective ways to enhance the development of young children. I think some of the debate now has moved to looking at ways that you can add that developmental value to some of the existing mixes of services like formal child care or family day care. But I think it is a great opportunity, and the countries that have moved to that are

showing much smoother transitions to the early years of school. Children have better preparation to start school and there are general developmental benefits. Those benefits extend across the board, but I think are particularly relevant to those who are in disadvantaged circumstances. If I had to pick one policy initiative, I think in the early years it would be moving to greater accessibility and availability of preschool and educational programs for young children.

CHAIR—Across Australia, we do not even have a common start school age. In Queensland it is still six, in New South Wales it is five and so on.

Prof. Hayes—Correct.

CHAIR—Supposing you had a preschool age of four and a starting school age of five, would it be even better if it was like France where the preschool age is three?

Prof. Hayes—I think that comes down to issues of affordability of an initiative like that. I suppose I would start with four and then maybe look to move beyond that. I think it would be a fairly considerable investment to introduce a universal year of preschool around the country.

CHAIR—Have you done any work on how that could be done, bearing in mind that the state governments have responsibility for schools?

Prof. Hayes—The institute has not done work on that. In another life I had an interest in that topic and presented to an inquiry in New South Wales a view that that state ought to move to universal preschool. I have not changed my view on that. In fact, I think the weight of evidence now is even more compelling.

CHAIR—Did you do any costing of it?

Prof. Hayes—No, I did not.

CHAIR—This may be outside the square, but it was only in the sixties in New South Wales with the Wyndham report that high school was extended by one year. The evidence was that the first year of high school was pretty useless—it was pretty repetitious. The real reason for doing it was the demographic bulge of kids coming through. It was better to stagger out the schooling period rather than try to dump them on the labour market earlier. Would there be any sense in saying you could go back to five years of secondary school and have schooling from age four to 17 instead of five till 18?

Prof. Hayes—That is a very difficult issue. It would be difficult to move away from that now. Of course, one of the reports that influenced a lot of thinking both in New South Wales and around the country was the Carrick report, which did place the premium on the early years of school and the years immediately prior to school and the preparation for a smoother transition. One of the problems I would see is that the curriculum is pretty crowded in secondary school. It would be very difficult to argue that you could reduce it by one year. There are other systems that articulate with it that expect a higher level of achievement and attainment in those secondary years. Having a background in university, there is always the complaint that there was not enough that had been done in the secondary years. So it might be difficult to persuade universities of that. But, really, I would not say I have an expert opinion on that.

Mr QUICK—You mentioned the experience with the introduction of family friendly early childhood education. What impact, if at all, was there on workplace options, especially for sole mothers and sole parents?

Prof. Hayes—I cannot answer that. The literature I have read is the work, for example, of Professor Heckman, which is really about the cost benefits of investing in that year of preschool education or developmentally appropriate early childhood experiences.

Mr QUICK—The Ontario stuff as well?

Prof. Hayes—I am not as familiar with that. The thing is to move away from a sort of care versus education debate, to be honest. If you look at it, I think you see that the developmental aspects of care and the opportunities that are there given the time that children are spending are the important dimension of the discussion.

CHAIR—We were just having a quiet discussion on the side as to whether or not you could start a lot of the teaching that is done in kindy in preschool and in kindy do first class—move it all up. There is a problem with keeping 18-year-olds in a school environment, particularly if they are boys and they have a very young teacher. That happens in a lot of schools. I am wondering: if we started earlier could we avoid that situation?

Prof. Hayes—I think you would avoid some of that. One of the things you would avoid is boys who struggle in the early years of school and then develop compounding learning difficulties. As you rightly pointed out, there is an issue around the middle years of school that is often overlooked in the debate about the early years or the transition from high school to university. I think though that the solution around the country, where people are developing senior colleges which have a different feel to the traditional year 11 and 12 of a high school, is a good initiative. That is a way of overcoming some of the problems and, again, smoothing the transition to post-secondary options, be they through the VET sector or be they at university or in employment. My feeling is that those are really useful things to think about.

My only concern, at times, with the early childhood discussion is that the real focus in that is on making a more continuous and smoother set of transitions through life. That is the way that I would like to look at it. For boys, I think that is particularly important, because the learning problems that they have are often evident to their parents well before they get to school but are not addressed. In terms of making a better system of articulations between early childhood and the early years of school, I think one of the babies we threw out with the bathwater was when focusing on a K to 12 perspective and not having specialists with specialist knowledge in the early years of primary school, in the infants years.

CHAIR—I had a wonderful aunt who was an infants headmistress. She always said that, if anyone left infant school without basic understanding of reading and writing, they never caught up.

Prof. Hayes—That is right. The gaps get wider over time. That is what you see in any of the longitudinal studies. If you can prevent the opening up of that gap then I think you have made a major contribution. When you look at Indigenous children or children from very disadvantaged circumstances, they do not catch up.

CHAIR—So what you are saying is that, by adding a year at the front, you are giving them a longer period of time to learn those fundamentals, which may prevent catastrophe later down the line.

Prof. Hayes—In part, yes. The other thing about it is that, if you are sensitive to the differences in children at that stage, you can start to address those before they become entrenched problems. I will be very quick, but, if you look at it, there is a wide developmental age range in the early years of school. It can be up to five years of developmental age by year 1 for some children, if you take the most disadvantaged, educationally speaking, and the least. It can certainly be three years of developmental age difference. There is a relationship between the number of times the child has to experience a new concept before it becomes entrenched or incorporated cognitively. I think that has real implications for the way we organise schools. Rather than just thinking about the chronological years of schooling, it is what happens to take account of children's differences. You are exactly correct. Once the difference becomes problematic, it is very difficult to turn around. That is partly why you get the investment benefits by working in the early years of school and in the early years of childhood. It is the preventative dividend.

