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**HOUSE OF
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STANDING COMMITTEE ON FAMILY AND HUMAN SERVICES

Reference: Balancing work and family

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON FAMILY AND HUMAN SERVICES

Wednesday, 14 June 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 Bishop, Mr Cadman, Mr Fawcett, Ms George, Mrs Irwin and Mrs Markus

Terms of reference for the inquiry:

To inquire into and report on:

How the Australian Government can better help families balance their work and family responsibilities. The committee is particularly interested in:

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.

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Committee met at 10.05 am

CHAIR (Mrs Bronwyn Bishop)—I declare open the public hearing of the House of Representatives Standing Committee on Family and Human Services inquiry into balancing work and family. Today we will hear from the Australian Bureau of Statistics. The bureau collects and publishes a wide range of data relevant to the inquiry, including fertility rates, child care, family characteristics and relationships between employment and the availability of child care. Over the last 10 years the bureau has also started publishing data on how people manage care and work.

The committee will later hear from Dr Bob Birrell, from Monash University. Dr Birrell has researched the links between employment, partnering and fertility. Further, Dr Birrell has examined the relationship between marriage rates and a person's education. 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.

[10.06 am]

CORR, Mr Patrick, Director, Demography Section, Australian Bureau of Statistics

DUNLOP, Ms Barbara, First Assistant Statistician, Social and Labour Statistics Division, Australian Bureau of Statistics

McCARTHY, Mr PAUL, Branch Head, Prices Branch, Economic Statistics Group, Australian Bureau of Statistics

McCOLL, Mr Bob, Assistant Statistician, Social Conditions Branch, Australian Bureau of Statistics

POSSELT, Mr Horst, Director, Family and Community Statistics, Social Conditions Statistics, Australian Bureau of Statistics

TAYLOR, Ms Sue, Executive 1, Labour Market Statistics Section, Australian Bureau of Statistics

Witnesses were then sworn or affirmed—

CHAIR—We have your submission, for which we thank you. I wonder if one of you would like to make an opening statement. Perhaps two of you would like to.

Ms Dunlop—I will make some opening remarks and pass to Horst, who, subject to your agreement, is going to give a short presentation on some of the features of some of the statistics that we have produced in recent times. We have copies of the material that I am going to talk to, and related attachments and Horst's presentation, if you would like to have those distributed.

CHAIR—Yes, we would, thank you. Are they in the nature of a supplementary submission or are they already published and, therefore, exhibits?

Ms Dunlop—They are all publicly available material. We have not published them as such.

Mr CADMAN—Were they sent in a couple of days ago?

Ms Dunlop—No. This is something we have just prepared to table at this hearing.

CHAIR—In that case, would somebody like to move that the documents being now handed out be accepted as an exhibit?

Mrs IRWIN—So moved.

CHAIR—Thank you.

Ms Dunlop—In my opening remarks, I would like to provide a brief overview of ABS activities that are relevant to the inquiry. I will refer to a number of attachments as I go through my opening remarks. They are in the material we have just handed out. I will not be talking specifically about them. The Australian Bureau of Statistics collects a wide range of information about the working patterns and preferences of employees and about family circumstances that can be used in analysing issues around work, family and life balance.

Important sources of information include the five-yearly national census of population and housing and a range of national household surveys, including surveys on working arrangements, childcare and time use, to name a few. All of these have been developed with input from external user advisory groups. There is also data from administrative sources. These sources, surveys, censuses and administrative material, complement those of other agencies and research organisations, which have also developed collections to provide data relevant to this field. Attachment 1 in the material that we have handed out provides details of ABS collections most relevant to this inquiry. It also includes details of publication releases from each of the data sources.

A general feature of these ABS collections is that they provide a range of standard, demographic and labour force characteristics, which support analysis for geographic areas in population groups of interest. These characteristics include things like state and territory of usual residence, capital city and balance of state details, sex, age, marital status, relationship in household, country of birth and period of arrival for overseas born people, labour force status and full-time and part-time employment status of individuals.

The statistical outputs that ABS produces are disseminated in a range of ways. First of all there are survey based publications, which are associated with the release of new data from surveys. Second, tables are prepared in response to user specifications. Third, we have confidentialised unit record files, which enable researchers to analyse the data according to their specific research interests. Fourth, there are thematic reports and articles of topical issues.

Publications and other products that the ABS releases and that are generally available can be obtained from the ABS website free of charge. Attachment 2 to the material we have handed out provides a list of recent ABS articles that have to do with family and work arrangements and other matters referred to in the committee's terms of reference. For those articles we also have paper copies of each of them if committee members are interested, so I would like just to table those as well. I am presenting those now. Attachment 3 illustrates the nature of ABS work in this area by providing a specific copy of the work and family balance article that we released in our 2003 edition of *Australian Social Trends*.

Mr Posselt—There is one set of all the articles.

Ms Dunlop—Attachment 3 to the handout that everyone has, is an extract from our 2003 *Australian Social Trends* publication, which included an article on work and family balance. This is here in the set that I have handed out, basically to illustrate the sort of analysis that can be done with a range of different data sets. Attachment 4 provides a further reference list of articles in which researchers outside ABS have made use of ABS data to support their studies in this field. Again, that is illustrative.

I would like to move briefly to some of the recent activities and developments that may help in informing questions concerning work and family balance. First, is the inclusion of questions relating to unpaid work—that is, domestic work, childcare, care for others and voluntary work in the 2006 census of population and housing to be held in August this year. These particular questions are new to the census. Also, a question on numbers of children ever born to mothers is being included to support analysis of fertility patterns and trends. That will update information collected in the 1996 census.

Together with data on family composition and labour force participation, the data from the census will provide a snapshot of family work arrangements in 2006 that may be compared over time. The first results from the 2006 census will become available from mid-2007. We also recently released a publication on the number of births in 2005, and this provided an early indication of increases in the annual number of births. A more detailed analysis of 2005 births and fertility statistics will be published in November 2006.

We recently released data from our 2005 child-care survey. That updated data collected in 2002 and earlier years and shows a continuing increase in the use of formal child-care services, as well as information on usage patterns and child-care costs. The next survey will be in 2008. The changes in the cost of child care obtained from this data collection can be monitored against broader price changes as measured by the consumer price index.

We completed the pregnancy and work transition survey in November last year and the results are expected to be released in August this year. This is described further in attachment 1. This survey will provide information about work and leave arrangements for mothers and, to some extent, fathers, before and after childbirth. It is expected that this survey will be repeated in 2011.

The 2006 time use survey, which is currently in the field, aims to provide a contemporary view of how families juggle their time to meet life commitments and responsibilities and will support the analysis of trends from similar surveys conducted in the 1990s. Results from the 2006 survey are expected to be available in August next year. We also conduct surveys of household income every two years and household expenditure every six years. These surveys provide detailed information about household finances in the context of particular family circumstances and cover both earned income and government pensions and benefits, including family support payments of various types.

The ABS uses the household expenditure data to analyse by household type the net effect of the tax transfer system on household incomes, including not only the direct benefits such as family payments but also indirect benefits from government funded expenditures on education, health, housing and other services. Some of the new initiatives that ABS has under way at the moment will further enhance the information available in this field. I will mention three briefly. First, we have commenced user consultations in associated development work towards the conduct of a national work and family balance survey in 2007-08. The survey aims to collect data about people's use of flexible work arrangements to balance their work and caring responsibilities.

Second, there has been a recent review of working arrangement statistics published by the ABS—that is, statistics that describe the nature of the employment relationship and a person's

conditions of work. The aim of the review was the development of new strategies to achieve a set of statistics on working arrangements that is more consistent, timely and relevant and reflects the highest priority needs of users.

The new measures of employment arrangements are being incorporated in the 2007 survey of employment arrangements, superannuation and retirement. That survey will identify the employment arrangements of all persons aged 15 years and over in the selected households so that comparisons can be made between households with differing composition—for example, lone persons, sole parents, males and females, families with dependent children et cetera.

CHAIR—Does that include households with dependent parents?

Ms Dunlop—It could. With dependents, we would probably collect both. Third, the ABS's Census Data Enhancement project will start with the information collected in the 2006 census. We are planning for a five per cent sample of the population drawn from the census to enable the records of individuals to be statistically matched with those at the next census in 2011 and following censuses, with the aim of constructing a statistical longitudinal census dataset.

The dataset is aiming to provide information to better understand patterns of change in people's circumstances over time. Records of the sample group will be brought together by statistical matching using characteristics such as date of birth, gender and place of birth, and will show the wide range of information collected in the census. To protect the confidentiality of individuals, names and addresses will not be used to link records included in the dataset.

