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Shop, Distributive & Allied Employees' Association

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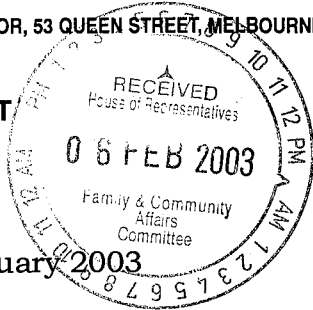
NATIONAL PRESIDENT  
Don Farrell

NATIONAL SECRETARY  
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IJB/TM

6<sup>th</sup> February 2003

The Secretary  
Standing Committee on Family and Community Affairs  
Parliament House  
CANBERRA ACT 2600



House of Representatives Standing Committee  
on Family and Community Affairs

Submission No: 06

Date Received: 6 FEBRUARY 2003

Secretary: B. Farber

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Dear Secretary,

**RE: INQUIRY INTO IMPROVING CHILDREN'S HEALTH AND WELLBEING**

Please find enclosed a submission from the Shop, Distributive & Allied Employees' Association.

The Shop, Distributive & Allied Employees' Association is prepared to supplement this submission with an appearance and verbal submission to the committee if required.

Yours faithfully,

IAN J. BLANDTHORN  
NATIONAL ASSISTANT SECRETARY

**INQUIRY INTO  
IMPROVING CHILDREN'S  
HEALTH  
AND  
WELL-BEING**

**SUBMISSION BY**

**SHOP DISTRIBUTIVE & ALLIED EMPLOYEES'  
ASSOCIATION**

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## **INQUIRY INTO IMPROVING CHILDRENS HEALTH AND WELL-BEING**

### **INTRODUCTION**

The Shop, Distributive and Allied Employees' Association (SDA) is Australia's largest trade union with over 203,000 members. These members are, with few exceptions, low income earners and most live in low income families. The majority of SDA members are women.

Most Australians live in families and most think those families are important. Policy makers who ignore this simple point do so at their peril

**In our view policy and action in all areas should be underpinned by a commitment to the following core principles:**

- ⌘ **recognition that the family is the fundamental group unit of society;**
- ⌘ **a standard of living consistent with human dignity is a fundamental right of all Australians;**
- ⌘ **support should be provided by government to families on an equitable basis with priority given to low income families.**
- ⌘ **poverty is abhorrent and completely unacceptable;**
- ⌘ **respect for the various choices families make in respect of work and caring for family members;**
- ⌘ **easy access for all families to the various types of support open to them;**
- ⌘ **given the scarcity of government resources, there is no argument for any family support payment to be made on a universal basis.**

Children are critical to the future of our nation. It is in our national interest to secure the health and well-being of our children.

In the formation and development of children the family is central. Human capital is firstly formed within and by the family.

The centrality of the family is recognised in the Universal Declaration of Human Rights.

In framing policy, government must start from the position of seeking to protect and strengthen Australian families.

### **FAMILIES ARE IMPORTANT**

Strong families are important, in our view, because they fulfill a range of functions such as:

- ◆ caring for and raising children;
- ◆ emotional security;
- ◆ refuge;
- ◆ nurturing and love;
- ◆ providing a place where people can find identity and value;
- ◆ socialization skills;
- ◆ care for the sick and elderly.

Families today face many problems, but those problems may be summarized under the following headings:

- ◆ financial;
- ◆ relationships; and
- ◆ unfriendly workplaces.

Singly, or in various combinations, these problems operate to turn many families into dysfunctional units.

Research shows that children from dysfunctional families experience higher levels of problems such as:

- ◆ crime
- ◆ drugs
- ◆ suicide
- ◆ poverty

**Families which dysfunction put great stress and demand upon the community and the state.**

The costs of litigation involved in marriage dissolution, the costs of alienated members of families causing social disharmony ranging from violence, to drugs, to juvenile delinquency etc., and the costs in lost production, which inevitably follows family breakdown, are great and cannot be ignored.

*"Delinquent-prone Communities"*, written by Don Weatherburn and Bronwyn Lind of the New South Wales Bureau of Crime Statistics and Research (published by Cambridge University Press, 2000) argues that there is a relationship between family income and the likelihood of children being involved in delinquent behaviour. Unemployment, low pay and/or low socio-economic status affects whether parents are more likely to neglect their children. Juveniles are more likely to become involved with crime where parental supervision is lax or non-existent. The level of juvenile crime also increases in areas of low socio-economic status.

Other researchers such as Sylvia Hewlett (*"When the Bough Breaks, The Cost of Neglecting our Children"*, U.S, Basic Books, 1991) have also shown that there is a relationship between *"deficit in parental time and attention"* and *"emotional and behavioural problems among children"*.

Writing in the *"Weekend Australian"*, (27-28 February, 1999) Mike Steketee has argued that *"families which experience higher levels of stress are less likely to form a strong emotional bond with their children, are more likely to neglect, reject or abuse them, and are more likely to engage in disciplinary practices which are*

*harsh, erratic and inconsistent. These conditions increase the likelihood that children will gravitate towards, or affiliate with, delinquent peers and thereby become involved in crime."*

**"I think we can accept that the best way to enhance the well-being of children and young people is to ensure that they have strong connections with their families and the institutions of their community, especially with schools. Strong caring relationships are the best way to maximise the possibilities that children will grow up safe and healthy, that they will be able to participate in education, culture and employment, and that they will not become involved in violence and crime".** ( Gillian Calvert, New South Wales Commissioner for Children and Young People, "*Family Matters*", Institute of Family Studies, No. 56, Winter 2000, page 33).

Eminent American Professor Uri Bronfenbrenner ("*Who needs parent education?*", *Teacher's College Record* 79,4, p.767ff) has argued strongly that "*in order to develop, a child needs the enduring, rational involvement of one or more adults in care and joint activity of the child*". He also argues that "*the socio-economic status of the family has emerged as the most powerful predictor of prowess at school*".

Dr Moira Eastman ("*Why should a tax system specifically take into account the needs of families rearing children?*", Council for the Family paper, Melbourne, 1997) has also argued that time spent with parents has been found to be a significant factor in children's school achievements.

American research by people such as Paul Amato ( P. Amato and A. Booth, "*A Generation at Risk - Growing up in an Era of Family Upheaval*", Harvard University Press, Massachusetts, 1991) has shown similar outcomes.

Don Edgar in "*Family Matters*" (1993) has likewise argued that the parent child relationship is central and has "*ramifications through the life course*". The family is "*the lynch-pin of meaning and satisfaction in people's lives*" says Edgar ("*Families Today and in the Future*", 1994).

Families are the building blocks of strong communities. The effective functioning of families is clearly and widely recognised as being critical to the well-being of society. Effectiveness, however, is closely linked to socio-economic factors including the level of social support available.

It is more than ironic however that side by side with this strong body of research there appears to be a growing cultural trend in some quarters to view children as unnecessary encumbrances. Evidence of this trend can be seen in the growing demand for child free areas and childfree holiday destinations, the attempts to ban women from breast-feeding in public and the development of government policies which reward those who do not have children at the expense of those who do.

**The well-being of families is crucial to the well-being of the nation.** As such, there is an overwhelming need for government to put in place strategies to support families. Such strategies must be designed to build social capital by promoting families and extending their capacity to function effectively. In doing so it should take a long term as well as a short term view. **The over-riding aims of government action should be to:**

- ✧ **build community support for families**, including their capacity to interconnect and network;
- ✧ **establish greater fairness for families** by providing equitably based support, with a focus both on prevention and early intervention;
- ✧ **empower families** so as to improve their effectiveness, resilience and capacity for self development.

Emotional and financial security are essential for families to function effectively.

As the National Council of the International Year of the Family argued in 1994: "*compartmentalising family policy, as though it sat on the periphery of other economic and public policies, is erroneous; the "family" should lie at the heart of public policy*". (Cass 1994)

## **FAMILY DEMOGRAPHICS**

**The vast majority of children live with two parents in couple families and the vast majority of these couples are married.**

In 1999 there were 84% or 4.1 million children living in such arrangements (A. Harding and A. Szukalska, "*Social Policy Matters: The Changing Face of Child Poverty in Australia, 1982 to 1997-98*", paper presented at 7<sup>th</sup> Australian Institute of Family Studies Conference, 26 July 2000).

It is useful to note some basic statistics regarding families. According to the Australian Bureau of Statistics:

- 85.6 per cent of all types of families are couple families.
- 51.6 per cent of all types of families have dependent children in the household.
- 42.5 per cent of all types of families consist of a couple and dependent children.
- Of all couple families, 91.6 per cent are in registered marriages as against 8.4 per cent in de facto relationships.

It is illustrative to note that fertility levels in Australia over recent decades have been on a steady decline. In 1961 families were having, on average, 3.55 children. In 1975 the fertility rate was 2.1 - the figure required to maintain population levels. By 1999 the fertility level had dropped to 1.7; below replacement level.

Only 23% of families with children have more than 2 children, while 38% have one child and 39% have two children.

The median age for mothers was 28.3 in 1990 but in 1999 it was 29.7.



## **FAMILIES IN POVERTY**

**Every individual and every family should be able to live decently with dignity.**

**A considerable number of families are today facing substantial economic difficulties. A large number of Australian families are living below, or close to, the poverty line.**

**Income plays a major role in influencing whether a family is able to function effectively. Poverty is often a key factor in the development of dysfunctional families.**

A report commissioned by the Smith Family and released in November 2001 established that for the year 2000 the poverty line for a couple and two children was \$416 per week, after the payment of tax and before the meeting of any housing costs.

The report showed that based upon calculations without taking housing costs into account, 2,432,000 or 13% of all Australians were living in poverty in the year 2000 (compared to 11.7% in 1990). This figure comprised 1,688,000 adults and 743,000 children, representing a poverty rate for adults in Australia of 12.3% and for children of 14.9%. ("*Financial Disadvantage in Australia - 1990 to 2000*", A. Harding, NATSEM for the Smith Family, November 2001).

In respect of children NATSEM figures show that overall poverty levels declined from a peak of 18.2% in 1981-82 to 13.3% in 1995 but then began to climb again with the figure in 2000 being 14.9%.

Throughout the 1990's there was a steady growth in adult poverty from 10.4% in 1990 to 12.2% in 2000. (See above cited report.)

It is clear that over the last decade there has been a significant growth in the number of people in poverty in Australia.

The type of family that individuals live in has a major impact upon their likelihood of being in poverty. Being part of a couple family offers some protection against poverty. Those living in sole parent families continue to face the highest risk of poverty.

It is worth noting that in regard to the issue of child poverty in America, Isabel Sawhill, a poverty research expert at the Brookings Institute, has pointed out that the child poverty rate would have remained virtually unchanged since 1970 if family structure had stayed the same. Instead the increase in the number of family breakdowns and the consequent rise of single-parent families brought with it a 25% rise in child poverty.

According to this report more than one in five sole parent families (21.8%) is living in poverty. The poverty rate for single parents increases with the number of children involved. The poverty rate for single parents with more than one child is estimated at 25.9% while for those with one child it is 15.4%.

Couple families with children have a one in eight chance (12.2%) of being below the poverty line with the risk increasing according to the number of children. The risk of poverty for couple families with children increased almost 20% during the 1990's. In 1990 the figure was 10.4%, in 1996 it was 11.1% and in 2000 it was 12.2%.

Overall about 42% of all Australians in poverty live in families which consist of a couple and children, while another 13% live in single parent families.

**The research clearly shows that families with children are more likely to be living in poverty than those without children. Families with only one income are more likely to be living in poverty than those with two incomes.**

**The larger the family the more likely it is to be facing financial hardship.** Those with three or more children are twice as likely as those with one child to be living in poverty - 19% versus 8.6%.

The NATSEM report "*Financial Disadvantage in Australia, 1999*" showed that after taking housing costs into account that **the largest single group of people living in poverty are those in working poor families.** Twenty four out of every hundred poor families was classified as working poor.

A Smith Family Report ("*The Working Poor Dilemma*", February, 1996) shows families earning less than \$40,000 p.a. spend most of their income on housing, health and transport. They are only about \$20 per week (2.5% of all earned income) better off than if they were on the dole.

By contrast, a family on welfare has access to public housing, rent assistance, health care cards and transport concessions, leaving more disposable cash. In return for participating in the paid workforce, these families are no better off than those on social security.

The NATSEM data suggests that a much larger proportion of working families with children are living on incomes that are just above (less than 10% higher than) the relevant Henderson Poverty Line (HPL). For example, 12% of single wage earning couples with children have incomes below this slightly higher level, suggesting that a more substantial proportion of families are *at risk of poverty*. Henderson regarded those with incomes of less than 20% above the HPL as 'poor'.

