

***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</b> <b>\$ 8,845</b> To 44% mums giving birth 2011	<b>Baby Bonus</b> <b>\$5,725</b> To 56% mums giving birth 2011	<b>Approx. 1.5 to 1</b> <b>against parent care</b>
<b>Funding tied to ...</b>	<b>Work status</b>	<b>Paid work mums</b>	<b>Family work mums</b>	<b>ie. \$3120 less for parent care</b>
<b>Ongoing costs</b> (see page 3 below)	<b>Families</b>	<b>Childcare funding</b> <b>\$5,157</b>	<b>Family Tax Benefit B</b> <b>\$2,821</b>	<b>Approx. 2 to 1</b> <b>against parent care</b>
<b>Funding tied to ...</b>	<b>Care choice</b>	<b>Out-sourced care</b>	<b>Mum or Dad care</b>	<b>ie. \$2336 less for parent 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) **more than 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 \$1,344,979,000. <sup>3</sup>  About \$230 million is expected to be recovered by tax on PPL payments. <sup>4</sup>  This gives a total of \$1,114,979,000 paid to 126,055 families <sup>5</sup> = \$8845 per family	Baby Bonus	\$ 915,992,000 <sup>6</sup> / 160,000 <sup>7</sup> families = \$5725 per family	<b>Net Paid Parental Leave per family (\$8845) compared to Baby Bonus per family (\$5725) means that \$3120 (54%) more will be given to families with paid work mothers (to facilitate their return to the paid workforce), than on families with mums (or dads) doing family work (not in the paid workforce).</b>  <b>This favours paid work mums against family work mums by a ratio of 1.54:1</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 2.1.3 in Budget Related Paper No. 1.7: FAMILIES, HOUSING, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS PORTFOLIO, p. 54 [http://resources.fahcsia.gov.au/budget/2011-12/FaHCSIA\\_PBS-2011.pdf](http://resources.fahcsia.gov.au/budget/2011-12/FaHCSIA_PBS-2011.pdf)

<sup>4</sup> Proof Committee Hansard, SENATE COMMUNITY AFFAIRS LEGISLATION COMMITTEE ESTIMATES (Budget Estimates) TUESDAY, 1 JUNE 2010, p. 28 <http://www.aph.gov.au/hansard/senate/commtee/S13022.pdf>

<sup>5</sup> Ibid., p. 27-28: 85% of an estimated 148,300 eligible families (= 126,055) are expected to take up Paid Parental Leave

<sup>6</sup> Table 2.1.3 in Budget Related Paper No. 1.7: FAMILIES, HOUSING, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS PORTFOLIO, p. 54 [http://resources.fahcsia.gov.au/budget/2011-12/FaHCSIA\\_PBS-2011.pdf](http://resources.fahcsia.gov.au/budget/2011-12/FaHCSIA_PBS-2011.pdf)

<sup>7</sup> Hansard, SENATE COMMUNITY AFFAIRS LEGISLATION COMMITTEE ESTIMATES (Budget Estimates) TUESDAY, 1 JUNE 2010, p. 30 <http://www.aph.gov.au/hansard/senate/commtee/S13022.pdf>

## 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	\$ 2,177,710,000 <sup>8</sup>	<b>Family Tax Benefit B</b>	\$ 4,429,189 <sup>9</sup> / 1,570,000 families <sup>10</sup> = \$2821 per family	<b>Child care subsidies (\$5157) compared to Family Tax Benefit B (\$2821) means that \$2336 (83%) more will be spent on families using non-parental care (mainly institutional) than on families providing their own child care.</b>
	Child Care Rebate	\$ 1,600,745,000 <sup>11</sup>			
	Child Care Services Support	\$355,218,000 <sup>12</sup>			
	Jobs Education and Training (JET) Child Care Fee Assistance	\$54,097,000 <sup>13</sup>			
	<b>Total funding for non-parental care</b>	<b>\$4,187,770,000</b>	<b>Total funding for in-home parental care</b>	<b>\$4,429,189</b>	<b>This favours paid work mums against family work mums by a ratio of 1.83:1</b>
	<b>Per family expenditure</b>	Average expenditure of \$5157 per family on 812,000 families <sup>14</sup>	<b>Per family expenditure</b>	Average expenditure of \$2821 on 1,570,000 families	

<sup>8</sup> Table 2.1.2: Administered expenses and key performance indicators for Program 1.2 in PORTFOLIO BUDGET STATEMENTS 2011-12 BUDGET RELATED PAPER NO. 1.6 EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO, p. 45 [http://www.deewr.gov.au/Department/Budget/Documents/20112012/2011-2012\\_DEEWR\\_PBS\\_03\\_Outcome\\_1.pdf](http://www.deewr.gov.au/Department/Budget/Documents/20112012/2011-2012_DEEWR_PBS_03_Outcome_1.pdf)

<sup>9</sup> Table 2.1.1.2: Budgeted Expenses for Family Tax Benefit in Budget Related Paper No. 1.7: FAMILIES, HOUSING, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS PORTFOLIO, p. 50 [http://resources.fahcsia.gov.au/budget/2011-12/FaHCSIA\\_PBS-2011.pdf](http://resources.fahcsia.gov.au/budget/2011-12/FaHCSIA_PBS-2011.pdf)

<sup>10</sup> Based on data in Table 6.3 Program 1.2 – Key performances indicators in Department of Families, Housing, Community Services and Indigineous Affairs, Annual Report 2010. Part Two. Report on Performance, p. 45 [http://www.fahcsia.gov.au/about/publicationsarticles/corp/Documents/2010\\_Annual\\_Report/docs/AnnualReport2010\\_part2.pdf](http://www.fahcsia.gov.au/about/publicationsarticles/corp/Documents/2010_Annual_Report/docs/AnnualReport2010_part2.pdf)

<sup>11</sup> Table 2.1.2: Administered expenses and key performance indicators for Program 1.2 in PORTFOLIO BUDGET STATEMENTS 2011-12 BUDGET RELATED PAPER NO. 1.6 EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO, p. 45 [http://www.deewr.gov.au/Department/Budget/Documents/20112012/2011-2012\\_DEEWR\\_PBS\\_03\\_Outcome\\_1.pdf](http://www.deewr.gov.au/Department/Budget/Documents/20112012/2011-2012_DEEWR_PBS_03_Outcome_1.pdf)

<sup>12</sup> Table 2.1.1: Administered expenses and key performance indicators for Program 1.1 in PORTFOLIO BUDGET STATEMENTS 2009-10 BUDGET RELATED PAPER NO. 1.6 EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO, p. 43 [http://www.deewr.gov.au/Department/Budget/Documents/20112012/2011-2012\\_DEEWR\\_PBS\\_03\\_Outcome\\_1.pdf](http://www.deewr.gov.au/Department/Budget/Documents/20112012/2011-2012_DEEWR_PBS_03_Outcome_1.pdf)

<sup>13</sup> Ibid.

<sup>14</sup> Table 2.1.2: Administered expenses and key performance indicators for Program 1.2 in PORTFOLIO BUDGET STATEMENTS 2011-12 BUDGET RELATED PAPER NO. 1.6 EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO, p. 45 [http://www.deewr.gov.au/Department/Budget/Documents/20112012/2011-2012\\_DEEWR\\_PBS\\_03\\_Outcome\\_1.pdf](http://www.deewr.gov.au/Department/Budget/Documents/20112012/2011-2012_DEEWR_PBS_03_Outcome_1.pdf)