

## 7. Balancing work and family

### Key points

**Australian women's labour force participation has increased substantially, including in families with dependent children.**

- Women's labour force participation has increased consistently over the last 30 years (from around 44% to 58%), but is still substantially lower than men's (72%).
- The proportion of couples with dependent children with both parents in the labour force has increased (from 58% in 1994 to 65% in 2007).

**Australian women's participation in the labour force has some distinctive features.**

- Although they have increased, employment rates for Australian women with young children are significantly lower than for Australian women in general; and relatively low in OECD terms.
- Australia's rates of part-time work – 45% for women and 15% for men – are both much higher than the averages for OECD countries.
- Less than half (45%) of women employed while pregnant return to work before their child's first birthday; of those women who returned to work during this time 92% did so on a part-time basis.

**Family-friendly leave provisions, flexible working arrangements and child care have all become more common. However, access to some of these is uneven.**

- The proportion of children aged 0-4 years using formal child care has increased from 24% in 1996 to 35% in 2005; the proportion of children aged 5-11 years using formal child care has increased from 8% to 14% over the same period.
- In 2007, just over half (53%) of female employees in Australia were entitled to some form of paid maternity leave.
- In 2005, 73% of employed mothers and 34% of employed fathers made use of flexible working arrangements to help them care for their children

# Work and family

The nature of work in Australia has changed remarkably over the last 30 years. There has been significant employment growth and increased participation in the labour force,<sup>1</sup> particularly for women. People are also working in an increasingly diverse range of employment types and patterns, for example, there are more people working outside the traditional 'Monday to Friday – nine to five' pattern; and more people are working flexible or reduced hours. This in turn has had a marked affect on family life.

As discussed in Chapter 5, employment contributes to family wellbeing in a number of ways. It increases the economic resources available within families and protects against social exclusion and inter-generational disadvantage. Parental employment is important in reducing the risk of disadvantage for children. Long-term economic disadvantage (and short-term disadvantage during critical development stages) can have significant negative effects on children's developmental and social outcomes.

Greater participation in the labour force by parents and carers also brings with it increased challenges in terms of the daily balancing of work and family responsibilities. Increased demands on time with increased hours of paid employment reduce the time that family members have to attend to family, household and caring tasks. Difficulties balancing work and family can come about in dealing with day-to-day routine events and tasks, such as juggling work hours with child care or school hours, as well as the more ad hoc and

unexpected events and family emergencies, such as those associated with illnesses and injuries.

The experience of balancing work and different family responsibilities, whether they are aged care, care of children, or the care of a family member with disability, can differ considerably. Successfully balancing work and family is dependent on a number of things, including how families share and outsource caring responsibilities and housework. Flexible hours of work are important, as are access to family-friendly leave provisions and affordable child care.

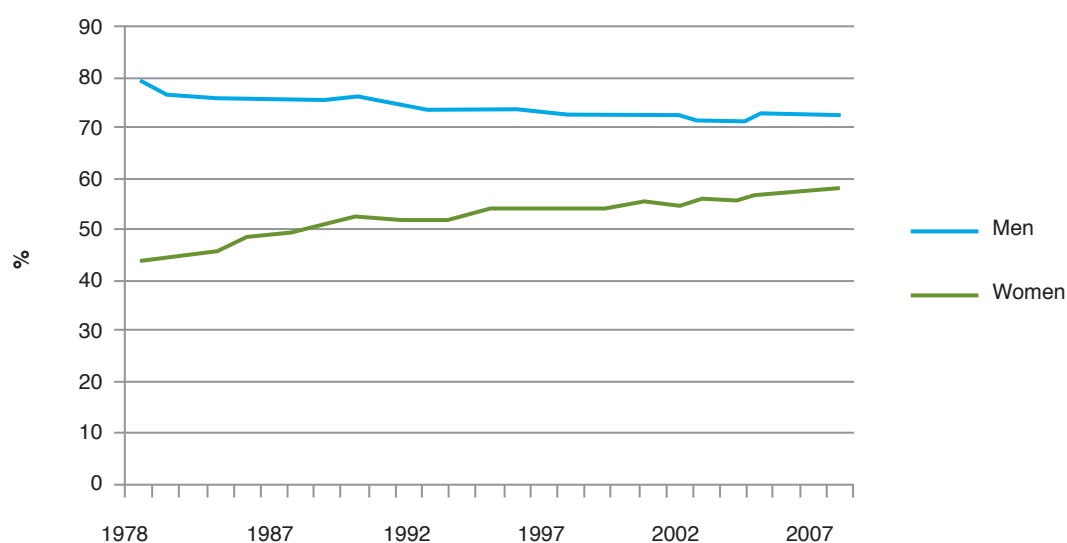
This chapter examines the impact of family and caring responsibilities on employment, and particularly on the employment of women whose workforce participation is more likely to be reduced by caring responsibilities. It also looks at the different working arrangements being used by families to balance work and family.

## Labour force participation

A key change in labour force participation that has affected Australian families has been the increase in the participation of women. Women's labour force participation has grown consistently over the past 30 years - from 44% in 1978 to 58% in 2008 - although it remains substantially lower than men's (72% in 2008) (see Figure 7.1). Women's labour force participation continues to be lower than men's in all age groups, except between the ages of 15-19 years.

<sup>1</sup> The labour force comprises people in work (full time and part time) plus those actively looking for work. The labour force participation rate is calculated by dividing the total number of people in the labour force by the population aged 15 years and over.

**Figure 7.1 Men's and women's labour force participation rates 1978 to 2008**



Source: ABS *Labour Force, Australia, Spreadsheets* (6202.0.55.001).

