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**BPW Australia Submission to:**  
the Australian Senate Inquiry into  
**THE IMMEDIATE FUTURE OF THE CHILDCARE SECTOR  
IN AUSTRALIA**

By the Education and Employment References Committee, March 2014

### Background

BPW (Business and Professional Women) Australia is committed to obtaining equal opportunity for women in the economic, political and social life of Australia. Nationally, BPW Australia members include employers, employees and the self-employed, giving the organisation a unique role in bringing the voices of women in the world of work to decision- and policy makers. BPW Australia is an affiliate of BPW International, a global federation that has special category status at the United Nations and consultative status with the United Nations Economic and Social Council (ECOSOC).

### History

In 2004, the BPW Australia National Conference passed a resolution calling on the organisation to lobby the government to firstly consider that financial support be increased to assist families on low incomes to meet the cost of childcare and, secondly, to combine Federal funding for pre-school and childcare with State education funding.

At a National Policy Summit in Adelaide in September 2011, BPW Australia members supported policies advocating for the improvement of quality, affordable and available childcare, as well as flexible work options. In May 2013, BPW Australia wrote to the government suggesting that the childcare review be broadened to encompass women's participation in the workforce.

At the organisation's most recent National Conference, in November, 2013, members discussed the upcoming Productivity Commission Inquiry, noting that the hours of available childcare were impacting on opportunities for women to participate in the workforce; and that the presence of a multi-tiered, diverse early childhood education and childcare system across the country was not helpful to women returning to work after parental leave because of its complexity and lack of flexibility.

A long-time advocate for supportive childcare that complements flexible work practices and the government paid parental leave (PPL) scheme, in February this year, BPW Australia put forward a submission to the Productivity Commission on Childcare and Early Childhood Learning. This paper includes extracts from that work.

### Comments:

The influence of appropriate childcare is important to the connection of women to their work in the short, medium and long term. BPW Australia appreciates the critical role that the childcare sector plays in allowing women (and men) to participate in the workforce and contribute to the economy. For many families, outside the home childcare is not optional, and must be considered as part of a comprehensive suite of economic and social policies that work together to support women's workplace participation.

BPW Australia members believe the inclusion of education at an early age has a positive effect on children, and should remain a primary concern in the delivery of childcare.

At the BPW Australia National Policy Summit in 2011, members supported investment in childcare as a career pathway, the increase in qualifications and higher wages for staff that should lead to increased satisfaction of employees, retention of quality staff and reduced turnover. However there were concerns about the restrictive nature of childcare options.

For women requiring full time childcare, the major obstacles are lack of flexibility (childcare centre opening hours not coinciding with women's working hours) and cost. Members consider that more employers could play a greater role by offering on-site childcare; developing relationships and partnering with childcare centres in their vicinity; providing salary sacrifice for childcare costs; and ensuring that staff training and essential meetings are held within regular working hours.

In many cases, workers on permanent shift work and non-standard hours find that childcare at a centre is not feasible. They want more choice in alternative care: where it could be provided and by whom; and asked that incentives be offered for family and friends to look after children.

Out-of-hours school care (OHSC) and vacation care was the focus of those with older children. Members want more schools offering OHSC, with particular attention paid to vacation care programs that cater for and appeal to older children (13-15 years).

### **Preamble**

Before presenting anecdotal evidence from our members, BPW Australia considers it important to reaffirm that Australia needs family-friendly workplaces and other community supports in addition to childcare.

Without these supports neither men nor women have full freedom of choice in relation to having a family, with many having fewer children than they say they want, and delaying the start of a family. The older average age of first-time mothers today (around 30), with reduced fertility rates, comes at a time when Australia's ageing population is increasing, and the natural population rate is decreasing.

To increase women's workplace participation requires more flexible work practices, as well as adequate childcare, and both are needed to help address the financial disadvantage women currently experience.

BPW Australia (National Policy Summit, 2011) supports the need for improving the quality and availability of flexible work options. These can include working from home, working remotely, or part-time jobs. Members stressed that such options are important to all workers – not just women – and that different life stages require different work options.

### **BPW Australia Methodology on the collection of experiences by members in relation to child care**

BPW Australia called upon interested BPW Australia members to participate in a task force to gather input from BPW Australia members across the nation.

