



TASKFORCE ON CARE COSTS LAUNCH

Check Against Delivery

18 October 2006

**Dr David Morgan
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**Address by Dr David Morgan
at the Taskforce on Care Costs Launch
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Introduction

Thank you Juliet. And good morning everyone.

A very important and sensitive issue will increasingly touch many of us at some point in our lives. This is the duty of caring for family and loved ones and the balancing act with employment and life's other many commitments. This is an important issue, not only for the government, but for business as well, as we are all confronted by the impact of intergenerational changes and labour shortages in the future.

The Hon. Santo Santoro, ladies and gentlemen, the new research being launched here today will help set clear objectives and direction for the delicate issue of caring for our community.

All over Australia, people are trying to balance their lives whilst looking after frail elders, children, and people with disabilities. They do so because these people are part of their family. They do so because they belong to each other. They do so because it is their responsibility.

Well, we also have a responsibility.

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Westpac is supporting the work of the Taskforce on Care Costs because we believe business, like government, cannot avoid this issue. Not only is it the right thing to do it is an economic imperative.

Labour scarcity

Let me share with you some sobering statistics.

Over the past few years in Australia the working age population, that is 15 to 64 year olds, has increased by 170,000 per year.

Based on current population trends, the ABS estimates that in the 2020's the working age population will grow on average, each year by, only 12,500.

That's 170,000 a year now: but a mere 12,500 a year in 20 years time.

Consider what this all means.

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On any reasonable assumptions on population and productivity growth, without an increase in labour force participation rates, there is no avoiding a significant decline in our GDP per capita growth rate from the levels we have become accustomed to over recent decades.

Skilled immigration can go some way toward meeting our labour shortfalls, but for the next 40 years, arguably our principal economic challenge will be the workforce participation rate.

Our workforce participation rate is only 64 per cent.

Imagine how much productive potential there is in the 36 per cent not participating.

Governments have a vital role to play in this, for example in ensuring that welfare arrangements, taxation and workplace relations policies don't encourage people to sit on the sidelines or leave the workplace early.

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But it is also the responsibility of business, assisted by supportive public policy, to realign their workplace structures to the coming realities.

There are clearly a range of possible responses to this issue including rejecting early retirement, increasing opportunities for retirees to work part time and of course finding new ways for carers to reconcile the dual demands of family and working life.

None of this is easy.

But I'm also clear that our labour capacity issues are not going away, and that as time passes these solutions increasing will become a commercial necessity rather than discretionary 'nice to have'.

TOCC findings

The Taskforce on Care Costs has found that already over a third of workers with caring responsibilities feel that the cost of care is simply too high relative to their income.

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This is looming as a real workforce challenge. The lack of affordability of care has actively influenced the decision of two-thirds of carers who have exited the labour force. And one in four workers with caring responsibilities is at risk of leaving the workforce.

The National Centre for Economic Modelling recently reported that participation rates for women aged 25-34 are almost identical to men (at 87%) but drop to 50% for women with children.

But it doesn't have to be like this. More than half of part-time workers with caring responsibilities have said they would increase their hours of work if care was more affordable.

These findings are of great interest to Westpac, since 45% of our people have caring responsibilities. We are already feeling the workforce pressures in the finance sector. It's only going to get harder to find, attract and retain key talent. So we need to understand what factors are driving the choices of our people, and find ways to meet their needs.

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Westpac's response

Business can respond to these needs with flexible work practices and I'm proud that Westpac can point to a credible track record in providing our staff with the flexibility they need to integrate their caring responsibilities with work.

- We give our staff the option to work reduced hours, to telecommute and to job share.
- We offer a specific carer's leave, as well as alternate use of sick leave for medical appointments.
- We doubled our paid parental leave offering in Australia in March 2005 – going from 6 weeks to 12 weeks paid maternity, paternity and adoption leave for primary caregivers.
- We support breastfeeding in the workplace.
- And we continue to expand our child care centre offering. In 2005, a total of 435 families used Westpac child care centres across Australia. We recently announced plans to open a new centre in Sydney, our eighth in Australia.

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All these measures add up to a Westpac workplace which is increasingly responsive to the realities of Australian life.

And the results are heartening:

- In the last 3 years alone, almost 14,000 of our staff have accessed carer's leave and over 3,300 have taken a career break.
- Today over a quarter of our people work part-time including nearly 1,000 who job-share. Almost 700 are permanent home-based workers.
- And I believe all these measures, taken over the last 10 years, have helped keep our resignation rates well below industry benchmarks.

Conclusion

But we know that more needs to be done. We can be as flexible as we are able to be – but at some point carers will need to replace themselves for some part of the day with another person to take over their caring responsibilities. So business and government need to work together to find the solution. Government have already made a

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significant contribution to supporting carers. But it is not enough.

Business alone cannot solve the work/cost of care crisis.

The exit of carers from the workforce represents a threat to national competitiveness. As an economy we need to address this.

So far it has been all too easy for business or governments to turn away from the needs and challenges facing carers. But it's time to come together as a community, government and business to forge better solutions and achieve better outcomes.

I commend the Taskforce for focussing attention on this challenge and pursuing solutions.

We need to do more work to better understand the drivers of care costs and how to control these costs in the future. This is something governments, state and federal, and business can do together.

Together, we've shone a light on the crisis that is being played out in homes across Australia. It's now time for action.