

# **“Putting family values before market values“**

Speech by Wayne Swan, Shadow Minister for Family and Community Services to the *Towards Opportunity and Prosperity 2002 Economic and Social Outlook Conference, University of Melbourne, 5 April 2002*

Session 7B: Work and Family Conflicts and Fertility: Implications for Public Policy

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**\*\*\*\*\*Check against delivery\*\*\*\*\***

## Introduction

The pre-eminent issue facing families in western countries is their declining number.

Like many other countries, without changes in behaviour and a shift in societal attitudes in a short period we will have gone from baby boom to baby bust.

Today, there is one Australian of retirement age for about every five Australians of working age. Assuming current levels of net migration continue in the future, in the year 2021, there will be one for about every 3 ½. And by 2051, the ratio will be one for every 2 ½.

Why? Because many couples are deciding not to have children, and it is a perfectly legitimate choice.

However, it is the task of policymakers to ensure that it is also a conscious choice – that people are not discouraged from having children by bad policies.

The issue of the decline of the family isn't and can't be a narrow technical debate about falling birthrates as largely presented by Professor Drago.

We must face the fact that there is a growing intolerance in our society towards families – so often expressed as the complaint 'why should my taxes pay for someone else's children?'

It is an intolerance that comes from the failure to recognise that families perform a social good.

Families produce the workers of tomorrow and nurture the children who provide our society with innovation, creativity and a sense of hope for the future.

Sadly, for too many Australians the choice to have children weighs heavily. They look at the economy, their careers, and the future for children of our society – a good education, a decent job, a home.

When they do their sums they are quite rationally delaying or deciding against having children.

These societal wide factors are critical in any discussion of policy responses.

Central to the problem of the birthrate is the economic plight of ordinary working families.

We should not forget that 60% of Australian families earn less than \$50,000 each year in income.

Professor Drago makes a great deal of part time workforce trends and the implication for fertility rates; arguing high rates of part time work amongst mothers in Australia maybe contributing to low fertility here relative to the United States.

Perhaps a more relevant observation regarding higher levels of part time work among Australian mothers, described by the Professor as being 'shunted off to the mommy track', is that financial pressure is a more pertinent factor in women's workforce experience and the declining birthrate in Australia.

To me the paper reinforced the warnings given to me by my economic methodology lecturer years ago that correlation does not necessarily imply causation.

Workforce participation patterns, hours worked, rates of pay, the conditions in industrial awards and the structure of new enterprise agreements has led to a less family-friendly environment in recent years.

The first great challenge of family policy reform should be to ensure that workforce opportunity and advancement is not impeded by gender-specific roadblocks, including family and the raising of children.

Family policy, properly understood, is not about forcing women to have more children, or keeping them in the home, or any other such antiquated rubbish. It is simply about things that you would want to do anyway -- make it easier for families to have and care for children.

It will do us no good to lament that the feminist struggle that began in the 1960's produced different workforce outcomes for women in Australia than in the United States. We might want to address this issue but not at the cost of replicating other features of American workplace policies in Australian family policy.

### **Work and Family**

We need to move away from the ideological posturing that masquerades as debate about family policy and get down to the practical questions facing everyday families.

How do we provide encouragement for those families who want to have children but are not or who have one child but are uncertain about having more?

First, we have to accept the reality of economic life. We have to accept that in most families both parents need to work.

Peter McDonald also points out that - putting the reason for workforce participation aside - a strong attachment by mothers to the workforce.

For example, the ABS data shows that when a first child is aged less than one, only 39% of their mothers are working. But a mother's workforce participation rises sharply to 57% in the child's second year and 68% when they are aged between three and four years.<sup>1</sup>

This is why it is critically important that we help families balance work and family life.

To do nothing new is not an option.

The OECD has been closely following the relationship between work and family policy and birthrate. It has found that family size is lowest in countries where women's labour force participation is lowest.<sup>2</sup>

The OECD sensibly observes that such correlations do not prove that increasing female labour force participation rates will inevitably increase fertility rates.<sup>3</sup>

But they do suggest "child rearing and paid work are complementary rather than alternative activities," and that policy should be made on that basis.

