

**COMMONWEALTH PARLIAMENTARY INQUIRY INTO  
BALANCING WORK AND FAMILY**

**SUBMISSION BY THE  
SOUTH AUSTRALIAN GOVERNMENT**

## 1. Introduction

The ability of individuals and families to balance work and family will have increasing economic and social implications for Australia.

Population projections show that the ageing of the population and declining fertility rate will result in a significantly reduced working age population, which has the potential to limit national and regional economic growth. In this environment, it will become increasingly important that:

- all people who desire to participate in the workforce are able to do so;
- the productive capacity of the workforce population is maximised; and
- industry/employers are able to meet employees' work and family needs and thus attract and retain staff.

Failure to address work family balance issues will have significant social costs for individuals and societies as a whole, such as stress-induced health conditions and family and relationship breakdown. Similarly, the past reliance - typically on women - as providers of informal care for partners, children, grandchildren, parents and other family members, is unlikely to continue as women increasingly remain in paid employment. This will have significant implications for the provision of Government services.

Given these implications, broader recognition is required that balancing work and family is an issue for government, employers and communities, not just for individual families and not just for women.

The 2002 OECD report on balancing of work and family life summarises "The reason why the reconciliation of work and family is increasingly important to so many governments is that it is hoped that getting the right balance will promote all sorts of other goals of society. Increasingly, aggregate labour supply and employment (so increasing national income); families with more stable and secure sources of income, families better able to stand the stresses of modern life, and if relationships do break down, better able to move on in their lives, better child development outcomes, less public expenditure, higher fertility (or at least, enabling families to have their desired number of children) and more gender equity, are often primary government objectives."<sup>1</sup>

It is of national significance that Australia benchmarked against other countries, does not compare favourably "Australia's performance in terms of employers providing family friendly workplaces is currently below world best practice levels, as is demonstrated by the comparison of Australian and the US workplaces... this data suggests that organisations in the US offer more family friendly work practices than do their counterparts in Australia, especially by offering compressed working weeks, employee assistance, on site or near site child care facilities, and information and referral services."<sup>2</sup>

Similarly work and family issues have significant regional implications. South Australia in particular will experience these issues earlier than the nation, as the population has a higher median age and the fertility rate is lower. The South Australian Government has taken a proactive approach in recognising these issues and in March 2004 released "Prosperity through People: a Population Policy for South Australia". Improving work/life

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<sup>1</sup> OECD Report 2002 "Babies and Bosses: Reconciling Work and Family Life Australia, Denmark and the Netherlands" Vol 1

<sup>2</sup> Mulvenca (1999) and Bankert and Linchfield (1998) as quoted p12 Austen S and Birch ER ' Family Responsibilities and Working Women's Lives' Discussion Paper No 1/02 Feb 2002; Institute for Research into International Competitiveness Curtin Business, School Curtin University of Technology

balance is an important pillar of this policy and the South Australian Government calls on the Commonwealth to respond similarly with a national population policy.

## 2. Terms of reference

The terms of reference are highly interrelated, and many of the suggested responses to address the individual terms of reference raised will address, at least in part, the other terms of reference. The South Australian Government also recognises that work and family is a whole of life concept that needs to be broadly interpreted to recognise the varying life, family and caring responsibilities of individuals and families.

### 2.1. The financial, career and social disincentives to starting families;

Australian research shows that on average women want more than two children. As the national fertility rate is 1.78 (2003/04), there are clearly significant disincentives to realising the desire to have more children. It also suggests that in the absence of these disincentives Australia's fertility rate would be closer to the replacement rate of 2.1.

While not only enabling Australians to realise their desires to start a family, addressing the disincentives to doing so has broader policy outcomes. Maintaining or increasing Australia's fertility rate will achieve a more sustainable population structure. In particular addressing the barriers to starting a family, while the desire for more children exists, will help to avoid the experience of some European nations of entrenched low fertility and population decline.

The financial, career and social disincentives can be summarised as follows:

Financial	Career	Social
Loss of salary, wages & superannuation	Loss of career path/ progression	Isolation – from work and from other no family social networks
Cost of education	Step down in status and earnings	Parenting 'devalued'
Cost of raising children	Perceptions of 'non commitment' from co-workers/bosses	Risk of relationship breakdown
Competing priorities such as home ownership and lifestyle	Opportunities for training and professional development	Expectations of gender roles
HECS debts	Loss of connection	
Access to and cost of Childcare		
Lack of flexibility in work arrangements		
Loss of connection to the workforce		
Specific issues re lack of access to out of school hours care, childcare for rural women		

#### **Financial**

The loss of salary, wages and superannuation while out of the workforce to give birth and then care for children is a significant disincentive, as Australia is one of only two OECD nations that does not have access to universal paid maternity leave.