CHAIR—We are discussing things here at a federal level. If we mandated that, as I think Julie Bishop has said, we should be looking at children starting preschool at four, I suppose at least that might make states talk about a common starting age for schools, if nothing else. You would have to work with the state governments to implement the policy.

Prof. Hayes—I think it is essential, because it is of such impact. The point is that we are a highly mobile society. I think one in four households experience change in any year. I think that is correct.

CHAIR—I just know the problems we used to have when I was Minister for Defence Industry, Science and Personnel. I moved personnel. The school years would be all over the shop, and it made it enormously difficult for people.

Prof. Hayes—The difficulty is that children who have no other obvious problems often, simply by the way we organise school systems, do experience difficulty and become problematic through no fault of their own but through the silliness of the lack of coordination across the nation. I think uniformity in some aspects of education can only be applauded.

CHAIR—When I was talking about perhaps making the school lead-in to university or other tertiary education shorter, I was also linking that to the commentary that you made about IVF as back-up. People are in school and learning for so long, girls in particular. We did take evidence from an Sydney IVF clinic, so we did learn all about age and a definitive number of eggs and all that sort of thing. If you actually brought it back a year, you might have a greater fertility span. Even a year can make a difference.

Mrs IRWIN—It is interesting.

Mrs Weston—It is interesting. One of the difficulties is that we also have this credential creep—that is, in order to feel secure, get a good job and have a hedge against unemployment, you want to have career development et cetera before you have children. Both partners are in

paid work. The time taken by people to complete their tertiary education is increasing. A lot of them are working part time now. So there are a whole lot of other factors that are coming into it. But it is an interesting concept. You have hit the nail on the head: life changes are making such a big difference to fertility, and people who are delaying having children are in a much better position later on to be able to afford child care and everything else.

Mr QUICK—On page 23 you state that lone mothers were more likely than couple mothers to use shift and casual work to manage caring responsibilities, while couple mothers were more likely than lone mothers to use part-time work. To me, shift and casual work and part-time work are one and the same, in some regards. If you are doing shiftwork as a nurse in an aged care facility, you might be working almost full time, whereas part time is three or four hours a day.

Dr Gray—The figures you are citing come from the New South Wales carers survey. The respondents were all people who had responsibility for providing regular care, and they were asked: 'Which of the following range of work arrangements have you made use of in the last six months to care for your child or children?' We then compared lone and couple mothers. Obviously, shiftwork, casual work and part-time work are interrelated, so that people who are part time are also more likely to be casual. But the respondent could give an answer for each separate component. We have not looked at the relationships between the two. It is certainly the case that lone mothers were twice as likely to say they had used shiftwork to balance their work and family responsibilities.

Mr QUICK—They work at night so that they can pick up the kids during the day?

Dr Gray—That is right.

Mr QUICK—Which is more stressful.

Dr Gray—For example, if you think of the lone mother case, you might imagine that the mother's parents—the grandparents—or an aunt or somebody else who has young children might also care for the young children of the lone mother after school. The mother may care for the children during the day and then work at night.

Mr QUICK—I remember working as a teacher in a disadvantaged school program in the seventies. We called them latchkey kids—they came home, they had a key and, because the sole parent was working in order to survive, the kids had to fend for themselves for a couple of hours until the parent came home. Is that the same thing that is happening now, in 2006?

Dr Gray—This survey did not have information about where the children were and what they were doing. The question was: 'Which of these work arrangements have you used?'

Mr QUICK—Options?

Dr Gray—Yes. So it did not go into that detail. It is also worth noting that lone mothers are more likely than couple mothers to say they used a family-friendly work arrangement. Sixty-three per cent, or nearly two-thirds, of lone mothers and 55 per cent of couple mothers had to make use of these work arrangements.

Mr QUICK—But are they really family friendly, if you are doing shiftwork? You do not have the capacity, as a sole parent, to have any other option. It might be family friendly because it provides you with the wherewithal to survive, but if you want other options—for example, if you want to increase your study capacity—you do some of the crappy jobs in order to survive and give you the capacity to save some money to pay the TAFE fees, which have gone through the roof in most states. So is it really family friendly or is it the only option in order to get back into the workforce?

Mr Alexander—When people are using these things, it is hard to know whether in different circumstances they would consider them to be a family friendly option, but on average the things that are listed there would be things that are making it easier for people to balance their work and family arrangements, given their current circumstances. But your point is taken that, if they had a different set of options made available to them, they may well choose a different strategy.

Mr QUICK—That is right. The government is now saying that once your child reaches eight you are off one benefit and onto another one, so there is a coercive sort of factor.

Prof. Hayes—I think the thing is that it is too early to judge how those things will play out. We certainly have not done anything that bears on that issue at this point, but we are mindful of it. We have framed our next research plan around the notion of families through life, and I think that life course approach is what is going to be needed here because the other complexity to all of this is the workers who have responsibility for the care of not only children but older family members. It is interesting because there are a whole series of demographic changes, in this country and elsewhere, that are now intersecting. I think this is where we have to collect the data—for example, data on older Australians and their contributions both to care and to the workforce. Also, the care they receive from family members is a crucial area that requires more research.

CHAIR—Only eight per cent of people over the age of 70 require institutional care. Another 12 per cent require some form of service. And the other 80 per cent of us are going to have a damned good time before we fall off the perch. That period of morbidity is compressing, and that is the really good news. So I ask you: do you think we should be putting the pensionable age up to 70?

Mrs IRWIN—Work until they drop?

