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**Australian Institute of Family Studies**

**House of Representatives**

**Standing Committee on Family and Human Services**

**Inquiry into Balancing Work and Family**

**Submission from the**

**Australian Institute of Family Studies**

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**Approved by:**

Professor Alan Hayes, Director

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## INTRODUCTION

1. The Australian Institute of Family Studies is pleased to have the opportunity to respond to the House of Representatives Standing Committee on Family and Human Services Inquiry into Balancing Work and Family.
2. The balance between work and family life has been an integral theme of the Institute's research since its establishment in 1980. A significant body of research has been undertaken by the Institute and the response to this Inquiry draws both on the Institute's past and current expertise in the area.
3. Of all employed people in Australia, 31 per cent are parents with dependent children (14 per cent are mothers and 17 per cent are fathers) (ABS 2005). Of all fathers with dependent children, 88 per cent are in paid work, compared to 58 per cent of all mothers with dependent children (ABS 2004b). These statistics show that there might be potential for labour market involvement of families to be higher if balancing work and family responsibilities was more easily achieved.
4. The Australian Institute of Family Studies recognises the significant role that households play in determining how parents balance their work and family responsibilities. It is within households that decisions are made as to how parents will divide paid and unpaid work and about whether or not to have a first or another child. While governments do not participate in making these choices, it is vital they understand the process of decision-making within households so that policies can be developed that best support what families want.
5. Households not only generate family responsibilities, they divide them between their members. In couple families with children where the father works and the mother is at home, the relationship between work and family is relatively easy to maintain. It gets more difficult when mothers are also absent from the household for the purposes of paid work. Who will do the caring and domestic work in the mother's absence? Despite years of rising labour force participation rates for women, men have not significantly revised their roles – they have not “entered the home” in the same way that women have “entered the workplace”.
6. This submission focuses on recently analysed data held at the Institute that can assist policy makers in their task of developing supports for parents balancing work and family. As such, it focuses on particular topic areas within the broad themes identified by the Inquiry. At the broadest level, the Australian Institute of Family Studies recognises that work and family decisions made within couple family households result in mothers almost always carrying a higher load of caring and domestic work than fathers, and that fathers are often the primary breadwinner in families with children. Where a family decides that the mother should participate in paid work, policies need to support that choice while recognising that mothers typically still carry the main unpaid workload of the household.
7. Taking this broadest perspective, part-time jobs, child care (including outside school care) and schools are arguably the most important supports for families where mothers pursue paid work. Part-time work still allows mothers to provide the main

caring and domestic work role in the home. They use part-time work as a way of keeping their total hours of work to a manageable level. Where mothers work full-time it is likely they are doing higher total hours of paid and unpaid work per week than fathers. Child care, outside school care and schools help fill the caring gap that is created when mothers are absent from home. It is vital these supports are accessible and affordable if mothers are to be encouraged to remain in or take up paid work. The need for these supports will increase, given the labour shortage confronting the nation and the recognition of women's capacity to contribute to the solution of the shortfall. The Australian Government's attention to the issue of work and family is reflected in the wide ranging suite of policies it has implemented to assist families make decisions that best suit their needs. These policies are implemented across a number of portfolios and reflect an understanding that when families weigh up how best to combine paid and unpaid work there is not one policy mechanism that will support all their requirements. For example, the Family and Community Services portfolio alone includes major policies on income support, child care, women and early childhood.

8. This submission is structured into three chapters, and a closing summary, designed around the Inquiry's main questions. In the first chapter, data from the *Fertility Decision Making Project*, a recently completed collaborative project undertaken by the Institute with the Office for Women, are discussed. These data are published in a report from the project titled 'Its not for lack of wanting kids....' (Weston, Qu, Parker and Alexander 2004). The chapter focuses on data about people's priorities, achievements, ideals and expectations around fertility decisions.
9. The second chapter uses mostly unpublished ABS data to discuss employment outcomes, pressure and supports for mothers and fathers. In particular, the differences and similarities between single and couple mothers are drawn out. The final section of the chapter discusses some recently analysed data about elder care.
10. The third chapter discusses part of the data from the Institute's recently completed *Family and Work Decisions Study* to focus on the extent to which mothers understand their entitlements to government payments and their interaction with paid employment.
11. The submission shows that decisions about how to balance work and family are made over the life course and within the context of family formation and maintenance. In the case of fertility, this includes early thoughts about ideal family size (before partnering has occurred) through to decisions around whether or not to have an additional child. In terms of combining paid and unpaid work, this includes families making decisions about whether and when mothers should return to paid work after having a child, and how families can best divide unpaid and paid work between them over the course of parents' working age lives.

# 1. THE FINANCIAL, CAREER AND SOCIAL DISINCENTIVES TO STARTING FAMILIES OR HAVING MORE CHILDREN

12. In Australia, the total fertility rate has fallen from a peak of 3.55 babies per woman in 1961, when the nation was in the grip of a baby-boom period, to an all-time low of 1.73 to 1.76 between 1996 and 2003 (ABS 2004a). The current rate is well below that required for replacement (2.06). The implications of this fall have generated widespread discussion, a great deal of which has focused on the ageing of the population (arising from the combined effects of a falling fertility rate and increasing life expectancy) and its repercussions.
13. The fall in the total fertility rate arises not only from increases in lifetime childlessness but also from decreases in the number of children women have. For example, by age 40–44 years, women who were born between 1937 and 1941 were more likely than those who were born twenty years later (1957–1961) to have four or more children (28 per cent compared with 15 per cent) and less likely to be childless (9 per cent compared with 13 per cent) (ABS 2002b). Of women who are currently in their early childbearing years, around one quarter are projected to remain childless (ABS 2002a). But according to McDonald (1998), future trends in Australia's total fertility rate will be strongly affected by the proportions of women who have more than two children. He estimated that the total fertility rate would fall to 1.4 if those who currently have more than two children decided to limit their family size to two children.
14. This discussion thus focuses not only on disincentives to starting families but also on disincentives parents face in having the number of children they consider personally ideal, although the Australian Institute of Family Studies recognises that the House of Representatives Standing Committee on Family and Human Services has indicated its particular interest in "the financial, career and social disincentives to starting families".

## Family size ideals, expectations and achievements, and factors influencing fertility decisions

15. The data presented in this chapter are based on the *Fertility Decision Making Project*, a collaborative project of the Australian Government Office for Women (Department of Family and Community Services) and the Australian Institute of Family Studies (Weston *et al.* 2004). This project was based on telephone interviews with a national, randomly selected sample of 3201 men and women aged 20–39 years (61 per cent women; 39 per cent men). The interviews were conducted in early 2004.
16. Key issues examined included:
  - the number of children respondents already had,
  - how much they wanted a child (or another child) in the future (rated from 1 "definitely do not want a/another child" to 5 "definitely don't want a/another child"),

- the number of children they *ideally* wanted,
  - the number of children they *expected* to have, and
  - reasons for any difference between the number they ideally wanted and the number expected, and reasons for not having any children.
17. It should be noted that ideals are tempered by reality, for it can be difficult to envision possibilities that are remote from personal life experiences, and one way of adjusting to apparent barriers to achievement of ideals is to modify these ideals. Respondents aged 23 or more were therefore asked to indicate how many children they wanted when they were 20 years old. If they indicated that they preferred fewer or more children when younger than at the time of the survey, they were also asked to explain the reasons for having changed their views.
18. In addition, respondents were asked to indicate, on a scale of 0 to 10, how important each of 28 issues were when thinking about having or not having a child. High scores (8–10) indicated that the issue was considered important to the respondents. The issues are listed in Table 1.

**Table 1 The 28 issues rated for importance when thinking about having or not having a child**

• Afford to support child
• Female partner would make a good parent
• Male partner would make a good parent
• Having someone to love
• Male partner's job security
• Female partner's age
• Uncertain that relationship will last
• Add purpose/meaning to life
• Male partner's age
• Male partner established in job/career
• Giving child(ren) a brother/sister
• Finding good affordable child care
• Child would make partner happier
• Female partner's job security
• Child would be good for relationship
• Ability to buy/renovate/move home
• Time/energy for male partner's career
• Suitable world for children
• Female partner established in job/career
• Time for leisure and social activities
• Time/energy for female partner's career
• Stress and worry of raising child
• Have at least one/another boy
• Ability to make major purchases
• Too much stress on relationship
• Other children would miss out
• Have at least one/another girl
• Child difficult to raise

### ***The role of age and gender***

19. Across the four age groups examined (those in their early and late twenties and thirties), two-child families were the most popular (applying to 44–49 per cent of women in all age groups, 47 per cent of men in their late thirties, and 55–60 per cent of other men), followed by three-child families (applying to 20–24 per cent of men and 26–31 per cent of women), then four or more children (preferred by 9–14 per cent of men and 12–19 per cent of women). Women in each age group were more inclined than men of the same age to consider at least three children to be ideal (43–44 per cent, compared with 31–37 per cent).
20. Childlessness, on the other hand, was considered ideal by only 5 to 8 per cent of men and by 3 to 4 per cent of women across the four age groups, while one child was considered ideal by 3 to 7 per cent of men and 4 to 9 per cent of women.
21. The above proportions are based on all men and women in each age group, including those who were already parents. Two-child families also represented the most common ideal family size of childless respondents in the four age groups (applying to 51–63 per cent of men and 44–56 per cent of women). Amongst the childless, preferences for not having any children increased from 5 per cent of men and women in their early twenties to 21–24 per cent in their late thirties.
22. Figures 1a and 1b show that averages (means) for ideal family size were similar across the four age groups and above the “replacement-level” total fertility rate (men: 2.3–2.4 children; women: 2.5–2.6 children). Averages for expected family size were also similar across the four age groups but were lower than those for ideal family size. The averages for expected family size for men were close to Australia’s current total fertility rate (1.7–1.8 children), while those for women were at the “replacement-level” total fertility level (2.1 children for each age group).
23. Despite the discrepancy between ideal and expected family sizes, most men and women expected to have the number of children they considered ideal (59–65 per cent of men and 63–67 per cent of women). On the other hand, 31 to 36 per cent of men and 30 to 33 per cent of women expected to have fewer children than they considered ideal. The remainder (less than 10 per cent) expected to have more children than they considered ideal.