The Barbara Pocock report also indicates that, "South Australian women's pay has fallen significantly relative to men's over the past 10 years. In the 1990s, the SA gender wage gap grew by 3.1 percentage points, from 11.8 to 14.8 percentage points.

South Australian women with children in the 5 - 12 years age group suffer a high wage penalty relative to those women without, holding a wide range of possible other explanatory factors, constant. Each additional child increases the pay penalty. The discount is three times greater in South Australia - 12% per child - compared to the national discount of 4% per child.<sup>3</sup>

A 1997 study identified that "half of all women employed during pregnancy do not return to employment within 18 months and when they do, the majority return part-time."<sup>4</sup> This time out of the workforce has a financial cost. Women who return sooner to employment after the first birth are predominately those with high levels of education, high status occupations, high incomes, strong work attachment, lower-earning husbands and an attitude that substitute child care is not detrimental to young children.<sup>5</sup>

In addition some parents find that on returning to work they are unable to find employment at their previous salary which is an additional financial cost to the time away from work. This is a particular disincentive for women, particularly those who have made significant investments in their education, as women who have children earn less over their lifetime than similar women who do not.

Potential parents are faced with significant competing financial priorities including housing costs, education and training costs including HECS debts, other debt servicing costs as well as general living costs. As the level of household debt as a percentage of income has been rising<sup>6</sup> it is unlikely that these financial pressures will abate.

The high cost of caring for and raising children for most potential parents means compromising lifestyle expectations with having a family.

### **Career**

Both a career and financial disincentive to starting families is a lack of flexibility in work arrangements when the primary carer chooses to return to work. The carer may be unable to negotiate sufficient flexibility in work arrangements, whether with an existing employer or a new employer, to enable them to balance work and life. This flexibility may be in terms of negotiating starting and finishing times, hours of work and/ or emergency care arrangements.

For example, women, typically in part time or casual work, can feel forced into resigning from their place of employment once pregnant and thus lose that connection to the work force and that career path. Others, who have been able to take leave from their workplace, find that they are unable to return to their previous roles and their status and earning capacity in the workplace has diminished. This is particularly evident if they return to work at less hours than previously employed as a result of perceptions of being uncommitted workers. They are also likely to have less access to training and skills development and fewer promotional opportunities because of these perceptions.

### **Social Disincentives**

The social disincentives to individuals should also not be underplayed as the increasing numbers of people choosing not to have children has meant that potential parents can

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<sup>3</sup> *Having a Life: Work, family, fairness and community in 2000.*

<sup>4</sup> Glezer, H. and Wolcott, I. (1997) 'Work and family values, preferences and practice', Australian Family Briefing No.4, Australian Institute of Family Studies, Melbourne.

<sup>5</sup> Glezer, H. and Wolcott, I. (1997) 'Work and family values, preferences and practice', Australian Family Briefing No.4, Australian Institute of Family Studies, Melbourne.

<sup>6</sup> 2001 Census - 30 June 1991 Debt to income ratio was 115%

find themselves isolated from friends due to changes in lifestyle resulting from their decision to have a family. They can also find themselves with little access to family or friendship based support, or access to knowledge or experience about caring for their children, due to higher participation in the workforce and smaller families. For rural families and women this is compounded by geographic isolation.

Both women and men can also experience social criticism about their choices regarding having children and working. Parenting and unpaid care tend to be undervalued by the community as a whole, and women, particularly those who are career orientated, are criticised for opting out of the workforce if they choose to be the primary carer. Conversely those who return to work, particularly if full time, are criticised for being poor parents/mothers. Similarly, men who choose to be the primary carer for their children, whether by staying home or working part time, are seen as an anomaly and as 'taking the easy option' of opting out of the workforce.

