



Australian Government

**Productivity Commission
Inquiry into:
Paid Maternity, Paternity and Parental Leave**

**Submission by the Department of Education,
Employment and Workplace Relations
June 2008**

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INTRODUCTION

The Department of Education, Employment and Workplace Relations (the Department) welcomes the opportunity to make a submission to the Productivity Commission's Inquiry into Paid Maternity, Paternity and Parental Leave.

2. The Department implements government policies and strategies that relate directly to the Productivity Commission's Inquiry. These include workforce participation, more productive and safer workplaces and early childhood education and child care.

3. The Department's submission is in three parts: Part 1 provides information about the workplace relations framework. Parts 2 and 3 provide information about financial assistance provided to parents following the birth of a child. Part 2 covers Child Care Payments and Part 3 covers Parenting Payments.

PART 1: WORKPLACE RELATIONS FRAMEWORK

Workplace Relations Legislation

4. Employment conditions, including parental leave and paid maternity leave, may be derived from a number of sources including federal and State workplace relations laws, awards and workplace agreements.
5. The federal workplace relations laws currently apply to approximately 80 per cent of Australian employees. The *Workplace Relations Act 1996* (the WR Act) is currently the primary legislative instrument at the federal level regulating terms and conditions of employment.
6. The parental leave provisions of the WR Act give effect, or further effect, to the Family Responsibilities Convention (International Labour Organisation Convention 156) and the Workers with Family Responsibilities Recommendation (International Labour Organisation Recommendation 165) and, as such, these provisions apply to all Australian employees.

Australian Fair Pay and Conditions Standard – Unpaid Parental Leave

7. The Australian Fair Pay and Conditions Standard in the WR Act (the Standard) provides an entitlement of up to 52 weeks' unpaid parental leave for eligible employees. Parental leave includes maternity, paternity and adoption leave. Eligible employees are permanent full-time and part-time employees who have 12 months continuous service with their employer, and long-term casual employees who have been engaged on a regular and systematic basis for at least 12 months.
8. Except for one week at the time of the birth of the child, employees are not entitled to take unpaid parental leave simultaneously as the provision is designed to provide leave only for the primary care-giver of the child. Where the care of a child is shared between two employees, a maximum of 12 months' unpaid parental leave is available to be shared between the employees.
9. Ordinary maternity leave taken by an employee must include a period of six weeks of leave starting from the date of the birth of the child.
10. An eligible employee adopting a child is entitled to pre-adoption leave. Pre-adoption leave may include two days of unpaid pre-adoption leave unless the employee could take another form of authorised leave (for example annual leave) and their employer directs them to do so.
11. Pre-adoption leave is available for an employee to attend interviews or examinations required to obtain approval to adopt a child who is or will be under the age of five, has not previously lived with the employee for a period of six months or more at the day of placement and is the a child or step child of the employee or the employee's spouse.

12. Adoption leave comprises short adoption leave and/or long adoption leave. Short adoption leave is unpaid leave which must be taken in a single unbroken period within three weeks starting on the day of placement of a child with the employee for adoption.
13. Long adoption leave is unpaid leave up to a maximum of 52 weeks and can be taken from any time within 12 months of the placement of a child. If an employee has taken short adoption leave, their entitlement to long adoption leave is reduced by the period of short adoption leave taken. An employee cannot take long adoption leave at the same time as their spouse is taking adoption leave.
14. Special maternity leave is available to an employee if she has a pregnancy-related illness or her pregnancy ends within 28 weeks of the expected date of birth, otherwise than by the birth of a living child.
15. A female employee who is eligible for unpaid parental leave is also entitled to be transferred to an appropriate 'safe job' where she gives her employer evidence that she is fit to work but should not continue in her present position because of risks arising out of her pregnancy or out of hazards connected with that position. If transferring an employee to a safe job is not reasonably practicable for the employer, the employee is entitled to paid leave.
16. Employees taking parental leave have a right to return to the position they held prior to taking leave, or to a position similar in status. Parental leave does not break an employee's continuity of service.
17. Paid maternity leave provisions are contained in some awards. These awards are mainly confined to public sector employees or employees covered by enterprise awards.

Proposed Legislative Reform

18. The Australian Government has committed to the introduction of legislation to establish a new workplace relations system which will be fully operational in January 2010. The new system will guarantee a safety net of simple, fair, minimum entitlements for Australian employees and employers. The safety net will be in two parts:
- (i) 10 legislated National Employment Standards which will apply to all employees; and
 - (ii) modern awards which may contain up to a further 10 minimum entitlements tailored to the needs of particular industries or occupations.
19. The National Employment Standards will include provisions to assist parents with their work and family responsibilities. The National Employment Standards will include enhanced parental leave provisions and the right for an employee to make a request to their employer for flexible working arrangements until their child reaches school age.

20. The Australian Government released the proposed National Employment Standards in the form of a Discussion Paper on 14 February 2008 and called for written submissions by 4 April 2008. The Australian Government is currently considering the submissions received.

National Employment Standards

Unpaid parental leave

21. The proposed unpaid parental leave standard will guarantee that both parents have the right to separate periods of up to 12 months of unpaid leave associated with the birth of a child. Where families prefer one parent to take a longer period of leave, that parent will be entitled to request up to an additional 12 months of unpaid parental leave from their employer. The request can only be refused by their employer on reasonable business grounds. Any extension beyond the initial 12 months of unpaid parental leave reduces the parental leave entitlement of the employee's spouse by an equivalent amount (where both parents take unpaid parental leave).

22. These options will provide working families with the flexibility of up to 24 months' unpaid leave to care for their child. The proposed parental leave standard also increases the amount of unpaid parental leave that may be taken concurrently by both parents at the time of their child's birth from one week to three weeks.

23. The proposed parental leave standard provides that an employee returning from parental leave is entitled to return to the position they held prior to commencing that leave. Where that position no longer exists, the employee will be entitled to return to a position comparable in status and pay with the former position. If a female employee had been transferred to a different position or reduced her hours of work prior to taking parental leave for reasons associated with her pregnancy, she would be entitled to return to the position and hours of work she held prior to that transfer or reduction.

24. The proposed parental leave standard will require an employer to inform an employee who is absent on parental leave of any decision that will have a significant effect on their status or pay, and provide the employee with an opportunity to discuss the effect of the decision on their position.

Right to Request Flexible Working Arrangements

25. The proposed flexible working arrangements standard provides an employee who is a parent and has responsibility for the care of their child with a right to request flexible working arrangements until the child reaches school age. The employee must make the request for flexible work arrangements in writing and must set out details of the change sought and the reasons for the change. The employer can only refuse the request on reasonable business grounds.

26. Flexible working arrangements will not be defined as this could limit the scope or types of arrangements that an employer and employee might agree to assist the employee to balance their work and family responsibilities. However, flexible arrangements could include a reduction in hours of work (for example, part-time work), a change to non-standard start or finish times, working from home or another location, working 'split-shifts' or job sharing arrangements.

27. The proposed standard provides that the employer must give the employee a written response to the request for flexible working arrangements within 21 days. If the employer refuses the request, they must provide reasons for the refusal. An employer can only refuse a request on 'reasonable business grounds'. It will also be open to the employer or employee to suggest a modification to the employee's request that might be more easily accommodated by the employer.

Modern awards

28. Modern awards may include 10 minimum entitlements including penalty rates, overtime and minimum wages. Modern awards may also include industry specific detail in relation to the provisions in the National Employment Standards. Modern awards may also build on the entitlements in the National Employment Standards where the Australian Industrial Relations Commission considers it necessary to do so in order to ensure the maintenance of a fair minimum safety net for the employees who are to be covered by a modern award, having regard to existing award entitlements for those employees.

29. The Australian Government's *Workplace Relations Amendment (Transition to Forward with Fairness) Act 2008* provides that the Australian Industrial Relations Commission, in carrying out its functions with respect to award modernisation, must have regard to a number of factors including the need to assist employees to balance their work and family responsibilities effectively, and to improve retention and participation of employees in the workforce.