Figure 1a. Men: current, expected and ideal number of children

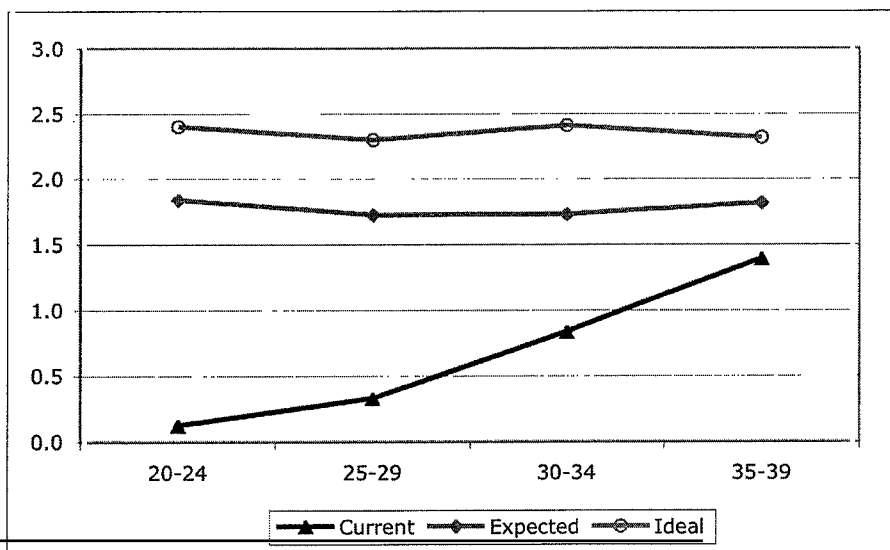
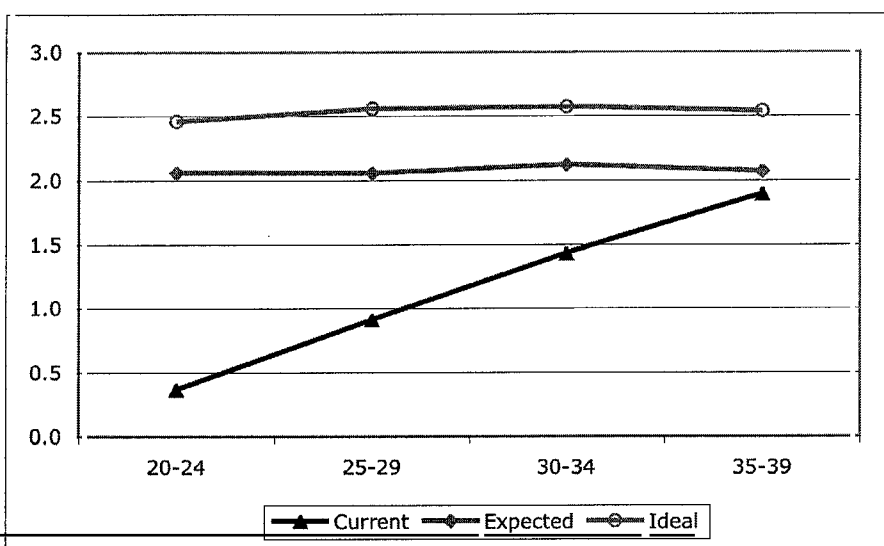


Figure 1b. Women: current, expected and ideal number of children



Source: *Fertility Decision Making Project*

24. Of childless respondents, the proportion expecting to achieve their ideal family size was highest for the youngest group and lowest for the oldest group. Two-thirds of men and women in their early twenties expected to achieve their ideal family size, while only 48 per cent of men and 43 per cent of women in their late thirties reported this. Conversely, the expectation to have fewer children than considered ideal increased from around 30 per cent of childless men and women in their early twenties to 48 per cent of childless men and 56 per cent of childless women in their late thirties (Figures 2a and 2b).

Figure 2a Childless men: ideal vs expected number of children by age

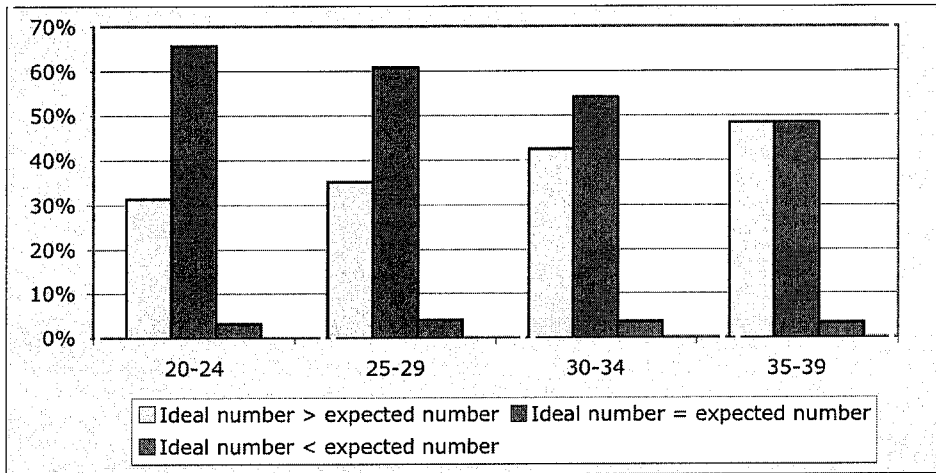
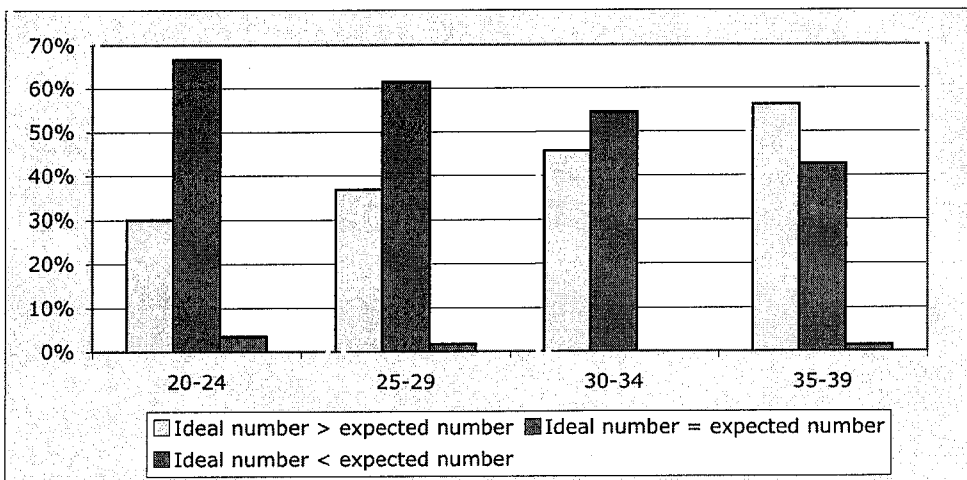


Figure 2b Childless women: ideal vs expected number of children, by age



Source: *Fertility Decision Making Project*

25. While roughly one third of all men and women wanted to have more children than they expected to have, roughly half the childless men in their late thirties and more than half the childless women of this age believed they would have fewer children than they wanted to have.
26. However, as noted above, ideals are likely to be constrained to some extent by circumstances. Of those aged 23 years or more who reported that, at age 20, they wanted to eventually become parents, over 30 per cent of men and nearly 40 per cent of women indicated that they had revised their ideal family size downwards.
27. Age was a key reason often mentioned for not having children or for expecting fewer children than they wanted. For example, some respondents explained that they currently felt too old to start a family or had started their family too late in life to achieve the number they ideally wanted. Some respondents explained that they had

changed their family size preferences as a result of age-related difficulties in achieving their earlier preferences.

28. Of the 28 issues rated as important when thinking about having or not having a first or additional child, the female partner's age was one of the items that was most commonly viewed as important, particularly by women (rated as important by 56 per cent of women and 49 per cent of men). The male partner's age was considered important by 42 per cent of men and women (taken separately).

### ***The role of partnership formation and stability***

29. Delays in achieving those milestones that precede having children, most particularly delays in marrying, are clearly important factors affecting the fall in the fertility rate. Despite the rise in ex-nuptial births, most women wait until they are married before they have their first child (63 per cent of all first births were to married mothers in 2000: de Vaus 2004), and women giving birth when at least 30 years old are increasingly likely to be first-time mothers. Thirty-eight per cent of all first births in 2001 were to women of this age, compared with 28 per cent in 1993 (ABS 2001; AIHW 2004).
30. Inextricably linked with these trends is the rise in cohabitation, coupled with an increasing tendency for such relationships to end in separation, and a divorce rate which is high relative to the rates apparent for most years in the 1980s (Weston and Qu 2004). Partly as a result of these trends, the overall partnership rates across all ages have fallen (Birrell, Rapson and Hourigan 2004). Such trends not only limit the total childbearing years of women, but also increase the risks of childlessness.
31. In the *Fertility Decision Making Project*, the proportion of childless respondents was clearly related to partnership status. For instance, of those in their thirties, 73 per cent of single men, 62 per cent of cohabiting men and only 21 per cent of married men were childless. Of the women in their thirties, childlessness applied to 40 to 42 per cent who were cohabiting or single, and only 12 per cent who were married.
32. Furthermore, those most likely to expect to achieve (or to have already achieved) their ideal family size were married men and women in their twenties and thirties, and cohabiting women in their twenties (68 to 70 per cent), while those least likely to expect this were single men and women in their thirties. Indeed, a slightly higher proportion of these older single men felt that they would "under-achieve" than achieve their preference (50 per cent compared with 45 per cent) while the reverse applied for women in their thirties (45 per cent expected to have fewer children than they ideally wanted and 52 per cent expected to achieve (or had already achieved) the family size they wanted).
33. The need to have a secure relationship was also apparent in the reasons given by respondents for expecting fewer children than they wanted, or for having revised their ideal family size downward. The inability to find a partner or the experience of relationship breakdown combined with advancing age represented common themes in these explanations. Furthermore, some of those who did not want children at an earlier age indicated that they had changed their minds because they had established a secure and happy intimate relationship.

