



A NEW PARLIAMENTARY REPORT
LOOKS FOR ANSWERS ON HOW BEST
TO BALANCE WORK AND FAMILY.

STORY: JAMES NICHOLSON

Balancing **ACTS**

Ask just about any working parent about their biggest child care headache and the odds are you'll get any combination of answers in a similar vein. Too many conflicting priorities; not enough hours in the day; too little flexibility for after-hours care; insufficient incentive to stay in the paid workforce, or return to it.

These choppy waters of child care aren't getting any easier to navigate either. A Families Australia survey released in 2006 reported that two thirds of Australians believed that achieving a good balance between work and family life had become more difficult in the past five years.

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And while the cohorts of working parents soldier on in pursuit of achieving some acceptable degree of balance in their work and family responsibilities, there are, according to Australian Bureau of Statistics figures, a further 182,000 mothers who would be willing to join the workforce if they could access child care.

It was against the background of such striking assessments that the House of Representatives Family and Human Services Committee recommended what amounted to a radical overhaul of Australia's child care system, when it released its report on balancing work and family at the end of last year.

The committee's investigation was set up in 2005 to report on how the Australian government could better help families balance their work and family responsibilities. The inquiry received more than 220 submissions and held 20 days of public hearings in every state and territory. It looked into the financial, career and social disincentives to starting families; means of helping parents return to the paid workforce; and the impact of taxation on the choices that families made in balancing work with family life.

The report—*Balancing work and family*—was a suite of 19 recommendations around the tax and child care systems that would make child care more affordable and more accessible.

It was about more equitable access to child care assistance, said the inquiry's chair, Bronwyn Bishop (Member for Mackellar, NSW), and about giving real options to parents who don't want to put their children in a centre or don't work a standard 9 to 5 day.

Mrs Bishop—a long-standing advocate of child care reform who once described the government's child care policy as "quite a mishmash"—told the ABC the current system was inequitable, failed to provide an incentive to parents who wanted to return to the workforce, and placed undue stress on families.

"The number of witnesses we heard from, who simply told us that life was just too stressed . . . get up at this hour of the morning, get the kids

bathed, dressed, ready for school, feed husbands, get off to child care centres . . .," Mrs Bishop said.

"And then you've got a whole class of people who are shift workers, who work all sorts of different hours, and they of course are not serviced by the current child care arrangements at all."

At the heart of the inquiry's findings was the recognition that working parents needed a more flexible range of child care choices

upshot is that it is only large employers such as the banks, universities and governments who are able to offer employees child care services free of fringe benefits tax.

Importantly, tax deductibility was not recommended as a replacement for the child care benefit and child care tax rebate. Those existing provisions raise the taxation threshold for families and allow working parents to claim 30 per cent of child care costs up to \$4,000. The



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and that child care expenses incurred by working parents across the board should be tax deductible.

"The Tax Office allows billions of dollars in tax deductions for work clothing, cars, phones and laptop computers," Mrs Bishop said. "Refunds for individuals in this current financial year are estimated to be \$16.8 billion. Why not child care, when it is every bit as necessary for a parent to work?"

The report also recommended that fringe benefits tax should be removed from all child care, so that employees could salary sacrifice their child care costs. The current taxation system, the report found, served as a barrier to women wanting to return to the paid workforce and a disincentive to starting families.

Under current taxation legislation, the fringe benefits tax exemption for child care is limited to child care that is provided on an employer's business premises. The

committee recommended that those existing provisions be retained and that families choose between opting for the child care benefit and child care tax rebate, and claiming work-related child care as a tax deduction.

Not surprisingly, affordability was a central theme during the inquiry. Of more than 220 submissions received by the committee, some two thirds related to the accessibility and affordability of child care, and its impact on women's ability to resume their place in the paid workforce.

"Can't you see that meaningful support like [making child care tax deductible] will enable an army of qualified, enthusiastic and capable women return to the workforce?," asked one witness.

"The Tax Office's narrow view of the modern world is shameful. This is the 21st century, where women are encouraged not only to be parents but also to have careers and contribute

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to the economy.”

Indeed, the committee presents a powerful economic case for child care reform.

Its report points to the correlation between strong economic growth in Australia over recent decades and the dramatic increase in women's workforce participation—up from 45.7 per cent to 57.2 per cent in the past 21 years. Coupled with this is the sharp rise in the number of women completing post-school education. More women than men now earn tertiary qualifications and 43 per cent of all jobs created between 1990 and 2003 went to female graduates, compared with just five per cent in 1990.

The conclusion drawn by Access Economics, who were consultants to the inquiry, was that the highest growth in national income would come from more women taking on full-time work and that Australia needed to encourage its high-income earners to participate in the workforce, both to their own advantage and to that of the nation.

