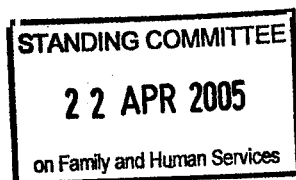




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Mr James Catchpole  
Committee Secretary  
Standing Committee on Family and Human Services  
Inquiry into Balancing Work and Family  
House of Representatives  
Parliament House  
Canberra ACT 2600

**SUBMISSION NO. 102**  
AUTHORISED: 9-05-05

Dear Mr Catchpole

**FACS SUBMISSION TO INQUIRY INTO HOW THE AUSTRALIAN GOVERNMENT  
CAN BETTER HELP FAMILIES BALANCE THEIR WORK AND FAMILY  
RESPONSIBILITIES**

In response to a request from the House of Representatives Standing Committee on Family and Human Services for a submission to the inquiry into balancing work and family responsibilities, the Department of Family and Community Services (FaCS) has prepared the attached submission.

The submission describes what the Australian Government currently provides through the FaCS portfolio to assist families in their choices about balancing work and family responsibilities. It has been authorised by the Secretary, Dr Jeff Harmer.

A copy of the submission has also been emailed to [fhs.reps@aph.gov.au](mailto:fhs.reps@aph.gov.au).

The department looks forward to assisting the Committee's Inquiry.

Yours sincerely

Glenys Beauchamp

Group Manager

Families and Children

14 April 2005

# **Australian Government support for families with children in balancing work and family responsibilities – Family and Community Services Portfolio.**

## **General statement**

1. This submission covers Australian Government support for families with children in balancing work and family responsibilities from the perspective of the Department of Family and Community Services (FaCS). The submission includes family payments, support for women, carers, Indigenous families, child care, the Stronger Families and Communities Strategy and the National Agenda for Early Childhood.
2. The Australian Government considers the family to be the fundamental unit in Australian society. The Australian Government is also of the view the best way of addressing welfare is to encourage and provide the right environment for people to gain access to paid employment and the Government has a significant role assisting families to balance their work and family responsibilities through a variety of approaches and specific measures.
3. Australia's strong economic position, continuing low inflation and low interest rates are key contributors to supporting families' wellbeing. This has led to growth in real wages, employment and productivity. The Australian Government's responsibility is to ensure broad economic and social policy settings provide an environment where families have the best opportunity to realise their goals and make their own choices in balancing work and family.
4. Because of this strong fiscal position, the Australian Government has been able to provide substantial increases in financial assistance to families. In 2003-04, the Government spent around \$21 billion in assistance to families through Family Tax Benefit, Child Care Benefit, Parenting Payment, Maternity Allowance and Maternity Immunisation Allowance.
5. A further \$19.2 billion package of family assistance, announced in the 2004-05 Budget, provided the largest family assistance package ever, which seeks to help families raise children, provide better rewards for working and help balance work and family responsibilities. (Attachment A).
6. The Australian Government seeks to assist families to make choices around work and family that best meet their aspirations, needs and circumstances. The Government has introduced a range of initiatives designed to help families irrespective of the choice they make.
7. Employers also have a role to play in assisting employees in the choices they make in balancing their work and family responsibilities, including caring for family members with disabilities and developing family friendly workplaces.

## Decisions about starting families are personal decisions for families

8. The Australian Government seeks to assist families to make choices around work and family that best meet their aspirations, needs and circumstances. In order to do that the Government has introduced a range of initiatives designed to help families irrespective of the choices they make and recognising that these choices can change over time.

9. Fertility issues are not traditionally seen as a matter for government intervention in Australia. Australia does not have a fertility policy. Given the importance of the fertility rate to Australia's future, however, and the trends in Australia's fertility rate (currently around 1.75), and the implications of structural ageing, FaCS now monitors attitudes about fertility and the factors affecting fertility in Australia and internationally.<sup>1</sup>

10. It is important to understand what issues impact on decisions about forming families and having children and what the current disincentives are. For this reason, the department, through the Office for Women, has funded a collaborative research project, The Fertility Decision Making Project, with the Australian Institute of Family Studies.<sup>2</sup>

11. The report of the project, *It's not for lack of wanting kids...* provides the first in-depth analysis of the aspirations, expectations and ideals of Australians about whether to have children.

12. The project found that, for men and women aged 20-39 years, both as individuals and couples, being in a secure and stable relationship with a partner and having a secure, stable and adequate income stream are critical preconditions for most people to have a child or to have more children.

13. The report highlights a need to support families while providing them with real choices – in both their working and parenting arrangements. It demonstrates the importance of a strong economy to provide families with the ability to plan for the future with confidence.

