



**Australian Government**

---

**Department of Families, Housing,  
Community Services and Indigenous Affairs**

**Department of Families, Housing, Community  
Services and Indigenous Affairs Submission to  
the Productivity Commission Inquiry into Paid  
Maternity, Paternity and Parental Leave**

2 June 2008

**FaHCSIA Submission to the Productivity Commission Inquiry into Paid  
Maternity, Paternity and Parental Leave**

**INTRODUCTION: PURPOSE AND CONTENT OF THE SUBMISSION iii**

**PART A: FaHCSIA RESEARCH FINDINGS..... 1**

1. Trends in fertility, family formation and family types in Australia.....	1
2. The costs of children .....	5
3. Women’s labour force participation and wages over the life course .....	6
4. Impact of child birth and caring for young children on women’s retention in, and return to the labour force .....	9
5. Fathers’ participation in child rearing .....	11
6. Evidence of key factors in early child development.....	13
7. The benefits of breastfeeding for early child development .....	15
8. The post-birth health of mothers.....	17
9. Other primary carers and early childhood development.....	18

**PART B: FAMILY ASSISTANCE AND INCOME SUPPORT FOR  
FAMILIES..... 22**

10. Social Security and Family Assistance Systems .....	22
11. Family Tax Benefit Part A .....	24
12. Family Tax Benefit Part B .....	25
13. Baby Bonus (formerly called Maternity Payment).....	26
14. Other financial assistance to families .....	27
15. Carer Payment .....	27
16. Carer Allowance.....	28
17. Support to other primary carers .....	28
18. Support for non-parent carers.....	29

**Attachment A:FaHCSIA Payments to Families.....31**

**Attachment B:FaHCSIA and DOHA Support for Families with Young  
Children .....**

**Attachment C:History of Maternity Payments .....**

<b>List of Tables and Figures</b>	<b>Page</b>
Table 1: Trend in Total Fertility Rates (TFR): 1976 to 2006	2
Table 2: Estimated average costs of a single child, by age of child and level of family income, December 2007	6
Table 3: Australia and selected OECD Countries – mothers’ employment/population ratio, 2005	7
Table 4: Fathers employed in the 12 months prior to the birth of their child: combinations of leave types and average duration of leave (unweighted)	12
Table 5: Infants fully breastfed to 4 and 6 months, by population characteristics	17
Table 6: Income limit beyond which only base rate of FTB Part A is paid (\$pa)	33
Table 7: Income limit at which Family Tax Benefit stops (\$pa)	33
Table 8: Maximum rates of FTB Part A	34
Table 9: Base rate of FTB Part A	34
Table 10: FTB expenditure – combined FaHCSIA and ATO expenditure	35
Table 11: FTB Part A customer numbers and characteristics for fortnightly instalment recipients	35
Table 12: Maximum rate of FTB Part B	37
Table 13: FTB Part B customer numbers and characteristics for fortnightly instalment recipients	38
Table 14: Customer numbers (Maternity Payment/Baby Bonus)	40
Table 15: Income Test (Carer Payment)	42
Table 16: Payment Rate (Carer Payment)	43
Table 17: Carer Payment client numbers and characteristics	44
Table 18: Carer Allowance client numbers and characteristics	45
Figure 1: Trends in labour force participation of population aged 15 years and over by gender, April 1978-April 2008	7

## **INTRODUCTION: PURPOSE AND CONTENT OF THE SUBMISSION**

The purpose of this submission is to provide the Inquiry with:

1. key data and information on the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) research and reports. Other evidence, in areas relevant to FaHCSIA responsibilities and expertise is also provided where it relates to issues and questions raised in the Productivity Commission (PC) Inquiry Terms of Reference and Issues Paper, and
2. information on the Social Security and Family Assistance systems and the diverse range of families and carers they assist.

The submission also incorporates information provided by the Department of Health and Ageing (DoHA) on areas for which it has responsibility and expertise, such as the health benefits of breastfeeding and the postbirth health of mothers. Material contributed by DoHA is clearly acknowledged in those sections of the submission.

The submission acknowledges that some family assistance and social security payments to families with children are the responsibility of the Department of Employment, Education and Workplace Relations (DEEWR). These are: Parenting Payment, Child Care Benefit and Child Care Tax Rebate. Details on these payments are not provided in this submission, as it is understood that DEEWR will be providing its own submission to the Inquiry.

The submission presents information on the issues facing Australian families in managing work and caring responsibilities in raising young children. It begins by contextualising and profiling families in Australia today, and provides an overview of women's labour force participation and behaviour and wages over the life-course. The submission also briefly provides evidence on the use of parental leave by mothers and fathers, and on parents' work and caring decisions after the birth of children.

It presents information on the key developmental milestones for newborns and children aged 0-2 years and on the costs of children, and on the post-birth health of mothers. Information is also provided on the impact of parental separation on child wellbeing, on jobless families in Australia and on the role of other primary carers in early childhood development, such as grandparents and adoptive parents.

The submission concludes by providing detailed information on financial and other support provided by the Australian Government through FaHCSIA and DoHA programs to families with young children.

## **PART A: FaHCSIA RESEARCH FINDINGS**

### **1. Trends in fertility, family formation and family types in Australia**

In its Issues Paper the PC noted that modern families take many forms and that this is likely to mean that the impacts of possible models on child and parental wellbeing will vary across different family types and caring arrangements. It is appropriate therefore to provide a snapshot of Australian family trends.

Recent social changes have seen a compressing of the family lifecycle for partnering and having children with effects on fertility, ageing and care within families. Life transitions such as completing education and entering the full-time workforce are occurring later than for previous generations.

### 1.1 Trends in fertility and family formation

Australia has experienced a sustained fertility decline over the past four decades, with the total fertility rate (TFR) decreasing to below replacement fertility level (see Table 1 below).

**Table 1: Trend in Total Fertility Rates (TFR): 1976 to 2006**

Year	Total Fertility Rate
1976	2.06
1986	1.87
1996	1.80
2000	1.76
2001	1.73
2002	1.76
2003	1.75
2004	1.78
2005	1.79
2006	1.81

Source: ABS. *Births, Australia, 2006*, Cat No. 3301.0.

**Note:** The TFR represents the number of babies that a woman could expect to bear if current age-specific fertility rates continued.

There has been a recent increase in fertility with the TFR rising from 1.73 children per woman in 2001 to 1.81 children in 2006. The TFR in 2006 was the highest since 1995<sup>1</sup>, with most of the recent increase attributed to higher fertility among women aged 30 years and over. A preliminary estimate for 2006-07 is a total fertility rate of 1.85<sup>2</sup>. Australia is ranked ninth out of 30 OECD countries on fertility, with the OECD average at 1.63.<sup>3</sup>

The annual ABS birth numbers increased from 246,346 in 2001 to 259,791 in 2005 and to 265,949 in 2006. However, ABS birth data are on the low side when compared

<sup>1</sup> ABS. *Births, Australia, 2006*. Cat No. 3301.0.

<sup>2</sup> ABS. *Australian Demographic Statistics*, Sep 2007, Cat. No. 3101.0.

<sup>3</sup> Organisation for Economic Co-operation and Development. 2007, *Babies and Bosses: Reconciling Work and Family Life – A Synthesis of Findings for OECD Countries*, p. 31.

with FaHCSIA Maternity Payment/Baby Bonus data (264,996 in 2005) and AIHW National Perinatal Data Collection (NPDC) (270,440 births in 2005)<sup>4</sup>.

Unlike the TFR, which gives a current measure of fertility, the completed fertility rate provides a measure of cohort fertility of women who have completed their reproduction. The average number of children ever born to women aged 40 years and over is assumed to represent completed fertility.

Research on historical cohort fertility trends, based on an analysis of the 2001 Household, Income and Labour Dynamics in Australia (HILDA) dataset, found that the completed fertility rate had declined from its peak of 3.2 children for those cohorts born in 1927-36 to 2.2 children for those born in 1957-61.<sup>5</sup> This raises questions about the extent to which 'delay' may account for the TFR being below replacement level.

The 2006 Census also suggests completed fertility rates have fallen - women aged 40-44 in 2006 (those born in 1962-66, some of whom may not have completed their fertility) had an average of 2.0 children compared to 2.8 in 1981 (those born in 1937-41). The comparable figures from the 2006 HILDA dataset are 2.08 and 2.86, respectively.

In the last 20 years, the median age for first marriage<sup>6</sup> and the birth of the first child has increased for both men and women. The median age at first marriage for men increased to 29.6 years in 2006 and the median age at first marriage for women was 27.6 years in 2006. In 1986, the respective median ages at first marriage were 25.6 years and 23.5 years.

There has been a trend towards later child birth by the large cohort of women in their thirties (the 1968-1972 first echo of the baby boom cohort). The median age of mothers who gave birth in 2006 was 30.8 years (the highest median on record) compared with 27.5 years in 1986.<sup>7</sup>

There has been a recent increase in the number of births, however, the proportion of the population who are children aged less than five years is reducing. These children represented 6.4 per cent of the Australian population in the 2006 Census compared with 7.1 per cent in 1996<sup>8</sup> and approximately 8.8 per cent in June 1976<sup>9</sup>.

---

<sup>4</sup> <http://www.npsu.unsw.edu.au/>

<sup>5</sup> Tesfaghiorghis, H. 2006, "Australia's fertility: a HILDA based analysis", *Australian Social Policy* 2005.

<sup>6</sup> ABS. *Marriages Australia 2006*, Cat. No. 3306.0.55.001.

<sup>7</sup> ABS. *Births, Australia, 2006*. Cat No. 3301.0.; Australian Historical Population Statistics, Table 37, *Median age of mother, all confinements, Australia, 1921 onwards*. Cat. no. 3105.0.65.001.

[http://www.ausstats.abs.gov.au/ausstats/abs@archive.nsf/0/8898B82F2FCD53AFCA25717600223389/\\$File/3105065001\\_table37.xls](http://www.ausstats.abs.gov.au/ausstats/abs@archive.nsf/0/8898B82F2FCD53AFCA25717600223389/$File/3105065001_table37.xls)

<sup>8</sup> ABS. Cat. No. 2068.0 - 2006 Census Tables, Age By Sex For Time Series Based on Place of Usual Residence Australia.

<sup>9</sup> ABS. Cat. No. 3201.0 Population by Age and Sex, Australian States and Territories Table 9.

Estimated Resident Population By Single Year Of Age, Australia.

[http://www.ausstats.abs.gov.au/ausstats/abs@archive.nsf/0/97CB17571FC7FCEFCFA257242001B2665/\\$File/320109.xls](http://www.ausstats.abs.gov.au/ausstats/abs@archive.nsf/0/97CB17571FC7FCEFCFA257242001B2665/$File/320109.xls)

The interaction of factors leading to a decrease or increase in fertility rates are complex. Fertility rates can be affected by the state of the economy, the extent of government support, advances in medical technology and the prevailing social values affecting individual and couple preferences about having, delaying or forgoing having children.

There have been a range of studies of the determinants of individual women's fertility. Characteristics that have been found to be important<sup>10</sup> include:

- age of woman;
- marital status;
- educational level;
- labour force status;
- disposable household income;
- fertility expectations and intentions;
- congruence or incongruence between members of a couple in future fertility desires, expectations and intended number of children;
- Baby Bonus, and
- child care costs (for both fertility and labour supply decisions).

## **1.2 Trends in family types**

Most children are born into, and grow up in 'intact' couple families (ie. a couple family containing at least one child who is the natural or foster child of both members of the couple and no child is the stepchild of either member of the couple). In 2003, almost three quarters (72 per cent) of children aged 0-17 years lived in intact two parent families. Among children born between 1976 and 1983, 70 per cent spent all of their childhood until they turned 18 years living in an intact family. In 2003, around three per cent of children aged 0-17 years lived in step-families (i.e. a couple family containing one or more children where at least one child is the step child of either member of the couple) and five per cent in blended families (i.e. a couple family containing two or more children where at least one child is the natural child of both members of the couple).<sup>11</sup>

In the 2006 Census, 88 per cent of couples with dependent children were 'intact' families, and 92 per cent of these were in a registered marriage. Couple families are 77.5 per cent of families with dependant children. One parent family households comprise 22.5 per cent of families with dependant children. In 1996, family

---

<sup>10</sup> Tesfaghiorghis, H. 2007, "Men's and women's fertility: differences in achieved fertility, expectations and intentions", *Australian Social Policy 2006*; "Fertility, desires and intentions: a longitudinal analysis", paper presented at the HILDA Survey Research Conference, 19-20 July 2007, Melbourne. Fan, E. and Ryan, C.: "Expecting the Stork: Child subsidies and fertility plans in Australia" 2006; "Factors influencing fertility goals and patterns in Australia" 2008; "Does fertility respond to Child Care Costs and Child Care Benefits in Australia?" 2007.

<sup>11</sup> de Vaus, D and Gray M. 2003, "Family transitions among Australia's children", *Family Matters*, no. 65, Winter 2003, pp.10-17. De Vaus, D. 2004, *Diversity and Change in Australian Families: Statistical Profiles*, Australian Institute of Family Studies, Melbourne.

households with dependent children consisted of 80.4 per cent and 19.6 per cent of couple and single parent family households respectively.<sup>12</sup>

## **2. The costs of children**

The PC Issues Paper raised the issue of income considerations playing a role in parental leave decisions. This section below presents information on some research that has been undertaken on the costs of children for Australian families.

The Ministerial Taskforce on Child Support Reform<sup>13</sup> commissioned three reports on the costs of children to enable it to fulfil two of its terms of reference, as set by the House of Representatives Committee on Family and Community Affairs (the Committee) in its report on child custody arrangements in the event of family separation. Three different methodologies were used. NATSEM estimated the direct costs of children using the Household Expenditure Survey. Henman used a budget standards approach to estimate how much parents need to spend to provide their children with a specific standard of living. Gray undertook a review of the approaches and methods used in previous Australian and international research to estimate the costs of children<sup>14</sup>. As outlined in the Report of the Ministerial Taskforce on Child Support Reform, all three methodologies found that: the costs of a child generally increase with age; there are economies of scale, so that, in general, each additional child costs less than the last; and the dollar costs of children increase with family income but decline as a proportion of income.

The research commissioned by the Ministerial Taskforce showed that for some very low income households, government benefits meet the full measured costs of children in intact households. FTB appeared to cover most of the costs of children for families with young children and made a substantial contribution to families with older children.

NATSEM and Henman updated their previous work on the cost of children in 2007.<sup>15</sup> NATSEM found that, on average, families spend \$209 a week on one child, \$388 when they have two children and \$537 when they have three children. This means that while the first child costs \$209 a week, the additional cost of a second child is \$179 a week and a third child costs an additional \$149 a week<sup>16</sup>. NATSEM's estimated average costs of a single child, by age of child and level of family income are shown in Table 2.

Henman's updated costs show that on average, a three year old child in a low income family costs on average \$4,910 per year while a 14 year old costs \$7,850 per year.<sup>17</sup>

---

<sup>12</sup> ABS, *Census of Population and Housing 2006*.