Too many mothers have to return to work early after having a baby because they simply can't afford not to.

Others have decided to stay at home but are having to go without.

For working women and families paid maternity leave is a long-overdue necessity.

Apart from the United States we are now the only developed nation in the world that does not offer some form of paid leave to parents following the birth of a child.

This is a disgrace.

Paid maternity leave is the 21<sup>st</sup> Century bridge Australia needs to span the divide between work and family life.

For Labor, paid maternity leave is not an either or.

Labor has stood at the forefront of delivering better conditions for working families. We want to build on this with a proposal for paid maternity leave.

Plenty of models exist overseas that could be implemented in Australia.

While many big businesses are already providing paid maternity leave, many small businesses find it unaffordable.

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<sup>1</sup> McDonald, P (2001) People and Place Vol 9, No. 3, page 18

<sup>2</sup> OECD (1999) A Caring World, The New Social Policy Agenda, Paris

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In 1996 Labor introduced the Maternity Allowance for new mothers equivalent to six weeks of basic paid leave.

One option would be to build on this to provide a better and more comprehensive basic paid entitlement – particularly to assist small business implement paid maternity arrangements.

The International Labour Organisation standard is two-thirds average earnings paid for a duration of 14 weeks.<sup>4</sup>

Although we need to work out the costs, families would probably view an entitlement along these lines to be of real value in helping them juggle work and the demands of a new baby.

It enables women who have a career path - whether that be full time or part time – to step back in after time out.

This provides a totally different track for women to what the Howard Government envisages.

The combination of the Government's Family Tax Benefit Part B Payment and its recent introduction of a First Child Tax Refund or Baby Bonus set a policy course straight back to the 1950's – a world away from the modern lives of Australian families and their patterns of workforce participation.

The Baby Bonus delivers little to the majority of Australian families who are living in the 21<sup>st</sup> Century.

In fact in its first year just 12,500 families – half a percent of all Australian families will receive the full bonus of \$2,500.

90% or 2.5 million families will get nothing in year one.

Of the remaining 10% who get something, more than half will receive \$500 or less.

So the Bonus delivers to the few rather than the many.

Another problem with the Bonus is that it delivers the greatest benefit to those women with high taxable incomes.

The average female income for the typical childbearing ages of 18-40 is just \$22,057.

Hence the average benefit of the bonus for someone earning under \$25,000 is \$500.

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<sup>4</sup>International Labour Organisation Maternity Protection Convention 2000 (No. 183)

For someone earning over \$50,000 the bonus is worth \$2,500 - that means someone on twice the income gets five times as much bonus.

And because the bonus is paid at tax time, those parents with a modest family income who have taken time out to care for a child fulltime won't get any support during the year.

For families struggling along, who are under considerable financial pressure, the bonus delivers too little too late to be of any real benefit.

The Government has designed the bonus to meet its own needs rather than the needs of average families.

It's another bad example of PR masquerading as policy.

Probably the worst feature of the Baby Bonus is that it could contribute to the trend of women in Australia delaying having a first child - one of the key drivers undermining our birthrate.<sup>5</sup>

Women thinking of starting a family or having another child will be encouraged to put it off until they are earning more so that they can maximise their bonus.

When you consider the structure of the Baby Bonus in conjunction with Family Tax Benefit Part B you can start to appreciate how Neanderthal the current Government's approach is.

Family Tax Benefit Part B punishes parents who move in and out of the workforce during a financial year.

The design of Family Tax Benefit B allows the Government to retrospectively claw back money paid to families simply because a parent has returned to work.

In the worst cases, a women caring for a child full time at the beginning of the financial year who unexpectedly gets full time work eight months on will see the family payments made while she was at home turn into a debt at the end of the year.

For many families, this retrospective debt trap is completely out of touch with their lifestyles and their aspirations.

### **Real family values**

The current Government trades in family values rhetoric but if it were serious it could do much more.