Input was received from women in diverse businesses and professions (both owners and employees) as well as student members. One respondent is herself a childcare centre operator. The following excerpts have been extracted from the BPW Australia submission to the Productivity Commission Inquiry into Childcare and Early Childhood Learning February 2014, and have been reproduced here for the benefit of the Senate Inquiry.

The terms of reference for this inquiry into the immediate future of the childcare sector on Australia, are addressed by way of the following:

#### **a. cost and availability for parents over the short term, including the effectiveness of the current government rebates:**

BPW Australia members support tax rebates, rather than tax deductibility, as a fairer system of tax relief for families incurring childcare costs. Tax deductibility benefits families on higher incomes over those with lower incomes, and can lead to high earners paying less overall for childcare than those earning less. Any changes

to the tax deductibility framework would require careful review of the broader taxation system to ensure an equitable balance in tax rebates and deductions. The alternative that has much support among BPW Australia members is an increase in the cap of \$7,500 for the childcare rebate. Full-time workers, especially those with more than one child in childcare, continue to have high out-of-pocket expenses, many members claiming that childcare was their biggest single expense after their mortgage repayments.

Several members raised the issue of centre-based fees and the requirement to pay even if childcare is not provided. For example:

*“One of my biggest gripes with centre-based child care, is having to pay fees when children are on holidays or if their normal day falls on a public holiday. The centre provides a reduced fee on these days, but it is only \$5 per day less than normal. So for the weeks of Christmas & New Year, my son will not attend child care at all, yet I still need to pay \$64 per day. Yes, I will eventually get the 50% child care rebate, but this is still a lot of money at this time of year.”*

Another commented:

*“There is no flexibility to change days, and if the child doesn’t attend childcare for a reason, even if they are sick and sent home, fees still have to be paid.”*

And one member noted:

*“The Child Care Rebate continues to support our ability to access affordable child care, including OSHC, particularly during School Holiday periods. I’d prefer to be able to give our ‘grand-carer’ some support for her time and effort, but the current government arrangements are incredibly convoluted and I don’t even know how to go about it or if she qualifies for anything.”*

One young BPW member wrote:

*“We have come to the conclusion that only one of us can work full-time, the other must be part-time to support a young family – work simply finishes too late at current expectations for the children to get to bed on time and be up the next morning ready for school or long day care. If we could afford it we might consider employing a nanny arrangement for pick-ups and drop offs and some assistance with meal preparations, but this is impossible for us at the current costs.”*

*“Both mine and my husband’s employment requires some out of business hours work, which proves difficult if both coincide on the same evening or weekend. Fortunately we can access grand-care or negotiate with our employers in some instances. However, access to our regular child care or OSHC for longer hours would likely be something we would use on occasion.”*

According to a report in 2011 by the Institute for Public Policy Research (IPPR), UK, free childcare would raise millions of pounds for that government by enabling mothers to return to work. The think tank said the increased tax revenues that would result would outstrip the cost of providing care for all preschool children.

The Grattan Institute reported in ‘*Game-changers; Economic reform priorities for Australia*’, 2012 that Canada now has a 6% higher rate of women’s participation in the workforce than Australia, linked to a reduction in marginal tax rates and increased childcare subsidies in the late 1990’s. Nordic countries, particularly Denmark, have free and heavily subsidised care for children, and report increasing women’s workforce participation.

The IMF report, ‘*Women, Work and the Economy: Macroeconomic Gains from Gender Equality*’, Sept 2013, noted that part-time work arrangements and career breaks are predominantly in the female domain, resulting in old-age poverty among women; and that reducing childcare costs by 50% could increase the labour supply of young mothers in the order of 6.5-10%.

The pay gap in Australia is currently 17%, women retire with approximately half of a man’s superannuation, and are more likely to live in poverty after retirement. Having the opportunity to work to their full potential means having adequate childcare provisions and support from all sectors of society, which in turn would bring about an increase in GDP estimated to be in the order of \$25 billion per year. BPW Australia believes the continued investment by government in the childcare sector is vitally important to the improvement of women in education and work, and that improvements could be made with regard to cost.