Prof. Hayes—I think it is interesting because the retirement age, as I understand it, was first set at 65 in Germany.

CHAIR—By Bismarck. Bismarck thought nobody could ever possibly live that long and it would not cost them a cent, because the average life expectancy was 45.

Prof. Hayes—Exactly. And there is this inexorable trend to elongation of life span. I think of my mother, who died last year at the age of almost 96. She had a period of about six months where her quality of life meant that she had to be institutionalised, and before that there was a transition to institutional care, but she was sustained in the same street for 70 years of her life, in the latter part with a lot of assistance through family. That is a personal index.

CHAIR—The fact of the matter is that we all spend the most amount of money in our life on our health in the last two years of our life. Personally, I am not prepared to pick which are the last two of mine, so I am not prepared to ask anybody else to pick either. That is why we have a universal attitude to health care. Can I change the subject?

Prof. Hayes—Sure.

CHAIR—I want to go to the most amazing graph I have seen in a long time, which is on page 49 of *Family Matters* issue No. 71. Figure 3a asks: 'Do you think a father who does not usually live with his child or children should always be made to pay child support?' The graph is broken up into women, men, resident mothers and non-resident fathers. The top is 80 per cent of resident mothers, who think yes. Others who answered yes were 65 per cent of women overall, just over 60 per cent of men overall and down to 55 per cent of non-resident fathers. Figure 3b asks: 'Do you think a mother who does not usually live with her child or children should always be made to pay child support?' Ninety per cent of women, about 87½ per cent of men, 95 per cent of resident mothers and 85 per cent of non-resident fathers all say yes. What does that tell us about our society?

Mrs Weston—I think that was a backlash, first of all, about women who are non-resident parents who are not paying anything.

CHAIR—Do we consider them to be bad and needing to be punished?

Mrs Weston—Yes, until we introduce the next questions, which are represented by figures 4a and 4b. For figure 4b the question was, 'Do you think a mother who does not usually live with her children should pay some child support, even if her earnings are very low or she only receives government income support?' Then you get a fairer sort of story.

CHAIR—It is still higher.

Mrs Weston—It is high, but it is the same as 4a for the men. It is a stereotype. When we asked this question without any of the provisos about having low income, you had the response that these women were not pulling their weight. Also, possibly these women are bad mothers: why aren't they looking after the children?

Mr Alexander—It is a greater crime for the mother not to be caring than it is for the father not to be caring.

CHAIR—What does that sort of attitude then pass on to other topics in other areas?

Mr Alexander—How does that flow through to other topics, other attitudes?

Mrs Weston—I think in general people can be tough on mothers. Women can be very tough on mothers, too. There is some evidence for that being the case.

CHAIR—Would you like to expand on that?

Mrs Weston—I cannot, really. In some of the literature I have come across the harshness of women towards other women. But I cannot recall any particular studies at the moment.

Mr FAWCETT—Men are just softer, gentler creatures! Could I change the topic yet again. I think you used the term 'preventative dividend' about something else. I am drawn to paragraph 36 on page 9 of your submission, where you say:

> ... the ability to establish a secure and rewarding relationship is an important prerequisite for having children. Strategies that strengthen relationships are clearly important for enabling people to have the children they want. These include not only interpersonal skills education and counselling, but also strategies that help people avoid or overcome those pressures that threaten relationships, such as financial and parenting pressures ...

Those are fantastic words. I have seen them in innumerable reports from various agencies. But it strikes me that very few people actually implement this concept well. There are programs out there funded through FRSP, private providers, church groups and other things, but the take-up rate in the community is very low. This has been consistently identified by you and Robyn Parker in some of her work. She quotes Bradbury and someone else and says that it is all about frameworks to help people get through life's occurrences et cetera. How can we do it better? People are consistently telling us we need to, but we are not doing it very well as a community or, to be honest, as a government. How can we do it better?

Prof. Hayes—I will ask Ruth to address this in a moment. One of the things is to, as a society, recognise what a protective factor relationships are to people. I think back to some of the work that has been done in the US in follow-up studies of juvenile offenders. It is interesting that the recidivism rate is actually extremely low. Those who are juvenile offenders who go on to a career of crime represent less than, probably, four per cent of the whole juvenile crime population. When you look at the factors that explain distance for the other 96 per cent, they are largely related to two things. One is the availability of the regularity and security that comes through work, and the other is the presence of a good relationship, a family relationship. Those two things—a relationship and the regularity of work—are big preventive factors.

I have been very heartened by the focus that we, as a nation, have on early intervention and prevention, but it is not applied uniformly to problems. I think the next wave will be around family relationships, because the cost of breakdown of relationships is inordinate, and it is a cost that we bear across generations. In some ways, what my reading of the literature shows is that that probably is of equal importance to the quality of early life experiences and highly related to it as well. I think that getting a change would involve thinking about how we can take the opportunity with the family relationship centres and focus them not just on when things go wrong but on both preparation and prevention.

I was in a discussion earlier today with some people who were suggesting that one of the things that may flow from this is a wider marketplace in terms of family support, family counselling and relationship services, so we may get a much more diverse and rich set of available supports and services. But I think it starts back in high school, too, with a sense of better preparation of young people to understand the realities and the capacities that are needed to sustain relationships and how important sustaining relationships is.

Mr QUICK—But shouldn't it start earlier than that?

Prof. Hayes—Correct.

Mr QUICK—The children at risk are basically identified before they even get into kindergarten. Because we have a silo mentality in our state and Commonwealth government departments about not wanting to share, juvenile justice has had a disproportionate amount of money spent on a very small number of recidivists who are identified in the education system or through the social welfare workers in the community. But in order to get that collective bag of money you cannot do it. For example, in Tasmania you spend $8 million building a new juvenile justice system to handle 50 recidivists who, as schoolteachers, we could identify before they even got to school.