<sup>13</sup> See [http://www.facs.gov.au/internet/minister2.nsf/content/child\\_suppt\\_taskforce.htm](http://www.facs.gov.au/internet/minister2.nsf/content/child_suppt_taskforce.htm). This report was released in December 2003.

<sup>14</sup> Henman, P, Percival, R, Harding, A. and Gray, M. 2007, *Costs of children: research commissioned by the Ministerial Taskforce on Child Support*, Occasional Paper 18, Department of Families, Housing, Community Services and Indigenous Affairs.

<sup>15</sup> AMP.NATSEM. 2007, "Australian Child Costs in 2007", *Income and Wealth Report*, 18, December 2007. Henman, P. 2007, *Updated costs of children using Australian budget standards*, School of Social Work and Applied Human Services, University of Queensland.

<sup>16</sup> AMP.NATSEM. 2007, "Australian Child Costs in 2007", *Income and Wealth Report*, No. 18.

<sup>17</sup> Henman, P. 2007, *Updated costs of children using Australian budget standards*, School of Social Work and Applied Human Services, University of Queensland.



**Table 2: Estimated average costs of a single child, by age of child and level of family income, December 2007**

Gross income quintile	Average income (\$)	Age of Child				
		0-4	5-9	10-14	15-17	18-24
		\$ pw	\$ pw	\$ pw	\$ pw	\$ pw
Low income (bottom 20 per cent)	729	65	97	164	180	260
Middle income (middle 20 per cent)	1,538	132	171	253	271	367
High income (top 20 per cent)	3,216	255	305	411	433	555
Average of all income ranges	1,722	144	183	268	286	384

Source: AMP.NATSEM. 2007, "Australian Child Costs in 2007", *Income and Wealth Report*.

The Australian Government provides support to assist a diverse range of families to care for family members, including parents of newborns and infants aged 0-2 years. The level of family assistance for families has increased markedly over the past decade – for example, the maximum annual rate of what is now FTB Part A for a child aged under 13 years of age has increased in real terms by 39 per cent, from \$2,420.60 in 1996 (\$3,226 in 2007 dollars) to \$4,460.30 in 2007-08.

### **3. Women's labour force participation and wages over the life course**

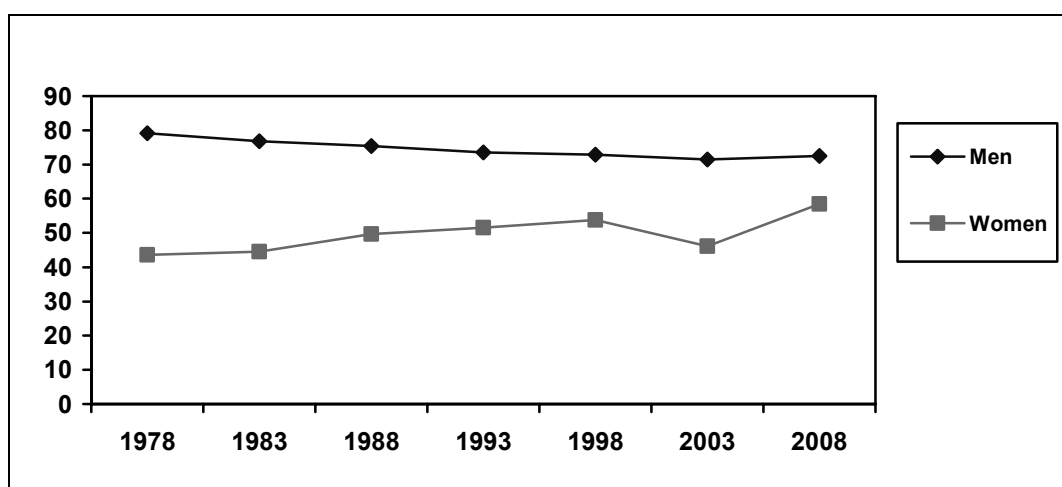
Over the last 30 years, the labour force participation of Australians aged 15 years and over has increased from 61.3 per cent of the population in April 1978 to 65.4 per cent of the population in April 2008. Trends in labour force participation over that time varied by gender (see Figure 1 below). The labour force participation rate for women has increased from 43.6 per cent in April 1978 to 58.4 per cent in April 2008 and men's labour force participation has decreased from 79.2 per cent to 72.5 per cent over the same period.

Despite a consistent increase in women's labour force participation over the last 30 years, it remains substantially lower than men's<sup>18</sup>. Women's labour force participation is lower than men's across all age groups, except between the ages of 15-19 years.<sup>19</sup>

<sup>18</sup> ABS, 2008, *Labour Force, Australia, March 2008*, Cat. No. 6202.0.55.001.

<sup>19</sup> ABS, 2008, *Labour Force, Australia, March 2008*, Cat. No. 6202.0.55.001.

**Figure 1: Trends in labour force participation of population aged 15 years and over by gender, April 1978 – April 2008**



Source: Labour Force, Australia, Spreadsheets, April 2008, ABS Cat. No. 6202.0.55.001 (Trend data)

Women's labour force participation varies with age. It is highest among women aged 20 – 24 years and then declines during the peak childbearing years (25-44 years). Australia has one of the lowest rates of female employment/population ratios for mothers with young children in the OECD (see Table 3 below).

**Table 3: Australia and selected OECD countries: mothers' employment/population ratio, 2005**

	Youngest Child < Two	Youngest Child Aged 3-5
<b>Australia</b>	48.3	
<b>Canada</b>	58.7	68.1
<b>Sweden</b>	71.9	81.3
<b>UK</b>	52.6	58.3
<b>USA</b>	54.2	62.8

Source: Organisation for Economic Co-operation and Development. 2007, *Babies and Bosses: Reconciling Work and Family Life (Vol.5): A Synthesis of Findings for OECD Countries*. Table 1.1. Key Indicators on birth rates, female employment.

Just under half of all employed women work part-time. In April 2008, women represent 70.6 per cent of all part-time employees and 35.2 per cent of all full-time employees.<sup>20</sup> Even when women work full-time, on average, they work fewer hours per week than men.<sup>21</sup>

Women's earnings are lower than men's. Among full-time workers in February 2008, women earned \$0.84 for every dollar earned by men.<sup>22</sup> When differences in hours worked are taken into account, the gap is narrower, but men are still paid more than women on an hourly basis.<sup>23</sup> The size of the gender gap in earnings varies by age, State, occupation, industry, sector and across the earnings distribution.

<sup>20</sup> ABS. 2008, *Labour Force, Australia, April 2008*, Cat. No. 6202.0.

<sup>21</sup> ABS. 2008, *Australian Labour Market Statistics, April 2008*, Cat. No. 6105.0.

<sup>22</sup> ABS. 2008, *Average Weekly Earnings, Feb 2008*, Cat. No. 6302.0.

<sup>23</sup> ABS. 2006, *Employee Earnings and Hours, May 2006*, Cat. No. 6306.0.

Researchers have found having children has a marked negative and persistent influence on a woman's lifetime earnings profile, with a considerable earnings reduction associated with having a child. A woman with one child, who has completed secondary education, is estimated to earn just under 63 per cent of what she would have earned had she remained childless. This equates to foregoing \$162,474 after tax over her lifetime<sup>24</sup>. Additional children decrease lifetime earnings further, with additional losses of \$11,515 for a second child and \$14,988 for a third child<sup>25</sup>. It has been estimated that Australian women forego about \$37 billion in total earnings each year due to child rearing.<sup>26</sup>

The loss of earnings associated with birth and child rearing, and its impact on incomes over the life cycle, is a major contributory factor in women generally having significantly lower retirement incomes than men.

Research commissioned by FaHCSIA, based on analysis of HILDA data, found that women retire with less superannuation than men for various reasons. These include 'employer contributions' into women's superannuation funds being less than for male employees, as women generally earn less than men. Women are more likely to work part-time and to take career breaks for child rearing and this also reduces women's and employer contribution to superannuation. As such, women's superannuation contributions accumulate far less interest than men's<sup>27</sup>.

This research finds that the median household disposable income for single retired men and women in the 2002-03 financial year was around \$13,000<sup>28</sup>, which indicates that a high proportion of these retirees rely solely on the age pension. Single male retirees have an average disposable income \$2,000 higher than do single female retirees.<sup>29</sup> Those who were in the workforce when the study was undertaken (2003) fare somewhat better, although the gender difference is still pronounced. The median level of superannuation for women aged between 45 and 64 was \$30,000, compared to \$66,000 for men between 45 and 54 years of age, and around \$86,000 for men aged between 55 to 64<sup>30</sup>.

In its report of 2006, the House of Representatives report, *Inquiry into Improving the Superannuation Savings of People under 40* noted that there is no legislative requirement for employers to pay superannuation to women who are on paid maternity leave<sup>31</sup>. This is because the Superannuation Guarantee is payable on ordinary time earnings only, which does not include maternity leave. However,

---

<sup>24</sup> Chapman, B, Dunlop Y, Gray, M Liu A and Mitchell, D. 2001, "The Impact of Children on the Lifetime Earnings of a Woman: Evidence from the 1990s", *The Australian Economic Review*, 34:4, p.383. Note that the calculated figures provided were for the net present values of lifetime earnings using a 5 per cent discount rate.

<sup>25</sup> Ibid.

<sup>26</sup> Richardson, S. 2000, "Society's investment in children", *National Institute of Labour Studies Discussion Paper No.151*, National Institute of Labour Studies, Flinders University, Adelaide.

<sup>27</sup> Australian Government, *Aspects of Retirement for Older Women*, Commonwealth of Australia, 2006, p.40.

<sup>28</sup> Ibid. p.38.

<sup>29</sup> Ibid. p.38.

<sup>30</sup> Ibid. p.40.

<sup>31</sup> House of Representatives. 2006 *Report of the Inquiry into Improving the Superannuation Savings of People Under 40*. <http://www.aph.gov.au/house/committee/efpa/super/report.htm>

employers can choose to continue to pay the Superannuation Guarantee to employees on maternity leave if they wish to.

#### **4. Impact of child birth and caring for young children on women's retention in, and return to the labour force**

Evidence on the impact of work prior to birth and the availability and types of leave on women's return to work after birth and timing of that return to work is complex. Research broadly shows that around 25 per cent of women return to work within six months of giving birth and 75 per cent continue to care full-time for their child. For women with children less than two years old, 18 per cent of those who had returned to work were in full-time work and 82 per cent were in part-time work. Forty-five per cent of those women who had returned to work were working 15 hours or less a week.

Research has found that "women with access to maternity leave have a higher likelihood of returning to work at the end of that period of leave compared to women with no leave entitlement".<sup>32</sup> Additionally, it has been found that "women return more slowly where there is a longer period of leave in which they retain a guaranteed return to their job".<sup>33</sup>

It has also been found that those who used a combination of paid and unpaid leave were less likely to return to work in the first three months than other leave users. Women who returned to work within three months were most likely to have used paid leave only, followed by unpaid leave only<sup>34</sup>. "Those who used a combination of paid and unpaid leave were less likely to return to work than other leave users, no doubt because this allowed them to take a longer period of leave"<sup>35</sup>. Self-employed mothers were likely to return to work early<sup>36</sup>. Around 50 per cent of self-employed mothers had returned to work within 3 months.<sup>37</sup> Permanent employees were likely to use a combination of paid and unpaid leave and return to work within 11-12 months.<sup>38</sup>

Research also shows that a woman's profession prior to giving birth can affect her decision to return to work after childbirth. Women who were employed as private sector managers or professionals showed the highest commitment to returning to work. This may be because these women had a stronger commitment to work, had a greater need to maintain continuity in their job/career, or because they faced a higher opportunity cost of not working.<sup>39</sup>

---

<sup>32</sup> Hofferth, 1996; McGovern et al, 2000; Pylkanen and Smith, 2003; Waldfogel, Higuchi and Abe, 1999, cited in Baxter, J. 2005, "Women's Work Transitions around Childbearing", *Negotiating the Life Course Discussion Paper Series Discussion Paper DP-021*, Australian Institute of Family Studies, March 2005.

<sup>33</sup> Ronsen and Sundstrom, 2002, cited in Baxter, J. 2005, "Women's Work Transitions around Childbearing", *Negotiating the Life Course Discussion Paper Series Discussion Paper DP-021*, Australian Institute of Family Studies, March 2005.

<sup>34</sup> Baxter, J. *Timing of mothers' return to work after childbearing: variations by job characteristics and leave use*, unpublished Australian Institute of Families Research Paper, p.25.

<sup>35</sup> Ibid. p.ix.

<sup>36</sup> Ibid. p.18.

<sup>37</sup> Ibid. p.ix and pp.20-21.

<sup>38</sup> Baxter, J. *Timing of mothers' return to work after childbearing: variations by job characteristics and leave use*, unpublished Australian Institute of Families Research Paper, p.x.

<sup>39</sup> Baxter, J. 2005, "Women's Work Transitions around Childbearing", *Negotiating the Life Course Discussion Paper Series Discussion Paper DP-021*, Australian Institute of Family Studies, March 2005, p.19.

Other research indicates that the sharpest increase in the proportion of new mothers being in paid work occurs in the first 12 months after the birth of a child.<sup>40</sup> Research also found that mothers having their first child return to employment more quickly than mothers having subsequent children. Among mothers having their first child, 53 per cent have returned to work 12 months after the birth as opposed to 32 per cent of mothers having a second child.<sup>41</sup> Research also finds that within two and a half years of their latest birth, the employment rate of mothers had returned to the same level that existed six months prior to giving birth.<sup>42</sup>

The Equal Opportunity for Women in the Workplace Agency's *Annual Workplace Survey 2004*<sup>43</sup> found that the retention rate of female employees who had taken maternity leave was 67 per cent for organisations where paid maternity leave was provided, but only 56 per cent at organisations where no paid maternity leave provisions were offered. (These retention rates are snapshot or point-in-time rates calculated by dividing the total number of women who commenced (any form of) maternity leave in the last 12 months before the time of survey by the number of women who had returned to work from (any form of) maternity leave in the same period.)

While the provision of paid maternity leave impacts on women's labour force participation, the age of the youngest child is also an important determinant of a woman's, and a family's, labour force participation. The proportion of families with both parents employed increases as the youngest child gets older, with mothers' workforce participation increasing substantially when their youngest child is one year old, and again when they turn five.<sup>44</sup> The propensity for mothers to work full-time also increases as the age of youngest child increases.

Childbearing and childrearing has a varying impact on women's workforce participation, with many women experiencing dynamic and fluid movement into and out of the workforce. In particular, some women may have several periods out of the workforce following the birth of children and may vary their hours of work, particularly when their children are young.<sup>45</sup>

FaHCSIA has commissioned research on the influence of work and family arrangements on parent and child wellbeing. The research indicates that when parents feel that their work obligations conflict with their parenting duties, children's

---

<sup>40</sup> Gregory, B and Thapa, P. 2006 *Mother's Employment Transitions after the Birth of a New Child: Longitudinal Analyses using the First Three Waves of HILDA*, Final Report for the Department of Families, Housing, Community Services and Indigenous Affairs and Social Policy Evaluation Analysis and Research Centre.

<sup>41</sup> Ibid.

