



# COMMUNITY CHILD CARE

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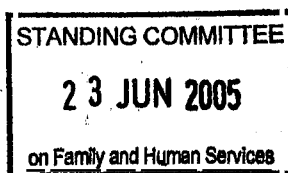
Ground Floor, 48 High Street • Northcote • Victoria • 3070

• Phone 03 9486 3455 • Fax 03 9486 3271 • E-mail: [recept@cccinc.org.au](mailto:recept@cccinc.org.au) •

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Standing Committee on Family and Human Services  
The Hon. Bronwyn Bishop MP (Chair)  
"Inquiry into Balancing Work and Family"  
[fhs.reps@aph.gov.au](mailto:fhs.reps@aph.gov.au)



Dear Madam Chair

Community Child Care (CCC) would like to take this opportunity to make a submission to the Standing Committee on Family and Human Services inquiry into balancing work and family.

CCC is the peak body for community based not-for-profit children's services in Victoria and is also the national secretariat for the National Association of Community Based Children's Services (NACBCS).

CCC is very concerned about the parameters of this inquiry and the limited range of organisations invited to make submissions. We found out about this inquiry through an article in Melbourne's *Herald Sun* newspaper. The submissions that are already available on-line suggest a conservative agenda underpinning this inquiry. Many of the submissions have criticised different family models and discouraged women from entering the workforce.

We believe that an inquiry into balancing work and family should empower families and encourage them to engage in the full range of opportunities that Australia has to offer. An inquiry such as this needs to positively influence public policy making for all Australians, whether they are women, children, men, couples, single parents, gay and lesbian families, grandparent families, foster families or nuclear families. It must also identify what families need to support their choices about participation in work and civic life rather than seek to limit these choices.

Our submission addresses the three key terms of reference and particularly emphasises the vital and empowering role that quality community-based child care provision can play in balancing work and family.

We trust that the Committee will give serious consideration to our submission when determining the outcomes of this inquiry. Please feel free to contact us for further consultation and we would welcome the opportunity to participate in a public hearing about this inquiry in Melbourne.

Yours sincerely

Barbara Romeril  
Executive Director

**COMMUNITY CHILD CARE SUBMISSION TO HOUSE OF REPRESENTATIVES  
STANDING COMMITTEE ON FAMILY AND HUMAN SERVICES**

**INQUIRY INTO BALANCING WORK AND FAMILY**

**Introduction**

Community Child Care (CCC) is the peak body for community-owned and managed children's services in Victoria. CCC is also the National Secretariat for the National Association of Community Based Children's Services (NACBCS) and the Victorian branch of the National Outside School Hours Services Association (NOSHSA). CCC's submission to this inquiry highlights the role of children's services in balancing work and family and emphasises the vital and empowering role that quality community-based child care provision can play in balancing work and family.

Children's services are a vital component of the mix when balancing work and family – whether it is children's attendance at a long-day centre, occasional care for a parent seeking respite, a sessional kindergarten or attending an outside school hours service (OSHC) to fill in the gap between school and home. It is often children's services that make balancing work and family possible for many Australian families. The Commonwealth Child Care Census indicated that in 2002 there were 308,132 children in formal long day care services and there were also 213,772 children attending either outside school hours care or vacation care<sup>1</sup>. These figures indicate that hundreds of thousands of Australian families are assisted by children's services in balancing work and family.

Since the turn of the 20<sup>th</sup> Century, children's services have been operated by not-for-profit community groups, initially from a philanthropic perspective and then, during the 1970's, from the social movements stemming from women's liberation and empowerment. Community based children's services were established with a desire to allow women and families to develop their own balance between work and family. When addressing the balance between work and family life, it is intrinsic that the provision of children's services be examined.

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<sup>1</sup> Department of Family and Community Services, 2002 Census of Child Care Services, p.8.

### The financial, career and social disincentives to starting families

Two significant disincentives to starting families are the cost of child care and long waiting list for access to care, in particular for not-for-profit community based care.

Young people considering starting families are acutely aware that in its current form, child care is an expensive component of the family budget, particularly for those families who require full-time child care in order for both parents to work. Whether a family is on the highest level of income receiving the lowest rate of Child Care Benefit (CCB), the lowest level of income receiving the highest rate of CCB, or on no income receiving the highest level of CCB, child care costs are still a significant demand on family finances – with out of pocket costs after CCB ranging from \$129.50 to \$246.45<sup>2</sup> per week. The recently announced child care 30% tax rebate will do little to combat the financial burden of child care, with families still paying thousands of dollars per year for care. Further comment on the rebate is detailed later in this submission.

