

NAB Special Report Series: Work & family dynamics in Australia

Part 2: Caring for Children

by NAB Group Economics

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This series of reports provide a snapshot of work and family dynamics in Australia today. They highlight some important similarities in the attitudes of men and women, particularly in regards to raising their children. It identifies some key differences and inequities still apparent today between the sexes in regards to making financial decisions and achieving work-life balance. There is a clear opportunity for both government and business to address where possible, some of these imbalances to help drive productivity and progress.

In the second of this series, we explore the attitudes of couples with regards to caring for children and the options available to assist them both in terms of formal care arrangements and how employers can help.

While it is clear that caring for children has a much bigger impact on work arrangements for women, there is a notable change in the attitudes of couples planning to have children in regards to sharing the load.

Formal childcare is the most widely utilised service for looking after children and there is a strong relationship between usage and household income.

Affordability is the key issue, not access to care both in urban and rural areas.

While family friendly policies are being offered across a range of industries (both big and small), employees of large firms clearly benefit most.



Alan Oster,
Chief Economist
(03) 8634 2927 0414 444 652 (mobile)

Dean Pearson,
Head of Behavioral & Industry Economics
(03) 8634 2331 0457 517 342 (mobile)

Robert De lure,
Senior Economist, Behavioral & Industry Economics
(03) 8634 4611 0477 723 769 (mobile)

Highlights:

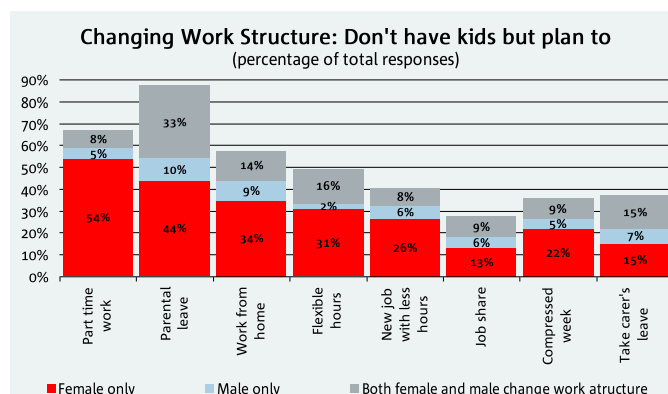
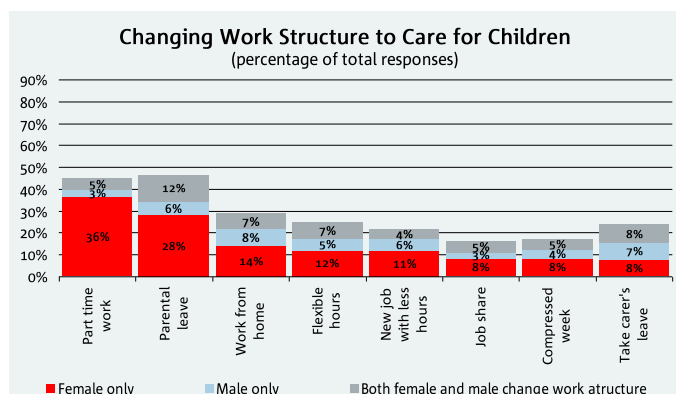
- **Caring for children causes a far bigger change in a women's work structure than for men.** Around 1 in 3 women move to part time work and/or take parental leave, while work arrangements of their partner remains unchanged (albeit around 12% of couples both take parental leave). Women were also more active in changing their work structure in most other ways, except carer's leave which is broadly similar for women and men.
- **For those who do not have children but plan to do so, the impact on work arrangements for women is expected to be even bigger.** Around 1 in 2 women expect to move to part time work and/or take parental leave, while their partner's work status stays the same.
- **But while more women planning to have children expect to significantly change their work arrangements, so do an increasing number of couples.** Around 1 in 3 couples plan to both take parental leave, and 1 in 6 couples are planning to work flexible hours and work more from home.
- **This is consistent with a strong desire expressed by men to spend more time with their children and care for them.** On balance, 61% of men agree they would like to spend more time with their children, while 45% would like to have more time with them rather than work full time.
- **Formal childcare is the most widely utilised service for looking after children (by some margin).** This peaks when children are aged between 12 months and pre-school when it is used by around 40% of families. The use of childcare drops away notably when a child starts school, which may reflect a lack of formal care options outside before and after school care which is not available at all schools.
- **There is a strong relationship between high levels of household income and use of childcare centres.** That said, usage is broadly similar across income groups during peak years (except in highest income households).
- **Almost two-thirds of Australian families rate their access to local childcare as "good", "very good" or "excellent".** There is little variation between capital cities, regional cities or rural towns.
- **Affordability is the biggest issue with regards to childcare.** More than one-quarter of Australian families believe the cost of childcare outweighs the value of working, while almost one-third are barely breaking even.
- **The most common family friendly policies offered by business are flexible working and carer's leave. Very large firms are more active and offer more leave options.** This is particularly apparent in regards to carer's leave and paid parental leave. Nearly 1 in 5 SMEs indicate they offer no family friendly policies at all.
- **For firms that offer paid parental leave (in addition to government funded entitlements), very large firms offer more leave.** On average, very large firms offer 3.7 months of leave, compared to 3.1 months for SMEs and a broad economy average of 3 months.
- **Economy wide, business see significant benefits from more affordable and accessible childcare (particularly very large firms). 1 in 3 SMEs see no benefit at all.** More very large firms see greater benefits, particularly in regards to staff morale, productivity, reduced absenteeism and loss of valued employees.
- **The level and scope of family friendly policies offered across the economy varies widely across industry.** Typically, firms in all industries (big and small) are most likely to offer carer's leave and flexible work options. Very large firms in all industries are more likely to offer paid parental leave for both women and men.
- **For companies that offer paid parental leave, benefits are on average biggest in the mining sector economy wide (6.2 months).** Benefits are lowest in construction (2.5) and transport (2.3). Among very large business, benefits are most generous in manufacturing (7) and least generous in retail (1.5). Among SMEs, finance (4.4) leads the way, with transport lagging (1).
- **Across the economy, the key benefits to business from more affordable/accessible childcare were reduced absenteeism, better staff morale and improved productivity.** However, a large share of SMEs in all industries saw no benefits at all, especially construction, manufacturing and wholesale.