While men may undertake the commitment to start a family on the expectation that they will be able to be involved and partner in caring for their children, they can be reluctant to access flexible workplace arrangements. Men can fear that taking parental leave will damage their career prospects because of the way managers and others in the workplace might view their decision. Managers may see them as less committed or productive, colleagues may claim they are cynically taking advantage of 'women's rights', or supervisors may undervalue their work, given that presence in the workplace is valued over actual performance and outputs.<sup>7 8</sup>

By postponing the decision to start a family until they are financially secure, some potential parents are also faced with the social cost of being unable to achieve their desired number of children. Declining fertility after 30 and 35 years of age in particular, can result in couples having smaller families, or unable to conceive children at all. They may then face the additional stress and financial costs of fertility treatment or adoption.

Potential parents may also postpone the decision to start a family because of instability in their relationship and the significant financial and social risks to them individually should circumstances change and they find themselves a sole parent.

### ***Mechanisms to address some of these issues***

#### **National paid maternity/parental leave scheme**

As the South Australian Government has outlined in its Population Policy, South Australia believes that there is a strong basis on which to introduce a national Paid Maternity leave scheme.

Parents, (particularly women) in paid work with dependent children should not be disadvantaged by their decision to have a child. Paid maternity/paternity leave is part of the broader issue enabling people to combine their work and family responsibilities, arguably as one of a suite of measures that would support these joint responsibilities.

A recent ACIRRT<sup>9</sup> report suggests that the current reliance on workplace agreements to initiate paid maternity leave has proven ineffective and inequitable. In part this is due to the disparity between industries in the utilisation of workplace agreements, for example

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<sup>7</sup> DWSRB (Department of Employment, Workplace Relations and Small Business) (1998) *Work and Family: State of Play*, Work and Family Unit, Canberra.

<sup>8</sup> Dr Louis Thornthwaite Uni of Sydney, "Work family balance:international research on employee preferences", Working paper no 79 from the Working Time Today Conference, August 2002

<sup>9</sup> ACIRRT = Australian Centre for Industrial Relations Research and Training.

in the finance/insurance industries 77% of employees have access, whereas only 7.2 % of the retail industry have access to workplace agreements<sup>10</sup>. This may possibly be due to high numbers of casual employees in retail.<sup>11</sup>

A recent ACIRRT<sup>12</sup> report found that only 6.7% of State collective bargaining agreements, and less than 1% of federal agreements, offered paid maternity leave.<sup>13</sup>

An ACIRRT report on South Australian work and family arrangements commissioned in October 2001, identified that only 2.8% of State enterprise agreements (workplace agreements under the *Industrial and Employee Relations Act SA 1994*) offered paid maternity/paternity leave. These agreements are, in the main, public service enterprise agreements.

A national scheme would enable potential parents to balance the option of having children with other financial priorities and commitments. It would also provide greater choice and paid time for parents to establish their families as they wish, with the option of caring for their children if they so choose in the early years.

A national scheme that enables parents to better balance work and life in the early years would also respond to international research on the time needed for attachment formation in the early years to subsequent infant, child and adult mental health development. It would also provide health benefits by providing time to establish breast feeding where this is possible.

Paid parenting leave provisions should also be considered to encourage men's involvement with parenting responsibilities, giving families more options as well as providing a basis for stronger family units and improved childhood development outcomes.

**An increase in federally funded, high quality, accredited, childcare places to ensure child care is both affordable and accessible to all who require it.**

Affordable, accessible, high quality child care enables parents to pursue opportunities for skill training and work, while enabling positive early childhood development outcomes. Higher skills generally provide longer term income stability for individuals and provide further potential advantages through reduced reliance on safety net supports.

**Improve the pay, status and conditions of early childhood workers to match the duties and level of responsibility their work involves without transferring these costs to families.**

The pay, status and employment conditions of early childhood workers are barriers to expanding the provision of high quality childcare.

**2.2. Making it easier for parents who so wish to return to the paid workforce;**

Parents' decisions about returning to work are informed by difficult judgements in three key areas:

- the balance between income career path considerations and costs of returning to work

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<sup>10</sup> Equal Opportunity for Women in the Workplace Agency survey of paid maternity and paternity leave April 2002

<sup>11</sup> Department for Employment, Workplace Relations and Small Business, Wages Report, June 2001.

<sup>12</sup> ACIRRT = Australian Centre for Industrial Relations Research and Training.

<sup>13</sup> As reported in *The Advertiser* and *The Australian* on 15/4/02.

- likely flexibility in the workplace in relation to balancing work with family life
- the ability of the early childhood service system to provide high quality care for their children when they are at work.