34. In other words, the barrier to fulfilment of earlier fertility ideals posed by being single sometimes led to a downwards revision in preferences, while the fertility opportunities arising from finding a partner sometimes led to a desire to have children.
35. In addition, of the 28 items that were rated for importance, “having someone to love” and “uncertainty about the relationship lasting” were amongst those issues that were most commonly seen as important. “Having someone to love” was rated as important by 57 per cent of all men and 46 per cent of all women; “uncertainty about the relationship lasting” was emphasised by 47 per cent of men and women (taken separately).
36. In short, the ability to establish a secure and rewarding relationship is an important prerequisite for having children. Strategies that strengthen relationships are clearly important for enabling people to have the children they want. These include not only interpersonal skills education and counselling, but also strategies that help people avoid or overcome those pressures that threaten relationships, such as financial and parenting pressures (see Wolcott and Hughes 1999).

### ***The role of qualifications, paid work and careers***

37. In the *Fertility Decision Making Project*, men and women in their thirties who had or were pursuing a degree or higher qualification were the most likely of three educational groups to be childless (54 per cent of men and 36 per cent of women), while those with no post-school qualifications (achieved or being pursued) were the least likely to be in this situation (38 per cent of men and 9 per cent of women). Of course, having children when relatively young is likely to operate as a barrier to achieving qualifications, especially for women, while pursuit of education typically necessitates postponement of childbearing. Despite these differences, educational status was not significantly related to level of desire for children indicated by childless respondents in their thirties. All three childless groups most commonly indicated that they “definitely” wanted children (48–53 per cent of men; 44–55 per cent of women).
38. Nevertheless, men in their thirties who neither had nor were pursuing post-school qualifications were less likely than other men of the same age to expect to achieve their ideal family size (41 per cent vs 32–34 per cent). These trends are consistent with the arguments by Birrell, Rapson and Hourigan (2004) that men with poor financial prospects are less likely than other men to be able to establish a secure relationship in which to have and raise children.
39. Work-related concerns were commonly mentioned as reasons for not having children, for having fewer children than desired, or for revising ideal family size downwards. Reasons included job insecurity, a desire to concentrate on career development in the immediate term, and difficulties in managing work and family responsibilities. Nevertheless, only 24 to 26 per cent of men and women emphasised the importance of the female partner having time and energy for her job or career when thinking about whether or not to have a child or more children. A higher proportion of all women than men emphasised the male partner’s having such time and energy (40 per cent vs 30 per cent).

40. The male partner's job security appeared to be more of an issue than the female partner's job security for all men and women (53–57 per cent emphasised the male partner's job security; 34–38 per cent emphasised the female partner's job security). Furthermore, the need for the male to be established in a job or career was emphasised by a marginally higher proportion of men than women (41 per cent vs 29 per cent), while need for the female partner to be established in a job or career was emphasised by a lower proportion of men than women (29 per cent vs 37 per cent).
41. In summary, those in their thirties who were the least likely to have started a family were men and women who had or were pursuing a degree or higher qualification. At the same time, all three educational groups of childless respondents most commonly indicated that they "definitely" wanted children. But men in their thirties with no post-school qualifications (achieved or being pursued) were less likely than other men of the same age to expect to achieve their ideal family size – a trend that may reflect difficulties men with limited "human capital" appear to have in establishing a secure relationship in which to have and raise children (Birrell et al. 2004). While job security and work-family balance issues were common themes explaining childlessness or lowered expectations about achieving preferred family size, greater importance was attached by women than men to the male partner having the time and energy for their job or career when thinking about having a first or additional child. The latter trend possibly arises because the female partner often reduces her attachment to the labour force when the children are young.

### ***The role of affordability***

42. In the *Fertility Decision Making Project* the financial costs of having children were commonly mentioned by respondents as reasons for childlessness, having fewer than the desired family size, or revising their family size ideals downwards. These costs included the direct costs of children, financial pressures in general, and difficulties in meeting the expenses that might improve their children's "life chances", such as a private education, provision of computer, along with meeting housing costs.
43. Consistent with these explanations, the ability to afford a child was the most commonly emphasised issue in the set of 28 items rated for importance when thinking about having or not having children. Ratings of 8 to 10 were provided by around two thirds of all men and women. This trend, coupled with the relatively high emphasis on the male partner's job security, suggest that having a secure income stream was a clearly important prerequisite for having children. However, people's judgements vary regarding what is a secure, stable and adequate income stream and the nature of children's material and educational "essentials" in life.

### ***The role of parenting***

44. The second and third most commonly emphasised issues regarding having children were whether or not the male partner and female partner would make good parents. Of all men and women, 58 to 65 per cent rated these issues as important.
45. Some respondents who did not want children expressed fears about parenting, while some parents who found parenting far more difficult than they expected had decided to have fewer children than they previously wanted. But others who indicated that they wanted to have more children than they wanted at age 20 described the pleasures in raising children.

46. Together, such comments highlight the importance of effective strategies that help reduce the considerable stress experienced by some parents, not only to enable parenting to be an enjoyable experience, but also to remove a potential obstacle to starting a family or having more children.

## Summary

47. The *Fertility Decision Making Project* suggests that most people want to have children but, on average, the number of children that people expect to have is lower than the number they ideally want. While most people expect to meet their ideal family size, a substantial proportion of people expect to have fewer children than they would ideally like.
48. In this study, partnership issues, especially marriage, were clearly important, with married respondents in their thirties being the most likely of men and women in this age group to have children. Having a secure and happy relationship was also emphasised by respondents as an important prerequisite for having children.
49. Childlessness was more common amongst men and women in their thirties with high qualifications than amongst those with no post-school qualifications (achieved or being pursued). Nevertheless, those in their thirties with high levels of education were just as likely as those with low education to very much want children. Men in their thirties with no post-school qualifications were less likely than other men of the same age to expect to have the number of children they wanted. This trend is consistent with the argument that men with poor financial prospects are less likely than other men to be able to raise children in a secure relationship (Birrell et al. 2004).
50. Job security, the balancing of work and family life, and the ability to support children financially were common explanations provided by respondents for being childless or having fewer children than they initially or currently wanted. So too were concerns about being good parents. These various issues, especially the ability to support children financially and to provide children with high quality parenting (both by mother and father), were emphasised as important pre-conditions for having a child or more children in the future.

## **2. MAKING IT EASIER FOR PARENTS WHO SO WISH TO RETURN TO THE PAID WORKFORCE**

51. Fathers rarely leave the paid workforce in order to care for their children. While they may take some paid leave around the birth of a child, or even make use of the unpaid parental leave available, they do not often experience the same large transitions that mothers experience over the course of their working age lives due to family responsibilities. Returning to work after caring for children is a major transition for mothers. Not only do mothers need to select the right job with the right hours and income, they need to organise for their absence from the home, including arranging any care that might be needed for their children, and rearranging their schedules for carrying out the unpaid domestic work in the home. For mothers who have taken a long break from paid work, or who have very young babies, this transition can be daunting. Mothers who have taken a long break from paid work may feel their skills are out of date or that they are at a competitive disadvantage relative to continuous workers in the labour market. Mothers who have very young children may feel concerned about outsourcing the caring work to someone else, and about being able to cope with paid work as well as very busy and compressed times when at home.
52. Once in paid work, being able to maintain the relationship between work and home requires a certain level of skill and a degree of effort, particularly where mothers are still responsible for the majority of the caring and unpaid work at home. As well as the obvious supports provided by part-time jobs, child care (including after school care) and schools, family-friendly policies and flexible working arrangements can help mothers continue to carry most of the domestic work in the home and importantly they can also help “balance up” who does the domestic work within the household when fathers use these types of supports.
53. Taking a household perspective, it can be expected that single parents have a harder time balancing work and family responsibilities than those in a couple family. There is no “other parent” in the home to assist with the caring and domestic work. Most single parents with children living at home are mothers. In this chapter the employment patterns for couple and single parent families are compared.
54. The chapter also considers unpublished data relevant to the work and family debate.

### **Employment in couple and single parent families**

55. Parents need to secure an income stream for themselves and their children. Most do this via paid work. Some 93 per cent of partnered fathers with dependent children (aged under 15 or aged 15 to 24 and dependent students) are in the labour force, with 84 per cent working full-time, 6 per cent working part-time and 3 per cent looking for work. Partnered mothers are less likely to be in the labour force than partnered fathers – 66 per cent of partnered mothers are in the labour force, including 3 per cent looking for work. More partnered mothers work part-time than full-time (36 per cent vs 27 per cent). Single mothers are less likely than married mothers to work, with only 51 per cent in the labour force, including 5 per cent looking for work. Single

mothers are not as likely as couple mothers to work part-time, but the rate of part-time work has increased over recent years (24 per cent of single mothers worked part-time and 22 per cent full-time in 2004) (ABS 2004b).

56. For single and couple mothers, the probability of being employed or of working full-time if employed, is greater amongst those with older children (Gray and Stanton 2002). Single fathers, while fewer in number than single mothers, also have to manage the work-family balance. In 2004, 69 per cent of single fathers were in the labour force, including 53 per cent working full-time, 9 per cent working part-time and 6 per cent unemployed (ABS 2004b).