Impact of children on work arrangements

Having a child typically results in a much bigger change in work structure for women than it does for men. For those who do not currently have children but plan to do so, the expected impact on women's work arrangements is expected to be even bigger. It is, however, notable that more couples also intend to both change their working arrangements, with men indicating that they would like to spend more time with their children and caring for them.

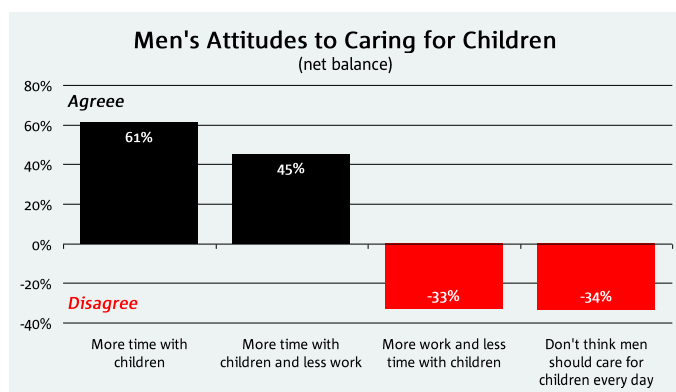
Caring for pre-school children typically has a much bigger impact on work dynamics for women than it does for men. In order to care for their children, the biggest response from women is to move to part time work (36%) and/or take parental leave (28%), while their partner's work arrangement remains unchanged. In comparison, only 3% and 6% of men respectively moved to part time work and/or parental leave while the work status of their partner was unchanged. Around 5% of both men and women moved to part time work and 12% took parental leave.

Women were also more active in changing their work structure in order to work from (or more) from home (14% vs 8% of men), move to flexible hours or flexitime (12% vs 5%), move to a new job with less hours or more flexibility (11% vs 6%), take a full time job under a job share arrangement (8% vs 3%) and move to a compressed work week (8% vs 4%). Interestingly, the number of women and men taking carer's leave is about the same (8% vs 7%).



For those who do not have children but plan to do so, the impact on work arrangements for women is expected to be even bigger. Around 54% expect to move to part time work, with 44% taking parental leave, while their partner's work status stays the same. In contrast, only 5% of men were planning to move to part time work, with 10% indicating they will take parental leave. More women also plan to work from home (34% vs 9% of men), move to flexible hours or flexitime (31% vs 2%), move to a new job with less hours or more flexibility (26% vs 6%), take a full time job under a job share arrangement (13% vs 6%), move to a compressed work week (22% vs 5%) or take carer's leave (15% vs 7%).

It is, however, notable that more couples planning to have children are both willing to restructure their work arrangements when they have them. In particular, 33% of couples both expect to use parental leave, with a notably bigger share also moving to flexible hours (16%) and working from home (14%).



The increase in men and women both wanting to change their work arrangements when they have children likely reflects a strong desire by men to spend more time being with and caring for their children. In net balance terms, +61% of men agree they would like to spend more time with their children, while +45% agree they would like to have more time with them rather than work full time. A net balance of -33% also disagreed with the statement that they want to work more and spend less time with their kids and -34% disagree with the statement that they don't think they

