

Child Care - some observations based on my experience

INTRODUCTION

Chairman committee members

Thank you for your invitation to appear today

BACKGROUND

My name is Edwina McLachlan

I am 42 years old

I have 2 children, aged 10 and 6.

I am a qualified lawyer, and practise in the area of tax litigation.

I obtained my degree as a mature aged student and studied at the University of Technology, Sydney between 1991 and 1995. To support myself I worked 5 days a week as an associate to a judge of the NSW Supreme Court. I have no HECS debt.

I graduated in September 1995 and my first child was born 2 months later in November 1995. I had my second child four years later in November 1999.

In 1995 with my first child my family circumstances were

- a. Both parents of my husband were deceased;
- b. My mother was deceased and my father was not in a position to provide support; and
- c. As a result, I have never had access to family sourced assistance for the care of me as a mother or for my family emotionally, physically or financially.

WORK LIFE BALANCE

From the birth of my first child in November 1995 to present, I have worked a minimum of 5 days per week.

The reasons for this are born of necessity. Without family support, it has always been clear to me and my husband that to provide for our children we would have to earn money to pay for resources. Although we have always been aware of the support the government may be able to provide if we chose not to work, we never considered ourselves as in a position to use these essential community resources. The basis for our belief is that we had our own resources, principally skills acquired through tertiary education. Also, in 1997 we purchased our home, and had to meet mortgage repayments.

Having graduated in 1995 2 months before the birth of my first child, I had never earned enough money as a fee paying student to have significant savings. Consequently, it was clear that I would have to return to work within the first year of my child's life. It was also clear that I would not be able to commence my career as a lawyer until the early years of my child's life were completed. The reasons for this can be summarised as my awareness that the practice of my profession would demand working hours of between 8-10 hours per day, five days per week. I never considered these hours as capable of being accommodated whilst entrusted with the care of my young child.

The compromise I made was that I would remain as a judge's associate and forego financial progression as a lawyer in return for the peace of mind arising from my family's well being. I regard myself as fortunate to have been able to have this compromise.

From March 1996, when my baby was 4 months old, I returned to full time work. My husband was also in full time work at this time as a journalist for the Dept. of education.

HOME BASED CARE, PROVIDER OUTSIDE FAMILY

From March 1996 we had our child in the care of a local family between 8.30 and 5.30 each working day. It was wonderful care, and I am full of respect for the family who cared for our young child. However, the constraint of family based home care was that it had a propensity to be unreliable, and could not provide my child with the interaction with other children she required as her language and social skills developed.

LONG DAY CARE, COMMUNICARE

From 1997 my family was able to secure a place in long day care at a centre run by communicare, located 5 mins. from my home. I cannot praise this care highly enough. It was compassionate, intelligent care. My children, now in years 1 and 5 of their primary schools, visit the centre whenever they wish. Many of their friends at school were made at the centre. In addition, we as a family have real and supportive links through the centre with other families in the community, which is not a community we grew up in.

For a parent in my position, without family support of an emotional, physical or financial character, the presence of affordable community based child care of such

quality has meant I have been able to work and pay taxes and provide for my family rather than becoming dependent on welfare.

FINANCIAL HARDSHIP

In 1997, my husband was retrenched from his full time position. From this time to present I have been the principal provider for my family. I never expected this to be an outcome for my family, but accept that at the age of 48 my husband seems to fall within the demographic of men retrenched from positions who have difficulty finding permanent employment.

To supplement the family income from 1998 I took extra work lecturing part time at the universities of Sydney and New South Wales. This entailed preparation time of 8-10 hours per week for each 2 hour lecture. This took time away from my family but meant we were able to continue to pay our mortgage. However, we were unable to save any money at this time, and became increasingly reliant on unsecured credit to meet our obligations to pay utilities and basics such as car registration.