### ***Sources of income***

57. Where parents are not securing an income via paid work, they are mostly either relying on another adult (that is, the other parent) to provide the income, or they are on government benefits. In 9 per cent of couple families with dependent children, the main source of income is government pensions and allowances. In comparison, in 49 per cent of single parent families with dependent children the main source of income is government pensions and allowances (ABS 2003b).
58. The income stream for parents needs to be at a high enough level so that children and perhaps a dependent partner can also be supported. Currently, unemployed families consisting of a mother, father, and two children aged 4 and 8 receive \$1061 per fortnight in income support and family payments. For the same family with one parent working full-time on average weekly earnings, the net income from the job is around \$1578 per fortnight, with a top up provided by Family Tax Benefit A and B of approximately \$222 per fortnight. A not-working single parent with children the same age would receive \$858 per fortnight in government benefits. Those families on income support could also receive additional government support through rent assistance and health and travel concessions.

### ***The rise of the dual-earner family***

59. The rise of the dual-earner family has been quite dramatic since the 1970s, with 60 per cent of couple families with dependent children living at home now having both parents in paid work (ABS 2004b). The increase can be explained by several factors. Changes in the labour market have provided more opportunities for paid work, especially for part-time work. Increased education levels amongst women mean higher opportunity costs of not working, and also mean women are more career-oriented and more likely to find stimulating and well-paying jobs. Within the family, there are pressures for both parents to work in order to meet high or fluctuating housing costs or other financial obligations. Further, with the increased risk of marital dissolution, women might be reluctant to remove themselves entirely from the workforce once they start childbearing.
60. The 2004 Federal budget provided much further support for combining work and family in dual-earner households. (See Morehead (2004) for a summary of these and other measures and the media commentary they evoked.)



### ***Jobless households***

61. There has been a considerable increase in the number of children living in jobless families. Much of this growth is due to the increase in not-working single parent families (Dawkins, Gregg and Scutella 2002). In 2004, of all families with dependants, 20 per cent had no employed parent. This corresponded to 17 per cent of all children aged under 15 having no employed parent. Over two-thirds of the children in jobless families were in single parent families (ABS 2004b).
62. Considering only those families with no work understates the number of families who do not have sufficient labour market involvement to be independent of the income support system. Renda (2003) argued that many families could be considered work-poor if the definition included those with no work, or those with one parent working short part-time hours.
63. Joblessness in single parent families is a different issue to joblessness in couple parent families. In Table 2, the employment rate of mothers with not-employed husbands is given separately to those with employed husbands. In those families with not-employed husbands, the women are far less likely to be employed. The key reasons for this are unclear – previous research has found that the lower levels of human capital of these women is only a small part of the explanation (Baxter 2005b; King, Bradbury and McHugh 1995). These women seem to face additional barriers to employment compared to women with working partners. It is possible that the disincentives to work, through loss of government support, represent an additional reason for the low employment rate of these mothers.

### ***The relationship between female employment and partner income***

64. Who are the families most likely to have the mother as well as the father in paid work? It might be expected that mothers with higher-earning partners would have less need to work, and therefore be more likely to withdraw from employment. Conversely, mothers with lower-earning partners might have a greater need to work and therefore be more likely to be in employment. However, the relationships are more complex than this. Women are likely to have similar characteristics to those of their husband, so high-earning husbands are likely to have wives with high earning capacity, who may have a stronger desire to work than other wives (for example, to minimise loss of earnings or to maintain their career). Table 2 shows that, for wives with employed husbands, there is generally a positive relationship between income and wife's employment. The exceptions are the small number of families where the husband has very low (or very high) income.
65. There is a stronger relationship between the income of the father and the number of hours that the employed mother works. The higher the father's income the more likely it is that the mother is working part-time. It appears that employed women who can afford to work part-time hours (because of the level of their husband's income) do so.

**Table 2 Partnered mothers, employment and part-time status by partner's labour force status and gross income, 2001**

Partner's employment status	Partner's Income (per week)	Percentage Employed	Of employed, percentage part-time	Estimated Total Number ('000)
Employed	Up to \$159	71	41	32.4
	\$160 - \$399	63	52	138.7
	\$399 - \$599	63	57	290.1
	\$600 - \$799	68	62	303.8
	\$800 - \$1499	69	61	550.9
	\$1500 or more	64	68	205.7
	Total	66	60	1554.8
Not Employed		32	54	224.3
Total where wife's employment status was known		62	60	1787.3

Source: ABS 2001 census one per cent sample file  
Excludes women whose labour force status was not stated.

### ***The role of education***

66. Education is an important factor in employment outcomes. Table 3 shows the link between the education level and employment rate of mothers in couple and single parent families and the proportions working part-time. In both single parent and couple families, a higher education is associated with a higher probability of employment. Also, higher education tends to be associated with a lower probability of working part-time.

**Table 3 Employment status of partnered and single mothers by highest education level, 2001**

Highest education level	Percentage employed		Of employed, percentage part-time		Estimated total number ('000)	
	Partnered mother	Single mother	Partnered mother	Single mother	Partnered mother	Single mother
Bachelor degree or higher	77	80	55	44	339.4	47.6
Other post-school qualification	67	56	61	58	509.2	119.5
Complete year 12	57	46	60	59	306.0	59.5
Incomplete secondary	54	37	63	64	674.4	221.3
<b>Total</b>	<b>62</b>	<b>48</b>	<b>60</b>	<b>58</b>	<b>1847.2</b>	<b>454.3</b>

Source: ABS 2001 census one per cent sample file  
Excludes women whose education was not stated. Mothers are those with dependent children aged less than 15 or dependent students aged less than 25 living with them.

67. While educational qualifications are one important means of accessing employment, relevant skills can also be gained outside the education system, through employment-related training programs. These can be immensely valuable in providing or updating skills, and in providing people with a greater sense of self-esteem. Programs such as the Jobs, Education and Training program are important for those people who need such assistance to enter or re-enter the labour force after a break. In the context of this submission, this is particularly relevant to those who have taken an extended break for the purposes of caring for children or other family members.

## **Employment barriers and supports**

68. It is critical that government policies aim to ensure that at least one parent within a family is in paid work, for the sake of the children as well as the welfare of the adults. To encourage parental employment, the barriers to employment need to be identified and addressed. Welfare to work policies are important, as are programs which recognise the social or health barriers some families face. As recognised by Butterworth (2003), some single parents on income support face multiple barriers to employment, including human capital, mental health or substance abuse barriers, physical conditions or disabilities, or having experienced physical or sexual violence. While partnered women had to some degree also experienced these barriers, single parents were more likely to.
69. Research by Gray et al. (2002) analysed the extent to which the difference in employment of sole and partnered mothers was due to selected socio-demographic characteristics. Their research showed that compared with partnered mothers, single mothers had lower levels of education and were more likely to have a non-English speaking background. These and other differences in characteristics (for example, age and number of children, residential location and home ownership) accounted for about one-third of the difference in employment between single and couple mothers. Increasing the education levels of single mothers, or improving English language skills, may to some extent help increase their employment rate.
70. This research found that, after controlling for the above-mentioned characteristics, there was still a considerable gap in the probability of employment between the single and partnered mothers. In part, this gap may exist because single mothers are likely to have more difficulty addressing work/family balance issues without the support of a partner to share their family responsibilities. Further, the possible withdrawal of income support and associated concessions may act as a deterrent for some single mothers to enter employment. Those barriers to employment discussed above are also likely to explain part of the difference.
71. Single mothers are likely to need more supports than partnered mothers to remain in paid work due to the absence of the father from the household. As well as needing access to family-friendly jobs that are secure and provide a reasonable income, they also need to replace the support the father by enlisting help from others, such as family and neighbours. Building up these supports, and being able to construct new households (after separation and then when re-partnering) requires a level of skill that not all mothers will leave a marriage with. This could help explain the lower labour participation rate of single mothers (Morehead 2002).

72. Hand and Hughes' qualitative study of work and family life amongst mothers found that "... mothers spoke about both their regrets at not having maintained some attachment to paid employment and the difficulties they now faced in finding paid employment. A lack of qualifications and skills was also raised by several mothers in the study – not only in regard to difficulties in gaining employment but also in relation to earning a high enough income to make it financially worth working" (Hand and Hughes 2004, p.46).
73. Regardless of the effect of employment barriers or supports, there are many families in which mothers prefer to be at home with their children (Hand and Hughes 2005, and see Hakim 2003 for some UK data) although fathers rarely choose to do this (Bittman, Thompson and Hoffmann 2004). While policy changes may not affect these women's desires to enter the workforce, these (or any) women may find they need to work if the financial obligations to their family or their income support eligibility require them to. For example, Hand and Hughes found "many mothers in the study had returned to work earlier and worked longer hours than they felt was appropriate or desirable because they felt it was financially necessary" (Hand and Hughes 2004, p.47).

### ***Part-time work***

74. As argued in the introduction to this submission, for women returning to work after caring for children, part-time work is a very significant support. For some, a preference to work part-time may be so strong that taking up a full-time job on return to work is inconceivable, or perhaps not even possible if the availability and/or cost of non-parental child care are prohibitive to working longer hours. Rates of part-time work are particularly high amongst working mothers, and have increased significantly over the last twenty years.
75. Cross-national comparisons find that the availability of part-time work is an important factor in explaining differences in women's return to work across countries. For example, Gutierrez-Domènech (2004) analysed features of employment in a number of European countries and suggested that more women in Italy and Spain might work if there were more opportunities to combine child care with part-time work. In Australia, the increased availability of part-time work is one of the key reasons for the increase in female employment over recent decades.
76. The availability of part-time work, however, remains an important issue, as not all women have access to part-time hours in their own job. Employers can provide women returning to work after a period of maternity leave (or similarly, fathers) with the opportunity to work part-time hours up until the child's second birthday (Department of Employment and Workplace Relations 2004), but this is not legislated (Goward 2002, p.109). Mothers who do not have access to part-time work may have to work longer hours than preferred, or have to withdraw from employment until they can find a suitable part-time job.
77. Part-time work is more likely to be found in some occupations than others, as seen in Table 4.