Behind the fuzzy words, the policy settings of the current Government send a harsh message – they are not interested in providing support to families on

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<sup>5</sup> McDonald, P (2001) People and Place, Vol 9, No.3, page 24

modest incomes and they see the decision to have children as private choice, not the responsibility of society at large.

Responsibilities *are* important; but when the decline of families is in direct proportion to the economic pressure placed on them - in part by government decisions - one has to ask whether they are the real issue.

In our country we have a Government that is more concerned with prices on the sharemarket than those at the local supermarket.

That's why the current Government has no sense of urgency about the fact that so many children are not getting a good start in life.

Using OECD measures, more than half a million children in Australia are now living in poverty; and

Recent research conducted by the National Centre for Social and Economic Modelling indicates that in the last few years there has been a 40% increase in the number of Australian children who are being raised in working poor families.

So we now have a situation where 163,000 children are being raised in families with work but not enough pay. In fact 25% of all children living in poverty are in families with work!

And almost 800,000 children – far too many in good economic times - are growing up in families where neither parent works.

The need for welfare reform and a greater investment in families with young children is not just an issue of social justice and social cohesion – although these are critical - its an issue of hard headed economics.

Professor Drago rightly acknowledges that the lack of institutional support for families and children is responsible for high incarceration rates and other adverse social outcomes.

There is a lesson here for us.

If we didn't have so many disadvantaged children here we wouldn't have so many disadvantaged adults.

And we have an increasing number of disadvantaged children.

In fact the Australian Institute of Health and Welfare's report Child Protection 2000-2001 released this week shows an increase in the number of child protection notifications since 1996 and an upward trend in the numbers of children on care and protection orders.

The report points to the extent to which we are failing our children.

That is why we need to completely redrawing the map when it comes to families and children's services including childcare.

We currently have a patchwork quilt of services – childcare, maternal and child health, family support and early education – that is fragmented and inaccessible.

We need a root and branch reappraisal of services for children and families and we have to make sure young families get all the services they need to be good families. That means changing the way Governments at all levels plan and fund child and family services.

The value of investing early in children is well documented throughout the world.

We are sitting on 40 of years of research on child development that says unequivocally – every dollar invested today can save many more down the track.

Research that suggests if you get the platform of child and family services right you have less adults who cannot read, less spending time in prison and less without work.

This is why we need more than simply family or parenting payments.

It is the reason that central to Labor's plan for families at the last election was a plan for a \$260 million investment in services for children and families underpinned by a set of serious national benchmarks aimed at lifting children's general health and wellbeing.

The Government has in the last four months spoken about this area but is yet to back its rhetoric with concrete action or money. In this regard I would invite the Prime Minister - I know he is looking for a third term agenda - to grab Labor's early assistance policies.

Why not commit his Government to making a serious effort at improving the level of support that goes to families with young children?

### **Conclusion**

We all know strong families build strong communities. We all know families are the backbone of a society. We all know they are the only place for teaching and nurturing the values that underwrite and bind our communities.

So why is it under so much pressure? Why is it being devalued as an option?

Life is faster, harder, more technical, more demanding of time than ever before and with all the will in the world, some families can't clear the hurdles put before them.

They struggle financially, they struggle time-management wise, they struggle with the every day stress of modern life, and they struggle with guilt.

They need both partners to work, but they want to put in time with their children, or maybe with their aging parents.

They aren't given enough time to be a parent, a worker and a good involved citizen.

The changes of recent years have stretched families to the limit in terms of coping with longer working hours and with the rising costs of raising children.

The foundation of family prosperity – putting family values before market values - has been ignored in our political debate for too long -- caught in a debate for and against differing and competing notions of what constitutes a real family.

It takes a very committed government in these difficult times to really make a difference for average families. Political conservatives in the past made a strong play on family values on the basis that they were the ones attempting to hold back change and preserve the position of families.

The problem now is that change is upon us. It has clearly outflanked average families. What is needed now is not a strategy to preserve the status quo, because that status quo – as I have shown – is one of ever-mounting pressure on families.

We need to take up the battle - for the elevation of family values above market values because an investment in our families is an investment in the future of our nation.