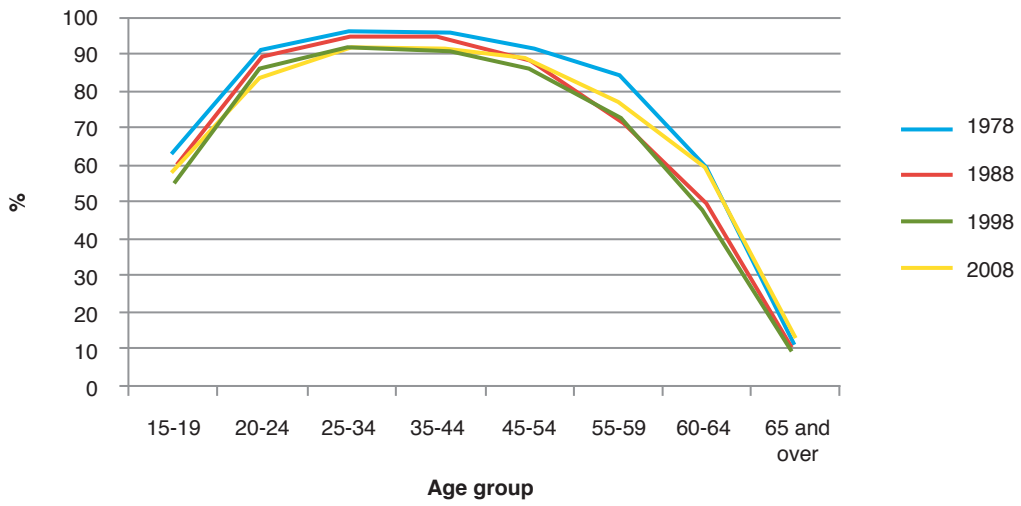
While overall the participation of men in the labour force has fallen in recent decades, the general pattern of men's labour force participation over the life-cycle (i.e. an increase in participation from the teenage years through to the 25-44 age cohort, followed by a gradually accelerating decline in participation as men age), has remained relatively unchanged over the last 30 years (see Figure 7.2).

Women's participation in the labour force has some distinctive characteristics. The presence of very young children generally reduces women's labour force participation, although

mothers today are much more likely to return to work after the birth of their children than in the past. The ABS has collected data on persons not in the labour force and found that the most common reason for women not looking for work was due to 'caring for children' (28%).

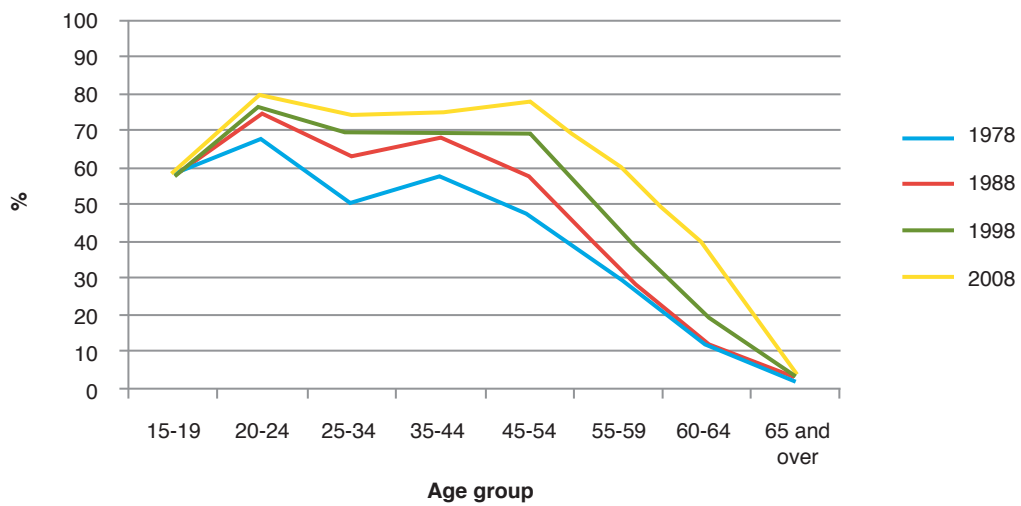
Labour force participation is highest among women aged 20-24 years and then declines during the peak child-bearing years (25-44 years). Women's participation rates are lowest immediately following the birth of a child, and then increase over time as mothers gradually re-enter the workforce (see Figure 7.3).

**Figure 7.2: Men's labour force participation by age group**



Source: ABS *Labour Force, Australia, Spreadsheets* (6202.0.55.001).

**Figure 7.3: Women's labour force participation by age group**



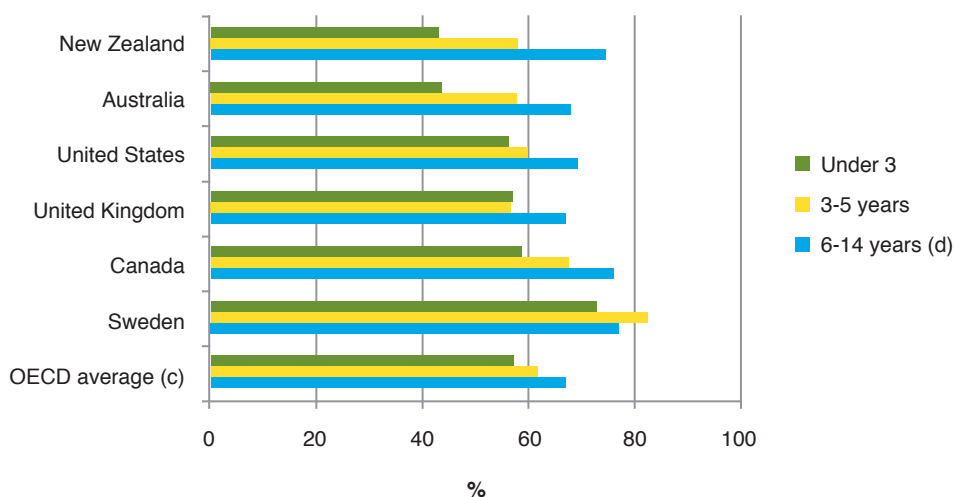
Source: ABS *Labour Force, Australia, Spreadsheets* (6202.0.55.001).