The impact of these decisions falls unevenly depending on the nature of employment previously held, the length of time away from the workforce and the strength of connections to previous employers. Women are affected most acutely and women from low to middle income households who are considering returning to low-paid casual jobs have fewest choices.

### ***Economic and social cost of returning to work***

Significant economic and social costs arise from the care arrangements for children when parents return to work. Recent research<sup>14</sup> conducted by the UK Equal Opportunity Commission reports that the main trigger for part time work is the arrival of the second child, which may well reflect the cost of childcare versus income.

There is a shortage of childcare services in South Australia. Childcare centres, family day care providers and out of school hours care programs report that there are too few places, with many services having extensive waiting lists.

This shortage is compounded by skills shortages in childcare, which mean that centres, out of school hours care programs and family day care schemes cannot recruit the staff they need, particularly those with recognised qualifications. Many childcare centres in South Australia find it difficult to meet the minimum standards for qualified staff because they cannot recruit qualified people.

When taken together these shortages mean that young families cannot have confidence that the early childhood service system will be able to support their return to work. The South Australian Government is working collaboratively with the childcare sector on strategies to increase the number of qualified childcare staff. Since July 2003, Child Care Qualification Scholarships have been offered to staff to assist with costs in acquiring a diploma.

### ***Flexibility in work arrangements***

Parents returning to work can face significant difficulty in negotiating work arrangements that will allow them to balance their work and caring responsibilities. Equally, the flexibility of the work arrangements of the parent already working has a significant impact on the flexibility that the parent returning to work requires to be able to balance work and family commitments.

The South Australian Equal Opportunity Commission, has dealt with complaints of alleged sex discrimination by women who are asked in job interviews about how they would be able to balance work and family responsibilities. In one case, a complainant's husband, who also worked for the same company, was not asked such questions by the employer. The Commission has also noted a trend for young male partners of pregnant women who are being discriminated against at work to make enquiries on their behalf. This suggests that the struggle for young families to balance work and child rearing responsibilities is starting to be viewed in the community as a concern for all parents.

While the UK offers higher paid maternity leave than Australia (18 weeks paid but not at full time rates leave) the research around preferences for returning to work is relevant to Australia. The UK *Work-Life Balance 2000* survey demonstrated the strength of interest

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<sup>14</sup> Francesconi, M and Gosling, A (2005) Career paths of part time workers. Manchester EOC Working Paper Series no. 19.

among working mothers for flexible working arrangements in its finding that more women would prefer greater flexibility in working hours on their return to work from maternity leave (56%) than longer maternity leave (43%). As with women's preferences for part-time work, these preferences are related to occupational status: female managers and professionals are more likely to choose greater flexibility on their return to work over longer periods of maternity leave. However, the survey also indicated that only two in five working mothers returning from maternity leave actually obtained greater flexibility in working time. The vast majority (70%) accommodated work and family by switching to part-time work and obtaining other changes, such as returning to a different job or switching shifts.<sup>15</sup> It is a significant opportunity cost to the nation if parents returning to work are only able to access employment that does not make full use of their skills, education and training.

Research in Australia around working hours preferences, has shown that the preferences of Australian women vary according to the ages of their dependent children. When their youngest child is under five years, the majority of employed mothers prefer part-time work. Of mothers working up to 29 hours per week, 79% are happy with the hours involved in these arrangements, and the remainder are split in terms of those who would prefer either more or fewer hours, or no paid work at all.<sup>16</sup> As their children grow older, and especially once the youngest child enters school, the preference of Australian women for longer working hours increases.

The importance of work to these women is underlined by the finding that almost two thirds of mothers (64%) would still prefer to have a paid job even if they did not need the extra income. Significantly, however, many Australian women remain dissatisfied with the nature of their part-time working arrangements. In particular, there is much evidence that they often find managerial cultures unsupportive and that their use of part-time provisions inhibits their career advancement.<sup>17</sup>

UK research conducted in 1997 prior to the extension of maternity rights in that country, found that the nature of maternity leave entitlements also affects the rate and form of women's return to work following childbirth. According to this research, three main elements influence the return-to-work decision:

(a) *Women who qualify for maternity leave are more likely to be in employment nine months after the birth than other mothers who worked when pregnant, and they are also more likely to return to full-time work with their employer.*

(b) *The more generous the duration of leave, the higher the proportion of women returning to work after childbirth. Women who qualify for extended maternity absence are more likely to return than those only entitled to the statutory minimum entitlement (72% compared to 56%).*

(c) *The generosity of compensation also affects women's behaviour. Women who receive contractually-enhanced maternity pay (86%) are more likely to return to work*

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<sup>15</sup> Hogarth, T., Hasluck, C. and Pierre, G. with Winterbotham, M. and Vivien, D., (2000) *Work-Life Balance 2000: Baseline study of work-life balance practices in Great Britain: Summary Report*, Institute for Employment Research, Warwick.