30. Modern awards will be reviewed every four years by a new statutory authority, Fair Work Australia, to ensure that awards remain relevant. Fair Work Australia will replace the Australian Industrial Relations Commission, the Workplace Authority, the Workplace Ombudsman and, from 1 February 2010, the Australian Building and Construction Commission.

Workplace Agreements

31. The following information is from the Department's Workplace Agreements Database which contains data on collective agreements made under the WR Act (federal collective agreements). The Australian Bureau of Statistics estimates that federal collective agreements cover approximately 26 per cent of Australian employees. The Workplace Agreements Database maps the incidence of paid maternity leave provided in federal collective agreements. The Workplace Agreements Database does not capture the incidence of paid maternity leave that is provided by an employer's general employment policy or by an informal agreement.

32. The Sensis Better Business, Better Conditions Report on carer and family friendly provisions in Australian small and medium sized enterprises released by the Office for Women in 2007 showed that small and medium sized businesses in particular were much more likely to provide carer and family friendly provisions through general employment policies or informal (sometimes unwritten) agreements rather than through formalised workplace agreements.

33. The following data from the Workplace Agreements Database is based on 19,108 federal collective agreements current as at 31 December 2007 covering an estimated 1,867,468 employees.

Incidence and Coverage of Paid Maternity Leave¹

34. The Workplace Agreements Database shows that 15.1 per cent (2880) of current federal collective agreements contain a paid maternity leave provision.

35. The availability of paid maternity leave varies by sector, industry and the number of employees covered by an agreement.

36. Paid maternity leave provisions cover 43.6 per cent of employees. This is significantly higher than the 15.1 per cent incidence of these provisions in agreements because paid maternity leave is more likely to be found in workplaces with larger numbers of employees, that is workplaces with more than 500 employees.

37. The coverage of paid maternity leave provisions is higher in the public sector (89.9 per cent of employees) compared with the private sector (24.8 per cent of employees).

38. Amongst industries, coverage is highest in Education (96.8 per cent) and Government Administration and Defence (95.6 per cent) reflecting that paid maternity leave is more likely to be offered in public sector employment, and is low in Retail (1.4 per cent), Construction (3.0 per cent) and Accommodation, Cafes and Restaurants (6.7 per cent).

39. 54.6 per cent of all employees under federal collective agreements covering large workplaces (500+ employees) are covered by paid maternity leave provisions.

40. The period of paid maternity leave available also varies by sector, by industry and agreement size.

41. The average length of the paid maternity leave provided under federal collective agreements ranges from 0.2 weeks to 36 weeks with an employee weighted average of 12.6 weeks. The most common amounts of paid maternity leave provided in these agreements are 12 and 14 weeks, which are available to 29.4 per cent and 22.2 per cent of employees covered by federal collective agreements respectively.

¹ Paid Maternity Leave includes paid leave for 'primary care-givers'.

42. The length of paid maternity leave is higher in the public sector (an average of 15.3 weeks) and in Education (19.5 weeks), Electricity, Gas and Water Supply (13.1 weeks) and Government Administration and Defence (12.4 weeks).

43. The average length of paid maternity leave for federal collective agreements covering large employers (500+ employees) is 13.9 weeks.

44. A representative sample of 254 federal collective agreements with paid maternity leave selected by the Department has revealed that two thirds contained an eligibility period (usually 12 months) and around 50 per cent had a return to work obligation.

45. Additional information on the incidence of paid maternity leave from federal collective agreements is at **Appendix A**.

Paid paternity leave² and paid adoption leave

46. 28.3 per cent of employees have an entitlement to paid paternity leave and 30.7 per cent have access to paid adoption leave. For employees entitled to paid paternity leave the average length of leave is 1.5 weeks and for paid adoption leave it is 12.3 weeks. Additional information on the incidence of paid paternity and paid adoption leave in federal collective agreements is at **Appendix A**.

Trends in Paid Maternity Leave – 1998 to 2007

47. There has been an increase in the incidence of paid maternity leave entitlements being provided in federal collective agreements over the period 1998 to December 2007. The percentage of employees covered by agreements which contained a paid maternity leave entitlement rose from 22 per cent for agreements certified in 1999 to 48 per cent for agreements certified in 2006 (for agreements certified in 2007, the incidence was 36 per cent).

48. Over the same period, the length of paid leave provided in these agreements progressively increased from an average of over 7 weeks to around 13 weeks.

Public Sector

49. Paid maternity leave is more likely to be provided for women employed permanently in the public sector, both federal and State/Territory. The basis for the entitlement may be legislation, collective agreements, awards or government policy (through, for example, ministerial directions). The duration of paid maternity leave provided varies across Commonwealth, State/Territory and local government sectors.

² Paid Parental Leave includes paid leave for 'secondary care-givers'.

50. Federal Government employees who are covered under the provisions of the *Maternity Leave (Commonwealth Employees) Act 1973* are eligible to receive a total of 52 weeks' maternity leave of which up to 12 weeks may be taken as paid maternity leave. Provisions of the legislation operate in conjunction with the provisions in the WR Act, with the more favourable provision applying in any particular circumstance.

51. The provisions of the Australian Public Service Award 1998 provide an identical entitlement which operates alongside the legislation. The Award provisions have for the most part been displaced by workplace agreements. A number of Australian Public Service agencies provide additional paid maternity leave entitlements under workplace agreements, generally bringing the total available paid maternity leave to 14 weeks for qualifying federal public sector employees.

International Conventions and Standards

52. The international standards relevant to paid maternity leave include:

- (i) 1979 United Nations *Convention on the Elimination of Discrimination Against Women* (CEDAW); and
- (ii) International Labour Organisation (ILO) *Maternity Protection Convention, 2000* (No. 183) and, *Maternity Protection Recommendation, 2000* (Recommendation 191).

53. ILO Conventions are treaties. ILO Recommendations supplement Conventions by providing guidelines as to how Conventions might be implemented, without being binding. Australia has no specific obligation in international law to provide paid maternity leave.

CEDAW (ratified with reservation)

54. CEDAW provides:

In order to prevent discrimination against women on the grounds of marriage or maternity and to ensure their effective right to work, States Parties shall take appropriate measures:

...

(b) To introduce maternity leave with pay or with comparable social benefits [Article 11.2(b)]

55. Notably, CEDAW is silent on the length of the leave, the conditions under which such leave is to be taken, and the level of pay or social benefits. CEDAW was ratified by Australia in 1983 with a reservation concerning Article 11.2, and Australia is therefore not bound by Article 11.2.

ILO Convention 183 – Maternity Protection (not ratified)

56. The *Maternity Protection Convention, 2000* (No. 183) (Convention 183) which was adopted by Australia in June 2000 revises *Maternity Protection Convention, 1952* (No. 103) (Convention 103). Convention 103 is now closed to

ratification. Convention 183 has not been ratified by Australia as currently no Australian jurisdiction would be likely to comply fully with its provisions. In brief, areas where Australia currently does not comply or where there are doubts about compliance with Convention 183 include the following mandatory criteria:

- (i) access to maternity leave for all employed women (including those in “atypical forms of dependant work”) (article 2);
- (ii) a minimum of 14 weeks maternity leave, of which 6 weeks should be compulsory (article 4);
- (iii) the delivery and level of cash benefits (article 6);
- (iv) the burden of proof of non-discrimination to rest with the employer (article 8); and
- (v) access to paid breast-feeding breaks (article 10).

57. Convention 183 specifies to whom maternity leave should apply, the length of such leave and the level of payment during the leave. Convention 183 requires that the entitlement be provided to all employed women, including those in atypical forms of dependent work, with the possibility of exempting limited categories of workers when its application to them would raise special problems of a substantial nature (Article 2). Ratifying countries must report to the ILO on progress made in applying Convention 183 to exempted categories of workers.