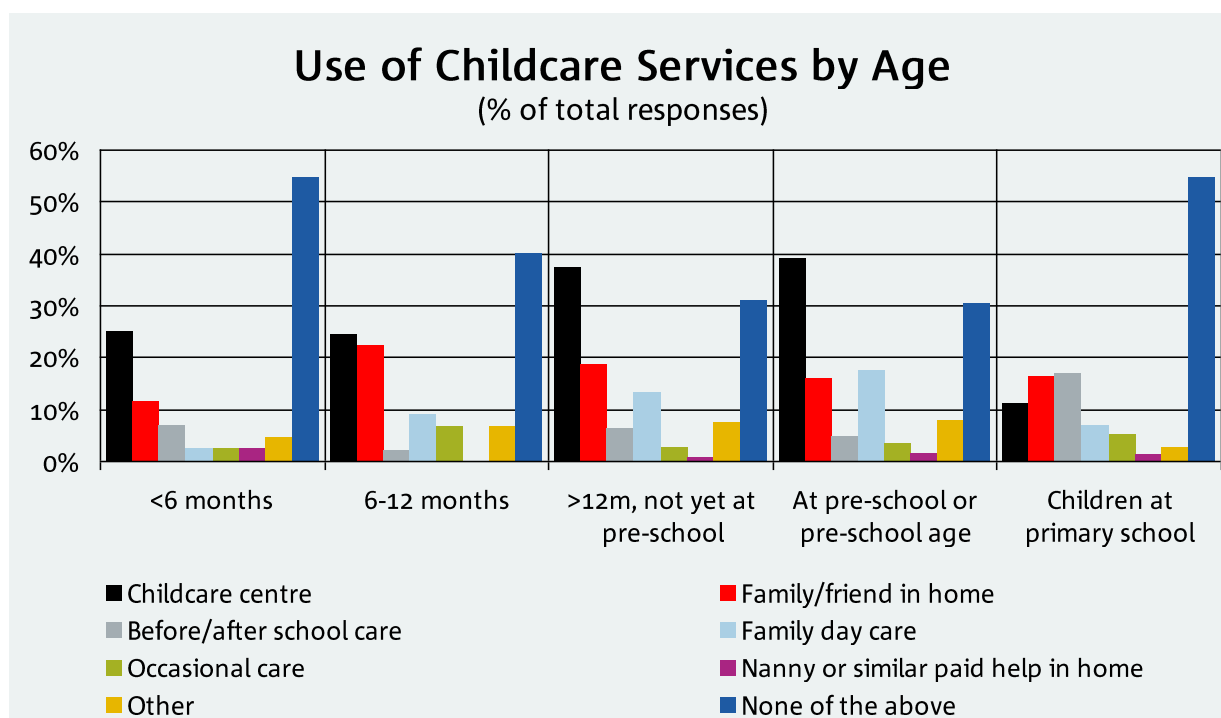
should care for children every day.

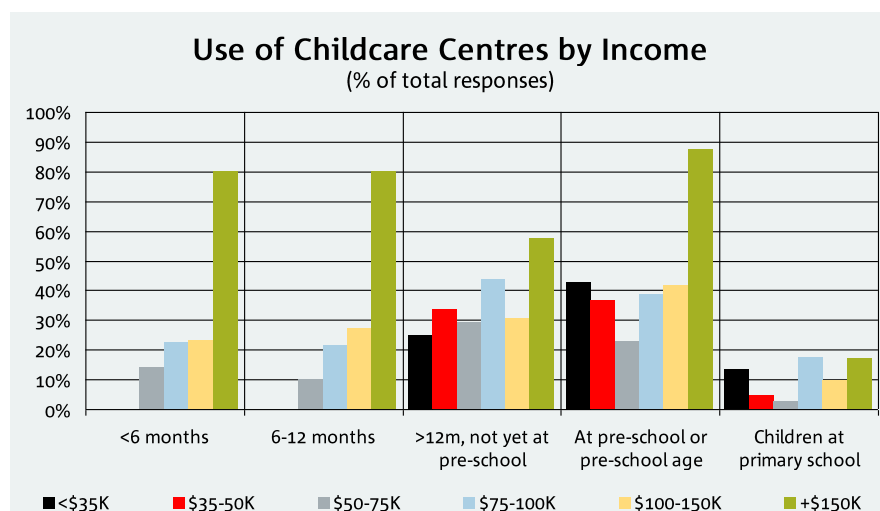
Uses and attitudes to childcare

The use of childcare services peaks when children are aged between 12 months and pre-school. During this period, services provided by formal childcare centres are the most widely used (by some margin), followed by family or friends in the home and family day care. Childcare services are next used most extensively between the ages of 6-12 months, but services are more equally shared between childcare centres and family and friends. The use of childcare services drops away notably once a child reaches primary school, which may be due to a lack of formal childcare services available aside from before and after school care (not available at all schools). Of course these individual childcare services are not mutually exclusive and could be used concurrently.

Formal childcare centres are the most widely utilised service for looking after children in all age groups from <6 months to pre-school age. However, their use is highest at preschool age (39% of all responses) and for those greater than 12 months but not yet at pre-school (37%). Family and friends in the home and family day care services are the next most widely used childcare services during these ages.

Between the ages of 6-12 months, childcare services were split most between formal childcare centres (24%) and family and friends in the home (22%). In contrast, for those aged less than 6 months, childcare centres (25%) were by far the most widely used form of childcare services.





There is a strong relationship between high levels of household income and the use of childcare centres.

That said, usage of formal childcare services is broadly similar across all income groups during the peak usage years, except in the very highest household income group, where it is typically much higher.