Of those families below the poverty line 40% are couples with children.

**Working poor families represent almost one quarter of all poor families.**

For almost six out of every ten people (58%) in poverty their main source of income is government cash benefits such as pensions or unemployment. This figure has increased steadily since 1990 when it was 46%.

People in families with government cash benefits as their main source of income have increased from 24% in 1990 to 31% in 2000, thus showing an increasing reliance by many families upon government assistance to make ends meet.

Two thirds of all children living in poverty come from families whose principal source of income is government payments. The number of working families below the poverty line is growing ("*Social Policy Matters: The Changing face of Child Poverty in Australia, 1982 to 1997-98*": Anne Harding and Aggie Szukalska, NATSEM, paper presented at the 7<sup>th</sup> Australian Institute of Family Studies Conference, 26 July 2000).

In cases where the wage earner(s) is unemployed, a family is more likely to be living in poverty than in cases where families have at least one wage earner, especially if that person works full-time. Only 4.6% of Australians who hold a full-time job live in families in poverty. The level of poverty increases where the family income earner works only part-time.

More than half of all Australians who are unemployed live in a family that is poor. Over the past decade the poverty rate for the unemployed has actually increased.

The risk of poverty declines as the number of income earners in a family increases.

In June 1999 there were 441,700 children who had no parent in paid employment. This represents about 17% of all families with children. (FACS 2000 Annual Report, p29.)

The other major groups in poverty are those with their own business (8%) and those with other income sources such as investments and superannuation income (9%).

The research by NATSEM shows a clear relationship between level of educational attainment and poverty. Where the family income earner has no secondary school certificate achievement the risk of poverty is significantly higher.

It is significant, especially when compared to the past, to note that the poverty rate for women is actually lower than it is for men.

According to results from the latest household survey of income, released by the Australian Bureau of Statistics in August 1999, Australia's couple families received an average weekly income of \$931, one-parent families \$463 and single people \$411 in 1997-98. This compared to \$890, \$432 and \$391 respectively in 1996-97.

According to the Australian Bureau of Statistics (5 August 1999 ) **there is a clear relationship between household levels of income and the life-cycle stages of families.**

According to the survey results:

- Young independent single people aged under 25 had an average weekly income of \$335. This rose to \$526 for single people aged between 25 and 34, reflecting their higher employment rates and higher salaries. As young people enter into relationships their income rises as they often have two income earners contributing to their family income. Young couples under 35 with no dependent children received an average of \$1,126 a week.
- The birth of children and the early years of child rearing contribute to reduced labour force participation of parents and lower income levels. The average income of couples with young children, eldest under five, was \$973 per week. Income of couples with children increased with the age of children, in part reflecting the higher participation in paid employment of both partners. Couples with older children, eldest 15 to 24, had an average income of \$1,231 a week.
- Almost two-thirds of one-parent families received most of their income from government pensions and benefits, and had an average weekly income of \$317. The majority of the other one-parent families relied on earnings as their main source of income and had an average weekly income of \$707.
- The level of income received by couple families was at its peak when they were between 45 and 54 years, at \$1,153 a week. As parents age and

children become independent, income again declines, reflecting a steady decline in labour force participation. In 1997-98 couples aged 55 to 64 received an average income of \$789 a week. A third of couples in this age group had neither partner employed.

- The average incomes of those aged 65 years and over reflected the considerably lower incomes that accompany retirement. In 1997-98 the average weekly income was \$460 for couples and \$248 for single persons in this age group. Approximately two-thirds of older couples were dependent on government cash pensions and a quarter depended on superannuation and property income as their main source of income.

The percentage of disposable income expended upon necessities by the first quintile of households is significantly greater than that expended by higher quintile groups. In general the proportion of disposable income expended upon food and non-alcoholic drinks, housing, household services and domestic fuel and power declines as household income rises while the proportion spent on transport, recreation, clothing and footwear and alcohol increases. This is clearly due largely to the presence of more discretionary income in higher income households.

On average the incomes of poor Australians are 43% below the poverty line.

According to the Smith Family Report a dropping of the poverty line to 40% of average weekly income would cut the poverty rate overall by 5% to 7.9% but raising it to 60% would increase it to 23.2%. In other words there are a large number of people not technically in poverty who are very close to the poverty line.

Poverty has a most deleterious impact upon families.

AIFS research (Brownlee & McDonald 1993) into living standards of families on different incomes found that:

- ✧ 18% of the low income group had no car, compared with 1% of the high income group;
- ✧ 20% of the low income group had debts which they could not repay, compared with 4% of the high income group;
- ✧ 22% of the low income group had no money for school outings, compared with 3% of the high income group;
- ✧ 38% of the low income group spent more than 30% of their income in housing costs, compared with 16% of the high income group;
- ✧ 52% of mothers in the low income group had not visited the dentist in the last 12 months, compared with 31% of those from the high income group;
- ✧ 16% of parents in the low income group reported "poor" or "fair" health, compared with 7% of those in the high income group;
- ✧ 28% of parents in the low income group believed that their secondary school age children were "worse off" than other Australian children because of the family's finances, compared with 1% of those in the high income group.

ACOSS has demonstrated that there is a clear linkage between income levels of families and home purchase.

In a submission put to the year 2000 Living Wage Case by the ACTU (and using material from unpublished ABS data from the Household Expenditure Survey September 2000) it was pointed out that of Australia's 800,00 low paid working households it was estimated that:

- 30,000 sometimes went without meals due to a shortage of money,

- 30,000 could not afford to heat their homes,
- 22,000 had sought assistance from welfare/community organisations due to a shortage of money ,
- 41,000 sold or pawned something due to a shortage of money,
- 220,000 felt their standard of living was worse than two years ago,
- 284,800 could not afford a holiday away from home,
- 244,000 had experienced cash flow problems in the last year,
- 212,000 felt they could not raise \$2000 in an emergency,
- 166,000 could not pay utility bills because of a money shortage,
- 119,000 could not afford a special meal once a week,
- 115,000 bought second hand clothes because they could not afford new ones
- 48,000 could not afford to have friends or family over for a meal once a month.

Poverty places families under enormous strains.

The working poor often exhibit some or most of the following characteristics:

- Ethnicity
- Low education levels
- Inadequate housing
- Disability
- Poor health
- Low wages



- Large families
- Young children
- Single family income earner
- Job Insecurity

Clearly the absence of adequate income means that families may not be able to meet the basic needs of their members. In turn this may well lead to social isolation, feelings of lack of control, low status and low self esteem.

"For their children it can mean not having a balanced diet, housing difficulties, being left out, feeling stressed, not enjoying school; and suffering from health problems" ("*Child Poverty, The Facts*", Brotherhood of St. Lawrence, 2000).

Ultimately poverty and the resultant fall-out can lead to social alienation and division. Families or individuals in poverty is inimical to the development of a socially cohesive nation.

Government policy must address the issue of poverty. In doing so it must be recognised that many families are in particularly difficult situations. Often these families comprise the "working poor". The central theme of any coherent approach to poverty must be to ensure that all families have an income sufficient for them to be able to live decently in dignity.

### **THE LARGE AND GROWING WEALTH GAP**

In his address at the Centennial ceremony in Sydney on January 1<sup>st</sup> 2001, the then Governor-General, Sir William Deane, referred to "*the unacceptable gap between the haves and the have-nots, in this land of a fair go for all.*"

**Inequality in wealth is substantial and growing.** There is now a significant amount of research available which suggests that inequality increased during the nineties. (Ann Harding, "*The Australian*", 25/2/2002)

Harding shows that during the nineties the incomes of the top 25% increased more rapidly than did the incomes of the rest of the community.

*"So it appears that even during a decade of strong economic growth we made no progress in the battle against poverty". (Harding)*

**Growth in inequality has a deleterious impact upon families and the individuals therein. It leads to problems in areas such as community safety, educational achievements and health.**

In a report prepared for the Australian Institute of Criminology in 1998 Mr Don Weatherburn, current Director of the New South Wales Bureau of Crime and Bronwyn Lind, found that *"economic and social stress exert an indirect effect on juvenile participation in crime by disrupting the parenting process. It is also consistent with the hypothesis that economic and social stress exert direct effects both on the quality of parenting and juvenile delinquency"*.

Apart from the direct impact on the people affected, crime impacts upon the rest of the community in greater risks of danger, increased insurance premiums and greater costs in maintaining community and personal security.

The linkage between poverty and criminal intent or action is real.

According to Associate Professor Richard Teese *"increased wealth at the top means that public and regional Catholic schools get a concentration of disadvantage rather than resources"*. The wealthy pool resources in private schools and acquire facilities and staff which enable them to *"monopolise high achievement"*.

Professor Bob Connell of the University of Sydney also says that *"rising inequality is bad for educational outcomes"*. Moreover there is now substantial evidence to link low educational outcomes with low employment opportunities.

In June 2001 Agnes Walker from NATSEM released a paper titled "Health Inequalities and Income Distribution, Australia: 1977 to 1995". That research found that as income inequality rose during the period so too did health inequalities. Her research showed that the 40% of Australians with low incomes reported markedly poorer health than the rest of the community.

**Substantial and rising inequality poses a significant threat to the well-being of many Australian families and the community overall. It contributes to poverty, disadvantage and social exclusion.**

**From the mid eighties to the late nineties there was a substantial increase in the real value of total Australian household wealth.** ("The Income and Wealth of Older Australians - Trends and Projections", A. Harding, A. King and S. Kelly, NATSEM, Paper presented to the Industry Development Forum on 'Changing Needs, Growing Markets', 18 February, 2002).

**Yet, at the same time as experiencing overall increase in wealth, Australia also experienced a growth in wealth inequality.**

In a paper presented to the Business Council of Australia "Future Directions Seminar" on 13 August 2001, Dr. Anne Harding of NATSEM demonstrated that between 1990 and 1999-2000, using data from ABS income surveys, national income inequality increased. This was primarily due to the strong growth in incomes among those at the top of the income distribution ladder.

The figures show that major wealth gains were made by those at the top two income quintile levels, that those in the bottom quintiles experienced slight falls relative to other income groups, but that those who suffered the major decline in the level of their disposable income were those in the middle quintiles (between levels 3 and 7).

Those in the top 10% of the income distribution chart increased their share of total income from 22.7% in 1990 to 23.9% in 1997-98. The middle 20%

experienced a decline in their share of the cake from 17.8% in 1990 to 17.3% in 1997-98.

This is largely being driven by the gains made by those at the top relative to other groups.

Other NATSEM research (S. Kelly, "*Wealth On Retirement*", July, 2001) shows that the average Australian has an estimated personal wealth of \$127,000. This wealth is not evenly spread. The wealthiest 20% hold 62% of all wealth while the poorest 20% hold 1% collectively.

Figures released in 1999 by the Australian Bureau of Statistics show that the bottom 20 percent of households accounted for just 3.8 per cent of all wages and salaries, pensions and benefits, superannuation payments and business incomes. In contrast, the most affluent 10 per cent of Australians increased their income share from 17.5 per cent in 1981/82 to 19.6 per cent in 1989/90.

In 1999-2000 the top 20% of the population accounted for 48.5% of all wages, salaries, pensions and benefits, superannuation payments and business incomes. However the bottom 60 per cent of households accounted for only 27.8 per cent of all income, still less in total than the top 20 per cent.

In "*Trends in Australian Wealth-New Estimates for the 1990's*", Simon Kelly of NATSEM points out that between 1986 and 1998 the number of millionaires in Australia rose from 20,000 to 180,000 (that is, they doubled every four years).

Over that period the richest 10% of Australians increased their average wealth from \$403,000 to \$852,000; more than doubling their wealth over the period.

The poorest 10% had no wealth in 1986 (they actually had an average debt of \$2,000) and in 1998 they still had no wealth although their average debt level was slightly lower.

The poor did not get poorer over the period; they could hardly have done so but the rich certainly got richer.

Overall, during the period from 1982 to 1996-97 the average incomes of the most affluent 10% of Australians increased by almost \$200 a week. This was 3-6 times the increase for those at the middle and bottom of the income distribution. Although on average everyone became better off during the period, the gap between lower and middle income Australians and those at the top widened.

A NATSEM-AMP Report of February 2002 shows that the average taxable income of Australians rose by almost 20% over the last five years. Increases in income of 16 to 19 per cent were fairly evenly spread across 80% of taxpayers, while the incomes of the top 20% increased by between 21-25%.