14. Key findings of the report include:

- around three quarters of respondents said that they would like to have two or three children;
- around one third of men and women reported that they didn't expect to have the number of children they would ideally like;
- educational status does not appear to be strongly linked with ideal family size for either men or women (however, men and women in their

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<sup>1</sup> Publications emanating from the department on this subject include: Low Fertility: a discussion paper by Alison Barnes in 2001; Partnering and Fertility Patterns, Analysis of the HILDA Survey Wave 1 by Kathleen Fisher and David Charnock in 2003; An analysis of the relationship between fertility rates and economic conditions in Australia between 1976 and 2000 by Jay Martin in 2003; and Australia's fertility: A HILDA based analyses by Habtemariam Tesfaghiorghis in 2004.

<sup>2</sup> Ruth Weston, Lixia Qu, Robyn Parker and Michael Alexander, *It's not for lack of wanting kids ...: A report on the Fertility Decision Making Project*, Report No. 11, Australian Institute of Family Studies, Melbourne, 2004 is available at <http://www.aifs.gov.au/institute/pubs/resreport11/main.html>.

- twenties and thirties with lower levels of education were more likely to have had children than those with higher education);
- married people in their twenties and thirties were more likely to have or to want children than single people or those living with their partner;
  - those expecting to have fewer children than they wanted tended to focus mainly on practical barriers including age, fertility or other health related problems, lack of a partner, partner's wishes, and financial or work-related issues; and
  - the most important factors for men and women in having children were whether they could afford to support a child (considered important by around two thirds of men and women), and whether the male and female partners would be good parents (considered important by 58 to 65 per cent).

### **Financial support for families**

15. The Australian Government aims to provide families with flexibility as to how they choose to combine work with caring responsibilities, especially when they have young children. The family payments system is important in enabling parents to make this choice, with the Government spending around \$21 billion a year on family assistance, maternity payments and child care.

16. In July 2000 the Australian Government introduced major reforms to assistance for families in *A New Tax System*. The new tax system substantially increased assistance to families through increased rates of payment and more generous income testing arrangements to improve rewards from work. The package also simplified the structure and delivery of family assistance, merging the ten payments for families into two, with the introduction of Family Tax Benefit (FTB) Part A and FTB Part B and combining the two child care payments for families into the new Child Care Benefit (CCB).

17. FTB Part A provides substantial financial assistance to families to assist with the costs of raising dependent children. Approximately 2 million families and 3.5 million children benefit from FTB Part A and Part B. On average, families receive around \$7500 from FTB each year and low to moderate income families with incomes below around \$32,000 receive generous, maximum support.

18. FTB Part B provides extra assistance to single income families including sole parents. Entitlement is based on the secondary earner's income. The payments assist families when they may need financial help, for instance, when one partner or a sole parent is at home caring for children.

19. Recent changes introduced in the 2004-05 Budget through the More Help for Families package further increased assistance to families and also improved rewards from work, at a cost of \$19.2 billion over five years.

20. The More Help For Families package increased financial assistance through the FTB Part A Supplement. The Supplement increased the maximum rates of FTB Part A by \$600 per child per annum, and after the first year of indexation the rate is now \$613.20. This supplement provides extra assistance to help families with the cost of raising children and is paid following FTB reconciliation. The increase has resulted in more Australian families being eligible to receive FTB and a majority of Australian families now receive financial assistance.

21. A universal non-means-tested Maternity Payment was introduced to provide financial assistance to families to help offset the costs associated with the birth or adoption of a child.

22. The Maternity Payment is currently a \$3,079 one-off payment, not income tested and is paid regardless of whether the mother was formerly working or not. The payment will increase to \$4,000 in July 2006 and further increase to \$5,000 in July 2008. Although Maternity Payment is paid as a lump sum to the majority of parents, there is provision for it to be delivered in six instalments in some circumstances. These circumstances include where a social worker believes a lump sum payment is inappropriate, such as when a mother is vulnerable, very young or experiencing difficulties for various reasons.

23. The More Help For Families package also introduced measures to improve rewards for working and address possible disincentives to undertaking paid work, particularly for secondary earners in a couple.

24. The first FTB Part A taper and the FTB Part B taper were reduced from 30 per cent to 20 per cent. Therefore, as earnings increase assistance is withdrawn at a slower rate, which improves work incentives for families and increases families' disposable income.

25. In addition, the FTB Part B income threshold was increased was increased from \$1,825 per annum to \$4,000 per annum. The secondary earner is now able to earn more before their FTB Part B starts to be withdrawn, and earn more before they lose their entitlement to FTB Part B entirely. This gives parents more of a choice about whether to combine work and family responsibilities or to have one parent caring full-time for children.

26. It was also announced in the More Help For Families package that parents who return to work after caring for a child at home will be able to keep their FTB Part B, up to the point where they return to work, regardless of the amount of income earned when they return to work. This will prevent parents from incurring an overpayment in the year they return to work and will help parents who decide to make the transition back into the workplace.