ABS supports the developments being undertaken in this area by a number of other agencies. We have mentioned a number in our submission. We provide technical assistance and support to two particular collections: longitudinal surveys funded by the Commonwealth Department of Families, Community Services and Indigenous Affairs. These are the studies on living in Australia—it is more commonly referred to as the HILDA survey—and the growing up in Australia study, which has released its first wave of results and is referred to as LSAC.

We have been providing active support to the conduct of these collections through participation in survey steering committees and technical working groups and provision of specialist methodological support to the surveys. We have also been undertaking development and collection activities for the second wave of the Longitudinal Study of Australian Children under a memorandum of understanding with the Department of Families, Community Services and Indigenous Affairs and the Australian Institute of Family Studies. That memorandum of understanding provides a strategic framework for the three parties to work together on this initiative.

As I mentioned at the start, Horst has provided a short presentation which shows some of the main features that have come out of recent surveys we have conducted, and so, with the agreement of the committee, we will now move to that.

CHAIR—Yes, please. Thank you very much.

Mr Posselt—You will see in the attachments at the end of the collection of papers that there are some copies of slides, to which I will be talking. They show a selection of data from national

surveys showing some aspects of interest in relation to work and family balance issues. They cover changes in fertility, employment patterns, child care, work arrangements and balancing time.

Slide 1 in those attachments shows the fertility trends over the course of the century. Clearly there has been a massive fall in fertility rates since the conclusion of the postwar baby boom, about 1961, when the fertility rate was around 3.2 births per woman. That fall has been associated with the increased access to birth control and abortion, but is also complemented by the changing laws and attitudes surrounding the role of women in society, which has allowed women greater productive choice and greater opportunities to pursue education and employment.

Over more recent years the fertility rate has been relatively stable, although there has been a slight increase from 1.75 to 1.77 births per woman from 2003 to 2004. There are signs of some further increases over the most recent year, reaching around 1.8 births per woman.

CHAIR—Could you please repeat that.

Mr Posselt—Over the more recent period, the fertility trends have been relatively stable, below the replacement level at about 1.7 births per woman. However, between 2003 and 2004 the total fertility rate increased marginally from 1.75 to 1.77 births per woman, and there have been some recent signs of a further increase, to about 1.8 births per woman.

CHAIR—Do you think that is the baby bonus?

Mr Posselt—We do not have data about the reasons for people's fertility decisions. There is some speculation that that may be the case. The initial upturn actually occurred before the baby bonus was introduced or announced.

CHAIR—Do you know who the people are who are either having extra children or having children for the first time? Do you know if they are married?

Mr Corr—Yes, we have their marital status.

CHAIR—Do you have their socioeconomic status?

Mr Corr—We do not have their socioeconomic status. We get the data from the birth registration system, which does not ask questions on income. It does have an occupation question but it is not of a good quality; it is just a straight occupation. The answer could be 'manager', and we do not know what that means in our occupation classification. About 67 per cent of births are to mothers who are married. The balance are to mothers who are not married, but the majority of those, about 30 per cent of all births, have the father's paternity acknowledged on the birth certificate—so the father is named.

CHAIR—Is that 30 per cent of the rest?

Mr Corr—Of the total. It is about 67 per cent nuptial—births from marriages—and 30 per cent are births—

CHAIR—Are they de facto relationships, or do we not say that?

Mr Corr—We do not necessarily know that. All we know is that the paternity has been acknowledged by the father. The residual amount, which is three per cent, is where the paternity is not acknowledged and the mother is not married.

CHAIR—Thank you.

Mr Posselt—The next slide goes to part of the explanation for the declining fertility rate, which is the changing labour force participation of women in particular. This slide relates to participation rates by age over the last three decades. Overall, the male participation rate has declined from 75.2 per cent in 1995 to 72.1 per cent most recently, in 2005. For females it has increased from 45.7 per cent to 57.1 per cent over that same period.

Looking at the age profiles, there are quite distinct patterns. For males there is the inverted-U shape. It has declined for all age groups. There has been some recent upturn in the labour force participation of males in the years approaching retirement. The overall picture is of relatively little change compared to that of women, where for all age groups there has been a large increase in participation rates through the child-bearing ages, the ages of 20 to 24 right through to 45 to 49, as you can see from the age profile. Obviously the dip is associated with taking time off to have children and looking after them in their infancy.

Ms GEORGE—Is it possible for ABS to plot our female participation rates in the child-bearing ages compared with some other OECD nations? Would you be able to get data for us?

Mr Posselt—Yes, it should be possible.

Ms GEORGE—There is a contention that our rates for women of child-bearing age are considerably depressed compared with over OECD countries, so it would be nice to have a look at that data.

CHAIR—Is that not the married woman figure, Jennie?

Ms GEORGE—Just for females—but, if you have breakdowns, that would be useful.

CHAIR—I think there are fewer married females participating than there are on average in the OECD.

Ms GEORGE—Whatever data you have would be useful, thank you.

CHAIR—Have you done any work that might indicate family tax benefit part B resulting in more married women with a single income staying at home?

Ms Dunlop—No, we have not.

CHAIR—It would be quite useful, would it not, because I think that is the aim of the policy.

Ms Dunlop—Can we do it from our existing data?

Mr McColl—We can identify, in our survey of income and housing, the particular benefits that people get, including single mothers. We do not ask questions about whether that has affected decisions around labour force participation or not. We collect their labour force status.

CHAIR—Why do you not ask that question?

Mr McColl—It is a survey that is trying to measure household finances and labour force participation through fairly direct questioning rather than asking them reasons for other things. It is something we could ask.

CHAIR—I think it would be useful to ask that.

Mr McColl—The sample that is used for the income analysis will not be very deep for single parents receiving family tax benefit and taking different life choices and employment decisions.

CHAIR—Yes, but you have two distinct groups. You have single parents because that is their single income, and then you have couples with a single income receiving family tax benefit parts A and B. But it is part B that I am interested in to see the efficacy of that policy in having those mothers stay home to take care of their children, which is the aim of the policy. It would be good to have that information as to whether it is happening or not.

Ms Dunlop—This is a two-yearly survey we are talking about. The 2005-06 survey is in the field at the moment. The 2007-08 one would be the earliest.

Mr CADMAN—I think a linked issue would be the effective marginal tax rates and their impact on the capacity for someone to go to work or not, choose child care or be able to afford child care. The thing that drives effective marginal tax rates is, of course, the cost of child care.

CHAIR—I have a problem with the way we have accepted this concept of so-called effective marginal tax rates. What we are really doing is when you withdraw the benefit, you are restoring that person to the same situation as someone who has never needed to attract a payment. So you have a whole lot of people who earn X, who have never been therefore eligible for these additional payments and then you have someone who is earning Y and receiving the top-up payments. Then they move to the same position as X, who has never had it, and it is taken away and they are in exactly the same position. Why do we say that one person has been affected by so-called effective marginal tax rates when they are in exactly the same position as someone who has never received them anyway?

Ms GEORGE—Only to the extent that women in particular make a judgment about whether there is economic value in returning to work. So if we are looking at women's participation in the labour force—

Mr CADMAN—It is about dollars at the end of the week.

CHAIR—But that makes absolutely no allowance for the fact that people get pride and self-fulfilment about being back in the work force, and there is no value placed on that at all.

Ms GEORGE—A lot of women say to me, ‘Jennie, there’s just no incentive for me to return to work because by the time I do, I lose X, Y, Z; I’m paying for transport and child care—it is a zero, so I’m going for them.’

Mr CADMAN—That is it.

CHAIR—But that person is really saying to you, ‘I’m not interested in being in the work force; I’d sooner stay home and receive these benefits.’

Ms GEORGE—Indirectly.

CHAIR—That is what they are saying. That is what the new welfare to work provisions are about. If you have an actual gain—I think it is \$25 a week—then you must accept that job. You can say that \$25 a week is not very much, but it is still measurable and you are still being returned to the position of a person who is earning that same wage who has never had any government handout.

Ms GEORGE—If we are looking at the issue of disincentives for labour force participation, whatever we think about the argument you are putting, it is in my view a decided disincentive based on the evidence that comes before me. I wonder if the ABS has done any work or are you aware of any surveys that test that proposition? I think one of the reasons our rates are lower than the OECD is because of that disincentive. That is just a hunch I have, it is not verifiable.