A Productivity Commission Report released in November 2000 titled "*Distribution of the Economic Gains of the 1990's*" also shows that "*the distribution of earnings among individuals has become more unequal in the 1990's*".

The Gini coefficient is a common measure of the way income is distributed across all households. Based on this approach it is clear that inequality is on the rise ("*The Australian*", 6 August 1999).

The below table demonstrates this:

Income share of	1994-95	1995-96	1996-97	1997-98
Lowest quintile	8.5%	8.4%	9.8%	8.3%
Second quintile	13.2%	12.6%	13.3%	12.4%
Third quintile	17.5%	16.3%	16.4%	15.8%
Fourth quintile	23.3%	23.2%	22.1%	22.4%
Highest quintile	37.5%	39.8%	38.4%	41.2%

Moreover, **the growing concentration of wealth is largely in the hands of those with few or no children.**

Research conducted for the "Australian" by NATSEM and reported in that newspaper on June 17-18, 2000, shows that **couples with children continue to dominate the poorest 10% of the population or decile.**

Levels of wealth are clearly related to life stage cycles of families. Income tends to rise as young people establish themselves in employment and form relationships with each other. The birth of children and the early years of child raising are associated with reduced labor force participation and hence reduced family income. In due course, as children develop and women return to the paid workforce, families become financially better off. In other words the presence of children places many families in financially difficult positions.

**Great disparities in wealth is not in the nation's long term interest, especially when the linkage between children and wealth is so stark.**

Age is also a factor in wealth accumulation. Between 1986 and 1998 the average wealth of Australians over 65 years old increased from \$106,000 to \$204,000, after taking out the impact of inflation.

**Income inequality is also linked to location.** Perhaps more than ever before, the opportunities and incomes facing Australians are influenced by the State, region or suburb in which they live.

Average incomes in South Australia and Tasmania lag far behind incomes in other States.

Further, household incomes in the most affluent five postcodes in Victoria rose by almost 20 per cent over the period from 1986 to 1996, while those in the five poorest Victorian postcodes fell by 10 per cent. An income gap is growing between the inner metropolitan elites and people living in the outer metropolitan areas.

The gap between those living within and outside the cities is increasing. People living in cities earned 30 per cent more than those living in regional towns in 1996 and the gap has been growing.

Research carried out by NATSEM for the AMP and published in February 2002, confirmed that in general, postcodes in metropolitan areas had higher average taxable incomes than those in non metropolitan areas.

Moreover, between 1994-95 and 1998-99 the gap widened. In 1994-95 the difference between average taxable incomes in the two areas was 17.9%. By 1998-98 the gap between the metropolitan area and the non-metropolitan area was 21.7%. (NATSEM-AMP Report 1, February 2002)

It is interesting to note that the Centre for Population and Urban Research at Monash University has found that the proportion of "working poor" in the bush is double that of the major cities.

Capital city rents appear to have driven many families to rural areas. Thirty six of the forty poorest federal electorates are rural or provincial. (*Sydney Morning Herald*, 11 December 1997).

The incomes of metropolitan households increased at double the rate of households in other urban centres and regional towns between 1991 and 1996.

**Inequality tends to lead to families of similar incomes living close together. In turn this has the capacity to create low income neighbourhoods where the social infrastructure provided by wealth is often missing.**

This leads to deprived neighbourhoods characterised by poverty, disadvantage and social exclusion

Within families, wealth inequality is also growing. For those in families with heads under 45 years of age, average wealth has actually fallen over the past decade but for those with heads over 45 it has increased. This is particularly the case where the head is aged over 65 years. Ownership of the family home is a key factor in this development.

**The growth in wealth inequality must be addressed.**

**Superannuation and home ownership are critical factors in shoring up the overall wealth levels of low and middle income families.** The work of Kelly (above) shows that without these factors, many middle and low income households would have been significantly worse off in 1998 than in 1986.

On the other hand research by NATSEM ("*Wealth On Retirement*", S. Kelly, July 2001) shows that the most concentrated form of wealth in Australia is share ownership. The richest one per cent of Australians own half of the total value of all shares. Low income people have relatively few shares.

On average the richest one per cent of Australians were estimated to be worth \$1.3 million and one third of this wealth was held in shares.

**Encouraging ordinary families to acquire shares will not address the issues of poverty and inequality.**

Wealth inequality impacts adversely upon families and children who are at the bottom of the income and wealth ladder.

All families should have sufficient income so that they can survive and make basic lifestyle choices such as whether they have one or both spouses in the paid workforce at any given time.

**Substantial wealth disparities which make such outcomes impossible or very difficult to achieve are not in the long term national interest.**

**The policy orientation of government should not be just to aid wealth creation but also to ensure that the wealth which is created is used as necessary to ensure a fair go for all families.**

#### **FINANCIAL SUPPORT FOR FAMILIES**

**The government has a responsibility to ensure that all Australians have sufficient income to live decently and with dignity.**



The provision of income support to families to allow them to effectively carry out their functions should not be seen as providing welfare. Rather this should be seen by the government and the community as a long term investment in the future of the nation.

*"Social security is very important for the well-being of workers, their families and the entire community. It is a basic right and a fundamental means for creating social cohesion, thereby helping to ensure social peace and social inclusion. It is an indispensable part of government social policy and an important tool to prevent and alleviate poverty. It can, through national solidarity and fair burden sharing, contribute to human dignity, equity and social justice."* (International Labor Organisation, Report of the Committee on Social Security, Conclusions Concerning Social Security, 6 June 2001)

In a paper presented to the 7<sup>th</sup> Australian Institute of Family Studies Conference on 26 July, 2000, NATSEM (The National Centre for Social and Economic Modelling) showed clearly that introducing and then increasing payments to low-income working families with children has been a resounding social policy success.

NATSEM shows that government initiatives in regard to increasing family support payments and in improving access to education and health services for all members of the community during the 1980's significantly ameliorated the financial position of many low income families, especially for those with dependent children.

Largely as a result of these developments, the overall poverty rate (based on the half average poverty line - which is set at half of the average equivalent family disposable income of all Australians) declined over the period between 1982 and 1997-98. As a result the number of children in poverty declined from 17.4% in 1982 to 14.2% in 1997-98. This represented a one-fifth decline in the child poverty rate. The actual number of children in poverty (about 724,000 in 1982 and 700,00 in 1997-98) remained similar over the period, due to the larger number of children in the community in 1997-98.

It should be noted however that the statistical situation for non-dependent children aged 15 years and above actually worsened over this period. The position for non dependent children aged 15 to 18 changed from 25.2% living in poverty in 1982 to 47.9% living in poverty in 1997-98. However the data collection process regards all non dependent children as separate income units, even if they live in the family home. Consequently the figures do over-state the true picture.

The biggest fall in the number of families living in poverty occurred among single parents who were divorced or separated. Interestingly there was no corresponding fall among parents who had never married. For the former group the before housing child poverty rates fell from 42% in 1982, to 20% in 1997-1998. For the latter group the figures were 30% and 29%.

Based on family size the largest fall in before housing child poverty rates occurred among families with five or more children.

The number of single income families in poverty also fell during the period 1982-1997-98 with most of the fall occurring prior to 1995-96. In 1982 the number of children in single income families in poverty was 203,000. In 1995-96 the figure was 170,000 and in 1997-98 it was 169,000.

The number of children in dual income families in poverty in 1982 was 167,000. In 1995-96 the figure had fallen to 141,000 but by 1997-98 it had increased to 185,000.

It should be noted however that the poverty rate for families actually increased during the period 1995 to 1998. For children, the poverty rate in 1995 had fallen to 12.5%. It increased back to 14.2% between 1995 and 1998.

Using the half average poverty line there has also been a marginal decrease in the depth of poverty. In 1982 those families in poverty were on average \$123 a

week below the poverty line but in 1997-98 families in poverty were on average \$117 a week below the poverty line.

Low income families are very reliant upon adequate government payments to make ends meet. (ABS Income Distribution - 6523 - 1999-2000).

Without these payments many more families would be in poverty and many low income working families would be better off relying totally on social security. Public education and health services also play a hugely important role in income redistribution.

For SDA members and their families, an effective social welfare or social security system is critical.

Income support payments from government often make the difference between whether low income families can enjoy a basic but reasonable standard of living or otherwise.

Government payments have helped many low income families escape poverty. Nevertheless there are still large numbers of Australians, many of them children, living below the poverty line. As such maintenance and improvement in our family payments and support structures is critical if large numbers of families are not to fall back into poverty and if those below the poverty line are to be given a better chance at a reasonable standard of living.

However the social security system should not prevent or discourage an individual from entering, re-entering or remaining in the workforce or from taking additional part-time work. The current system, in some circumstances, does exactly this.

## **1. Taxation**

A key reason for the growing wealth gap, increased poverty rates, and especially the growth of a "working poor" sub-group, is the taxation system, especially the lack of integration between the social security and taxation systems.

**Both the taxation system and the social security system must be restructured in tandem to ensure an overall outcome which is equitable for working and low income families in particular.**

In a paper to the Conference of Economists in 1997, Gillian Beer of NATSEM, illustrated that government assistance for working families and the associated income tests provided a financial disincentive for women to increase their workforce participation.

She reported that her research showed that a low income family with three children is financially worse off if the mother works between 10 and 24 hours a week rather than just 9 hours a week. By increasing her hours of work from 5 to 35 hours a week, the family benefits by just \$12 a week. (NATSEM Annual Report, 1997, p.12).

The study concluded that, for many women, the poverty traps caused by overlapping means tests for government programs meant that there was little benefit from some types of paid work.

Also in 1997 in a study presented at an international tax reform conference in Potsdam, Germany, Ann Harding and Gillian Beer of NATSEM reported that they had found that about 7 per cent of Australians of working age - about 700,000 people - faced effective marginal tax rates of 60 per cent or more. The 30 per cent of families just below the middle of the income distribution face the highest effective tax rates and three-quarters of those facing effective tax rates have children.

ACOSS has pointed out that the interaction of the income tests for Family Tax Benefit, Youth Allowance and Child Care Benefit is a particularly crucial factor for low income working families. For example, where a family has more than one child attracting these payments such as where one child is under 16 and another is a dependant student over 16, the income tests stack together to produce very high marginal tax rates, perhaps in excess of 80%.

Family Tax Benefit (A) is withdrawn at the rate of 30% (lower than previously) but when a personal tax rate is added, the effective marginal tax rate becomes 60%.

There is a strong case to argue that poverty traps caused by the "stacking" of income tests should be ended.

**Earned income tax credits would overcome the problem of high effective marginal tax rates.**

**Adjustment of income test thresholds to ensure that low income earners are not penalised for working would also be a major step forward .**

The initiatives contained within the new taxation system do provide part of the solution. Reducing the family benefits withdrawal rate from 50% to 30% is certainly a significant start. However, the fundamental problem remains. For Newstart recipients the withdrawal rate now begins at 50% but can rise to 70%.

Bettina Arndt in the Melbourne Age (25/8/2001) suggested that under the new tax system a mother returning to work after maternity leave and earning half average weekly wages actually loses half of what she earns as a result of the interaction between the social security and taxation systems. When she moves from part-time to full-time work, she retains a mere 16% of her additional earnings. She also suggests that NATSEM research shows that a woman returning to part time work retains just 49% of her earnings where she is on a wage of \$330 per week and her husband is on average weekly earnings.

The tax system introduced by the Howard government provided for income tax cuts. However those on higher incomes, especially those in the \$60,000 to \$80,000 bracket, received a larger benefit in terms of dollars saved.

**The structure of the tax system should be re-visited to provide greater benefits to low income families.**

The absence of tax indexation has led, over the years, to low income earners moving into brackets where they are paying a greater share of their income in tax than previously. Access Economics has estimated that 60% of the value of the tax cuts accounted for the impact of bracket creep since 1993.

**The impact of "bracket creep" must be addressed.**

At least 250,000 workers moved into higher tax brackets during the period 1998-99 to 2000-01. The ranks of the over \$50,000 jumped from 16% of tax payers in 1998-99 to 19% in 2000-01.

This is an issue which must be addressed by the government. Increasing government revenue by stealth through bracket creep is not sound economic policy.

**Progressivity in the taxation system should be facilitated** by a restructuring of the income thresholds which gives genuine tax relief to low and middle income earners. There is no basis for precipitating further flattening of the income tax system.

**Such action should not reduce the total level of revenue.**

**To encourage families to save there should be concessional treatment, subject to upper income limits.**

In some ways Australia has an unfair taxation system. There are still loopholes which can be exploited to allow some high earners and businesses to pay less than their fair share of tax.