### **c. the current regulatory environment and the impact on children, educators and service operators**

BPW Australia members are in agreement that recent changes under the National Quality Framework (NQF), such as increased staff/child ratios are positive and deliver better outcomes for children. Members recognise the implications for costs and consider it imperative that the government recognise and support the childcare industry financially, as needed, to maintain service quality.

Excerpt of a letter from a BPW Australia member:

*“Staff/child ratios need to be high to ensure support and the recent changes in this area are a good thing, despite the impact on cost.”*

From a BPW Australia member who operates a childcare centre:

*“Increased ratios etc as a result of the NQF make for better outcomes for children but it does cost more”*

*“Staff are gaining higher qualifications, and whilst this is increasing the skill of the workforce, no one wants to pay more. The better the staff, the better it is for children -- early childhood education has really important benefits for the community as a whole.”*

#### **d. how the childcare sector can be strengthened in the short term to boost Australia’s productivity and workplace participation for parents**

It is undeniable that access to affordable and available childcare assists women (in particular) to participate in the workforce.

The Australia Institute’s “What’s choice got to do with it?” *Policy Brief No 55, 2013*, reported that, when women return to work after the birth of their child they are denied work at the same level, having limited access to flexible work arrangements and control over their hours, a general lack of family friendly workplace policies and difficulty in accessing appropriate and affordable childcare. Women continue to experience a wage penalty on their return to work, with some women unlikely to regain their former earning capacity.

Australia ranks highest in the world for the level of educational attainment for women (*Global Gender Gap Report 2013*, World Economic Forum), but only 13<sup>h</sup> in economic participation and opportunity. Women with young children who choose to return to the workforce or study, are influenced by several different factors. These may be economic, personal development or career-focused. Often, however, there is no choice if childcare is unavailable.

BPW Australia is concerned that Australian women, particularly those of child-bearing age, continue to lag behind similar countries in their economic participation in the workforce, a situation that needs to be remedied as Australia faces the combined effects of a skills shortage and an ageing workforce.

A BPW Australia member commented about the difficulty of childcare flexibility influencing work choices:

*“We were able to find a child care position in a nearby centre fairly easily, mainly because we were able to be flexible with the days required – I basically let them know that I would take any day they had available. ... Had we not been able to be flexible, I know that for some days there was a waiting list.”*

Excerpt of a letter from a BPW Australia member presents their experience with the lack of childcare centre’s flexibility:

*“Both our daughters are full-time university students without partners, one single and one widowed. [One child] is in childcare on Wednesdays, Thursdays and Fridays and [another child] has childcare on Mondays and Fridays. This is all the childcare available to them. [One child’s] childcare is on the university campus so it closes over the summer break. There is no flexibility to change days and, if the child doesn’t attend childcare for a reason, even if they are sick and sent home, fees still have to be paid...”*

*Extra childcare on other days takes a lot of advance planning. Sometimes there are extra study days and always there are exams, not always on childcare days. If one of the boys is sick and the childcare centre refuses to have him, we are called upon so his mother can attend her study which often means juggling our own commitments. When we can’t help, lectures and exams are missed.*

*It is very difficult for single parents to study or work and manage childcare. I don’t know how our girls would manage without reliable grandparents who can work around their needs and who can fill in at short notice when childcare isn’t available. If this situation had arisen when I was working full time,*

*only four years ago, we wouldn't have been able to accommodate the boys' childcare needs as we do now. Without grandparent support, it would be very difficult for their mothers to either work or study while the boys were under school age. This would disadvantage both mother and child because the set-back in the mother's career reduces the benefits she can offer her child over the longer period."*

Another member advises that:

*"Earlier this year, I was medically advised to leave work, and I am unable to return to work as yet. ... I was reluctant to give up the days at the centre we do have in case I couldn't get them back when I do return to work.*

*"...I've experienced a general feeling in society that child care should be available to working parents only and have felt guilty for not working (even though I had been medically advised not to). So I have taken up study to better my employment prospects and earning capacity (including tax paying capacity) ...."*

Adding:

*"I try to structure my studies ... around the days he is at his centre, however this last semester his centre days and my classes have not coincided, so grandparents have stepped up and taken my son for one day per week during semester."*

The lack of flexibility in childcare operating hours, added to the cost, is imposing a brake on the opportunities of women to take advantage of career and work advancement that arises infrequently in the volatile employment market of today. The importance of the future of the childcare sector in assisting women achieve their goals in the workplace in Australia, is probably not recognised as much as it could be by business, further adding to the economic burden women experience throughout their working life after having children. The work performed in women-dominated industries is often under-valued compared to those of men, resulting in lower wages and superannuation, exacerbated by the lack of adequate and flexible childcare.