Prof. Hayes—Correct. Tremblay's work from Canada shows the same thing. It is a very small percentage but, yes, they are identifiable. They are identifiable prior to eight years of age in many instances. The interesting point that he makes is that it is not how we acquire violent behaviour; it is what stops violent behaviour, because the most violent era for human beings is around the age of three. What happens, through a lot of the societal socialisation mechanisms, is that we learn to curb what is inherently violent behaviour. The question then becomes: what is it that creates the recidivist violent person? You are right; they are identifiable then. The other irony is that it is very difficult to modify that behaviour after the age of eight. Again, it requires vertical integration of policy, not just piecemeal grabbing a particular era in life but seeing how you link that and connect it.

CHAIR—Isn't it necessary to turn people's perceived wisdom—that children are basically lovely, benign creatures and very pleasant to each other, which we know they are not—on its head so that they understand that there is nothing in our genes that makes us civilised? It all has to be learnt. There is nothing in us that tells us we will learn to read and write automatically. Someone had to invent it first, and then we had to learn it. We really have to understand that the whole of our learning process is part of the civilising process to turn us into a civil society.

Prof. Hayes—That is right.

CHAIR—But that is not perceived.

Prof. Hayes—It is not perceived.

CHAIR—People talk about lovely little children and us teaching them to hate and all those other things. But we do not; it is the other way around.

Prof. Hayes—The popular perception is that the most violent era is during adolescence. It is not, compared to the amount of aggressive behaviour you see in a group of two- and three-year-olds. Once they become mobile and are able to bite and scratch, that is where you get the peak. It is exactly as you have put it. It is how you socialise children, and it is what influences come from what I would call the sustaining systems in society. I think the sustaining systems are first and foremost the family and then, if we think of young children, early childhood education and care, plus a sustaining family, or primary education and care, plus a sustaining family. I think there is a thread that runs through all of this: the importance of family across an entire life span, through life.

CHAIR—What makes us work as a society and believe what we consider to be free? We consider ourselves to be free when we agree with the laws and the regulations which govern our society. That is what we understand freedom to be. If you live in a slave society where that is your norm and you agree with it, you can think you are free in a slave society. So as a society we agree on the parameters of what behaviours we accept and what we do not accept, and within those confines we call ourselves a civilisation.

Prof. Hayes—Correct.

Mr FAWCETT—Coming back to this paragraph, I agree completely with what you said, particularly about getting back to the schooling age and, whether it is junior school or high school, preparing people for relationships. The reality on the ground though is that, whether you are a professional group like Relationships Australia or a church group or a for-profit provider, people do not take up the opportunities, generally speaking. They say, 'What do you mean I need help with being a parent?' or 'What is wrong with my relationship that I need to get marriage counselling?' or whatever. And it is only when there is some pressure put out, such as, for example, a marriage celebrant or pastor saying, 'I will not marry you unless you have done a preparation-for-marriage course,' that people will go and do it. They normally emerge from the other side saying: 'That was great. We should have done that years ago.' Have you seen evidence of programs that have worked well? In your research and studies have you found examples of governments or formed bodies that have put in place some mechanism to encourage people to take up opportunities in these sorts of areas—

Prof. Hayes—There is one thing: we have been recently funded to establish the Australian family relationships clearing house. Part of its purpose is to collect together evidence of best practice around interventions and supports for family relationships. To this point there has not been anything of its kind in the country.

The other thing that came out of our research consultation nationally was the issue that Australia has started to look at longitudinal studies of its children and longitudinal studies of household income and labour dynamics but there is not a longitudinal study of Australian relationships. Therefore we do not know what the factors are that protect some individuals in a relationship and prevent a flow or movement towards breakdown of the relationship. We do not know what the drivers are for intervention points in relationships.

So we have a very primitive approach, I think, with respect to intervening. It is as if you only intervene at the beginning. We do not know where the timing of the intervention is most appropriate and yet, if we talk of education, we have had a lot of work that has looked at how you time intervention. We take relationships as if a sort of inoculation at the beginning is going to prevent the problems that emerge over time. Many relationships that break down in fact show a history where people believed, say, six months or a year before that everything was fine. And of course we know from the literature that the vast majority of men who experience breakdown of a relationship are surprised by that and do not initiate it. So we are not even attuned to the factors that are going wrong in a relationship that give you the signals that something needs to be done.

Mr FAWCETT—I think there is a body of work, if you look at what Robyn Parker has done, looking at why marriages last. You are not going to identify all the negatives, but I think she has

put down a framework of what some of the positives are. One of the large things is the motivation for the relationship to work and then the skill set, if you like, to actually put in place a framework to cope with all the pressures and things that life brings. I guess it is that motivation factor that appears to be missing, because people do not perceive marriage as worth working out or that it can work or that they need the help.

In part I am asking: do we run a 'don't quit marriage' campaign like we had the Quit campaign for smoking, which achieved a 40 per cent reduction in people who smoke through advertising the cost and the damage of smoking and the benefits of a healthier lifestyle? Do we do the same thing for relationships and advertise the damage that divorce and separation bring to both parties and the children and the benefits of a family? Do we saturate the media with that so we can raise people's awareness so we provide one of those elements that Robin has identified? Do you think that would be a positive step?

Mrs Weston—Yes. I think there is a lot of give and take in a relationship. It appears that people more and more are concerned about being self-fulfilled by their relationship. The sort of work the institute did in that area was suggesting that certainly they had a sense of humour and that it was a give and take sort of relationship, with lots of trade-offs that were helping people to maintain their relationship, whereas young people especially want to find the soul mate. When the soul mate no longer becomes a soul mate, they are devastated. The message does not seem to get across that that period in your life, that infatuation, is going to die within a couple of years.