58. Article 4 of Convention 183 provides that women “shall be entitled to a period of maternity leave of not less than 14 weeks”. Article 6 details the cash and medical benefits due to a woman who is entitled to 14 weeks maternity leave. The provisions include the following:

- (i) cash benefits shall enable a woman to maintain herself and her child in “proper conditions of health and with a suitable standard of living” (article 6.2);
- (ii) where cash benefits paid are based on previous earnings, the amount of such benefits shall not be less than two-thirds of the woman's previous earnings (article 6.3);
- (iii) where other methods are used, the amount of such benefits “shall be comparable” on average to two-thirds of a woman’s previous earnings (article 6.4);
- (iv) a large majority of women must be able to qualify for cash benefits (article 6.5);
- (v) if a woman does not qualify for cash benefits, she is to be entitled to adequate benefits out of public social security funds, which may be subject to a means test (article 6.6);
- (vi) cash benefits shall be provided through compulsory social insurance or public funds or as provided by law and practice (article 6.8); and

- (vii) an employer shall not be individually liable for the direct cost of any such monetary benefit to a woman employed by him or her without that employer's specific agreement, except where there was legislative provision prior to June 2000, or it is subsequently agreed by the government and the employer and worker organisations (article 6.8).

The ILO Recommendation which is associated with Convention 183, *Maternity Protection Recommendation, 2000* (No. 191), increases the length of leave to 18 weeks (paragraph 1) and raises the level of cash benefits to the full amount of a woman's previous earnings, where practicable (paragraph 2).

PART 2: CHILD CARE PAYMENTS

59. The following information focuses on the use of child care by children aged up to 3 years.

Child Care Benefit

60. Child Care Benefit (CCB) is a payment made to families to help with the cost of approved or registered care. The rate of CCB varies depending on family income, the number of children in care, the number of hours per week and the type of care used. Families using approved services that are on the lowest income receive the highest rate of CCB.

61. Approved care is care provided by a service that is approved to receive CCB payments on behalf of eligible families. Most providers of Long Day Care, Family Day Care, before and after school care, occasional care, in home care and vacation care are approved child care providers. Approved child care services must participate satisfactorily in the Australian Government's Quality Assurance System and must be available to families for a minimum of eight hours a day, on each normal working day, for at least 48 weeks a year.

62. A registered carer is an individual who provides care for a child or children but is not an approved child care service. Registered care is informal care provided by grandparents, relatives, friends or nannies and care provided by some pre-schools and schools. The hourly rate of CCB for registered care is expected to be around 58 cents per hour of care for children not yet attending school.

Child Care Tax Rebate

63. Child Care Tax Rebate (CCTR) is available to cover a percentage of working families' out-of-pocket expenses for approved child care. Out-of-pocket expenses are the amount of child care fee paid, minus the CCB entitlement. From 1 July 2008, the CCTR will be increased to cover 50 per cent of out-of-pocket expenses (up from 30 per cent).

64. The maximum amount of CCTR payable per child will be \$7,500 per annum per child in 2008-09 (up from \$4,354 per annum per child in 2007-08).

65. To be eligible for CCTR, families must use approved care.

66. Registered care does not attract a Child Care Tax Rebate (CCTR) entitlement. Therefore, even though a family might receive the CCB to assist with paying their registered child care costs, they will not have of their out-of-pocket expenses reimbursed.

Combined impact of Government subsidies

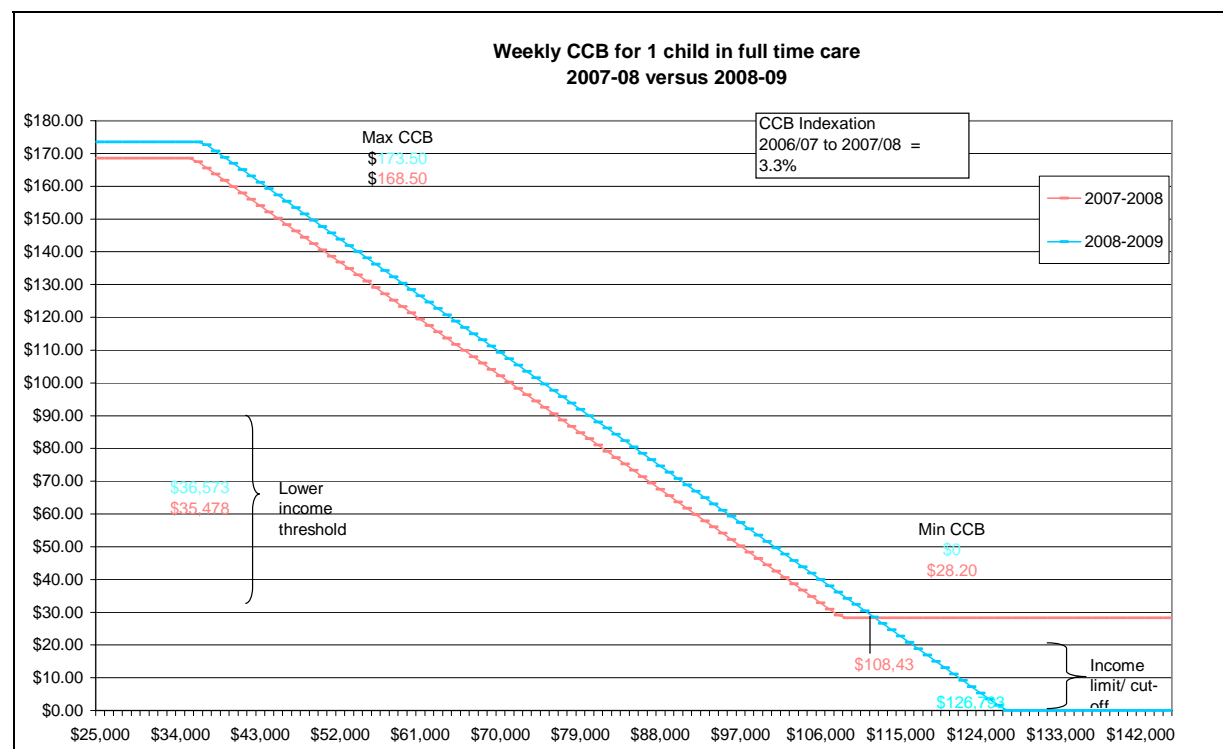
67. The combined effect of the CCB and CCTR is to provide the greatest total subsidy to low and middle income working families using approved care.

How CCB and CCTR is paid

68. CCB and CCTR are paid to families on the basis of their income and the hours of care used. Families can either:

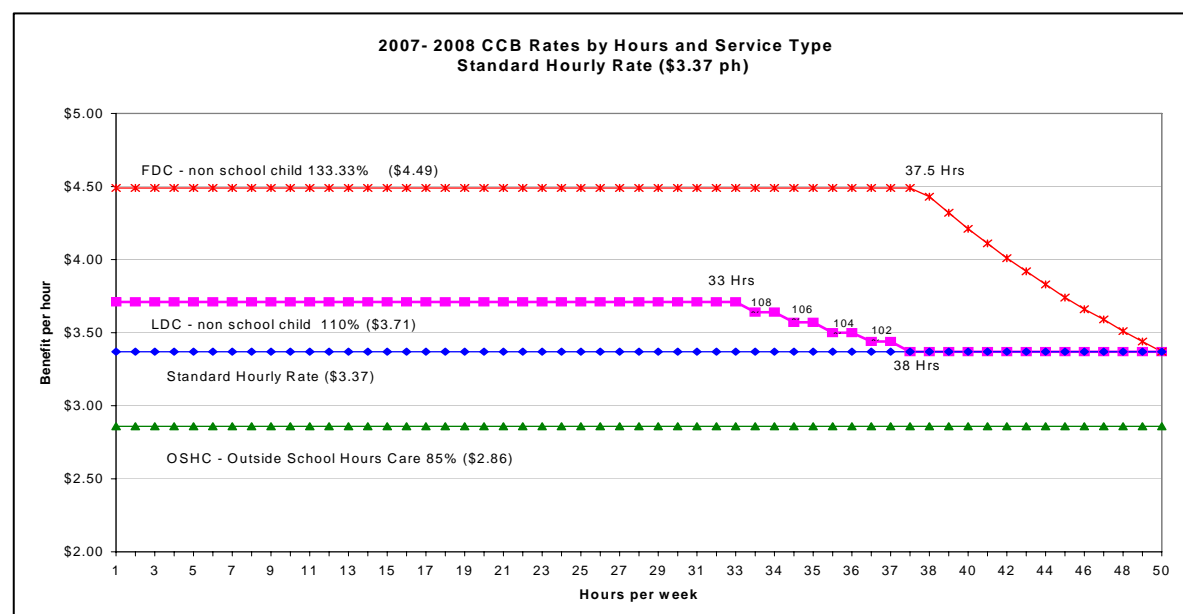
- (i) choose to have their CCB as reduced child care fees paid directly to the child care centre;
- (ii) pay full child care fees throughout the year and receive CCB as a lump sum after the end of the financial year; or
- (iii) elect to receive a lesser amount of CCB than they may be entitled to and receive a top-up payment at the end of financial year.