**Closing down taxation loopholes must become a priority.**

As a first step towards this end, the Fringe Benefits Tax should be remodelled to prevent salary packaging. Under current arrangements, employer provided

child care provides an unfair advantage to those who can access it. Equally, other arrangements such as company provided cars provide some taxpayers with access to non taxable or concessional tax benefits.

Concessions associated with employee share and options schemes, especially where such schemes are targeted towards high earning senior executives, allow such beneficiaries to avoid paying their full rate of tax.

**Income splitting between spouses and business partners in order to allow businesses to reduce tax, whether directly or through the use of trust arrangements, should not be permitted.**

**Trusts and private companies must not be able to be used as vehicles to avoid tax.**

Australia is now estimated to have more than 100,000 millionaires, and the number of people with annual incomes of more than \$1 million has more than doubled in just five years to about 600. The richest 10 percent of our families have 44 percent of the wealth. (*The Age* 24/3/1998.)

Research by Ibis Business Information, based on Bureau of Statistics data, indicates that the top 20 per cent of Australia's 6.7 million households have an average income of \$142,000 and control 45.5 per cent of Australia's total household income of \$423 billion. By comparison, the lowest 20 per cent of households command just 4 percent of national household income. (*The Age*, 24 March, 1998.)

**A wealth tax on high income earners would reduce the wealth gap and restore greater equity.**

The SDA opposed the introduction of the Goods and Services Tax (GST). There is ample evidence that that position was correct.

Many businesses are facing severe liquidity problems, the system remains highly complex and difficult to understand, consumer confidence has dried up leading to reduced retail spending and job losses in the retail sector, and those on low and fixed incomes are finding it more difficult than ever to make ends meet. The so-called compensation packages for these groups have proven to be inadequate.

**The GST must be re-examined so that at the very least the inequities in the system can be removed.**

## **2. Family Support Payments**

### **(i) Cost of Children**

**The presence of children places a significant economic burden upon families.**

Around 2.6 million families have children under 25. (FACS 1999-2000 Report, p29)

According to the National Centre for Social and Economic Modelling, a family will pay an average of \$156,500 (as adjusted for price and wage inflation) to raise a child born today to the age of 21. (*Personal Investor* magazine, June 2001).

The data suggests that the richest families could spend up to \$339,400, while even those on low incomes will still have to spend more than 100,000. On a weekly basis a family on an annual income of \$50,000 can expect to spend an average of \$125 on their child, the figures show.

Two children will cost that family an estimated \$232 a week while three children will cost \$321.



Young children are the cheapest to care for at an average of \$98 a week, while the costs of feeding and clothing teenagers averages \$202 a week.

Food is the biggest expense in all demographics and for low-income families it amounts to a quarter of the overall cost of the child.

Transport, recreation, housing, clothing and other costs, such as medical and dental, are the other big-ticket expenses. These figures do not include the estimated costs of parents' lost earnings.

The Australian Institute of Family Studies has found that having one child reduced a woman's average lifetime income by \$162,000. (*NATSEM-Personal Investor Magazine*). Raising children places great financial and social pressures upon parents and families.

**There needs to be a restoration of the real value of family payments.**

**(ii) Family Tax Benefit A**

In July 2000 Family Tax Benefit Part A was introduced.

Family Tax Benefit A absorbed and now includes:

- Minimum Family Allowance
- Additional Family Allowance
- Family Tax Payment A
- Family Tax Assistance A

A family can earn \$30,806 p.a.\* before payment is reduced. Above that figure, a withdrawal rate of 30 cents per dollar applies until the Base Rate is reached.

At \$79,643 (plus \$3,212 per extra child)\* a 30 cents withdrawal rate applies to the Basic Rate.

Under this scenario two shop assistants earning a full-time base award rate of pay would not receive any additional rate payment.

The structure of this payment is progressive **However the income limits for the Family Tax Payment are too low and must be adjusted.**

**Large families should be treated equitably in regard to being able to access adequate income support payments.**

During 1999-2000 FACS undertook a survey of potential Family Tax Benefit and Child Care Benefit recipients. That survey showed that 66 per cent of respondents preferred to receive their Family Tax Benefit as a fortnightly payment, 9 per cent as reduced tax instalment deductions, and only 22 per cent as a lump sum at the end of the tax year (3% were unsure).

Households preferring tax system delivery tended to have higher incomes.

### **(iii) Maternity Allowance / Paid Maternity Leave**

The Maternity Allowance was first introduced in February 1996.

It comprises two payments. A payment of \$789.36 is made to a woman on the birth of a child. A further payment of \$208 is made available when the child reaches eighteen months and is fully immunised or otherwise exempt from immunisation requirements. The payment is means tested, and is payable where family income does not exceed \$73,000 per annum.

At the time that the Maternity allowance was introduced in 1996 the then Australian Prime Minister, Paul Keating said:

*"The Maternity Allowance is a landmark achievement for Australian women.*

*"Before today, it was true to say that most Australian women did not have paid maternity leave.*

*"Now they will..."*

Further, the government committed itself to "...review the allowance within the life of the Accord with the agreed aim of improving it as economic and budgetary circumstances permit consistent with the spirit of ILO Convention 103 (Maternity Protection) which identifies 12 weeks maternity leave paid through social security arrangements as an appropriate goal".

More recently the ILO has increased the 12 weeks to 14 weeks.

The payment, when introduced, was intended to be equivalent to six weeks payment of the maximum Parenting Allowance.

In reality the value of the total payment does little more than enable families to meet the costs of coping with a new child.

In the 2000-2001 financial year 210,120 families in respect of 214,355 children (FACS Annual Report, 2000-2001, p43) received the Maternity Allowance and 203,939 received the Maternity Immunisation Allowance.

**The original commitment of the government to bring the Maternity Allowance fully into line with the ILO Convention should now be enacted and the payment increased to 14 weeks.**

The 2001-2002 Budget papers show that in the 2000-2001 financial year the cost of the Maternity allowance was \$224.5 million and that the projected cost for 2001-2002 is \$222.5 million.

An increase in the value of the Maternity Allowance to 14 weeks would cost an additional \$296.7 million. This is an affordable figure, especially given the fact that the vast majority of women bearing children do receive the current Maternity Allowance.

**The SDA supports the proposal to introduce paid maternity leave.** This could be done by conversion and expansion of the Maternity allowance.

We believe that an equitable paid maternity leave scheme would include the following elements:

- an inclusive, non discriminatory base payment ie. a payment to all mothers
- subject to means testing
- paid by the government
- at a rate of the federal minimum wage
- for a period of at least 14 weeks established by legislation

The SDA sees the introduction of paid maternity leave as, in part, complementing the establishment of a series of flexible working arrangements for employees in connection with pregnancy, parental leave and return to work arrangements after parental leave.

Such arrangements should include:

1. The availability of extended (up to 3 years) unpaid parental leave;
2. An entitlement to return to work on a part time basis after a period of parental leave;
3. A specific entitlement to paid pre-natal leave for both mother and father to attend medical appointments related to the pregnancy;
4. A pro-rata amount of leave for those who have not worked for the pre-required 12 months to be eligible for parental leave;

5. An entitlement to consideration of family responsibilities when establishing rosters on return to work;
6. Family leave;
7. Paid maternity leave (including the protection of employees' current parental leave entitlements plus the right of employees to accrue long service leave, annual leave and sick leave entitlements while receiving such payment).

The SDA could envisage that for the period a person received paid maternity leave they would not receive Family Tax Benefit B or the Parenting Payment. In our view the money allocated to fund the Family Tax Refund or "Baby Bonus" would be better spent in this area. It would have the effect of channelling support to families on a needs basis, thus helping families most in need of support.

#### **(iv) Parenting Payment**

The Parenting Payment is the main income support payment for low income parents whose primary activity is the care of children under sixteen years of age.

The Parenting Payment was introduced in March 1996. It incorporated both the Parenting Allowance and the Sole Parent Pension. The Parenting Allowance had been originally introduced in July 1995. It incorporated the Home Child Care Allowance (HCCA) which was introduced in September 1994. The HCCA incorporated the previous Dependent Spouse Rebate. Each of these payments enshrined a very important principle – the work done by parents at home on a full time basis in raising children is of great importance to the nation.

**Parenting Payment should be seen as a payment which gives recognition of parents as carers.** It recognizes the contribution to society, and the family, of those who care for children.

Most Parenting Payment recipients are also in receipt of some form of income support payment.

There were 397,300 parents with partners and 220,300 single parents (617,600 overall) receiving the Parenting Payment June 2000. In 1998-99 the figure was 1,004,644. It is quite clear that an increasing number of families are not receiving this payment.

The vast majority of families with a parent in the paid workforce do not receive the full Parenting Payment. The effective payment withdrawal rate is set at a level where very few families with an adult income earner can actually receive it.

**In light of the above it represents a savage attack upon families to introduce initiatives designed to further restrict access to or to withdraw this payment.**

If a family decides to have a parent at home on a full-time basis they should be supported by government, not penalized. Forcing parents to justify to third parties why they choose to stay at home with their children, would be to put such families under enormous pressure.

**The idea of requiring parents caring for children (those under 16 years) to attend regular interviews to discuss return to paid work is an unacceptable attack upon families.**

**Proposals to effectively discontinue parenting payments when a child reaches thirteen, currently the age barrier is sixteen, are of considerable concern.** Is a child of thirteen old enough to come home alone to an empty house while their parent is at work? Such an initiative clearly implies that a caring parent of a thirteen year old is superfluous to requirements. Sixteen years should continue to be the minimum for withdrawal of support.

**The Parenting Payment income test should be adjusted so as to make this payment accessible to all low income families.**

**Parenting Payment should be provided on an equitable basis. If an allowance is going to be paid for parents undertaking home child care, then it should be paid according to the same principles applicable to those parents utilizing away from home child care, such as centre-based care. Application of common principles would be a step towards achieving equity for all families.**

Parents using paid child care currently receive, on a means tested basis, fee relief and a non-means tested minimum payment. These payments are made for each child a family has in care in recognition that a family with more than one child in care incurs extra expenses. The same principle should apply with respect to the Parenting Payment.

Such a step would be in conformity with the Social Security Review findings which found that couples' incomes decrease significantly with the presence of either one or two children, and decrease further once the number of children exceeds three. It would be a move towards redressing the substantial social justice problem that families with children and only one income earner make up almost half of the bottom 10% of Australian income earners.

**(v) Family Tax Benefit B**

Family Tax Benefit B was designed to provide additional assistance to single income families, including sole parents, especially families with children under 5 years of age.

The Family Tax Benefit B payment includes a number of formerly separate payments, namely:

- Basic Parenting Payment
- Guardian allowance
- Family Tax Payment B
- Family Tax Assistance B
- Dependant Spouse Rebate (with children)
- Sole Parent Rebate

Family Tax Benefit B is paid in addition to Family Tax Benefit A. Further, a recipient may also receive payments such as Maternity Allowance, Child Care Benefit and Rent Assistance.

The primary income earner's income is not taken into account to calculate Family Tax Benefit B. The second income earner can have \$1,752 p.a. before payment is affected, with a reduction of 30 cents for each dollar earned above that figure.

A secondary income earner will still receive some payment where their income is below \$11,206 p.a. (as at January, 2003).

As at June 2001 there were 1,181,040 families with 2,276,133 children receiving this payment and 72% received the maximum payment.

The introduction of Family Tax Benefit B for single income parents was a welcome initiative as it recognized that single income families face particular financial difficulties as a result of having one spouse at home effectively on a fulltime basis.

Research by NATSEM shows that this initiative has materially improved the position of single income families, both sole parents and with regards to families where only one partner is active in the paid workforce. This initiative redressed the situation which occurred during the Keating government where single income families experienced a real drop of 4% in their disposable income (after taking inflation into account) (The Age, 25 August, 2001)

However Family Tax Benefit B is a taxation benefit which flows to all families irrespective of their income level.

**On one hand we have the Parenting Payment which is increasingly restricted in its applicability and on the other hand we have Family Tax Benefit B which is not means tested. This raises fundamental issues of equity.**



Again we stress that financial support to families should not be characterized as welfare, but as an investment by the government in the nation's long term future.

Several European countries currently provide substantial financial support to parents who have young children.

In Norway women receive a maternity payment equivalent to approximately US \$6000 per annum for three years after the birth of a child. This payment is equivalent in value to the state subsidy of a child care place. The parent receiving the payment may choose to stay at home or transfer it to a child care centre.

In Finland a homecare allowance is paid. France provides a flat rate payment to all mothers caring fulltime for children. Some other European countries provide similar systems.