Prof. Hayes—I do not mean to be glib on this, but the meaning of 'til death us do part' is very different now. We need to think about things because relationships will last much longer than they did 300 or 400 years ago where life expectancy was not as long. I think as a society actively addressing some of those issues is vital. I would like to know more about the pathways. Of course Robyn works with us at the institute.

Mr FAWCETT—That is why I keep quoting her. I assume you know her work intimately.

Prof. Hayes—Exactly, it is very valuable work. I think it is this sense of knowing the pathways that people take through relationships. The way we identified the high-risk children was through a body of longitudinal work. We are trying to do this in the Longitudinal Study of Australian Children. Whether it is us or someone else, I think there is a great benefit to be had through the notion of following relationships and seeing what their history is over time. We have some cross-sectional glimpses, but it would be nice to have the longitudinal view, which is the sine qua non if you are going to address that issue.

CHAIR—When Alan has asked his questions, I would like to go to the work you have done in your submission on reservation wages and perceptions and reality.

Mr CADMAN—In your summary there is mention of decisions about work and family being revisited. What do you mean by that exactly?

Prof. Hayes—I think that people do progressively revisit the decisions—for example, as children get older. If you look at it, you would see that it is much more likely that women will return to work when they have older children.

Mr CADMAN—I wondered whether you meant in terms of the institute. I refer to your submission on page 35 where you felt that additional work was needed. The fourth paragraph, half way down, states:

At various points in a family's life course, such as the arrival of a baby, or the separation of parents, decisions about work and family need to be revisited.

Do you mean that families are constantly altering their goals and objectives?

Prof. Hayes—Exactly.

Mr CADMAN—Do you think they are well equipped to consider all the available options?

Prof. Hayes—In areas like financial literacy, for example, there is a lot more that many families need to know. There are instances too where it will come down to what other members are available in a family to provide greater support to a mother, for example, to make the transition back to work. It will come back to issues that relate the child and the child's characteristics. For example, if a child has a chronic illness or a disability, it will change dramatically the way in which people address the work-family balance. When I worked in that area, I found that men would often change their work decisions as well to be closer to the services they need. I think what we were getting at in that paragraph is the fact that these are changing decisions through life and across life.

Mr CADMAN—I should have commenced by saying that it is wonderful to see your organisation really doing things. I thought there was a fair gap for awhile when the institute was not really of much use to our nation; but now you are, and I congratulate you on that. The longitudinal study is now proving its value, as you are really getting some significant data out of it, and that is a useful tool for us.

One of the things that caught my attention in your earlier remarks was the need to extend formal education into earlier years. But when I go through your stuff on grandparents, I find that grandparents are scoring better than child-care centres in warmth, open communications, relationship qualities and some very significant areas of child care. Surely we have to have some sort of a balance here and not go for the big formal stuff too soon.

Dr Gray—I was also very interested in that, and it is also worth noting that the grandparents also said that they were—

Mr CADMAN—They are the biggest providers of child care too.

Prof. Hayes—For infants.

Dr Gray—They also said that they were more likely to find—I forget the exact wording—that looking after a child is tiring. That is perhaps not surprising. I agree entirely that it is a matter of balance. I think that, in an ideal world, the children will have frequent contact with grandparents. Also, for four-to-five year-olds it is important that they are in the early childhood education system and gaining from that kind of experience in terms of socialisation and more structured

learning. I think that both are important. It is interesting—perhaps reassuring—that the grandparents report having a warmer relationship and more open communication.

Mr CADMAN—In the inquiry we did into the custody of children, it became very obvious that grandparents were highly significant in breakdown situations.

Dr Gray—The other interesting thing that we find is that for infants where the parents are separated, in about one in four cases the child is living with the mother and her parents. In families with an infant where the parents are living together, the proportion living with grandparents is much lower; it is about one in 20. It illustrates that for mothers, usually, with an infant where the relationship breaks down or where they were single when the child was born, the grandparents play a much greater role. For four-to-five-year-olds, the two groups are much more similar; although still, for those with a parent living elsewhere, eight per cent live with a grandparent. For those whose parents are together, just 3½ per cent were living with the grandparents as well as the parents.

Mr CADMAN—Thanks very much. It is really useful material.

Prof. Hayes—One of the issues is, with a lengthening life span, more people who are grandparents will stay longer in paid employment.

CHAIR—Exactly.

Prof. Hayes—So what you have is another demographic shift. It is easy for me to say this, but I think that looking in a multifaceted way at the policy initiatives that surround issues of family and work balance is a crucial dimension to this. If we make an adjustment in one area, you will find that, if you are not mindful of those changes, you will have a difficulty.

Mr CADMAN—Thank you. I see a really big difference in the quality of the institute's work. It is significantly better.

CHAIR—I would like to echo that. I take you now to your work on reservation, weekly earnings, and the whole question of effective marginal tax rates. I struggle with the concept of effective marginal tax rates, because basically it is returning people to the tax rates that people are on who have not had the benefits. For instance, I used an example earlier of a single person who earns $40,000 a year and is part of the 54 per cent of wage-earners who earn between $20,000 and $50,000 and pays nearly $9,000 tax. A couple with no children, where one partner earns two-thirds and one earns one-third, earning $40,000 together pay about $5,500 tax. They have two thresholds. A couple with one income earning $40,000, with two children under five and all the things that go with it, have a tax-free threshold of $41,000. So we have some people on a $6,000 tax-free threshold, some people on $40,000 to $55,000 and seniors on $20,000. If they are partnered it might be $18,000. We have so many tax-free thresholds that the idea that everyone is treated equally is just not there.

