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Dutch people today are surprised that for such a long time women in the Netherlands did not participate in the labour process. Various reasons can be given for this. One of the reasons is a practical one: for a long time it was almost impossible for women and mothers to combine work and care: virtually no childcare facilities existed. The government was not investing in them. As a result, at the end of the nineteen-eighties there were only 20,000 childcare places.

Since then, a lot has changed. Inspired by labour market politics and equal opportunities, in the nineteen-nineties more money was finally made available for childcare. The reasoning was that as soon as the ailing economy picked up again, childcare could be useful to enable companies to recruit female employees. At the end of the nineties, other methods for financing childcare began to be investigated. In 2005, this resulted in the Childcare Act. The Childcare Act and the effects of this Act for childcare organisations are the subject of my presentation. The question that I will try to answer in this presentation is therefore:

What effects has the Childcare Act of 2005 had on childcare organisations in general and Triodius in particular?

I will begin with describing the situation in The Netherlands just before 2005. Then I will explain what the Childcare Act contains and how Triodius dealt with the introduction of the Childcare Act. Next, I will discuss the policy changes after 2005; because the Childcare Act in 2009 is quite different again than the Childcare Act of 2005, and discuss the effects of the changes for Triodius and childcare organisations in general. I will also take a look at other developments in society that have influenced the demand for childcare. Finally, I will answer the question and I will take a brief look at improvement points.

1. What was the situation before the Childcare Act?

As I said, the Netherlands started to invest in childcare in the nineteen-nineties.

These object subsidies were a good start, but there were still quite a few improvement points. Studies conducted at the end of the nineteen-nineties showed:

- That the number of childcare places had increased considerably.
- But that there were still not enough childcare places.
- And that many childcare centres were operating with low capacity utilisation.
- They also showed that parents with low incomes had limited access to childcare, because in those days it was not advantageous from the tax point of view for a second earner to accept low-paid work.
- And that childcare for low-paid employees was expensive and unfavourable for companies.
- Furthermore there was a lack of market forces; local councils would often work with just one childcare provider.
- And there was a tangled array of quality rules.

2. What are the Basic principles of the Childcare Act?

The Childcare Act was conceived at a time when, after the collapse of Communist regimes, a neo-Liberal wind was blowing. Refuge was sought in competition on the free market. In addition, the view in the nineteen-eighties was that the welfare state had spread too far and become unaffordable, and the government was too bureaucratic. As a result, the most important principles in the design of the

Childcare Act were: deregulation, personal responsibility and market forces, by means of demand-oriented instead of supply-oriented financing.

- **The first basic principle is the Tripartite system**

With effect from 1 January 2005, the costs of childcare were shared by three parties:

- parents: the amount of the parents' contribution depended on the family income.
- employers: the contribution was 1/6 per employer, in total 1/3. The contribution was 'voluntary' and tax-free.
- the national government (tax authorities): the amount of the contribution depended on the family income.

If the employer did not pay the voluntary contribution, the government compensated a part of the cost.

- **An other basic principle is the Maximum price per hour**

The government started to use the concept: the maximum price per hour. This is the maximum price to which the government will contribute. If the price per hour of the childcare centre or childminder agency is higher, then the parents have to pay the additional costs themselves. The maximum price per hour to which the government contributes is re-specified each year. The indexation depends partly on the increase in personnel costs and partly on price inflation. To give you a rough idea: at the moment the maximum price is E6.10 per hour.

- **Then there is Formal childcare**

Another condition was that formal childcare had to be used. This relates in particular to:

- Day care

This is childcare in a crèche or day care centre, for children aged from zero to four years, for one or more days per week throughout the year.

- Out-of-school care

This is childcare for children of primary school age, before and/or after school, on days when teachers have 'in-service training' days and 'reduction of working hours' days, and during the school holidays.

- Childminder care

This is childcare for children in the childminder's home, or by a childminder in the parent's home. Childminders are permitted to care for a maximum of four children (excluding their own children). The Childcare Act only covers childminders who are listed with a registered childminder agency.

- **An other basis principle is Guarantee of quality**

This Act also said how the quality should be guaranteed. The aim was to eliminate the tangled array of rules.

- The rules about quality were laid down in the Quality Policy Rules. These contain, for instance, the rules about the ratio of children to staff.
- The checking of quality enforcement was placed in the hands of the Area Health Authority, and was intensified. Independent checking is the only proper way to guarantee quality.

3. Triodus and the Childcare Act

How did Triodus approach the introduction of the Act?

- **Information, information, information**

In future, parents would receive an invoice showing the full price of the childcare, instead of an invoice showing only the parents' contribution, as in the past. It was feared that many parents would be shocked by the price, and would forget about the contribution to be paid by the employer and the government. To ensure that parents would not unnecessarily cancel a childcare place:

- information evenings were organised for parents.
- Placement specialists came to the centres to give additional explanations and
- parents could come to fill in the tax forms with the assistance of the placement specialists.
- During the course of 2005, we even advertised for a while with the message that the minimum parents' contribution was just € 0.19 per hour. Even calling in a grandmother's assistance costs more than that!

- **Collecting tax money for the parents**

There was the option for parents to have the money from the tax authorities paid directly to Triodus. Triodus wanted parents to use that option, because the tax authorities are a good debtor, better than some parents. Triodus felt that many parents would find it difficult to actually pass on the money that they received from the tax authorities to the childcare centre. After all, you could use that money to buy groceries, or a dvd recorder, or spend it on plastic surgery. And this has actually happened. However, this entailed some administrative problems.