Uses and attitudes to childcare

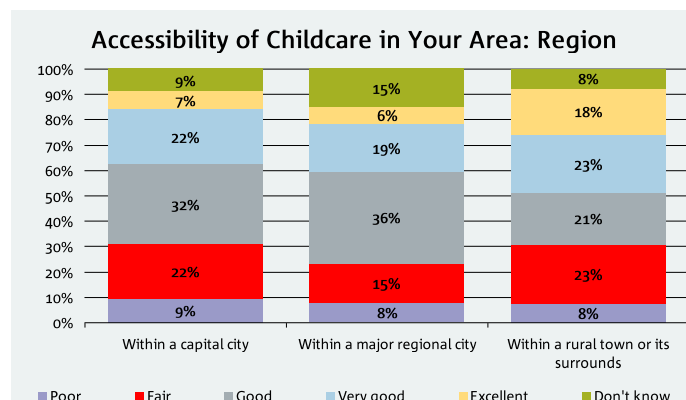
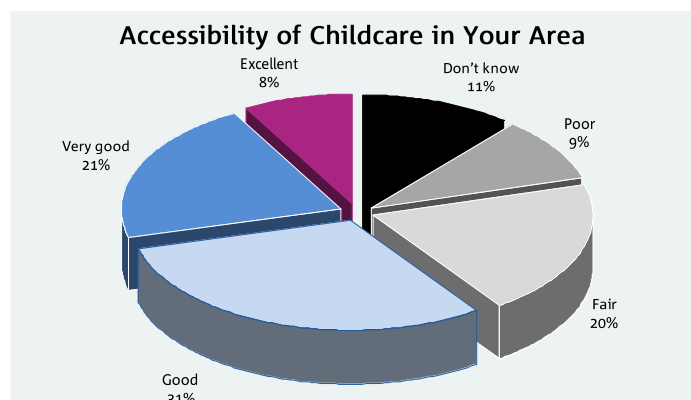
Around 60% of Australian families rate their access to local childcare as “good”, “very good” or “excellent”.

When asked to rate accessibility to childcare in their area (i.e. locally available and acceptable waiting lists), 31% of families rated their options as “good”, 21% rated them “very good” and 8% “excellent”.

Only 1 in 5 rated their options as “fair” and 9% “poor”.

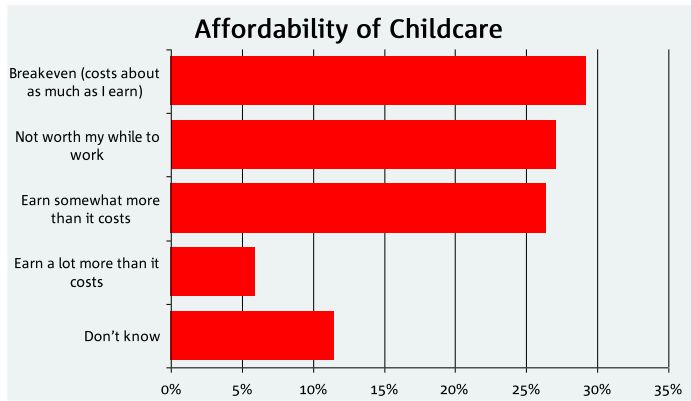
Interestingly, there is little variation between capital cities, regional cities or rural towns.

Around 60% of couples living within a capital city rated accessibility to childcare as “good”, “very good” or “excellent”, compared with 62% living within a major regional city or within a rural town or its surrounds.



Affordability appears to be a much bigger issue. Around 27% of Australian families believe that the cost of childcare outweighs the value of working, and a further 29% believe they are barely breaking even.

Not surprisingly, low income earners are most impacted, with 1 in 3 families earning under \$50,000 saying that it was not worth their while to work, and 29% saying it costs about as much as they earn. At the other end of the scale, only 22%



of those earning more than \$100,000 indicated it was not worth their while to work.



Business & childcare - overview

Very large firms are more active with regards to family friendly policies and offer more variety of leave options.

Economy wide (measured by NAB's Quarterly Business Survey, QBS), around 8 in 10 firms provide their employees with flexible working options in order to accommodate their family needs.

By business size, around 84% of very large firms (ASX 300) utilise flexible working compared to 71% of small firms (SMEs). Around 73% of all firms offer carer's leave, but there is a stark difference between very large firms (74%) and SMEs (46%) offering this leave. Very large firms (47%) are also more pro-active with regards paid parental leave for men and women relative to SMEs (9%).

It is also notable that nearly 1 in 5 of all responses from SMEs suggests they offer no family friendly policies at all.

For firms that offer paid parental leave (in addition to government funded entitlements), very large firms on average offer more leave.