#### **(vi) Unpaid Work**

Current demands upon families make it very difficult for most families to survive on one income. **It is critical that government continue to respect the right of parents to determine whether one or both of them will participate in the paid workforce.** Whatever its decision, a family should not be adversely affected by the application of government policies. All choices should be respected, including those who choose to play a role in the unpaid workforce.

**A feature of such respect is to properly recognize and value the unpaid work done by those who care for and nurture others,** especially where they do it on a full-time basis. A parent caring for children should be seen as making a valuable contribution to society.

In October 2000 the Australian Bureau of Statistics reported that on its calculations the value of unpaid work to the Australian economy was \$237 billion. Women contributed 65% of this figure. Between 1992 and 1997 the value of unpaid work to the G.D.P. as measured by the ABS, increased by 16%. Further, in 1997 the value of unpaid volunteer work to the community was calculated at \$24 billion.

Dr. Duncan Ironmonger from the Melbourne University Department of Economics (D. Ironmonger, "*Household Production and the Household Economy*", University of Melbourne research paper, 2000) has pointed out however that "*with few exceptions, the national statistics of work and production continue to ignore the unpaid labor and economic output contributed by women (and men) through household production*".

He also argues that "*the pressure to transfer labor costs from the market to the unpaid labor costs of the household leads to the development of self-service petrol stations, automatic bank tellers and internet shopping. It also leads governments to support unpaid household based care of sick, disabled and elderly people instead of professional care in hospitals and nursing homes*".

In any consideration it is clear that the contribution of unpaid work to the G.D.P. is enormous.

**The value of unpaid work should be measured in the Census of Population and Housing.**

It is appropriate and fair that the government fully recognize the unpaid work of parents. In doing so it should not allow those who stay at home on a full time basis to care for children to be mis-categorised as long term unemployed. Nor should such parents be forced back into the workforce before their children are old enough to cope on their own. The age of sixteen should be seen as a minimum for such circumstances.

**(vii) Child Support**

The Child Support Scheme was introduced in 1988. According to NATSEM (A. Harding and A. Szukalska, "*Social Policy Matters, The Changing Face of Child Poverty in Australia: 1982 to 1997-98*", paper presented to 7<sup>th</sup> Australian Institute of Family Studies Conference, 26 July 2000), if the scheme had not been introduced the rate of child poverty would have been 1.2% higher, representing 58,000 children.

In 1982 only 12% of children in sole parent families benefited from child support payments but in 1997-98 the number benefiting was 31%. On average the amount of support received also tripled from \$10 to \$36 per week (after taking inflation into account). As a result child support now comprises 8% of total family income of children in sole parent families, up from 2% in 1982.

The amount "clawed back" by the government in respect of Family Allowance payments was \$594.4 million in 1999-2000 as a result of child support obligations being met. (FACS 1999-2000 Report, p67)

Around 75 per cent of lone income families rely on income support. (FACS 1999-2000 Report, P134)

However, there is growing anecdotal evidence that some low income families are struggling to meet their obligations under this system. The minimum payment required of all support paying parents who have income in excess of \$260 per annum is causing hardship and angst. Whilst we strongly support requiring parents to recognize and meet their obligations this has to be balanced with the need to have parents play a positive on-going role in life of their children.

**The Child Support scheme must be retained.**

**(viii) Child Tax Refund**

The government proposes to introduce a tax deduction for parents of infant children. Whilst we strongly support the provision of assistance to families

such assistance must be provided on a progressive and equitable basis. This proposed initiative does not do that.

**Under this proposal the higher a parent's previous income the greater would be the value of refund. In practice the impact of the initiative will be to provide the greatest level of assistance to high income earners; those who need assistance the least.**

**(ix) Payments Regime**

**In addressing the issue of payments, consideration should be given to further reducing the complexity of the current system by simplifying and integrating payments where possible.**

It makes no sense to have different income tests and taper arrangements for different payments. A more integrated payments system which took into account the need for basic payments plus the additional costs applying to children, those living alone, single parents, remoteness, housing, disability and the like would be a significant step forward.

**(x) Mutual Obligation**

The SDA is supportive of attempts to ensure that the framework for the delivery of welfare support payments is relevant and cost effective. It is not unreasonable to expect that those receiving government assistance do so within a context designed to minimize welfare dependency and to recognize the interactive relationship between the individual and the community. In this context it is reasonable to suggest that those receiving government support should reciprocate by making a demonstrable contribution to the extent that they are reasonably able to do so, to society.

**Mutual obligation must start from the position that government, acting for the community, has a duty to ensure that all individuals and families have sufficient income to be able to enjoy at least a basic but reasonable standard of living.**

In return, recipients of support should make a contribution, where reasonably possible, to the community but that contribution must be seen as encompassing much more than economic factors.

Apart from work, training or 'volunteering', such contributions must be seen to encompass the caring of family members. Parents caring for children and adults caring for the aged and infirm must be seen as making valuable contributions to society.

The provision of income support to families to allow them to effectively carry out their basic functions should not be seen as providing welfare. Rather this should be seen by the government and the community as a long term investment in the future of the nation.

#### **(xi) Meeting Commitments**

Australia is the fifth lowest country in terms of total tax revenue of all OECD countries. (Economist, 17/11/01, p100)

#### **EMPOWERING FAMILIES**

The starting point for any cohesive government position on the family should be the development and promulgation of a national family policy.

No satisfactory and logical solution can be found to Australia's income, revenue gathering, social welfare and community support mechanisms unless, and until, the major political parties follow up their declarations of support for the Australian family with the establishment of a national family policy.

Such a policy should begin by declaring support for all Australian families and then proceed to lay down a comprehensive and integrated set of policies which are directed towards the well-being of families and of the individuals therein.

A national Family Policy should, in our view, meet the following requirements:

- ☒ encourage respect and support for the family unit by the community, the media and governments, especially while the family has the care of dependent children;
- ☒ encourage respect and support for the further role of the family while it is caring for its aged, ill and handicapped members;
- ☒ all legislation and government action relating to taxation, education, health, social welfare and housing etc should support and strengthen the family as the primary unit of society;

no government or community action should be detrimental or discouraging to the family, either to its integrity or to the carrying out of its functions, so long as it functions in the best interests of children. Therefore there is clearly a need for family impact statements to be prepared in respect of all legislation.

Family breakdown impacts upon children. Almost half of all marriages in Australia (46%) end in divorce, according to the Australian Bureau of Statistics publication, "*Marriages and Divorces, Australia, 1999*".

Marital stress is, according to a broad and growing body of evidence, a prime cause of physical and mental problems in adults. Suicide is more likely to occur among those who are divorced or have never married than among the married. (ABS, *Suicides, Australia, 1921-1998*)

In a 1997 publication, Professor Linda Waite of the University of Chicago Sociology Department, concluded, as a result of the analysis of the available literature and research, that happily married women and men generally lead longer and healthier lives than those who are single.

Former New York Democratic Party Senator, Daniel Patrick Moynihan, has observed that historically poverty derived from unemployment and low wages but today it also derives from breakdown of family structures.

Family breakdowns and the separation of parents often leaves children worse off financially and emotionally.

**An issue which needs to be addressed is that of adequate promotion and funding for family education and counselling, pre- and post-marriage.**

Recognising that the family is a crucial institution, a strategy aimed at supporting marriage and family should be implemented by the government.

The provision of government funding to community based organisations to deliver relationship education is necessary. However such funding should only be provided to those organisations which ensure that the education provided is supportive of families and family relationships.

On 22 August 1996 the Attorney-General, the Hon. Daryl Williams, referred certain aspects of family services, funded by the federal government, to the House of Representatives Standing Committee on Legal and Constitutional Affairs for inquiry and report.

During the inquiry process, the Committee reviewed the education, counselling, mediation, parenting and other services partially funded through the Family Relationship Services Program of the Federal Attorney-General's Department.

The final report was unanimously endorsed by all members to the Committee.

It reviewed the issue of family breakdowns and enumerated the factors most common in such situations. They include:

- unemployment and work related problems;

- high risk factors within marriages such as addictive behaviors, chronic illnesses or death of a child;
- ambivalent or negative attitude towards marriage;
- growth of individualism;
- poor communication skills;
- poor parenting skills;
- domestic violence;
- pre-marital cohabitation;
- ease of divorce;
- geographical and social isolation of the family; and
- migration issues.

The Committee determined that marriage and relationship breakdowns costs the Australian nation at least \$3 billion each year. When the personal and emotional trauma involved is added to these figures, the cost to the nation is enormous.

In comparison, the Committee noted that the Commonwealth Government was spending just \$3.5 million per annum on preventive marriage and relationship education programs, and \$2.05 million on parenting skills training. This represents a 1,000 fold difference.

The Committee concluded that in order to address the issue of family breakdown, preventative programs of marriage and relationship education are of value and should be supported and expanded. It argued that marriage education should be designed to be preventative in nature, with the aim of building healthy stable marital and family relationships.

It recommended that the priority areas for marriage and relationship education should relate to three life transition events, namely: marriage; the birth of the first child; and separation/re-partnering.



A number of strategies were suggested for increasing participation in marriage and relationship education programs. These include wider promotion of programs, compulsory programs, and a new range of financial incentives.

The Committee also recommended that materials for the promotion of preventative programs to targeted groups, such as those entering relationships, and those having a first child, continue to be developed.

Young people marrying for the first time need to know what they can expect in their future. It would seem that there is also great merit in providing young people at school with relationship education.

In many cases this is best done by community organisations. However, such organisations are often badly under-resourced.

The Committee recommended that the government examine the means of promoting relationships education in schools.

The Committee argued that the funding of all family relationship services, including marriage and relationship education, should reflect a number of principles.

First, the funding should be equitable, as between agencies and as between participants in programs.

Secondly, the funding scheme should be transparent in operation.

Thirdly, the funding should be directly referable to service delivered.

Fourthly, the funding should provide direct incentives to individuals and couples to participate in programs.

It recommended that the service delivery component of the funding be provided by way of a complimentary voucher, made available through marriage celebrants, redeemable by booking for and attending a marriage and

relationship education program conducted by an approved agency or organisation.

The Committee noted with some concern that there are apparent barriers to participation in counselling programs due to factors relating to accessibility, affordability, relevance and appropriateness. These barriers can be seen in the under utilisation of counselling services by migrants, indigenous people, rural communities and by lower income groups.

In its response to the Andrews report, the government allocated some limited funding to this area. While it should be seen as a start, it is no more than that.

### **WORKFORCE PARTICIPATION**

Capacity to participate in the workforce is a critical issue for parents. Many families need both spouses earning an income in order to survive. Similar proportions of men and women active in the labour force have dependent children (ABS 1995c). Thirty eight per cent of men and 38 per cent of women in the labour force have dependent children.

However, there are differences in how family responsibilities affect workforce participation for men and women. In August 1995 approximately 94 per cent of men in couple families with dependent children were in the labour force but on the other hand 65 per cent of women in couple families with dependent children were in the labour force.

At the same time 78 per cent of fathers in lone-parent families with dependent children were in the labour force while 53 per cent of mothers in lone-parent families with dependent children were in the labour force.

**The age of the youngest child affects workforce participation rates, especially for mothers.** The labour force participation rates of mothers rise along with the age of youngest child (ABS 1995c).

- 52 per cent of mothers in couple families and 34 percent of lone mothers with youngest child aged less than five years are in the labour force.
- 72 per cent of mothers in couple families and 62 per cent of lone mothers are in the labour force by the time the youngest child is aged 5 to 9 years.
- 76 per cent of mothers in couple families and 61 per cent of mothers in lone parent families are in the labour force by the time the youngest child is aged 10 to 14 years.

It is mothers, not fathers, who generally make the major accommodations in balancing family responsibilities with employment, and clearly, having children and the age of their youngest child, determine whether women choose to work part or full time (Figure 8.5).

Most young mothers work part-time.

- In 1995, for couple families with dependent children where both parents were employed, only 42 per cent of mothers were employed full time (ABS 1995).

As children grow older an increasing proportion of mothers work full time. In 1995:

- 35 per cent of employed mothers in couple families with children aged less than 4 years worked full time.
- 41 per cent of employed mothers in couple families with children aged 5 to 9 years worked full time.
- 50 per cent of employed mothers in couple families with youngest child aged 10 to 15 years worked full time.

Lone mothers are more likely than 'couple' mothers to be working full time (ABS 1995c).

In 1996, 67.7 per cent of women aged 25 to 34 and 71.3 per cent aged 35 to 44 were in the labour force compared to 41.3 per cent and 43.4 per cent respectively in 1970.

