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Canberra Montessori Society Inc

Educating Children from 18mths to 12 years

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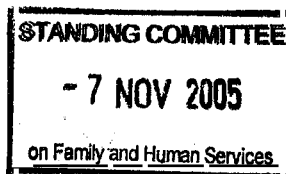
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31 October 2005

The Hon Bronwyn Bishop MP
Chairman of the Standing Committee on Family and Human Services
House of Representatives Standing Committee
Parliament House
Canberra 2600



Dear Chairman,

SUBMISSION TO THE STANDING COMMITTEE INQUIRY ON BALANCING WORK AND FAMILY

This submission is on behalf of Canberra Montessori Society Inc which operates the Canberra Montessori School, a small independent school that also offers pre-school and after (pre) school care facilities as a registered child care provider.

This submission deals with an issue critical to all three terms of reference: the affordability, choice and equity of access to paid child care.

When families consider the different options available for paid child care in order to work outside the family there are 4 main issues:

1. affordability of child care e.g. out of pocket expenses and government subsidies and tax rebates;
2. the ability of the child care service provider to meet the needs of the consumer;
3. the style of child care that is suitable for their child; and
4. availability of a place.

There are a number of registered child care providers that are external to home care that may not qualify as an approved child care provider due to the number of weeks they operate per year. An example is the Canberra Montessori School which does not operate during school holidays and is a registered child care provider that has a large number of children attending the pre-school facilities (over 100 children).

Affordability

Affordability is determined by child care service provider fees, family income and government assistance in the form of subsidies and tax rebates.

Federal Government support consists of the Child Care Benefit (CCB) and the proposed 30% Child Care Tax Rebate (CCTR) (capped at \$4000) available to families who use "approved" child care. The CCTR will not be available to users of registered childcare.

A major criterion for approval of child care facilities is the hours per day and weeks per year of care that is provided. These are arbitrary hours of operation that reflect maximum hours of care required by full time workers who work standard hours. They do not necessarily reflect the actual hours worked by child care users and do not accommodate shift workers. Not all families require the extended hours and weeks of care provided by (often large) long day child care facilities and many families who utilise long day child care do so on a part-time basis. Other models of child care or educational service provision that comply with the standards for quality of child care provided may not comply with the requirements for "approval" simply on the basis of the hours or weeks of care provided by the facility. Often these are smaller centres.

As a consequence, users of registered but not approved child care services are disadvantaged by exclusion from the proposed CCTR. This inequality may affect choices for families regarding paid child care options. Some may be forced to use "approved" providers for financial reasons rather than use a registered provider that may be more suitable to their family's needs. This may, in effect, advantage bigger centres (which have more resources generally to deal with regulation) over smaller child care centres.

Consumer Needs

The needs of consumers of paid child care reflect the variability of work arrangements in the employment sector. Long day child care services are well structured to accommodate full-time, standard hours of work and can usually accommodate standard hours, part-time work. This is because it is easier for long day child care centres to administer long term places (than the same number of places for a larger number of short term or casual children) in an environment of excess demand for child care (particularly quality care). Long day child care facilities usually cannot easily accommodate casual, occasional or seasonal work, non-standard hours shift work or workers employed on a varying roster. Families with these work structures often use a variety of childcare solutions including occasional care facilities, registered home based child care (nannies), family day care and family members. These families are excluded from many of the benefits of the government financial support (eg more than the minimum rate of CCB and the proposed CCTR) on the basis of the nature of their work. Many of these workers are employed in service industries e.g. health care provision.

Consumer needs also relate to quality of care, in particular early childhood development considerations. Many parents balance these considerations with their work arrangements. For example, in our school those parents who do require child care over the school holidays meet their requirements during these periods using a variety of other different formal and informal child care providers, a number of whom are unlikely to be 'approved' child care providers.

One of the reasons that many alternative child care providers may not open over school holidays is in order to remain attractive to quality staff (who often do not wish to work in school holidays themselves in order to care for their own school age children) in a tight labour market. This means that such providers may be penalised by the tax system for seeking to provide very high quality care through attractive staff conditions.

Limiting the proposed CCTR for child care to approved child care facilities limits the consumers choice of paid childcare options and is inequitable to those families whose work structure and family needs (including early childhood development choices and quality considerations) are not met by this style of child care service.

Childcare Options

Parent's choice of paid child care is also affected by personal needs and preferences. Parents may select child care options on the basis of specific cultural, language or religious environment, or by the early childhood development or educational program offered by the facility. Many of these institutional based registered childcare providers are small and may not meet the requirements for "approved" childcare status and access to greater government support is denied to users of these facilities that provide an important alternative to standard long day child care.

Independent pre-schools are an important alternative to long day or family based child care or state funded pre-schools for families managing work commitments. They reduce demand on stretched state resources, provide flexibility to the childcare consumer and offer alternative development/educational programs that are enriching for the individual and potentially beneficial to the broader community by promoting cultural diversity and maximising individual potential.

For working parents, mindful of both cost and quality considerations, limiting the CCTR to users of approved child care facilities reduces the relative affordability of this significant segment of the child care industry, within which providers such as the Canberra Montessori School operate.

Availability

If the proposed CCTR is only available to 'approved' child care facilities the demand for this style of service will increase. Broadening the availability of the proposed CCTR to registered child care will spread the current high demand for paid child care in an equitable manner and will also facilitate choice in the market for quality child care provision.

Conclusion

In conclusion it would seem to be inequitable to grant the proposed CCTR only to working parents of children in approved (as opposed to registered) child care when parents of pre-school age children are using a combination of different alternatives to achieve the same working hours outcomes in balancing their work and family life. It would appear that enabling this balance to be achieved is one of the aims of this tax policy.

Moreover, limiting the proposed CCTR to 'approved' child care will significantly affect the child care industry through its effect on the affordability (to working parents) of alternative models of child care and early childhood development, such as private pre-schools.

Accordingly, it is recommended that the proposed CCTR be extended from 'approved' child care to registered child care.

Yours sincerely

Christine Harrison
Principal

Georg Mittermair
Board Chairperson