69. The CCB income test for families with one child in 50 hours per week approved care is as follows:



Note: The rates and thresholds are indexed annually in July, in line with movement in the Consumer Price Index (CPI).

70. While the rate of CCB is the same across age groups, there are differential loadings for CCB based on type of care and the number of hours used per week. The loadings are as follows:



71. For 2007-08:

- (i) the maximum CCB assistance is \$168.50 per week for one child, \$352.17 per week for two children and \$549.63 per week for three children;
- (ii) families with an income below \$35,478 receive the maximum rate of CCB, with the amount of CCB reducing as a family's income increases; and
- (iii) the minimum CCB assistance is \$28.20 for 50 hours per week for one non-school aged child. Rates for school children are 85 per cent of rates for non-school children.

Child Care Fees

72. Individual child care centres set their own fees. Fees vary across Australia, reflecting differing land and infrastructure costs, demand and supply levels, staff ratio requirements and access to workers.

73. The following tables show how Long Day Care (LDC) and Family Day Care (FDC) fees charged by centres vary by state and by region:

	Mean LDC	Mean FDC
Inner capital city	\$246	\$219
Outer capital city	\$239	\$217
Other major city	\$232	\$221
Inner regional	\$220	\$213
Outer regional	\$207	\$207
Remote	\$215	\$207
Very remote	\$195	\$215

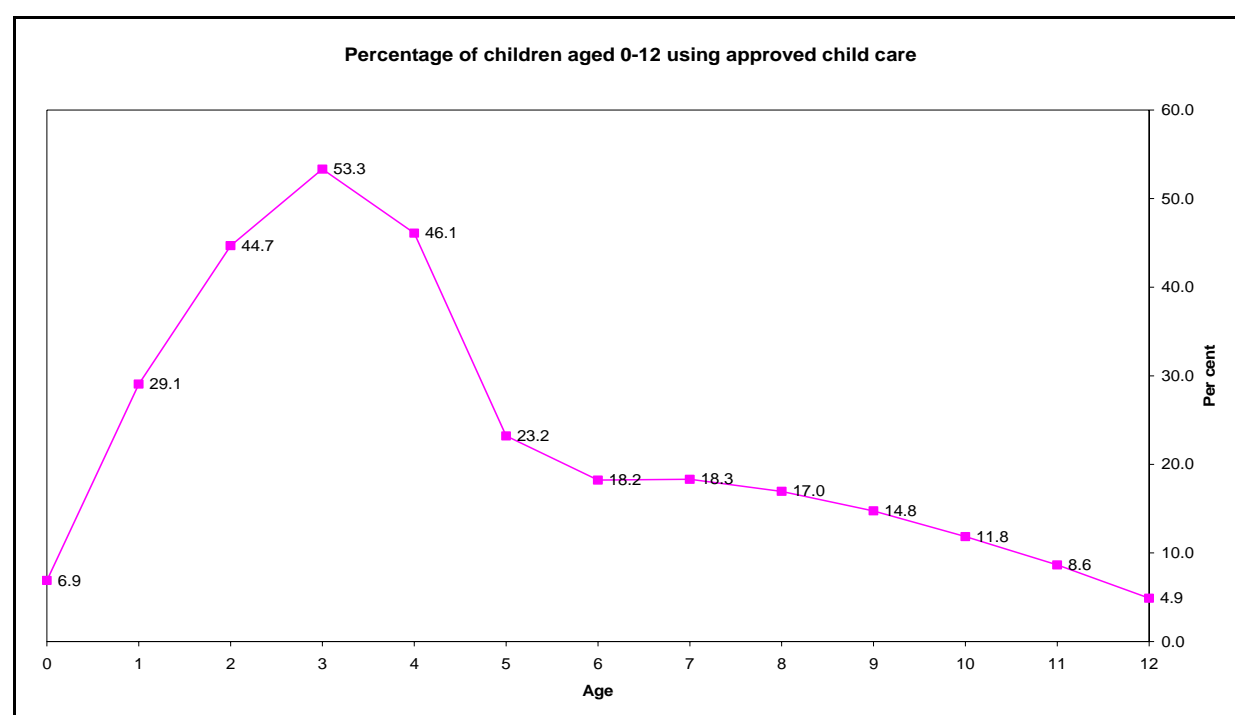
Source: 2006 Australian Government of Census of Child Care (preliminary), unpublished

	Mean LDC	Median LDC	Mean FDC	Median FDC
ACT	\$264	\$269	\$242	\$237
NSW	\$248	\$241	\$223	\$220
VIC	\$239	\$234	\$216	\$212
QLD	\$215	\$215	\$202	\$200
SA	\$229	\$230	\$192	\$192
WA	\$222	\$220	\$220	\$216
TAS	\$221	\$225	\$227	\$231
NT	\$214	\$215	\$227	\$224
AUST	\$233	\$230	\$214	\$212

Source: 2006 Australian Government of Census of Child Care (preliminary), unpublished

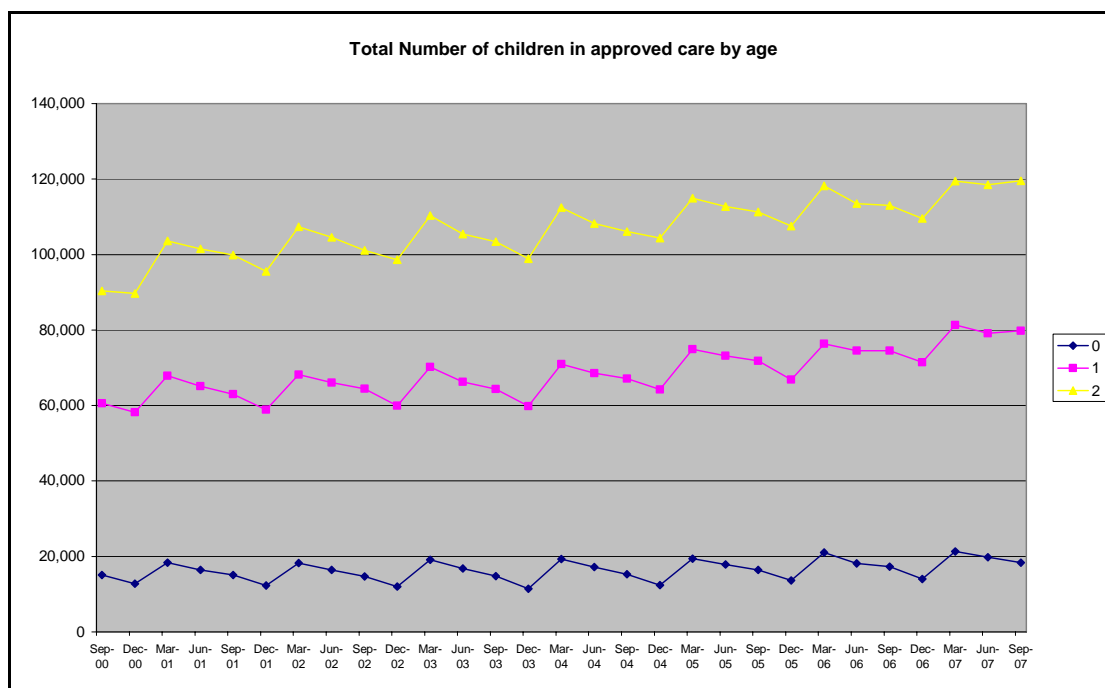
Number of Children in Child Care

74. The overall number of children in child care increases with age. The following graph shows the number of children in approved child care in June 2006 as a proportion of all children. Increasing proportions of children use approved child care, peaking at age 3. From 4 years of age onwards, as children go to preschool or school, their need for approved care reduces, as does the proportion using care:



Source: Sept 2005 Centrelink unpublished quarterly administrative data (comprising children using approved child care receiving fee relief and lump sum CCB) compared to Estimated Resident Population in June 2005 (from ABS 3201.0 *Population by Age and Sex, Australian States and Territories, June 2005*).