CHAIR—It makes absolutely no allowance for all those people who are desperate to go back into the work force because they want to be self-sufficient. It is part of their work ethic and they want to do it, and there are hundreds of thousands of them who do it. So you cannot say to this group, ‘There is something about you that this is a disincentive, whereas this group over here values being part of the work force,’ without putting a value on what returning to work means. Is there somewhere you can measure that?

Ms Taylor—In the first survey on work and family balance, which we are undergoing consultations with at the moment, one of the things we will be looking at is those people who are actually not in the workforce. We will be asking them the reason why they are not actively looking for work.

Mrs IRWIN—I am sorry for interrupting. They might say if they are working three days, they do not want to work five days.

Ms Taylor—We will be asking them the reason they want to work part time. But getting back to your question about pulling out the reasons they are not actively looking for work, one of the options that we are looking at is personal reasons: whether it is their own health, disability, pregnancy or whether their welfare payment or pension may be affected. So that would be approaching that particular issue.

CHAIR—The problem with that question too is that if you ask it there can be a fear—because of the news laws coming in—that if I go off it, I might have a lot of trouble if I lose my job getting back on it. Now that is a very different question from saying it is the so-called effects of

marginal tax rates. And an answer to that question, I am sorry, is not going to draw that out because the people you are asking are not going to be making those sophisticated distinctions.

Ms Taylor—No. It is looking at whether they have the perception of being affected, not in detail of the marginal tax rates.

CHAIR—No, but I think you have got to break it up: are you frightened that you will not get back on it? Or is it the fact that when you get on it you will not be getting welfare? They are two separate questions. And then ask them: would you feel better if you in fact had a job?

Ms GEORGE—Or would you feel better if you had a universal payment based on the age of the child so that it avoids the intersection of social welfare and tax policy?

CHAIR—I do not like your question, Jennie.

Ms GEORGE—I like that question.

CHAIR—That is a policy question; that is not a measuring question.

Mr CADMAN—That is a bit sneaky, Jen.

CHAIR—That is a debate question

Ms GEORGE—I thought I would give it a try.

Mrs MARKUS—If there were certain conditions, would they not be concerned about going off their welfare payment? On what conditions would they not be concerned about that—if this happened, if that happened, if you only had to take a job if you knew all these factors were taken into consideration? Sometimes we look at the ‘why not’ rather than ‘why would you’. I think sometimes we ask the wrong questions to find out what we need to do differently. That is not a criticism at all.

Ms Taylor—No.

Mrs MARKUS—It just seems to be.

Ms Taylor—The focus of this particular survey is employed people. It is looking at the kind of arrangements they actively use—not just entitlements; that is another issue—what they would like to use that they cannot for various reasons and what kind of child care they use for a whole range of informal things. We are trying to pick up on some of the people not in the labour force and tease out a few things in whatever way we can. We have received advice on this from a variety of users in the public service and the Australian Institute of Family Studies—that kind of thing—but it is quite a difficult thing to nail down, as you can appreciate.

Mrs MARKUS—It would be. I want to ask about the child care questions that you are going to ask. In my communication with many families, you have shiftworkers and you may even have two parents that are both shiftworkers. There is formal child care, there is informal child care and there are choices that each family makes but if a family had the potential to make their

perfect choice, what would that look like? I know there has been talk about 24-hour child-care centres. I am not necessarily saying that I am for them or against them. We have talked about in-home care and so on, which can be very expensive. What would families really be looking for and how would they like it? What would be ways that government could assist or facilitate that?

Mr Posselt—The most appropriate opportunity for that is the national child-care survey, which was only recently completed in 2005. I have some slides going to some of those matters.

Mrs MARKUS—Good.

Mr CADMAN—That is a very interesting survey.

Mr Posselt—The next one will be in 2008. There may be some opportunities in other surveys, but really because it is focused on child-care issues, I think that is the appropriate place to address that. I will take that on notice. Returning to the slides, we were looking at the change in labour force participation by age. A large thing about those trends is that it is really being driven by a large increase in part-time employment, as opposed to full-time employment. The next slide goes to families in the labour force. It is focused now on families as opposed to individuals, which was the broad patterns that we were looking at. This slide shows, over the last few decades, the change in the numbers employed within families. It is not just the parents, it could be one of the dependent children or non-dependent children who are employed, but it does give a picture of the—

CHAIR—When you say families in the labour force, are you saying that one parent with children is not a family?

Mr Posselt—No.

CHAIR—Is this not all about couples?

Mr Posselt—It is just a selection to highlight trends. We would certainly have complementary data to show this for one-parent families, absolutely. It clearly shows that there has been a large increase in two-income families who have to grapple with work and family balance issues, just as one-parent families have to. They have other issues to negotiate. This is a general picture showing those trends.

Ms GEORGE—A typical family now is a full-time income earner plus a part-time earner.

Mr Posselt—Yes.

Ms GEORGE—That is now an average typical norm.

Mr Posselt—It is becoming the norm, that is quite right.

Ms GEORGE—Not the breadwinner and mum at home.

CHAIR—What percentage of couple families have a single income with one parent remaining at home to look after the family?

Mr Posselt—This slide sort of gets at that. It has one employed, one income earner, although it could be a dependent child. They are not precise figures. I do not have a total. I cannot tell off the top of my head what the percentage is, but we are looking at 600,000 in 2004, versus over 1.3 million where they are both employed and 100,000 or so where neither are employed.

Ms GEORGE—I thought I read somewhere that it was roughly 30 per cent. Maybe you could confirm that, take it on notice.

Mr Posselt—Yes.

Ms GEORGE—I am not good on stats, but I thought I read that somewhere.

CHAIR—Actually, you could get those figures more accurately by seeing what percentage of couple families are in receipt of the \$3,000 payment, family tax benefit B. That would cut out the possible distortion in here that one person who is employed may in fact be the child.

Mr McColl—We can remove that as well from this screen.

Mr Posselt—The next few slides present data from our national child-care survey, which includes 2005 and some comparisons over time. The first one shows the use of child care, once again couple families, but certainly there is data for all family types. It shows that for those with both parents employed—this is for families with children aged nought to 12. It includes a range of formal child care, so it is before and after school care as well as long day care, occasional care and so on. We have 25 per cent of children in couple families in which both parents are employed using formal child care, and 39 per cent using informal child care. Much of that is grandparent care, in fact, of all children using care, 20 per cent is grandparents as their source of care. Yet substantial proportions of families where there is one parent employed also use both formal and informal care, and smaller proportions where neither parent is employed use both types of care. Over time there has been a substantial increase in the use of formal child care. It has increased from 14 per cent in 1996 to 23 per cent in 2005. That is for children aged nought to 11 years.

Ms GEORGE—Which table is that?

Mr Posselt—It is not presented. It is in the child-care publication.

Mrs MARKUS—Do you have any figures, or have you asked any questions about child care for children between the age of 11 and 15?

Mr Posselt—No, we do not. We have extended the coverage of the survey. It was children aged nought to 11 years, but we have changed that to nought to 12 years to align better with some other national collections such as the child-care census. We do not have any questions on child-care arrangements beyond that age.

Mr CADMAN—Can I ask you a question about the figures that are on page 25. Sorry, I am jumping ahead; I am talking about the use of child care. You have a chart. It sort of relates to what you are talking about. It is just that you have got here 13 per cent of children—

Ms GEORGE—Which table are you talking about, Alan?

Mr CADMAN—It is on page 25. I thought it was an ABS document, but it is not. Whose document is this? Is it prepared by you?

Mrs IRWIN—It is prepared by ABS.

Mr Posselt—It looks like one of our publication tables but this paper has not been prepared by us.

Mr CADMAN—Turn to page 25. Is that your chart?

CHAIR—But there are things that have been published by you that have been collated together, so they are your statistics.

Mr Posselt—Yes—understood.

Mr CADMAN—Can I refer you to the bottom right-hand corner. I have difficulty in understanding the 100 per cent of the way in which this is made up, I have to say. If I refer you to the 100 per cent on the bottom right-hand corner and then the three figures above it—children who use formal care, children who use informal care and children who use both—that is supposed to add up to 100 per cent of something or other. I do not understand that.

Mr Posselt—The remainder did not use any care.

Mr CADMAN—So the 100 per cent does not apply to the whole column, which appears to—

Mr Posselt—It relates to the figure in the first wafer of the table showing the number of children all together, of which there are 3.39 million.

Mrs MARKUS—So 54.2 per cent did not use any child care—is that what you are saying? That is what my reckoning is.

Ms GEORGE—More than half did not use anything.