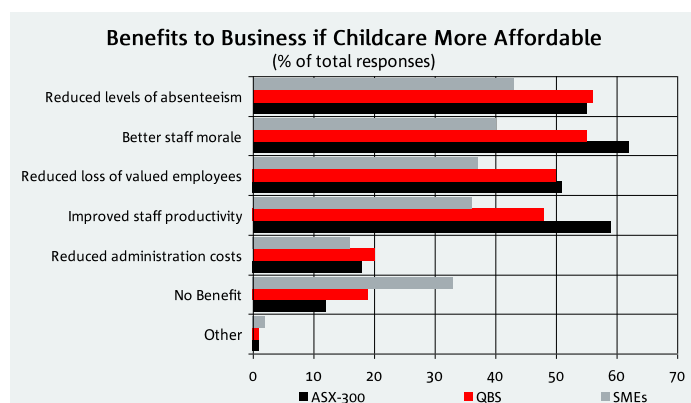
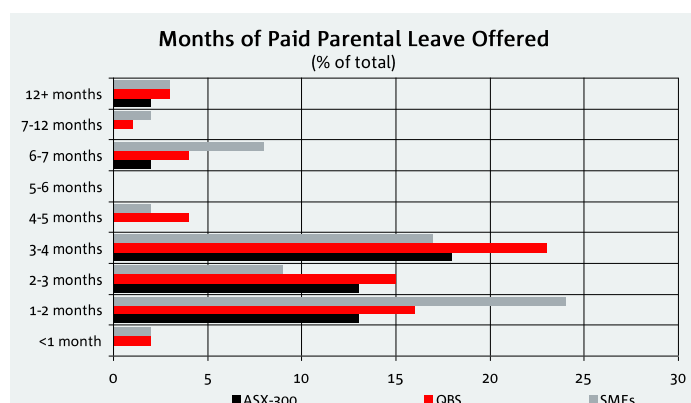
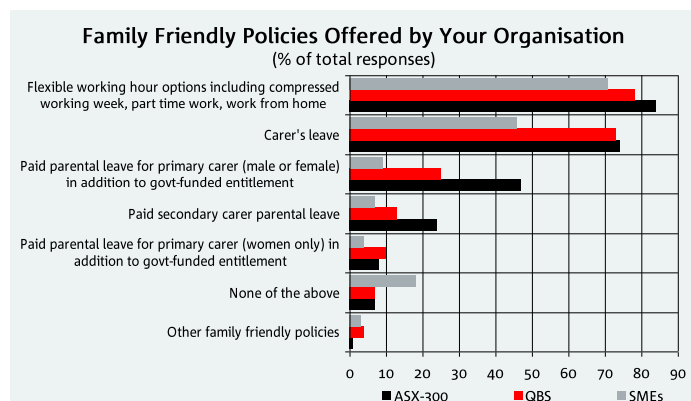
Very large firms that offer paid parental leave in addition to government funded entitlements on average offer 3.7 months of leave, compared to 3.1 months for SMEs and a broad economy average of 3 months.

A larger share of SMEs (24%) offer 1-2 months paid parental leave, compared to 13% of very large firms. However, 8% of SMEs also said they offer 6-7 months leave, compared to just 2% of very large firms and were also slightly more inclined to offer even longer periods of leave.

Economy wide, many businesses believe there are significant benefits to be gained if childcare was more affordable and accessible to staff with pre-school children. However, very large firms expect to benefit more.

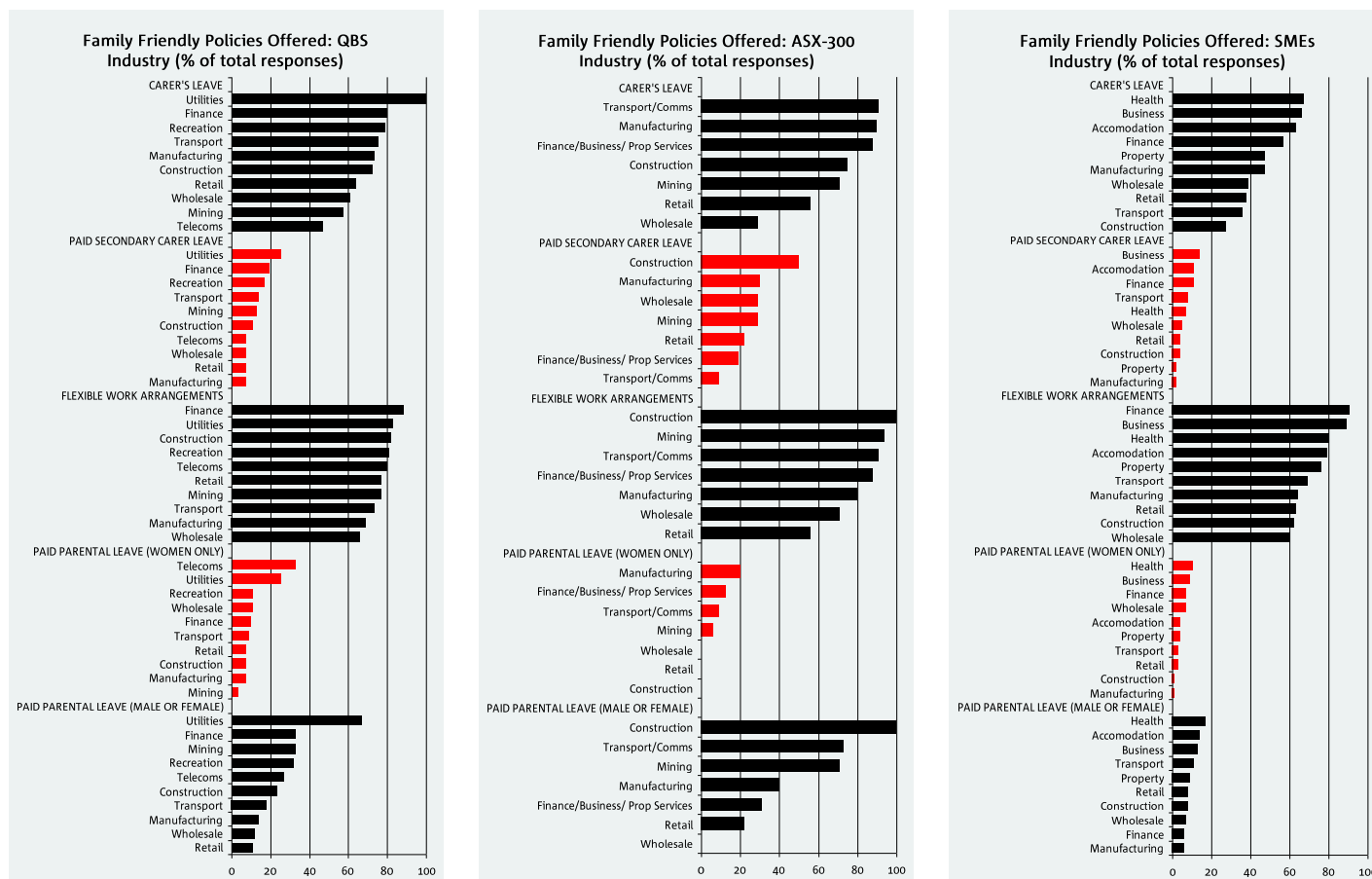
Both very large firms and SMEs see benefits to their business from more affordable childcare. However, very large firms expect to benefit more, especially in regards to better staff morale (51% vs 37% of small firms), staff productivity (59% vs 36%), reduced absenteeism (55% vs 43%) and reduced loss of valued employees (51% vs 37%).

