

## ***Analysis of Children's Care Funding in 2011-12 tied to Care Type and Workforce Status***

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## **Summary**

# **Australian federal government's unfair childcare funding**

There is no justification for Australian federal government discrimination in children's care funding. Parents should be free to choose how best to balance work and care for their children without government incentives to favour return to paid employment and use of non-parental child care. We need to pull back all funding for the childcare system and bring in one system for all childcare, which ends this discrimination.

<b>2011-12 Federal Budget Estimates for children's care (Australia)</b>				
<b>Childcare costs</b>	<b>Paid to</b>	<b>Promotes ... Non-parental care</b>	<b>Promotes ... Parental care</b>	<b>Discriminates ...</b>
<b>Post-Birth costs</b> (see page 2 below)	<b>Mums</b>	<b>Paid parental leave \$ 7342</b>	<b>Baby Bonus \$5,340</b>	<b>Approx. 1.37 to 1 against parent care</b>  <b>ie. 37% higher funding for non-parent care averaging \$2000 less for parent care</b>
<b>Funding tied to ...</b>	<b>Work status</b>	<b>Paid work mums</b>	<b>Family work mums</b>	
<b>Ongoing costs</b> (see page 3 below)	<b>Families</b>	<b>Childcare funding \$6041</b>	<b>Family Tax Benefit B \$3112</b>	<b>Approx. 2 to 1 against parent care</b>
<b>Funding tied to ...</b>	<b>Care choice</b>	<b>Out-sourced care</b>	<b>Mum or Dad care</b>	

### Notes:

<b>Post-Birth costs</b>	<b>Paid parental leave is post-tax average per mum.</b>
<b>Ongoing costs</b>	<b>1. Show average amount per family receiving support</b>
	<b>2. Include direct &amp; indirect subsidies to parents &amp; childcare industry</b>

## Post-Birth childcare funding

**Overview:** In 2011-12 when the Paid Parental Leave scheme is in full operation the government will, following the birth of a child, be giving (post-tax) nearly one and a half times as much in **post-birth funding for children's care** to families where the mother is, during the qualifying period, in the paid workforce (paid parental leave), compared to families where the mother does not qualify, including because she was caring for children at home (baby bonus).

2011-12 Forward estimates for annual taxpayer funding for children's care <sup>1</sup> (Australia)					
Tax funds promoting non-parental care			Tax funds for in-home parental care		Comparison
Care period	Item funded	Cost to taxpayer (per annum)	Item funded	Cost to taxpayer (per annum)	By Care Period
Post-birth	Paid Parental Leave <sup>2</sup>	Budgeted gross expenditure on PPL is \$1,306,678,000. <sup>3</sup>  \$220 million is expected to be recovered by tax on PPL payments. <sup>4</sup>  This gives a total of \$1,086,678,000 paid to 148,000 families <sup>5</sup> = \$7342 per family	Baby Bonus	\$ 860,557,000 <sup>6</sup> / 161,000 families = \$5340 per family	<b>Net Paid Parental Leave per family (\$7342) compared to Baby Bonus per family (\$5340) means that 37% more (nearly \$2000 more) will be given to families with workforce mothers (to facilitate their return to the workforce), than on families with stay-at-home mums (or dads).</b>

<sup>1</sup> This document does not include non-tied funding ie. funding that does not discriminate based on care type or parental workforce status eg. Family Tax Benefit A.

<sup>2</sup> Paid Parental Leave is included in the non-parental care category as its stated objective is to increase workforce return post-leave, likely to result in non-parental care in most cases.