27. The Government will increase the rate of FTB Part B by \$300 from 1 July 2005, providing increased assistance to about 1.3 million single income families including sole parents. This increase will result in a secondary earner, where the youngest child is under the age of five, being able to earn approximately \$20,000 per annum before entitlement cuts out. The Government decided to bring the increase in payment forward by six months to January 2005 and families will now receive the benefit of an additional maximum payment of \$150.23 in respect of the 2004-05 financial year, payable in a lump sum when tax returns are lodged.

28. Family assistance promotes choice for families enabling them to decide whether they care for children full-time or whether they combine that care with work. Family payments are now structured in such a way that families with at least one parent at home caring for children have financial assistance when they need it. Parents who work can, over a wide income range, continue to receive some financial assistance to ensure the effort of working brings worthwhile financial rewards.

## **Other support for families**

### Support for women/mothers

29. The Australian Government provides a range of measures to assist women, and especially mothers, in the many roles they fulfil as they move through their lifespan, recognising that they have differing needs relating to education, families, work and retirement at different points in their lives.

30. Recent reforms to the taxation system and enhanced assistance for families have allowed women to better balance their work and family responsibilities and to keep more of their earnings.

31. The support that the Government provides to women and their families, such as family payments, child care support and legislative protection of women's employment rights, all play an important role in assisting women to participate more fully, both economically and socially, in the community.

### Legislative protections

32. The Government provides a range of legislative protection to enable women's full participation in the workforce and to assist employees in balancing their work and family responsibilities. *The Workplace Relations Act 1996, the Sex Discrimination Act 1984 and the Equal Opportunity for Women in the Workplace Act 1999* combine to provide a positive framework within which women's participation in the labour force is supported.

33. The *Sex Discrimination Act 1984* makes sex discrimination against the law. The Act gives effect to Australia's obligations under the Convention on the Elimination of All Forms of Discrimination Against Women and parts of International Labour Organisation Convention 156. Its major objectives are to: promote equality between men and women; eliminate discrimination on the basis of sex, marital status or pregnancy and, with respect to dismissals,

family responsibilities; and eliminate sexual harassment at work, in educational institutions, in the provision of goods and service, in the provision of accommodation and the administration of federal programs.

34. In 2003, the Government amended the Sex Discrimination Act to provide better protection for pregnant and breastfeeding women. The Act was amended to explicitly recognise breastfeeding as a potential ground of unlawful discrimination. The amendments also make it clear that it is unlawful to ask women for information about pregnancy or potential pregnancy in situations where it is unlawful for women to be discriminated against on those grounds.

35. In addition, the Equal Opportunity for Women in the Workplace Agency, under the *Equal Opportunity for Women in the Workplace Act 1999*, works with employers to assist them to achieve equal opportunity for female employees.

#### Stronger Families and Communities Strategy

36. The Stronger Families and Communities Strategy is an Australian Government initiative giving families, their children and communities the opportunity to build a better future.

37. Funding of more than \$226 million was allocated over the first four years. Funding of \$365.5 million for the new Strategy was committed for 2004-08. Further funding was announced during the 2004 election extending the Communities for Children and Local Answers Initiatives to 2009. Total funding for the Strategy is now \$490 million.

38. Funding is available through four funding streams:

- Communities for Children (\$142.4 million over five years) will target up to 45 disadvantaged communities for local early childhood initiatives;
- Early Childhood "Invest to Grow" (\$70.5 million over four years) will provide funding for national early childhood programs and resources;
- Local Answers (\$137 million over five years) gives communities the power to develop their own solutions and help them help themselves by supporting locally developed and implemented projects.
  - Volunteer Small Equipment Grants (\$14.6 million over four years) provides grants to local community organisations for the purchase of equipment;
- Choice and Flexibility in Child Care (\$125.3 million over four years) will continue the in-home care program, extend incentives for long day care providers to set up in areas of high unmet need, and continue the quality assurance systems for family day care and outside school hours care and investigate the viability of quality assurance for Indigenous and In-Home child care services;

37. The renewed Strategy has a specific early childhood focus and has been aligned with the following four key action areas identified in the developing National Agenda for Early Childhood:

- healthy young families
- early learning and care
- supporting families and parenting
- child-friendly communities.

38. The new Stronger Families and Communities Strategy continues the principles of the original Strategy but with a greater focus on early childhood development. The new Strategy is guided by the latest research and the consultation feedback from the National Agenda for Early Childhood.

#### National Agenda for Early Childhood

39. The Australian Government has identified early childhood as a priority area for action, and realises the importance of the early childhood years in setting the stage for later development in many ways and is committed to supporting families through improving life experiences for children. There are clear indications that concerted action during a child's early years can make a significant difference to their well being later in life. This is particularly the case for children from disadvantaged backgrounds.