Mr Posselt—That is right.

Mr CADMAN—I think that 100 per cent is totally misleading.

Mrs MARKUS—So the 24, 13 and seven is the remaining?

Mr CADMAN—It is in the wrong place.

Mr Posselt—The percentages do not add vertically.

Mr CADMAN—It appears as if it should. I am sorry; I misunderstood.

Mr Posselt—These are rates.

Mr CADMAN—What are the italics numbers of 32 and 21 in the column above? What do they mean?

Mr Posselt—These are the proportions of children who used any informal care and any formal care respectively.

Mr CADMAN—Of what?

Mr Posselt—Of all the 3.3 million-odd children aged 0 to 12 years in Australia.

Ms GEORGE—So the majority of children in our society in that age group do not use formal child care?

Mr Posselt—That is right.

Mr CADMAN—Do you see my problem with understanding what the chart means? With the 100 per cent at the bottom, it appears that the total of that column should add to 100 per cent of the total children.

Mr Corr—No.

Mr Posselt—You will find many of our tables are presented in this way because they are indicator tables. The two top figures, 45.8 and 54.2, add to 100, and these are subcomponents. They are particular arrangements.

Ms GEORGE—In the survey that you do on child care, I know you ask a lot of questions about accessibility and affordability, but do you actually ask the question: did you make a conscious decision not to use formal child care? In other words, I want to try to establish whether it is the fault of a system that does not provide accessible and affordable child care, or is it a choice people are making not to use it.

Mr Posselt—We ask about the reasons that they did not use formal child care if they did not use it. It is in the publication and I will direct that specifically to you.

Ms GEORGE—Thank you.

CHAIR—On that same table, under ‘children who use formal care only’, it is only 13.3 per cent of children.

Mr Posselt—Yes.

CHAIR—That is very low.

Mr Posselt—That is children of all ages, from nought to 12. If you look at particular age groups, such as three-year-olds, it is much higher.

CHAIR—For three-year-olds it is 32 per cent.

Ms GEORGE—It is interesting data, isn't it?

CHAIR—It is very interesting.

Mr CADMAN—It just indicates that, as policy makers, we have to be careful not to focus totally on formal child care.

CHAIR—It is interesting that, of three-year-olds, 32.7 per cent use formal care and only 17 per cent use informal care only.

Ms Taylor—Only, though, so you would get a group who would be using both types.

Mr CADMAN—So that is part-time occasional care and that sort of thing, two days a week or three days a week?

Ms Taylor—Yes.

Mr Posselt—The use of formal care is 53.4 per cent among three-year-olds.

Mr CADMAN—So 37 per cent use—

CHAIR—Would you say that again?

Mr Posselt—So, for three-year-olds, the use of any formal care is 53.4 per cent.

CHAIR—So that is any formal care?

Mr Posselt—Yes.

CHAIR—Where is that on the table?

Mr Posselt—It is under 'type of care', 'formal care' and then 'children who use formal care', which is italicised.

CHAIR—I see.

Mrs MARKUS—Do you differentiate between use—

CHAIR—Sorry, how does that then reconcile with children who use formal care only? I see; that is the 20 per cent who use both.

Mr Posselt—Yes.

Mrs MARKUS—Do you differentiate between the need and the use? For example, there may be an indication that a certain percentage does not use any formal or informal care? They may not use it, but they may need it.

Mr Posselt—Yes. We ask questions about the need people felt for additional care. Those who did not use any care over the previous week are asked whether they had wanted care at some time over the previous four weeks, and those who had used formal child care are asked whether they had wanted additional child care in the previous four weeks. There is a published figure of 288,000. I will locate that for you.

Mrs IRWIN—It is usually just a yes or a no? Do you not get the reasons why?

Mr Posselt—Yes, we ask the reasons why. I will go to the results here. There were 188,000 children—sorry, I said 288,000. That is six per cent of all children in the nought to 12-year age range for whom parents said additional care was needed. That was nine per cent of those aged nought to four years, and four per cent of those aged five to 12 years. First, it should be stated that a lot of the need for additional care was not for full-time care; much of it was just for very short periods. So 54 per cent had only required that care for one or two days in the previous four weeks.

Mr CADMAN—That is right.

Mr Posselt—In fact, in terms of formal child-care use, the usage by hours is surprisingly low. A large proportion of child-care users only use it for short durations. About 50 per cent use it for 10 hours or less in a week.

CHAIR—Is it working parents or non-working parents who do that?

Mr Posselt—I cannot remember exactly, but that is the average figure.

Mr CADMAN—That equates to a couple of days worth a week.

CHAIR—But it is quite important to know. Mothers who are not in the paid workforce have every right to use the facility.

Mr Posselt—Absolutely.

CHAIR—It might be to go and do the shopping, or because of a doctor's or dentist's appointment. Therefore, it would be ad hoc care they would require. What effect on providing child care does ad hoc usage have? We hear again and again that if a parent wants to maintain their child-care place they have to pay for the days, whether they are going to use them or not, because otherwise it will not be kept for them. You can be paying for unused days to secure the place.

Mr Posselt—Indeed.

CHAIR—If you were running it like you run an airline, you might have a special rate for ad hoc users who could come in and use that place, in which case you would be being paid twice for it. Did we do any work on that?

Mr Posselt—Not in particular, no.

CHAIR—There should be an offset given to the parent.

Mr Posselt—I suspect there are examples—

Ms GEORGE—Could I make a suggestion? I think this data is going to be extremely important, as it is the most recent set of statistics we have. To do it justice, is it possible that each member of the committee could get the whole report and maybe an executive summary, and have the group back after we have had a chance to read it, if that could be accommodated? I think we need to dig down a bit.

CHAIR—I think that is a very good suggestion. I was about to draw your attention to the fact that we are running over time, but we do have the room until 12. Are people able to stay until 12?

Ms Dunlop—Yes.

CHAIR—I have a lot more questions.

Mrs IRWIN—Say a person works five days a week and has a child of the age of three who only goes to child care for three days. Have you got a breakdown of the figures to show what happens to that child on the other two days—which might be that their grandparents care for them—and the reasons they choose to do that?

CHAIR—Because the grandparents will not have them five days a week.

Ms GEORGE—Grandparents do not charge them.

Mrs IRWIN—That is right. Sometimes people cannot afford five days.

CHAIR—Also, they do not want them five days a week; they have done their bit.

Mrs IRWIN—Some grandparents are paying child care, too, to help their kids.

Mr Posselt—We certainly have data on the number of weekdays child care was used and whether it was used on weekends as well. As for whether we have data on the number of days the parents worked, I do not think we have that in this particular survey.

Mr McColl—We do have the reasons they were using the child care—to enable them to attend work or look for work or get an education. There is a whole range of detail here. We can have a look at thinking about the easiest way to tease it out.

Mrs IRWIN—I think what Jennie asked was correct.

CHAIR—I think at this point that Jennie's suggestion is a very good suggestion. Does the report have an executive summary? I guess it does.

Mr Posselt—I have a separate one, which we can provide fairly quickly.

CHAIR—It would be excellent if we could have that. Perhaps we could reconvene and go through the stories. We have not even begun.

Mr CADMAN—It would give us a chance to read your papers, too.

Mr Corr—I thought I had had my opportunity.

CHAIR—We really want to dig down in your material.

Mrs IRWIN—Patrick is disappointed that we did not ask him any questions.

CHAIR—Paul also has not had anything to say. Perhaps we should give you at least one question before we wind up and move to Dr Birrell. One of the issues I am fascinated with is the way demographics have changed with the ageing of the population. In 1999, the year of the ageing, when I began to be involved in this sort of stuff as Minister for Ageing, it seemed to me at some point that unemployment rates were inevitably going to drop, simply because there were fewer people who were entering the workforce. Have you done any research on the interaction between the lower birth rate and employment figures?

Mr Corr—Not specifically that I am aware of. Sue, were you aware of any of that interaction?

Ms Taylor—No. But numbers in employment have grown, so we have not seen the impact.

CHAIR—But they have grown at a lesser rate.

Ms Taylor—Yes, but we still have not seen the impact of the falling fertility—

CHAIR—You will see it in 2009.

Ms Taylor—We will see it later.

CHAIR—That is the crossover—where the number of 15-year-olds and 55-year-olds cross.

Ms Taylor—Yes.

Mr FAWCETT—At page 29—

Mr Corr—Page 29 of what?

CHAIR—That is of our compilation. You can borrow that book there.

Mr FAWCETT—there is a table of family characteristics survey. The data was collected in June 2003.