**Table 4 Employed mothers aged 20 to 49, by relationship status and percentage working part-time hours**

Occupation	Estimated Number Employed ('000)	Per cent of employed working 1 to 34 hours
Manager, professional, associate professional	359.3	50%
Trades and related workers, advanced clerical/service	109.0	65%
Intermediate clerical, sales, service, production and transport workers	288.0	66%
Elementary clerical, sales and service workers	102.1	79%
Labourers and related workers	65.2	68%
<b>Total</b>	<b>932.3</b>	<b>61%</b>

Source: ABS 2001 census one per cent sample file

78. The nature of part-time work might be quite different across occupations and industries, as much part-time work is also casual, particularly in clerical, sales and service jobs. Table 4 shows that many mothers work in clerical, sales and service jobs, but there are also many working in the higher status occupations of manager, professional or associate professional. (See Campbell and Charlesworth (2004) for a summary of the literature on the quality of part-time work.)
79. Part-time work, while the preference of many mothers, is not the preference of all mothers (de Vaus 2004; Evans and Kelley 2001). Single parents, in particular, may be more likely to need full-time work. In 2001, of the single parents working part-time, 20 per cent preferred to be working full-time compared to 8 per cent of partnered mothers (Gray, Qu, Renda and de Vaus 2003, p.17). This may be related to an increased need for income from single mothers, or may reflect that single mothers have, on average, older children than partnered mothers (McHugh and Millar 1996), and the preference to work part-time tends to diminish as the youngest child gets older (Baxter 2005b; Wolcott and Glezer 1995).
80. Being able to make the transition from part-time to full-time hours, when so desired, is important. Employees with 12 months continuous service with an employer, who had previously worked full-time but had reduced their hours following the return from maternity leave, have the right to return to their former position (Department of Employment and Workplace Relations 2004).

### **Child care**

81. Decisions about returning to work may not be confined to the availability or affordability of child care. More important to parents are the attitudes towards "being there" for the child when they are young. Glezer and Wolcott's research found that attitudes towards child care were one of the most important factors influencing their work decisions (Glezer and Wolcott 1997). Those who have strong preferences to remain at home and who can afford to do so are unlikely to be swayed by the availability or cost of care (Hand 2005). However, those who need or desire to return to work can only do so when suitable child care is available.

82. While many children are in informal care (particularly grandparent care) while their parents work, there are many families who use formal day care, either as an alternative or supplement to informal care arrangements (ABS 2002c). This is particularly the case for families with young children where both parents work full-time (Baxter 2004), but is also relevant to families with other work arrangements who do not have access to informal care arrangements.
83. There are strong associations between type of child care and hours of work, with full-time working mothers being more likely to be using formal care arrangements for young children, including many combining formal and informal care arrangements (ABS 2002c:Table 24; Baxter 2004). In 2002, families with an employed single parent were more likely to use child care than were dual earner couples (de Vaus 2004, p.246). The difference between single parent and couple parent families in child care use was largely related to the higher use of informal care in single parent families.
84. International research has shown that countries with higher usage of informal child care tend to have lower rates of female employment and higher rates of part-time work (Bettio and Plantenga 2004). The higher rates of non-employment are found in these countries because not all women have access to informal care. If formal care is limited or too costly, those women who have no access to informal care will be forced to withdraw from employment. The higher rates of part-time work may be because informal carers (particularly grandparents) may prefer not to take on the job of child care full-time, or because more costly formal child care is unaffordable on a full-time basis.
85. Child care availability and cost continue to be an issue for some families. In 2001, unpublished ABS data showed that an estimated 77,500 women were not looking for work because they had a problem with the availability or cost of child care. This represented around 9.5 per cent of all women not in the labour force with dependants aged less than 15. Of the 77,500 women two thirds had cited problems with the cost of care. Single parents were more likely than couple parents to have said they had a problem with the availability or cost of child care (Baxter 2005b).
86. Doiron and Kalb (2004) found that an increase in the cost of care is estimated to have a stronger negative effect on labour supply in single parent households (compared to couple parent households) especially where there is a pre-school aged child present and when the wife is a low-wage earner.
87. In 2001, HILDA data showed that, of families with preschool children who used or considered using child care for work in the previous 12 months, the most significant problem encountered was finding care for sick children, reported by 28 per cent of families, followed by the cost of care, reported by 20 per cent of families (Australian Institute of Family Studies 2004).

### ***Maternity leave***

88. The availability of unpaid and paid maternity leave provides an important link to the workforce for mothers, providing women with the security that they can return to work after a period of paid or unpaid leave. International research demonstrates that women who have access to such leave are more likely to return to work after an

absence for childbearing (Hofferth 1996; McGovern, Dowd, Gjerdingen, Moscovice, Kochevar and Murphy 2000; Waldfogel, Higuchi and Abe 1999).

89. Under the *Workplace Relations Act 1996*, unpaid maternity leave is available to women who are permanent employees or who have worked in a casual position with their employer for twelve months or more. It is important that fathers also have access to leave so that they have the option of taking on the role of primary care giver. The twelve-month period of unpaid leave can be shared by the husband and wife, although statistics suggest that very little of this leave is used by the father (refer to ABS data cited in Whitehouse and Soloff (2005), p.3 and Bittman et. al 2004 p.35-42).
90. Paid maternity leave is not available to all employed women, but is available to some as a condition of employment. Women who work part-time, in the private sector and with less job tenure are much less likely to have access to paid maternity leave (Table 5). After taking a break for childbearing, many women return to work part-time (Baxter 2005a), as evidenced by the high rates of part-time work amongst mothers, especially those with young children (ABS 2004b).

**Table 5 Female employees, percentage with access to paid maternity leave, 2000**

	Percentage (%)
Full-time	64.3
Part-time	24.5
Public	71.3
Private	36.0
Less than 2 years in current job	32.6
2 to 5 years in current job	44.5
5 years and over in current job	57.5
<b>All Employees</b>	<b>45.1</b>

Source: ABS 2000 Survey of Employment Arrangements and Superannuation, cited in (ABS 2003a).

91. While the Australian Institute of Family Studies has focused on the essential prerequisite for the take-up of maternity leave – that of access to such leave – further research needs to focus on the take-up rates of existing maternity leave entitlements.

### ***Flexible work arrangements***

92. The provision of flexible or family-friendly working arrangements is mostly an employer responsibility, although the government's role in continuing to ensure basic standards of employment conditions are being satisfied and to encourage the implementation of family-friendly provisions is important. Similarly, the requirements of EEO legislation are important in ensuring women, including mothers, are considered equally with regards to employment opportunities.
93. The following ABS table shows that families use an array of work arrangements to help them manage their caring responsibilities. Using flexible working hours and part-time work are the most common arrangements. Both these, and in fact all arrangements, are much more commonly used by mothers than by fathers.

**Table 6 Families<sup>(a)</sup> with an employed father or mother, work arrangements used by father or mother to care for children.**

Work arrangement <sup>(b)</sup>	Families with employed father – work arrangement used by father		Families with employed mother – work arrangement used by mother	
	Number (000s)	%	Number (000s)	%
Flexible working hours	272.5	21.7	370.8	38.8
Permanent part-time	36.9	2.9	333.7	34.9
Shiftwork	67.5	5.4	70.8	7.4
Work at home	114.0	9.1	173.9	18.2
Job Sharing	6.4	0.5	40.1	4.2
Other	19.4	1.5	32.4	3.4
No arrangement	880.1	70.0	282.4	29.6
<b>Total families with father/mother employed</b>	<b>1257.8</b>	<b>100.0</b>	<b>955.2</b>	<b>100.0</b>

Source: ABS Child Care June 2002 (ABS 2002c, p.36)

(a) Families with at least one child aged under 12

(b) Arrangements add to more than total because more than one arrangement can be reported.

94. Table 6 measures use of working arrangements, which is a factor of take-up of working arrangements as well as the availability of these arrangements. Research by Gray and Tudball (2002) looked at the availability of various family-friendly work practices across and within workplaces. They found there was considerable variability across and within workplaces with regard to having access to different work practices. There were strong occupational differences, with professionals and managers and administrators the most likely to have control over start and finish times, and to have access to a telephone for family reasons. Of the full-time employed workers, professionals, paraprofessionals, clerks and tradespersons were the least likely to be able to access part-time work.
95. Gray and Tudball also found that having dependent children was not associated with working in jobs with greater access to family-friendly arrangements. These arrangements were equally available across different workers regardless of whether or not they had children.
96. In terms of flexible start and finish times, Table 6 shows women were much more likely than men to use flexible working hours to manage caring responsibilities, although more than 20 per cent of fathers did use this working arrangement. Gray and Tudball's research found no gender difference in being able to control start and finish times. Consistent with Bittman's (2004) analysis of the take-up of family-friendly employment provisions, it appears that men do not always make use of such conditions when they are available. It is quite likely that this is the case for some mothers as well, especially where there is perceived to be a negative attitude by managers or co-workers towards those who work part-time, use flexible working hours or other family-friendly arrangements. Flexible working arrangements can also require mothers to be constantly managing their working time arrangements, which is a form of extra work that other employees do not have to do (Morehead 2003). (For a discussion of problems associated with the take-up of family-friendly arrangements, for example as they apply to casual workers, and for a summary of the literature, refer to Campbell and Charlesworth (2004).)