75. The following graph shows the total number of children aged 0-2 years in approved care between September 2000 and September 2007. The number of babies in approved care has remained fairly constant, while there has been an increase in the number of children aged 1 and 2 years over this period:

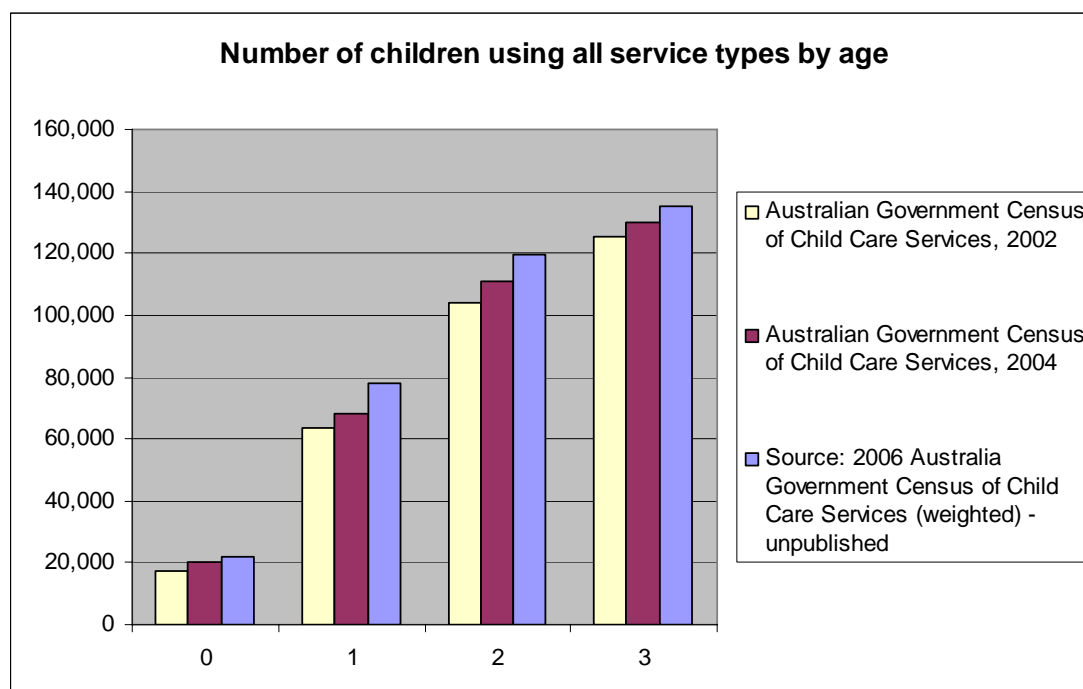


Source: Centrelink administrative data September 2007

76. The seasonal pattern is due to the availability of child care places and this is related to the start of the school year. In the March quarter, as older children leave child care to go to preschool/school, the younger children move up into the older child care rooms, leaving spaces for new entrants. As the year progresses, children have birthdays and as a result are counted in the following year's age group. While there are fewer 0-2 year olds in care by the end of a year, this is often balanced by an increase in older children – although in some years, the overall number of children in care decreases over the course of the year. While there are seasonal patterns in care usage, the total number of children in care annually is increasing consistently.