The childcare sector in Australia is multi-layered, multi-provided and diverse, leading to differing levels of care in urban and rural areas. It needs to be recognised that women have much to contribute, but will never reach their full potential whilst the childcare sector is not given a high priority by government and business. This impacts not only on women, but their families as well.

### **e. other matters – improving workforce participation and productivity into the future with strong employer-sponsored childcare**

Research<sup>1</sup> shows that employer-sponsored childcare has significant positive effects on both annual hours worked and attachment to the employer of women with young children. Decreases in employee turnover, tardiness, and absenteeism rates have been documented after the introduction of an employer-sponsored childcare system. Well-designed employer-sponsored childcare programs will influence parents who are employed by the organisation, favourably improving work-related outcomes, developing positive work-family spill-over among employees, and lowering the costs to organisations associated with work-related outcomes.

Employer-sponsored childcare is not only beneficial to employers who may be able to gain wage savings for the firm and increased productivity. Such employer support may also be beneficial for women's occupational advancement.

In Australia there has been a rise in employers sponsoring work-place childcare centres, mostly in large corporations, suggesting a work-based centre can be a powerful recruitment tool to attract talent. This is relevant not only in white-collar positions but also in customer-facing jobs where flexible working practices tend to be harder to accommodate. Childcare could be an important part of the equation<sup>2</sup>.

However, it is generally accepted that the current financial and policy frameworks in Australia do not support the provision of childcare by employers as much as would be desirable and, in particular, they do not support smaller employers to even consider the option.

## **Conclusions**

BPW Australia submits that:

- Women's participation in the workforce is currently limited by the availability of childcare, regardless of cost;



- The contribution of a highly educated sector of the workforce (women) to the national economy is under-utilised because of a lack of available and accessible childcare places;
- The cost to the family is still largely borne by women, who suffer reduced lifetime earnings with consequent negative impacts on their superannuation;
- That Paid Parental Leave alone will not solve the problem of increased female participation in the workforce and must be followed by adequate childcare provisions and flexible work practices
- Flexibility in the workplace is not matched by flexibility in long- and out-of-school-hours childcare
- That the childcare sector plays a vitally important role in the improvement in workplace participation and productivity of women in Australia

#### **BPW Australia makes the following recommendations to the Senate inquiry into the childcare sector:**

- That the government encourage more employer-sponsored places in off-site childcare centres through budgetary incentive policies available to it;
- That the government consider funding childcare centres to operate longer, more work-friendly hours in a cost-neutral funding manner;
- That overseas models of free childcare for certain age groups be considered, in balance with the positive gains to the tax base and improved GDP to the economy of greater female workforce participation;
- That casual, but important, childcare provided by family and others, particularly grandparents, is a major contributor to greater workforce participation by both women and men, and some form of remuneration be made available in a simplified manner;
- That the cost of improvements in the provision of childcare be funded from the productivity gains of increased women's participation in the workforce, as proof of the government's commitment to improving women's opportunity to gain gender and pay equity at all levels

#### **References**

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**Kids at Work: The Value of Employer-sponsored On-site Child Care Centers**, Rachel Connelly, Deborah S. DeGraff, Rachel A. Willis, W.E. Upjohn Institute, 1 Jan 2004; and

"Family-supportive policies: the employer-sponsored child-care approach as an influence of the relationship between work and family outcomes", Jacquelyn Barcenas-Frausto, Argosy University, <http://www.aabri.com/OC09manuscripts/OC09072.pdf>

(2) "Childcare trumps parental leave as the bigger policy issue for parents and employers", Caitlin Fitzsimmons quoting Peter Wilson, Chairman, Australian Human Resources Institute, [http://www.brw.com.au/p/leadership/childcare\\_trumps\\_parental\\_leave\\_uEV4XtUjsidEbDTLlqX23O](http://www.brw.com.au/p/leadership/childcare_trumps_parental_leave_uEV4XtUjsidEbDTLlqX23O)

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