

**2007**

# **BENCH MARKS**

**Work and Family Policies  
in Election 2007**

**W+FPR**

Work + Family Policy Roundtable



## **What is the Australian Work + Family Policy Roundtable?**

The Roundtable is made up of researchers with expertise on work and family policy. Its goal is to propose, comment upon, collect and disseminate relevant policy research to inform good, evidence-based public policy in Australia. The Roundtable draws upon relevant Australian and international evidence and practice to inform Australian public policy debate.

The Roundtable held its first meeting on 14th February 2004 at the University of Sydney. Academics from eight Australian universities or research institutions attended this first meeting and comprise its foundational members:

- **Elizabeth Hill**, The University of Sydney (Co-convenor)
- **Barbara Pocock**, The University of South Australia (Co-convenor)
- **Marian Baird**, The University of Sydney
- **Deborah Brennan**, The University of New South Wales
- **John Buchanan**, Workplace Research Centre, The University of Sydney
- **Bettina Cass**, The University of NSW
- **Sara Charlesworth**, RMIT University
- **Eva Cox**, The University of Technology, Sydney
- **Sarah Maddison**, The University of NSW
- **Alison Preston**, Curtin University
- **Gillian Whitehouse**, The University of Queensland

## **Why benchmarks for work and family policy?**

Australia is approaching a new federal election. Work and family issues were key areas of policy contest in both the 2001 and 2004 federal elections. We expect that they will be again in 2007 based on recent statements of the leaders of both the major parties, as well as the pressing need for change to accommodate the changing nature of work and family in Australia.

In the context of the forthcoming federal election, the *Work + Family Policy Roundtable* proposes a set of benchmarks against which policies for improving work and family outcomes in Australia from the various parties can be tested.

These benchmarks arise from our research expertise and are in keeping with the Roundtable's goals of contributing to the development of good family policy related to work, producing clear policy guidelines and evaluating policy proposals.

The general principles, objectives and membership of the *Work + Family Policy Roundtable* are set out at **[www.familypolicyroundtable.com.au](http://www.familypolicyroundtable.com.au)** .

**2007 ELECTION****Guiding Principles**

In principle, work and family policy proposals should:

1. recognise that good management of the work/life interface is a key characteristic of good labour law and social policy
2. support women and men to be workers as well as mothers, fathers and carers
3. facilitate employee voice over work arrangements
4. result in more sustainable workplaces and workers (e.g., through 'do-able' jobs, appropriate staffing levels and job security)
5. promote gender equality, including pay equity
6. adopt a life-cycle approach to facilitating good work/family interaction
7. protect the well-being of children and other dependents
8. ensure predictable hours and earnings
9. promote social justice and the fair distribution of social risk
10. give workers dignity and stability
11. treat individuals fairly, regardless of their household circumstances.

We recommend that parties with a strong commitment to improving the reconciliation of work and family in Australia adopt a *Charter for Work and Family* which recognises the above principles and gives attention to the following issues, adopting policy settings like those we recommend below, arising from our best assessment of the current state of research on work and family issues internationally:

- policies to assist workers find a better fit between working hours, schedules and location and their preferences;
- measures that contain and compensate for long and unsocial hours of work;

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- a better approach to part-time work;
- greater access to sick leave, annual leave and leave for family reasons;
- a government funded national system of paid maternity, paternity and parental leave;
- arrangements that ensure a relevant living wage;
- fairer, more effective family tax and welfare policies;
- a new national approach to quality, accessible, affordable early childhood education and care;
- better research and evaluation of work and family issues.

### 2007 ELECTION

## Positive policies for better work and family outcomes

### **1. Policies to get a better fit between working hours, schedules and location and workers' preferences**

A growing body of international research recognises that policies that give workers more say over their working time arrangements to accommodate their care responsibilities, improve the well-being of workers and their households. They can also increase retention rates and lower absenteeism (EOC 2007, Messenger 2004). Such policies are often best made available to all workers – men and women, young and old, those with and without current care responsibilities – because they increase workers' general acceptance of such arrangements, enhance gender equality and facilitate a life course approach, moving from a focus on separate life events (e.g., education, parenthood, ill-health, retirement) to

one where the connections across life events are a central element of policy (Fagan *et al* 2006).

#### **WE RECOMMEND:**

1. policies that give employees the right to request changes in working time arrangements (including the quantum of hours worked, the scheduling of hours and the location of work) and confer upon employers a duty to reasonably consider such requests;
2. such rights to request should include the right to request limited term conversion to part-time work with the right to revert to full-time work;
3. that there be a general right for all employees with care responsibilities for children and adults to request such changes;
4. that based on a timely and comprehensive review of the implementation and operation of the initial carers' right to request, the right to request flexible working time arrangements be extended to all employees;
5. that there be clear processes for considering employee grievances if their requests are not agreed to using established industrial machinery, and that information about the right to request should be widely distributed and publicised to employers and employees;
6. policies that protect employees from unilateral or arbitrary change in workers' working time, schedules or locations of work that are family unfriendly;
7. that a small business advocate be established to assist small business in reasonably responding to requests to vary working time arrangements.