Many women make a conscious decision to reduce their level of labour force participation while their children are young. Interestingly though, Australia, along with New Zealand, has much lower employment rates for mothers with very young children, especially children aged under three years, than many comparable OECD countries (see Figure 7.4). This can be partly attributed to the comparatively low levels of paid maternity leave in Australia (as mothers on paid maternity leave are classified as employed while mothers on unpaid leave are not employed), but there are also likely to be a number of factors influencing this result, including cultural factors and family

preferences. Lower employment rates could also reflect barriers to re-entering employment for mothers with young children, including the difficulties associated with balancing work and family, the availability of parental leave, and the availability and cost of child care.

Only a minority of Australian mothers return to work before their child's first birthday. The 2005 Parental Leave in Australia Survey<sup>2</sup> showed very few mothers with a child less than one month (2%) were in paid employment. Of those mothers with a youngest child three months old, 11% of mothers had returned to work and at six months old, 22% were in work.

**Figure 7.4 Employment rates for mothers with children under 15 years in OECD countries 2002 (a)(b)**



- (a) By age of youngest child
- (b) 2001 in Canada and New Zealand; 2003 in Australia.
- (c) Average for 20 OECD countries.
- (d) 6-13 years in USA; 6-16 in Canada and Sweden; 6-17 in New Zealand.

Source: ABS *Australian Social Trends, 2007, Labour force participation – an international comparison*, (4102.0).

<sup>2</sup> The Parental Leave in Australia Survey (PLAS) was conducted in 2005 as part of the Longitudinal Study of Australian Children. One issue with the PLAS is that it is not representative of all mothers in Australia. It is biased towards more highly educated women and is based on a data set that under-represents those with less connection to the labour force. As a result it overstates the proportion returning to work relative to the entire population of Australian women having children.

By the time the youngest child was 12 months old, 44% had returned and at 18 months, 54% had returned. Of those mothers returning to work, almost all did so on a part-time basis. However, the employment rates for women rise significantly as their youngest child reaches school age. Indeed, ABS data shows in 2007 the employment rate for women whose youngest child was aged 0–4 was 49%, 68% for women whose youngest child was aged 5–9 and 75% for those whose youngest child was 10–14.

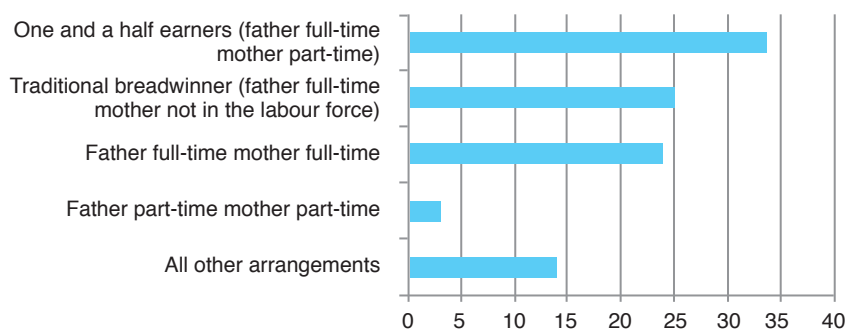
Labour force participation varies with different family types. Lone parents, particularly lone mothers with dependent children, who make up the large majority of one-parent families, are less likely to participate in the labour force than couple mothers. However, the participation rate of lone mothers with dependent children has also increased significantly in recent years — from 49% in 1997 to 64% in 2008. As is the case for couple mothers, the labour force participation rates for lone mothers increase significantly once their youngest children goes to school.

### *Family labour force participation*

Changes in women's participation in the labour force have had a big impact on the structure of Australian families. The traditional model of a male breadwinner supporting a wife and children — once considered the norm — no longer describes most families. Instead, there is considerable diversity in how families participate in the labour force. Many fathers are also combining work and care, which impacts on a family's labour force participation.

As shown in Figure 7.5, the most common working arrangement for couples with dependent children is now a 'one and a half earners' arrangement, comprising a father working full time and a mother working part time. Around a third of all couples with dependent children fall into this category. Traditional male breadwinner arrangements and double full-time arrangements are the next most common (about a quarter each), but male breadwinner arrangements are declining over time. This change in family labour force participation has significant implications for how people think about and structure working life.

**Figure 7.5** Working patterns in couple families with dependent children 2008



Source: ABS *Labour force status and other characteristics of families, 2008* (6224.0.55.001).

## Working hours

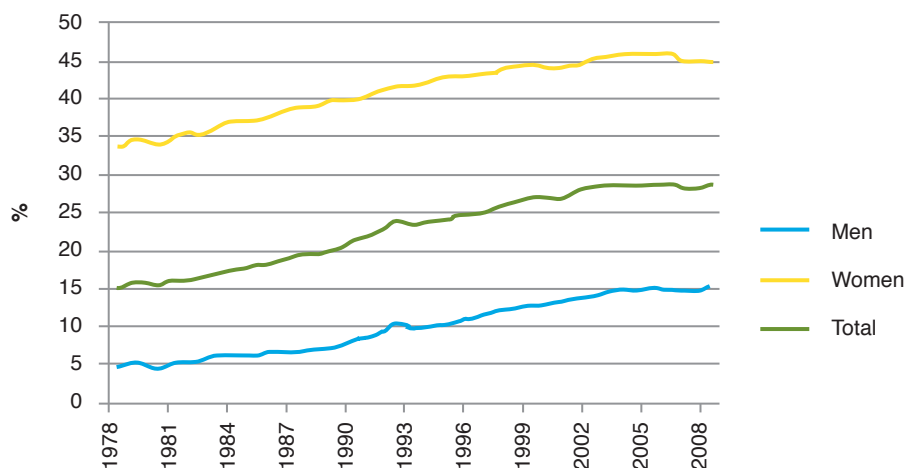
One of the most striking features of the Australian labour market since the 1970s has been the shift away from the standard working week (35-40 hours) to a greater variety of working hours and a substantial growth in part-time work. Part-time employment has proved extremely important in helping families balance their paid work and family responsibilities. At the same time, among full-time workers, there has been a trend towards longer working hours, though this appears to have stabilised since the late 1990s. Overall, there has been an increase in the total working hours of many families, reflecting the increasing number of couple families with both partners employed.