It is particularly notable that 1 in 3 SMEs do not see any benefit to them at all from more affordable childcare (12% for very large business).



Family friendly policies offered by organisation by industry

The level and scope of family friendly policies offered across the economy varies widely across industry sectors. Whereas the majority of firms in all industries (both big and small) are most likely to offer carer's leave and flexible work arrangements, very large firms in all industries are much more likely to also offer paid parental leave for both women and men.



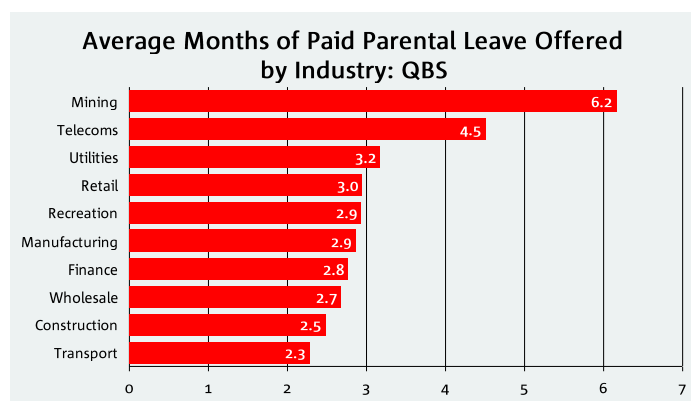
Carer's leave and flexible work arrangements are by far the most common family friendly policies offered by firms in all industries. But, the proportion of firms that cater to these arrangements varies widely by industry. For example, all surveyed companies in the utilities industry offered carer's leave, compared to just 47% in telecommunications. With regards flexible work arrangements, the finance industry led the way (88%), with wholesale (66%) lagging. Interestingly, paid parental leave for both men and women was available for two-thirds of companies operating in the utilities industry, whereas retail (11%), wholesale (12%) and manufacturing (14%) industries were some way behind.

There is also significant variation by industry in the level and type of family friendly policies offered by very large firms and SMEs. Among very large firms, flexible work arrangements and carer's leave are widely utilised in most industries. With regards flexible working, construction (100%) leads the way, followed by mining (94%), transport and communications (88%) and manufacturing (80%), with retail (56%) least pro-active. In terms of carer's leave, transport and communications (91%), manufacturing (90%) and personal and recreation services (88%) lead, with wholesale (29%) some way behind. It is also notable that very large firms are much more active in promoting paid parental leave for both women and men, especially in construction (100%), transport and communications (73%) and mining (71%).

Among SMEs, flexible work arrangements are most widely offered in all industries, led by finance (91%) and business (89%). Carer's leave is also common, especially in the health (67%), business (66%) and accommodation (63%) industries. Notably fewer SMEs operating in all industries offer paid secondary carer leave or paid parental leave.

Average months of paid parental leave (in addition to government funded entitlements) by industry

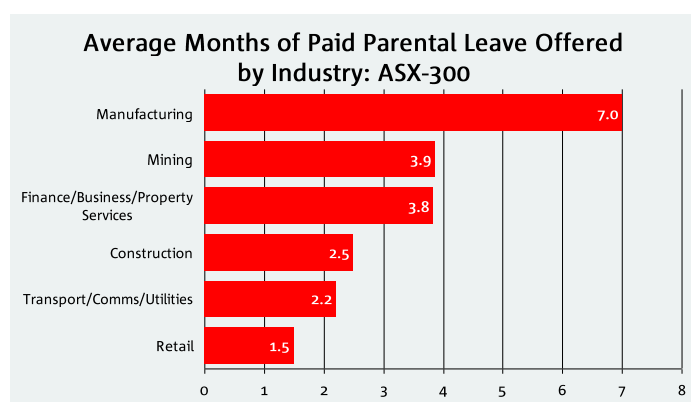
For companies that offer paid parental leave (in addition to government funded entitlements), benefits are on average biggest in the mining sector economy wide (and by some margin), with benefits lowest in construction and transport. However, among very large businesses, benefits are most generous in manufacturing and least generous in retail. Among SMEs, finance leads the way, with transport lagging.



Across the broader economy, the mining sector is most generous with regards to paid parental leave.

Survey results indicate that paid parental leave is most generous in the mining sector, with an average entitlement of 6.2 months. This is significantly higher than in the telecommunications sector (4.5 months), the next best industry.