### **Differential access to family-friendly work arrangements – single and couple parents**

97. Despite recognition of the particular challenges single parents might face in participating in the labour market, research has not examined the particular work arrangements used by single parents to manage paid work and family care, and how they may differ from couple parents. There are several reasons one would expect use of, and need for, family-friendly work arrangements to differ between single and couple parents. First, one would expect single parents to have greater need than other parents for family-friendly work arrangements because they are more likely than other parents to have exclusive responsibility for the care of children (de Vaus 2004). As a result, the need for employment flexibility is more likely to fall on one person rather than two (Whiteford 2001).
98. Another reason one would expect single parents to have greater need than other parents for family-friendly work arrangements is that their access to child care is likely to be more restricted. This is because single parents tend to have fewer financial resources with which to pay for child care, which can be expensive and difficult to access outside standard work hours, school hours, or in emergencies (e.g. when a child is sick or off school). Single parents also tend to have smaller social networks than couple parents, including in particular networks of extended family, who are most often the source of informal support with child care (Hughes and Stone 2003).
99. In a forthcoming paper, Hughes and Gray draw on data from the *Managing Caring Responsibilities and Paid Employment Survey*, NSW, 2000, to explore differences between single and couple parents in use of, and unmet need for, a range of family-friendly work arrangements, and how this impacts on work decisions (see Hughes and Gray in press). This survey includes information on which family-friendly work arrangements parents use to provide care, and the extent to which they report wanting to make more use of flexible work arrangements than they have been able to (unmet need). The survey also contains information on whether parents have made employment changes in order to better manage their caring responsibilities. This includes changing work hours, changing jobs, quitting a job or becoming self-employed as a way of combining work and care. While the data presented are restricted to NSW there is no reason to think that the pattern of results will fundamentally differ in other States of Australia.
100. Analysis of the survey found that single parents are more likely than couple parents to make use of work arrangements to manage caring responsibilities, and to report unmet need. This is the case for single fathers as well as single mothers, with differences between single and couple fathers being greater than for single and couple mothers. This is likely to reflect the fact that mothers often take primary responsibility for child care within couple families.
101. It was also found that differences between single and couple parents in the types of work arrangements used to manage care. Couple mothers are more likely than single mothers to use part-time work and flex time to manage caring responsibilities, while single mothers are more likely than couple mothers to use shift work or casual work as a way of managing child care responsibilities. This may be because single and couple mothers work in different kinds of jobs with access to different types of family-friendly work provisions.

102. Previous research suggests that single mothers are more likely than couple mothers to choose full-time over part-time employment, probably because they are more likely to be the only income earner in the household. In addition, the greater use of flex time by couple mothers is not surprising given they are more likely to be able to schedule their work hours in conjunction with their partner in order that one of them be available to care for children.
103. It is not possible to know from the analyses whether the differences found in types of family-friendly work arrangements used by single and couple mothers result from the fact that single mothers actively choose certain jobs, including casual and shift work, as a way of managing work and are, or just are more likely to end up in these jobs for other reasons.
104. Single fathers are more likely than couple fathers to use all the different types of family-friendly work arrangements examined in this survey. They are more like mothers than couple fathers in their use of family-friendly work arrangements, reflecting their greater responsibility for child care. However, there are differences between single fathers and single mothers in the types of family-friendly work arrangements used, reflecting gender differences more broadly. In particular single fathers are less likely than single mothers to use part-time work to manage caring responsibilities, and more likely to use rostered days off, time in lieu and informal arrangements. Notably, while this may reflect the fact that mothers are more likely to work in jobs with access to these working arrangements, making use of them is less likely to have as major an effect on pay and advancement as part-time employment.
105. There were also differences between single and couple parents in levels of unmet need for family-friendly work arrangements, though only single and couple mothers were able to be compared because of small numbers of single fathers answering these questions. Results showed that unmet need was much greater for single mothers than for couple mothers across every type of family-friendly work provision. The reasons they gave for unmet need suggest many single mothers are not applying for or making use of family-friendly work arrangements to the extent that they could because of pressure from bosses or other workers, or because they thought if they applied their boss would say "no" anyway. One interpretation of this finding is that single mothers feel they already make large "flexibility" demands of their employers, and therefore feel unable to ask for more.
106. It is also possible that some of the difference in unmet need reflects the types of jobs single mothers are in or some other personal characteristic of single mothers which makes them feel less able to apply for, or less likely to be granted access to, various family-friendly work arrangements. More single than partnered mothers said they would not be paid for time off. This may again be because they work in different types of jobs with less access to paid leave. However, it may also be the case that single mothers are more likely than couple mothers to use up all their paid leave entitlements, and/or be unwilling to make use of unpaid leave options, due to greater financial pressures. Possibly all of these are true.
107. Caring responsibilities also had a bigger impact on the employment of single parents than couple parents. Among self-employed mothers, single mothers were more likely than couple mothers to say they became self-employed in order to make caring easier. And among mothers who were employees, single mothers were most likely to

permanently change the number of hours they worked, while permanently changing start or finish times was the most common job change made by couple mothers. Permanently changing the number of hours worked is likely to have a more significant impact on pay and career advancement than changing start or finish times.

108. Single fathers were much more likely than couple fathers to have made job changes in order to manage caring responsibilities, and much more likely to have wanted to make job changes but been unable to because of caring responsibilities. Differences between single and couple fathers were again greater than differences between single and couple mothers.
109. In comparison to single mothers, single fathers are less likely to have made job changes in order to care but more likely to say there were job changes they wanted to make but were unable to because of caring responsibilities. Single fathers have much higher employment rates than single mothers (see earlier discussion of employment rates). And the types of job changes they had made in order to care were less likely to have an impact on their career advancement and pay levels.
110. It appears therefore that fathers are less likely to revolve paid work around caring responsibilities than are mothers – regardless of their status as primary carers or single parents. It may be that men have greater career expectations than women, regardless of their position as carers, and/or are in a stronger position in the labour market at the point at which they become carers and therefore have a greater incentive to maintain work at previous level and momentum.
111. In summary, it appears overall that caring responsibilities have more of a negative impact on paid work of single parents than couple parents, and single mothers than single fathers.

## **Care for elderly or disabled adults**

112. While the focus of this submission is on the difficulties faced by managing work and child care responsibilities, it is important to recognise that the responsibilities of elder care may also have significant impacts on many people's lives. In fact, it is true to say that most employees at some stage in their life will be faced with issues associated with having ageing parents.
113. The importance of parents having access to work arrangements that enable them to adequately care for their children is widely recognised. However, there has been much less attention paid to the need for access to family-friendly work arrangements to provide care for an elderly or disabled adult. In addition many parents looking after children are also caring for elderly parents (Jenson and Jacobzone 2000; Neal, Chapman, B. and Emlen 1993).
114. The Australian Institute of Family Studies' *Later Life Families Study*, conducted in 1996, explored patterns of intergenerational support provided and received by people aged 50 to 70 years. The study involved a telephone survey of a national random sample of 721 people of this age (57 per cent women; 43 per cent men). Half the sample was in the workforce (either employed or unemployed) and 92 per cent were parents, while 62 per cent were grandparents. Around half still had at least one elderly parent or parent-in-law living (here called "parents"). Of these, 68 per cent

were providing practical assistance to their parents, and 11 per cent of women and 4 per cent of men were the main carer of a parent with health problems or a disability.

115. Nearly half the women and most of the small number of men who were main carers were in paid work. Many also had dependent or semi-dependent children. Some of the respondents who were helping elderly parents also had a spouse with health problems. Overall, this study suggested that, while family aid generally flows from older to younger generations, the middle generations are particularly likely to provide assistance in both directions. These people have been coined the "sandwich generation" (Millward 1998). As the Australian population ages over the next few decades, the proportion of employed people who will be needing to provide care for elderly or disabled adults is likely to increase.
116. Despite the growing importance of this issue, there is little empirical evidence on the use of family-friendly work arrangements by those with caring responsibilities for elderly or disabled adults, and on how it differs from those with caring responsibilities for children only. In a forthcoming paper, Gray and Hughes examine the use of family-friendly work arrangements for care of both children and the elderly using the *ABS Managing Caring Responsibilities and Paid Employment Survey, NSW* from 2000 (Gray and Hughes in press).
117. Among employees with caring responsibilities, there are clear differences in the use of family-friendly work arrangements between those with child care responsibilities and those with responsibility for providing care to elderly or disabled adults. There are also differences evident between males and females - particularly for those with child care but not adult care responsibilities. For women with child care responsibilities but not adult care responsibilities, almost half had used a family-friendly work arrangement to provide care in the previous twelve months. A much lower proportion of men with child only care responsibilities reported having made use of family-friendly work arrangements.
118. In contrast, while women are also more likely to have caring responsibilities for the elderly or disabled, among those who do women have only slightly higher rates of use of family-friendly work arrangements than do men with these responsibilities. For both men and women, those with responsibility for providing care to both adults and children are much more likely to make use of family-friendly work arrangements than those with responsibility for care of children only or adults only. Men with responsibility for care of elderly or disabled are more likely than men with responsibility for care of children to make use of flexible work practices and provisions.
119. For women, patterns of usage of family-friendly work provisions are similar for those with children and those with caring responsibilities for the elderly or disabled. Men and women vary in the different types of work arrangements they make use of in order to provide care. Women are much more likely to use shift, casual and part-time employment in order to manage caring responsibilities, while men are more likely than women to work from home or rely on informal arrangements with employers.
120. Many self-employed carers also said they became self-employed in order to make caring easier, particularly women with child care and men with adult care responsibilities. This highlights the attractiveness of self-employment for carers in

terms of providing flexibility and choice in decisions about when, where and how much to work. However, as self-employment is likely to have its own set of challenges for carers, this finding also highlights the need for policy to consider how to ensure adequate support is provided for the self-employed as well as employees with caring responsibilities (Bell and La Valle 2003).

121. While rates of unmet need for flexible work practices and provisions are relatively low overall, they are higher for elderly and/or disabled care than for child care. This applies to almost all types of work arrangements except shift, casual or part-time work and unpaid leave. The reasons given suggest that people think employers are more likely to refuse use of flexible work practices and provisions for elder and/or disabled care than for child care.
122. Although the levels of unmet need are relatively low amongst employees, caring responsibilities are given as a major reason for not seeking employment amongst those not in the labour force who have child or adult care responsibilities. It is likely that improved access to family-friendly and flexible work arrangements will lead to movements into the labour force amongst at least some of this group.

## **Summary**

123. The balance between work and family is difficult for many families to achieve, given their responsibilities for children, elderly or disabled adults, or both. Families use a variety of strategies to manage this balance. The availability of child care, maternity leave, access to good quality part-time work and flexible working arrangements are all important aspects of these strategies. These options are not available to all families, as cost and availability of child care is still a barrier to some. In addition, some women are not working in jobs that offer maternity leave, part-time work or other flexible work arrangements.

