

## Op Ed by Juliet Bourke, Chair Taskforce on Care Costs

### Time for a rethink about work and the cost of care

After Labor issued a press release recently announcing its election promise to create an Office of Work and Family in the Department of Prime Minister and Cabinet, I kept waiting for the newspaper headlines to appear. They didn't. Perhaps Labor's work/family promise wasn't sufficiently sexy or simple. But it is what is needed, namely a commitment to take a good hard look at improving the work/family mix, not a knee jerk policy.

Over the past five years independent researchers, including the Taskforce on Care Costs, have demonstrated that the current system is not working. Whilst others have focused on the relationship between working conditions and work/family balance, the Taskforce on Care Costs has focused on the escalating cost of care for children, the elderly and people with a disability and its impact on workforce participation. The overwhelming conclusion of this general body of research is that the Government needs to take a considered look at the evidence and develop holistic solutions. Moreover, in light of our

informal carers to the number of people in need of care), we need to undertake the assessment and solution development process now.

In relation to the cost of care, in a nutshell we need to resolve the underlying tensions between supply and demand. We have been living with a system in which the cost of childcare, for example, is unregulated. Consequently over the last five years the cost of childcare has risen by 65% whilst disposable incomes have risen by 17%. This pricing pressure has caused 1 in 4 parents to say that they are likely to leave the workforce, and 1 in 4 to already reduce their hours of work. This comes at the very moment when business is crying out for skill retention and maximisation.

One solution to this crisis is to increase payments to carers, and this is exactly what the Government promised in the May budget. The Childcare Benefit was increased by 10% and elder/disability carers received a \$1000 bonus. This was the right thing to do in order to take the edge of carers' immediate financial pain, but it needs to be coupled with a commitment to investigate and develop a more comprehensive solution if it is to be anything more than a stopgap.

In relation to childcare, in the absence of fundamental change to the childcare system, we will witness, as we have for the past 15 years, that when the Government increases its level of financial support for parents, those dollars will be eventually swallowed by an increase in childcare fees. Further, and consistent with long term trends, that erosion process will happen faster each time (eg the value of a funding increase in 1991 was eroded within 3 years, whereas the value of a similar funding increase in 2000 was eroded in 2). In relation to elder care, in the absence of fundamental change to a system that adequately compensates the contribution of informal carers, the well of supply will start to run dry. Until now we have relied upon mature aged women (usually daughters) to provide elder care, but in an environment of their increasing labour force participation, and a growing awareness of the relatively minimal financial support they will receive if they exit the labour market, the sustainability of this model is under pressure.

Changing the work/cost of care models, for children, elders and people with a disability, requires new thinking. Clearly doing more of the same is not going to enable Australians to make unfettered choices about work/family, choices that are both good for them and the broader economy. The Office of Work and Family could provide that new thinking, but of course real change will only occur if Labor acts by implementing innovative changes recommended by the Office. Realistically, what are the alternatives? The bottom line is that a failure to rethink our approach will only ensure a continuation and deepening of the work/cost of care crisis.

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