The cost of child care prohibits many parents, mothers in particular, from returning to the work force. A recent study undertaken by the National Centre for Social and Economic Modelling (NATSEM) looked at the effectiveness of CCB at improving returns to work for women.<sup>3</sup> Women, whether they are part of a couple or a sole-parent, are spending a large proportion of their income on child care and women who are worse hit are those on a minimum wage.

Child care therefore can provide a significant financial disincentive to starting a family. Child care is also not getting any cheaper – recent data from the ABS regarding the consumer price index indicates that while the annual inflation rate was only 2.4%, the costs of child care rose 12% in the same time period.<sup>4</sup> In addition to the rise in inflation, the impact of market forces on child care costs due to the rapid increase in private child care providers also need to be taken into account, as does the impending fee increase as a result of the child care worker wage rise in Victoria and the ACT, with other states to follow. Even before the children enter care, or in many cases before children are born,

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<sup>2</sup> These figures are based on a centre charging \$54 per day. Figures adapted from data from CCCC NSW.

<sup>3</sup> NATSEM 2005, The Effectiveness of Child Care Benefit at Improving Returns to Work for Women (Matthew Toohey).

<sup>4</sup> ABS, March Quarter 2005 – Consumer Price Index.

many families are also faced with fees that are charged by some services to put their child's name on child care waiting lists. These fees range from \$10-\$100 per service, creating a costly exercise, with many families putting their child's name on up to 10 waiting lists.

The prevalence of long day care waiting lists in many geographical areas are certainly a disincentive to starting a family. Waiting lists are at crisis points in many communities, such as the City of Port Phillip in Victoria which has 1600 children on the centralised waiting list, making it virtually impossible for families in that geographical area to access child care. Women in many parts of Australia are aware that they will not be able to return to work after giving birth, even if they must do so out of financial necessity, as child care places are simply not available. Not-for-profit child care waiting lists have risen steadily over the last five years and waiting lists are so long in many areas of Australia that many women are placing their names on waiting lists prior to or in the early stages of pregnancy. Even then there are no guarantees of a place.

The issue of waiting lists are now also starting to impact on outside school hours care. People are discouraged from starting a family when they know that they will face a continuous struggle to find care for their children throughout the early and middle childhood years.

Disincentives surrounding child care waiting lists are further compounded by an absence of appropriate maternity and paternity leave options in many workplaces, and workplaces that are inflexible when it comes to child care arrangements.

Employer sponsored child care is a costly exercise and recent research undertaken on behalf of the Accor group indicates that many employers regard workplace child care as not being the preferred option of the majority of their employees.<sup>5</sup> This research also highlighted that employers felt that their employees perceived not-for-profit child care as being of higher standard of care.

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<sup>5</sup> Australian Research Group, 2004. The Independent Market Survey of Employer's Views on Current and Future Child Care Benefit Options, Final Results – April 2004.

A lack of available child care also compounds the social disincentives of starting a family. Families often rely on formal child care to establish and maintain social support networks. Where families are unable to access child care social isolation can be a serious issue, with many women at home with a young family and minimal external supports.

As we have illustrated, the limited availability and cost of child care are financial, career and social disincentives for many Australians to starting families.

Making it easier for parents who so wish to return to the paid workforce:

Affordability and availability of children's services are key issues that need to be addressed by the Standing Committee on Family and Human Services in order to make it easier for parents to return to the paid workforce.

The decision of whether or not to return to the paid workforce is a luxury that many Australian women cannot afford. However returning to work after the birth of a child is often the only alternative for many families as they require two incomes to survive financially.

The provision of child care is often essential for parents, particularly mothers, who are wishing to return to the paid workforce. The Federal Government can address the issues around balancing work and family by injecting more funding into children's services, particularly into not-for-profit children's services. As previously discussed, waiting lists are at critical levels in many areas of Australia and this is severely impacting on the possibility of parents returning to the paid workforce. This is a serious issue, particularly in light of Australia's much publicised skill shortage. The allocation of capital funding to not-for-profit organisations to establish new long day care places is one positive step that can be taken by the Federal Government to make it easier for parents to make the transition back into the paid workforce.

The policy paper *NACBCS – A National Policy for Australia – 2004 and Beyond* calls on the Federal Government to sure that all Australian communities have the infrastructure to provide care, education and support to all children. Adequate infrastructure, such as

community based child care, will provide parents with more tangible options to allow them to return to work.