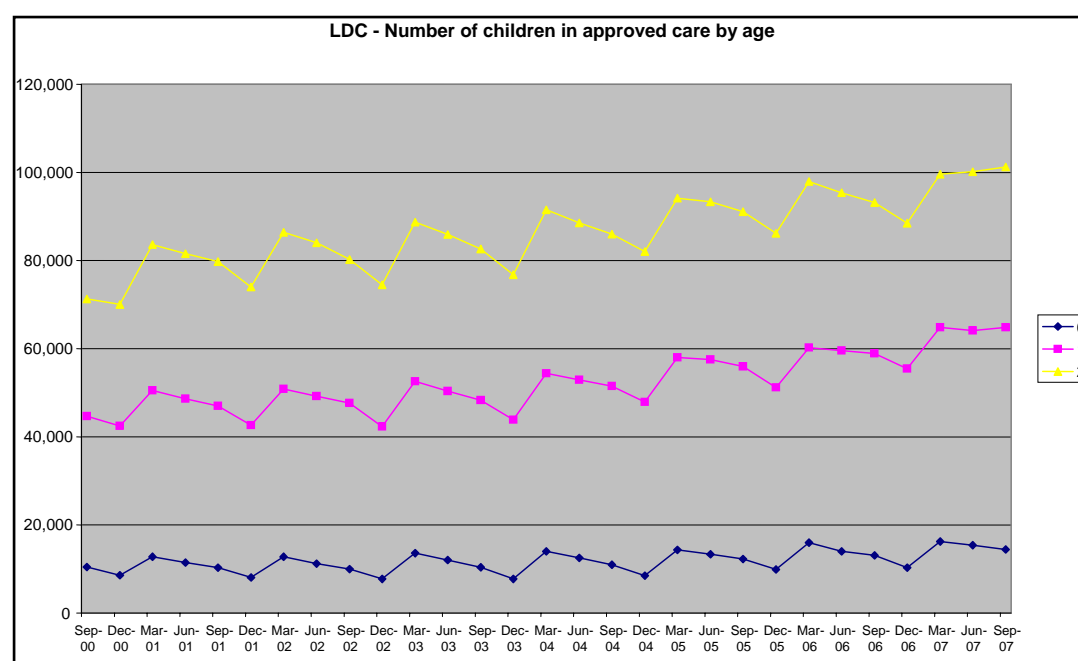
Types of Child Care Used

77. The overall number of children using child care by all service types has increased since 2002.



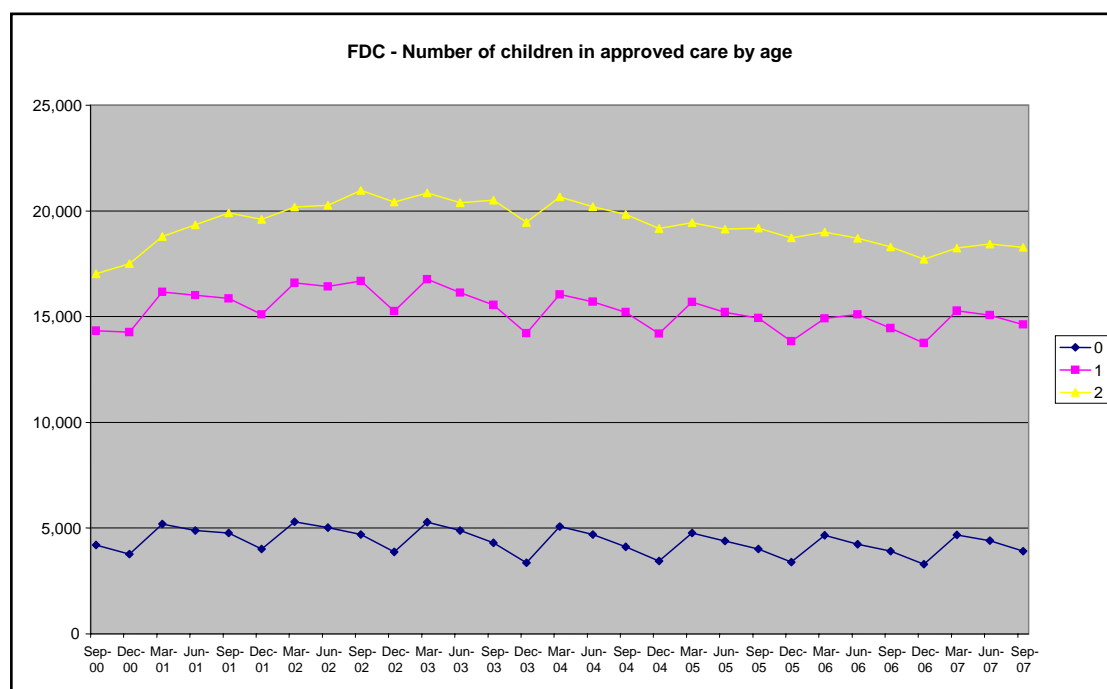
Source: Australian Government Census of Child Care Services 2002, 2004 and 2006 (unpublished)

78. The number of children aged 0-2 years using Long Day Care has increased slightly since 2002. The following graph shows the number of children using Long Day Care by age from September 2000 to September 2007.



Source: Centrelink administrative data September 2007

79. In contrast to Long Day Care, the following graph shows a general decline since 2004 in the number of 0-2 year olds in Family Day Care. The number of babies in Family Day Care has remained fairly constant.



Hours of Child Care Used

80. The average hours of care used per week is approximately 19 hours per week for Long Day Care and 18 hours per week for Family Day Care.

Average hours per child

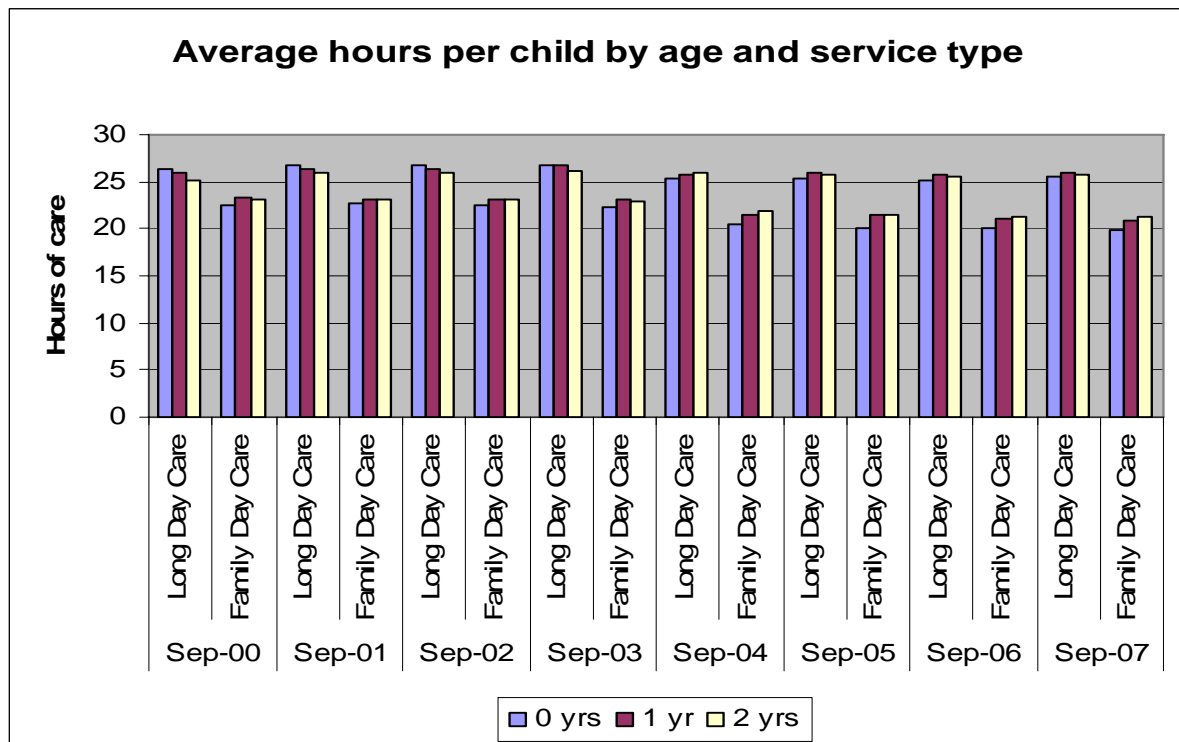
	Average hours paid per child per week	Average hours used per child per week
Long Day Care	25	19
Family Day Care	19	18
Occasional Care	9	10
Before and After School Care	8	8
Vacation Care	26	2.8 days
Total services	21	16

Source: Hours paid - Centrelink administrative data, June 2006 quarter - unpublished.

Hours used - 2006 Australian Government Census of Child Care Services (final) – unpublished.

81. CCB is paid based on the number of hours charged for by the child care service. Long Day Care, Before and After School Care and Vacation Care tend to charge families for whole sessions of care. Family Day Care and Occasional Care tend to charge by the amount of care used.

82. Since 2000, the average hours of care for children aged two years and under have remained relatively stable. The number of hours spent in Family Day Care has declined slightly, reflecting an overall decline in the use of Family Day Care.



Source: Centrelink administrative data September 2007

83. Note that the data in the above graph shows the number of hours of care paid for. The amount of time actually spent in child care may vary.

Staff to Child Ratios by State and Territory

84. Each State and Territory has its own staff to child ratios. These are minimum standards and individual child care centres may have higher numbers of staff.

Long Day Care child ratios by state and territory		
State/territory	Staff : child ratios	
NSW	0-2 yrs	1:5
	2-3 yrs	1:8
	3-6 yrs	1:10
Victoria	0-3 yrs	1:5
	>3 yrs	1:15
Queensland	0-2 yrs	1:4
	0-3 yrs	1:5
	2-3 yrs	1:6
	2.5-3 yrs	1:8
	3-6 yrs	1:12
	4-6 yrs	1:13
South Australia	0-2 yrs	1:5
	>2 yrs	1:8
Western Australia	0-24 mths	1:4
	24-36 mths	1:5
	< 36 mths	1:10
Tasmania	0-3 yrs	1:5
	3-5 yrs	1:10
	>6 yrs	1:15
Northern Territory	0-3 yrs	1:5
	3-5 yrs	1:11
ACT	0-3 yrs	1:5
	<3 yrs	1:11

State/ Territory	Family Day Care: Licensing arrangements by state/territory Staff:child ratios
NSW	Not more than 7 children under the age of 12 yrs, with no more than 5 children under the age of 6 yrs, or 5 of whom have not started school (including any children related to the carer).
QLD	At any time care is being provided, there are not to be more than 7 children at the home. A maximum of 4 children may be children who are not yet school children.
WA	Not more than 7 children of whom not more than 5 are below the age to attend the second year of a pre-compulsory education program (i.e. below pre-primary school age), and at least one of these children is to be a child who attends the first year of a pre-compulsory education program (school kindergarten program).
SA*	Not more than 7 children under the age of 12 yrs with no more than 4 of those children under school age (year 1). This includes any of the carers own children. * The SA Government operates the bulk of Family Day Care.
TAS	Not more than 7 children under the age of 13 yrs with no more than 4 of those children less than 5 years, at any one time. This includes any of the carers own children. Extended registration can increase the number of children under the age of 5 yrs to 5.
ACT	Not more than 7 children under the age of 12 yrs with no more than 4 of those children under school age (year 1). This includes any of the carers own children.
VIC, NT,*	n/a Family Day Care is not regulated in these states *NT do limit the number of children who can be cared for without a licence that are not enrolled in school or are under the age of 6 years to 5.