## **2. Long and/or unsocial hours of work**

Australians increasingly work 'non-standard' hours. Many work long or very long hours, others work very short and unpredictable hours, and many work at unsocial times on weekends or in the evenings or at night. While short periods of unsocial working time or long hours may not be detrimental, persistent unsocial working time – especially where it runs against household preferences – has negative effects on workers, especially those with dependents, and its negative effects can extend to children

(Pocock, Skinner and Williams 2007, Strazdins 2004; Galinsky 1999, Pocock 2003, 2005). Persistent long hours of work compromise worker health and safety (Spurgeon 2001) and frequently have negative effects that spillover onto spouses and children. The averaging of hours over long periods of time permit extended periods of very long hours, and can make working time unpredictable or family unfriendly and compromise worker and family well-being. Working families need to be able to operate within working arrangements that confer dignity and stability of both income and working time, while protecting the health, safety and well-being of the working individual and their household. In this light,

**WE RECOMMEND:**

8. policies that recognise that a normal full-time working week is about 38 hours a week, worked between a span of about 8am and 6pm;
9. policies that pay workers more when they work unsocial hours (e.g., penalty rates for working beyond normal hours or on weekends, public holidays and unsocial shifts). These act as a financial disincentive to scheduling work at unsocial times and compensate those who work such hours for their loss of social amenity;
10. policies that restrict long or very long hours of work, either at firm or industry level;
11. policies that allow workers to refuse to work unreasonably long hours;
12. pilot initiatives to assist industries or firms with patterns of long hours to change arrangements to more family-friendly patterns, and that monitor and evaluate such pilots;
13. policies that give workers regular daily meal breaks and clear, regular rest breaks and shift arrangements that provide a safe and healthy workplace;
14. policies that confine averaging of hours to a four week period or less;
15. policies that support business to reasonably respond to requests to vary hours of work.

### 3. Part-time hours of work

Over 47 per cent of Australia's working women work part-time. For women with young children the proportion is over 60 per cent. For many, this facilitates their combination of work and family. This is not always without penalty, however, as it is often associated with restricted career paths, less secure work, poorer-quality work opportunities and less access to leave and other conditions (Pocock, Skinner and Williams 2007). Many who work part-time would prefer more hours of work, especially men. The 'right to request' to work reduced hours as recommended above, will increase employee say over working time and permit more 'in situ' part-time work, especially for those parents returning to work after intensive parenting. In addition to the right to request to change working hours, schedules and location,

#### **WE RECOMMEND:**

16. policies that facilitate part-time work, in particular quality part-time work with secure and predictable working hours and pay, that is integrated into workplaces with pro rata access to working conditions, and access to all promotion and training opportunities and communication;
17. policies that guarantee a minimum 'call in' period, and appropriate notice of shift, rostering and scheduling changes;
18. policies that confine casual work to genuinely casual work of a limited and genuinely short term, seasonal, or unpredictable nature and which give casual workers the right to request to become permanent workers where their work is ongoing, and confer upon employers a duty to reasonably consider such requests and show good reason for refusal where such requests are not granted;
19. pilots to assist employers to innovate around quality part-time work, job sharing, compressed hours and other arrangements that increase worker flexibility while delivering quality jobs that retain workers with varying responsibilities over their life-cycle.



#### **4. Sick leave, annual leave and leave for family reasons**

Different forms of leave are critical to the reconciliation of work and family. The most long-recognised of these are holiday and sick leave. More recently, provisions to assist the reconciliation of work and family like paid and unpaid maternity and parenting leave, and leave for family emergencies have also been recognised. All of these forms of leave are important to workers with caring responsibilities. A paid holiday and paid sick leave are vital priorities for all workers but especially those with caring responsibilities. Many households make use of long service leave to get extended time with their families, including when a new baby arrives. Families need holidays together. While some workers, especially those on lower incomes, might want to convert holidays into cash, their loss of an annual rest, and time with their families, is family-unfriendly. Workers with family responsibilities need their sick leave as their responsibilities often means they get sick frequently. Beyond the basics, Australian workers need access to bereavement leave and leave to deal with family emergencies.

