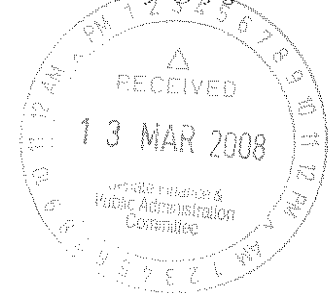




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Mr Stephen Palethorpe
Secretary
Senate Standing Committee on
Finance and Public Administration
Parliament House
CANBERRA ACT 2600



Dear Mr Palethorpe

In the course of my evidence to the Standing Committee on Finance and Public Administration on Tuesday 19 February 2008, I inadvertently misquoted several items in the course of the Hearing, specifically:

- In reference to the introduction of the family law reforms, the date of the reforms was 2006, not 2007 (Hansard Reference F&PA page 18);
- In reference to marriages ending in divorce; I said the percentage of the breakdown of relationships was 26% when in fact it is 16% (Hansard Reference F&PA page 19);
- In reference to cohabitation and marriage, the word "marriage" should replace the word "relationships" (Hansard Reference F&PA page 19).

In addition, on Hansard Reference page 16 (line 12 of the Institute's statement), I suggest that a comma be inserted between the word "research" and the word "policy"

For your information, I have attached the relevant pages on which the above changes are highlighted.

I apologise for unintentionally misinforming the Committee. I would be grateful if you would draw this letter to the attention of the Committee.

Yours sincerely

Professor Alan Hayes
Director

Attach.

Mr McPhee—Correct.

Senator WATSON—with the problems around the world?

Mr McPhee—Correct. As auditors we would be expected—you would expect us and the community would expect us—to understand that the risks have changed in the last little while and we should be focusing on that, and we will.

Senator ROBERT RAY—The Audit Office in the late 90s was a bit embarrassed when someone fiddled the till over there. Have there been any other instances since then?

Mr McPhee—You have a long memory.

Senator ROBERT RAY—What happened? You were investigating a major fraud of \$8 million while \$80,000 went out your backdoor, I think.

Mr McPhee—I forget the figure, but it was an embarrassing amount.

Senator ROBERT RAY—I am giving you a chance to say that it has not happened since.

Mr McPhee—It has not happened again.

Senator ROBERT RAY—Good. Also I am indicating that the aura of infallibility around the Audit Office occasionally has a chink—very rarely.

Mr McPhee—Absolutely.

CHAIR—No further questions? Thank you very much.

Mr McPhee—Thank you, Chair.

CHAIR—I welcome Senator Sherry too.

Senator Sherry—Thank you, Madam Chair.

[10.15 am]

Australian Institute of Family Studies

CHAIR—Moving on now to the Australian Institute of Family Studies. Good morning.

Prof. Hayes—Thank you. I have a short prepared statement. I wonder whether time permits that or would you rather I just—

CHAIR—No, an opening statement would you fine, thank you.

Prof. Hayes—Thank you very much. This is just by way of background.

CHAIR—It would be most helpful.

Prof. Hayes—The Institute of Family Studies is an Australian government statutory agency that was established in February 1980 under the Family Law Act 1975. Briefly, the key objectives of the institute are to conduct high-quality research on a broad range of policy relevant issues regarding families in Australia, to inform and influence policy development in areas relevant to family wellbeing, promote and lead public understanding and debate about factors affecting family functioning and wellbeing, identify and communicate current and emerging issues in family research, policy and practice, and of course maintain and strengthen our role as the national centre for research on families.

We strive to deliver high-quality research to inform policy development in areas such as balancing work and family life, child care, family law, social inclusion, relationships pathways, the particular issues faced by low- to middle-income families and Indigenous families, issues affecting regional and remote area families, the impact of the welfare system on workforce participation, and the implications of family and demographic trends including the effects of an ageing population. May I introduce my two colleagues? Dr Matthew Gray is our Deputy Director Research and Ms Sue Tait is the Deputy Director Corporate and Strategy. We are very pleased to be here and are delighted to answer your questions.

