

# Family Day Care Australia

## Submission to the Productivity Inquiry

### Paid Maternity, Paternity and Parental Leave 2008

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#### Background

Family Day Care Australia (FDCA) represents the interests of approximately 12,000 trained, accredited and monitored family day care workers providing home-based child care Australia wide. They are supported by 340 coordination units staffed by early childhood professionals.

Family day care has been a dominant provider of child care for babies and families wanting to keep siblings together in a multi-age group home environment.

98% of family day care workers operate as self-employed, small home based businesses, on a contractual basis. These carers fund their own holiday leave, superannuation, long service leave, and income protection.

As self-employed workers they join two out of three Australian women who are not eligible for any form of paid or unpaid maternity leave unless they self fund this along with long service leave and holiday leave.

Many family day care workers exist on incomes well below the minimum wage and do not access any employer provided benefits.

Most of these carers are providing essential child care services for working families experiencing significant socio-economic constraints. Due to these constraints significant numbers of carers are finding themselves unsustainably forfeiting income as they support families at times unable to meet costs of care.

In recent years a high percentage of carers, along with other small businesses due to the nature of their work, were encouraged by lenders to use lo-doc and no-doc loans to finance their home-based businesses. These loans carry a higher percentage repayment and as in the USA sub-prime markets, create additional financial stress.

#### **Rights of Infants to breast milk and secure family attachments**

As a major provider of infant care, often chosen by families for the small home-based environment, FDCA supports an infant's right to form secure attachment with parents and siblings as essential to their well being.

These rights cannot be economically driven.

Therefore FDCA frames paid maternity leave as the universal right of all Australian infants to be breast fed for a minimum of 6 months and a parent's right to flexible work arrangements to ensure ongoing breast feeding is supported.

Evidence based research has established that breast fed babies (6 months) have higher IQs, better adult health outcomes and greater emotional resilience and attachment with positive flow on effects for their future potential and the broader society.

Paid maternity leave should be a right for infants that ensure their needs for secure primary attachments to parents and siblings are met within their first year.

Unfortunately the need for two incomes to sustain most families has put significant pressure on the combining of work with family life, causing fewer Australian women to economically and professionally risk taking long periods of maternity leave or to have more than one or two children.

Combined with the financial insecurity associated with working as a contractor, or having access to only 12-14 weeks of paid or unpaid leave, it is not surprising that few women are solely breast feeding babies at the age of 6 months and, as suggested by health experts, this is notably undermining mother and child well-being.

There is enough Australian and international research into the connections between stressors and breast-feeding, secure adult-child relationships and later brain development, health and well being, that already informs current world wide support of maternity leave.

By protecting the rights of Australian babies as a society we will gain economically from a more productive and healthier workforce over the short and longer term.

While babies experience a critical need for secure attachment and stable child-adult relationships, as an industry that cares for family groups, we believe there also needs to be support for working families to facilitate sibling bonding during this early period.

Therefore FDCA supports:

- A universally funded 6 month paid maternity leave at average Australian weekly earnings to ensure the average family mortgage of around \$300,000 stays affordable;
- one month supporting partner leave; and
- parental access to 40 days of additional allowable absences for siblings during the period of maternity/partner leave, to ensure that care placements are maintained and the family is given the opportunity strengthen relationships.

Moreover, to ensure fair treatment of carers within this sector, Family Day Care Australia is seeking regulatory changes that:

- Ensure family day care carers have access to relief carers to maintain business continuity when they themselves take maternity leave; (*Please see appendix 1*) and linkages to in-home care carer pools for provision of relief care are facilitated.
- A Carer Tax Benefit C is introduced; to compensate carers for lost CCB/ CCTR when including their own children in their service in the same way as carers in other sectors.

Additionally FDCA believes that:

- All workplaces should be provided financial incentives when a staff member takes maternity leave and on return of the staff member, to contribute to the costs to business for advertising and handovers between staff.

### **Funding Paid Maternity Leave and Regulatory Change**

Paid maternity leave could be achieved by re-packaging the current baby bonus, Family Tax Benefit A and B, savings in CCB & CCTR and parenting payment and introducing a maternity levy similar to the Medicare levy.

This payment should be means-tested based on the current income of the working partner.

The result would be that the current tax system would pay approximately 50% without any great impact on what is already being provided and workers, whether employers or employees, would share the other 50%. This levy is most likely to be considerably less than ½ %

of gross income. It represents a fair across the board contribution from all Australians whether in small business, contracting or the public and corporate sectors.

Where parents want to extend parenting leave past 6 months, FDCA supports a range of alternative, universally available, financial support systems including options such as:

- Employer paid schemes
- Parenting HECS schemes repaid through taxation the same as the Education HECS, available to parents earning gross income below a specified threshold
- Maternity accounts – where the government is a co-contributor to a specified ceiling in a similar way as the low income super fund. Once the ceiling is reached the account earns the market rate of interest
- Salary sacrificing into maternity accounts
- LSL accounts for self employed contractors where the government is a co-contributor to a specified ceiling; this account to be made available concurrently to these parents if required to extend maternity leave
- Special maternity bank loans or a reduction in the home mortgage rate for families taking maternity leave – 12 months at this rate for each child
- Delayed or re-structured mortgage repayments

### **Constraints of legislative and regulatory environment on family day care**

Due to legislation linking access to Child Care Benefits (CCB) and Child Care Tax Rebate (CCTR) with the child care environment type, as well as income of parents, rather than a child and parental income; carers who choose family day care as a business model and include their own children, bear significant costs.

With a limit of 4 under school age children in home based care, each child represents the forfeiting of 25% of a carer's income from CCB, CCTR and gap fees.

A family day care survey in 2006 established a downward trend in recruitment and retention of carers with their own children. Approximately 11% had one child in care and less than 3% had 2 children, debunking a long held myth that the family day care sector was an attractive option for mothers who wanted to balance career aspirations with care for their own children.

In contrast centre-based and OSHC employees are able to claim CCB and CCTR for their own children in services where they work.

Furthermore, State regulations vary and can create barriers for carers wanting to use relief carers in their own homes to provide continuity of care for their families during periods of maternity leave or for the illness and care of a family member.

Recently a member, Katrina Mason in Tasmania, was able with the support of her coordination unit, to negotiate an extended period of relief care for her maternity leave. FDCA believes every carer should have the right under legislation to maternity leave, where a relief carer can be contracted to continue to support families and children using the service. Katrina's account of the experience and benefits for the families in care and her own family is attached as Appendix A.

In relation to parents and older siblings, FDCA supports maternity extension to allowable absences of a minimum of 8 weeks to be available within the first 12 months concurrent with maternity/paternity leave. Such an extension would enable families to facilitate bonding

between siblings and opportunities for fathers to share care of all children without fear of losing their substantive child care placement, or carers carrying significant loss of income.

### **Alternative**

#### **Universally funded paid maternity leave at the minimum wage for 6 months**

If government considers Australian workers, employers and employees, within the current economic conditions would be unable to sustain the introduction of a universally funded paid maternity leave at average weekly earnings, which represent the average mortgage repayment faced by families, then FDCA believes it can be easily achieved, without additional impact on tax-payers, at the minimum wage by re-packaging the benefits listed previously with the baby bonus.

Paid maternity leave would provide families with the much needed financial security that Australian infants and working parents deserve.

FDCA members believe that paid maternity leave should be tied to workforce participation and/or study. To become eligible for the scheme for a first child there should be a minimum three year participation requirement. For all subsequent children a minimum one year participation requirement or alternative paid maternity leave options used, where parents wish to have children closer in age.

**\*\* ENDS \*\***