CHAIR—You will not have that, Patrick.

Mr Corr—I will not take that question.

Mr Posselt—It should come to me because this is my field, or area of concern.

Mr FAWCETT—That is fine. I am sorry; you are still going to miss out then, I am afraid. Some data that came from the 2001 census, that David de Vaus from the Institute of Family Studies used, highlighted that, of all households in Australia where children were present, 90.1 per cent had both biological parents there. In the table here, we have children aged 0 to 17 years in couple families and the number there is only 71.7 per cent. If the base you are actually measuring is comparable, that would indicate in two years a 20 per cent decrease in the number of intact families. I am wondering whether you would be able to clarify whether the base that the 2001 census that de Vaus was quoting is the same base you are using here or, if not, what would be the most up-to-date figure based on the same information that David de Vaus was using?

Mr Posselt—This is the most authoritative source for data on relationships within households. This survey has particularly targeted identifying step and blended family relationships within households. The census relies on self-reporting; it does not have the same complexity of questions to identify that. David de Vaus would use this as a primary source, so I would direct any user to this as being the most authoritative data.

Mr FAWCETT—Is this taken off a sample group? If so, how large is it versus the census data, which is obviously Australia-wide?

Mr Posselt—It is a large sample. I think it would be in the order of at least 11,000 households, although I would need to check exactly. It is a national survey which, at that level, provides highly significant estimates. I think they can be trusted in terms of a sampling error.

Mr FAWCETT—Perhaps you could still come back to the committee, or to me, on how what it is actually measuring compares with the census data that de Vaus is quoting.

Mr Posselt—Yes.

Mr FAWCETT—That would be great, thank you.

CHAIR—Has anybody done any research on the impact of the increased number of women who are entering the workforce and the fact they are taking more of the newly created full-time jobs? Correct me if I am wrong, but women are traditionally paid less than men, which means that the relationship between the cost of wages and the growth in profits has to have been assisted by the process, does it not?

Ms GEORGE—Absolutely.

CHAIR—I wonder if anybody had done any work on that and what the measurable outcome of that effect is.

Ms GEORGE—George Megalogenis has written some articles on this—

CHAIR—Yes, I have seen those articles.

Ms GEORGE—which are quite interesting. Is there any data that we could put our fingers on to back up the assertion that the share of profit has really been on the back of women coming into work at lower rates of pay rather than men? That is putting it simply.

CHAIR—He also makes the point that—and it is borne out in stats—when the cost of wages is at 58 per cent, then the economy is doing quite well. When it rises to 62 per cent, we are in recession. So can you draw the conclusion that women's entry to the workforce has kept our economy going along nicely, thank you very much?

Ms Dunlop—We have prepared an article for the *Australian Social Trends 2005* which may throw some light on that question, but I would have to go through it again and see. We have looked at male and female earnings and overtime earning rates. It will not be easy to extract from that an answer to the question you have asked, though. We will probably have to look at that—

CHAIR—But you could?

Ms Dunlop—We will see what we have got that could inform the question. I am not sure that we have everything you are after, but I think we have some information.

CHAIR—That would be most valuable. I want to ask about the size of the black economy. It is a while since I have done it, but if I go through your figures and look at the estimated black economy for service jobs done in and around the home, connected to that sort of thing, it is \$6 billion or \$12 billion—it is one or the other, it has gone out of my head. Let us say it is \$6 billion, take the lower figure. One of the things I would be interested in looking at is if we allowed childcare expenses to be a tax deduction and it included having in-home care in your own home, and you had a tax file number for the employee, and you had a small withholding tax by the parent/employer, you would attack that black economy like never before, would you not?

Mr McCarthy—It would depend on what part of the black economy was actually related to the child care.

CHAIR—That is what I am talking about, that part of the black economy which you identify as service type jobs connected to homes.

Mr McCarthy—That is where a fair bit of the black economy does arise. That is right.

CHAIR—There is another thing that one of our witnesses, who we are going to talk to subsequently, has raised with us. This is a person who is working full time, can afford to pay for it but cannot get enough child care, so goes to the black market. The black market is a stay-at-home mother receiving family tax benefit part B to stay at home but is accepting wages in the

black market, and possibly even using childcare places from time to time. None of that is traceable, but it is going on. What if we went to the suggestion I am making—that is, a tax file number which must be quoted. Indeed, what if you went to the situation of care in your own home, so it is one-on-one, you have the CCB and the 30 per cent rebate, but you have only got the 30 per cent rebate if the person you employ has a tax file number? Maybe then the withholding tax would have to be quite small, but you would really attack that black economy, would you not? Yes? No?

Ms Dunlop—It is hard to see, from the statistical end, how we could make a comment on that.

CHAIR—But you identified that there was a huge black economy out there.

Ms Dunlop—Yes.

CHAIR—Huge, which nothing has touched.

Ms Dunlop—But we do not the tax file numbers of the individuals. We do not have that.

Ms GEORGE—But you can give us an idea of the scope of the black economy and the sectors where the highest rates are.

Ms Dunlop—Yes.

Ms GEORGE—Is child care a discreet sector, or is it just home services?

Mr McCarthy—We do not even get into that detail. I am a bit out of date on the work on this, because I have worked out of the area.

Ms GEORGE—Would the Tax Office have anything?

Mr CADMAN—You could even have kids and their grandparents in the black economy, could you not?

CHAIR—Yes, you can.

Mr CADMAN—Absolutely. We must get after them.

Mr McCarthy—The estimates that we make for the national accounts, we do not get into that sort of detail. It is more broad brush.

Mr Posselt—We do not have that from our childcare surveys.

CHAIR—But you have a whole services sector where you estimate there is foregone economy. If you look at the United States analogy, there are a number of people who have tried to go into public office and have had trouble doing so because they have been employing an illegal immigrant from Mexico for their child care. If you look at the fact that we are meeting such a small need with the formalised childcare places we are providing, you have to realise that

a vast percentage of that informal care is in the black economy. How much informal need is there? Like cleaners, it is the same principle. They are all paid cash in hand, but if you said you could get a tax deduction for it, and you had a tax file number and a small withholding tax, you would track the money. Can you supply with us as much information on those questions as you can?

Mrs MARKUS—I have a very quick question. If you are unable to answer it, take it as a question on notice. I notice in some of the publications and the points that we were given prior to the paperwork you gave us today, of the parents who are seeking additional care for children aged 0 to 4 years and who could not access care, 46 per cent reported they could not do so because all places were booked out. But there seems to be a bit of an anomaly in some parts of Australia. For example, my electorate is in Western Sydney. If you look at the inner city that would definitely be the case, people cannot get a spot. In Western Sydney there are several pockets where there are vacancies. Last week I had a situation in my electorate where one of the childcare centre owners was selling their business, and they could relocate every child to another centre within 20 minutes, and fill all their gaps. I think it was an attempt to fill the gaps, actually, that they had the vacancies. Is there any way of you looking at why those kinds of anomalies are happening?

Mr Posselt—First of all, the survey does not provide any small area data. The state level or capital city balance of state is the most detailed geographic level of that data. We were asking parents about their perception of the availability of those places and the reasons, and whether they are fully aware. They are saying they are, but the survey itself cannot provide that data. I understand there are moves towards getting better data of waiting lists and so on.

Mrs MARKUS—I think the government is working towards that.

CHAIR—We look forward to getting the data we have asked for back and we look forward to then, having digested what you have given us today, having a further discussion. Thank you very much. We do appreciate it.

Mr Posselt—There are some fascinating elements from some other collections, such as the Time Use survey, that are presented in these slides, which go to other issues.

CHAIR—We will look at those as well. We need more time with you.

[11.14 am]

BIRRELL, Dr Robert James, Director, Centre for Population and Urban Research, Monash University

Witness was then sworn or affirmed—

CHAIR—Dr Birrell, I have to say that your research has been of enormous interest to the committee. We were grateful to receive the research that you did for the Australian Family Association. It is a great source of information for us. There is one thing that I wonder if you would clear up for us. I had difficulty sometimes understanding how you use the term ‘partnering’. Sometimes it seems to mean married and de facto relationships, but where it gets difficult is the assertion that you make about the difference between Australia’s higher rate of fertility when compared with Spain, Italy and Greece in regard to the percentage of women who have ex-nuptial children. In those countries—with the mores of the countries, being strong Catholic countries—you say they do not do it, and that makes up the difference of almost three or four per cent.