Demand for Child Care Places for Children

85. The Child Care Access Hotline (the Hotline) was established in November 1997 to provide a national information and advisory service for parents considering their child care options. From July 2006 it has also collected reported vacancy information for Long Day Care, Family Day Care, Out of School Hours Care and Occasional Care. Collecting reliable data to determine where unmet demand and oversupply exists is difficult. While the Child Care Access Hotline provides vacancy data, it does not collect information on areas where there is an undersupply of care.

86. Ratio requirements for babies and younger children are higher than for older children, resulting in higher costs to the service provider which are often passed on to parents. For this reason, some services may provide a limited number of places for this age group or no places at all. Where places are available, the higher cost is a disincentive for families. There is also anecdotal evidence that carers prefer to work with older children, leading to a shortage of workers caring for 0-2s.

PART 3: PARENTING PAYMENT

Overview

87. This section outlines existing assistance available to parents with low incomes upon the birth of a child. Parenting Payment (PP) is a means tested income support payment to provide financial assistance to parents to raise their children. There are two basic categories for PP:

- (i) Parenting Payment Single (PPS), a pension payment; and
- (ii) Parenting Payment Partnered (PPP), an allowance payment.

88. By using point-in-time data on 1 March in 2006, 2007 and 2008 to outline the trends in PP client numbers over time it is possible to describe some of the characteristics of PP recipients.

89. This is supported by independent and Department-commissioned research on issues related to the labour force participation of parents.

90. A list of research articles is provided at **Appendix B**.

Eligibility for Parenting Payment

91. Persons may qualify for PP, either as a parent, relative or foster carer where they are single and have at least one child aged under eight, or where they are partnered and have at least one child under six, who is wholly or substantially in their care. After this time, these principal carers need to apply for another form of income support, such as Newstart Allowance.

92. Persons on PP before 1 July 2006 can remain on payment until their youngest child turns 16, as long as they maintain their eligibility.

93. Under the social security law, only one parent of each child can claim Parenting Payment. This parent is determined to be the “principal carer”.

Rates of Parenting Payment

Maximum rates of payment (effective from 20 March 2008)	
Status	Maximum rate per f/t
Partnered	\$394.40
Partnered but separated due to illness, respite care or prison	\$472.80
Single	\$546.80

Sourced from: A Guide to Centrelink Payments, 20 March - 30 June 2008.

Income and Assets Test and Participation Requirements

Income and Assets Test

94. The claimant and/or their partner must also satisfy an income and assets test.

Charts A and B – Assets test for pensions or allowances and Austudy

Note: All information is sourced from “A Guide to Australian Government Payments: 20 March – 30 June 2008”.

Chart A – Assets test for homeowners		
Family situation	Full pension/ allowance*	For part pension^{#+}
Single	up to \$166 750	less than \$535 250
Partnered (combined)	up to \$236 500	less than \$849 500
Illness separated couple (combined)	up to \$236 500	less than \$973 500
One partner eligible	up to \$236 500	less than \$849 500

Chart B – Assets test for non-homeowners		
Family situation	Full pension/ allowance*	For part pension^{#+}
Single	up to \$287 750	less than \$656 250
Partnered (combined)	up to \$357 500	less than \$970 500
Illness separated couple (comb)	up to \$357 500	less than \$1 094 500
One partner eligible	up to \$357 500	less than \$970 500

Some assets are deemed to earn income, while certain assets are not included in the assets test.

Note: The rate of payment is calculated under both the income and assets tests. The test that results in the lower rate (or nil rate) will apply. # Limits will increase if Rent Assistance is paid with your pension. * Assets over these amounts reduce pension by \$1.50 per fortnight for every \$1000 above the amount (single and couple combined). Prior to 20 September 2007 this rate was \$3.00 per fortnight. NSA/WA/PA/SA/SpB/Parenting Payment/YA and Austudy and MAA not payable if assets exceed these amounts. + Pharmaceutical Allowance not included. ** For DSP customers, these limits apply if aged over 21 only. For those aged under 21 the same income/assets test applies, but with different limits.

Chart C – Income test for pensions

Chart C – Income test for pensions		
Family situation	Full pension/ allowance*	For part pension^{#+}
Single	up to \$132.00	less than \$1513.50
Single + one child	up to \$156.60	less than \$1538.10
Couple (combined)	up to \$232.00	less than \$2530.50
Illness separated couple (comb)	up to \$232.00	less than \$2995.00
Additional children	add \$24.60 per child	

Some assets are deemed to earn income, while there are special rules.

* Income over these amounts reduces the rate of pension payable by 40 cents in the dollar (single), 20 cents in the dollar (for couples). + Pharmaceutical Allowance included. # These figures may be higher if Rent Assistance is paid with your pension

Participation requirements

95. PP recipients are required to fulfil part-time participation requirements when their youngest child reaches school age, unless they have an exemption. Participation requirements require the principal carer to undertake or look for at least 30 hours of part-time paid work per fortnight. Full-time study in an approved course may also be used to satisfy requirements in certain circumstances. The Minister for Employment Participation has announced a Participation Taskforce to advise on whether there are better ways to help parents balance their family and community roles with the need to increase women’s participation rates.

Parenting Payment Client Numbers and Characteristics

Parenting Payment									
Characteristics	1 March 2006			1 March 2007			1 March 2008*		
Recipients									
Parenting Payment (Single)	436 009			410 144			369 073		
Parenting Payment (Partnered)	163 964			151 646			130 823		
Total recipients	599 973			561 790			499 896		
Gender									
PPS									
Female	403 060			382 080			347 121		
Male	32 949			28 064			21 952		
PPP									
Female	147 795			137 710			120 068		
Male	16 169			13 936			10 755		
Age	F	M	Total	F	M	Total	F	M	Total
PPS									
< 15 years	36	0	36	27	0	27	33	0	33
15-19	9034	98	9132	8730	80	8810	8602	71	8673
20-29	106 295	4201	110 496	103 242	3799	107 041	99 695	3484	103 179
30-39	162 041	12 914	174 955	151 771	10 833	162 604	136 174	8271	144 445
40-49	109 405	11 987	121 392	102 448	10 039	112 487	88 608	7620	96 228
50-59	15 546	3378	18 924	15 170	2953	18 123	13 363	2227	15 590
60-64	665	345	1010	659	345	1004	622	275	897
65+	38	26	64	33	15	48	24	4	28
PPP									
< 15 years	2	0	2	2	0	2	0	0	0
15-19	2878	28	2906	2995	42	3037	2933	29	2962
20-29	37 051	1820	38 871	38 004	1789	39 793	37 450	1724	39 174
30-39	63 564	6015	69 579	58 109	5355	63 464	50 699	4382	55 801
40-49	38 342	6164	44 506	33 189	4882	38 071	25 005	3326	28 331
50-59	5740	1902	7642	5173	1605	6778	3780	1108	4888
60-64	206	230	436	229	256	485	197	183	380
65+	12	10	22	9	7	16	4	3	7
Age of youngest child	F	M	Total	F	M	Total	F	M	Total
PPS									
0-5 years	191 121	8339	199 460	188 000	7993	195 993	184 363	7587	191 950
6-7 years	50 796	4311	55 107	47 849	3886	51 735	43 805	3369	47 174
8-15 years	160 977	20 191	181 168	146 118	16 100	162 218	118 833	10 920	129 753
Unknown**	166	108	274	113	85	198	120	76	196
PPP									
0-5 years	92 078	7957	100 035	93 366	8150	101 516	91161	7907	99 068
6-7 years	14 865	2047	16 912	11 752	1423	13 175	8111	781	8892
8-15 years	40 828	6139	46 967	32 570	4338	36 908	20 777	2050	22 827
Unknown **	24	26	50	22	25	47	19	17	36

Sourced from: Bluebook data (ISPG).