40. As a result of this emphasis placed on early childhood development, the Government has moved to establish a National Agenda for Early Childhood, which recognises that there is already significant investment in services for families and children nationally, by state and local governments as well as by the Commonwealth.

41. The National Agenda sets out goals, principles and priorities to help local, state and territory, and the Australian governments work together for national consistency in the approach to early childhood.

42. The National Agenda does not seek to change traditional areas of Australian Government and state and territory responsibilities in early childhood. Rather, it attempts to provide a guide to working together to achieve common goals and outcomes for Australian children.

43. In the short term, the outcomes for children will be influenced by early action in four priority areas – healthy young families, early learning and care, supporting families and parents and creating child-friendly communities.



## Family Relationships Services Program

44. The Family Relationships Services Program enables children, young people and adults to develop and sustain safe supportive and nurturing family relationships; and minimise the emotional, social and economic costs associated with disruption of family relationships. This includes family relationships counselling, mediation, education and skills training and children's contact services. In July 2004 the Prime Minister announced a package of proposed reforms to the Family Law System in response to the House of Representatives Inquiry report, *Every Picture Tells a Story*. The Government has committed \$15 million for existing services pending decisions on implementing the proposed reforms.

## **Support to balance work and family**

45. Australia's workplace arrangements and the integrated social support system work in a complementary way to provide a comprehensive system of support for families from the time of birth of a child, and ensure that support for families is broad-based, practical and long term.

46. At the federal level, the principal objective of the *Workplace Relations Act 1996* (the WR Act) is to provide a framework for cooperative workplace relations which promotes the economic prosperity and welfare of the people of Australia including by assisting employees to balance their work and family responsibilities effectively through the development of mutually beneficial work practices with employers; and respecting and valuing the diversity of the work force by helping to prevent and eliminate discrimination.

47. Federal and state government legislation provides for parental leave associated with the birth or adoption of a child. Under the WR Act, permanent full-time and part-time employees, as well as regular casuals, who have 12 months continuous service with their employer have a minimum entitlement to 52 weeks of shared unpaid parental leave following the birth or adoption of a child. Except for one week at the time of birth, parents cannot take leave simultaneously as the provision is designed to meet the needs of the primary caregiver. Employees taking parental leave have a right to return to the position they held prior to taking leave, or to one similar in status. This is supported by a package of lump sum payments and means-tested family assistance.

48. In addition, around 34 per cent of female employees have access to paid maternity leave. Employees are also able to negotiate paid leave provisions through the workplace bargaining provisions of the WR Act. As at December 2004, around 41 per cent of women covered by certified agreements were covered by agreements with paid maternity leave provisions.<sup>3</sup>

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<sup>3</sup> DEWR Workplace Agreements Database, December 2004

## Flexibility in returning to work

49. Returning to work is not only about financial considerations and statutory entitlements. Parents need to work out how they will manage working along with their increased family responsibilities.

50. The Australian Government has supported and promoted extensive public debate about work and family issues including balancing work and family responsibilities. This has led to increased public awareness of options and benefits, which has led to increased employer flexibility around hours of work, starting and finishing times and part-time employment.

51. Workforce participation rates for women have also increased. The Australian Government's economic policies have seen the creation of over 1.6 million new jobs with over 53 per cent of these being taken by women (with the growth rate of female employment being 47.5 per cent higher than that for men), as well as strong earnings growth and reforms to taxation and income support policies directed at allowing Australians and their families to retain more of what they earn and to enhance support for families.<sup>4</sup>

52. These increased opportunities for employment and rewards from working have seen an increase in the participation of women in the economy with the proportion of women aged 15 years and over in paid work increasing from 49.6 per cent in 1996 to 54 per cent by March 2005.<sup>5</sup>

53. The gap between male and female Full-time Adult Ordinary Time Earnings has reduced from 16.8 per cent in February 1996 to 15.2 per cent in November 2004. (That is women's full-time adult ordinary time earnings have increased from 83.2 per cent of male earnings to 84.8 per cent.)

54. Overall participation rates for women have increased, and fewer women have been leaving the labour force in the 25-34 year age group (the peak child bearing years).<sup>6</sup>