Dr Birrell—That is right; we do make that assertion. It is because of the scale of sole parenthood in Australia. Currently just over 20 per cent of all families with dependent children under 15 are headed by sole parents. It is a very large proportion. So, by comparison with countries where there are very strong norms against that, you could say we have an advantage, but as we say throughout our publications it is nonetheless of great concern that we do have such a high level of sole parenthood. Sole parenthood in Australia is a pathway to a near-poverty existence. It is a major cause of inequality in our society. My belief is that there is a division between families that are intact on the one hand and sole parents on the other. It is a massive divide.

As to your question about partnering, we have to rely on the census to do this analysis. It is the only source of data that enables us to go down to the level that we have gone in this report—that is, to examine outcomes from five-year age groups by various socioeconomic characteristics of men and women. So we depend on the census. But, when we refer to partnering, we are referring to people who are living in a family situation; they can either be de facto or married. If you are not de facto and not married, you are not in a partnership.

CHAIR—In addition to what you have given us here, would you like to make a further statement that we can draw on as well?

Dr Birrell—You will be familiar with our position from reading that document. Most of the academic debate about fertility in Australia builds on theories of gender equity, trying to balance work and family, and the argument—which I think in large part is correct—that, to the extent that women increase their education and engage in the work force, the opportunity costs of having children increases. That is a dampener on the overall level of fertility. Unless you can manage the interface between those two areas, you will struggle to increase fertility.

At the popular level I think the view of many politicians and the public is that having kids is all about cost. It is very expensive and so, if you can defray the costs in some way with the baby bonus or family tax A or B and so on, this might help boost fertility. Again, I think there is something to that. I believe in the mass of our work that there is a third approach to this which has to do with partnering, and that is where I am coming from. The argument—just to summarise it for you—is that, if young men and women are going to contemplate having a child, they need first of all a secure relationship. The best indication of a secure relationship is if they are partnered, and particularly if they are married. Any decline in the level of partnering—and we have seen over the past 20 years a dramatic decline in the partnering level—is going to impact on fertility, given these assumptions.

Our empirical work shows that there has been a serious decline in partnering levels, particularly married partnering levels. When we look at the socioeconomic characteristics of men and women we find that this decline in partnering has been particularly precipitous amongst women who do not have post-school education. That is of great significance because they are the ones who, in per capita terms anyway, have the most children. We have paid some attention to the marriage factor in this report because the empirical evidence indicates that by the time women get to age 35 to 39, if they are living in a married partnership, they almost always have a child under 15. It is almost universal; our figures show 87 per cent in 2001. When you take into account some women who are infertile or whose partner is infertile, this is a very high rate indeed. It has not changed since 1986 when we were first able to cut up the data to accurately compare.

That is a concrete illustration that strong commitment as expressed by marriage appears to be almost an universal prelude. My conclusion from all this is that the prospects for increasing fertility have a great deal to do with partnering levels. We are not going to be able to chart the situation between 2001 and 2006 until we get the 2006 census, at least in the way we have done it in that report. However, we have tried to approximate an analysis of this situation by drawing on other ABS data. Basically, the labour force survey does give us some access to partnering data, and the news on that front is actually pretty good. What it shows is that the decline that we have seen over 1986 to 2001 and prior to that period has been arrested. Partnering rates have levelled off and maybe gone up a little bit.

Ms GEORGE—In other words, there is a strong correlation between fertility and partnering in those graphs we have just had.

Dr Birrell—Yes. Whether the arresting of the decline in partnering helps explain why the total fertility rate has plateaued is a difficult question. But I would regard that as part of the explanation. I believe this is very strong in the case of men and women who do not possess post-school credentials. Their propensity to partner is very closely associated with the state of the job market. You can see the correlations are very, very strong for men aged 30 to 34 or 35 to 39. The higher the level of income, the more secure the occupation, the higher the level of partnering and marriage.

The boom in the economy over the past five years, which has led to an increase in the proportion of both men and women in these younger age groups who are in full-time employment, is quite likely to have created a more favourable setting for men in particular to be prepared to take on partnering, particularly the obligations of parenthood. But that is a deduction

on the basis of the theory that derives from our earlier work. An alternative theory, as advanced by Peter McDonald, is that it has to do with the increased baby bonus. I am sceptical about that view, but it is difficult to prove assertions of the sort that I have just put to you.

Ms GEORGE—Just on that point, it was interesting that the ABS people said that the curve upwards on fertility actually started to occur before the baby bonus.

Dr Birrell—It is hard to do this—

Ms GEORGE—It could be a combination of both.

Dr Birrell—What I have got to say to you that is new is that, on the basis of this recent study looking at partnering over the period 2001 to 2006, it has been arrested. Also, the rate of growth of sole parenthood has stabilised, maybe even declined, and I see the two as related.

CHAIR—When you say ‘sole parenthood’, do you mean that three per cent of people, talking about the ABS figures, where paternity is not acknowledged on the birth certificate?

Dr Birrell—No. I am referring to the situation where—

CHAIR—Break-ups?

Dr Birrell—Not necessarily break-ups. There are two broad pathways into sole parenthood for women. One, which is particularly the case for younger women, is where they never have a secure relationship in the first place; and the other is where they have an established de facto or married partnership and the relationship breaks down. The ABS evidence indicates that the proportion of families headed by a sole parent since 2001 has stabilised and maybe dropped a bit in the younger age groups. You can see that in the data from the Child Support Agency which is quite significant.

The other side of the coin for the high level of sole parenthood in Australia is that we have very large numbers of payers and payees; the numbers are quite extraordinary. Last year, there were something like 730,000 payers and payees, which gives you an idea of the scale of sole parenthood. One of the implications of that, of course, is that the Child Support Agency chases up the male parent—it is generally the male—who is responsible and requires him to provide some assistance. The rate of growth of those numbers has slowed quite significantly in the past year or two. That is another indication that things have changed.

Ms GEORGE—Dr Birrell, in terms of the sole parent households, I thought I read not long ago that the majority of sole parent households are, in fact, women post divorce and post separation. Is data available on that? Because I think there is a bit of a myth that it is the young women who are having babies.

Dr Birrell—When you do cross-sectional data, as in the census, the problem is that it is hard to track the partnering experience. With somebody who has never married and is a sole parent, you cannot tell from the census whether or not that person ever had a stable de facto relationship. It is very tricky. Our research indicates that the proportion of women who became sole parents who never had a secure relationship in the first place has been increasing significantly,

particularly in the younger age groups of 20 to 24 and 25 to 29, and that reflects the decline in partnering. That is, they have had sexual relations or some sort of relationship, but it has not been a secure partnering relationship and subsequently the woman has gone on to have the child but the bloke has never really participated. We did some research on what happens at birth with young women where the births are ex-nuptial. About 32 per cent of births now are ex-nuptial. There is a database that enables you to explore the partnering relationship at the time of the ex-nuptial birth and, in about half of those ex-nuptial births, there was no established de facto relationship.

Ms GEORGE—That is what I worry about in your interpretations: you do not account for the conscious choice that many women make in this day and age not to undertake a formal commitment through marriage or partnering.

Dr Birrell—I think the fact that 32 per cent of births now are ex-nuptial is a good indication that many women no longer feel the need to be married.

Ms GEORGE—Yes, but you seem to imply that that is young women.

Dr Birrell—No. What I am saying is that, generally speaking, older women who end up as sole parents will have had a preceding relationship, married or de facto. Younger women, particularly up to, say, 25 to 29, are more likely to have never had a secure partnership, and the proportion of the latter group has been growing. I still think the majority of women who are sole parents have had either a de facto or married relationship which has broken down for one reason or another. The proportion, over the past decade or so, of those who go in via the other route has been growing, but it is hard to put a precise figure on it.

CHAIR—Dr Birrell, somewhere in here—and I cannot find the exact quote but I know it is here—you talk about women who are in a lower socio-economic group who mix in a marriage market, for want of a better term, where men are similarly in a lower socio-economic group.

Dr Birrell—Yes.

CHAIR—The men are less willing to commit, but that does not mean there is not sexual activity.

Dr Birrell—Yes.

CHAIR—Of those women who fall pregnant who go on to have the children, I think you say in here that they do so for one of two reasons. The first is that they do not wish to have an abortion, in any event; the second thing is that they feel that having the child might re-establish or re-ignite the relationship.

Dr Birrell—That is exactly right; I do say that.

CHAIR—Are you saying that, statistically—although you will not know until you get the new census data—the incidence of that is lessening, in that more of those people are partnering now?