## Part-time work

In 2008 part-time employment accounted for 28% of total employment in Australia, up from 15% in 1978. Part-time employment is more common among women than men, but has grown for both groups. In 2008 part-time employment accounted for 45% of women's employment and 15% of men's employment (see Figure 7.6).

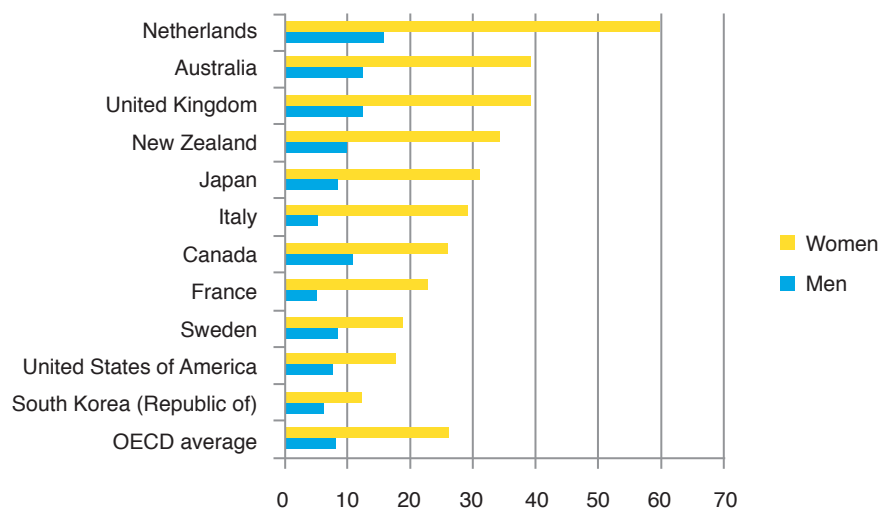
Australia has very high rates of part-time employment – for both men and women – relative to other OECD countries. It is second only to the Netherlands in terms of the overall proportion of employees that are employed on a part-time basis.

**Figure 7.6** Part-time employment as a proportion of total employment 1978 to 2008



Source: ABS Labour Force Australia, Spreadsheets (6202.0.55.001).

**Figure 7.7: Part-time as a proportion of all employed in OECD countries 2006**



Source: OECD, *Full-time and Part-Time Employment Based on a Common Definition*, OECD.StatExtracts, <http://webnet.oecd.org/wbos/index.aspx>, last accessed: 21 October 2008.

Part-time employment in Australia is incredibly diverse, both in terms of the profile of part-time employees, and in terms of the nature of the part-time jobs. Some part-time employees work very few hours per week, while others work almost full-time hours. A substantial proportion of women who work part time (43%), however, work fewer than 16 hours per week. In 2007 the majority of part-time workers (81%) indicated that they would prefer not to work more hours.

Women are more likely to work part time in their peak child-bearing and raising years – 40% of all employed women aged 30-34 years work part time, 49% of women aged 35-39 years and 48% of women aged 40-44 years. In contrast, men are more likely to work part time towards the end of their working life (60 years and over).

Mothers of infants are particularly likely to return to work on a part-time basis. For example, the Longitudinal Study of Australian Children found that among the mothers of infants aged 12-14 months, only 9% were employed full time. Mothers are more likely to work part time than full time up until their youngest child is 14 years old.

There has been considerable debate about the quality of part-time jobs and the impact on part-time employees. On the one hand, part-time workers are more likely to be employed in low skilled and low paid occupations compared with full-time workers. They are also more likely to be employed on a casual basis, with less access to certain employment conditions, including paid leave, and have less job security. However, over time

there has been an increase in the proportion of part-time work that is permanent and more part-time employment opportunities among the more highly skilled occupations. Further access to permanent part-time work in their chosen occupation would allow parents to balance work and family responsibilities without sacrificing their long-term career aspirations or financial security.

### *Long working hours*

At the same time as having high rates of part-time employment, Australia also has long full-time working hours by international standards. Men still spend longer hours in paid employment than women. According to a range of data sources, it appears Australian full-time employed men worked an average of between 43-45 hours per week, higher than in most other OECD countries. Very long working hours are more common among the self-employed than among employees, and among those in occupations involving high levels of personal responsibility and accountability, relatively high earnings, and in occupations with no standard working hours such as professionals and managers.

In contrast to mothers, who are more likely to be working part time when their children are young, Australian men are more likely to be working long hours at the ages when their children are young than at other ages. This begs the question as to whether the two are related – are men working longer working hours to accommodate their partners working shorter hours or vice versa?

Long working hours, particularly if they are unpredictable or where workers have no

control over the hours and are unable to access flexible work arrangements, is an important issue that impacts on work-life balance and can take a toll on family relationships. Employers and employees may need to consider strategies to mitigate the effects of long and non-standard working hours, and greater access to flexible working arrangements.

### Family-friendly employment arrangements

The increase in women's workforce participation, the number of families with two earners (or 'one and a half' earners) and concerns about the impact of long hours on families is putting an increasing emphasis on the importance of supporting families to balance their work and family responsibilities. Such support can include family-friendly leave provisions, flexible working arrangements, and both formal and informal child care. Recent years have seen an increasing focus on each of these elements.