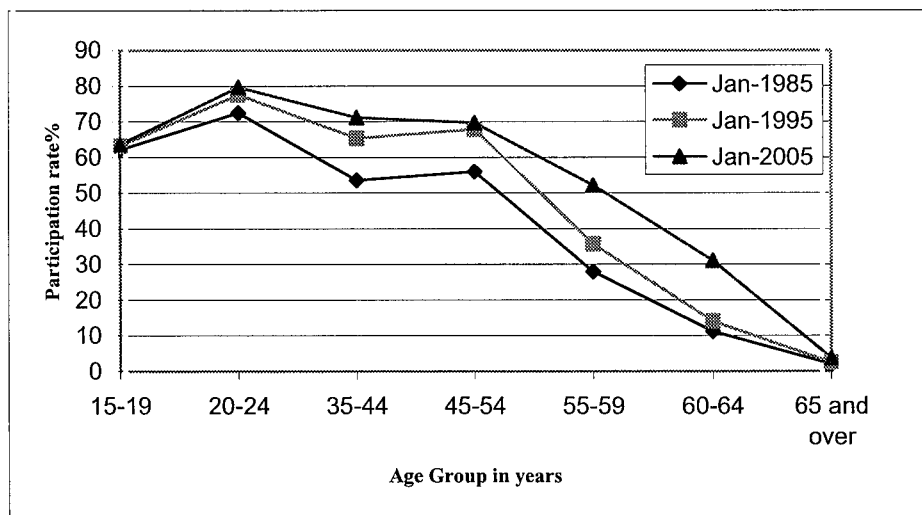
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<sup>4</sup> ABS Labour Force, Australia, Selected monthly summary tables, Cat. No. 291.0.55.001

<sup>5</sup> Ibid

<sup>6</sup> Ibid

Graph: Age specific labour force participation rates of women



Source: ABS Labour Force, Australia, Selected monthly summary tables, Cat. No. 6291.0.55.001

### Labour force status of women of child-bearing age

55. Recent labour force status data for women of childbearing age (15-44 years) indicates that 67.3 per cent are employed, 5.4 per cent are unemployed and 27.3 per cent are not in the labour force.<sup>7</sup>

56. In March 2005, 54 per cent of employed women of childbearing age were in full-time employment while 46 per cent of this group worked part-time. Rates of part-time work are highest in the youngest age group of 15-19 years followed by the 35-44 year age group. Rates of part-time work are lowest in the peak childbearing age group of 25-34 years.<sup>8</sup>

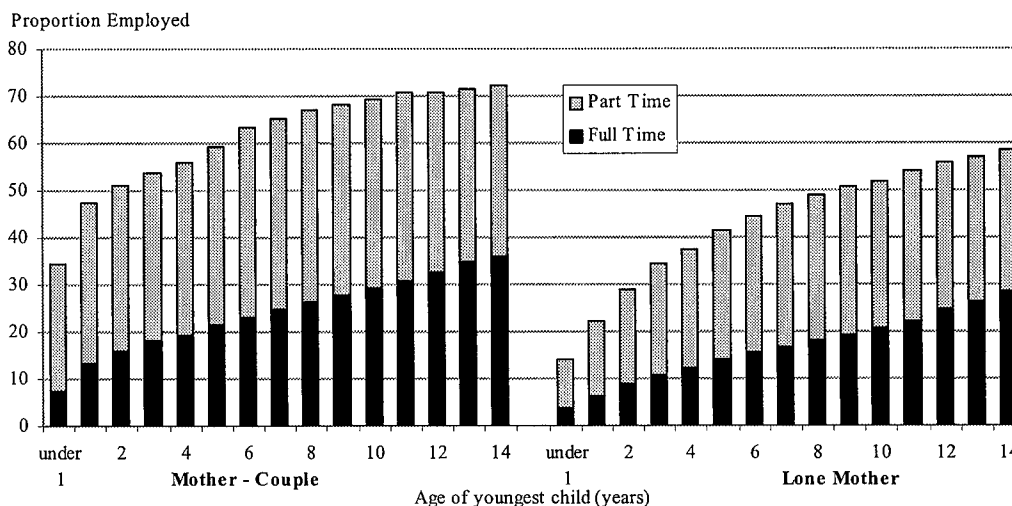
57. Mothers increase labour force participation as their children grow up. Both lone and couple mothers have a similar pattern of return to work, with a more rapid return by couple mothers. Both the overall employment rate and the proportion of full-time employment increase gradually as the youngest child gets older. Part-time work is the predominant form until the youngest child reaches secondary school age.<sup>9</sup>

<sup>7</sup> ABS Labour Force, Australia, Mar 2005, Cat. No. 6291.0.55.001

<sup>8</sup> Ibid

<sup>9</sup> ABS 2001 Census

Graph: Return to work by couple and lone mothers by age of youngest child



Source: ABS Census 2001

### Child Care

58. Other measures, such as accessible, affordable, quality child care make it easier for families returning to the paid workforce.

59. The Australian Government recognises that the availability and cost of child care are important considerations for parents seeking to participate in the paid workforce. There are a number of ways in which the Australian Government assists families to make choices about how to balance work and family life, in particular, by providing access to quality, affordable child care.

60. The Australian Government expects to spend around \$8 billion over the next four years supporting child care. Around \$6.5 billion of this will be received by families in the form of Child Care Benefit (CCB). CCB is a means tested payment that helps to reduce the cost of quality child care for around 700,000 families a year using approved child care. Low income families can receive up to \$140.50 per week (in 2004-05) for one child in full time long day care (50 hours). Higher rates per child are applicable for families with more than one child in care. Families on high incomes or those using registered informal care can be eligible for the minimum rate of CCB, which is currently \$23.55 per week for 50 hours of care per child.