Dr Birrell—What I have got, over the period 2001-2006, is just an estimate of the proportion of dependent children who are living in sole parent households, and that has stabilised or dropped a bit. Prior to 2001 it was relentlessly increasing. It got to about 22 per cent by 2001. It appears to have stabilised or dropped a bit. Why is that? One explanation may be that partnering rates have gone up and, therefore, the incidence of situations, as you imply, where young women have decided that they want to go on but the bloke, for one reason or another, is not willing to take on the burden has maybe lessened.

CHAIR—Yes, and he is willing.

Dr Birrell—This is where the improvement in the employment situation may be contributing. It is speculation as to why this is happening, but I am fairly confident that it has happened.

CHAIR—I find that clashing with something else you said—and this one I can find. You say:

... Australia has arrived at a situation similar to 1911 where, by the time men reach their early thirties, some 41 per cent are not partnered. Nor is there any longer a surplus of young adult men relative to women.

You also say that by 2001 there were four per cent more women than men aged between 30 and 34. So, although we have a similar situation, the male-female ratio has reversed. That obviously makes it more difficult for women in 2006 than it was back in 1911.

Dr Birrell—Well, it does. That is true.

CHAIR—Why did that happen? How did that happen?

Dr Birrell—In the early days we were still to some extent a pioneer society. There were more males around than females in those early years.

CHAIR—Was that because more males were migrating here?

Dr Birrell—Yes, but now we are well past that stage. Women do have a problem at this age when they are looking for a partner. We heard a great deal about the situation of degree qualified women who have decided by this stage that they really would like to have a partner for all sorts of good reasons. It is a highly adaptive situation to be in to have a secure partner. You are sharing two incomes; you have a much better lifestyle, at least in material terms and better housing. Who would not be in it? You have companionship and secure sexual expression. The earlier feminist years when women were saying that marriage was all about a trap to enforce male dominance on them are past. I do not think you would find contemporary, degree qualified women saying these sorts of things now. The broad literature coming out of the group we are talking about is all about: 'How do we find Mr Right?' The problem for these degree qualified women at this stage is that there are a lot more degree qualified women than there are degree qualified men.

CHAIR—We are finding that in our evidence. Women are not infrequently now the dominant breadwinner in the relationship, in the partnering.

Dr Birrell—That will increasingly occur, I think, as women adjust to this situation and—let us say—marry down. That is an intelligent adaptation. There are a lot of associate professional

men and tradesmen who would make good husbands. The problem from the point of view of men at this stage is that, although there are plenty of degree qualified women around, when men go into the marriage market in their 30s, especially men who do not have degrees themselves and so are in this lower marriage market, they find that a very significant proportion of the women in that age group are sole parents. That reduces the field somewhat. To establish a relationship with a woman who has children is more difficult than if she is free of those relationships.

Ms GEORGE—Dr Birrell, I find it hard to reconcile some of the interpretation you put on the data in the light of the fact that I think all the projections continue to indicate that up to 40 per cent of marriages will end in divorce. Would you like to comment about that?

Dr Birrell—Yes. We do several calculations of divorce rates. We look at the proportion of men and women in their 30s who have ever married. You will see that divorce rates for degree qualified women in those age groups have actually declined over the past 15 years or so. But for women who do not have post-school education or degrees they have gone up a bit. You will see tables in the report which detail this. If you are looking at divorce over the life span, by the time you get into the 50s or so, maybe 30 per cent will have divorced. That is the probability. But, if you are looking at men and women in their 30s and see what proportion of those who ever married has divorced, it is much lower than that. As I say, in the case of degree qualified men and women it has actually stabilised and dropped a bit. Certainly, by their 30s, the vast majority of men and women who have degrees have not experienced separation or divorce.

CHAIR—Yes, but particularly degree qualified people are very often now only getting together in their 30s, whereas a generation previously they would have been in their 20s.

Dr Birrell—That is right. They have not had that long in which to experience the circumstances that might bring about the dissolution of the partnership.

CHAIR—So you are more likely to be looking at that figure in their 50s.

Dr Birrell—But, from the point of view of fertility, what matters is what happens in their 30s, not what happens subsequently.

CHAIR—That is right.

Dr Birrell—Although it is important, of course. If we get a high rate of dissolution of marriages of men and women in their 40s, it is going to create a sole parent problem. I think the problem from the point of view of fertility is more getting it together, getting to the starting gate, rather than the breakdown of marriages.

The news is good in the sense that partnership levels have stabilised, and I think we can probably project that this will be sustained. There are a couple of general reasons why I think this is going to be the case. One is that the pattern of job creation in Australia is very much in the associate professional, professional and managerial level, so these are the men who are most likely to be able to afford and have an interest in taking on partnering and parenting responsibilities.

Secondly, the outlook looks better for other men in the future from the point of view of the labour market, because we are going to see over the next decade a sharp fall in the rate of labour force growth in Australia. That means that the balance of power in the labour market is going to swing from the employer towards the employee, and employers will have to pay greater attention to training, to creating career structures. All this I think will be positive from the point of view of males and females being prepared to take on parenthood and maybe being able to afford to buy a house, particularly in Melbourne and Sydney.

CHAIR—Presently we have about 170,000 new entrants a year into the job market, so we will grow the workforce by that, but by the year 2020, for the decade of 2020 to 2030, there will only be 125,000 for the entire decade, so it drops to 12,500 a year.

Dr Birrell—No. The number of new entrants to the labour market is not going to decline, because the numbers of 15- to 19-year-olds, if you have checked them forward, continue to increase. The reason why the net growth of the labour force declines is because of the imminent retirement of the baby boomers.

CHAIR—That is right.

Dr Birrell—The point about that is that, although the number of new entrants will increase somewhat, the demand—

CHAIR—The drop-off will be, so the net gain is only—yes, quite right.

Dr Birrell—From the point of view of employers looking at the net growth in the labour force, it will reduce considerably over the present situation. That will create a more favourable situation in Australia, and I would hope that that would lead to a much greater attention to training in Australia. Currently, about 50 per cent of 19- and 20-year-olds in Australia are not involved in any form of post-school training.

CHAIR—What percentage?

Dr Birrell—Fifty per cent plus. If this changes, as I hope it will, then this will again create a much more positive situation from the point of view of that segment of our society which has been most heavily affected by the partnering downturn.

Ms GEORGE—I find interesting the conclusion that you come to about the regional outcomes, because it does strike me. You look at the electorates that are lowest on socioeconomic indices and then you correlate that with the proportion of families headed by lone parents and family breakdown. Would you like to just add a bit about that on the public record, because I think it is an interesting observation?

Dr Birrell—It is the case that, in regional areas where the employment situation is not as buoyant as it has been in the metropolises, you do get the outcome which you would expect from this theory—that is, the drop in partnering has been acute and the proportion of families headed by sole parents has been relatively high, compared with the metropolises. Again, any improvement in the employment situation is likely to have a positive outcome for the regional settings as well.

CHAIR—Information from the social trends paper from AusStats is that in 1996 the proportion of females who were childless in Greece was 3.7 per cent, in Italy it was 5.7 per cent, in Australia 10.6 per cent and in the United States of America it was 24 per cent. The figures that we have received in the course of our inquiry estimate that it could go as high as 25 per cent of Australian women not having any children at all. Bearing in mind your partnering theory from 1996, if we looked at those figures for Greece and Italy today and there was still a very still low percentage of women who had no children at all, and we are still at a much higher percentage of women who are having no children, that means that those people who are having children must be having more than in those European countries.

Dr Birrell—That is what I would deduce as well. We look at women at the end of their child-bearing period in their early 40s to see what proportion are childless.

CHAIR—Yes—45 years to 49 years.

Dr Birrell—We have got to around 10 per cent, but, as you say, the projections are somewhat higher. I have not seen that 25 per cent figure. I think it is going to go higher than 10 per cent, simply because of the increase in the proportion of women in their 30s who are not partnered. Some delay the partnering phase until their late 30s, but when you delay it, as you well know, the biological clock ticks on. The effect of delayed partnering is going to increase the proportion of childless people, partly because they simply started too late and partly because they did not get to the point of partnering at all.

CHAIR—Yes, that is right. AusStats says:

In 1996, the proportion of women aged 45-49 years who were childless increased with level of educational attainment. The highest proportion of childless women was among those with a bachelor degree or higher (20%), compared with 12% of those with an undergraduate or associate diploma. Women with no post-school qualifications had the lowest level of childlessness (9%). This pattern is consistent with more highly educated women delaying child-bearing to concentrate on their education and career. Although some of these women may make an intentional choice to have no children, others may delay child-bearing to a point where they are no longer able to have a child.

