

# **Childcare: A Pre-Budget Submission**

## **Summary of Main Proposals**

- A significant increase in Child Benefit;
- Increased availability of flexible work practices for parents who choose to work;
- Increased availability of part-time work for parents who opt to work from the home and wish to return to the workplace when their children get older;
- An end to the anomalous situation of pensions for spouses who opt to work from the home;
- Improvements in parental leave: maternity leave, paternity leave, and stay-in touch days for parents who work;
- Free one-year pre-school places for all;
- Tackle the fundamental problems of commuting times and property prices;
- Addressing Ireland's infrastructural deficit, in particular the chronic traffic paralysis and the deplorable lack of affordable broadband access, would have a significant positive impact on the choices that young parents face.

## Introduction

Budget 2006 went some way towards addressing the childcare crisis, by increasing Child Benefit, extending maternity leave, providing tax relief for informal childminding, and responding to the shortage of childcare places by announcing a five-year investment programme to provide 50,000 extra places by 2010. Each of these were included among the proposals in my pre-budget submission of one year ago.

However, many serious problems remain unaddressed, leaving tens of thousands of parents with severe strain on their time, their finances, or both.

I propose that the Minister for Finance take steps to improve the quality of life of these people by providing them with real choices as to how families will live the first years of their children's lives.

The most serious deficiency in the Government's childcare policies, which remained untouched by last year's measures, is the lack of choice faced by parents in – and therefore their lack of control over – their childcare choices. The Government must demonstrate that it takes this issue seriously by introducing greater choice for parents in:

- Their choice of *whether, where, and how much* to work while their children are young;
- Their choice of where and how to have their children cared for if they do choose to work, however much or little;
- Their choice of who takes parental leave, and for how long.

## Proposal 1

### A significant increase in Child Benefit

Although Budget 2006 made serious progress in this area, introducing the Early Childcare supplement as well as slightly increasing the monthly child benefit, these increases did not go far enough to make a serious impact on the financial burden caused to parents, and to allow them to make choices about their children's upbringing. Whether it be as a result of childcare costs or through the loss of the salary of one parent who chooses to stay at home, having children results in serious financial pressure for many parents.

If the Government is serious about recognising the importance of these difficulties, and about improving parents' ability to choose how they will spend their children's formative years, a further significant increase is necessary.

## **Proposal 2**

### **Increased availability of flexible work practices for parents who choose to work**

Leaving children with childminders or in crèches can be traumatic for parents, and can also add hours to weekly commuting times. By getting serious about improving the work/life balance for working parents, this Government could actually improve productivity by reducing stress levels and absenteeism. Rush hour traffic congestion could also be reduced. Many practices such as flexi-time and job-sharing are already successfully in place in the public sector, and other practices such as term-time, compressed hours and home-working have been shown to work in certain companies and in other countries.

The most important objectives in this regard are:

- Extending flexible work practices to the private sector. Imaginative methods of encouraging companies to import these innovative practices might be inspired by the experience of other countries. An example is the UK's "Right to Request" where companies are obliged to give serious consideration to requests for flexible work practices from parents of children younger than 6, and can reject them only for good business reasons.
- Encouraging large private sector companies to build crèches on site, through tax breaks.
- Ensuring that affordable broadband internet is available throughout the country. I have been fighting for this in the Seanad for several months.

## **Proposal 3**

### **Measures to facilitate parents who opt to work from the home and who wish to return to the formal workplace**

For parents who have chosen to work from the home for the first few years of their children's' lives and then decide – for reasons of finance, because of a reduction in time constraints as children get older, or otherwise – to seek a return to the formal workplace, the difficulties can be immense. Some may encounter difficulty in finding part-time work in their area of specialisation. Others may find that the period spent in the home disadvantages them in the application process.

Rectifying this situation makes sense on economic grounds as well as from a work/life balance point of view. Permanently losing a large section of the workforce at a stage when they have accumulated valuable skills and experience, and doing nothing to facilitate those out of them who want again to use those skills in the formal workplace, deprives the Irish economy of a group that could be a highly valuable asset. This is particularly the case at a time when the maintenance of a supply of skilled workers is set to be one of the key issues in the Irish economy in years to come. There is no shortage of research to support the idea that facilitating parents who work from the home and who wish to return to the workplace is of great benefit to an economy.

I propose that the Government direct more resources to return-to-work programmes, and ensure that employers are not fiscally discouraged from creating, for example, two part-time positions instead of one full-time.

## **Proposal 4**

### **Resolve issues regarding Part-Time Childcare**

If the above two proposals are going to work, the Government must act to end the situation where part-time rates in some crèches are significantly, and unreasonably, higher than full-time rates.