Over the last 30 years, measures to assist workers to balance their work and family responsibilities have become more common. There has been steady progress through workplace relations law, agreement making in workplaces, and the award safety net in providing access to family-related forms of leave and other family-friendly working arrangements.

### Family-related leave provisions

Parental leave is a term used to encompass maternity, paternity and adoption leave in Australia. Since the late 1970s the existing parental leave provisions have evolved, through

a combination of Australian Industrial Relations Commission test cases and legislative changes. The *Workplace Relations Act 1996* (C'wlth) currently provides an entitlement of up to 52 weeks unpaid parental leave, which can be shared between both parents, for eligible employees. Eligible employees are permanent full-time and part-time employees who have 12 months continuous service with their employer, and long-term casual employees who have been engaged on a regular and systematic basis for at least 12 months.

The Australian Government's National Employment Standards will enable both parents to access separate periods of up to 12 months unpaid parental leave. Where families prefer one parent to take a longer period of leave, that parent will have a right to request an additional 12 months of leave from their employer. The request can only be refused by their employer on reasonable business grounds.

Another important form of leave for families is personal or carer's leave. This leave enables employees to take short periods of time off to care for and support an immediate family or household member who is sick. The National Employment Standards will provide eligible employees with an entitlement to accrue ten days of paid personal or carer's leave for each year of service if they are absent from work due to a personal illness or injury or to enable them to provide care or support to a member of their immediate family or household. The personal or carer's leave provided for in the National Employment Standards removes the cap (up to ten days) on the annual amount of paid carer's leave as is the case under the current *Workplace Relations Act*. Eligible employees can also access two days of paid

compassionate leave per occasion (e.g. on the death or serious illness of a family or household member). Two days of unpaid carer's leave 'per occasion' will also be available to employees for genuine caring purposes or family emergencies where their paid carer's leave entitlement is exhausted. The Standards also guarantee that, for the first time, casual employees will be entitled to two days of unpaid compassionate leave per occasion.

### *Other family-friendly provisions*

While access to leave is important, there is a range of other workplace arrangements that can support families in balancing work and family responsibilities. As is the case for parental leave and carer's leave, entitlements to family-friendly working arrangements, such as flexible working hours, are derived from a variety of sources, mostly individual company policies, awards and workplace agreements. For those families who are able to access such arrangements, they can provide additional options to balance their work and family responsibilities.

### *Availability of family-friendly provisions*

A wide range of family-friendly provisions are contained in federal collective agreements. Some family-friendly provisions, such as part-time work, family/carer's leave and parental leave, are now common features of most agreements, reflecting their presence in underpinning legislation. Provisions relating to such things as child care and home-based work are much less common and are contained in only a small proportion of agreements covering relatively few employees (DEEWR, 2008).

### **Paid maternity and paternity leave**

Australia is one of only two countries in the OECD that does not have universal paid maternity leave (the other is the United States of America). Some employees have access to paid maternity leave through industrial awards, workplace agreements, legislation covering public service employees, or individual company policies.

Based on ABS data, the Productivity Commission estimates that 53% of female employees were entitled to paid maternity leave and 50% of male employees were entitled to paid paternity leave, as a condition of employment in 2007.

In terms of actual leave used, ABS data for 2005 shows that, of the nearly half a million women who identified as giving birth to a child in the previous two years, 73% of those previously employed took some form of leave for the birth and subsequent care of their child. This included paid and unpaid maternity leave, holiday leave, long service leave, and leave without pay. Fourteen per cent of female employees used only paid leave (average duration 17 weeks); 22% used only unpaid leave (average duration 29 weeks); while 37% used a combination of both (average duration 43 weeks). The average duration of leave that was taken was 34 weeks. The average period of paid maternity leave taken by women who had access to paid maternity leave was 11 weeks.

The provision of paid maternity leave varies by sector, industry, agreement size and earnings. Professional and high earning women, women working in the public sector and in large workplaces are more likely to receive paid maternity leave than women working in low paid occupations, in the private sector or in small business.

The uneven distribution of paid maternity leave provisions among Australia's working women gives rise to considerable inequities. Women not entitled to paid maternity leave can be significantly worse off financially and this may affect their choices around having children and their choice of employers. It may also affect their decision to maintain attachment to the labour force.

### **Baby Bonus**

The Baby Bonus assists families with the extra costs associated with a newborn or adopted child. The early stages of a child's life are the most important and the payment recognises that many parents need extra support immediately following the birth of their child.

The Baby Bonus increased to \$5,000 on 1 July 2008. To help ensure the child's needs are the primary consideration, after 1 January 2009 the Baby Bonus will be paid in 13 fortnightly instalments of around \$385 for all eligible births and adoptions, subject to an income test. Families with income greater than \$75,000 in the six months following the birth will no longer qualify. Paying the Baby Bonus in fortnightly instalments to all eligible families will help to ensure new parents have the financial support they need to pay the bills and support their baby.

### Right to request flexible working arrangements

The National Employment Standards will introduce a new right for parents to request flexible working arrangements, such as part-time work or flexible working hours, until their child reaches school age. Employers will only be able to refuse such requests on reasonable business grounds.

Across industries there is considerable variation in the incidence of family-friendly provisions, reflecting the differing nature of work and different labour force profiles, as well as historical and other factors. The mix of family-friendly provisions within individual industries is also variable. Overall, industries with a high incidence of family-friendly provisions also tend to have a high or above average proportion of women employees. In contrast, male-dominated industries tend to have lower incidences of family-friendly provisions. This could limit the potential for men to take responsibility for family issues and spend time with their children.