The overall pattern for women is full-time work when young, withdrawal or part-time work when a child arrives and ultimately, a return to full-time work.

Social researchers Mariah Evans and Johnathon Kelly have published a study (*"People and Place"*, vol.9, no.4, 2001) which shows that **the overwhelming majority of parents, in excess of 70%, would prefer to stay at home and care themselves for their pre school age children.** The survey shows only 2% believe that women with children under six should work full time. The study does show that by the time children actually start school 53% of mothers are back in the paid workforce, though most are part-time.

This study complements earlier studies done in Australia and Europe which provided similar results. Eurobarometer studies, the 1995 Wolcott and Glezer research and the more recent Probert research, all indicate that there are significant numbers of women who wish to stay at home and care for their children, especially where those children are under six years of age.

There is a link between the role many women play and the age of their youngest child. The age of the youngest child affects workforce participation rates, especially for mothers. The labour force participation rates of mothers rise along with the age of the youngest child. (ABS 1995c)

However, most women choose not to participate in the paid workforce until their children go to school and less than half are working full-time by the time their child reaches secondary school.

Research by M. Evans and J. Kelley, published in "*People and Place*", vol. 9, no.3, 2001 shows that only 2% of all mothers, and only 7% of mothers born in the 1960's or later, believe that mothers should work full-time while they have pre-school age children.

Clearly most mothers believe that pre-school age children need, where possible to be cared for on a full-time basis by their parent.

Moreover, a major determinant in the choice women make as to whether, when, and on what basis they return to paid employment, is their family income level.

Women are less likely to return to work while their children are young if they do not need to for economic reasons.

Women have therefore generally adopted employment patterns which have very much been shaped by their family responsibilities and income levels. According to the Institute of Family Studies in 1995, 68% of women aged between 22 and 55 years were in the paid workforce.

It is tertiary educated women who are most likely to return to full-time work. They make a clear choice that they want to work and return to the workforce relatively early while their children are young. It would appear that the nature of their job, as well as the attractiveness of the attached salary, plays a key part in the decision making process involved here.

Research conducted by the ANU School of Social Sciences shows that 78% of women believe that it is best for young children if mothers remain at home.

Since the 1960's the number of married women in the paid workforce has risen markedly. Many of these women are second income earners. These women often are in the paid workforce for reasons related to economic necessity. In order to attain a "normal" standard of living for a family with children, families are generally finding that in most cases two wages are necessary.

According to a recent independent survey, 85% of SDA members with children say they work for reasons related to economic necessity.

In the past decade:

- the proportion of single wage-earning families with children (including sole parents) has fallen from 48% to 38%;
- the proportion of dual wage-earning families with children has risen from 40% to 47%; and
- the proportion of families with no wage earner has increased from 12% to 15%.

A number of studies have shown that at least some second income earners (still mainly women) would leave the paid workforce and become full-time homemakers if their family was able to survive on one income.

The critical issue here is choice, but underpinning the concept of choice must be recognition that parenting is a worthwhile occupation. **Government policy should be aimed at facilitating return to paid employment for those who wish to do so but it should not focus on forcing mothers of school age children back into the paid workforce against their wishes.**

**Government policy should be to ensure that no family needs two incomes simply in order to survive and that all families are free, economically and socially, to choose whether they have one or both parents in the paid workforce and on what basis.**

It is highly unlikely that any western economy will be able, in the future, to provide jobs for everyone who wants one. The Government must admit this and address its implications.

It should be noted that of the 1.5 million new jobs created during the nineties 1.3 million of them were taken by women. Most new jobs created were part-time. In these circumstances it is not surprising to note that the workforce participation rate of males is actually declining.

**The contemporary period has been characterized by substantial changes in the structure of the paid workforce. We have seen a decline in full-time employment and the rise of non-traditional and more precarious employment practices. These developments have had adverse implications and consequences for families. Many prime income earners do not have full time jobs.**

Casual employment has more than doubled as a percentage of paid employment in Australia since 1982, having risen from 14% of the workforce to 26.4% in 1999. Moreover, 71.4% of all employment growth between 1990 and 1999 was casual.

Women are more likely to be employed as casuals than men. A paper released by the federal government in 1999 stated that, "*ABS data indicates that many casuals have been with their current employer for lengthy periods of time*", indicating that casual employment is now an entrenched part of employers' overall employment plans .

Permanency is increasingly being replaced by employment insecurity. Many young couples are reluctant to "start families" until they "get established". At least in part this is due to the insecurity of most employment and worries of "how will we cope if we do not have a job".

The distribution of available paid work in Australia is becoming increasingly concentrated. On one hand we have what might be described as job rich households where more than one person in the household is employed and on the other hand we have job poor households where no-one is employed. This "increased inequality in the distribution of employment", with more two-income families and more no-income families than ever before, is continuing to grow.

Australia today has 70,000 people on unemployment benefits who have been unemployed for five years or more. Robert Fitzgerald, the Community Services Commissioner for New South Wales, in a speech given in 1999, pointed out that there were 850,000 children in Australia in families where nobody was in paid employment.

The outcome of entrenched unemployment is socially disengaged citizens, poverty and social alienation. Statistics also show that ill-health is higher among the unemployed.

There is also a tendency towards the transfer of welfare dependency across generations. Large numbers of children are affected by these fundamental developments in workforce structure.

In terms of working hours, only 53% of the employees in full-time employment now work a "standard" working week with no overtime. Of other full-time employees, 15% work paid overtime and 28% work unpaid overtime (4% have second jobs).

According to the Centre for Applied Social research at RMIT University, between 1982 and 2000 full-time male workers increased their working week by 4.3 hours and women by 3 hours. In the past two years, an average of 48 minutes was added to the working week. The study estimated that without the increased hours, 55,000 extra full-time jobs would have been created.

Those with full time jobs and requirements to "do extra hours" complain at the lack of time they have to interact with their partner and children.

In 2001 the SDA contracted Dr. Moira Eastman of the Australian Catholic University to facilitate a number of focus groups with the SDA members on the issue of "work and family".



Below are a selection of comments from retail workers attending the focus groups. They indicate that rosters and especially changes to rosters and the level of work intensity place great strain upon workers and their families:

Person A: *"My children always say, 'Mum when can we have a family day? When you're home Daddy's working, and when Daddy's home you're working.'"*

Person B: *"Well, I'll give you a good example. My husband's a shift worker and he's on a rotating shift, he's on a different shift every week. Out of 5 weekends he has to work 3, and that includes Christmas Day. If he's rostered on Christmas Day he has to work on Christmas Day. He can't ring in sick, that's his roster. Now he never had a Christmas off the last two years. He was rostered on to work. And he was sad to see my daughter say, 'It's Christmas. Why are you going to work?' She doesn't understand. He's on a roster, that's his job, he's got to bring in the money. It is sad, especially on Christmas and Easter that you're rostered on. It's different if it's on the weekend. The weekend if he's got 2 out of 5 I suppose he's lucky if you want to look at it that way. I mean at least I'm there for her, I'm home every weekend."*

Person C: *"It's the fear of the change, the threat of having the hours change. I think most managers would know that their employees are married, have children, etc. and generally the awards provide that a person can work rosters any time of the day and most supermarkets are now open 24 hours a day, 7 days a week. And it's just the constant fear of having the roster change – arranging child-care in order not to coincide with when their husbands are home."*

Person D: *"The hours of work interfere with various community involvements such as playing sport, especially as part of a team (particularly important from the point of view of building social capital), volunteering, joining committees. It puts strain on relationships between friends, neighbours and families as they attempt to get others to take over*

activities for them. Children really resent it when parents cannot take their turn in driving children to sporting events and don't understand the parents have no choice. People will offer \$10 instead of coming to the working bee, which undermines the social aspect of school support – another undermining of social capital.”

Person E: "It also can have an effect on the family where you have, say, half a dozen fathers [who] Saturday after Saturday take their sons to the footy and they [take it in turns to] drive the car, give out the oranges at three-quarter time or whatever it is. Dad then has to turn around and say, 'Well in my job, mate, I can't do this anymore'. And the young fellow turns around and says, 'Oh well, if that's what you think about it, Dad, well and good'. And it turns the lad against the father. He doesn't understand the situation. I know that and it causes a rift, because [the father] can't do it, and he's just been told he'll work.”

Person F: "It's putting stress on neighbours, family and friends, because if you find that your roster's been changed and you can't take them to these venues, you're pleading with the family, 'Can you do it?'.”

Person G: "A number of staff spontaneously commented on how they have come to hate Christmas. They comment on how, because of extended hours trading in the week before Christmas they are exhausted, the actual food preparation on Christmas day is a nightmare because they are so tired. Then they are back at work on Boxing Day for stocktaking sales. But Easter and school holidays are also peak trading times, so they cannot travel interstate at these holiday times to visit extended family, or get together with extended family. Anthropologists have identified times of holiday and family feasting as a universal features of all known human societies of the present and the past. Anthropologists assume that whatever is universal in human societies must have survival value. Presumably the survival value is that these times are precious times of strengthening the bonds between family members. In fact in pre-literate and traditional societies, participating in these special rituals is a sacred

*duty – still evident in our naming of these times as holidays (holy days). While working late before public holidays is technically voluntary, members feel under strong pressure to work.”*

*Person H: "Another think that I find with probably nearly everybody I work with now, is Christmas. Christmas is non-existent for people who work in retail. At Retail Chain X we work up until late Christmas Eve, setting up for the stocktake sale. We have Christmas Day off and then we're back at work for the sale, and it means that basically there's just no Christmas anymore. You can't go away to see family, and that's extended family it's having an impact on. If you have families who live interstate you can't possibly go home for Christmas. You can't have holiday times. Retail Chain X's stocktake sale, Easter sale, Christmas, you just can't have school holidays anymore and I find that really hard.”*

*Person I: "But **I hate Christmas** because with everybody coming but you feel it's not a...It's sort of, 'Oh well'. I'm always exhausted. By Christmas morning I've had it and then you're busy all day and then it's back to work again. But let alone cooking, just doing Christmas lunch. You arrive home so late that you haven't had time to prepare. By the time you set up the tables and prepare food and you're so exhausted because you've done all those extra hours before in the lead up to Christmas...I don't enjoy Christmas. I hate it.”*

A two-tiered labour market, polarised between high and low wage earners, has also emerged. This is precipitating increased social inequality and division.

We now have a labor market where in addition to substantial unemployment there is also a widespread fear of unemployment.

All of these developments have a deleterious impact upon family life.

There is no real debate in the community that the most important thing to do for the unemployed is to get them a job. However, associated with the job must

be a fair and just wage which is sufficient to enable them, when it is supplemented with government assistance, to meet the needs of their family.

**The Workplace Relations Act should be amended to encourage full-time, permanent employment. Limitations should be placed upon the working of excessive hours. All workers should be entitled to receive a living wage.**

For many of those who are unemployed government financial assistance is crucial.

***"Concerted strategies need to be developed by government in partnership with the corporate sector, unions and local communities to provide more comprehensive and effective pathways for Australians out of work for more than twelve months, or at risk of long term unemployment, to re-engage with work."*** (Pathways To Work, January 2001).

Boston Consulting estimates that the public cost for one episode of long term unemployment will vary from \$51,000 in the case of a single 21-year old to \$146,000 in the case of a 50-year old white collar worker. (Pathways To Work, January 2001)

Those most vulnerable to the growth in insecure employment are people entering the workforce for the first time (mainly young people), or re-entering it after full-time parenting (mainly married women). Many women and full-time students prefer part-time employment as it helps them balance employment and other roles. However, many people are unable to break into secure full-time employment when they wish to pursue a career. For example, a recent study found that young people aged 16 to 19 years, who leave full-time education to seek full-time employment, had only a 50% chance of succeeding. (*Australian Council of Educational Research*, quoted in *Sydney Morning Herald*, 20.11.96.) (ACOSS 1996.)

**Access to education and training, employment placement assistance and career advice, financial assistance and a taxation system which recognises**

**the difficulties of returning to employment are all important to help people re-establish themselves in the paid workforce.**

Such an approach would be a major step towards addressing the major problem of older workforce participants being locked out of employment.

It is not appropriate that in moving to a new training based system that older workers be left behind or be forced to expend their own funds to 'catch up' when they have never had a share of the training dollar.

Much more needs to be done to convince employers that older workers have much to offer.

#### **FAMILY FRIENDLY WORKPLACES**

As Garry Becker has said in "*Human Capital and Poverty*" (1996) the family is "*the foundation of a good society and economic success*".