<sup>42</sup> FaHCSIA. 2008, *Mothers' Employment Transitions After the Birth of a Child*, Research Note No. 1, (based on a paper by Gregory, B, Thapa, P, and Yu, P, 2007).

<sup>43</sup> Equal Opportunity for Women in the Workplace Agency. 2005, *Equal Opportunity for Women in the Workplace Survey 2004: Paid Maternity Leave*, [http://www.eowa.gov.au/Information\\_Centres/Resource\\_Centre/EOWA\\_Publications/EOWA\\_Surveys.asp](http://www.eowa.gov.au/Information_Centres/Resource_Centre/EOWA_Publications/EOWA_Surveys.asp)

<sup>44</sup> Tesfaghiorghis H. 2004, "Education, work and fertility: A HILDA survey based analysis", *Australian Social Policy*, pp.51-73.

<sup>45</sup> Smyth, C, Rawsthorne, M and Siminski, P. 2005, *Women's Lifework: Labour market transition experiences of women*, Final Report prepared for the Commonwealth, State, Territories & New Zealand Ministers' Conference on the Status of Women (MINCO), Social Policy Research Centre.

wellbeing can suffer.<sup>46</sup> The research therefore suggests that to ensure that children have the best start to life, interventions to reduce work and family strain can be as important as improving parents' mental health.

This research suggests that insecure jobs, inflexible hours and poor job control are associated with an increase in parental distress as well as separately and simultaneously, increasing parents' perceptions of work-family strain. It also suggests that parents' unfavourable work experiences may undermine their children's wellbeing – largely because those poor quality work experiences erode parents' wellbeing. Conversely, ensuring that jobs give parents some flexibility, control and security may help optimise parents and children's wellbeing, yielding short and long-term benefits to families.

## **5. Fathers' participation in child rearing**

The PC, in its Issues Paper, noted that the role of fathers in childcare and development is also important, both for infant and paternal welfare. And the PC identified that the extent to which paid parental leave affects the behaviour of men and possible consequences for parental and infant wellbeing, is an issue for consideration.

Fathers influence child development both directly and indirectly, through the relationship with the mother, interaction with the child, economic provision and social capital.

Research indicates that:

- the period around child birth is an important time for the bonding of fathers to their partners and children.<sup>47</sup> Further, babies can form multiple attachments to caregivers – a father's attachment is not secondary to or interfering with the mother's<sup>48</sup>;
- father's involvement in parenting from the antenatal period to about 5 years of age is a protective factor for children.<sup>49</sup> (Protective factors are factors which help the child cope under the influence of adverse conditions, or contributors to resilience);
- fathers are influential in the mother's decision to breastfeed and the duration of breastfeeding<sup>50</sup>; and

---

<sup>46</sup> Strazdins, L. *Parent and child wellbeing and the influence of work and family arrangements: A three cohort study*, unpublished research from the National Centre for Epidemiology and Population Health at the Australian National University.

<sup>47</sup> Mezulis, AH, Hyde, JS, Clark, R. 2004; Barclay, L and Lupton, D 1999; Dermott, EM 2001; cited in "Father-Inclusive Practice in Family and Children's Services", Internal Discussion Paper, Department of Families, Community Services and Indigenous Affairs, 2007.

<sup>48</sup> Kelly, J. 2004; Burgess, A 1997; Russell, G 1999; cited in "Father-Inclusive Practice in Family and Children's Services", Internal Discussion Paper, Department of Families, Community Services and Indigenous Affairs, 2007.

<sup>49</sup> Commonwealth Taskforce on Child Development, Health and Well-being. 2004, *Consultation Paper: Towards the development of a national agenda for early childhood*, Department of Family and Community Services.

<sup>50</sup> Scott, J and Binns, C 1998; cited in "Father-Inclusive Practice in Family and Children's Services", Internal Discussion Paper, Department of Families, Community Services and Indigenous Affairs, 2007.

- when fathers are involved in the parenting of new babies, the children are likely to score better on tests of their motor and mental development and they are more capable of managing difficult events in their school years.<sup>51</sup>

Fathers typically do not contribute as much to the care of young children as mothers do<sup>52</sup>, but there is evidence to suggest that in families where mothers return to work after children's infancy, the differences between mothers and fathers' involvement in later parenting are not as large.<sup>53</sup>

The Parental Leave in Australia Survey, conducted as a nested study within Wave 1.5 of *Growing Up in Australia*, the Longitudinal Study of Australian Children (LSAC) in 2005, found that 96 per cent of fathers were in paid employment in the 12 months prior to the birth. Of the parents who were in paid employment during the 12 months prior to the birth, 35 per cent of fathers did not meet the criteria for eligibility for Australia's statutory 52 weeks unpaid parental leave. Reasons for ineligibility include self-employment, and not working for an employer for the full 12 months as required by legislation.

Research finds that in the selected cohort, the average duration of leave taken by fathers was around 14 days. More detailed information on the duration of leave by the type of leave is presented in Table 4 below. Fathers working in the public sector and those with relatively high wages were more likely to use paternity leave<sup>54</sup>. The following table presents data on whether fathers used leave, and the types and duration of leave.

**Table 4: Fathers employed in the 12 months prior to the birth of their child: combinations of leave types and average duration of leave (unweighted)**

	<b>Per cent of employed fathers</b>	<b>Mean duration of leave (days)</b>
<b>Paid leave only</b>	<b>60</b>	
Paid paternity leave only	10	8
Paid paternity and other paid leave	10	20
Other paid leave only	40	13
<b>Unpaid leave only</b>	<b>13</b>	
Unpaid paternity/parental leave only	5	12
Unpaid paternity/parental	8	16

<sup>51</sup> Parke, RD, *Fathers*, Cambridge, MA, Harvard University Press, 1996, cited in Pocock, B. 2001, *The Effect of Long Hours on Family and Community Life*, Centre for Labour Research at Adelaide University.

<sup>52</sup> Smith, P.K., Cowie, H., Blades, M. 2003, *Understanding Children's Development*, 4<sup>th</sup> ed., Oxford, Blackwell Publishing.

<sup>53</sup> Russell, A. and Sable, J. 1997, "Mother-son, mother-daughter, father-son, and father-daughter: Are they distinct relationships?" *Developmental Review*, 117, pp.111-147, in Smith, PK, Cowie, H, Blades, M. 2003, *Understanding children's development*, 4<sup>th</sup> ed., Oxford, Blackwell Publishing.

<sup>54</sup> Whitehouse, G., Baird, M. and Diamond, C. 2006 "Highlights from the Parental Leave in Australia Survey", School of Political Science and International Studies, University of Queensland. See <http://www.polsis.uq.edu.au/index.html?page=55767>

and/or other unpaid leave		
<b>Paid and unpaid leave</b>	<b>3</b>	<b>29</b>
<b>No leave</b>	<b>25</b>	

Source: Whitehouse, G. 2006, "Parental Leave, Growing Up In Australia: The Longitudinal Study of Australian Children, 2005-06 Annual Report", see <http://www.aifs.gov.au/growingup/pubs/ar/ar200506/parental.html>

There is growing interest among men in spending more time with their children and in contributing to caring for them.<sup>55</sup> However, there are a number of reasons why men may be reluctant to take time off work to care for their children. These include:

- money;
- career;
- beliefs and attitudes about masculinity;
- men's relationship to work, and to family; and
- workforce pressures that result in an increased workload and require longer working hours.<sup>56</sup>

## 6. Evidence of key factors in early child development

The Inquiry terms of reference identified the development of young children, including the particular development needs of newborns in their first two years, as an area which needs to be considered when assessing the potential impacts of paid parental leave models.

There is a considerable body of evidence to substantiate the critical significance of the early years – namely, those between conception and age six – to an individuals' subsequent health, cognitive and socio-emotional outcomes.<sup>57</sup>

Clinical, developmental and neurobiological evidence further indicates that the brain development that takes place in the first three years of life, in particular, is of immense significance to later development.<sup>58</sup> Research shows that this is a period of substantial and rapid brain development and that by investing time, energy and resources, long term social, economic and health outcomes can be achieved through a healthier population.<sup>59</sup>

Studies demonstrating the importance of the nurturing environments during critical stages of childhood development suggest that long term health and social benefits can

<sup>55</sup> Glezer, 1991; Russell, 1983a; Russell, 1983b; Moss, 1995; Levine & Pittinsky, 1997; Finnish Ministry of Social Affairs and Health, 1999; Russell and Bowman, 2000; Hobson, ed., 2002; Hand and Lewis, 2002; cited in Bittman, M. 2004, "Men's uptake of family-friendly employment provisions", *Policy Research Paper No 22*, Department of Family and Community Services.

<sup>56</sup> Bittman, M. 2004, "Men's uptake of family-friendly employment provisions", *Policy Research Paper No 22*, Department of Family and Community Services.

<sup>57</sup> McCain, M. and Mustard, F. 1999, *Reversing the real brain drain: Early Years Study Final Report*, Ontario: The Canadian Institute for advanced Research. Available online at: [http://wwwFOUNDERS.net/ey/home/nsf/a8810e8afbb2a7985256786003a3dd9/1e4ad2a677be034685256a4700737a3b/\\$FILE/early\\_years\\_study.pdf](http://wwwFOUNDERS.net/ey/home/nsf/a8810e8afbb2a7985256786003a3dd9/1e4ad2a677be034685256a4700737a3b/$FILE/early_years_study.pdf)

<sup>58</sup> Ibid.

<sup>59</sup> Keating, D. and Hertzman, C. 1999, *Developmental health and the wealth of nations*. Guilford Press, New York.



be achieved through supporting families at this critical time.<sup>60</sup> Supporting families with young children has been shown to be economically more effective than long term, delayed responses to physical and emotional health problems.<sup>61</sup> For example, the provision of support for disadvantaged families who have young children through comprehensive nurse-led home visiting programs has resulted in cost savings, with positive outcome for future pregnancies and mother's employment prospects.<sup>62</sup>

Internationally, the Organisation for Economic Co-operation and Development (OECD) Working Party on Social Policy identified that "...the early environmental experiences of a child exert a considerable influence on longer-term developmental trajectories".<sup>63</sup>

There is evidence to suggest that children who are experiencing multiple forms of disadvantage benefit from early, high quality and extensive childcare.<sup>64</sup> However, there remains considerable controversy about the effects of childcare on young children, with some commentators insisting that many children who enter care before one year of age and continuously receive over 20 hours of care per week, go on to show externalising behavioural problems and poorer cognitive outcomes.<sup>65</sup> However, others contend that such outcomes reflect childcare quality rather than quantity, and that many children who have received childcare show better social competence and cognitive skills than those who do not.<sup>66</sup> Many developmental scientists consider that the most important finding with respect to this debate is that the influence of parents outweighs that of childcare, irrespective of its quality.<sup>67</sup>

There is emerging evidence to suggest that attachment to a primary caregiver/s has neurobiological implications.<sup>68</sup> Such findings may be consistent with assertions that it is human relationships, rather than independent knowledge acquisition which mediates young children's developing understandings of the world.<sup>69</sup>

---

<sup>60</sup> McCain, M. and Mustard, F. 1999, *Reversing the real brain drain: Early Years Study Final Report*, The Canadian Institute for Advanced Research, The Founders' Network, The Canadian Children's Secretariat, Toronto.

<sup>61</sup> Keating, D and Hertzman, C. 1999, *Developmental health and the wealth of nations* Guilford Press, New York.

<sup>62</sup> Kitzman, H, Olds, D, Henderson, J, Hanks, C, Cole, R, Tatelbaum, R, McConnochie, K, Sidora, K, Luckey, D, Shaver, D, Engelhardt, K, James, D and Barnard, K 1997, "Effect of prenatal and infancy home visiting by nurses on pregnancy outcomes, childhood injuries, and repeated childbearing. A randomized trial", *Journal of American Medical Association* 278 (8), pp.644-652.

<sup>63</sup> Organisation for Economic Co-operation and Development 2007- Working party on social policy from conception to kindergarten - the under three package. p.2.

<sup>64</sup> Clarke-Stewart, A. 2006, 'What we have learned: Proof that families matter, policies for families and children, prospects for future research', in Clarke-Stewart, A. and Dunn, J. 2006, *Families count: Effects on child and adolescent development*. New York, Cambridge University Press, pp.321-336.

<sup>65</sup> Belsky, J. 2001, "Emanuel Miller Lecture: Developmental risks (still) associated with child care", *Journal of Child Psychology and Psychiatry*, 42(7), pp.845-859.

<sup>66</sup> Smith, PK, Cowie, H, and Blades, M. 2003, *Understanding children's development*, 4<sup>th</sup> ed., Oxford, Blackwell Publishing.

<sup>67</sup> Ibid. p.111.

<sup>68</sup> Schore, A. 2001, "The effects of a secure attachment on right-brain development, affect regulation and infant mental health", *Infant Journal of Mental Health*, 22, pp.7-66.

<sup>69</sup> Shonkoff, J. 2004, "Science, policy and the young developing child - Closing the gap between what we know and what we do", Chicago, Ounce of Prevention Fund.

Research shows that by six months, babies show a preference for their parent/s or other important figure/s – this preference continues to increase. This is thought to be attributable to babies having formed an attachment to their primary caregiver. Similarly, children who are adopted/ fostered prior to six months of age settle more easily into their new homes than after six months of age.<sup>70</sup>

There is empirical evidence which supports that the relationship between a primary caregiver and a child established during 0-6 months of age is of unique importance to an individual's development. Children with secure attachment bonds have been shown to exhibit better overall school adjustment than those without, including a greater aptitude for problem-solving and literacy skills.<sup>71</sup> Neurobiological studies also find that the mutual responsiveness between a primary caregiver and an infant which occurs during the early attachment process fosters the development of the neural basis for healthy mental functioning.<sup>72</sup>

## **7. The benefits of breastfeeding for early child development<sup>73</sup>**

The PC in its Issues Paper noted that, “the scope for paid maternity arrangements to defer return to work may have positive impacts on breastfeeding duration, with associated infant benefits.”

Australia's dietary guidelines recommend exclusive breastfeeding of infants until six months of age, with the introduction of solid foods at around six months and continued breastfeeding until the age of 12 months – and beyond if both mother and infant wish.

North American research shows a correlation between reduction in both breastfeeding and immunisation rates and increased behavioural problems in young children of mothers who returned to work full-time within 12 weeks of giving birth.<sup>74</sup>

Studies suggest that the longer an infant is breastfed the greater protective effect against infections.<sup>75</sup> There is solid evidence for the protective effects of breastfeeding against three key childhood infections: gastroenteritis, respiratory tract infections, and otitis media (middle ear infections).<sup>76</sup> The economic savings arising from reduced hospital admissions for these common illnesses is estimated to be up to \$120 million across Australia.<sup>77</sup>

---

<sup>70</sup> Zeanah, CH. 2005, *Handbook of infant mental health*, 2<sup>nd</sup> ed, New York, Guilford Press, p.91.

<sup>71</sup> Sheridan, S. M, Eagle, J W and Dowd, S E. 2006, “Families as contexts for children's adaptation”, in Goldstein, S. and Brooks, R. (Eds) 2006. *Handbook of Resilience in Children*, New York, Springer, pp.165-180.