Small and medium-sized businesses are much more likely to provide carer and family-friendly provisions through general employment policies or informal (sometimes unwritten) agreements rather than through formalised workplace agreements. The Australian Government Office for Women *Better Conditions, Better Business* report found 97% of Australian small and medium-sized businesses provided at least one provision to their employees to assist them in balancing their work and caring responsibilities. The provisions most likely to be offered by such

businesses were access to a telephone for family reasons; flexible annual leave allowing employees to choose the timing of leave and the ability to take single days; and flexible start and finish times.

### Use of family-friendly provisions

While there is some data on the availability of family-friendly provisions, the information relating to actual use of these provisions is limited. The ABS periodically collects data on parents' use of a range of work arrangements to help them care for their children, including the use of flexible working hours, permanent part-time work, shift work, work from home and job sharing arrangements. This data suggests there has been an increase in the use of family-friendly provisions in recent years.

In 2005, 61% of all families with at least one parent employed indicated that at least one parent normally used one of these work arrangements to help them care for their children, up from 56% in 2002. The most frequently used arrangements were flexible working hours (used by 41% of employed parents) and permanent part-time work (used by 25%).

Not surprisingly, couple families where both parents were employed and one-parent families were more likely to use working arrangements to care for children than couple families with only one employed parent. Overall, employed mothers were much more likely to make use of these types of work arrangements (73%) than employed fathers (34%). The data suggests that there is considerable potential to increase both fathers' access to and use of family-friendly provisions.

## Child care

Along with flexible working arrangements, access to quality child care is an important mechanism for helping parents balance work and family. As women's labour force participation has increased, there has been a corresponding increase in the demand for child care places.

In 2005, more than 1.5 million Australian children (46%) aged 12 years and under received either formal and/or informal child care – up substantially from around 20% in 1993. The effectiveness of the child care market in meeting the demand for high quality care is a key factor in reducing barriers to female labour force participation and ensuring effective outcomes for children.

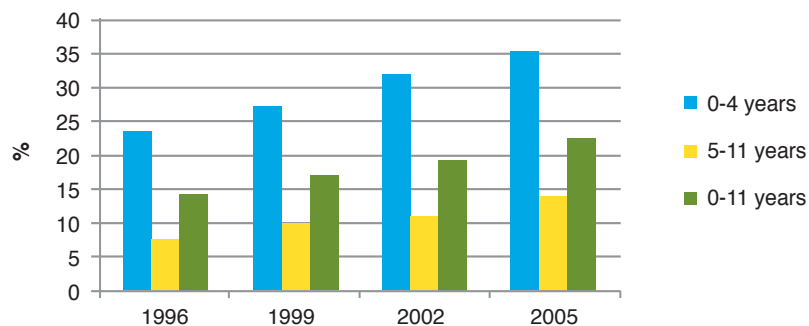
### Type of care

Parents choose from a variety of child care types, some which are paid and some which

are unpaid; some which are regulated (formal care) and some which are non-regulated (informal care). As defined by the ABS, formal care refers to regulated care that takes place away from the child's home; for example, long day care, before and/or after school care and family day care. Informal care refers to non-regulated care that takes place in the child's home or elsewhere and includes care by family members, friends, neighbours, babysitters and nannies.

In 2005, informal care, either alone or in combination with formal care, was the most common type of care – used by around 1.1 million children aged 0-12 years (33%). This was the same as in 2002. Formal care (either alone or in combination) was used by 23% of children, up from 19% in 2002. While still substantially lower than the use of informal care, this continued the upward trend observed since 1996 (see Figure 7.8).<sup>3</sup>

**Figure 7.8** Proportion of children who used formal care (a) 1996 to 2005



(a) Aged 0-11 years.

Source: ABS Child Care, Australia (4402.0).

<sup>3</sup> Statistics presented in this section are the results of the ABS Child Care Survey – the latest was conducted in June 2005. Figure 7.8 refers to children aged 0-11 years only (as previous ABS surveys did not seek information relating to 12 year-olds). Pre-school programs, including those provided in long day child care centres, are excluded from the ABS definition of formal child care.

In 2005 the most commonly used types of formal care were long day care and before and/or after school care, attended by 10% and 7% of all children aged 0-12 years respectively. These were followed by family day care (3%) and occasional care (2%). Other forms of formal child care were used by less than 1% of children.

A higher proportion of children in one-parent families (56%) used child care than children in couple families (44%). Both family types were more likely to use informal care than formal care. Among children from one-parent families, 42% used informal care and 25% used formal care. Of children from couple families the proportions were 31% informal and 20% formal.

Care provided by grandparents was important for children in both couple and one-parent families (20% and 17% of children respectively). Care provided by other relatives including the child's other parent living elsewhere, siblings, and other more distant relatives played a greater role for children in one-parent families (21%) than for those in couple families (4%).

### *Age of child*

Child care usage, especially the use of formal care, varies with age. In 2005 the use of formal care for very young children remained low (7% of children under one year), but increased from age one (31%) to age three (53%). From age four, when many children have started formal early learning programs in the year before school, the proportion of children using formal child care dropped to 38%, with a further decrease for five year olds (22%) when most children have started primary school.

For 6-8 year olds, 17% attended formal care, generally outside school hours care. For 9-12 year olds, the rate was 8%.

Overall, the proportion of children aged 0-4 years and under using formal child care has increased from 24% in 1996 to 35% in 2005; for children aged 5-11 years the proportion in formal child care increased from 8% to 14%.

These large increases in the use of formal child care reflect a rapid increase in the supply of child care over the last 15 or so years. Between 1991 and 2006 the number of Australian Government-supported long day care operational places, for example, increased from around 76,000 to around 263,000 (an increase of 245%). The number of family day care places increased from around 43,000 to 75,000 (an increase of 74%) and the number of outside school hours care places increased more than five-fold from around 44,000 to 274,000.