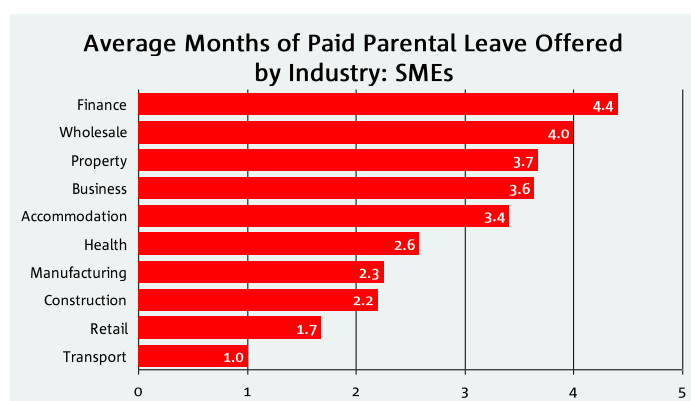
Most other industries offer on average around 3 months paid parental leave, with the exception of construction (2.5 months) and transport (2.3 months).



Among very large firms, the manufacturing sector is on average most generous, with retail lagging by some margin.

Very big manufacturers on average offer 7 months of paid parental leave, almost twice as much as the next best industries - mining (3.9%) and finance, business and property services (3.8%).

In terms of paid parental leave, it appears that the retail industry is clearly lagging, offering on average just 1.5 months of leave.



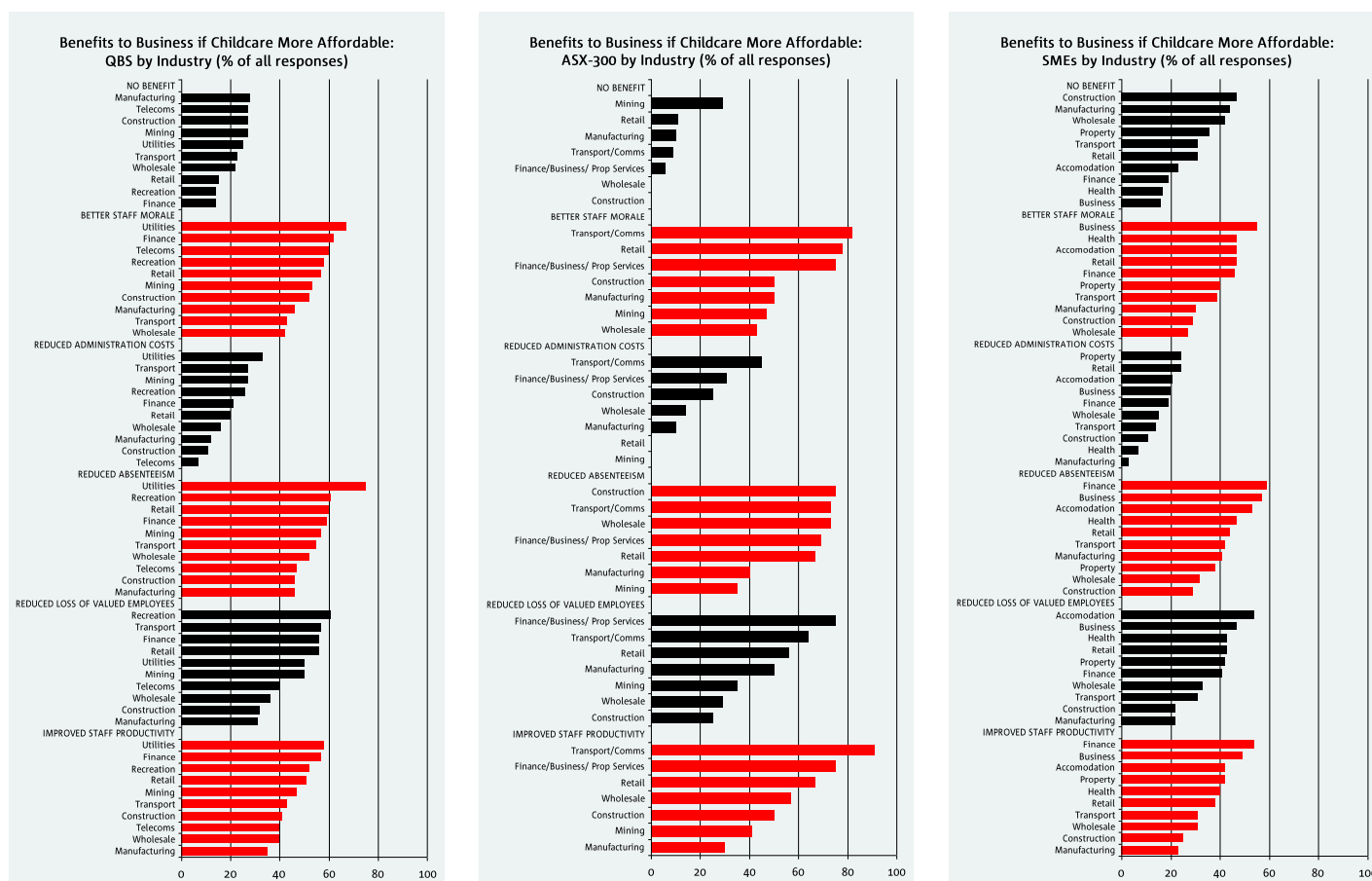
In the small business sector, paid parental leave is most generous in finance and wholesale trade industries and least generous in retail and transport.