When we come to your work here of perceived and actual impact of earning reservation age, the reservation age being, as you describe in your work, the amount you have to earn to make it worthwhile going back into the paid workforce, it seems to me that, when you come off that top-up mechanism—you come down, as all the graphs show—you are really returning to the same

sorts of tax arrangements as people who have not attracted those benefits because they are married with children. We seem to have the extraordinary phenomenon of a couple who may have got married and are trying to save up to get enough resources to have a child actually subsidising people who already have children. That can be a disincentive to the couple to have children themselves. How do we get a real look at what is meant by effective marginal tax rates? It is too easy to say, 'You come off here and therefore it's 60 per cent up to 80 per cent.' How do we get a better take on that? How do we look at the problem? It is not the top end of town paying 47c in the dollar and who are having their income redistributed to somebody else. It is the 1.2 million people earning less than $20,000 a year and that 54 per cent of the population who are earning between $20,000 and $50,000; they have their income redistributed big time.

Dr Gray—The basis for the working submission was a study that was done to try to address the questions around people's understanding of the tax and income support assistance, because almost all, if not all, of the modelling of these work incentives—as you say, effective marginal tax rates—assumes that people understand all the rules. I suppose there are two theories about that. One theory is that people on low incomes are very good at working out exactly where each dollar is going to come from and, if they work, how it will impact. The other theory is that they can get it wrong and there can be misunderstandings about the system. The study was set up to look at that. The sample we looked at was drawn from mothers who received the family tax benefit payment. Half of them were lone mothers and half were couple mothers, giving a total of 2,400. So we could compare those two groups.

One of the most basic things, if you are thinking about people's work decisions and the role financial incentives plays, is: how much would they need to be paid to accept a job; what wage rate would they need to receive? At some point, some people, I suppose, would say that they would take a job no matter what. But, especially for a mother with children—and certainly at the time of the survey—for parenting payment single; for example, if they were a lone mother, there was not a work requirement. So it would have to be financially worthwhile. You might think it is a good example re the children. It was interesting in that we found that one-third were unable to say what they would need to be paid to accept a job. What was interesting was that, when we started to look at that, we found that those with high levels of education, for example, were much more likely to be able to say what they needed to be paid, and those with more recent labour market experience were also more likely to be able to estimate what they needed to be paid.

That starts to raise a lot of questions about the extent to which people do these kinds of financial calculations and, if they do, the accuracy with which they can do them. So that is the first part. What was interesting about one part of it was this idea that people price themselves out of the labour market: their wage expectations are unrealistic. What we found was that the average reservation wage for coupled mothers was $15 an hour and for lone mothers was $14.50 an hour, which was really quite modest when the minimum was $11 and the average wage for a non-managerial female employee was $19. Then to get a sense of how realistic they were we looked at the non-working mothers' education levels, work experience, English ability, health problems and so on and predicted what we thought they would earn in the labour market. We found that nearly three-quarters of non-working mothers gave a reservation wage which was less than what we thought they would earn in the labour market.

CHAIR—Is that based on a 40-hour week?

Dr Gray—We converted it to an hourly rate. The question was, 'How many hours would you need to work and how much would you need to be paid per hour to make it a worthwhile proposal?'

CHAIR—How many hours would you have to work?

Dr Gray—I do not have the exact figures.

CHAIR—Fifteen dollars an hour equates to about $30,000 a year, doesn't it?

Dr Gray—The average hours were part time. Some said full time. But they were mothers. Earlier evidence we have given has talked about the preference for part-time work. I can check the exact figures, but I think the average hours were about 25 hours a week. Of course that is for women with children under 15 or children who are dependent students up to the age of 18, which are covered by the family tax benefit. So they were part-time hours, but they were not short part-time hours. They were in that mid-range of 20 to 30 hours. That would fit—I am speculating—with school hours or a combination of evening and weekend work. There were various sorts of combinations like that.

CHAIR—Can you relate that, then, to the concept of effective marginal tax rates? In doing so—and I asked the question of somebody earlier and they could not tell me—could you tell me whether or not somebody who suffers the biggest drop of, say, 80c in the dollar would be swayed by having a large number of children? If you have a large number of children you get a lot of money from the government out of other taxpayers' pockets. If you have six or seven kids, maybe you cannot afford to work. That means you have spent up to 10 years of your life being pregnant and breastfeeding, so you have been fairly consumed with those sorts of activities. If you have got two kids, you are not going to suffer anything like 80c in the dollar. Do you have the comparative figures on that?

Dr Gray—Not to hand. I was a member of the ministerial task force on child support, and we did a lot of work on the costs of children. That work found that because the family tax benefit increases at a constant rate per child, up to quite a large number of children, and there are some economies of scale, so each additional child does not add the same cost to the family. We found that the proportion of the cost of the children that were covered by the family tax benefit was higher the larger number of children you had. So it is probably quite a complicated calculation because the amount you can earn before you lose the family tax benefit will also be related to the number of children you have.

CHAIR—That is what I am interested in. When people say you lose up to 80c in the dollar, I suspect that would be somebody with a very large number of children and getting a very large subsidy.

Dr Gray—Yes. Also, the effective marginal tax rates are generally calculated by saying, 'If you earn one additional dollar, how much of that additional dollar do you keep or lose?' People probably do not make employment decisions on one dollar. They might make them on one extra hour or one extra day, I imagine. Normally you cannot finetune your employment arrangements to the last dollar. Often economists also talk about an average effective tax rate over the last hour.