Dr Birrell—When we get to the cross-sectional data, we find that that pattern is changing, for the reasons that I have indicated. The most serious fall in partnering and in marriage has been with women who do not have tertiary degrees.

Mrs IRWIN—You mentioned the baby bonus earlier. You do not think that has been an incentive for people to have more children?

Dr Birrell—My attitude to the baby bonus is that it is a good thing. Anything that helps parents defray the costs of having children is to be supported. Given the significance of having a child, there are other factors that are likely to be more significant than a bit of extra money. I would see the baby bonus as maybe changing the timing of birth, but I am a bit dubious that it is a significant factor in itself. I think anything we can do by way of tax payments or maternity payments to help defray the costs of having children is important, and I am certainly a supporter of that. I do not want to be read as knocking that at all, because it is two different issues.

I think the upturn in births that we have seen in the last couple of years mainly reflects the increase in the number of young women aged 30 to 34, because that is the peak period of childbirth now. Also, we can see there is a bit of catch-up going on. Women who have delayed previously and who are now into their early and late 30s are having kids, so those two factors help to explain it.

Ms GEORGE—And, as you said earlier, the economic conditions.

Dr Birrell—Yes. The economic conditions are on top of that. That is extended over several years, but where we can see the economic conditions having an impact is on partnering and partnering rates. In the long term that is a positive from the point of view of fertility.

Ms GEORGE—Yet the rates of unemployment among unskilled men are still, as a sector, quite high by comparison to the overall figure.

CHAIR—We have some figures here on Newstart that say that the evidence shows that the incidence of Newstart payments for married men is low. Only 26 per cent of men age 35 to 39 who were receiving Newstart payments in 2001 were married. Yet, 57 per cent of men in this group were married at this time. Nearly two-thirds of male Newstart recipients of the same age group were divorced, separated or single. The table shows that only about a third of men in this group were in this category in 2001. You are showing that there is a growth.

Dr Birrell—It is a chicken and egg thing here. Men who get partnered, and especially who get married and take on a mortgage, rarely become unemployed. They simply cannot afford to become unemployed. Men whose prospects in the labour market are poor, for whatever reason—attitudinal or they simply lack skills—tend not to get partnered or married anyway, but, if they do, the tensions associated with their situation very often are the trigger that leads to a breakdown. That is why you do not find many married men on Newstart. When you go to Cranbourne, in Melbourne, into the mortgage belt, it is mainly battlers who are out there, buying new houses at the bottom of the market for \$200,000 or \$230,000. These men are rarely unemployed, because they cannot afford to be.

CHAIR—You also say that low-income men who marry do have children, but relatively few low-income men get married or stay married. A great majority of couples who are married with children living at home receive a family income of \$800 or more. Only a small minority of such couples fall into the very poor family income category of less than \$500 a week.

Dr Birrell—Yes, that is right. That is the reason, I think. Going back to your point about who is benefiting from the employment boom, I have a couple of points. First of all, most of the growth in employment over the past five years has been at the managerial, professional and socioprofessional level—more than half. That means that the majority of men who do not have post-school qualifications have not been the key beneficiaries of the employment boom. Nonetheless, there has been a growth in full-time and part-time employment.

Ms GEORGE—Full-time male employment in that period?

Dr Birrell—In the trades operative level, but it is not as rapid. So there is some benefit. When you look at the aggregate figures for men aged 25 to 34, and 35 to 44, there has been an increase

in both full-time employment and part-time employment over the past five years, but not as fast as for women. Some of the benefits have trickled down to the men who are worst affected, the ones to whom Mrs Bishop is referring.

I would like to emphasise the point that I made earlier, that for the future the most important development that we might look forward to is this changing balance of power between employer and employee. And I hope that we will give much more attention to providing access to training, not just at university level but also for things like trade certificates, so we do not have such a high proportion of our young men and women who do not have that much to offer in the labour market. It is a tragedy that it is of such a scale. This is one of the reasons why we are importing so many professionals. Last year, 25,000 professionals were brought into Australia, and only 100,000 graduated at the degree level domestically.

CHAIR—Is that right?

Dr Birrell—That is right. The reason why we turned the immigration tap on is precisely because we have not trained enough of our own. But that applies also at the trade certificate level as well. To the extent that we go down deeper, the prospects for parenting are very good. You have to remember that back in the 1950s and 1960s, when young men and women partnered very early and had children very early, they were able to do that with a secure expectation on the part of the men that there was employment available to them literally for life. There was no real concern that they could be left hanging onto a mortgage without the income to finance it.

Mrs IRWIN—Also, those people who had children in the early 1950s and early 1960s thought that their children would get a job when they were old enough. These days parents are asking: ‘What does the future hold for my children? Will there be employment at the end of the tunnel?’

Dr Birrell—That is a good point. I think the situation is now changing. It is the case that we are getting down to close to full employment levels at the moment in Australia. We have scoured the market, really, for employable people. So the situation for young people has improved greatly, I think.

Ms GEORGE—Not in some regions; my electorate still has youth unemployment at 35 per cent. The majority of those would be young men.

Dr Birrell—Sorry, could you say that again?

Ms GEORGE—There is 35 per cent full-time youth unemployment in the Illawarra.

Mrs IRWIN—In Western Sydney it is over 20 per cent.

Dr Birrell—That is the proportion of those who were in the workforce.

Ms GEORGE—Yes, those looking for full-time work in that 15 to 19 age group. That correlates with that stuff that you were saying about the regional impacts and outcomes.

Dr Birrell—The proportion of males aged 25 to 34 in 2006 who were unemployed was 4.4 per cent. That is of all males aged 25 to 34. At the end of 2001, it was 6.3 per cent. There are still a significant number of men in that 25 to 34 age group who are not in the labour force, 8.6 per cent in 2006. So we still have about 13 per cent of men aged 25 to 34 who are either unemployed or not in the labour force, but that figure has dropped significantly.

Ms GEORGE—Do you have comparable figures for a younger age group of males?

Dr Birrell—Not in front of me at the moment, but I do have those figures; we do have those figures, yes.

Mrs IRWIN—It would be good to have those on the record. If you could get them to us, it would be appreciated.

Dr Birrell—I can give you those figures. So I think the prospects are improving from the point of view of partnering.

CHAIR—If I can summarise, what you are saying is that fertility is linked to partnering; partnering will increase, and ergo fertility, if more people are in work, particularly people at the lower end of the skill range; if they can indeed be skilled up and earn more, they are more likely to partner; and there is a pool of men in that lower socioeconomic group who are potential new entrants into the workforce and may also become new partners if their esteem and earning capacity rises. Is that right?

Dr Birrell—Exactly. That is a very good summary. I think that the potential, because of this situation, for at least stabilising fertility is probably pretty high.

Ms GEORGE—Encouragement or incentive should be given to employers to encourage or to assist these employees to train up.

Dr Birrell—I think employers are going to have very little choice but to do this.

Ms GEORGE—We are running out of workers, unless we are going to keep importing them!

CHAIR—But they are doing the same thing.

Dr Birrell—This is potentially a golden age that we are approaching. Employers continue to tell us that this is a dark age because they are not going to be able to have the scale of entrants to the labour market that they have had in the past. But, when you look at it from the other perspective, it is actually potentially a golden age, taking us possibly back to the 1950s and 1960s, but it is going to be difficult to manage. Certainly both the educational authorities and employers are going to have an increased responsibility to make sure that we do not waste this resource, because our economy depends on having job-ready and skilled persons. A rate of growth depends on this, but if we do not train them then we will not be able to sustain the level of growth that we have become accustomed to. I think the positives for that in terms of reducing unemployment and creating better circumstances for partnering, as you have indicated, are good.

CHAIR—You also say that government policy should be directed at providing additional assistance for men and women who are contemplating or taking on partnering relationships and that the pay-off from such assistance could be huge.

Dr Birrell—Yes. It is bit tricky to know what incentives. That is where the financial incentives, the baby bonus and so on, at the margin can be important.

CHAIR—Can I say, Dr Birrell, that this morning has been fascinating. We are very, very grateful for your coming and giving evidence today. To speak to your own report has illuminated it for me much more than simply reading it or hearing other people talk about it. We do have to close now. If we need to come back to you on any points, may we do that?

Dr Birrell—Of course.

CHAIR—Thank you very much. As I said, coupled with your evidence and that of the ABS, where we have started to drill down, it has been a really fascinating morning.

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

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 12.03 pm