<sup>16</sup> Glezer and Wolcott (1997), p.3. Data is from the *Australian Family Life Course Survey*, of 2000 respondents aged 25–50 years, conducted by Australian Institute of Family Studies, 1996.

<sup>17</sup> Probert, B. (2000) *Study into Work/Life Balance in the Finance Sector*, draft document, unpublished.



than those who receive the statutory entitlement (66%). An important caveat is that receipt of those payments is frequently dependent on returning to work for a period of three months, and it is possible that some women may quit shortly after completing this term.<sup>18 19</sup>

Those parents not attached to the workforce face additional barriers, including deskilling due to time out of the workforce, lack of confidence and loss of employment networks, when they seek to return to work. Thus it is vital that parents are not forced to choose between remaining connected to the workforce and starting a family. Where parents have become disconnected from the workforce support needs be provided to address the barriers to returning to work before they are discouraged from looking for work or become unemployed on a long term basis.

### **Early childhood system**

The South Australian Government has recently undertaken extensive consultation with parents and service providers as part of the Inquiry into Early Childhood Services (report yet to be released). This consultation indicates that parents believe that the early childhood education and care service system is fragmented and difficult to negotiate. Young children and their families would benefit most from an accessible universal system that integrates education and care, health and family support services, with effective information about the services that are available. Disadvantaged children and families would gain most from such a transformed early childhood system.

Service fragmentation is driven in part by competing goals and priorities and practices of different levels of government. For example, the Australian Government is the primary funding source for childcare services. Commonwealth policy on the expansion of childcare centres relies almost exclusively on growth in the private childcare sector to meet increasing demand. While the private child care sector has demonstrated a willingness to develop centres in high growth areas and particularly in communities with strong social indicators, they have been reluctant to establish services in low socio-economic communities and in regional communities.

In addition, the Commonwealth treats categories of childcare services differently. Growth in childcare centres is uncapped, but the growth of home based or school aged childcare is dependent on annual Federal budget outcomes. Planning arrangements for childcare cannot work effectively while these anomalies exist. There has been a longstanding reluctance to enter into bilateral or multilateral agreements between the Australian Government and States and Territories in relation to childcare provision.

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<sup>18</sup> Fagan, C. and Rubery, J.(1997) 'Transitions between Family Formation and Paid Employment', in G. Schmid, J.O'Reilly, and Schomann, K. (eds) *International Handbook of Labour Market Policy and Evaluation*, Edward Elgar, Cheltenham, UK.

<sup>19</sup> Callender, C. Millward, N., Lissenburgh, S. and Forth, J. (1997) *Maternity Rights and Benefits in Britain 1996*, DSS Research Report No.67.

## ***Mechanisms to address some of these issues***

### **Review of income tax arrangements and family payments to remove distortions and anomalies.**

### **Promote and educate employers and the community of the benefits of work and life balance workplace arrangements.**

Workplace structures and cultures need to change through improved access to flexible working arrangements and the introduction of better industrial entitlements including access to paid maternity/parental leave as outlined earlier.

Education campaigns are required to make employers aware of the economic benefits of retaining staff. Cost benefit studies by the University of Melbourne estimate the total costs (direct and indirect) associated with the separation, replacement, and training of employees approximates to \$75 000.<sup>20</sup> Westpac's cost-benefit analysis of six weeks paid maternity leave found a positive benefit for staff retention. In the year following its implementation Westpac's female resignation rate dropped from 40.6% to 17.9%, representing a significant saving in recruitment and training costs.

Changing community attitudes towards the role of men as parents need to be supported and encouraged. In the report "A Collaborative Approach to Supporting Fathers", the Children's Commissioner for Queensland, noted that: "until recently, parenting programs generally addressed the mothering role of parenting and the specific roles that fathers take were largely unacknowledged. Specialised support programs for fathers were almost non-existent, as were programs for incarcerated, indigenous and other minority fathers."