- **Administrative problems**

- Collecting tax money for parents was easier said than done:
 - There were ICT problems. Software suppliers were unable to provide suitable modules before the start of the year. The module that was needed to enable us to import the tax authorities' data files into our administrations was only published during the course of the first quarter.
- The tax authorities were also unable to provide a perfect service.
 - They were unable to supply payments with unambiguous accounts-receivable numbers. This resulted in a great deal of manual sorting in order to ensure correct administration of the tax money.
 - The tax authorities had a backlog, and were unable to process the returned forms correctly and on time. Triodus therefore received too much or too little tax money for parents.
- The consequence of this was that it was also difficult to conduct good debit management. We were careful not to deny a placement to non-payers, because the payment problems were often due to backlogs at the tax authorities.

But time healed the wounds, and in the end we managed to get the administrative organisation in order. As a result, we can now even handle the accounts-receivable administration with fewer personnel than we needed back then.

- **Also we were Monitoring, monitoring, monitoring**

Weekly and monthly reports were produced about the waiting lists, the places offered, the number of cancellations and the number of places occupied per month throughout the year. Ultimately, the fall in demand over the first three quarters came out at 5 to 7%. On average, the fall in demand in the Netherlands was about the same.

- **Consultation and co-ordination**

We also took action. Consultation was held continuously in order to achieve the correct co-ordination between the number of occupied places and the deployment of personnel. After all, the personnel is

the highest cost item within childcare. Groups were combined, groups were closed, a number of centres were re-let. Some small centres were closed.

- **Staff**

In addition, staff were deployed as efficiently as possible, no permanent contracts were offered, and overheads were cut. This was a difficult time for the staff, and it went on until 2007.

- **A brighter picture in 2006-2008**

After 2005, the demand for childcare fortunately increased again. The pricing method turned out to be favourable for many parents. The amendments of the Act after 2005 also had a positive effect.

4. Changes in the Childcare Act after 2005

- There was adjustment of the parents' contributions table: the price changes were positive for the parents.
- From 2007 the employer's contribution became compulsory, and it is now collected via the employer's national insurance contributions. This means that there is less 'red tape' for the parents, the childcare provider and the employer. In addition, the parent is no longer dependent on the arbitrary decision of the employer.
- From the start of the school year 2007/2008, the law on education was changed, and it is now compulsory for schools to organise a wrap-around package for the entire day. As a result, the number of out-of-school care places is increasing rapidly.

5. Developments at Triodus and nationwide

- The demand has been increasing since 2006, and the capacity and capacity utilisation is also increasing.
- The financial position has become stronger.
- This makes it possible for Triodus to prepare expansion projects and to invest in the pedagogic quality of its staff.
- developments have also been positive at the national level.

CHART Financial position of childcare at Triodus and the national level

CHART showing the number of childcare places 1990-2007 at Triodus and at the national level

6. But are these developments all an effect of the CA?

Nope, there are other factors that have influenced the developments in childcare?

- The economic growth has had a positive impact on the demand for childcare. CHART
- The number of job vacancies increased greatly in recent years.
- Labour market participation of women has changed
 - The labour market participation of women remained about the same from 2001 to 2005, but in 2006 and 2007 it increased again, from 53% in 2005 to 57% in 2007. The target figure is 65% of women in 2010.
 - The average number of working hours has increased slightly, to 24.8 hours in 2007.
 - A majority of the population think that for mothers a part-time job of three days per week is desirable. For fathers, it is considered most desirable to work four or five days per week.

7. Conclusion and answer to the central question: What effects has the Childcare Act of 2005 had on childcare organisations in general and Triodus in particular?

The Childcare Act has had a positive effect on Triodus and on childcare in general. The economic growth and the developments at the labour market have also had a positive effect. It is difficult to say where these latter influences begin and end.

Results are:

- Inclusion of the employer's contribution in the employer's national insurance contributions has eliminated the obstacle of the employer's arbitrary decision about whether to contribute.
- Parents have more equal rights in the financing of childcare.
- More transparency and clarity have certainly been introduced in the quality requirements.
- The structured and independent inspections by the Area Health Authority are an improvement, and are needed now that market forces are operating.
- The operation of market forces offers the possibility of more rapid co-ordination of demand and supply.
- The reduction in costs for parents is beneficial for the demand for childcare.
- The number of childcare places is increasing.
- The capacity utilisation is increasing.
- The financial position of childcare organisations is improving.

8. Improvement points

Nevertheless, some improvement points still remain:

- National quality rules are not always unambiguous: the Area Health Authority rules are an interpretation of the Quality Policy Rules. The Area Health Authority and the childcare organisations have different opinions about that interpretation, and this causes unnecessary irritation. It will, however, be quite some time before this is actually resolved.
- Co-operation between education and childcare: in the Netherlands, children have a long break at midday so that they can go home for lunch. All children have Wednesday afternoons free. Women already adjust their working times to this schedule when their children are born. Consequently, part-timers do not work on Wednesdays, so there is not much demand for out-of-school care on that day. The requirement for childcare is concentrated on the other days, and this is inefficient. It would be much better if all schools had a continuous roster, so that the lunch break was shorter and the children finished school earlier. The children could then go to out-of-school care. The old pattern is gradually being broken. Political pressure on education could speed up the process.
- Market forces and independence from the government: childcare is still dependent on government funding. Let's be realistic, without subsidy, childcare cannot exist. In the event of spending cuts and a 'drifting' policy, childcare will again be the loser.

With more than 500 thousand places in childcare today, Dutch people today are often surprised that mothers only have a part-time job. Various reasons can be given for this. One of these is, in any case, a practical one: it is still not very easy to combine a fulltime job and care. We are, however, on the way. We hope that the shrinking economy and possible spending cuts are not going to form too great an obstacle.