<sup>72</sup> Lott, D. 1998, “Brain development, attachment and impact on psychic vulnerability”, *Psychiatric Times*, 15(5), pp.1-4.

<sup>73</sup> This information has been provided by the Department of Health and Ageing.

<sup>74</sup> Berger, L, Hill, J and Waldfogel, J. 2005, “Maternity leave, early maternal employment and child health and development in the US”, *The Economic Journal*, 115, F29-F27.

<sup>75</sup> Raisler, J et al. 1999. “Breastfeeding and infant illness: a dose-response relationship?”, *American Journal of Public Health*, 89:1. pp25-30.

<sup>76</sup> House of Representatives Standing Committee on Health and Ageing. 2007, *Report on the Inquiry into the health benefits of breastfeeding*, Commonwealth of Australia, Canberra.

<sup>77</sup> Smith JP et al. 2002, “Hospital system costs of artificial infant feeding: estimates for the Australian Capital Territory”, *Australian and New Zealand Journal of Public Health*, 26:6, pp.543-51.

There is evidence to show that children are less likely to be overweight or obese if they have been breastfed as babies.<sup>78</sup> Evidence also suggests that breastfeeding protects against a range of chronic illnesses which can develop in later life, including type 2 diabetes, heart disease and high blood pressure.<sup>79</sup> Research has found that prolonged and exclusive breastfeeding improves cognitive development.<sup>80</sup>

The health benefits of breastfeeding for mothers include promoting the mother's recovery following birth<sup>81</sup>, significantly reducing pre-menopausal breast cancer and improved bone mineralisation, leading to decreased risk of osteoporosis.<sup>82</sup>

Australia currently has no national reporting system to effectively monitor infant feeding trends. There is evidence, however, that current breastfeeding initiation rates in Australia are at 90 per cent which compares well internationally. However, the proportion of children breastfed decreases with age with just 32 per cent of infants up to six months being fully breastfed.<sup>83</sup>

Rates of breastfeeding differ between population groups and are higher in infants of older mothers who had attained an associate diploma or higher qualification. The following table from a Child Health Survey, conducted in NSW in 2001, highlights some of these differences.

---

<sup>78</sup> Harder, T et al. 2005, "Duration of breastfeeding and risk of overweight". *American Journal of Epidemiology* 162: 5, pp.397-403.

<sup>79</sup> Allen, J and Hector, D. 2005, "Benefits of breastfeeding", *NSW Public Health Bulletin* 16, pp.43-44.

<sup>80</sup> Kramer, M, Aboud, F, Mironova, E, Vanilovich, I, Platt, R, Matush, L, Igumnov, S, Fombonne, E, Bogdanovich, N, Ducruet, D, Collet, J, Chalmers, B, Hodnett, E, Davidovsky, S, Skugarevsky, O, Trofimovich, O, Kozlova, L, Shapiro, S. 2008, "Breastfeeding and Child Cognitive Development: New evidence from a large randomised trial", *Archives of General Psychiatry*, 65:5.

<sup>81</sup> Ibid.

<sup>82</sup> Polatti, F et al. 1999. "Bone mineral changes during and after lactation", *Obstetrics and Gynaecology*, 94:1, pp.52-56.

<sup>83</sup> Australian Institute of Health and Welfare. 2005, *A picture of Australia's children*. AIHW, Canberra.

**Table 5: Infants fully breastfed to 4 and 6 months, by population characteristics**

Population characteristics of mothers	Fully breastfed to 4 months	Fully breastfed to 6 months
<b>Maternal age</b>		
<25 years	13.5	8.0
≥25 years	25.5	3.4
<b>Maternal education</b>		
Primary/secondary (less than tertiary)	20.2	4.0
Tertiary	32.3	5.5
<b>Socioeconomic disadvantage</b>		
Lowest 20% (most disadvantaged)	22.0	4.2
Quintile 2	20.0	2.7
Quintile 3	23.5	3.9
Quintile 4	30.2	5.9
Highest 20% (least disadvantaged)	26.4	6.1
<b>Indigenous status (maternal)</b>		
Aboriginal and Torres Strait Islander	15.8	5.9
Other Australian	24.9	4.6
<b>Place of residence</b>		
Urban	23.3	4.4
Rural	29.6	5.2

Source: NSW Centre for Public Health Nutrition 2004.

## 8. The post-birth health of mothers

The Inquiry's terms of reference identified the post-birth health of the mother as an issue when assessing the potential impact of paid maternity and parental leave models.

Currently, postnatal depression affects many women giving birth in Australia. Not only can postnatal depression be a devastating experience for a new mother, it can also have dramatic implications in the immediate and longer term.<sup>84</sup> For example, difficult infant behaviour is commonly reported by depressed mothers, and these perceptions have been found to be predictive of later behavioural outcomes.<sup>85</sup>

Research indicates that each year around one in ten Australian women experience depression during pregnancy and almost one in five experience depression in the weeks and months after giving birth.<sup>86</sup>

There are psychological and social risk factors that place some women at greater likelihood of developing postnatal depression, such as: a lack of practical and/or emotional support; being a single parent; and lower socio-economic status.<sup>87</sup>

<sup>84</sup> See, *beyondblue* [http://www.beyondblue.org.au/index.aspx?link\\_id=105.898&oid=232](http://www.beyondblue.org.au/index.aspx?link_id=105.898&oid=232)

<sup>85</sup> Cornish, A et al. 2006, "Maternal depression and the experience of parenting in the second postnatal year", *Journal of Reproductive and Infant Psychology* 24:2, pp.121-132.

<sup>86</sup> Buist, A and Bilszta, J. 2006, *The beyondblue National Postnatal Depression Program: Prevention and Early Intervention 2001-2005*, (Vol I National Screening Program).

<sup>87</sup> Ibid.

If left untreated, postnatal depression can have a negative impact upon new mothers, their babies, families and friends, and can lead to:

- relationship and family problems;
- financial problems;
- difficulties becoming, and staying employed;
- drug and alcohol use;
- anger management problems; and
- difficulties bonding with children.

Evidence indicates that mothers who have good mental health in the perinatal period have positive impacts upon the cognitive, emotional and behavioural consequences of their children. Children of mothers with postnatal depression have been shown to have increased risk of depression and anxiety disorders.<sup>88</sup>

## **9. Other primary carers and early childhood development**

The PC in its Issues Paper noted that the infant and parental wellbeing impacts of paid parental leave may vary by family type and that responsibility for the care of children now often involves people other than the birth parents, such as adoptive parents and grandparents.

Attachment is widely accepted in the literature on child development as fundamental to healthy physical and psychological development, and the capacity to form healthy relationships. Attachment may be defined as “the affective bond between a child and their caregiver...it provides the child with a sense of security, assuring the child that the caregiver is available during times of adversity...Caregiver responses marked by warmth, nurturance, and sensitivity to the child’s needs facilitate resiliency and adaptive development.”<sup>89</sup>

The development of attachment between a child and its caregivers, particularly its primary caregiver, is a crucial task in the period immediately following the birth of a child. In the case of children who enter new families due to the disruption of their original family, as occurs when children come to live with grandparents and other relative carers, often much later than birth, the primary attachment has failed and/or been disrupted, placing the child’s ongoing emotional development at risk. The need for a period to facilitate attachment (or bonding) between an older child and its new caregivers is, for this reason, as important as it is for newborns.

If parental leave provisions are limited to children up to the age of two years, many families formed by adoption, or following the breakdown of a child’s family of origin, will be unable to benefit, as these children can come to their new families at any age from birth onwards.

---

<sup>88</sup> Murray, L. 1992, “The impact of postnatal depression on infant development”, *Journal of Child Psychology and Psychiatry*, 33:3, p.543-61; Caplan, HL, Cogill, SR, Alexandra, H, et al, 1989, “Maternal depression and the emotional development of the child, *British Journal of Psychiatry*, 154, p.818-22.

<sup>89</sup> Sheridan, SM, Eagle, JW nad Dowd, SE. 2006, “Families as contexts for children’s adaptation”, in Goldstein, S. & Brooks, R.B. (eds.) *Handbook of resilience in children*. Boston, Springer, pp.165-180.

Research substantiates the critical significance of the early years between conception and the age of six to the individual's subsequent health, cognitive and socio-emotional outcomes.<sup>90</sup> Maximizing the time available for caregivers to spend with a child in the period immediately following the child's placement with a family, even when this event occurs after the age of two, is key to providing the opportunity for a healthy attachment to develop. Children adopted or fostered after six months of age typically require intensive support from their new caregivers. The level of support required also increases with the age of the child.<sup>91</sup>

In many cases, parents who adopt a child from overseas are parenting a child aged over two years at the time of placement. Data shows that there were 568 adoptions in 2006-07 and adoptions from overseas countries accounted for 71 per cent. The number of children aged 0-4 years (421 in total) accounted for three-quarters of total adoptions.<sup>92</sup>

Evidence presented to the House of Representatives Inquiry into Overseas Adoptions<sup>93</sup> is that prospective parents need significant periods of leave before the actual placement of the child as they have to travel to the child's country in order to bring the child back and undergo adoption procedures, before the child is placed in their care in Australia.

The PC Issues Paper raised the question of whether there might be a case of a different period of leave for the parents of children in different circumstances, such as parents caring for children born with a disability. It also raises the possibility of whether parents caring for children with disabilities might encounter different child and parental wellbeing impacts (than other families) from paid parental leave schemes.

The period between 0-3 years of age represents a crucial time for the provision of therapeutic interventions to address developmental delay in young children. Receiving a disability diagnosis and caring for a family member with a disability may be distressing. These are significant risk factors for depression, which in turn has potentially negative repercussions for parenting. The provision of interventions for children diagnosed with a disability needs to be combined with ongoing forms of support for their parents.<sup>94</sup>

The role of carers of children with severe disability or medical conditions is therefore substantially greater than the usual parenting role. Caring for a young child with a disability may involve feeding, washing, dressing, assisting with mobility or communication, managing serious medical conditions and providing therapy. Caring

---

<sup>90</sup> McCain and Mustard. 1999, *Reversing the real brain drain. Early Years Study Final Report*, The Canadian Institute for Advanced Research, Toronto.

<sup>91</sup> Zeanah, CH, Larrieu, JA, Heller, SS, Valliere, J, Hinshaw-Fuselier, S, Aoki, Y. 2001, "Evaluation of a preventive intervention for maltreated infants and toddlers in foster care". *Journal of the American Academy of Child and Adolescent Psychiatry*, 40, pp.214-221.

<sup>92</sup> Australian Institute of Health and Welfare. 2008, *Adoptions Australia Report*.

<sup>93</sup> See <http://www.aph.gov.au/house/committee/fhs/adoption/report.htm#chapters>.

<sup>94</sup> Walters and Blane. 2005, "Mental Retardation", in Zeanah, C H, *Handbook of Infant Mental Health*, pp.271-272.

for a child with a profound disability is usually a full-time, multi-skilled job that often leaves little time for other activities<sup>95</sup>.

Details of financial assistance available for carers of people with a disability, including changes announced in the 2008-09 Budget, are provided at **Attachment A**.

### **9.1 Carer Payment (Child) Review Taskforce**

Evidence available to the Carer Payment (Child) Review Taskforce<sup>96</sup> established that carers experience particular challenges in the form of financial hardship, severely reduced employment and educational prospects, lower levels of health and wellbeing, chronic grief and/or anger, and limited opportunities to build and maintain social networks and to participate in community life.

Many carers expressed a desire to enter or re-enter the workforce when care requirements allow. However, they reported numerous additional barriers to workforce participation. The report noted that employers could be assisted to provide employment options and flexible working arrangements for carers.

The PC Issues Paper noted that different types of parents and children, such as Indigenous families, might be impacted differently by paid parental leave arrangements. It is important the Inquiry have a good understanding of the significant differences and needs of Indigenous families.

Indigenous family structures are different for many reasons, including<sup>97</sup>:

- fertility rates are higher than the general population – in 2006 the total fertility rate for Indigenous women was 2.1 babies per woman compared with 1.8 for all Australian women<sup>98</sup>, while the teenage birth rate for Indigenous females is more than five times greater than the teenage birth rate for non-Indigenous females<sup>99</sup>;
- the median age of Indigenous mothers at birth is 25 years (compared with a median age of 30 years at birth for all women)<sup>100</sup>;
- 37 per cent of the Indigenous population is aged less than 15 years compared with 19 per cent for the non-Indigenous population<sup>101</sup>;
- there is a greater likelihood that Indigenous single-family households will be one parent families with dependent children or students – 30 per cent compared with 10 per cent for the total Australian population<sup>102</sup>;

---

<sup>95</sup> Carer Payment (child) Review Taskforce. 2007, *Carer Payment (child): A New Approach*, Department of Families, Housing, Community Services and Indigenous Affairs.

<sup>96</sup> [http://www.jennymacklin.fahcsia.gov.au/internet/jennymacklin.nsf/content/carers\\_payemt\\_report>7feb08.htm](http://www.jennymacklin.fahcsia.gov.au/internet/jennymacklin.nsf/content/carers_payemt_report>7feb08.htm)

<sup>97</sup> FaHCSIA. 2006, *Longitudinal Study of Indigenous Children (LSIC) Factsheet No.5: Indigenous families are different ...* [http://www.facs.gov.au/internet/facsinternet.nsf/research/ldi-lsic\\_factsheet5.htm](http://www.facs.gov.au/internet/facsinternet.nsf/research/ldi-lsic_factsheet5.htm)

<sup>98</sup> ABS. *Births, Australia, 2006*, Cat. No. 3301.0.

<sup>99</sup> ABS and AIHW. 2008, *Health and Welfare of Australia's Aboriginal and Torres Strait Islander Peoples*, Cat. No. 4704.0.

<sup>100</sup> Ibid.

<sup>101</sup> Ibid.

<sup>102</sup> Ibid.

- a larger proportion of Indigenous households are multi-family households (5 per cent compared to 1 per cent)<sup>103</sup>;
- Indigenous people have poorer health outcomes than other Australians - infant mortality is almost 3 times greater and Indigenous babies are twice as likely to have low birth weight (13 per cent compared to 6 per cent);
- Indigenous people are more likely to be obese<sup>104</sup>, and
- in 2006, 46 per cent of Indigenous children counted in the HILDA survey were living in jobless households compared to 10 per cent of non-Indigenous children.<sup>105</sup>

There is a wide diversity of Indigenous families but there are some fundamental cultural differences between Indigenous and non-Indigenous families in terms of family structures, including the operation of extended family and kinship ties and responsibilities.

Some of these differences include:

- the extended family (not the nuclear family) is the basic social unit in some Indigenous communities. Indigenous families have other relatives living with them and communalised child rearing has a central place in many communities, with children looked after by grandparents, aunts and other relations;
- it is not uncommon for grandparents and other family members to fulfil some of the parenting role and for grandparents to be the primary carers, sometimes for traditional, cultural reasons as well as due to the premature death of one or both parents;
- Indigenous families are often matriarchal, and fathers and other men may be absent for a variety of reasons including premature death, chronic ill health, substance abuse and incarceration in the prison system;
- while single-parent non-Indigenous households often tend to lack support when caring for and socialising their children, this is not necessarily the case for Indigenous single-parent families due to their extended kinship networks acting as an important 'reservoir' of support, socialisation and care for their children;
- children are often transferred between family members and between homes, and
- there is frequently a strong sense of family and clan group identity, and classificatory relationships of 'brother', 'sister', 'aunty' and 'uncle' often have parity with biological family relationships.<sup>106</sup>

---

<sup>103</sup> Ibid.