The reasons given by parents for using child care vary with the age of child and type of care used. Work-related reasons figure prominently as the main reason for using child care, and especially in relation to the use of formal child care. For around two-thirds (67%) of children 12 years and under, work-related reasons were cited by their parents in 2005 as the reason for using formal child care. For parents of children aged 0-4, 57% cited work-related reasons as the reason for using formal child care. However, for this group other reasons for using child care were also common. For example, 32% of parents used formal child care because they considered it beneficial for child and 26% used it for personal reasons. In contrast, for children aged 5-12 years work-related reasons were almost exclusively the

reason for using formal child care — for 83% of parents of children in this age group (ABS, 2006b).

### *Hours of care*

Although a substantial number of children attend child care, many do so for relatively few hours per week. Of those children who use formal care, 47% used it for less than ten hours per week. Of those children who used informal care, 58% used it for less than ten hours per week. This is not surprising given the high proportion of mothers with young children working part time or accessing other flexible working arrangements.

Only 7% of children who used formal care and 12% of children who used informal care, used care for 35 or more hours per week. The overall proportion of children who had used any child care (formal, informal or both types together) for 35 or more hours was 13%.

### *Availability and cost of care*

There is a lot of debate around whether there is enough child care available in Australia; and the quality and affordability of care. It is well accepted that the quality of care has an impact on outcomes for children. A high quality child care system helps families to balance work and family responsibilities as well as foster the development of their children.

Available data suggests there is not a problem, in general, with the supply of child care. ABS data indicates that in 2005 around 8.5% of children aged four years and under required additional formal care (generally for work-related reasons); a proportion which has

remained very stable since 1996. Data from the Census of Child Care Services indicates that the average utilisation rates have fallen. The average utilisation rate for long day care centres in 2006 was 74% in 2006, down from 85% in 2004; and for family day care it was just 63%, down from 68% in 2004. There is anecdotal evidence, though, of some localised shortages of child care places in particular parts of Australia.

The cost of child care can be a particular source of financial stress for families with young children. Assessing the affordability of child care is very complex and can be done in a number of ways. While the net costs of child care have increased at a faster rate than the All Groups Consumer Price Index in most years between 1984 and 2008, child care affordability is not just a function of the cost of care. Affordability can be better assessed by comparing the cost of child care with a family's ability to pay. Taking this into account, research undertaken by the Australian Institute of Health and Welfare in 2005 found that child care affordability remained relatively stable for middle and high income families but decreased slightly for low income families. It should be noted that this study was based on data from 1991 to 2004 and consequently, does not take into account the impact of the introduction, in 2006-07, and subsequent increase in, the Child Care Tax Rebate (CCTR) (see box).

It is also interesting to look at the affordability of child care in Australia in an international context. Figure 7.9 shows average child care fees for two year olds attending accredited early years care and education services for OECD countries. On this measure, Australia has relatively expensive child care, with an

average fee equivalent to 22.4% of average weekly earnings, compared with an OECD average of 16.3%. However, when government assistance with the costs of child care is taken

into account, the net costs of child care in Australia are lower than the OECD average (Figures 7.10 and 7.11).

#### Government assistance with the cost of child care

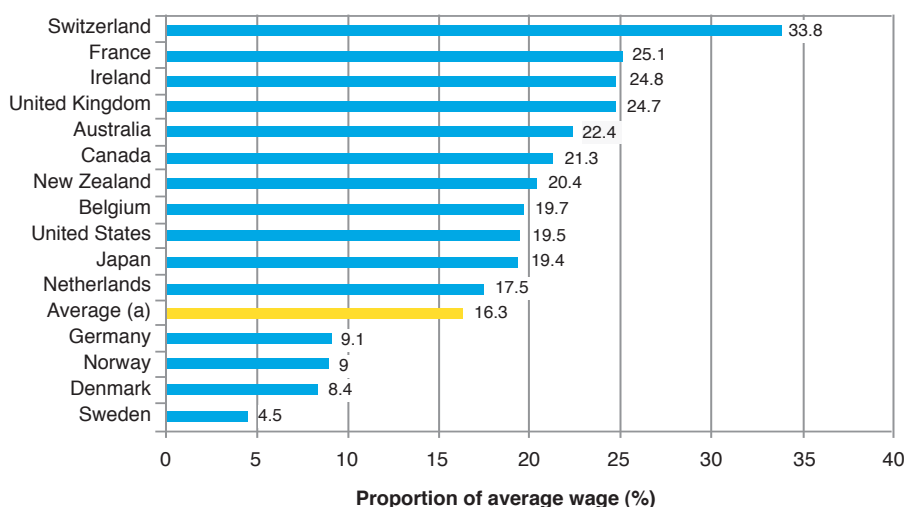
The Australian Government provides two major payments to help families with the cost of child care.

**Child Care Benefit (CCB)** is a payment made to families to help with the cost of approved or registered care and is dependent on family income, number of children in care, the number of hours per week and the type of care used. Eligible families on incomes of \$36,573 or less receive the highest rate of CCB.

The **Child Care Tax Rebate (CCTR)** is extra assistance available to help eligible families with out-of-pocket child care expenses for approved child care. In the 2008-09 Commonwealth Budget, the CCTR was increased from 30% to 50% of out-of-pocket child care expenses up to a maximum of \$7,500 (indexed) per child per year.

(Source: Department of Education, Employment and Workplace Relations)

**Figure 7.9** Child care fees for 2-year-olds attending accredited early-years care and education services in OECD countries 2004



(a) Average for 27 OECD countries.

Source: OECD, 'Babies and Bosses: Reconciling Work and Family Life', 2007

The effectiveness of the child care market in providing affordable and quality child care in preferred locations continues to be a major issue in Australia. It will be important to monitor cost and supply of quality child care given its importance as a factor influencing families' options around their participation in the labour force.