61. Over \$225 million per year will also be provided under the Child Care Support Program (CCSP) to fund a range of programs that complement the financial assistance provided to families through CCB. These programs include quality assurance systems in Long Day Care, Family Day Care and Outside School Hours Care Services, providing families with high quality benchmarks in CCB approved services. CCSP funding also makes possible the inclusion of families and children with special needs in mainstream services and improved access to child care in areas of high unmet need.

62. In-Home Care, where an approved carer provides care in the parent's home, provides further choice and flexibility for families whose child care needs cannot be met by existing service providers. This may occur where, for example, the parents work non-standard hours, are living in remote locations, for multiple births or for parents or children who are chronically ill.

63. The Jobs, Education and Training (JET) program (over \$15 million per year) provides additional flexible child care assistance to jobless parents wishing to undertake study, work or job search activities to help them to enter or re-enter the workforce. JET Child Care can help meet the cost of child care by paying most of the 'gap fee' – the difference between the full child care cost and Child Care Benefit (CCB). In addition JET crèches are run alongside training courses for targeted groups, for example teenage parents and in rural, remote and Indigenous areas where child care is not otherwise available.

64. In addition to the financial support available to parents through these ongoing programs, the Government announced in the 2004 election that a 30 per cent Child Care Tax Rebate (CCTR) would be implemented. The CCTR will cover 30 per cent of out-of-pocket expenses, that is, regular fees for approved care, less CCB entitlements, for parents who meet the work/study/training test. The Child Care Tax Rebate will be payable on costs from 1 July 2004 and will be payable up to a maximum of \$4,000 per year per child. The CCTR is a taxation measure and is expected to deliver around \$1 billion in additional assistance to families over the first four years.

65. The Government also recently announced two new measures to recognise the significant contribution that grandparent carers who care for their grandchildren make. The first measure waived the work/training/study test for grandparents with primary responsibility for raising their grandchildren, thereby extending eligibility for CCB from up to 20 hours to up to 50 hours of approved child care per week. Grandparent carers who are the primary carers of their grandchildren and who receive an income support payment, such as the Age Pension, are now eligible for a special rate of CCB. This rate, Grandparent CCB, covers the full cost of approved child care for up to 50 hours per child per week.

#### Indigenous JET Child Care and Crèches

66. JET Crèches are flexible and innovative services that enable particularly vulnerable groups of parents to participate in training and work activities. The crèches are provided where no other suitable childcare services are available. Crèches are located in remote Indigenous communities in WA, NT, QLD and SA, while other crèches are located in urban areas of SA, NSW and WA.

67. Indigenous JET crèches are often set up by Aboriginal communities and provide quality childcare for children who would otherwise be at risk of adverse outcomes. These crèches have been very successful in engaging communities and in providing childcare training and work experience for local women.

## Child Care Links

68. There are currently 19 Child Care Links projects situated in areas of disadvantage around Australia including some Indigenous communities. These projects are expected to increase parents' knowledge and understanding of services, facilities, information and available supports within the area.

## Gender division of unpaid work in the home

69. Work commissioned by the Office for Women shows that unpaid work responsibilities fall disproportionately on women and this impacts on women's ability to participate in the workplace. In addition, paid work responsibilities can limit men's ability to participate fully in home life and the care and raising of their children.

70. Women continue to be the major carers of children, spending two to three times as much time with children as men do<sup>10</sup>. The nature of the childcare women and men perform is very different, with women spending over half of their child care time in physical care, whereas men spend only about one third. Conversely, 40 percent of the time men spend with children is in the interactive care activities of talking to, playing with, reading or reprimanding children, whereas women only spend 22 per cent of their time in interactive care<sup>11</sup>.

71. Men are more likely than women to perform discretionary and irregular childcare tasks. They are less likely than women to perform childcare at the same time as other tasks or to be interrupted by other duties, and they assist rather than take responsibility for childcare<sup>12</sup>. This allows men to better fit their family responsibilities around their paid work, leaving women to fit their paid work around their childcare responsibilities.

72. Men do not increase their contribution towards housework, shopping and other non-childcare domestic tasks when there are children, with ABS Time Use data showing that fathers in families with youngest children under five do no more housework than men in childless couples.<sup>13</sup>

73. These findings underscore the point that the balance between work and family responsibility is to a large extent determined by social trends and the choice of individuals.