<sup>104</sup> Ibid.

<sup>105</sup> FaHCSIA. 2008, *Children living in Indigenous jobless households, Research Note no.7.*

<sup>106</sup> Scrougall, J. 2008, *Lessons learnt about strengthening Indigenous families and communities, Stronger Families and Communities 2000-2004.* Department of Families, Housing, Community Services and Indigenous Affairs.

<http://www.facs.gov.au/internet/facsinternet.nsf/research/ops-ops19.htm>



## **PART B: FAMILY ASSISTANCE AND INCOME SUPPORT FOR FAMILIES**

### **10. Social Security and Family Assistance Systems**

What follows is an overview of the Social Security and Family Assistance systems, with a particular focus on the support that FaHCSIA provides for parents with newborn children.

A 'roadmap' of the two systems is provided on the next page which makes clear the division of responsibilities between FaHCSIA and DEEWR for payments under both systems.

It is understood that those payments which fall under the responsibility of DEEWR will be covered in its submission to the Inquiry.

The family assistance system provides payments to families to help with the costs of raising children, including newborns. Greater assistance is provided to lower income families and to families with one parent primarily at home caring for children.

The main forms of financial assistance provided to families by FaHCSIA are Family Tax Benefit (comprising Parts A and B) and the Baby Bonus. FaHCSIA also provides support to families through payments such as Carer Payment and Carer Allowance.

Other forms of financial assistance available include, for example, the Disability Support and Age Pension, Special Benefit and Newstart, Youth Allowance, Austudy and Abstudy, however these payments fall outside the scope of this submission.

# Australian Government Support to Families

## Family Assistance System

## Social Security System

### F a H C S I A

**Carers Payment**  
Income support payment for person providing constant care for a person or child/ren with a disability

2006-07:  
Expenditure: \$1,408.052m  
Total Customers: 116,614

**Carer Allowance**  
Income supplement to those who provide daily care at home to a child or person with a disability or severe medical condition

2006-07:  
Expenditure: \$1,349.030m  
Total Customers: 393,263

**FTB Part A**  
Assists with the costs of raising children. Paid per child.

**FTB Part B**  
Additional support to single parents and couple families with one main income earner. Paid per family.

2006-07

Total FTB Expenditure: \$16.1b (combined FaHCSIA and ATO)  
Total FTB Customers: 2.2m (combined instalment and lump sum)

**Baby Bonus**  
Helps with the extra costs associated with the birth of a baby.

2006-07:  
Expenditure: \$ 1.2b  
Total Customers: 286,770 (291,876 children)

**Maternity Immunisation Allowance**  
Encourages full immunisation of children.

2006-07:  
Expenditure: \$56.2m  
Total Customers: 242,518 (246,897 children were immunised)

### D E E W R

**Child Care Benefit**  
Assists with the costs of approved and registered child care.

**Child Care Tax Rebate**  
Assists with the costs of approved child care.

**Parenting Payment and Newstart Allowance**  
Income support payments for primary carers of children

## 11. Family Tax Benefit Part A

FTB Part A is a per child payment made to families. The maximum rate of payment is based on the number and age of dependent children.

FTB Part A is paid subject to a family income test and a maintenance income test. The income test does not apply to families if a parent receives an income support payment. The maximum rate continues to be paid if parental income is below the lower income threshold (\$41,318 in 2007-08). Payments received for periods of paid maternity, paternity or parental leave are included as income for income testing purposes.

In 2007-08, family adjusted taxable income over \$41,318 reduces the rate of FTB Part A paid by 20 cents in the dollar until the base rate of FTB Part A is reached. The base rate is paid until family income reaches the higher income threshold (\$91,542 plus \$3,650 for each child after the first). Income over this threshold reduces FTB Part A by 30 cents in the dollar until payment reaches zero.

A maintenance income test (MIT) also applies to any FTB Part A above the base rate. Maintenance received above the MIT free area (for example, a sole parent with one child has an MIT free area of \$1,259.25 per annum) reduces FTB Part A by 50 cents in the dollar.

Around 80 per cent of families with dependent children aged under 16 years are in receipt of FTB Part A. Approximately 90 per cent of families in receipt of FTB Part A receive FTB as regular fortnightly payments from the Family Assistance Office. The remaining customers receive FTB as a lump sum from Centrelink or the Australian tax Office (ATO) after the end of the financial year.

Other assistance provided as part of FTB Part A includes:

- *Rent Assistance* - assistance for renters in the private rental market. Rent Assistance is not a separate payment but a component of the rate of FTB (relevant for Part A);
- *Health Care Card* - provides cheaper medication under the Pharmaceutical Benefits Scheme. May also entitle the card holder to concessions from state and local governments;
- *Large Family Supplement* - assistance for large families. This supplement is paid with FTB Part A.
- *Multiple Birth Allowance* - a payment for triplets, and larger multiple birth sets. This allowance is paid with FTB Part A.

### Key FTB Part A Customer Characteristics

(Figures for 2006-07 fortnightly instalment customers unless otherwise stated)

- \* 1.769 million fortnightly instalment customers
- \* 42 per cent of customers aged 30-39 years
- \* 90 per cent women
- \* 66 per cent members of a couple

- \* 29 per cent single women
- \* 64 per cent of recipients not on an income support payment
- \* 23 per cent of recipients on Parenting Payment Single
- \* 7 per cent of recipients on Parenting Payment Partnered
- \* 25 per cent in receipt of maximum payment rate due to receipt of income support
- \* 11 per cent in receipt of maximum payment rate (no income support)
- \* 29 per cent in receipt of reduced rate of payment
- \* 30 per cent in receipt of basic rate of payment
- \* 21 per cent of recipients have a youngest child aged 0-1 years
- \* 26 per cent of recipients have a youngest child aged 2-5 years

## **12. Family Tax Benefit Part B**

FTB Part B provides extra assistance to single parent families and to families with one main income. FTB Part B is paid per family. Currently, all single parents receive the maximum rate of FTB Part B.

In families with two parents, FTB Part B is paid subject to an income test on the lower earner. In the 2007-08 financial year the lower earner can have income of up to \$4,380 (including any income support received) before it affects FTB Part B. Payments are reduced by 20 cents for each dollar of income over \$4,380.

The Government announced in the 2008-09 Budget that, from 1 July 2008, Part B will be limited to families whose primary earner has an income of \$150,000 or less.

### **Key Payment Characteristics – FTB Part B**

(Figures for 2006-07 fortnightly instalments customers unless otherwise stated)

- \* 1.377 million fortnightly instalment customers
- \* 44 per cent of customers aged 30-39 years
- \* 89 377 million fortnightly instalment customers
- \* 44 per cent women
- \* 57 377 million fortnightly instalment customers
- \* 44 per cent members of a couple
- \* 37 per cent single female
- \* 55 per cent of recipients not on an income support payment
- \* 29 per cent of recipients on Parenting Payment Single
- \* 9 per cent of recipients on Parenting Payment Partnered
- \* 67 per cent in receipt of maximum payment rate
- \* 33 per cent in receipt of reduced payment rate
- \* 25 per cent of recipients have a youngest child aged 0-1 years
- \* 29 per cent of recipients have a youngest child aged 2-5 years

### **13. Baby Bonus (formerly called Maternity Payment)**

The Australian Government has been ensuring that families with newborn babies can make choices about caring for their children by providing a non-means tested Baby Bonus for each child. The Baby Bonus recognises the extra costs associated with a newborn or the adoption of a young child, including the loss of income while on unpaid maternity leave. Baby Bonus particularly assists those families without access to paid maternity leave in the period immediately following the birth or adoption of a child. The Baby Bonus was introduced in response to widespread debate about the Government introducing universal paid maternity leave.

Baby Bonus is presently paid to mothers irrespective of whether or not they are in receipt of paid maternity leave, or in or out of the labour force.

Baby Bonus is currently \$4,258 and is legislated to increase to \$5,000 from 1 July 2008. Baby Bonus is paid once per child and is intended to benefit the primary carer. It can be paid to either the natural parent, adoptive parent or a long-term foster carer.

Currently most adults receive it as a lump sum payment, but can request to have payment in fortnightly instalments. Parents under 18 years can only receive their Baby Bonus in 13 fortnightly instalments. Currently customers under Centrelink income management receive Baby Bonus in 13 fortnightly payments.

#### **13.1 2008-09 Budget reforms**

From 1 January 2009 the Government will introduce an income test and limit eligibility for Baby Bonus to those families with incomes of \$75,000 or less in the six months following the birth or adoption of a child (ie broadly equivalent to incomes of \$150,000 per year or less). Under the new means testing arrangements, any payments received for periods of paid maternity, paternity or parental leave in that six month period will be included as taxable income when determining payment eligibility.

Following the increase to \$5,000 on 1 July 2008, the Baby Bonus will be indexed once each year to the Consumer Price Index with other family assistance payments, rather than bi-annually in March and September. The first annual indexation will occur on 1 July 2009.

The Government will also extend the eligibility criteria for Baby Bonus to adoptive parents who adopt children under 16 years of age (currently paid to parents who adopt a child under two years of age).

A detailed profile of each of these payments (eligibility criteria, treatment of income and assets, key client characteristics and trends in client numbers and payment expenditure) is provided at **Attachment A**. A history of maternity payments is at **Attachment C**.

#### **Key Payment Characteristics – Baby Bonus**

(Figures for 2006-07 unless otherwise stated)

\* Outlays of \$1.2b

\* 286,770 customers for 291,876 children

\* 99 per cent aged 18 years and over

## **14. Other financial assistance to families**

Other Australian Government assistance for families includes:

- *Double Orphan Pension* - provides non-means tested financial assistance to guardians or approved care organisations in meeting the costs of caring for children who are double orphans.
- *Maternity Immunisation Allowance* - a payment designed to ensure that Australian-born children are fully immunised prior to commencing school and overseas adopted children catch up with immunisations recommended for all Australian children.

## **15. Carer Payment**

Carer Payment is an income support payment for people whose caring responsibilities prevent them from undertaking substantial workforce participation. Carer payment may be paid in respect of care provided to a disabled adult, a profoundly disabled child or 2 or more disabled children. Carer Payment and Carer Allowance may be paid to carers of children aged less than 16 years.

Carer Payment is subject to income and assets tests and is paid at the same rate as other social security pensions. The payment aims to ensure carers have an adequate level of income and maximises the opportunities available to carers to participate in their community.

### **15.1 2008-09 Budget reforms**

The Government announced changes to the eligibility criteria and assessment processes for Carer Payment (child). In 2009-10 around 19,000 carers of children under 16 years of age with disability or severe medical conditions are expected to benefit from the new arrangements.

The changes will be implemented from 1 July 2009 and involve:

- new, fairer eligibility criteria for Carer Payment (child) based on the level of care required;
- more generous arrangements for carers of children in hospital and those with a terminal illness so they can keep their Carer Payment and/or Allowance while their child is in hospital;
- development of a single assessment process for Carer Payment and Carer Allowance;
- consideration of more complex claims by expert Carer Assessment Teams, and
- access to payment for care provided on a short-term or episodic basis, with a minimum period of 12 weeks.

### **Key Payment Characteristics – Carer Payment** (Figures for 2006-07 unless otherwise stated)

\* Outlays of \$1.41b

- \* Estimated 126,210 customers 2007-08
- \* 36 per cent aged 55-64 years (average customer age 50.2 years)
- \* 67 per cent women
- \* 65 per cent member of a couple
- \* 75 per cent in receipt of maximum payment rate in 2006-07

## **16. Carer Allowance**

Carer Allowance is a payment for people who provide daily care and attention at home to a person with a disability or a severe medical condition. This payment may be paid in respect of either a disabled adult or a disabled child. Carer Allowance is not taxable, nor is it subject to the income and assets tests. It can be paid in addition to a social security pension or benefit.

The Child Disability Assistance payment of \$1,000 is paid annually in July to people receiving Carer Allowance for children in their care under the age of 16 years. This payment is intended to assist carers, the children and their families to purchase additional assistance that best suits their needs.

A detailed profile of each of these payments (eligibility criteria, treatment of income and assets, key client characteristics and trends in client numbers and payment expenditure) is provided at **Attachment A**.

### **Key Payment Characteristics - Carer Allowance** (Figures for 2006-07 unless otherwise stated)

- \* Outlays of \$1.35b in 2006-07
- \* Estimated 394,000 customers 2007-08
- \* 23 per cent aged 35-44 (Average customer age 53.2 years)
- \* 76 per cent women
- \* 73 per cent member of a couple
- \* 56 per cent of recipients on an income support payment
- \* 29 per cent of recipients care for a child
- \* Average of 1.13 children for each customer
- \* 5 per cent of children cared for, are aged 0-2 years
- \* Of children in care who are aged 0-2 years, 58 per cent are male

2008-09 Budget measures relating to carers are discussed in detail at **Attachment A**.

## **17. Support to other primary carers**

### **17.1 Other FaHCSIA support for families with young children**

In addition, the Australian Government provides the following programs for children and parenting support:

- Communities for Children;
- Invest to Grow Program;
- Playgroup Program: Locational Supported Playgroups; Intensive Support Playgroups;
- REACH (Responding Early, Assisting Children) Program;
- Indigenous Children Programme, and
- My Time Peer Support Groups.

The objectives of these programs are to focus on early childhood (0-5 years of age) through early intervention, prevention and capacity building initiatives to support and strengthen Australian families; and working with local communities to identify solutions to their local needs<sup>107</sup>.

More detailed information is available at **Attachment B**.

### **17.2 DoHA support to families with young children**

DoHA has a limited role in direct program delivery for working families with young children. Health programs for post-birth mothers and children under the age of two years are primarily managed and delivered by state and territory governments.

DOHA administers the following programs:

- Health@Home Plus;
- the child and maternal health components of New Directions: An Equal Start In Life For Indigenous Children. New Directions includes three components: Child and Maternal Health Services, Early Development and Parenting Support, Literacy and Numeracy in the Early Years, and
- DOHA also provides funding to the Australian Breastfeeding Association to expand their existing telephone support service. DOHA is implementing a plan to reduce the impact and prevalence of perinatal depression. Further details are at **Attachment B**.

## **18. Support for non-parent carers**

The Australian Government recognises that there are a diversity of family types which care for young children, including single parent families, grandparent families, adoptive and foster families and Indigenous families. All eligible carers responsible for the day-to-day, on-going care of a child, can access the same Australian Government benefits and payments as other families, including Parenting Payment, Family Tax Benefit and Child Care Benefit (CCB).

All children in foster or grandparent/relative care can access a non-means tested, foster child Health Care Card, providing access to subsidised medications and bulk billing for medical consultations.