People do not live to work, they work to live, even if they enjoy the work they do. Consequently balance between work and family must be established and maintained. We must be prepared to move beyond seeing work and family as separated spheres of activity and recognise that actions and events in one area are likely to impact upon the other. In pursuit of the development of the whole person and economic success, a balance must be established between work and family.

Increasingly research from both Australia and overseas is concluding that family friendly workplaces produce positive results for business. They tend to result in higher profits, reduced costs, retention of talented staff and greater employee commitment. For employees, family friendly work practices allow for a more effective balance to be struck between work and family. This in turn, enables families, and especially the primary care-giver in families (who generally happens to be the mother), to function more effectively.

**There is clearly a great need to make workplaces more family friendly.** It is possible to balance work and family and those who attempt to do so should be supported. Employers should be encouraged to see the creation of family friendly workplaces as an investment in the future.

**It is not reasonable to expect those responsible for the care of children to return to work unless their employer is prepared to take into account their family responsibilities when drawing up rosters. Requiring employees to work excessive hours, denying them family leave to attend to urgent family business, insisting spouses relocate without regard to their family situation etc., all contribute to family disharmony.**

The "*Pregnant and Productive*" report (1999) has shown many employers actively discriminate against pregnant workers. **The government should commit to introducing the recommendations of the "*Pregnant and Productive*" report, including ratification of ILO Convention 103.** The government should also commit itself to the ILO Convention 156 "*Workers With Family Responsibilities*".

**In particular the right of women to take longer than twelve months maternity leave should be established. So should their right to be able to return to work from maternity leave on a part-time basis, even if their former position was full time.**

Further, the provision of arrangements for parents or carers to be able to take leave of absence without loss of pay or other entitlements in order to cater for sick children or other relatives, should be established.

Making workplaces more family friendly, which includes having employers more receptive and supportive of women when they are pregnant or have children, is critical to the well-being of families and therefore of the nation.

### **CHILD CARE**

Child care is a critical issue for many working parents.

**The provision of affordable, high quality children's services on an equitable basis should be a key plank of a government family friendly policy.**

**In the provision of such services the needs of the child must be the paramount concern.**

**It must also be recognised that the family will normally be the primary carer and raiser of children.**

**The primary objective of government in the area of childcare should be to enable families to function more effectively in the interests of all their members.**

**As different families have different needs the range of childcare services provided should be comprehensive.** They should meet family needs for centre based care, before and after school care and family day care. Maternal and child health needs and overall advice, education and support for parents could be integrated into such arrangements.

Formal care is defined as regulated child care away from the child's home. Informal care is non-regulated care.

Overall 48.8% of all children receive neither formal nor informal child care.

Of the 51.2% of all children receiving formal or informal care, twice as many received informal care (i.e. care by extended family or friends) as the number who received formal care. (FACS Annual Report, 1999-2000)

In 1999 there were 51% (approximately 1,591,200) of all children aged 0-11 years utilising some form of child care arrangement with 14% (approximately 222,768) using formal care, 28% (approximately 445,208) using informal care and 9% (approximately 143,208) using a combination thereof. In other words only 11% of all children were in any way utilising formal child care.

**There is a clear relationship between the age of children and whether they are in any sort of child care arrangement.** In 1999 only 42% of children aged less than one year were in child care of any type but 83% of those aged 4 years experienced some form of child care. This situation largely reflects the emphasis families place upon pre-school as most children attend pre-school of some nature. Once children reach the age of 5 years and begin school there is a clear drop in the usage of child care facilities.

**The type of child care varies markedly with age with informal care the most common for very young children.** For children aged less than one year only 12% of those children utilising child care were in formal care and another 8% were in a combination of formal and informal care. Of all children only 5% of those aged less than one year were in formal care and another 3% were in some form of combination of formal and informal care. Clearly the vast majority of parents with very young children choose to care for them directly (58%) or to at least leave them in an informal care arrangement such as with grandparents.

Of those using formal child care 19% used it for less than 5 hours per week and 60% used it for between 5 and 19 hours per week. Hence almost 80% of families use formal child care for less than 19 hours per week. This suggests that **most parents seek to minimise their children's time in formal care arrangements, especially when the children are very young.** Government has a responsibility to help parents facilitate this outcome.

Overwhelmingly child care of a formal nature is used by parents in the paid workforce for work related purposes. In excess of 90% of long day care, family day care, outside school hours care and vacation care places are utilised for work purposes.

For the vast majority of children (94%) there is no demand for additional formal child care facilities to be made available. Moreover the number seeking additional facilities has declined over the past decade. In 1993 there were



almost one in four children requiring additional care opportunities. ( Source: ABS, Child Care, 4402.0,6 June, 2000).

In total Australia has about 443,400 child care places available in 9,700 funded services.

At June 2000 estimated demand met for below school age children was 121.7%

This suggests that **overall Australia has sufficient child care places.**

**However, there are still areas of high local need,** especially in low income, rural and remote communities, because of the uneven distribution of places. ( FACS Annual Report 1999-2000 p197)

**There is also evidence of a significant unmet need in the vacation care area.**

Whilst most child care is work related, occasional child care does not fit this pattern. The division in respect of occasional care places is 55% for work related purposes and 45% for other purposes.

**A significant unmet demand clearly exists for non-work related occasional child care.** ( FACS Annual Report, 1999-2000, p194). It is of concern that over the last five years there has been a closure of over 500 outside school hours child care services. (FACS Budget Estimates, May 2000)

However, only 4,700 occasional care places were available in June 2000. This suggests that a significant need among those families who would wish to use occasional child care for non-work related purposes is not being met.

**In the provision of childcare there needs to be a proper planning process which links need and cost** in order to ensure maximum return for investment in infra structure and to ensure children's services are provided where they are

necessary and on an equitable basis for all families. Childcare facilities need to be established where there is real need.

Where child care is provided, especially if it is formal care, parents have a right to expect that it will be of a high quality.

**The achievement and maintenance of high quality children's services can best be achieved through the establishment and maintenance of an effective and comprehensive National Accreditation System, for all service types with such a system having a mandatory link to Child Care Assistance .**

The national accreditation system was introduced in 1997. It is of concern that in April 2001 there were still 5% of all long day care centres not properly accredited and that only 76% had top level accreditation (i.e. accreditation for 3 years). These figures suggest that the move to ensure that all child care centres deliver quality care has stalled. (FACS Annual Report 1999-2000 - p198 and AIHW, "*Australia's Welfare 2001*", p174).

In July 2000 the government introduced the Child Care Benefit which replaced the Childcare Assistance payment and the Child Care Cash Rebate. This payment is means-tested. Maximum rates of \$129 are payable for family incomes under \$29,857. A means test then applies and minimum rates of \$21.70 are payable above \$85,653 (where one child is present with the threshold rising for additional children). For a family with three children the threshold is \$105,554 ( as at July 2001).

For a low income family with two children in full-time centre-based care, government assistance covers around 72% of the average fee in long day care centres and around 81% of the average fee in family day care. For a family earning around \$45,000 per year (described by FACS as a middle-income family) the relative figures are 57 per cent and 62 per cent. (FACS 1999-2000 Report, p194)

Around 73 per cent of families using long day care receive childcare assistance and around 58% receive the maximum level of assistance.

Child care payments make a significant difference, especially to low income families in respect of child care costs. There is some evidence to suggest that a small number of families do not use formal child care because of cost factors.

For some parents child care is not affordable. This is a different issue to parents complaining about the cost of child care. **Government has a responsibility to ensure that child care is not denied because parents cannot afford it. There should not be an obligation on the public purse to meet in part or in full, the costs of child care for those who are on high incomes.**

In 1999-2000, according to the Health Insurance Commission, 268,407 families received the Childcare Rebate. Around 41% claimed the 20 per cent rebate and 59% claimed the 30% rebate. (FACS 1999-2000 Report, p196)

The overall structure of the payments is clearly progressive. However the provision of a minimum payment to everyone irrespective of their income level, is inequitable.

**There is no justification for using taxpayers money to finance "child care for the wealthy".** If the government is serious about reducing welfare dependency and providing support only to those in need, it could start by making this payment fully means tested and reallocating the funds to providing increased support to low and middle income families.

There may be some genuine debate as to where the income test threshold should be set but there is no justification to provision of child care fee relief to high income families.

During the 90's there was a shift from funding centred upon child care centres (operational subsidies and capital expenditure subsidies) to funding centred

upon support for individual families (fee subsidies). This had the affect of reducing costs for low income parents, thus making child care more affordable for them. As such, the change in the structure of funding child care was progressive.

Over two thirds (68%) of respondents to the FACS Family Tax Benefit and Child Care Benefit Survey indicated that they would prefer their Child Care Benefit paid as a payment directly to the provider, 6 per cent preferred to receive it as a claim at the end of the tax year, 21 per cent as reimbursements on receipts provided and 5% were unsure.

Preference for regular fortnightly payments to the provider was related to income levels with higher income earners preferring tax system delivery of the payment and lower income earners desiring regular provider linked payments. (p36-37)

In recent Budgets we have seen child care initiatives introduced which are fundamentally at odds with these above listed principles. Funding has been cut, the accreditation system has been allowed to run down, many families cannot afford childcare, yet wealthy families receive support, and despite the prevalence of research which shows that children left in sub standard, informal child care arrangements, where they have no on going attachment to the person providing their care, are likely to be disadvantaged, the government has earmarked funds to finance "flying squads" of nannies to go at short notice to someone's home to care for their children, even if the child is sick. Children who are sick need their mum or dad, not a stranger.

**At the present time if you stay at home to care for your own children you receive less financial support than if you bring someone else into your home to care for your children while you go elsewhere to a paid job.**

## **YOUTH**

In Australia today, many young people are in a state of crisis; unemployment, suicide, homelessness, drugs, child abuse in various forms, are some of the symptoms of the total problem.

However the over-riding problem facing young people is "disconnectedness". The prime cause of disconnected youth is family breakdown.

The final report on the Prime Ministerial Taskforce on Youth Homelessness, "*Putting Families in the Picture*", found that the majority of young people and families identified conflict in the relationship as the main reason for imminent or early leaving home by young people.

The numbers of young people experiencing homelessness appear to be increasing. Most young people first become homeless while at school. Around 40% of SAAP clients, that is those receiving some form of supported accommodation assistance, are aged under 25 years.

The number of children under care or protection orders is also increasing.

In 2000 there were 198,000 15 to 19 year olds (15%) neither in full time education nor full time work. Further, there were 372,000 people aged 20 to 24 (28%) in the same position.

There is a recognised link between completion of secondary school studies, post school educational achievement and employment.

Getting a good early start in either employment or further education after leaving school seems particularly important to minimising the risks of spending long periods being unemployed. ("*Footprints to the Future*", Report from the Prime Minister's Youth Pathways Action Plan Taskforce, 2001, Appendix 6)

Initiatives such as the Youth Homelessness Project, funding to deal with the issue of unacceptably high youth suicide and the Illicit Drugs Strategy, are also important. However, to date only the edges of these issues have been touched and much more needs to be done.

Providing adequate support to young people in forms such as jobs, training and financial assistance is crucial.

**The problem of disconnected youth, however, needs to be tackled at its source. Until the government adequately addresses the causes of family breakdown, some of which have been addressed elsewhere in this submission, we will continue to experience many young people being in crisis.**

The changes to the Youth Allowance have placed increased burdens upon families with children in the age bracket of 17 to 21 in particular. Today almost one in three young people not living at home are living in poverty. The changes to the Youth Allowance should be reversed.

As a first step, the level of **Youth Allowance payments should be increased so that there is greater parity with the Newstart payment**, thus removing the disincentive to young people to seek further education and training.

For those in work the average earnings of young adults fell by 20% relative to mature workers between 1984 and 2000.

Low youth wages (especially for those aged 18 or over), accentuated by the prevalence of casual and part time work, often leaves young people dependant upon such income below the poverty line.

Junior rates of pay are discriminatory and illogical in a society which for all other purposes regards a person as an adult when they reach the age of eighteen years. Junior rates place many young people, especially if they live away from home, under severe economic pressure.

**Junior rates should therefore be abolished, especially for those over the age of eighteen.**

The current impact of the Higher Education Contribution Scheme puts many low income students and families under pressure and operates as a disincentive for low income students to go to tertiary education.

When HECS was first introduced in 1989 debts were repayable at the rate of 1% on incomes greater than \$22,000. In today's terms that would equate to approximately \$32,000, given that in 1989 average weekly earnings were \$524.50 and in 2000 were \$761.50. Below that level, repayments were not required.

The Howard government cut the repayment threshold to \$20,701 in 1997-98, thereafter adjusted for movements in the average wage. Moreover the rate of repayment is now higher and generally varies between 3% and 4.5%.