The NACBCS National Policy calls on the Federal Government to:

- Fund Community Child Care – provide capital funding to make sure there is at least one community owned and managed early childhood service for every 800 children up to the age of 5 years
- Increase Wages for Child Carers – by increasing CCB so that services can pay decent wages to attract and retain skilled and qualified staff, while charging fees that parents can afford
- Stop Destructive Competition
  - Bring back planning controls by setting a cap on the number of CCB places for long day care in each community to stop uncontrolled growth in areas that already have enough services
  - Retain and strengthen the planning controls for OSHC to ensure that the number of not-for-profit community owned OSHC services does not drop as commercial operators move in.

If the NACBCS policy position is adopted at a Federal level there will not only be an increase in child care places, there will also be an increase and improvement of the sector that parents view as providing a higher standard of care – the community based, not-for-profit, children's services sector.

Many parents choose to return to the workforce once their children commence school, and in the current climate many more parents will be forced into the workforce under the Howard Government's welfare to work scheme. Even though more OSHC places were allocated as part of this year's Federal Budget, in many services there is not the room to accommodate these additional places. If the Federal Government is truly committed to helping Australians find a balance between work and family, then there needs to be capital funding attached to these new OSHC places in order to allow community-based services to expand. Capital funding for both community-based OSHC and long day would directly make it easier for many Australian parents to return to the paid workforce.

As previously discussed, the cost of child care is a barrier for many families in returning to the paid workforce. Child care needs to be made more affordable for many families, whether this is through changes to the CCB funding mechanism or direct subsidies to community-based services.

The impact of taxation and other matters on families in the choices they make in balancing work and family life

Taxation is increasingly having an impact on families in the choices that they make regarding child care options. This is in part due to the recently introduced 30% Child Care Rebate. This tax rebate for child care expenses may influence work and family life. On paper, it appears that the 30% rebate will only truly benefit higher income families, as they have larger out of pocket expenses and heftier tax bills.

Families who do not pay tax such as families who are on income support or who are studying will not receive any assistance for their out-of-pocket expenses. For example, a family on no income attending child care full time (at \$54 per day) will be out of pocket \$6,734.00. This is detailed in the table below:

**CHILD CARE FEES \$54 PER DAY**

| Centre Fee per day   | CCB to centre | Parent Daily Fee | Parent annual out-of-pocket expenses | Annual 30% Rebate | Net Cost to Families | Total Gov't assistance |
|--|---------------|------------------|--------------------------------------|-------------------|----------------------|------------------------|
| <b>Highest level of income - lowest CCB @ \$4.71 per day</b>                 |               |                  |                                      |                   |                      |                        |
| \$ 54.00   | \$ 4.71       | \$49.29          | \$ 12,815.51                         | \$ 3,844.65       | <b>\$8,970.86</b>    | <b>\$ 5,069.14</b>     |
| <b>Lowest level of income - highest CCB @ \$28.10 per day</b>                |               |                  |                                      |                   |                      |                        |
| \$54.00  | \$28.10       | \$25.90          | \$6,734.00                           | \$2,020.20        | <b>\$4,713.80</b>    | <b>\$9,326.20</b>      |
| <b>No income eg studying, income support - highest CCB @ \$28.10 per day</b> |               |                  |                                      |                   |                      |                        |
| \$ 54.00   | 28.10         | \$25.90          | \$ 6,734.00                          | NIL \$            | <b>\$6,734.00</b>    | <b>\$ 7,306.00</b>     |

If people who are studying are contemplating a family, they will certainly be deterred by policy initiatives such as this. Potential parents who are engaged in higher education in order to further their career and the opportunities for their family's economic wellbeing are being forced to spend a high portion of their minimal income on child care expenses.

The 30% rebate cannot be the only Federal Government child care initiative because it falls short for many families and so will have a negative impact on the choices these families make in balancing work and family.

Taxation initiatives and rebates are insignificant if there are not enough child care places or high quality services for Australian families. Taxation initiatives need to run tandem with an increase in child care places, planning controls and capital funding for community based children's services.

### **Conclusion**

Families are unable to make choices about balancing work and family if they are provided with inadequate supports. Children's services are an essential support for families and so are key element of the debate on balancing work and family and so need to be high on the policy agenda, particularly regarding availability and affordability.

It is children's services that make balancing work and family a possibility for many Australian families. Family friendly policy does not have to be conservative policy focussing on a male-breadwinner model; rather, family friendly policies can support families in the choices they make regarding the care of their children and their own interpretation of what it means to balance work and family.