The Government provides particular support to grandparent carers including:

---

<sup>107</sup> FaCSIA Portfolio Budget Statement 2007-08 p.119



- waiving the CCB work/study/training test for grandparent carers enabling them to access up to 50 hours of means-tested CCB for approved child care a week, for each child in their care;
- providing a special rate of CCB called Grandparent CCB for grandparents on income support, enabling them to access up to 50 hours of approved child care a week, for each child in their care at no cost to themselves; and
- producing the Centrelink booklet, *Are you a grandparent (or relative) caring for children?* which provides information on Australian Government benefits and payments for grandparent carers.

In addition to CCB, eligible foster, grandparent and relative carers may also benefit from the Child Care Tax Rebate, which will increase in July 2008 from 30 per cent to 50 per cent, up to a maximum of \$7,500 per year per child. In addition, this payment's interval will be shortened to quarterly rather than annually, so that families will be able to get the money as they need it to help them meet their out-of-pocket child care expenses.

## FaHCSIA Payments to Families

The following provides detailed information on the payments made to families under the social security and family assistance law for which FaHCSIA has responsibility. Information includes eligibility requirements (including income treatment and assessment), payment rates, payment expenditure and customer characteristics.

All payment rates, income tests and eligibility conditions reflect the most recent changes at 20 March 2008 and remain current until 30 June 2008. They are based on information contained in the Centrelink publication *A Guide to Australian Government Payments 20 March – 30 June 2008*. The Guide is available online at <http://www.centrelink.gov.au/internet/internet.nsf/publications/co029.htm>. Please note that from 1 July 2008 there will be changes to payment rates for some of the payments listed below. The new rates will be reflected in the updated guide, available at the web address above.

Information provided reflects changes announced to some payments (FTB Part B, the Baby Bonus and Carer Payment) in the 2008-09 Budget.

### 1. Family Tax Benefit Part A (FTB Part A)

#### 1.1 Basic payment eligibility conditions

Must have a dependent child aged under 21 years, or a qualifying dependent full-time student aged 21–24 years.

- **Note:** A child or student cannot be a dependent if:
  - they are receiving a social security pension, a social security benefit (such as Youth Allowance) or a payment under a Labour Market Program, or
  - aged 5–15 years, not studying full-time and their annual income is \$11,929 or more, or
  - aged 16–24 years and their annual income is \$11,929 or more or they are receiving a Prescribed Education Scheme payment such as ABSTUDY.
- Have income under a certain amount (amount varies depending on number and age of children).
- Paid to parent, guardian or approved care organisation.

#### 1.2 Residential requirements

Claimant must be living in Australia and be:

- an Australian citizen, or
- the holder of a permanent visa, or
- a New Zealand citizen who arrived on a New Zealand passport, or

- a holder of a temporary visa subclass 070, 309, 310, 447, 451, 695, 785, 786, 787, 820, 826 or a holder of a Criminal Justice Stay Visa issued specifically for the purpose of assisting in the administration of criminal justice in relation to the offence of people trafficking, sexual servitude or deceptive recruiting.

Child must meet the above requirements or must be living with the claimant.

- FTB may be claimed during a temporary absence from Australia.
- The base rate of FTB Part A may continue to be paid for up to three years of a temporary absence from Australia. However, some recipients (certain temporary visa holders) may not be paid at all, or only in limited circumstances.
- More than the base rate of FTB Part A can generally only be paid for up to 13 weeks of a temporary absence from Australia. The length of the claimant's last return to Australia, or the type of visa they hold, may affect their entitlement during their absence from Australia.

**Note:** Family Tax Benefit may be stopped if the claimant leaves Australia without notifying the Family Assistance Office (FAO).

### **1.3 Treatment of Income for Payment Eligibility**

#### *1.3.1 Income*

The amount of FTB A paid to a customer is determined by their Adjusted Taxable Income (ATI) and that of their partner, if any. Estimates of a customer's ATI are provided to Centrelink or the FAO during the year. The amount of FTB A paid is reconciled against actual ATI after the end of the financial year.

ATI includes:

- taxable income (as assessable by the Australian Taxation Office (ATO));
- plus adjusted fringe benefits total;
- plus target foreign income;
- plus net rental property losses;
- plus tax free pension or benefit, and
- less the full amount of the customer's (and partner's) child maintenance expenditure.

**Note:** From 1 July 2008, the concept of ATI is being amended. 'Adjusted fringe benefits total' is being replaced with 'reportable fringe benefits total'.

**Note:** Payments received for paid maternity or paternity leave would be included as income for FTB purposes because they would generally be taxable income.

#### *1.3.2 Income test*

- An income estimate does not need to be provided for those who are single and who receive certain income support payments from Centrelink or DVA.

- Depending on individual circumstances, family income may be \$41,318 a year before FTB Part A payment is reduced.
- If income is more than \$41,318 a year, payment will reduce by 20 cents for each dollar above \$41,318, until payment reaches the base rate of FTB Part A.
- FTB Part A will stay at that rate until income reaches \$91,542 a year (plus \$3,650 for each FTB child after the first child). FTB Part A will decrease by 30 cents for every dollar over that amount until the payment reaches nil.

**Table 6: Income limit beyond which only base rate of FTB Part A is paid (\$pa)**

	Number of Children aged 13–15 years			
No of Children aged 0–12 years	Nil	One	Two	Three
Nil		\$59,842	\$78,366	\$96,890
One	\$54,166	\$72,690	\$91,214	\$109,738
Two	\$67,014	\$85,538	\$104,062	\$122,586
Three	\$79,862	\$98,386	\$116,910	\$135,434

**Note:** Income limit is higher if the claimant is eligible for Rent Assistance.

**Table 7: Income limit at which Family Tax Benefit stops (\$pa)**

	Number of Children aged 18–24 years			
No of Children aged 0–17 years	Nil	One	Two	Three
Nil		\$99,244	\$110,595	\$122,823
One	\$97,845	\$109,196	\$121,424	\$133,651
Two	\$107,797	\$120,025	\$132,252	\$144,480
Three	*\$118,625	*\$130,853	*\$143,080	*\$155,308

**Note:** Income limits include the effect of the \$667.95 FTB Part A supplement which is available only after the end of the financial year when annual family income can be assessed. Families with income approaching these amounts may only be able to be paid the FTB at the end of the income year and not as fortnightly payments. Income limit is higher if families are eligible for Multiple Birth Allowance.

\*Income limit is higher than stated for three children aged 13–15 years.

### *1.3.3 Maintenance income test for Family Tax Benefit Part A*

Maintenance income-free areas:

- single parent, or one of a couple receiving maintenance - \$1,259.25
- couple, each receiving maintenance - \$2,518.50

- For each additional child - \$419.75

Maintenance over these amounts may reduce FTB Part A by 50 cents in the dollar, until the base rate of FTB Part A is reached.

#### *1.3.4 Assets test*

No assets test applies to FTB.

### **1.4 Payment rates**

FTB can be paid either fortnightly or as a lump sum after the end of the financial year to a bank or credit union account, or through the tax system as a lump sum payment after the end of the financial year.

FTB Part A includes a supplement which is available only after the end of the financial year following the lodgement of tax returns and may be used to offset overpayments. FTB Part A is a tax free payment.

**Table 8: Maximum rates of FTB Part A**

<b>For each child</b>	<b>Per fortnight</b>	<b>Per year</b>
Aged under 13 years	\$145.46	\$4,460.30
Aged 13–15 years	\$189.00	\$5,595.45
Aged 16–17 years	\$46.90	\$1,890.70
Aged 18–24 years	\$63.00	\$2,310.45
Child aged 0-24 years in an approved care organisation.	\$46.90	\$1,222.75

**Note:** Payment per year figures (except for the approved care organisation figure) include the FTB Part A supplement (\$667.95 per child for the 2007–08 financial year) but the fortnightly figures do not. The supplement can only be paid after the end of the financial year.

To receive more than the base rate of FTB Part A for children of a previous relationship, reasonable action must be taken to obtain child support. Blind pensioners are exempt from the maintenance action test.

**Table 9: Base rate of FTB Part A**

<b>For each child</b>	<b>Per fortnight</b>	<b>Per year</b>
Aged under 18 years	\$46.90	\$1,890.70
Aged 18–24 years	\$63.00	\$2,310.45

**Note:** Payment per year figures include the FTB Part A supplement (\$667.95 per child for the 2007–08 financial year) but the fortnightly figures do not. The supplement can only be paid after the end of the financial year.

FTB Part A may also include Large Family Supplement. It is paid for the third and each subsequent child at a rate of \$10.08 per fortnight, or \$262.80 p.a.

**Table 10: FTB expenditure – combined FaHCSIA and ATO expenditure**

	2003-04	2004-05	2005-06	2006-07
Expenditure	\$13.3b	\$15.0b	\$15.6b	\$16.1b

Source: FaHCSIA and ATO Annual Reports 2003-04 to 2006-07

**Table 11: FTB Part A customer numbers and characteristics for fortnightly instalment recipients**

	June 2004	June 2005	June 2006	June 2007
<b>Total FTB Part A customers</b>	1,809,122	1,828,495	1,811,826	1,769,091
Maximum Rate (Income Support)	473,811	465,055	446,394	437,632
Maximum Rate (No Income Support)	142,497	146,018	145,742	195,730
Broken Rate	423,859	536,907	522,324	517,542
Basic Rate	721,951	617,958	619,668	525,734
Tapered Base Rate	47,004	62,557	77,698	92,453
<b>Age (customer - yrs)</b>				
0 - 19	14,757	14,754	14,438	14,100
20 - 29	300,867	294,790	288,065	287,177
30 - 39	787,228	782,687	763,088	736,336
40 - 49	597,200	616,245	617,961	599,197
50 - 59	99,508	109,679	117,117	120,041
60 +	9,562	10,340	11,157	12,240
<b>Sex (customer)</b>				
Female	1,662,112	1,667,438	1,642,777	1,590,626
Male	147,010	161,057	169,049	178,465
<b>Family type</b>				
Married Couple	1,207,441	1,215,375	1,209,862	1,170,713
Single Female	527,753	535,333	524,695	520,591
Single Male	73,928	77,787	77,269	77,787
<b>Age (youngest FTB child - yrs)</b>				
0 - 1	388,953	358,861	360,636	373,719
2 - 5	498,904	501,808	484,528	461,665
<b>Customers with at least one child aged:</b>				
0 - 1	358,544	358,861	360,633	373,718
2 - 4	541,681	537,073	526,252	511,011
5 - 12	1,076,089	1,084,400	1,069,521	1,034,563
13 - 15	507,102	517,727	515,280	501,463
16 - 17	151,893	159,478	165,573	162,438
18 - 24	101,907	117,954	126,016	123,872
<b>Total Income Support Customers</b>	692,904	688,560	663,745	640,092
<b>Primary benefit (customer)</b>				
Parenting Payment Single	452,064	453,565	435,261	398,814

Parenting Payment Partnered	159,369	151,347	143,138	130,725
Disability Support Pension	36,650	38,573	39,915	42,153
Newstart Allowance	14,049	13,766	13,665	31,720
Carer Payment	12,896	15,419	17,302	20,811
Other	17,876	15,890	14,464	15,869
<b>No Income Support Payment</b>	<b>1,116,218</b>	<b>1,139,935</b>	<b>1,148,081</b>	<b>1,128,999</b>

Source: Centrelink (unpublished) administrative data.

## 2. Family Tax Benefit Part B (FTB Part B)

### 2.1 Basic payment eligibility conditions

FTB Part B gives extra assistance to sole parent families and to two parent families with one main income where one parent chooses to stay at home or to balance some paid work with caring for their children.

The Family must have a dependent child aged under 16, or a qualifying dependent full-time student up to the end of the calendar year in which the student turns 18.

#### 2.1.1 Residential requirements

As for FTB Part A with the exception that FTB Part B can generally only be paid for up to 13 weeks of a temporary absence from Australia. The length of the claimant's last return to Australia, or the type of visa they hold, may affect entitlement while absent from Australia.

**Note:** FTB may be stopped if the claimant leaves Australia without notifying the Family Assistance Office.

### 2.2 Treatment of Income for eligibility

#### 2.2.1 Income

As for FTB Part A.

#### 2.2.2 Income test

Single parents automatically receive the maximum amount of FTB Part B and for two parent families, the income of the main earner is not taken into account (see changes announced in the 2008-09 Budget below).

It is the income of the lower earner that affects how much FTB Part B a couple family will receive. The lower earner can earn up to \$4,380 each income year before it affects their FTB Part B. Payments are reduced by 20 cents for each dollar of income earned over \$4,380.

Two parent families can still receive some FTB Part B if:

- their youngest child is aged under five years and the lower earner has income less than \$22,302 per annum, or
- their youngest child is aged between five and 18 years and the lower earner has income less than \$17,356 per annum.

The Government announced changes to FTB Part B in the 2008-09 Budget. These will commence on 1 July 2008.

- FTB Part B will be limited to families where the primary earner has an adjusted taxable income of \$150,000 or less.
- Families where the primary earner has an adjusted taxable income of more than \$150,000 per year will no longer be eligible for FTB Part B, regardless of the income of the lower earner.
- Couple families where the primary earner has an adjusted taxable income of \$150,000 per year or less will be assessed based on the income of the lower earner, as per current FTB Part B income test rules.

### 2.2.3 Assets test

No assets test.

## 2.3 Payment rates

- Payments are made either fortnightly to a bank or credit union account or through the tax system as a lump sum payment at the end of the financial year.
- FTB Part B includes a supplement which is available only after the end of the financial year following the lodgement of tax returns and may be used to offset overpayments.
- FTB Part B is a tax free payment.

**Table 12: Maximum rate of FTB Part B**

Age of youngest child	Per fortnight	Per year
Under 5 years	\$125.02	\$3,584.30
5–15 years (or 16–18 years if a full-time student)	\$87.08	\$2,595.15

**Notes:** Payment per year figures include the FTB Part B supplement (\$324.85 per family for the 2007–08 financial year) but the fortnightly figures do not. The supplement can only be paid after the end of the financial year.

Assessment of ‘passive employment income’ affects whether or not a parent is entitled to the maximum rate of FTB Part B for the period of the financial year before they returned to work provided they were not earning passive income in that period.

The definition of passive employment for FTB Part B includes paid leave (such as paid maternity leave), compensation or insurance payments in respect of an individual’s ability to earn, derive or receive income from paid work and income derived from interest or investments related to self employment if an individual stops work as a self employed individual.