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

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<sup>10</sup> Lyn Craig, *Does Father Care Mean Fathers Share? A gender comparison of how mothers and fathers in intact families spend time with children*, presented at the International Association for Time Use Research. October 2004, Rome

<sup>11</sup> .ibid

<sup>12</sup> .ibid

<sup>13</sup> .ibid

not only a change in approach from some parents but also a greater acceptance and understanding by some employers and the community more generally of fathers who choose more time with their family over more time at paid work and mothers who choose to spend time in paid work.

Balancing work and family responsibilities while caring for people with disabilities and the elderly

75. Caring responsibilities for those who care for people with disabilities and the elderly are a major consideration in decisions around balancing work and family activities. The demands of caring are such that some carers are not able to participate in the work force to the extent that they might want to, or are not able to start their own families or increase their families. Caring responsibilities can extend for a substantial period of time and former carers experience difficulties in their attempts to re-enter the workforce when their caring responsibilities have finished.

76. The Australian Government is encouraging participation in the labour force. This has significant benefits in maintaining economic self-sufficiency, in keeping people connected to the community and assists in building economic resources for the longer term.

77. Social policy in Australia has moved from a major focus on passive safety-net support towards a more active *life-cycle model*. This focuses on early intervention and facilitating smooth transitions for individuals – for example in moving from a caring role to work, or balancing part-time work with caring, and recognising that circumstances and needs change over time and can change quickly. The changing role of women over past decades and changing societal expectations around women in paid work need to be factored into policy.

78. This shift is evidenced by the phasing out of 'dependency' benefits such as Widow Pension B and Wife Pension, the introduction of mutual obligation, activity testing for employment related payments, and active encouragement of people to extend their working lives (for example the pension bonus scheme) in response to an ageing population.

79. Ensuring that carers are connected to services that allow them to participate if they choose is key in facilitating participation in all its forms. Currently, eligibility requirements for Carer Payment allow people to participate in employment or study (education or training) outside the home. The Australian Government has a commitment to facilitating participation for carers and has extended current limits from 20 to 25 hours from 1 April 2005.

80. Carers have lower rates of participation than non-carers; this may be the result of people with low levels of participation being more likely to undertake caring, as the opportunity cost of labour force withdrawal is lower for them.

81. In 2003, 2.6 million people (or 13% of the Australian population) provided some assistance to those who needed help because of disability or ageing.<sup>14</sup> Approximately 19% (471,100) of all people providing assistance were primary carers and around 76.2% of primary carers are of working age, that is, between 15 to 64 years of age.<sup>15</sup> Responsibility for providing care for people with disabilities and elderly falls disproportionately on women. In 2003, women made up over half (54%) of all carers and almost three quarters (71%) of primary carers.<sup>16</sup>

82. The Australian Government offers two forms of financial assistance to carers – Carer Payment and Carer Allowance.

83. Carer Payment provides income support to people who, because of the demands of their caring role, are unable to support themselves through work. Carer Payment is subject to income and assets tests and is paid at the same rate as other social security pensions. A person cannot receive Carer Payment and another income support payment at the same time.

84. Carer Allowance is a supplementary payment available for people who provide daily care and attention at home to an adult or child with a disability or severe medical condition, or who is frail aged. Carer Allowance is not income or assets tested and is not treated as income for taxation purposes. It can be paid in addition to an income support payment.

85. In the 2004-05 Budget, the Australian Government announced that it would provide additional financial support of \$461 million for carers. This assists in providing choice in decisions about fulfilling their family responsibilities. The 2004-05 Carer Package included:

- a one-off Carer Bonus of \$1,000 to eligible recipients of Carer Payment. Carer Allowance recipients received a one-off payment of up to \$600 for each eligible person in their care;
- an additional \$106.9 million for extending Carer Allowance eligibility to people who provide substantial levels of personal care, on a daily basis, to a person with whom they do not live;
- \$26.6 million for additional respite services and age-appropriate information to help young carers stay in education while continuing to provide care; and
- additional funds that, when matched by state and territory governments, will provide up to four weeks respite for parents over 70 years of age who are caring for a son or daughter with a disability, or up to two weeks for parents aged 65 to 69 who care for a son or daughter with a disability and need to spend time in hospital.

86. As part of its election commitments, the Government has introduced more flexibility for Carer Payment customers by increasing the time a carer can work, train or study, without losing eligibility for payment, from 20 to 25 hours per week. This change came into effect from 1 April 2005.

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<sup>14</sup> ABS, Disability Ageing and Carers, Australia, 2003 Cat.No. 4430.0 p. 10

<sup>15</sup> Ibid p. 3

<sup>16</sup> Ibid



87. In addition, Commonwealth Carer Respite Centres and Commonwealth Carer Resource Centres provide information about the availability of respite care (in-home, community and residential) within local areas, community services, respite, counselling, and possible financial entitlements.

#### Informal carers and labour force participation

88. Population ageing may increase the number of people who require care as well as potentially increasing the supply of carers and volunteers. Increasing levels of education and earnings capacity, especially amongst women, may reduce the time that working age people are available to care for others.