CHAIR—The problem that we always want to overcome—and that is why this reservation wage is so important—is that we do not want people to go back to work and be worse off. But if you have a large number of children and you want to work part time, you must be worse off. You can't not be worse off—

Dr Gray—Correct.

CHAIR—because of the huge amount of money we pay.

Dr Gray—One of the things we have found is that over the last 20 years, when you compare lone and couple mothers' employment rates, they have both gone up, but that hides a very big difference. All of the employment growth for lone mothers has been in part-time employment. So the proportion employed full time has remained more or less constant over the last 20 to 25 years. It bubbles up and down with the economic cycle, but it is basically a straight line. The proportion employed part time has gone up quite dramatically. For couple mothers, the growth in employment has been both full time and part time, in roughly equal rates.

One of the interesting things about that is that, over that period, my assessment is that, taken as a whole, the changes to the social security system have encouraged part-time work for lone mothers, because the free areas have been increased and the taper rates have been adjusted. Work by Professor Bob Gregory has shown that if you are a lone mother it is very difficult to work such that you receive no parenting payment single at all—you would have to earn quite a high wage. Most lone mothers, who might be earning $12 to $20 an hour, would have to be working very long hours to manage to do that. That is one change that has meant you can still retain quite substantial amounts of benefits while being in quite long part-time employment.

CHAIR—I will move on to this point. There was a report in the *Australian* on 4 April regarding OECD research. The article states:

Mr Whiteford said he believed lack of availability of childcare was a bigger issue in Australia than high effective marginal tax rates in keeping women out of work.

"Despite the fact that everyone gets totally excited about effective marginal tax rates, comparatively speaking, this is not the problem. I think it is childcare," he said.

In the article it is also stated:

... that only 43.2 per cent of mothers with two or more children work in Australia compared to 61.7 per cent for the rest of the developed world.

In the article Mr Whiteford is reported as saying:

"It is a mix of insufficient availability of childcare, more lone parent benefits and higher rates of family benefits," he said.

He said there was also a sense of entitlement in Australia, with its centralised system of distributing welfare and family benefits. In many other countries, people do not take up government payments for which they are eligible.

This is simply because they do not know about them, but with a centralised system they do. Mr Whiteford continues:

"It is more possible to be a single-income family in Australia. There is an expectation, one that the Government likes to support, that women can stay home and look after the kids," he said.

"The objection to FTB-B is that it reinforces disincentives for women to join the workforce."

Mr Whiteford also says:

... the Family Tax Benefit B, which is payable to single-income families regardless of their income, contributes to the low employment rate for mothers in Australia.

Have you done any work on that? Do you have any comments to make in agreement or disagreement with those statements?

Dr Gray—There are quite a few things there. Certainly, our work found that there is evidence that many non-working mothers, lone mothers, overestimate the amount of government benefits they will lose to earn their reservation wage. That suggests they are understating the financial benefits from working. We also know that, for lone parent families, usually the mother is in some form of paid employment, and it does not have to be for very many hours. That makes a very big difference to the extent to which they experience financial hardship. Work by Peter Butterworth from FaCSIA has shown that, and work that we are just completing at the moment using the Longitudinal Study of Australian Children also shows that having somebody in paid employment reduces the experience of financial hardship. So provided that the children can be cared for in a good environment, paid employment is a good thing.

CHAIR—But what you are saying is contrary to public perception—that lone mothers are not pulling their weight and we have to make them go back to work—whereas that OECD research says that lone mothers are pulling their weight and going back to work, even though it is lowly paid work, but coupled mothers are being paid to stay home and therefore do not go back to work. That is what he is saying. Do you agree with that?

Dr Gray—I think that coupled families have a greater degree of flexibility in how they structure their working arrangements, because they can have, as many families do, one person in paid employment, usually the father, and the other not. So families on a middle income—I suppose I can use that term—who have one parent employed will receive quite significant amounts of government support through family tax benefit—

CHAIR—No. Families do not have any money. It is redistributed income.

Dr Gray—I take the point. They receive significant amounts of financial support through family tax benefit. The question of the right balance between working and not working, in terms of redistribution, is a matter for government. I have some figures here from the ABS, unpublished ABS data, from 2001 which show that an estimated 77,500 women were not looking for work because they had a problem with the availability or cost of child care. This represented around 9½ per cent of all women not in the labour force with dependants aged less than 15. So, when you look at women who are not working, 10 per cent said that they were not

looking for work because of problems with the availability and cost of child care and 90 per cent did not give that reason. The reasons given varied from not being able to get a job through to—and the most common reason by far—looking after their children, and that is what they wanted to do.

CHAIR—But that is the whole point he is making. He is saying that the discrepancy between women in the workforce is explained by people who are in a couple, with a single income, being paid by family tax benefit B to stay home.

Dr Gray—I think that the extent to which the income support system—

CHAIR—Taxpayers.

Dr Gray—the taxpayer—provides financial support to families with one parent working and the other not will certainly make that a more attractive option, as compared to both working.

CHAIR—But if you are careless enough to lose the couple, the husband, they make you go back.

Dr Gray—I think that you have put your finger on a very important point, which is that by having time out of the workforce, if your marriage or relationship ends, then—

CHAIR—You are poor.

Dr Gray—Yes, and you may receive child support. The recent changes aim in part to increase compliance with child support, because there is a big problem of very low rates of child support being paid in some cases. The other important point about child support is that you stop receiving that once the children turn 18, generally, and so it does leave women—and it usually is women—vulnerable if they do not have some connection with the labour force if the relationship ends, and we know that that is not an insignificant probability these days.