**Table 13: FTB Part B customer numbers and characteristics for fortnightly instalment recipients**

	<b>June 2004</b>	<b>June 2005</b>	<b>June 2006</b>	<b>June 2007</b>
<b>Total FTB Part B customers</b>	1,205,760	1,396,918	1,372,693	1,376,917
Maximum Rate	893,972	970,382	946,457	926,631
Broken Rate	311,788	426,536	426,236	450,286
<b>Age (customer - yrs)</b>				
0 - 19	14,327	14,675	14,349	13,979
20 - 29	246,540	264,029	256,537	259,559
30 - 39	541,005	622,181	604,758	601,952
40 - 49	343,489	418,074	415,162	415,180
50 - 59	54,081	69,273	72,685	76,155
60 +	6,318	8,686	9,202	10,092
<b>Sex (customer)</b>				
Female	1,087,616	1,258,152	1,228,885	1,222,080
Male	118,144	138,766	143,808	154,837
<b>Family type</b>				
Married Couple	610,683	793,142	780,899	788,505
Single Female	522,269	527,624	516,292	512,127
Single Male	72,808	76,152	75,502	76,285
<b>Age (youngest FTB child - yrs)</b>				
0 - 1	307,941	317,706	319,641	339,249
2 - 5	369,308	419,444	403,788	396,967
<b>Total Income Support Customers</b>	614,050	674,063	648,283	624,456
<b>Primary benefit (customer)</b>				
Parenting Payment Single	451,591	453,227	434,992	398,529
Parenting Payment Partnered	107,069	143,586	134,592	124,086
Disability Support Pension	28,074	36,315	37,509	39,483
Newstart Allowance	10,182	12,378	12,345	29,228
Carer Payment	7,527	14,100	15,809	19,076
Other	9,607	14,457	13,036	14,054
<b>No Income Support Payment</b>	591,710	722,855	724,410	752,461

Source: Centrelink (unpublished) administrative data.

### 3. Baby Bonus

The Baby Bonus assists with the costs associated with the birth or adoption of a child. The Baby Bonus replaced Maternity Allowance and the Australian Taxation Office (ATO) baby bonus for children born on or after 1 July 2004.

#### 3.1 Basic payment eligibility conditions

Baby Bonus is paid to families following the birth (including stillbirth) or adoption of a baby, where the eligibility requirements for FTB for the child (disregarding the income test) are met within 13 weeks of a child's birth, or in the case of adoption, within 13 weeks of the child being entrusted into the claimant's care.

Parents are required to formally register the birth of their child as a condition of receiving the Baby Bonus for births on or after 1 July 2007. This requirement does not apply to parents whose child is stillborn, adopted or born outside Australia.

Baby Bonus is currently payable to:

- a parent of the baby, or
- families who are entrusted with the care of a newborn child within 13 weeks of the child's birth, and are likely to continue to have care of the child for no less than 13 weeks, or
- families who have a child entrusted to their care for adoption before the child is two years of age. In the case of an overseas adoption not completed before the child's arrival in Australia, the child must have entered Australia before their second birthday.

The residency requirements are the same as for FTB Part A.

The claim must be made within 26 weeks of the child's birth, or in the case of adoption, within 26 weeks of the child coming into the person's care or in the case of a child who arrives in Australia as part of the process of adoption, within 26 weeks after the child arrives in Australia.

**Note:** Baby Bonus eligibility conditions will change from 1 January 2009 as a result of announcements in the 2008-09 Budget – see below.

### **3.2 Treatment of Income for eligibility**

There is no current income test, see changes announced in the 2008-09 Budget below.

#### *3.2.1 Assets test*

No assets test.

### **3.3 Payment rates**

Baby Bonus is a one-off, flat rate payment of \$4,258 per eligible child. The payment is generally made as a lump sum, although it can be paid in fortnightly installments or as a combination of a lump sum and fortnightly installments to claimants aged 18 and over. Claimants under 18 years of age can only receive the Baby Bonus in 13 fortnightly installments. The Baby Bonus is a tax free payment.

The payment is made into a bank or credit union account. For a multiple birth, the Baby Bonus is paid for each eligible child, for example, \$8,516 is paid for twins.

### **3.4 2008-09 Budget Reforms**

The Government announced changes to the Baby Bonus, which will apply from 1 January 2009, in the 2008-09 Budget. These are:

- a family income test will limit eligibility for Baby Bonus to those families with incomes of \$75,000 or less in the six months following the birth or adoption of a child (that is, broadly equivalent to incomes of \$150,000 per year or less). Under the new income testing arrangements, any payments received for periods of paid maternity, paternity or parental leave in the six month assessment period will be included as taxable income when determining payment eligibility;

- with the introduction of the income test, the time limit for claiming will be extended from 26 weeks to 52 weeks;
- payment will be made in 13 fortnightly instalments, instead of a lump sum.
- following the increase to \$5,000 on 1 July 2008, indexation will occur annually on 1 July, in line with other family payments, and
- eligibility for the Baby Bonus will be extended to families who adopt children under 16 years of age, regardless of whether the payment has already been made to a parent or long-term carer.

For babies born on or after 1 January 2009, Baby Bonus will be payable to:

- a parent of the baby, or
- families who are entrusted with the care of a newborn child within 26 weeks of the child's birth, and are likely to continue to have care of the child for no less than 26 weeks, or
- families who have a child entrusted to their care for adoption before the child is 16 years of age, as long as the child has come into their care within the previous 26 weeks.

**Table 14: Customer numbers**

<b>Maternity Payment/Baby Bonus</b>	<b>2003-04</b> (known as Maternity Allowance)	<b>2004-05</b> (Known as Maternity Payment)	<b>2005-06</b> (Known as Maternity Payment)	<b>2006-07</b> (Known as Maternity Payment)
Customers <18	unknown	3,245	3,279	3,262
Customers 18+	unknown	234,011	265,481	283,510
Total Customers	209,218	235,256*	268,757	286,770
Expenditure (\$,000)	223,256	726,814	855,039	1,161,603

Source: Customer Numbers - Centrelink administrative data. Expenditure data – sourced from FaHCSIA Annual Reports and Estimate as at Additional Estimate's Review 2007-08.

**Notes:** Where customers are granted more than one payment during the year they are counted only once in the total. This accounts for minor discrepancies between individual figures and totals.

\*This number differs from that published in the 2004-05 Annual Report due to improved source of data. Also note an additional 22,292 customers were paid the former Maternity Allowance in 2004-05.

## **4. Carer's Payment**

### **4.1 Basic payment eligibility conditions**

Carer Payment provides income support to people who provide constant personal care or supervision to a person with a severe disability in the person's private home. This includes people providing constant care to a profoundly disabled child (or children) under the age of sixteen which may include a child with severe intellectual, psychiatric or behavioural disability requiring continuous personal care because the child engages in dangerous, aggressive or violent behaviour.

To qualify for Carer Payment, a person must:

- not be receiving another income support pension or payment, or a Veterans' Affairs Service Pension or Partner Service Pension at the same time;
- be providing constant care to a disabled person;
- be caring for the person in the person's own home but is not required to live with the person being cared for;
- be an Australian resident, and
- be able to satisfy income and assets tests.

A person may continue to qualify for Carer Payment despite ceasing to provide constant care for up to 63 days in a calendar year. A person may also continue to qualify for Carer Payment for up to 13 weeks if they are temporarily absent from Australia.

The person needing care must:

- be aged 16 years or over and, because of their disability, emotional state, behaviour and special care needs, qualify the carer under the Adult Disability Assessment Tool; or
- be a child with a profound disability aged under 16 years; or
- be two or more children aged under 16 years with a disability who, together, need a level of care that is at least equivalent to the level of care needed by a child with a profound disability; or
- be a person with a disability and their dependant child (where the child is aged less than six years, or between 6 and 16 years and attracting Carer Allowance);
- need care permanently or for an extended period of at least six months (less if they have a terminal illness);
- pass the care receivers income test and the care receivers assets test; or have received a score of at least 80 under the Adult Disability Assessment Tool and be receiving a social security pension or benefit or would be receiving a social security pension or benefit if they had been an Australian resident for long enough; or pass the income test and be the subject of a decision by the Secretary that not passing the assets test does not disqualify the person providing them with care from carer payment, and
- be an Australian resident. The care receiver does not have to be an Australia resident if they have received a score of at least 80 under the Adult Disability Assessment Tool; and they are receiving a social security pension; and a carer payment may be granted to a person for care provided to the care receiver under a scheduled international social security agreement.

## **4.2 Improved Support for Carers**

The Government recently announced a number of changes for carers in the 2008-09 Budget. The most significant change is to the eligibility criteria and assessment processes for Carer Payment (child). In 2009-10 around 19,000 carers of children

under 16 years of age with disability or severe medical conditions are expected to benefit from the new arrangements.

The changes will be implemented from 1 July 2009 and involve:

- new, fairer eligibility criteria for Carer Payment (child) based on the level of care required;
- more generous arrangements for carers of children in hospital and those with a terminal illness so they can keep their Carer Payment and/or Allowance while their child is in hospital;
- development of a single assessment process for Carer Payment and Carer Allowance;
- consideration of more complex claims by expert Carer Assessment Teams, and
- access to payment for care provided on a short-term or episodic basis, with a minimum period of 12 weeks.

### 4.3 Treatment of Income for eligibility

#### 4.3.1 Earned income

**Table 15: Income test**

<b>Family situation</b>	<b>For full pension</b>	<b>For part pension (pf)</b>
Single	Up to \$132.00	Less than \$1,513.50
Single +one child	Up to \$156.60	Less than \$1,538.10
Couple (combined)	Up to \$232.00	Less than \$2,995.00
Illness separated couple (combined)	Up to \$232.00	Less than \$2,995.00
Additional children	Add \$24.60 per child	

**Note:** Some assets are deemed to earn income, while there are special rules for other types of income. Income over these amounts reduces the rate of pension payable by 40 cents in the dollar (single) or 20 cents in the dollar each (for couples).

Any payments received for paid maternity or parental leave is assessed as earned income.

#### 4.3.2 Taxable and non-taxable income

Carer Payment is a tax free pension where both the carer and the person being cared for are under age pension age.

The income and assets tests apply to Carer Payment customers and the special income and assets tests applying to non-customer care receivers. This includes the following matters:

- the income and assets tests for a child with a profound disability and 2 or more children with a disability;
- income and assets tests for a higher ADAT score adult;
- income and assets tests for a lower ADAT score adult and dependent child;

- income and assets tests for non-customer care receivers, and
- discretion, under certain circumstances, to decide that the non-customer care receiver's assets test does not disqualify Carer Payment.

**Table 16: Payment rate**

<b>Pension rate per fortnight</b>	
Single	\$546.80
Couple	\$456.80

#### **4.4 Carer Bonus**

As part of the Government's 2008-09 Budget a one-off lump sum bonus payment of \$1,000 will be paid to carers who receive:

- Carer Payment;
- Department of Veterans' Affairs Carer Service Pension;
- Wife Pension and Carer Allowance, or
- Department of Veterans' Affairs Partner Service Pension and Carer Allowance.

A one-off lump sum bonus payment of \$600 will also be paid to Carer Allowance recipients for each eligible care receiver.

A person must be receiving a qualifying payment or have made a claim for the payment on or before Budget night, 13 May 2008.

Bonus payments will not be taxable for income tax purposes nor treated as income for social security or veterans' affairs purposes.

**Table 17: Carer Payment client numbers and characteristics**

		<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>
<b>Expenditure</b>		\$921,008,000	\$1,062,101,000	\$1,220,828,000	\$1,408,052,000
<b>Total customers</b>	Total	84,082	95,446	105,058	116,614
<b>Customer age</b>	Under 25	3,038	3,425	3,652	3,851
	25-34	6,848	7,620	7,982	8,602
	35-44	15,993	17,807	18,961	20,963
	45-54	26,762	29,599	31,627	34,416
	55-64	28,959	33,654	38,110	41,814
	65-74	2,109	2,836	4,016	5,785
	75-84	342	465	663	1,104
	85 and over	31	40	47	79
	Total	84,082	95,446	105,058	116,614
	Average age	49.0	49.3	49.8	50.2
<b>Customer gender</b>	Male	29,838	32,870	35,244	38,139
	Female	54,244	62,576	69,814	78,475
	Total	84,082	95,446	105,058	116,614
<b>Customer state</b>	NSW	29,856	34,343	38,273	43,059
	VIC	20,931	23,943	26,504	29,487
	QLD	16,959	18,792	20,448	22,158
	WA	5,872	6,470	7,054	7,437
	SA	6,323	7,259	7,878	8,900
	TAS	3,022	3,437	3,594	4,185
	NT	484	505	546	578
	ACT	578	619	651	674
	Unknown	57	78	110	136
	Total	84,082	95,446	105,058	116,614
<b>Customer relationship</b>	Not coupled	30,898	34,802	37,061	41,152
	Coupled	53,179	60,643	67,997	75,462
	Total <sup>(a)</sup>	84,082	95,446	105,058	116,614
<b>Customers payment rate</b>	Maximum rate	n/a	76,357	79,844	87,460
	Reduced rate	n/a	19,089	25,214	29,154
	Total	n/a	95,446	105,058	116,614
<b>Care recipients</b>	Total	n/a	n/a	n/a	n/a

**Note: (a) Includes not stated relationship type**  
Source: Centrelink (unpublished) Administrative Data

## 5. Carer Allowance

### 5.1 Basic payment eligibility conditions

Carer Allowance is a supplementary payment available to parents or carers who provide daily care and attention for adults or children with a disability or medical condition.

### 5.2 Treatment of Income for eligibility

Carer Allowance is not subject to income or assets tests and is not taxable. Carer Allowance may be paid in addition to wages or other social security payments, such as Carer Payment and Age Pension.

### 5.3 Payment rates

\$100.60 per fortnight which may be shared between one or two carers.

\$1,000 Child Disability Assistance is paid annually to a person receiving Carer Allowance on 1 July for each child being cared for under 16 years of age. If a person is receiving a proportion of Carer Allowance they receive the same proportion of Child Disability Assistance.

### 5.4 Carer Bonus

As for Carer Payment.