**The HECS scheme should be remodelled to establish equity and fairness for young people.**

### **HEALTH**

NATSEM research (NATSEM NEWS July 2000) shows that over the period 1977-95, regardless of the actual health indicator used, the health gap between the poorest 40% of Australians and the rest of the population, increased significantly.

Families with children were shown to be especially vulnerable to the ravages of poor health, especially if they belonged to the 'working poor' rather than being reliant mainly on government benefits.

A surprising finding was that the health of people in the second lowest income quintile was as poor as for those in the lowest quintile. Within quintile 2, families with dependent children were found to be particularly vulnerable, especially if they formed part of the working poor rather than being reliant mainly on government benefits.

For working age Australians the study found that, on average, in 1995 the unemployed reported 42 per cent more serious illnesses than the employed reported and that the working poor reported 24 per cent more than the working non-poor.

It should be noted that according to the ABS "*Australian Social Trends 2000*" (p.46), that various population based health surveys show that people without partners scored worse on several measures of health status than did those with partners.

**It is critical that Australia maintain a health system which is easily accessible to all members of the community and where no-one is denied access because they cannot afford to pay.**

**A bulk billing capacity within the health system is a crucial component of this.**

The former Labor government established the Commonwealth Dental Health program which provided free dental care to over 500,000 low income earners in 1994/95.

However, in Mr. Howard's first Budget, the Commonwealth Dental Health program was abolished completely.

Some subsidised dental care is still available but waiting times for such services are very lengthy. People being forced on to the queues are concession card holders who cannot afford private care. Country and regional towns often suffer the most because of the problems in attracting dentists to the bush.

**A dental health service, easily accessible to all Australians, should be established.**

The Pharmaceutical Benefits Scheme (PBS) was introduced to provide safe and effective drugs to all people being treated by a doctor. The scheme ensured that



Australians benefited from the availability of a large range of drugs at prices much below those charged in many other countries.

Today many crucial drugs are outside the financial range of many Australians.

**Access to pharmaceuticals, as required on an affordable basis, should be made possible for all Australians.** This is crucial for the future well-being of Australian families.

In a country such as Australia, cost cannot be a justification for families being forced to go without the medical, pharmaceutical or dental care they require.

## **HOUSING**

**Australia needs a comprehensive national housing strategy.**

Home ownership is becoming increasingly difficult for many low income families. According to research from the Australian Housing and Urban Research Institute (AHURI) (reported in the Australian Financial Review, 13 March, 2000, p.1 and 47) the only social groups that have increased their home ownership rates during the past two decades are wealthy couples with children and single women. The biggest decline in ownership rates were among couples aged 35 to 44 with children.

The AHURI postulates that over the life span of the next generation that the rate of home ownership overall will fall from the current position of 70% to about 50%. Whilst a number of factors will play a part in this decline, those factors will include rising costs and the decline in the number of households with children. Housing costs are also related to life cycle stages with higher costs at earlier ages and lower costs as people age and acquire ownership of their homes.

In other words, the costs of housing are highest for young families or for those wishing to start or add to a family.

It is not surprising that, as reported in "*Australian Social Trends 2000*" many households suffer housing related income stress as a result of the combination of low income and high housing costs.

Undoubtedly high housing costs are a key factor in declining fertility levels as families find that they cannot meet the costs of housing and the costs of children.

In 1997-98 there were 702,400 low income families with housing costs of more than 30% of their gross income. This placed such families under great financial stress. Overall families in this situation represented in excess of 10% of all households. It is therefore no surprise that if housing costs are taken into account the general poverty rate increases from 13.3% to 17.3%.

Simon Kelly of NATSEM ("*Trends in Australian Wealth*") has shown the ownership of the family home is likely to be the largest holding of wealth for most Australians and is a critical factor in helping many Australian families to avoid poverty.

Those who own their own house are more likely to have lower housing costs, and therefore not to be in poverty, than others.

**Facilitating families to be able to afford to purchase their own home would constitute a major step towards helping them establish their future security.**

At the same time rent assistance is of critical importance to many private renters. It is increasingly becoming the case that many private renters (over 40%) are paying in excess of 30% of their weekly income in rent. Indeed 12% pay over 50% of their weekly income in rent. (FACS 2000 Annual Report, page 81.)

The vast majority (over 90%) of public housing tenants receiving the rental rebate would have to spend more than 25 per cent of their income (with Rent Assistance) upon housing if renting in the private market. (FACS 2000 Annual Report, p.89.)

During 1998-99 there were 389,702 households assisted through public housing provision. (FACS 2000 Annual Report p.90.)

**Rental assistance improves housing affordability for low income people receiving income support.**

The proportion of income units who would pay more than 30 per cent of their income in rent if Rent Assistance was not provided, was 75 per cent in March 2000. After taking Rent Assistance into account, the figure reduced to 41 per cent. Of those paying more than 50 per cent of income in rent, the figures were 32 per cent and 12 per cent.

However, there has been a marginal decline in the effectiveness of Rent Assistance for the comparable figures as of June 1997 were 77 per cent and 39 per cent for those paying more than 30 per cent of income in rent and 35 per cent and 8 per cent. (OFACS 2000 Annual Report, p33)

As at 16 June 2000 there were 941,278 income units receiving Rent Assistance. (FACS 2000 Annual Report p39.)

At June 2000, 332,827 people received Rent Assistance. Of these 65,572 (19.7%) were low income working families. The rest were on income support payments. (FACS 2000 Annual Report, p45.)

Most Rent Assistance recipients are also on social security:

New Start Allowance	25%
Parenting Payment (Single)	19
Disability Support Payment	17
Age Pension	16
Family Allowance/Parenting Payment (Partnered)	10

Youth Allowance	10
Other	<u>3</u>
	<u>100%</u>

(FACS Annual Report, 2000, p93)

The high costs of housing mean that many families and individuals struggle to maintain any form of effective shelter. Homelessness is a significant issue and a cause for great concern. Every Australian should be able to access effective shelter.

The FACS 1999-2000 Annual Report states that "*some evidence suggests that demand on existing services for homeless people is growing*". (P78)

### **SUMMARY AND CONCLUSION**

Human capital is firstly developed within the family. As such families are critical to the future well-being of the nation.

Families which dysfunction put great stress and demand upon the community and the state. The best way to enhance the well-being of children and young people is to ensure that they have strong connections with their families. Strong caring relationships are the best way to maximise the possibilities that children will grow up safe and healthy, that they will be able to participate in education, culture and employment, and that they will not become involved in violence and crime.

In framing policy government must start from the position of seeking to protect and strengthen Australian families. The over-riding aims of government action should be to:

- ✧ build community support for families,
- ✧ establish greater fairness for families,
- ✧ empower families.

Every individual and every family should be able to live decently with dignity.

Many families are living in poverty. The largest single group of people living in poverty are those in working poor families. Families with children are more likely to be living in poverty than others. This is particularly the case where the family is surviving on a single income or where there are three or more children in the family. There is a clear relationship between household levels of income and the life style stages of families.

Inequality in wealth is substantial and growing. This growing concentration of wealth is largely in the hands of those with few or no children.

Growth in inequality has a deleterious impact upon families and the individuals therein. It leads to problems in areas such as community safety, educational achievements and health. It contributes to poverty, disadvantage and social exclusion.

The policy orientation of government should not be just to aid wealth creation but also to ensure that the wealth which is created is used as necessary to ensure a fair go for all families. **The taxation and social security systems provide inadequate levels of support to families.**

**Both the taxation system and the social security system must be restructured in tandem to ensure an overall outcome which is equitable for working and low income families in particular.**

Below are some of the issues which, in our view need to be addressed urgently if Australia is to properly protect and improve the health and well-being of children

**Earned income tax credits would overcome the problem of high effective marginal tax rates.**

**Adjustment of income test thresholds to ensure that low income earners are not penalised for working would also be a major step forward .**

**Progressivity in the taxation system should be facilitated. Such action should not reduce the total level of revenue.**

A **wealth tax** on high net worth individuals would reduce the wealth gap and restore greater equity.

**The income limits for the Family Tax Payment A are too low and must be adjusted.**

Large families should be treated equitably in regard to being able to access adequate income support payments.

**The original commitment of the government to bring the Maternity Allowance fully into line with the ILO Convention should now be enacted and the payment increased to 14 weeks.**

Parenting Payment should be seen as a payment which gives recognition of parents as carers.

The idea of requiring parents caring for children ( those under 16 years) to attend regular interviews to discuss return to paid work is an unacceptable attack upon families. Proposals to effectively discontinue payments when a child reaches thirteen, currently the age barrier is sixteen, are of considerable concern and should be rejected.

**The Parenting Payment income test should be adjusted so as to make this payment accessible to all low income families.**

**On one hand we have the Parenting Payment which is increasingly restricted in its applicability and on the other hand we have Family Tax Benefit B which is not means tested. This raises fundamental issues of equity.**

It is critical that government continue to respect the right of parents to determine whether one or both of them will participate in the paid workforce. A feature of such respect is to properly recognise and value the unpaid work done by those who care for and nurture others. **The value of unpaid work should be measured in the Census of Population and Housing.**

**The Child Support scheme must be retained.**

In addressing the issue of family payments it is also high time that action was taken to **reduce the complexity of the current system by simplifying and integrating payments where possible.**

Mutual obligation must start from the position that government, acting for the community, has a duty to ensure that all individuals and families have sufficient income to be able to enjoy at least a basic but reasonable standard of living.

**An issue which needs to be addressed is that of adequate promotion and funding for family education and counselling, pre- and post-marriage.**

There is clearly a great need to **make workplaces more family friendly.**

The age of the child affects workforce participation rates, especially for women. An overwhelming majority of parents would prefer to stay at home and care themselves for their pre-school age children.

Government policy should be aimed at facilitating return to paid employment for those who wish to do so but it should not focus on forcing mothers of school age children back into the paid workforce against their wishes. Rather it should ensure that no family needs two incomes simply in order to survive and that all families are free, economically and socially, to choose whether they have one or both parents in the paid workforce and on what basis.

**The Workplace Relations Act should be amended to encourage full-time, permanent employment. Limitations should be placed upon the working of excessive hours. All workers should be entitled to receive a living wage.**

**Affordable access to education and training for all Australians, but especially young people, is critical. In part this process must ensure adequate outcomes in terms of students acquiring proficiency in literacy and the key competencies.**

**The continued advancement of the New Apprenticeship System within the context of the Australian Quality Training Framework is very important. Quality outcomes which meet the needs of learners and employers and provide adequate support and protection for trainees and apprentices is critical.**

**The government should commit to introducing the recommendations of the "Pregnant and Productive report, including ratification of ILO Convention 103.**

**The provision of affordable, high quality children's services on an equitable basis should be a key plank of a government family friendly policy.** In the provision of such services the needs of the child must be the paramount concern. It must also be recognised that the family will normally be the primary carer and raiser of children. The primary objective of government in the area of childcare should be to enable families to function more effectively in the interests of all their members.

The achievement and maintenance of high quality children's services can best be achieved through the establishment and maintenance of an effective and comprehensive National Accreditation System, for all service types with such a system having a mandatory link to Child Care Assistance.

There is evidence of a significant unmet need in the vacation, out of school hours and occasional care areas.



**There is no justification for using taxpayers money to finance "child care for the wealthy". The structure of child care assistance arrangements must be re-modelled.**

The problem of disconnected youth needs to be tackled at its source. Until the government adequately addresses the causes of family breakdown, some of which have been addressed elsewhere in this submission, we will continue to experience many young people being in crisis.

**Youth Allowance payments should be increased** so that there is greater parity with the Newstart payment.

**Junior wage rates should therefore be abolished, especially for those over the age of eighteen.**

**The HECS scheme should be remodelled to establish equity and fairness for young people.**

It is critical that Australia maintain a **health system which is easily accessible to all members of the community and where no-one is denied access because they cannot afford to pay.**

**A bulk billing capacity** within the health system is a crucial component of this.

A dental health service easily accessible to all Australians should be established. Access to pharmaceuticals as required on an affordable basis should be made possible for all Australians.

**Superannuation** and home ownership are critical factors in shoring up the overall wealth levels of low and middle income families.

**Facilitating families to purchase their own home** would constitute a major step towards helping them establish their future security.

The health and well-being of Australia's children is crucial to the future successful development of our nation. The proposals contained in this submission will help us move forward along that road. Creating amore family friendly and child friendly community should be a top national priority. Establishing financial and emotional security for families is critical to the achievement of that outcome.