

WOMEN'S WORK-FORCE ATTACHMENT AND CHILD CARE REFORM

NFAW recognises and respects the improvements to child care standards and fee relief systems which the current Commonwealth Government has brought about, including through important cooperation with the States and Territories.

Nevertheless, if women's work-force attachment patterns are to be strengthened and supported, further reform of policy, including for the 5-12 year old child is essential. We took the propositions below to the 2011 Tax Forum, and we will work with a broad coalition of groups to have them implemented.

1. REFORM OF FEE RELIEF-simplified and transparent, no woman to receive less fee relief than 40%, currently the standard marginal tax rate, and cap should be set accordingly.

The current interaction of Child Care Benefit and Child Care Rebate results in a system that is complex and lacking in transparency. The Henry Review¹ recommended that these benefits be combined into a single benefit. CCB is appropriately targeted at low income families ensuring that children from disadvantaged backgrounds have the opportunity to access quality childcare. These programs must be maintained, however child care providers have reported that the current maximum benefit under CCB does not reflect the true cost of care. The maximum rate of the new benefit, payable to recipients in most need, should be not less than 90% of the actual cost of the provision of care. The new benefit should be means tested and work tested to a base rate not lower than the current 50% of care costs. The caps currently applied to CCR do not adequately address the regional differences in care costs, and should be restructured so that no family receives less fee relief than the standard marginal rate of tax, currently 40%.

2. REFORM OF CARE SYSTEM FOR 5-12 YEAR OLDS- provision particularly of age and interest appropriate programs during school vacations, with benefit of the reformed fee relief system.

Many out of school care and vacation programmes are not classified as approved care, and are therefore not eligible for fee relief. There are also issues in relation to the activities offered by such programmes, which may not be age appropriate. Such programmes should be classified as approved care, with fee relief available, if they meet appropriate quality standards based on the age group for which they provide care.

3. REFORM OF FEE RELIEF FOR IN-HOME CARE- access to reformed fee relief for in-home care for children of shift workers and other women working extended hours, subject to carer meeting qualifications required, and employer providing appropriate OHS and IR protection.

There have been calls for access to fee relief for in-home care. Currently such care is not classified as approved care, and accordingly neither the CCR nor, in most cases, the means

¹Recommendation 99: Australian Treasury, 'Australia's Future Tax System: Final Report' (Australian Treasury,, 2010) <http://taxreview.treasury.gov.au/content/Content.aspx?doc=html/pubs_reports.htm>

tested CCB is available. Women in a range of occupations who work during the hours that child care centres are not open face difficulty in obtaining appropriate care while at work. We see no reason to deny fee relief to families who engage in-home care as long as it is on the same basis as families who obtain places in an approved child care centre. Such fee relief must:

- be subject to the same means tests and caps,
- the quality must be maintained by ensuring that the carer has the same standard of qualifications as a person engaged as a Family Day Carer; and
- the conditions of employment for the carer must be maintained by ensuring that workplace safety standards, wage standards and immigration standards are the same as those applied to the child care industry generally.

4. REFORM OF EMPLOYER PROVIDED-FRINGE BENEFITS REGIME- access to benefits where care provide off-site of workplace through employer arrangements with other approved and registered providers

The existing fringe benefits tax exemption for child care is significantly limited by the requirement that it be provided by the employer, on the employer's premises. This unfairly grants access to salary sacrifice packages that include child care to a limited number of families, including academia and the federal public service. The restrictions on the exemption should be lifted, allowing employers to enter into joint agreements with other employers and child care centres to guarantee places for the children of their employees. However such arrangements should not be unlimited, and should incorporate the same caps per child as those applied to families who do not have access to employer sponsored child care.