**Table 18: Carer Allowance client numbers and characteristics**

		2003-04	2004-05	2005-06	2006-07
<b>Expenditure</b>		\$965,430,000	\$1,109,346,000	\$1,258,397,000	\$1,349,030,000
<b>Total customers</b>	Total <sup>(a)</sup>	297,607	340,005	366,960	393,263
<b>Customer age</b>	Under 25	5,043	5,852	6,293	6,635
	25-34	35,339	37,841	38,573	38,483
	35-44	72,667	79,896	84,550	88,727
	45-54	58,173	66,817	72,514	78,665
	55-64	54,533	65,443	73,475	80,651
	65-74	39,315	46,387	50,606	55,617
	75-84	28,574	32,847	35,422	38,170
	85 and over	3,963	4,922	5,527	6,315
	Total	297,607	340,005	366,960	393,263
	Average age	52.1	52.5	52.8	53.2
<b>Customer gender</b>	Male	69,642	81,033	88,398	95,955
	Female	227,965	258,972	278,562	297,308
	Total	297,607	340,005	366,960	393,263



**Table 18: Carer Allowance client numbers and characteristics (continued)**

		<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>
<b>Customer state</b>	NSW	98,124	113,289	123,411	133,608
	VIC	77,526	88,821	96,257	103,550
	QLD	59,136	66,696	71,460	75,719
	WA	24,804	27,777	29,300	30,216
	SA	24,846	28,570	30,683	33,028
	TAS	8,524	9,678	10,408	11,277
	NT	1,404	1,544	1,648	1,745
	ACT	3,142	3,525	3,700	3,999
	Unknown	101	105	93	121
	Total	297,607	340,005	366,960	393,263
<b>Customer relationship</b>	Not coupled	79,372	91,899	98,822	106,208
	Coupled	216,561	246,334	266,505	285,801
	Unknown	1,674	1,772	1,633	1,254
	Total	297,607	340,005	366,960	393,263
<b>Customer other payment type</b>	Recipients on income support	151,218	179,687	197,210	220,975
	Recipients not on income support	146,389	160,318	169,750	172,288
	Total	297,607	340,005	366,960	393,263
<b>Care recipients</b>	Adult	205,663	243,576	267,415	292,491
	Child <sup>(b)</sup>	111,774	120,028	125,593	129,298
	Total	317,437	363,604	393,008	421,789
<b>Child ratio</b>	Average number of children to each customer receiving CA (child)	1.13	1.13	1.13	1.13
<b>Care recipient age</b>	0-2	5,858	5,914	6,066	6,089
	3-5	17,900	19,047	19,513	19,563
	6-13	72,183	77,177	80,919	83,592
	14-16	15,833	17,890	19,095	20,054
	Total	111,774	120,028	125,593	129,298

**Table 18: Carer Allowance client numbers and characteristics (continued)**

		2003-04	2004-05	2005-06	2006-07
<b>0-2 year old care recipients</b>	Male	3,411	3,413	3,557	3,517
	Female	2,447	2,501	2,509	2,572
	Total	5,858	5,914	6,066	6,089
<b>0-2 year old care recipients</b>	NSW	1,953	1,985	1,998	1,977
	VIC	1,465	1,506	1,547	1,527
	QLD	1,098	1,079	1,160	1,175
	WA	561	543	553	568
	SA	496	517	531	559
	TAS	128	120	117	137
	NT	63	67	63	53
	ACT	94	96	97	93
	Total <sup>(c)</sup>	5,858	5,914	6,066	6,089

**Notes:**

(a) Excludes customers receiving a child Health Care Card only

(b) Excludes children who qualify their carer for a Health Care Card only

(c) Includes not stated

Source: Centrelink (unpublished) Administrative Data

## **FaHCSIA and DOHA Support for Families with Young Children**

### **FaHCSIA Children And Parenting Support Programs**

#### **Communities for Children (CfC) - 2007-08 funding: \$37.450m**

The CfC program is funded under the Stronger Families and Communities Strategy (SFCS). The aim of CfC is to ensure that children have the best possible start in life by focussing on well-targeted early intervention approaches that bring about positive outcomes for young children and their families.

Communities are provided with a national framework that allows for local tailored approaches to achieve outcomes in key action areas identified in the National Agenda for Early Childhood. Practical assistance is provided to parents in areas of early child and maternal health; early learning and care, parenting skills, the development of child-friendly communities and better integration of early childhood services.

#### **Invest to Grow (ItG) - 2007-08 funding: \$16.131m**

ItG is funded through the Stronger Families and Communities Strategy (SFCS). The aim of ItG is to improve outcomes for young children by supporting a range of early intervention and prevention programs and to build the Australian evidence base about what works in this early intervention area. It targets the key action areas of the National Agenda for Early Childhood: healthy families with young children; early learning and care; supporting families and parenting and child friendly communities.

The ItG program:

- supports organisations to expand established early intervention and prevention programs and develop new ones for broader application;
- funds the development of resources or tools for parents, community groups, professionals and government organisations to support positive early childhood development; and
- continues to build the Australian evidence base about what works in prevention and early intervention in early childhood.

#### **Playgroup Program - 2007-08 funding: \$8.981m**

Playgroups are informal gatherings for parents and caregivers with children under school age. They usually meet once a week for two hours during school terms. Playgroups provide opportunities for children's social, emotional, physical and intellectual development while also providing opportunities for parents and caregivers to develop social and support networks.

Playgroup models funded by FaHCSIA include:

- *Community Playgroups* - self-managed by those who attend the playgroups. Around 100,000 families access over 8,000 Community Playgroups. The Australian Government contributes ongoing funding to state and territory Playgroup Associations to assist parents to find a playgroup that meets their needs, especially if a family has a special need such as a child with a disability or

specific cultural requirements, and also provide advice and resources to people starting their own playgroups.

- *Supported Playgroups* - initiated and facilitated by a paid coordinator and available to families who might not normally attend a playgroup. They target culturally and linguistically diverse families, Indigenous families, families with mental health and/or disability issues (either the parent or the child), teenage and young parent families, and families who are socially isolated and/or disadvantaged. Playgroup Australia is the national provider of these playgroups.
- *Locational Supported Playgroups (LSPs)* - initiated and facilitated by a paid coordinator, the LSP model is designed to assist both mainstream and Indigenous communities. The LSPs allocated under the Expansion of Playgroups for Indigenous Families initiative are targeting Indigenous families with young children living in remote areas of Australia. LSPs are to be established in communities inside pre-existing facilities such as child care centres, pre-schools and community health centres to encourage integration with other community services. This playgroup model recognises the need to provide vulnerable families, particularly Indigenous families living in remote areas, with additional assistance and support from skilled early childhood workers.
- *Intensive Support Playgroups (ISPs)* - aim to promote positive early childhood development and contribute to increased child safety and wellbeing. They are targeted at particularly disadvantaged families and children who are experiencing insecure or inadequate housing where the living arrangements impact adversely on the capacity of caregivers to parent effectively. ISPs deliver mobile playgroups across a number of sites.

#### **REACH (Responding Early, Assisting Children) - 2007-08 funding: \$4.783m**

The REACH program aims to improve the capacity of families and caregivers to respond appropriately to children's needs for care, development and safety. REACH services support caregivers and families to focus on children's needs, and to access support and resources in the community that will assist them in their parenting or caring role.

REACH encourages early intervention approaches to prevent child abuse, neglect and other poor outcomes for children. The program funds services that provide parenting education, home visits by counsellors or by volunteers, family support, playgroups, mentoring and community development.

#### **Indigenous Children Programme (ICP) - 2007-08 funding: \$5.719m**

ICP aims to strengthen Aboriginal and Torres Strait Islander children, families and communities and build their resilience and support networks.

This is achieved through:

i) Supporting the wellbeing of children by:

- improving knowledge, skills and capacity for family wellbeing;
- building resilience and protective factors for children;
- developing positive and strong bonds between children and parents/caregivers and community, and

- improving parents and children's access to services that can support their learning and growth in ways that support and build on their culture.
- ii) Building culturally strong parenting skills and support for families by:
- improving knowledge, skills, and capacity for parenting within Aboriginal and Torres Strait Islander communities (that include both culturally and developmentally appropriate practices);
  - improving access to other services that support the learning and growth of children and family members in a culturally appropriate manner, and
  - improving parent, caregivers and children's access to services that support learning and development in ways that build on their culture
- iii) Building stronger and more sustainable Aboriginal and Torres Strait Islander families and communities by:
- building the capacity of Aboriginal and Torres Strait Islander organisations to more effectively deliver services to children and families, and
  - building partnerships between Indigenous organisations and other services to address gaps in services and increase community resources.

#### **Programs for Carers of Children with a Disability**

- *Respite Support for Carers of Young People with a Severe or Profound Disability* provides immediate and short-term respite to carers of young people with a severe or profound disability. Also facilitates access to information, respite care and other support or assistance appropriate to the individual needs and circumstances of both carers and care recipients.
- *MyTime Peer Support Groups for Parents of Young Children with Disabilities* provides peer support for parents and carers of young children with disabilities or a chronic medical condition. Gives parents the chance to socialise and share ideas with others who understand the rewards and challenges of the caring role. Also provides an opportunity for parents to find out about available community support services and parenting information.

#### **Father Support Programs and Father Inclusive Practice Initiatives**

- *'I'm a Dad' program* - targets and supports first-time fathers by engaging them at the earliest stages of the parenting cycle. It aims to have lasting impact on families, children and society, with a view to fostering children's long-term resilience and optimal developmental outcomes. The program is conducted in Northern Middle Melbourne, an area characterised by high levels of disadvantage and under-servicing in the area of fatherhood support.
- *Men and Family Relationship (MFR) services* - funded under the Department's Family Relationship Services Program (FRSP) to provide a range of supports to help men and their families develop strong, healthy family relationships, and are delivered in over 245 locations throughout Australia.

- *'Hey Dad'* - funded through FRSP funded services and is designed specifically to support fathers wishing to develop better relationships with their children and a greater understanding of their needs.
- *The Father Inclusive Practice (FIP) project* - a capacity building initiative focusing on assisting service providers from the FRSP and Early Childhood Programs (ECP) sectors to become more accessible and responsive to the needs of fathers. The FIP project builds on the knowledge and skills of FRSP and ECP providers that work with men, and helps develop strategies to mainstream father-inclusive practice across both sectors. There are two parts to the FIP pilot project - the development of FIP Good Practice Guides by a panel of innovative FIP practitioners, and providers testing the guides.

### **Election Commitments to Assist Indigenous Children and Parents**

The Australian Government has committed to the introduction of the following new programs around early development, literacy and numeracy to help provide an equal start in life for Indigenous children:

- *Indigenous Mother's accommodation services* - a \$10m capital funding pool to provide new hostels and expand existing accommodation facilities in cities and regional centres for indigenous women who need to leave their communities temporarily to have their babies, improving medical care in the final weeks of pregnancy and during and following birth.
- *Indigenous parenting support services (Parent – Child services)* - services to help families with raising children, providing support and assistance. Services will be developed in areas of need, to improve parenting skills and the development, learning and wellbeing of Indigenous children.
- *Indigenous child and family hubs* - combining Mother and Babies services with Parent-Child services and other existing infrastructure to create Indigenous Child and Family Hubs.

### **National Information and Research Initiatives**

The department funds a range of national information and research initiatives focussed on families with children:

- *Raising Children* website ([www.raisingchildren.net.au](http://www.raisingchildren.net.au)) which provides centralised, Australian focused, evidence based parenting information and a DVD as a companion resource;
- National Child Protection, Communities and Families and Australian Family Relationships Clearinghouses, hosted by the Australian Institute of Family Studies;
- Australian Research Alliance for Children and Youth to facilitate research, policy and practice collaborations and develop early childhood evidence papers; and
- Secretariat for National Aboriginal and Islander Child Care Resource Service Project and National Aboriginal and Islander Children's Day.

## **DoHA Programs for Families with Young Children**

DoHA has a limited role in direct program delivery for working families with young children. Direct service provision of health programs for post-birth mothers and children under the age of two years is primarily managed and delivered by state and territory governments.

### **Health@Home Plus**

*Health@ Home Plus* (a 2007-08 Budget initiative) - will support Aboriginal and Torres Strait Islander children aged 0-8 years. Commencing in the pre-natal period, health professionals will provide regular home visiting services to women pregnant with an Aboriginal and Torres Strait Islander child, continuing until the child is two years. Child and family support will be provided to high need children aged 2-8 years.

### **New Directions: An equal start in life for Indigenous Children**

The government has committed \$261.4 million over five years to this Aboriginal and Torres Strait Islander early childhood plan. The plan aims to close the life expectancy gap between Indigenous and non-Indigenous Australians, within a generation, and halve the gap in mortality rates between Indigenous and non-Indigenous children under the age of five within a decade. The plan has three main components: Child and Maternal Health Services; Early Development and Parenting Support; and Literacy and Numeracy in the Early Years.

### **Breast Feeding Support**

The House of Representatives Standing Committee on Health and Ageing tabled its report *The Best Start- report on the inquiry into the health benefits of breastfeeding* (*The Best Start* report) on 9 August 2007. The report made 22 recommendations on ways in which the Australian Government can take a lead role to improve the health of the Australian population through support for breastfeeding.

The Government has committed \$2 million over four years to fund the Australian Breastfeeding Association to expand their existing telephone support service to a national toll free 24 hour helpline. The measure will enable all breastfeeding mothers and their partners to access one-to-one support around the clock, at no cost to the caller. This was a key recommendation from *The Best Start* report. The Government is considering all of the inquiry's recommendations and aims to table its response in Parliament later this year.

### **Perinatal Depression Screening**

The Australian Government has identified perinatal depression as an important issue for many Australian women and their families and aims to reduce its impact and prevalence by implementing an \$85 million plan for perinatal depression. (The perinatal period includes pregnancy and the first year after birth.)

Under this plan, routine screening for perinatal depression is to be provided, as well as training for health professionals and improved follow-up support and care for women assessed as at risk of or experiencing depression.

### **Election Commitments for improved health services for mothers and infants**

- *Comprehensive mothers and babies services* - providing a comprehensive service including access to antenatal care (midwife, GP or obstetrician), information and assistance about baby care (e.g. breastfeeding, nutrition and parenting skills), and monitoring and testing of health aspects of indigenous children (e.g. immunisation status, developmental milestones, hearing etc).
- *Home visiting* - comprehensive nurse-led visiting services of up to 20 visits in the first year, and up to 12 visits in the second year.
- *Rheumatic Fever Strategy* - establishing a National Coordination Unit to coordinate efforts to tackle Rheumatic Heart Fever, and program sites in the NT, WA and Qld to focus on providing proper diagnosis and improving access to antibiotics.



## History of Maternity Payments

Between 1912 and 1978 a maternity allowance existed in various forms, with and without income testing. Maternity Allowance was reintroduced from 1 February 1996 as a lump sum payment equal to six times the maximum weekly rate of the then Parenting Allowance. Maternity Allowance had the same income, assets and residency tests as the then Family Payment and was payable where a family met the eligibility requirements for Family Payment within 13 weeks of the birth of the baby.

From 1 January 1998, Maternity Allowance was delivered in two installments, as a lump sum payment of \$750 after the birth of a child, and as a Maternity Immunisation Allowance of \$200 when the child reached 18 months of age provided the child had received age-appropriate immunisation.

These rates continued to apply until overtaken by the relevant proportion (2.4 times for Maternity Payment and 0.6 times for Maternity Immunisation Allowance) of the maximum fortnightly rate of the biannually indexed Parenting Payment.

Maternity Allowance was replaced by Maternity Payment from 1 July 2004. At that time the rate of Maternity Allowance was \$842.64. MIA is still payable conditional on age-appropriate immunisation and the amount continues to be 0.6 times the maximum fortnightly rate of Parenting Payment.

The ATO baby bonus was available to some families who had a baby between 1 July 2001 and 30 June 2004. The ATO baby bonus is a refundable tax offset that is payable to parents (usually the mother) where they were in paid employment prior to having the baby.

The annual entitlement is one fifth of the gross tax paid in the base year up to a maximum amount of \$2,500 per year, a total of \$12,500 over 5 years. This amount is reduced by income earned (usually by the mother) in each of the five claim years after the base year.

The five year eligibility period is still open for some families and claims for the ATO baby bonus can be lodged up to and including 30 June 2014.

Maternity Payment replaced Maternity Allowance and the ATO baby bonus from 1 July 2004.

Maternity Payment (renamed Baby Bonus on 1 July 2007) is paid to eligible families following the birth or adoption of a baby born on or after 1 July 2004. At 1 July 2004 the amount was \$3,000 indexed each March and September. From 1 July 2006 the amount rose to \$4,000 (currently \$4,133 due to indexation) and will increase again to \$5,000 from 1 July 2008.