89. As a large proportion of informal care is provided by people of workforce age, an ageing population may place greater pressure on people of working age who provide care to family and friends. Any shortfall in informal care would increase pressure on existing informal caregivers as well as the formal services.

90. The extent to which an increase in demand for informal care will affect labour force participation depends on the nature of the interaction between unpaid caring and paid work.

91. Flexible work arrangements, including part-time work, appear to be favoured by those who are undertaking informal caring responsibilities.

#### Indigenous families

92. Indigenous families in all locations are, on average, disadvantaged compared to non-Indigenous people. These disadvantages are well documented, long standing and the outcome of complex, interrelated causes.

93. FaCS supports the new whole-of-government approach to administration of Indigenous affairs in a strategic and coordinated manner, and recognises the importance of tackling entrenched social and economic disadvantage experienced by many Indigenous Australians.

94. Regional Partnership Agreements and Shared Responsibility Agreements provide a framework that will be more supportive of specific employment and economic development strategies, and for their integration with broader social objectives. A shared responsibility approach is essential to building strong and resilient Indigenous communities and FaCS, through its mainstream and Indigenous specific programs, is assisting Indigenous people overcome disincentives to participate both socially and economically.

95. FaCS has a number of programs and policies that directly and indirectly support the involvement of Indigenous people in balancing work and family responsibilities. For example, FaCS is the lead agency for the Council of Australian Governments' trial site in Wadeye. The *Shared Responsibility Agreement* outlines three key regional priorities for the region as women and families; youth; and housing and construction.

96. Many FaCS programs and policies while not specifically targeting Indigenous people, still have a positive impact on the support mechanisms available for Indigenous families and communities. Almost a quarter of around 660 local projects funded under the Stronger Families and Communities Strategy have been delivered in Indigenous communities and more than a half in rural and remote communities.

## Summary

97. The Australian Government provides extensive support to families in balancing their work and family responsibilities. The Stronger Families and Communities Strategy and the National Agenda for Early Childhood along with significant family and carer payments and a strong economy provide support for families, and allow for a broader range of choices.

98. Employers too have a role to play in facilitating negotiations around flexible working arrangements for parents and for those caring for people with disabilities and the elderly.

99. Two issues will have a dominant influence on policies around balancing work and family responsibilities in the future: structural ageing and declining fertility rates.

100. It is likely that people will need to participate in the labour force for longer. At the same time, it is likely that there will be more people who require care as a result of the ageing process.

101. The combination of these two factors, against the backdrop of increased labour force participation of women and changing community values about the caring role, will impact on the supply of carers.

102. Balancing work and family responsibilities encompasses a broad and complex range of issues across encouragement of participation in the labour force and facilitating families' choices.

103. The FaCS portfolio plays an integral role in ensuring that families achieve rewards from working through the provision of support for families with children through family payments and programs that assist in the choices made as they move through the various life stages.

## ATTACHMENT A

### Expenditure on Families

In 2003-04 the Australian Government spent around \$21 billion in assistance to families through Family Tax Benefit, Child Care Benefit, Parenting Payment, Maternity Allowance and Maternity Immunisation Allowance:

- Family Tax Benefit (\$12.9 billion) and the one-off payment to families (\$2.2 billion);
- Child Care Benefit - nearly \$1.4 billion;
- Maternity Allowance and Maternity Immunisation Allowance – over \$223 million; and
- Parenting Payment – nearly \$4 billion.

In 2004-05 further assistance is available to parents, in particular, new parents:

- Family Tax Benefit – estimated in the Budget to be around \$12.6 billion for 2004-05;
- Child Care Benefit – estimated in the Budget to be over \$1.5 billion;
- Maternity Payment – estimated to be \$540 million in additional Budget spending for 2004-05; and
- Parenting Payment – estimated in the Budget to be over \$6.2 billion.

On top of the substantial on-going investment in child care, additional assistance of over \$1 billion over 4 years was announced in the election campaign, for the 30 per cent Child Care Tax Rebate and grandparent carer measures.

As well, over \$225 million per year is spent in supporting child care services to provide accessible, quality child care.

Funding for the Family Relationships Services Program is a total of \$72 million.

The Stronger Families and Communities Strategy will receive \$490 million over five years to build on its previous work on early childhood development and parenting. The strategy provides funding directly to community organisations, facilitating action at the grass roots level:

- Communities for Children (\$142.4 million);
- Early Childhood – Invest to Grow (\$70.5 million);
- Local Answers (\$137 million including Volunteer Small Equipment Grants (\$14.6 million); and
- Choice and Flexibility in Child Care (\$125.3 million).

In addition, Family Tax Benefit (\$243.5 million in 2003-04 and \$1.932 billion in 2004-05) is available through the tax system.