Average paid parental leave in the finance industry was estimated at 4.4 months in the SME sector. Wholesale firms (4 months) were next most generous, followed by property (3.7 months), business (3.6 months) and accommodation, cafes and restaurants (3.4%).

Paid parental leave in the SME sector were least generous in transport (1 month) and retail (1.7 months) industries.

Staff benefits of more affordable/accessible pre-school childcare

The perceived benefits to businesses from more affordable or accessible childcare vary widely across the broader economy and between very large and small industries. Across the wider economy, there was most agreement around reduced absenteeism, better staff morale and improved productivity. Most industries also saw significant benefits arising from a reduced loss of valued employees. Very large firms and SMEs in most industries were also in broad agreement, although more very large firms saw bigger benefits from improved staff productivity, while a much larger share of small business in most industries saw no benefits at all.



Across the wider economy, there was most agreement around the benefits to business from more affordable childcare arising from reduced absenteeism, better staff morale, improved productivity and reduced loss of valued employees.

Whereas perceived benefits from reduced absenteeism were greatest in utilities (75%), they were much lower in construction (46%) and manufacturing (46%). The utilities industry was also most buoyant with regards to better staff morale (67%) and improved productivity (58%). Recreation firms (61%) saw the biggest benefits from reduced loss of valued employees. In contrast, manufacturers were generally least optimistic, especially with regards reduced absenteeism (46%), loss of valued employees (31%) and improved productivity (35%). Somewhat disheartening, more than 1 in 4 firms in manufacturing, telecommunications, construction and mining industries economy wide did not see any benefits for their staff arising from more affordable or accessible pre-school childcare.

In very large industries, transport and communication firms saw much bigger benefits to their business from improved productivity (91%) and better staff morale (82%). Finance, business and property firms (75%) saw the biggest gains from reduced loss of valued employees, while construction (75%) saw the biggest gains from reduced absenteeism. Very large miners (29%) stood out for seeing no benefit at all.

The key takeout in the SME sector was the much larger share of SMEs in all industries that saw no benefits at all, especially in construction (47%), manufacturing (44%) and wholesale (42%).

Group Economics

Alan Oster
Group Chief Economist
+61 3 8634 2927

Jacqui Brand
Personal Assistant
+61 3 8634 2181

Australian Economics and Commodities

Rob Brooker
Head of Australian Economics
+61 3 8634 1663

James Glenn
Senior Economist - Australia
+(61 3) 9208 8129

Vyanne Lai
Economist - Agribusiness
+(61 3) 8634 0198

Phinn Ziebell
Economist - Australia
+(61 4) 55 051 024

Industry Analysis

Dean Pearson
Head of Industry Analysis
+(61 3) 8634 2331

Robert De Iure
Senior Economist - Industry Analysis
+(61 3) 8634 4611

Brien McDonald
Economist - Industry Analysis
+(61 3) 8634 3837

Amy Li
Economist - Industry Analysis
+(61 3) 8634 1563

Karla Bulauan
Economist - Industry Analysis
+(61 3) 86414028

International Economics

Tom Taylor
Head of Economics, International
+61 3 8634 1883

Tony Kelly
Senior Economist - International
+(61 3) 9208 5049

Gerard Burg
Senior Economist - Asia
+(61 3) 8634 2788

John Sharma
Economist - Sovereign Risk
+(61 3) 8634 4514

Global Markets Research

Peter Jolly
Global Head of Research
+61 2 9237 1406

Australia

Economics
Spiros Papadopoulos
Senior Economist
+61 3 8641 0978

David de Garis
Senior Economist
+61 3 8641 3045

FX Strategy
Ray Attrill
Global Co-Head of FX Strategy
+61 2 9237 1848

Emma Lawson
Senior Currency Strategist
+61 2 9237 8154

Interest Rate Strategy
Skye Masters
Head of Interest Rate Strategy
+61 2 9295 1196

Rodrigo Catril
Interest Rate Strategist
+61 2 9293 7109

Credit Research
Michael Bush
Head of Credit Research
+61 3 8641 0575

Simon Fletcher
Senior Credit Analyst - FI
+61 29237 1076

Equities
Peter Cashmore
Senior Real Estate Equity Analyst
+61 2 9237 8156

Distribution
Barbara Leong
Research Production Manager
+61 2 9237 8151

New Zealand

Stephen Toplis
Head of Research, NZ
+64 4 474 6905

Craig Ebert
Senior Economist
+64 4 474 6799

Doug Steel
Senior Economist
+64 4 474 6923

Kymerly Martin
Senior Market Strategist
+64 4 924 7654

Raiko Shareef
Currency Strategist
+64 4 924 7652

Yvonne Liew
Publications & Web Administrator
+64 4 474 9771

UK/Europe

Nick Parsons
Head of Research, UK/Europe, and Global Co-Head of FX Strategy
+44207710 2993

Gavin Friend
Senior Markets Strategist
+44 207 710 2155

Derek Allassani
Research Production Manager
+44 207 710 1532

Asia

Christy Tan
Head of Markets Strategy/Research, Asia
+852 2822 5350

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