Senator FIELDING—Good to see you again. As you would know, last year I spoke to you folks about relationship and marriage breakdown and how it is costing the community more than we think. The whole issue of the devastation that it causes and the amount of work that is done by probably a lot of government departments all over the place amounts to a figure that you probably would find very hard to quantify. I said last time before I got to the question that the failure rate of relationship and marriage would not be accepted in business. You would not accept it in a lot of areas. It is getting close to nearly one in two relationships or

Senator FIELDING—Thank you for that explanation. I am just trying to think it through a little further. What if someone were to propose relationship breakdown drivers that you could help people with—obviously whether your parents have separated or not, education and other issues? Is there a way of underlining such generic things? People have put to me that conflict resolution skills and financial management literacy are two common drivers. You folks have been doing a lot of research since 1980. I would have thought that by 2007 it would have been distilled down into something. I know there is no silver bullet here, but I would have thought we would have got it down to four or five core issues that are driving relationship breakdown. I am not just talking about marriage here; I am using the word 'relationship' to mean marriage or de facto, it is the same thing, because it really is across the board. I have this gut feeling, but I need you folks to tell me. That is why I am asking the question. I have been on this track now for at least two years. I am genuinely interested to know not just what strengthens marriage—and I think it is important you have done some work there—but also the common elements driving relationship breakdown. I am not after a silver bullet, but it is the 80/20 rule.

Prof. Hayes—John Gottman's work in longitudinal studies over probably the last 30 years shows one factor is the ratio of positive to negative experiences that people report. If you have a five-time positive reporting of satisfaction of the elements in the relationship, as opposed to one per cent of the things you would report as negative, that seems to be a predictor. The extent of communication that is open is important. Gottman adds the word 'tactful', too, so open communication but also tactful and caring communication is important.

In terms of relationship education, the assistance to people who have experienced a breakdown of their parents' relationship is extremely important in breaking the intergenerational cycle. I agree with you that financial literacy and financial problems are a major issue that many relationships encounter, particularly where there are differences in the approach to the management of money. Equally, differences in the approach to wanting children or not, when people want children, and the willingness to take up and share the burden of domestic and other work that is involved once families have children are important issues. I would not discount the insights you do get from strong relationships, but I would also say that we have a very clear sense of the factors that do place relationships at risk. Those factors differ across the community and they do show some differences over time. So, yes, I agree with you, Senator, that there is no magic bullet. But in our role of informing policy, I think we have some clear insights that have been accumulated, as you said, over the last 28 years. It is useful now for us to pause and put out a document that will synthesise this literature.

Senator FIELDING—How many people have you researched or spoken to who have gone through relationship breakdown? Would it be more qualitative than quantitative? Have you done any direct studies?

Prof. Hayes—Absolutely.

Senator FIELDING—Could you go through those for us?

Prof. Hayes—The separating families study will have a sample size of around 5,000 I think it is.

Dr Gray—Between 5,000 and 10,000.

Prof. Hayes—It is between 5,000 and 10,000 families. That will be a unique study. It will look at families who separated prior to the introduction of the reforms in 2007. It will also look at the impact on people who have separated since those reforms. It will be a quantitative study but with qualitative elements. We have done many quantitative studies such as *Settling up* and *Settling down*, which was a series of large-scale studies in the 1980s, and we have had a range of studies on the impact of separation on families—on children particularly—and essentially work that looks at the sorts of stresses on families over time. All of that material is available on our website. Dr Gray, would you like to add to that?

Dr Gray—As part of the evaluation of the family law reforms that Professor Hayes has referred to, what we term baseline data collection was conducted prior to the introduction of the reforms. There were qualitative, focus group discussions held with people who had various relationship experiences from different cultures. That data will provide very rich and deep information about their experiences and views about relationships and the family law system.

Senator FIELDING—Would financial management and conflict resolution be in the top five issues that are drivers of relationship breakdown? You may use a different term to 'conflict resolution'. Would they be in the top group? I think they are, but I would be interested to know what you believe.