##### **WE RECOMMEND:**

20. employees have at least two weeks paid sick leave;
21. employees have at leave four weeks paid annual leave;
22. both these forms of leave should be available to casual workers on a pro rata basis (recognising that the casual loading does not fully compensate for the loss of job security and other employment conditions as well as the loss of paid holidays and sick leave);
23. public holidays should be protected for employees and penalty rates should apply when workers work on these days;
24. that no portion of annual leave should be available to be 'cashed out';
25. that long service leave should be portable between employers and accessible at seven years of service.

## **5. Paid maternity, paternity and parental leave**

In addition, workers who are parents need access to maternity, paternity and parenting leave. It is important to distinguish between paid and unpaid forms of leave, and between maternity leave for mothers, paternity leave for fathers, and parenting leave available to both. The Australian Fair Pay Standard allows workers to use ten days for their own sick leave and for family emergencies and gives parents with more than a years' continuous employment with the same employer access to a year of shared unpaid parenting leave.

However Australian workers need greater access to paid leave, especially paid maternity, paternity leave and parenting leave. Unpaid leave is not meaningful to many parents, especially the low paid and those with few financial resources. Australia's paid maternity leave arrangements, in particular, are patchy and unfair. Most of Australia's working mothers lack access to even the basic standard of 14 weeks paid leave recommended by the International Labour Organisation. Around a third of Australian working mothers use some paid leave, most of them higher paid, in the public sector or employed in larger firms. Many have access to only a few weeks paid leave. This is unfair. It especially disadvantages children and working mothers in low income households. Amongst developed countries, only mothers in the US are as poorly supported. It is past time for a government funded national system of paid maternity leave for all Australian working mothers.

Other payments such as maternity payments do not substitute for paid maternity leave. While they give much valued financial relief at a moment of high costs to all families (whether women in them are in paid work or not), they do not guarantee working

women *time* away from their jobs for early maternity, in recognition of the physical effects of late pregnancy, birth and early mothering and breast-feeding. They do not recognise the labour market attachment and contribution of women in paid work. The positive effects of paid time have measurable positive effects on maternal and infant health (Tanaka 2005).

At present, working women ‘pay’ for maternity leave through unpaid leave, or through use of their own holiday, long service or – in many cases – sick leave. Many take less leave than they would prefer. Some have some support from their employers and in other cases fathers also use their leave. But many employers, and tax-payers generally, do not assist. This contrasts with many countries, like New Zealand and the UK where tax-payers, through government payments, provide a basic period of paid leave which employers can top up, and individual households can also complement through savings.

We recommend a system of this kind, rather than either an employer-only funded approach (which places an unfair burden on those employers who employ many women and creates an incentive to discriminate against women of childbearing age) or a contributory/levy system which has very high transaction costs.

**WE RECOMMEND:**

26. a government-funded 14 weeks minimum paid maternity leave for all working women, paid at normal replacement earnings
27. two weeks paid paternity leave for all working fathers, paid at normal replacement earnings;
28. over time, an increase in total paid leave available to working parents until households share 52 weeks of paid parental leave (including maternity/paternity and parenting leave);

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29. encouragement to employers to offer 'stay-in-touch' programs in relation to mothers on maternity and parenting leave;
30. a superannuation contribution top up for working women who take unpaid maternity leave, to restore their superannuation contributions to the level they would be without taking leave;
31. that employers be encouraged to convert any existing employer-paid maternity or parenting leave to extend total paid leave, thus retaining their competitive advantage as employers of choice;

## **6. A Living Wage and appropriate industrial relations machinery**

A living household wage is essential to families. It is a foundation stone for household well-being, and critical to family formation and housing stability. Further, many of the proposals we suggest, require active, responsive, evidence-driven industrial machinery that is responsive to changes in Australia's workforce and its caring and family responsibilities.

### **WE RECOMMEND:**

32. that Australia continue to maintain a minimum wage system that is regularly adjusted to keep pace with inflation and increases in national productivity;
33. that minimum wages should be related to a skill-based classification system, rather than maintenance only of the minimum rate (which has the effect of compressing relativities and failing to reward for skill);
34. that government establish and appropriately fund industrial relations machinery to investigate and respond to the work and family situations and changing needs of Australian workers and their households;
35. that workplace relations law give clear work and family objectives to such machinery instructing it to take account of the work and family outcomes of its decisions and respond to the changing work and family circumstances of Australia's workers.