“Australia's women are too valuable to waste—and their participation choices will make a notable difference to Australia's future prosperity,” Access Economics reported.

Access modelling found that increased participation by women in the paid workforce could add between 2.8 per cent and 4.4 per cent to GDP over the estimates made in the government's 2002 intergenerational report. Conversely, the forecaster suggested that if there were no further increases to women's workforce participation—or even if increases were limited to part-time participation—Australia would suffer significant budget shortfalls.

“In a competitive global economy, Australia cannot afford to lose some of its most highly-educated and highly-skilled workers,” the report said.

However, the inquiry examined other moral and social aspects of the work-life balance question, and made a range of separate recommendations with a view to constructing a fairer legislative framework around child care access.

As an incentive to encourage the participation of women in the

paid workforce, the committee recommended a freeze on HECS debts of the second earners in couple families and of single parents, until that family's youngest child reached school age.

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Other recommendations include a campaign to encourage family-friendly work practices among employers; possible concessions or tax deductions for carers of elderly or disabled relatives; and the development of a professional in-home care sector to take the pressure off child care centres and give parents more choices about arranging work and family life, and reducing stress in the home.

“At the moment there are many parents using in-home carers for a variety of reasons,” Mrs Bishop said.

“Some are shift workers, emergency workers or long hours workers for whom long day care is completely impractical. Some have been waiting for years for long day care places and have given up. Some think it's better for their kids and their family life if their children are cared for in a safe, familiar environment—their own home.”

In a dissenting report, opposition MPs, including deputy chair Julia Irwin (Member for Fowler, NSW), Kate Ellis (Member for Adelaide, SA), Harry Quick (Member for Franklin, Tas) and Jennie George (Member for Throsby, NSW) viewed the inquiry as a wasted opportunity.

“For what is one of the most important issues facing Australia today, the report fails to get to the heart of the issue,” Ms Irwin said. “It is narrowly focused on short term political measures despite a wealth of evidence pointing to the need for

greater depth of analysis and innovation in policy making.”

Ms Irwin said the report acknowledged the need for increased female participation in the workforce. But she disagreed with the recommendations that provide for greater compensation for high income earners with no changes proposed for low and middle income earners.

“The operations of existing child care programs, the child care benefit and child care tax rebate, were not examined for improvement. Instead, the inquiry focused on tax deductibility for child care expenses as a cure-all for the problems faced by working parents. As clearly shown in the Econtech report commissioned by the committee, only families with individual incomes above \$75,000 will benefit and there is no real incentive to encourage the bulk of working age women to increase work hours. Tax deductibility for child care is simply welfare for the wealthy.”

For this reason, the opposition MPs also rejected proposals for parents who use nannies to receive subsidies and tax concessions. They said it would be fairer to expand the availability of the child care benefit and child care tax rebate to more parents wanting in-home care, who do night shifts, live in remote locations or have children with disabilities.

“Taxpayer subsidies should not be available simply because parents would prefer the convenience of a nanny,” the dissenting report from the Labor MPs said. “If high paid parents want a nanny to be waiting in the afternoon when their 14 and 16 year old children arrive home to cook dinner and supervise homework, should this be subsidised by other parents who can't even afford long day care for their three year old?”

“Should a taxpayer subsidy be available if the nanny is also acting as a house keeper and doing housework? We don't think so.”

The Labor committee members also disagreed with the report's first recommendation to freeze HECS debts of second earners in families or single parents until their youngest

child reaches school age, saying the federal government should address the growing level of debt. University graduates and students are expected to owe \$18.8 billion in HECS by 2008-09, up from \$13 billion in 2005-06 with many graduates contending with debts of over \$15,000.

Notwithstanding the dissent, the range of recommendations in the report reflects the ubiquity and complexity of the massive problem with which the committee spent 18 months grappling. The child care puzzle has never been so

straightforward that it could be solved at the single stroke of a pen and the discharge of a silver bullet. It has been, and remains, a vexing issue that in so many different ways challenges myriad groups of parents, would-be parents, carers and employers throughout the Australian community.

At the very core of the problem, according to the committee, is the proposition that working parents need a range of child care choices, and that a taxation system that unfairly burdens women working in the workforce remains a serious

barrier to women wanting to return to work.

“The government needs a return on its investment in these women’s education, in particular from their participation in the paid workforce, but without forcing them to become the ‘over-stressed super-mum’,” the report concluded.

It’s a question of balance. ■

The Balancing work and family report is at www.aph.gov.au/house/committee/fhs/workandfamily/report.htm or for more information email fhs.reps@aph.gov.au or phone (02) 6277 4566.



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