CHAIR—There was some very interesting work done by the Productivity Commission showing that the way in which our superannuation and pension schemes work is such that, if in retirement you are a couple owning your own home, you can live quite comfortably on the pension with the additional benefits that go with it, which are worth about another $10,000 a year. It also shows that the most vulnerable in society and the future poor—and it connects very much with this—are single women who, for whatever reason, do not own their own home and have no superannuation. They are the future poor. And, when we are looking at families, they are still part of families.

We seem to concentrate enormously on what mothers must or must not do in this period of their lives, completely forgetting what is going to happen to them when they pass through all sorts of stages. Maybe there is a used by date—I do not know. But in the future we have to have policies that are going to look after what happens up the track, which flows from what happens here. If you are out of the workforce you are not building superannuation, you are losing work skills, you are not able to compete and you are going to be in the low-end pay part of the workforce and be pension dependent. What happens here matters down there.

Prof. Hayes—Exactly. This is why we have taken the frame of 'Families through life.' You have to look across the span because the research that informs policy needs to be addressing exactly those questions—the flow-ons.

Mr QUICK—The reliance on the health care card—has any research been done about the disincentive to get off that? I know that if you have a health care card you get subsidised pharmaceuticals. If you are a part-time sole parent and you are trying to pay off your house you get subsidised rates from the local government. There are lots of little benefits that, once you lose them, you are suddenly up for a huge number of costs. Public transport is subsidised and the like. Lots of sole parents that I know balance their work to keep above the Centrelink requirement but not enough earn enough money. They get loans issued from the schools because they do not earn enough; so they do not have to pay the full rate of fees at school. So there is this balancing act. If you possess that health care card it seems like it is a little gold pass that gives you an extraordinary amount of benefits. How do we go about breaking that cycle? Someone suggested today, for example, that if you get into a rental there ought to be a six-month hiatus. When you come into work you can perhaps have that health care card as a sort of bridge to enable you to get on your feet; then it could be removed and you would move into the next stage. Has any research been done on that?

Dr Gray—Yes. I am aware of some research which has shown, firstly, that people are very aware of health care cards. They know all about the health care card and at what income you lose it. It is a very visible thing, as compared, for example, with a taper rate or a withdrawal rate on government benefits, which depend on the number of children you have and their age. It is quite a complicated thing. So people know about it.

The second thing is that people tend to overstate the value of those cards. In their minds they have a certain dollar value—they are worth X. But, when you do all the calculations, they are not quite worth that. So I do think there is an issue. There is an interesting example from the United Kingdom, where they have a working tax credit. They changed the number of hours you have to work from, I think, 15 to 20 hours until you lost it, and everybody went from working 14 hours to 19 hours. So where you have that clear cut-off point that is something that people really understand and focus on, rather than some of the fine-grained things around withdrawal rates, taper rates and free areas. Free areas is one they probably do have a pretty good understanding of, but taper rates and so on are not. In fact, the dollar value of those taper rates could be greater. So, certainly, in people's minds there is an incentive that they do not want to lose their health care card.

CHAIR—We are about to lose a quorum. Pursuant to standing order 234(a), it should be moved that a subcommittee, consisting of myself and the member for Franklin, be appointed to take evidence at this public hearing in Melbourne today, Monday 10 April, for the inquiry into balancing work and family.

Mr QUICK—So moved.

CHAIR—Carried. Pursuant to that standing order, I will be in the chair of that subcommittee.

Mr QUICK—The reason I raised the question was that the lack of bulk-billing services means that the huge cost, not only of pharmaceuticals but also of medical coverage, is another disincentive for people to move off reliance on welfare.

Dr Gray—That would certainly affect the value of the health care card to them.

Mr QUICK—How do we go about breaking that nexus? I know in my electorate we have huge swags of broad-acre public housing. It is almost an urban myth that if you have got one it is a licence to get a great deal of benefits. You have got low educational opportunities, there are very few role models within the community, you are on the fringe of the CBD so you cannot put your postcode on your CV in an application and you have to rent a mailbox on the other side of the river. All these things add up to an unfriendly opportunity to participate in the workforce. Then you have self-esteem for the boys. All these things compound, so you have dysfunctional relationships. You do not get the resources to look after the kids. It just adds to all the things that David mentioned. We cannot get the resources into the schools to enable the kids to accept some of the challenges.

Prof. Hayes—Yes. There is a load of accumulating problems. Breaking out of it is extremely difficult. With another hat on, I see a fairly wide range of disadvantaged communities through the Stronger Families and Communities Strategy. It is starting to develop awareness of ways to open wider opportunities. Sometimes people have a very constrained view of what is actually available and what they can avail themselves of. One of the things I find very impressive about the Smith Family's Learning for Life program, for example, is that it is using mentors who support children to stay in education. All of these things concatenate. If you are a young girl and you have a child then your probability of being easily able to continue education can be impeded. The difficulties boys have in formal learning often cut them off from opportunities, for example, to enter the VET system. There are a number of things. With the mentorship systems that are developing, Learning for Life and other things like that, often it is not that opportunities are not available but that you do not have systems within your family that make you aware of what is available.

Mr QUICK—I know for a fact that in one of my high schools 10 girls in year 10 were being counselled when the $3,000 child payment was introduced because for the boys in the neighbourhood that would purchase a reasonable car. So the hard word was put on the girls to get pregnant so that the partners could get $3,000 to buy a 1983 or 1985 model whatever. So we put in place these incentives, but we do not necessarily understand the social ramifications of some of these things when people are not as informed as they should be, despite the fact that we have a wonderful education system.

Prof. Hayes—The lesson we have learnt from programs that do provide multiple opportunities for people to be better informed, be it around road trauma or whatever, is that the messages need to be diverse in the ways they are delivered and delivered quite frequently.

CHAIR—Thank you for your attendance today.

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

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 4.15 pm