<sup>3</sup> Table 2.1.1.3: Budgeted Expenses for Parental Payments and Care Incentives equal to the federal minimum wage of \$543.78 per week for 18 weeks.. PORTFOLIO BUDGET STATEMENTS 2009-10 BUDGET RELATED PAPER NO. 1.7 FAMILIES, HOUSING, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS PORTFOLIO, p. 55

[http://www.fahcsia.gov.au/about/publications/articles/corp/BudgetPAES/budget09\\_10/Documents/FAHCSIA\\_PBS.pdf](http://www.fahcsia.gov.au/about/publications/articles/corp/BudgetPAES/budget09_10/Documents/FAHCSIA_PBS.pdf)

<sup>4</sup> Proof Committee Hansard, SENATE COMMUNITY AFFAIRS LEGISLATION COMMITTEE ESTIMATES (Budget Estimates) MONDAY, 1 JUNE 2009, p. 115

<http://www.aph.gov.au/hansard/senate/commtee/S12047.pdf>

<sup>5</sup> Ibid., p. 114

<sup>6</sup> See footnote 3

## Ongoing childcare funding

**Overview:** In 2011-12 [ongoing funding for children's care](#) will average about 6000 per family (non-parental childcare funding) – nearly twice as much as the around \$3100 on average per family (Family Tax Benefit B) where one parent cares for the children at home.

<b>2011-12 Forward estimates for annual taxpayer funding for children's care (Australia)</b>					
<b>Tax funds promoting non-parental care</b>			<b>Tax funds for in-home parental care</b>		<b>Comparison</b>
<b>Care period</b>	<b>Item funded</b>	<b>Cost to taxpayer (per annum)</b>	<b>Item funded</b>	<b>Cost to taxpayer (per annum)</b>	<b>By Care Period</b>
<b>Ongoing care</b>	Child Care Benefit	\$ 2,108,999,000 <sup>7</sup>	<b>Family Tax Benefit B</b>	\$ 4,357,829,000 <sup>8</sup> / 1,400,000 families = \$3113 per family	<b>Child care subsidies (\$6041) compared to Family Tax Benefit B (\$3112) means that 1.94 times as much – that is, nearly twice as much - will be spent on families using non-parental care (mainly institutional) than on families with stay-at-home mums (or dads).</b>
	Child Care Tax Rebate	\$ 1,120,596,000 <sup>9</sup>			
	Child Care Services Support	\$338,600,000 <sup>10</sup>			
	Jobs Education and Training (JET) Child Care Fee Assistance	\$53,849,000 <sup>11</sup>			
	Universal access – accreditation and quality assurance	\$3,000,000 <sup>12</sup>			
	<b>Total funding for non-parental care</b>	<b>\$3,625,044,000</b>	<b>Total funding for in-home parental care</b>	<b>\$4,357,829,000</b>	
	<b>Per family expenditure</b>	Average expenditure of \$6041 per family on 600,000 families <sup>13</sup>	<b>Per family expenditure</b>	Average expenditure of \$3112 on 1,400,000 families	

<sup>7</sup> Table 2.1.2: Administered expenses and key performance indicators for Program 1.2PORTFOLIO BUDGET STATEMENTS 2009-10 BUDGET RELATED PAPER NO. 1.5 EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO, p. 54<http://www.deewr.gov.au/Department/Publications/Documents/Outcome1.pdf>

<sup>8</sup> Table 2.1.1.2: Budgeted Expenses for Family Tax Benefit PORTFOLIO BUDGET STATEMENTS 2009–10 BUDGET RELATED PAPER NO. 1.7 FAMILIES, HOUSING, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS PORTFOLIO, p. 52[http://www.fahcsia.gov.au/about/publications/articles/corp/BudgetPAES/budget09\\_10/Documents/FAHCSIA\\_PBS.pdf](http://www.fahcsia.gov.au/about/publications/articles/corp/BudgetPAES/budget09_10/Documents/FAHCSIA_PBS.pdf)

<sup>9</sup> See footnote 7

<sup>10</sup> Table 2.1.1: Administered expenses and key performance indicators for Program 1.1PORTFOLIO BUDGET STATEMENTS 2009-10 BUDGET RELATED PAPER NO. 1.5 EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO, p. 52<http://www.deewr.gov.au/Department/Publications/Documents/Outcome1.pdf>

<sup>11</sup> Ibid.

<sup>12</sup> Table 2.1.3: Administered expenses and key performance indicators for Program 1.1PORTFOLIO BUDGET STATEMENTS 2009-10 BUDGET RELATED PAPER NO. 1.5 EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO, p. 57<http://www.deewr.gov.au/Department/Publications/Documents/Outcome1.pdf>

<sup>13</sup> See footnote 7, p. 55