### **3. THE IMPACT OF TAXATION AND OTHER MATTERS ON FAMILIES IN THE CHOICES THEY MAKE IN BALANCING WORK AND FAMILY LIFE**

124. There has been significant debate in Australia about financial disincentives to take up paid employment, which are created by interactions between the income support and taxation systems (Dawkins 2002; Duncan 2002; Ingles 1998; Johnson 2001; Keating and Lambert 1998; Toohey and Beer 2003).
125. Discussion of the disincentive effects of the income support system nearly always assumes that recipients have a good understanding both of the labour market and the income support system and the way earning money in the labour market affects the level of benefits received. However, the Australian system like those in many other countries is very complex. Therefore it is quite plausible that many people are unable to calculate the impact of earnings upon the amount of benefits they will receive and the amount of tax they will pay.
126. To date there has been little evidence on the extent to which families in receipt of government payments understand the impact of earnings upon the benefits they receive. The limited Australian research suggests that families do perform calculations to determine the returns from working (Wilson, Pech and Bates 1999), but that low income families have trouble calculating the impact of working on their net income (Brotherhood of St Laurence 1999).
127. If this is the case, government benefit recipients may be making decisions regarding the uptake or increase in the hours of paid employment based on misconceptions about the effects of paid employment on the amount of benefits received. For people who have little attachment to the labour market, decisions regarding the uptake of paid employment may also involve inaccurate expectations of their potential labour market earnings and thus miscalculations in the effect of uptake of paid employment on government benefits and total income.

#### **Family and Work Decisions study**

128. The following analysis uses a recent study of single and couple mothers to explore understanding of the income support system and its interaction with paid employment. Results from the study are due for release in a number of publications throughout 2005, in particular two forthcoming AIFS Research Papers by Gray and Renda on the reservation wages of single and couple mothers (Gray and Renda in press-a) and single mothers' understanding of the income support system (Gray and Renda in press-b).
129. Specifically, the analysis uses data and findings from the *Family and Work Decisions* (FAWD) study carried out by AIFS in conjunction with the Department of Family and Community Services. The survey was designed to explore the factors that influence mothers' labour supply decisions and is based on the population of Australian mothers in receipt of Family Tax Benefit.

130. The survey collected a wide range of information including demographic and human capital characteristics, detailed information on household composition, labour force status, use of child care, participation in study and training income, health status and a wide range of attitudinal questions about combining work and family.
131. Detailed questions were asked about mothers' knowledge of which benefits they and their partner (if present) receive. There were questions on desire to work and reasons for not working for non-employed mothers. Non-working mothers who expressed a desire to work were asked a series of questions about how much they would need to be paid to make it worthwhile taking up a job, the number of hours they would want to work and their perception as to the impact of earnings upon the benefits they receive. The questions on the FAWD 2002 survey are similar, although not identical, to those used in several UK surveys (see for example, Marsh and McKay 1993).<sup>1</sup>
132. In the next part of the submission, data from the FAWD study are presented that show how realistic mothers are in their perceptions of the labour market and the earnings they feel they would have to receive to make paid employment worthwhile. Their knowledge of the benefits they receive and their perceptions of how these benefits would be affected if they were to undertake paid employment are then discussed.

### **Reservation hourly wage rate**

133. In order for government benefits recipients to be able to calculate the financial gain from moving to paid employment, they need to be able to estimate the minimum wage (reservation wage) that they would require in order to accept a job offer.<sup>2</sup> The higher a jobseeker's reservation wage is, relative to their productivity in the labour market, the lower their chances of finding employment. Therefore, it is sometimes argued that the unemployed and other job seekers have unrealistically high wage expectations and this is an important reason for their difficulty in finding employment.
134. The FAWD 2002 survey found that almost one-third of single and couple mothers were unable to provide a reservation income. This has important implications for our thinking about the impact of the financial incentives generated by the income support system. If many of those in receipt of an income support payment are unable to estimate what they would need to earn to make it worthwhile accepting a job, then they are unlikely to be responsive to changes in effective marginal tax rates at different points of the earnings distribution.
135. In the two-thirds of cases where a reservation wage could be estimated, the reservation hourly wage rates reported by non-working mothers appeared to be quite modest. The average gross reservation hourly wage rate of \$15.18 per hour for couple mothers is slightly higher than the average for single mothers \$14.49 (Table 7). To

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1. Similar questions have been used in studies conducted by the Policy Studies Institute in the United Kingdom, most recently in the Study of Families with Children Survey conducted by the Policy Studies Institute for the Department of Work and Pensions.

2. Formally the reservation wage is defined as the wage that would need to be offered to the jobseeker which would be just enough to induce them to accept a job rather than continue searching.

put the reservation wages into perspective, the federal minimum wage for full-time adult employees at the time of the FAWD 2002 survey was \$11.35 per hour and the average hourly rate for non-managerial female employees was \$19.10.

136. Importantly, the average reservation wages of the non-working mothers were lower than the actual wage rates received by those mothers in the FAWD sample who were working (Table 7).

**Table 7 Reservation hourly wages and actual hourly wages by family type**

	Reservation income (non-working mothers)		Actual earnings (employed mothers)	
	Couple mother	Single mother	Couple mother	Single mother
	\$ per hour			
Reservation gross hourly wages				
Mean	15.18	14.49	16.93	17.60
Median	13.51	13.35	15.62	15.26
Standard deviation	12.15	6.94	8.50	30.08
Number of observations	281	289	505	624

Source: FAWD 2002.

137. In order to assess whether the non-working single and couple mothers who want to work are not employed because their reservation wage rates are too high, their reservation wages were compared to the amount estimated that they would earn if they were employed (based on their personal and educational characteristics). The FAWD study found that 71 per cent of single and 74 per cent couple mothers' reservation wage was equal to or less than their predicted wage. These results indicate that the majority of non-working single and couple mothers do not have unrealistically high expectations of their potential earnings in the labour market.

## How well do mothers understand their entitlements to government payments?

138. The FAWD survey provided information about the extent to which mothers were aware of the nature of any government payments they were receiving.<sup>3</sup> The payments respondents think that they were receiving are compared to what they actually received.
139. It is important to bear in mind that not knowing the names of the benefits received does not necessarily imply limited knowledge of the rules and design of the income support system, and in particular how earnings will affect the level of government benefits received. However, it is indicative of limited knowledge of the details of the payments.

3. The response frame for the FAWD survey questions on which government benefits the respondent thought that they (or their partner received) included names of former payments. For example, the response category for Parenting Payment also include the information "formerly Sole Parent Pension/Parenting Allowance).



140. Table 8 shows the extent to which mothers know which government benefits they receive. The figures presented in this table are for all the mothers in the survey (both working and non-working). As an example to the interpretation of Table 8, consider couple mothers who, according to the administrative data, received FTB. In the FAWD survey, the majority (84.9 per cent) of these mothers knew that they received this benefit, however 15.2 per cent thought that they did not.
141. Overall, the majority of mothers were able to identify which benefits they received. However, there were also many who were unable to do so. Single mothers were more likely than couple mothers to be unaware of their FTB receipt or to be mistaken in thinking that they are in receipt of the payment. For Parenting Payment the results were slightly different. More couple mothers did not think they were receiving a Parenting Payment when they actually were. However, more single mothers thought they were in receipt of a Parenting Payment when they were not.

**Table 8 Mothers' knowledge of the benefits they receive**

	Family Tax Benefit (FTB)	Parenting Payment	
	Receive benefit	Receive benefit	Don't receive benefit
<b>Couple mothers</b>			
Think do not receive the benefit	15.2	22.3	86.7
Think receive the benefit	84.9	77.7	13.3
Number of observations	1,155	121	1,077
<b>Single mothers</b>			
Think do not receive the benefit	27.1	7.1	80.7
Think receive the benefit	72.9	92.9	19.4
Number of observations	1,146	842	341

Notes: The FAWD survey question used to derive this information is: "Which, if any, government payments do you currently receive?" This question did not differentiate between FTB A and FTB B. Column totals may not sum to 100 per cent due to rounding errors. Mothers not receiving a FTB payment are excluded since the numbers are too small to provide reliable estimates.

Source: FAWD 2002 and Centrelink administrative data.

142. Most of the modelling of the effects of the income support system assume that people understand how taking up a job and hence having earnings would impact on the level of benefits they would be entitled to.
143. Designing questions that provide information on the extent to which people receiving income tested government benefits understand this is complex. The approach adopted in the FAWD survey was to ask non-working respondents what impact working and earning their reservation wage would have on the amount of government payments they would receive.
144. Pre-testing of the survey found that mothers could not give an exact dollar figure of the amount of benefits they would receive if they were earning their reservation wage. This in itself is indicative of the inability of many mothers to assess the impact on their government benefits of moving into paid employment. What they were able to

do, however, was say whether they would get “a bit less government benefits”, a “lot less government benefits” or “no government benefits at all”.