Prof. Hayes—Communication, family conflict and violence, financial management, differences in values and differences in expectation of and satisfaction with relationships would be broadly the five that I would put my money on, were I a gambling person, which I am not.

Senator FIELDING—Where I am leading to with this is that, as an overall community and even as a new government, the more that we know about those top five things, the more you could start to get us all to focus on helping to address some of these issues. Does that make sense? That is where I am leading to with this issue.

Prof. Hayes—That makes eminent sense.

Senator FIELDING—I am not convinced that I know, from an official point of view, what the top five drivers are. What could we do about those? If they were conflict resolution skills and financial literacy, and they are two that have been put to me constantly—as I say, I am not trying to lead you at all—then I think there is a lot we could do about those things. I think Australians are pretty competitive. It is winner take all, and sometimes in relationships we do the same thing. What are we doing with those things? When the performance benchmarks are set for ministers, when the Rudd government comes out with these performance measures—which Mr Rudd mentioned on *The 7.30 Report* back in November, which still have not been set, but are about to be set—in some charter maybe they are measures we could look at.

Prof. Hayes—The thing I take from the work that my colleagues have done in this area is that it does need an integrated approach to policy. There are implications, for example, in areas that you would not typically think of as related to relationship wellbeing—and that is early childhood. If you look at it, the peak period for violence in human beings is up to the age of four. The issue is that we get socialised out of violence. The question is: why do some people—and I admit, predominantly males—continue to be violent and aggressive in their conflict resolution? What can you do in early life to prevent that? We focus on adolescence, but middle childhood is essentially a bit of a vacuum when it comes to thinking about relationship and conflict resolution skills that can be developed. Clearly, around adolescence and late adolescence one of the prime predictors of whether children who are juvenile offenders go on to lives of crime is the extent to which they have formed stable relationships. The other is, of course, engagement with the world of work.

Disturbingly, a trend that is going up is the breakdown of relationships that are of 25 years duration or more. That figure has risen over the last decade to ~~76~~ 76 per cent now, which is disturbing. So we are seeing demographic and generational changes occurring. This says to me that we do need to understand relationship pathways.

We have a flagship study of the development of children, but we need a flagship study of the development of relationships and the factors that make them strong or not. Much of the work that is in the report that we will release this year is a mixture of a small number of longitudinal studies and a large number of cross-sectional studies. The cross-sectional studies are a bit misleading.

Senator FIELDING—I am not trying to expose anything. This is a genuine issue and you know that I have spent time outside estimates going through this issue because I think that the more focus that we give to what drives relationship breakdown—there are no silver bullets—the more that we can do, and that would make sense. I think that it needs something from you folks, pretty categorically, to say, 'Here are the top five. It is not the be-all and end-all, but here are the top five.' Then it is official, and then we can start to say, 'Well, what are we doing about those five? How can we address a couple of them in a better way?' Obviously, as ministers, we can look at those and start to address policy direction. But it needs something like your group that are spending \$80 million a year on research. How much is it?

Prof. Hayes—I wish that it were that much. It is \$4.3 million in our appropriation and \$8.7 million in contracts. Sixty-seven per cent of our funding is contract related and so has specific deliverables and time frames, Senator. The appropriation is about one-third or 33 per cent and essentially that supports a lot of the infrastructure that we have.

Senator FIELDING—The reason why I am trying to get to the causes rather than trying to address the symptoms is because you are saying there is a symptom about someone who is broken—it is a cycle that goes on. So I am trying to work out some of the causes and see what more we can do.

Prof. Hayes—I hate to be repetitive but the sine qua non, if you want to look at cause, is to do a good longitudinal study that appropriately does look at the differences in causes across groups in the community.

Senator FIELDING—Are you looking at trying to put out the top five? Can you do that?

Prof. Hayes—We are looking at putting out a facts sheet which will include the trends—in other words, what is happening to relationships in terms of the pathways. For example, 76 per cent of ~~relationships~~ now start with cohabitation. If one looks at it, about half of those cohabitations over a five-year window end up in separation and about half end up in marriage. About 8.8 per cent of marriages though—if one took a five-year