### **Improve access, affordability and quality of the existing early childhood service system.**

Improved access, affordability and quality could be achieved by:

- Establishing a shared long-term vision of early childhood aimed at universal non-compulsory access to high quality services for children and families.
- Implementing collaborative planning and funding arrangements with responsibility for delivering this vision. This would involve the Federal and State governments and engage the education, health and community services portfolios.
- Expansion and transformation of current service delivery models into integrated early childhood centres in every community. Such universal services could combine education and care, maternal and child health and family support services.
- Implementing a common commitment to building the capacity of the early childhood workforce, to boosting the supply of skilled staff, lifting their professional status and strengthening and extending their skills base.
- Adopting a universal approach to the provision of information and support to families beginning from conception and extending through schooling.

### **Targeted support for parents who are unattached to the workforce.**

Both South Australia and Victoria have implemented a Parents Return to Work program to support parents' transition to the workforce.

The South Australian program which commenced in January 2005 is designed to assist parents to update their skills for re-entry into the paid workforce. It gives eligible parents

<sup>20</sup> Costing turnover: implications for work/family conflict at management level 1998

a \$1200 training credit to be used for training by approved training providers that will lead to employment outcomes. Around 90 training providers have expressed interest with 60 approved to date. There has been significant demand for this program with the 2004/05 year fully subscribed. Interest in the program has been higher in rural areas and a gender bias is evident with 75% of applicants in South Australia being female. This compares favourably with a Victorian program - on which the South Australian initiative was based - in which the female take up rate is 95%.

### **2.3. The impact of taxation and other matters on families in the choices they make in balancing work and family life.**

It is important to recognise that families come in many forms and thus work and family balance also comes in many forms. For example, family caring responsibilities can be for young children, for parents or other elderly relatives or relatives with disabilities. Single people may face equal or perhaps even more responsibilities in caring for family members as those in a couple relationship and while women have traditionally carried out much of the caring responsibilities, the need to balance work and family life applies equally to men and women.

Key issues impacting on the ability to balance work and life are:

- Taxation
- Increasing casualisation/shift work
- Working hours
- Flexible work arrangements
- Workplace culture
- Ageing of the population
- Alternative care arrangements

#### ***Taxation:***

Fringe benefit tax is an impediment to employers establishing child care facilities for employees. Under the current arrangements FBT exemptions only apply to employers providing child care for their employees on site. This ATO ruling eliminates the opportunity for collaborations between companies and off site childcare providers. In SA, there is arguably only one employer that is large enough to sustain its own centre on-site, thereby excluding most employees in this state.

In families in which both parents work, the second earner effectively faces a higher rate than other individuals with the same income. This tax-benefit structure 'can be expected to discourage women's participation in paid work' due to high effective rates on second incomes, especially when combined with limited access to affordable child care.<sup>21</sup>

- For example, studies have shown that a second job performed by a mother of three children earning \$11.50/hour attracts an effective tax rate of 80-120% for working 5-20 (peaking at 15 hours)<sup>22</sup>

#### ***Casualisation of workforce/shift work***

The growth in casual employment has been faster than growth in full time employment. In South Australia casual employment has grown about 1% per year as a proportion of

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<sup>21</sup> Patricia Apps, University of Sydney

<sup>22</sup> Alan Cadman MP, comment in The Australian

employment in South Australia since 1994.<sup>23</sup> While casual employment may be attractive to some employees, it nevertheless has significant implications for individuals and families abilities to balance work family life due to lack of access to leave entitlements and other work provisions, and decreased ability to negotiate flexibility with employers. This impacts particularly upon women given their high representation in the casual workforce.

In addition the increasing application of workplace agreements offering lower than award wages in this type of employment is a development of some concern. A number of economic analysts have indicated that this significantly reduces the potential for real wealth creation - particularly for younger workers and may inhibit the development of higher level skills (training / re-training). Any factor inhibiting skills growth has broader implications for the economy and Australia's future productivity growth.

Shift workers also find it difficult to balance work and family responsibilities due to lack of flexibility in starting and finishing times, and the ability to access childcare outside of "normal hours".

### ***Working Hours***

Australia has a large and growing proportion of employees working long hours as well as an increasing proportion of workers wanting to reduce their hours. Much of the growth in hours worked is in unpaid work, which suggest that additional income is not the primary driver of increased work hours. Clearly it is more difficult to balance work and life commitments when working more than 45 hours per week and/or without flexible arrangements in place, which results in some employees changing employers, taking demotions or choosing part time work.