This problem is partially caused by the shortage on the supply side. However the Government must implement measures in the short term to ensure that it is addressed, for example through obliging institutions to clearly display part-time and full-time hourly rates, or by creating a national league-table of crèche fees, both part-time and full-time.

## **Proposal 5**

### **Extending Parental Leave**

Budget 2006 extended the period of paid maternity leave from 18 weeks in 2005 to 26 weeks in 2007. It also extended the period of unpaid maternity leave from 8 weeks in 2005 to 16 weeks in 2007. However, the situation is still in need of serious improvement:

- It did nothing to improve the position of the working *father* of a young baby, in a manner inconsistent with the modern progressive country that Ireland claims to be. Fathers are currently not entitled to *any* paid leave to look after their children. This situation needs to be rectified immediately.

- The fact that maternity benefit still amounts to a mere 80% of reckonable earnings means that many mothers cannot afford to take their full period of maternity benefit, not to mention the period of unpaid leave. This means that the trauma, as well as the stress and exhaustion associated with returning to work soon after childbirth (and, in many cases, while still breast-feeding), are still important issues for many mothers.
- The rate of take-up of unpaid parental leave is only 7% in Ireland. This type of leave should not realistically be considered as forming part of most couple's options.
- There is no statutory obligation on employers to allow parents to take unpaid parental leave according to their needs, those of their child, and their partner. Many employers demand that employees take this leave in minimum blocks of one/two weeks, which seriously impacts on parents' ability to give the care they want over the first months of their children's lives.

Ireland is well behind other European countries in terms of the amount, and flexibility, of parental leave granted to parents. Even leaving aside the superb benefits of the Scandinavian and French systems, the UK Work and Families Act 2006:

- extended paid maternity leave to nine months (39 weeks, over double the paid leave granted to Ireland's mothers from 2007), with possible future extension to 12 months and;
- entitled fathers to take two weeks' statutory paid paternity leave, as well as a significant amount more if the mother does not take her entire 39 weeks.

## **Proposal 6**

### **Free one year pre-school places for all**

Government funding for one year for a child to attend pre-school would benefit every parent, whether in the workplace or in the home, as well as every child – particularly those from disadvantaged backgrounds. Such a measure would ease the burdens on working parents, but would also have important social benefits, as US research on the impact of pre-school education shows.

The European Youth Pact, adopted by the European Council in March 2005, calls on member states to aid in “promoting the reconciliation of working life and family life by sharing the responsibility between partners, particularly by expanding the child care network and developing innovative forms of work

organisation [and] considering child-friendly policies, in the light of... demographic change”.

The Government should respond to this by quantifying objectives and set clear targets in its national programme for implementation. A free year of pre-school would be a move in the right direction.

## **Proposal 7**

### **Pension protection for non-earning parents**

The Government has done nothing to rectify the situation of non-earning parents who find themselves disadvantaged when it comes to retirement despite their contribution to the economy and society. There is currently no tax relief available on the private pension contributions of non-earning parents.

Especially given that the Government is at the moment focusing on encouraging people to ensure that their financial needs in retirement will be covered, it must get rid of this disincentive to parents who opt to work from the home to look after their pensions. This is especially pressing given that non-earning parents suffer, or miss out entirely, in terms of state pensions due to years of missed contributions.

## **Proposal 8**

### **Address the associated problems of the infrastructural deficit, property prices and commuting times**

Many of the proposals above are attempts to mitigate the effects on parents of the related problems of the infrastructural deficit, high property prices and long commutes. Unless these issues are addressed, they will continue to erode the quality of life of many of Ireland's parents. Measures to improve the range of life choices that parents enjoy are extremely important in particular whether, when, and how much to work. However, they will not by themselves create a satisfactory work/life balance for the majority of young parents.

Some infrastructural improvements have the potential to make a major difference to such problems. For example, the provision of universal, affordable broadband internet access is not only vital in general economic terms; it also has the potential to improve options – especially in terms of working from home – open to working parents.

These measures must therefore be accompanied with others aimed at rectifying an overall crisis associated with traffic congestion, serious deficiencies in

commuter public transport, house price inflation, amenity shortages in suburbs and satellite towns, and the associated problems of community and extended-family break-up.

## **Conclusion**

The problems of childcare, commuting and traffic, broadband, and expensive housing are all related. The government must inject far greater resources into supporting the downside of the Celtic Tiger. Lack of time and poor quality of life are having a demoralising effect on the lifestyles of Ireland's young.