*Legislative changes to Parenting Payment eligibility rules in July 2006 mean that many parents who previously would have received Parenting Payment have moved off-payment or onto other payments (eg Newstart Allowance) once their youngest child reaches six (if partnered) or eight (if single). This excludes recipients who were receiving Parenting Payment prior to 1 July 2006 who maintain their eligibility for Parenting Payment until their youngest child turns 16. ** The "unknown" child age issue is currently being worked on jointly by DEEWR and Centrelink to investigate and correct records.

Appendix A: Additional Information on Federal Collective Agreements from the Workplace Agreements Database

Table 1: Paid Maternity Leave in Federal Collective Agreements current as at 31 December 2007

	Incidence %	Coverage %	Employee Weighted Average weeks leave
All industries	15.1	43.6	12.6
Public	68.5	89.9	15.3
Private	12.8	12.8	8.8
<20 employees	8.3	1.0	8.7
20-99 employees	15.9	6.9	8.0
100-499 employees	37.3	17.6	9.2
500+ employees	63.6	74.5	13.9
Agriculture, Forestry and Fishing	1.6	5.1	10.0
Mining	9.5	11.7	6.3
Manufacturing	14.7	28.3	8.5
Electricity, Gas and Water Supply	42.1	70.1	13..1
Construction	2.3	3.0	9.9
Wholesale Trade	8.3	8.9	5.4
Retail Trade	2.0	1.4	7.2
Accommodation, Cafes and Restaurants	2.5	6.7	7.7
Transport and Storage	13.3	30.5	9.1
Communication Services	20.0	29.5	8.5
Finance and Insurance	42.1	90.9	10.8
Property and Business Services	15.0	25.5	10.5
Government Administration and Defence	63.4	95.6	12.4
Education	81.4	96.8	19.5
Health and Community Services	56.3	61.8	6.5
Cultural and Recreational Services	23.1	37.9	7.6
Personal and Other Services	11.7	62.4	5.4
Total	15.1	43.6	12.6

*Table 2: Spread of Paid Maternity Leave Quantum in Federal Collective Agreements
- at 31 December 2007*

Spread of Quanta - By individual quanta (average weeks provided for in agreement)	% of all agreements with PML	Employees covered by specific quanta as a % of all employees with access to PML
varies	5.8	7.3
0.2	0.1	0.0
0.35	0.0	0.0
0.6	0.0	0.0
0.8	0.1	0.1
1	2.5	0.6
2	5.8	2.1
3	3.1	1.0
4	7.3	3.0
4.5	0.0	0.0
5	0.6	0.2
6	20.1	9.5
7	0.6	0.6
8	9.0	5.3
9	3.4	1.8
10	1.3	1.1
11	0.0	0.0
12	17.6	29.4
13	1.4	2.6
14	18.6	22.2
15	0.4	0.3
16	0.2	1.0
18	0.0	0.3
19	0.0	0.0
20	0.3	1.5
22	0.0	0.0
24	0.1	0.7
26	1.4	8.7
29	0.0	0.2
36	0.1	0.4
Total	100.0	100.0

Table 3: Paid Maternity Leave in Federal Collective Agreements certified in the year-1998 to 2007

Year	Agreements with as % of all agreements certified in year	Employees covered by all agreements certified in year	Employee weighted average quantum
1998	10.7	27.9	7.4
1999	9.7	21.7	8.4
2000	6.7	33.3	9.9
2001	7.6	36.2	9.3
2002	11.2	36.1	8.6
2003	9.8	42.8	9.6
2004	13.3	47.7	10.3
2005	16.2	51.5	13.1
2006	15.4	48.0	12.6
2007	15.0	36.3	11.1

Table 4: Paid Paternity Leave – Federal Collective Agreements – Current at 31 December 2007

	Incidence %	Coverage %	Employee Weighted Average weeks leave
All industries	9.9	28.3	1.5
Public	49.9	56.1	1.6
Private	8.2	17.1	1.3
<20 employees	5.1	5.2	1.3
20-99 employees	10.4	12.6	1.3
100-499 employees	25.7	27.0	1.4
500+ employees	43.8	35.0	1.5
Agriculture, Forestry & Fishing	0.0	0.0	0.0
Mining	4.1	4.8	1.0
Manufacturing	10.6	19.4	1.1
Electricity, Gas & Water Supply	35.0	60.4	1.2
Construction	2.0	2.9	1.3
Wholesale Trade	6.3	7.8	0.9
Retail Trade	0.8	0.4	1.0
Accom, Cafes & Restaurants	0.9	1.8	1.5
Transport and Storage	7.0	10.5	1.0
Communication Services	15.6	28.3	1.8
Finance and Insurance	29.3	82.2	1.4
Property & Business Services	6.6	19.2	3.0
Government Admin, & Defence	44.5	60.7	1.6
Education	52.0	58.1	1.7
Health and Community Services	35.0	38.3	1.4
Cultural & Recreational Services	16.2	12.2	1.3
Personal and Other Services	8.7	58.9	1.2
Total	9.9	28.3	1.5

Table 5: Paid Adoption Leave – Federal Collective Agreements – current as at 31 December 2007

	Incidence %	Coverage %	Employee Weighted Average weeks leave
All industries	8.2	30.7	12.3
Public	47.1	73.4	14.0
Private	6.5	13.3	8.7
<20 employees	4.7	4.5	8.6
20-99 employees	7.9	9.4	8.1
100-499 employees	20.1	21.5	9.0
500+ employees	43.1	41.6	13.2
Agriculture, Forestry and Fishing	0.8	3.8	8.7
Mining	4.6	5.6	3.7
Manufacturing	3.8	7.8	7.3
Electricity, Gas and Water Supply	22.9	34.3	10.7
Construction	1.1	1.4	6.5
Wholesale Trade	2.4	3.7	3.1
Retail Trade	0.6	0.4	5.1
Accommodation, Cafes and Restaurants	1.1	2.1	5.5
Transport and Storage	3.5	7.4	9.1
Communication Services	11.1	27.7	8.5
Finance and Insurance	25.0	67.2	11.0
Property and Business Services	4.3	17.0	6.3
Government Administration and Defence	37.5	70.2	11.0
Education	72.5	88.0	18.2
Health and Community Services	32.3	41.5	7.0
Cultural and Recreational Services	13.5	9.6	7.6
Personal and Other Services	7.5	58.1	9.2
Total	8.2	30.7	12.3

Appendix B: Research on Parent Workforce Participation Policy and Payments

Research Commissioned by the Department

- (i) Hielke Buddelmeyer (commissioned 2007) 'What determines how long women spend out of the labour force after the birth of a child'. Melbourne Institute. Unpublished.
- (ii) Hielke Buddelmeyer (2007) 'Use of informal childcare and decisions on work by income support recipients'. Melbourne Institute.

Related External Research

- (i) Evans and Kelley. 'Trends in Women's Labour Force Participation in Australia 1998 -2002'. Melbourne Institute Working Paper.
- (ii) Denise Doiron and Tue Gorgons. 'Male and Female Labour Dynamics and the Role of Parenthood'. Commissioned by the Department of Families, Community Services and Indigenous Affairs and Social Policy Evaluation Analysis and Research Centre.
- (iii) C. Diamond, M. Baird and G. Whitehouse (2006) 'Maternity leave – patterns of use in a state utility'. In B. Pocock, C. Provis, E. Willis (eds), 21st Century Work: High Road or Low Road? Proceedings of the 20th Conference of the Association of Industrial Relations Academics of Australia and New Zealand (AIRAANZ), Volume 1, refereed papers. Adelaide: 147-157.
- (iv) G. Whitehouse (2005) 'Access to parental leave in Australia: evidence from Negotiating the Life Course'. Australian Journal of Social Issues, 40(4): 489-501.
- (v) Leonoro Risse (2003) 'Determinants of the Maternity Leave Provision in Australia and the Effects on Fertility', an application of the Heck/Probit selection model. University of Queensland Press.