In 1999 my second child was born. Approximately 1-2 months after her arrival I recognised that I was likely to experience post natal depression and extended my maternity leave from 4 to 6 months. As the principal provider to my family I was indebted to my workplace for allowing me that extra time to recover from this setback. I believe part of my experience at this time was how to reconcile the duality of being a committed and loving parent with the reality of being the principal provider for my family. During this time it became apparent to me that to increase my income I would have to move from a moderately paid but family friendly workplace to one that would not be family friendly, but had the opportunity of financial betterment.

PRIVATE PRACTICE

In 2001 I entered private practice. This enabled my family income to be available from one source instead of 2, and eased the burden of managing 2 jobs and 2 children. It also meant that my husband could mind the children for some of the week, and eased the burden of long day care centre fees. Implicit in this re-organisation was the realisation for my husband that it was unlikely he could seek a permanent position without re-arranging our children's care arrangements.

CHILD CARE BENEFIT AND FAMILY ASSISTANCE

From the 2000 to 2001 tax year, I have been dogged by debts arising from the family assistance and child care benefit I was informed I could claim. From 2001, when I entered private practice, until 2005, when my youngest child started school, I have required long day care and kindergarten care. For each year, I have exceeded the income limits set for Family Tax Benefit Part A, and Child Care Assistance by approximately \$1,000 per annum. The principal reason for this is that the system under which I am paid involves a discretionary bonus, which is never agreed at the

start of any income year and although I have always declared what it would probably be, invariably there is a discrepancy in these figures.

The real consequence of this system is that whilst I have always been excluded from items such as the baby bonus by a meagre amount of a mere \$300 per annum, I have always had an additional impost by way of a repayment. This is coupled in circumstances where my income has never been sufficiently greater than the cut off means tested limit to allow me to repay the amount without difficulty. I just have never had the cash flow. Consequently I carry debt each tax year which I cannot repay in a lump sum.

I find myself in a situation where I am taxed at the highest rate for the last 10% of my salary, and cannot free myself from the extra impost. To further compound matters, to stop recovery proceedings against me by Centrelink I must continue to receive the child care benefit so that my meagre entitlement will be applied to reduce my debt arising from my eligibility to receive that so called benefit. The consequence is that I continue to receive the benefit to stave off recovery proceedings for a debt that is sufficient to commence Bankruptcy proceedings, which receipt I am informed each year creates another debt by way of overpayments to be repaid.

In addition I find the administration of family assistance and the child care benefit inconsistent. I frequently am in the position of having to explain the difference between gross family income and taxable family income, to explain that my repayments cannot be ceased for failure to supply my tax file number, because it must be on file to reconcile my overpayment, that my children are immunised, and so no and so forth. From anecdotal evidence, I do not believe my situation to be uncommon. However, I can say that I have never had a conversation with administrators of family assistance and child care benefit that was re-assuring. The attitude is always that I have somehow lied or cheated the department, and I find this attitude perplexing and unfair.

BEFORE AND AFTER SCHOOL CARE

From 2001 in respect of my eldest child my family tried to obtain reliable before and after school care. No suitable care was available. After several attempts, resulting in unreliable care, food poisoning and one memorable afternoon when my child was not collected and the community funded care could not tell us where our child was, we decided that this was not responsible care and ceased having it.

Although there is no question in the mind that ceasing to use the before and after school care available in my neighbourhood was the right thing to do for my family, it has deepened the restrictions on my husband re-entering the workforce at all. He clearly cannot work during the hours of 9 to 5. This makes him completely dependent on work that allows him to start at 9.30am and leave at 2.30pm, all in the local area. His experience is that these workplaces are completely arbitrary and provide no certainty of work, pay or conditions. This has been the cause of great

personal humiliation to my husband as a devoted husband and father. Again, I do not believe my husband's experience is uncommon.

FINANCIAL POSITION

For the reasons stated above, the combination of heavy personal taxes on the last % of my salary and the inability for relief through the family assistance programme, together with the difficulty of my husband having much chance of work have the following real consequences for my family. We rely heavily on unsecured credit card debt to fund our obligations over and above food and mortgage. We do not have a new car, we do not go on holidays, we have no medical insurance, my husband cannot afford much needed dental care and we have no savings other than the equity in our home.

Edwina McLachlan

16 May 2006.