145. In the remainder of this section information is presented on the extent to which non-working mothers understand the impact of earning their reservation wage on the amount of benefits they would receive. For reasons of simplicity, the analysis is restricted to non-working single mothers only.<sup>4</sup>
146. For single mothers, the payments considered in this submission that are income tested are Parenting Payment and FTB A. FTB B is only income tested on the second income earner and thus for single mothers is not income tested at all.
147. While the question asked about the impact of earning their reservation wage on the total amount of government benefits they received, it is possible that the respondent thought that the question was referring to the amount of Parenting Payment Single (PPS) received. For single mothers, eligibility for PPS is lost at a lower amount of earnings than is FTB A. Single mothers are eligible to continue to receive FTB B irrespective of the amount they earn.
148. Table 9 shows how single mothers’ perception of the impact of their reservation earnings on the amount of PPS they would receive compares to what would happen in reality (as determined by the rules of the income support system). The analysis is restricted to the non-working single mothers who received an income support payment.
149. Very few of the single mothers would in reality lose all of their PPS if they earned their reservation wage (12 per cent – these mothers are shown in the last column of Table 9). The remainder would continue to receive PPS. All of the single mothers would continue to be eligible for FTB A and FTB B.
150. As an example to the interpretation of Table 9, the first column of numbers is for non-working single mothers who would continue to receive PPS if they found a job paying their reservation weekly earnings. Just over a quarter (29 per cent) thought that they would receive a bit less than they currently receive, 44 per cent thought that they would receive a lot less government benefits than they currently receive and 17 per cent thought they would receive no benefits at all. A further 11 per cent could not say what the impact on their benefits would be.
151. Only 27 of the single mothers (12 per cent) would lose all of their PPS if they earned their reservation income. The small number of such respondents means that great caution must be used when examining their understanding of the impact of earning their reservation income on their receipt of benefits.

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<sup>4</sup> Calculating the impact of earning the reservation income on government benefits is much more complex for couple mothers because it is necessary to take account of changes in benefit entitlement from the mother to the father, which can occur in couple families. In addition, for single mothers it is not necessary to consider possible effects of a non-working couple mother taking up paid employment upon the labour supply decision of her partner.

**Table 9 Perception of the impact of reservation weekly earnings on the amount of PPS received, non-working single mothers**

	Actual impact of reservation earnings on PPS	
	Continue to receive PPS	Lose all PPS
	Per cent	
<b>Perception of amount of benefits received</b>		
A bit less than currently receive	28.5	11.1
A lot less than currently receive	44.0	33.3
None at all	16.5	51.9
Can't say	11.0	3.7
Number of observations	200	27

Notes: All of the non-working single mothers receive PPS, FTB A and FTB B and according to their income levels are entitled to the maximum amounts of each of these payments.

Source: FAWD Survey 2002.

152. Table 10 shows the perceived and actual impact of earning the reservation wage on the amount of government benefits received. The top panel of Table 10 shows the single mothers' entitlements without any earnings, by the respondents' perception of the impact of their reservation wage on the amount of benefits received. For example, the amount of PPS received is \$215 per week for those who said that they would receive "a bit less than currently receive", "a lot less than currently receive" and "none". While there is some variation in the amount of FTB A and FTB B received according to the perceptions of the amount of benefits they would lose, the variation simply reflects differences in the number and age of children that affect the amount of FTB A and FTB B received. Their disposable income is shown in the final row of the top panel.
153. The bottom panel of Table 10 shows the amount of government benefits that would be received if they achieved their reservation income (reservation wage by preferred number of hours) by their perception of the amount of benefits they would receive (a bit less, a lot less or none at all). The disposable income that the respondent would actually achieve if they earned their reservation income and the change in disposable income are also shown in the table.

**Table 10 Perceived and actual impact of earning reservation wage on government benefits received, non-working single mothers**

	Perception of amount of benefits received if achieved reservation earnings		
	A bit less than currently receive	A lot less than currently receive	None
	<b>Dollars per week</b>		
	<b>Without Earnings</b>		
Parenting Payment Single	215	215	215
FTB A	118	115	114
FTB B	45	45	42
Weekly earnings (after tax)	0	0	0
Disposable income	378	374	371
	<b>With reservation earnings</b>		
Parenting Payment Single	125	89	39
FTB A	117	110	99
FTB B	45	45	42
Weekly earnings (after tax) – reservation earnings	268	348	472
Disposable income	556	592	653
Change in disposable income	178	218	282
Per cent of disposable income lost through income tax and loss of benefits	41.4%	46.7%	51.5%
Number of observations	60	97	47

Notes: The amount of government benefits without earnings is calculated as each respondents "theoretical" entitlement. It may differ from what a particular respondent is receiving for any given fortnight for a very wide range of reasons. Amounts are rounded to the nearest dollar.

Source: FAWD Survey 2002.

154. A number of points can be taken from Table 10. Those who thought that they would lose more of their benefits if they earned their reservation income had, on average, higher reservation incomes. For example, of those who thought that they would receive a bit less than they currently received, their average net reservation income was \$268 per week. This increased to \$348 for those who thought that they would get a lot less than they currently received and those who thought they would receive no benefits had a net reservation income of \$472 per week.
155. This suggests that, on average, single mothers have an understanding that the amount of benefits received decreases as income increases.
156. Amongst single mothers who thought that they would receive no benefits at all if they earned their reservation income, on average they would continue to receive \$39 per week in PPS and \$141 in FTB A and B payments combined – a total of \$180 per week in government benefits.
157. At least 20 per cent of non-working single mothers significantly over estimated the reduction in government benefits that would occur should they commence paid employment at their reservation income. A further 10 per cent of single mothers couldn't say what impact earning their reservation income would have on their government benefits.

158. The single mothers would lose a substantial amount of their reservation earnings through taxes paid and benefits lost. For those who thought that they would receive “a bit less” in government benefits than they currently received, 41 per cent of their reservation earnings would have been lost. This increased to 47 per cent for those who thought they would get “a lot less” than they currently received and 52 per cent who thought they would receive no government benefits at all.

## Summary

159. The debate in Australia on the disincentive effects of the income support system has nearly always assumed that recipients have a good understanding of both the potential earnings they could earn in the labour market and the impact these potential earnings would have on the level of government benefits received. Based on findings from a recent study of single and couple mothers (the *Family and Work Decisions* study) conducted by AIFS, both of these assumptions are incorrect, at least for a substantial proportion of families.
160. The FAWD study found that nearly a third of the population of non-working mothers were unable to estimate the minimum potential earnings (reservation income) they would need in order to take up paid employment.
161. For the remaining two-thirds who could estimate a reservation income, their reservation incomes were found, on the whole, to be relatively modest, with many providing a reservation wage at or below the federal minimum wage applicable at the time of the study (late 2002). Based on their known personal and labour market characteristics, FAWD also found that more than 70 per cent of mothers had a reservation wage that was below what they would be predicted to earn in paid employment.
162. FAWD also found that the workings of the income support system in Australia are not well understood by Australian mothers, with a substantial minority unable to identify correctly whether they were currently in receipt of Family Tax Benefit or Parenting Payment.
163. Focusing on non-working single mothers only, the FAWD study found considerable misunderstanding about the effect that earning the reservation wage would have on the level of government benefits that would continue to be received. Many non-working single mothers significantly over-estimated the reduction in government benefits that would occur should they commence paid employment at their reservation wage. Many other non-working mothers misunderstood whether commencing such employment would affect their benefits in a minor or substantial manner.

## SUMMARY OF SUBMISSION

164. This submission highlights recently analysed data held at the Institute that are centrally relevant to the Inquiry's terms of reference.
165. The main data sources are the *Fertility Decision Making Project* (for an overview of results see Weston et al. 2004); ABS data (including unpublished data from both the 2001 Census and the Managing Caring Responsibilities and Paid Employment Survey, NSW, 2000); and the *Family and Work Decisions Study* (for forthcoming papers using results from this study see Gray and Hughes in press; Hughes and Gray in press; Gray and Renda in press-a; Gray and Renda in press-b).
166. The data show that while most people aged 20-39 years want children, there are significant steps that must be taken before they feel the situation is 'right' to start a family or to have another child. Being in a secure, stable and adequate relationship with a partner and having a secure, stable and adequate income stream are important preconditions that many nominate. People vary in terms of what they consider 'secure stable and adequate' making these preconditions hard to predict at the individual level. While generally not the most important consideration, work-related concerns were commonly mentioned as reasons for not having children, for having fewer children than desired, or for revising ideal family size downwards. The reasons included job security (particularly for men), a desire to concentrate on career development and difficulties in managing work and family responsibilities.
167. Families with dependent children need to decide both how best to allocate the paid and unpaid work within the household and then how best to manage that allocation on an everyday basis. At various points in a family's life course, such as the arrival of a baby, or the separation of parents, decisions about work and family need to be revisited. In addition, major changes to household income and expenditure (for example, through unemployment or purchasing a first home) might require revision to the paid and unpaid working arrangements within a family. Mothers tend to carry the highest load of caring and domestic work within households and their paid work hours tend to be lower than fathers.
168. Data show that single parents, particularly single mothers with dependent children, can find balancing work and family quite a challenge. Fifty-one per cent of single mothers are in the labour force compared with 66 per cent of partnered mothers. The lower employment rates of single mothers in part indicate the lower level of support available within their household and reflect the extra work they need to do to construct supports and manage household transitions. Employed mothers are more likely to work part-time than full-time (although this is only slightly the case for single mothers), and to work longer hours as their caring roles become less intensive. Data show that partnered mothers tend to work part-time when their husband's incomes reach a certain level. The vast majority of partnered fathers with dependent children are in the labour force, with most working full-time. In contrast to mothers, the hours of paid work undertaken by partnered fathers is not affected by the presence or age of dependent children.

169. Parents, particularly mothers, use a range of strategies, such as part-time jobs, child care, outside school care and schools to fill the care gap that arises when mothers undertake paid work. The availability of maternity leave and flexible working arrangements are also important supports for mothers who are carrying most of the caring and domestic work in their households. Where fathers also participate in caring and domestic work, parental leave and flexible working arrangements are also critical supports. Fathers are more likely than mothers to make use of these supports if they are paid rather than unpaid.
170. Women are more likely than men to have caring responsibilities. Men with caring responsibilities are much more likely to be caring for older people than for children. For both men and women, the rates of unmet need for flexible work practices are higher when they have elder care responsibilities than when their care responsibilities only involve children.
171. There are many factors that impact on the choices families make in balancing work and family life. This submission includes a discussion about how well mothers understand the government benefits they receive and how these might be affected by paid employment. Much of the debate in Australia on the disincentive effects of the income support system has assumed that recipients have a good understanding of both these issues. Information provided in this submission, however, indicates that neither is well understood, at least by a substantial proportion of families.

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