### Conclusion

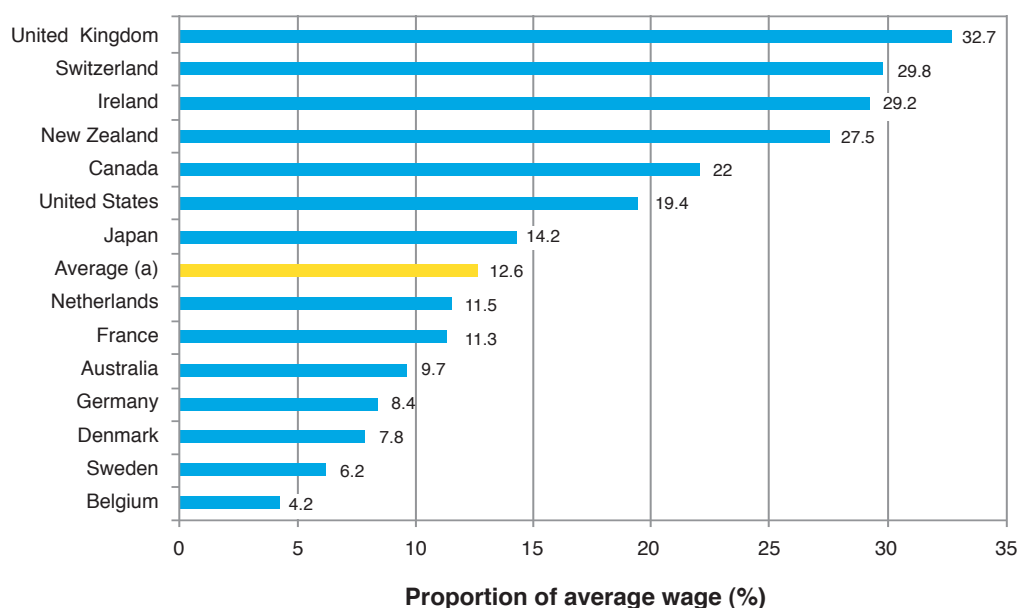
The working lives of Australian families have changed dramatically over the last 30 years. A higher proportion of Australians are working than ever before, largely due to the increased proportion of women returning to work after

having children. Increasingly, Australians are also working more diverse hours, often related to their stage of life or family circumstances.

These changes have had a marked effect on family life, with the traditional model of a male breadwinner supporting a wife and children no longer being the Australian norm. The increase in the number of couple families with two earners and the increase in the number of lone parents working, combined with the diversity in working hours, has major implications for both families and workplaces.

Employee access to family-friendly leave provisions, flexible working arrangements and

**Figure 7.10 Net child care costs for a dual-earner family with full-time earnings of 167% of the average wage 2004**



(a) Average for 26 OECD countries.

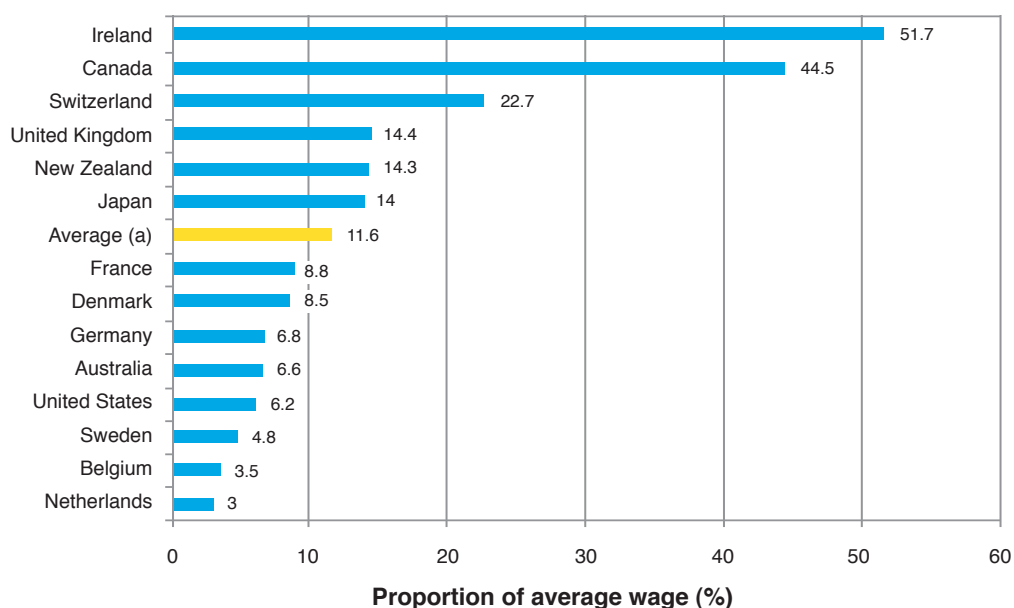
Source: OECD, 'Babies and Bosses: Reconciling Work and Family Life', 2007

child care has never been more important than it is now. There has been an expansion in child care and measures to assist workers with family responsibilities have become a more common feature of Australian workplaces. However, the spread of these provisions is uneven with some sections of the workforce able to access a range of family-friendly provisions and others having little to no access to such provisions. For example, just over half (53%) of all working women in Australia have access to paid maternity leave.

It is important to recognise the life-cycle events and paths people take through their life course. Many families will continue to want to reduce

their level of labour force participation when their children are young, or where they have other significant caring responsibilities. To enable Australia to meet the challenges associated with an ageing population and to facilitate ongoing productivity improvements, however, it is important to explore further avenues to enable people to maintain their attachment to the labour force during periods of leave and to reduce barriers to re-entering the labour force when this suits families' circumstances. Assisting employees to better balance their work and family responsibilities is one way to do this. A better balance between work and family is also likely to be a major contributor to family wellbeing.

**Figure 7.11 Net child care costs for a one-parent family with full-time earnings of 67% of the average wage 2004**



(a) Average for 26 OECD countries.

Source: OECD, *Babies and Bosses: Reconciling Work and Family Life*, 2007

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