## **7. Tax and welfare policy**

OECD research shows that tax policy is an important determinant of female work force participation (Jaumotte 2004). At present, Australia's family tax policy distorts and depresses female participation in paid work. Analysis of current arrangements (Apps 2004, 2006, 2007) shows that Australia's progressive individual tax system has effectively become a system of joint taxation that discriminates against partnered women with children who choose to move between care and paid employment. When women re-enter the workforce family benefits decrease, imposing a high effective marginal tax rate (EMTR) on women. This is primarily due to the way in which family benefits (FTB Part A and FTB Part B) are withdrawn against both increases in total household income and the income of the second earner. This discrimination leads to an increase in the effective gender wage gap (Apps 2006). The burden of a very high marginal and average tax rate on partnered mothers with children as second earners across the distribution of earnings is a defining feature of joint taxation. With women's participation rates extremely sensitive to tax rates, high EMTRs are a disincentive to work. A more neutral treatment of second earners in the taxation system will increase women's participation and the rewards for work (Jaumotte 2004).

We recommend that the current system of family payments be redesigned to promote both economic efficiency and social equity. This would include the introduction of a universal payment for families with dependent children and progressive individual tax treatment. Rectifying the effects of high EMTRs should not, however, compromise the welfare of children in low income households. We therefore suggest that additional support be available for low income households, income tested against joint parental income. An Earned Income Tax Credit, such as the one

that applies in the United Kingdom, should also be considered as a means to reward households in which parents increase their hours of paid work. We recommend that these elements of a redesigned system be modelled to identify the best possible combination of payments to meet the principles of an efficient and equitable system. Access to affordable high quality childcare is required to underpin such a system.

The case of sole-parents with dependent children requires distinctive treatment given the high demands upon the parents, mostly mothers, in these families. There are good arguments for positive rather than punitive treatment of sole parent households, given that they are often both time and income poor.

#### **WE RECOMMEND:**

36. progressive individual tax treatment;
37. a universal payment for families with children similar to those that apply in most OECD countries.
38. additional support for low income households with children and an Earned Income Tax Credit.
39. greater support for sole-parent households

## **8. Early childhood education and care**

A good national system of childcare is an essential plank of an effective system to support the reconciliation of work and family. In 2006, the *Work and Family Policy Roundtable* held a workshop which brought together Australian and international experts on early childhood education and care from a diverse range of disciplinary backgrounds. This workshop agreed on a set of policy benchmarks for changes to current childcare arrangements (see [www.familypolicyroundtable.com.au](http://www.familypolicyroundtable.com.au) for full proposal), as follows:

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### 1. *Promote the well-being of all children*

The primary goal and guiding principle of a national system of early childhood education and care (ECEC) should be the well-being of all children.

### 2. *Early Childhood Care and Education is a Public Good*

A high quality early childhood education and care system is a public good, and so requires significant public investment.

### 3. *Universal Pre-School Education*

Australian governments should implement a national, universal and integrated early childhood education and care system, particularly for children in the two years prior to starting school, and up to three years for children from disadvantaged backgrounds.

### 4. *Rational Planning of ECEC System Growth*

Governments must collaborate to plan a rational expansion of the ECEC system in order to meet the needs of all children equitably, to ensure that service quality is high, and to maintain diversity in provision to give parents genuine choice.

### 5. *High Quality Standards*

High quality education and care, especially a high ratio of trained and appropriately qualified teachers to children, is the priority issue in ensuring positive outcomes for children.

### 6. *Good Employment Practices*

High quality care depends upon stable, qualified, appropriately rewarded staff.

### 7. *A Robust Regulatory System*

High quality early childhood education and care requires a robust and integrated system of monitoring and compliance that is based on best practice standards and which targets structural, process and adult work quality dimensions.

### 8. *Affordable and Equitable ECEC Services*

Access to ECEC and good outcomes for children depend upon affordable services.

### 9. *Supportive Parental Leave and Tax Policies*

A high quality ECEC care regime requires supportive, complementary policies.

10. *Building Healthy Communities and Social Capital*

Well resourced ECEC centres provide a focal point or 'hub' for multiple community services that support families with young children and strengthen community capacity.

**WE RECOMMEND:**

40. policies that reduce heavy reliance on particular private providers for long day care services (which reduce the risks associated with corporate instability).
41. policies which improve the quality, supply and affordability of care options for children below 3 years of age.

**9. Research and Evaluation**

Countries that have made progress towards fair, progressive measures to improve the reconciliation of work and family have constructed a 'virtuous policy circle' of research, piloting, action, evaluation, and further cycles of research, action and evaluation as solutions evolve and are enacted. This cycle of problem investigation, piloting, evaluation, modification has allowed countries to build upon success, to measure progress and to draw key stake holders into programs of change. Good research, thorough cost-benefit analyses, continuous evaluation, clear piloting and an ongoing program of policy development are critical to cost-effective change.

**WE RECOMMEND:**

42. that Australian governments undertake systematic research about the work and family policy challenges facing Australia;
43. that Australian governments carefully evaluate policy innovations;
44. that Australian governments ensure appropriate research capacity exists to investigate changes at work and in Australian households.



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