### ***Access to flexible work arrangements***

UK research on single parents and 'carers' (those looking after family members and/or friends because of ill-health, disability or problems related to old age) and work place flexibility found evidence of a significant un-met demand for flexible working practices amongst both groups, a demand which appeared to outstrip the propensity of employers to permit flexible practices. While expressing a strong demand for most types of flexible working time arrangements, single parents and carers most frequently aspired to flexitime, term-time working, and compressed weekly hours. Single parents were also more likely to want reduced working hours than parents in couple households although, whether they would use such an option, given the income reductions involved, remains unclear.<sup>24</sup>

### ***Culture***

A workplace with family friendly policies does not guarantee the ability to manage work and family life. Many studies have shown that it is the attitude of the line manager that determines the degree to which workers are able to access these policies.

The culture in some organisations makes it difficult for employees to access existing entitlements because of perception of being uncommitted to the workplace if they do so.

Similarly part time employees are often viewed as less committed, both by colleagues and employers, even though in practise they often work more hours than they are paid

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<sup>23</sup> Business Vision 2010, "Indicators of the State of South Australia, 2004"

<sup>24</sup> Hogarth, T., Hasluck, C. and Pierre, G. with Winterbotham, M. and Vivien, D., (2000) Work-Life Balance 2000: Baseline study of work-life balance practices in Great Britain: Summary Report, Institute for Employment Research, Warwick.

for. Part time employment can also be a barrier to career progression and access to training.

Men often experience greater difficulty in accessing existing entitlements due to traditional expectations. For example it can be more difficult for men to negotiate earlier or later starting times or to access carer's leave due to family commitments.

### ***Ageing***

The proportion of people needing care increases with age. Thus the demand for caring support on families of older relatives is only likely to increase over time. This demand has significant workforce participation as well as balancing work and family implications. There are two key elements: supporting older workers to balance their caring responsibilities and, given the trend over the last decade of early exit from the labour market by both older men and women, to ensure that it is attractive for older workers to remain in the workforce.

The proportion of people needing care increases with age, thus increased life expectancy and ageing of the population generally has increased the demand for care of older people.

A number of factors have contributed to the decline in labour market participation by those aged 55 and over. They include:

- The over-representation of older people in declining industries and under representation in growth industries.
- Discriminatory attitudes towards older workers, based largely on myths about their supposed inability to be efficient and productive workers.
- An erroneous view that the exit of older workers will necessarily provide jobs for younger people.
- The impact of interactions between the tax, welfare and superannuation systems.
- Many women over the age of 45 permanently leave the workforce for family responsibility reasons, particularly to care for elderly relatives. According to the Australian Institute for Health and Welfare "an estimated 17.2% of those carers aged 55 to 64 and 4.4% of those 65+ left work to commence or increase care.

Research conducted by AMP and NATSEM indicates a high level of indebtedness among older workers and relatively low average savings. The level of household debt among employed 50-69 year olds is currently \$85,500 compared with \$22,700 for retired 50-69 year olds. In this context, unforeseen periods of involuntary unemployment can lead to financial stress and associated family social problems driven by the failure to adequately meet everyday demands such as the cost of food, schooling and health care. These issues can work against the likelihood of successful reintegration into the workforce.

### ***Alternative care arrangements***

Families that are supporting dependents with disabilities or mental health problems in the home need to be able to access alternative care arrangements to enable their participation in the labour market. The flexibility of these services will have a significant impact on the families' ability to balance work and care, the families need for flexibility in the workplace and the type of employment they are able to sustain.

The shift from institutional to community based care arrangements for people with disabilities and mental health problems has increased reliance on unpaid contribution of

families and wider social networks.<sup>25</sup> This is likely to impact the ability of these carers to participate in the labour market.

Family breakdown and divorce also impacts on the ability to manage work and family, as these events tend to reduce the family resources available for the care of dependents and thus effects participation in the labour market. For non custodial parents, typically fathers, the flexibility available in the work arrangements can also impact on their ability to maintain a relationship with their children, more so than prior to the family breakdown.

### ***Possible Solutions***

#### **Remove FBT Taxation disincentives for childcare provision**

#### **Ageing**

Mechanisms are required to enable transitional retirement, access to superannuation pre-retirement and more creative and flexible work arrangements and management practices that recognise that older workers have differing workplace needs and expectations.

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<sup>25</sup> Australian Institute of Health and Welfare, Australia's Welfare 2003