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Business and Professional Women (BPW) Australia

SUBMISSION TO THE PRODUCTIVITY COMMISSION ON CHILDCARE AND EARLY CHILDHOOD LEARNING

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Background

Business and Professional Women (BPW) 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).

A long-time advocate for supportive childcare that complements flexible work practices and the government paid parental leave (PPL) scheme, BPW Australia will present personal testimony from its members to support this submission to the Productivity Commission Inquiry into Childcare and Early Childhood Learning 2014.

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.

Comments

BPW Australia recognises and appreciates the government's acknowledgement of the difficulty of ensuring available, affordable and accessible childcare arrangements across Australia by holding this inquiry. 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 childcare 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.

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.

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).

Responding to the Commission's Terms of Reference

The Inquiry is to make recommendations relating to six specific areas. BPW Australia's submission provides insight, collected from members, on three of these. As an organisation committed to obtaining equal opportunity for women in the economic, political and social life of Australia, BPW Australia is particularly concerned with the contribution that access to affordable, high quality childcare can make to increasing participation in the workforce, particularly for women (Terms of Reference 1 (a)).

The nature of the membership of BPW Australia's membership also permits the organisation to provide input on Terms of Reference 2, the current and future need for childcare in Australia, and in particular:

- a) the hours parents work or study, or wish to work or study;

- b) the particular needs of rural, regional and remote parents, as well as shift workers;
- c) accessibility of affordable care;
- d) types of childcare available including but not limited to: long day care, family day care, in-home care including nannies and au pairs, mobile care, occasional care and OHSC;
- e) the role and potential of employer-provided childcare;
- g) the out-of-pocket cost of childcare to families; and

BPW Australia members have also expressed strong views about some issues arising under Term of Reference 5, on the benefits and impacts of regulatory changes in childcare over the past decade.

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 to address the numerous issues raised by the Inquiry, 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.

Research shows that flexible work arrangements offer clear benefits to employers:

- higher productivity
- increased skills retention
- reduced turnover
- reduced recruitment and training costs.

The benefits for employees may be less apparent because of the stigma that still lingers for those taking flexible work options:

- career opportunities will be limited
- reduced training and development opportunities, leading to reduced earnings and superannuation.

More could be done to incentivise employers who advocate and support flexible work options, thus improving the perception of flexible work so that it becomes a norm rather than an exception. Employers, by ensuring that flexible work agreements include consistency of working hours, good communication and opportunities for engagement with other employees, will enjoy the benefit of committed, long-term staff.

It is clear that Australian women see flexible work conditions as a crucial component of their workforce participation but are increasingly critical of the negative impact it can have on opportunity and career progression as the model of part-time work is currently viewed. For example, casualisation of the workforce in recent years has impacted on women-dominated industries, leading to unstable earnings and fewer entitlements.

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 13th 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.

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%. It also reported 'Sweden's high female labour participation rate, with a gender gap of only 6 percent, is mostly attributed to a generous and flexible parental leave policy with a high coverage rate for child care, job guarantees, and eligibility for reduced working hours. OECD countries with the highest public spending as a share of GDP on child care and education services for children under the age of five have been found to have higher employment rates among mothers with young children (Aguirre and others, 2012).'

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 to contribute to the Productivity Commission's analysis in line with the Terms of Reference.

Term of Reference 1

In particular,

a) The contribution that access to affordable, high quality childcare can make to increasing participation in the workforce, particularly for women.

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

A BPW Australia member confirmed this:

“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.”

Another 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.”

Term of Reference 2

The current and future need for child care in Australia and consideration of, in particular,

a) hours parents work or study, or wish to work or study

Excerpt of a letter from a BPW Australia member:

“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.”

b) the particular needs of rural, regional and remote parents, as well as shift workers

Excerpt of a letter from a BPW Australia member:

“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.”

c) accessibility of affordable care

Personal testimony from BPW members confirms that there is a clear shortage of centre-based childcare in certain locations – notably some parts of Sydney and Melbourne. Members in regional locations have also found it difficult to access childcare as close to home as would be desirable on the days required.

Excerpt of a letter from a BPW Australia member:

“A friend had recommended a particular community daycare service close to my home which she had used for her children, so I went there to enquire about a place for our child, for one day per week. They were fully booked at that stage, but did have space at their other centre, about 10 km from home. I booked her in there, and travelled the extra distance ... I have been very grateful for the flexibility of the service. On most occasions when I have required extra care, they have been able to accommodate us. “

“Our child will be going to kindy next year on the days that I currently work, and so I needed to find suitable before- and after-school care with a holiday program that was able to drop-off and pick-up at her school. ...The local dedicated outside school hours care service was fully booked and I put [child’s] name down on their waiting list. I was recently advised that they only had four vacancies become available for next year, and those were taken up by siblings of children currently using the service.... At this point I started to panic – ...I looked at all the other local day care centres, both community-based and private, that provided outside school hours care, and they were all either fully booked or did not service her school. Then a friend suggested I look into Family Day Care I then contacted three Family Day Care providers that also offer outside school care, but they were all fully booked. At this point I was desperate and starting to consider whether we should take on a nanny (I even enquired to one agency and was horrified at the price). We also discussed taking our child out of school for the year due to the lack of options.

Finally I was able to secure care - it was the last spot the carer had available on several of those days, and I know there is at least one other child at our child’s school who will be missing a day of kindy next year because of the lack of providers in our area.”

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)”

Excerpt from a letter from a childcare centre operator member of BPW Australia:

“This is a problem for centre-based care. If you are going to operate for longer hours you need to have people using the service. Costs to have staff work outside ordinary hours increases costs and fees go up. This is why Family Day Care do most of the unusual hour care.”

d) types of child care available including but not limited to: long day care, family day care, in home care including nannies and au pairs, mobile care, occasional care and outside school hours care

BPW Australia notes that grandparents are increasingly taking over the role of casual carers of younger children because of a lack of available options for out-of-school care and long hours care. Parents are often required to spend time away from home on business, and apart from Family Day Care, are unable to access centre-based care arrangements.

For BPW Australia members who are grandparents, there are mixed emotions in caring for their grandchildren, often filling a gap in organised childcare, when the child is sick, or during school holidays. It may mean a loss to their own income or reduced disposable income. This may eventually lead to a decreased standard of living for retirees and superannuitants.

Excerpt of a letter from a BPW member:

“My husband and I look after our two small grandsons one day a week as a regular commitment, and other days and evenings as needed. We plan our week around this commitment, and in fact we plan our year, our holidays and other commitments around our grandsons’ childcare needs.

We are both semi-retired professionals. My husband has irregular consulting work which takes him out for a morning or two each month and overseas for a week twice a year. I am a part-time academic, working mostly from home but it isn’t work that I can do while minding small children. I have regular meetings and lecturing commitments out of the home, and board teleconferences that I take in my home office. My paid and pro bono work together takes up about 5 hours per day 6 days a week. I take Tuesdays off because that’s the day we have the boys. ...

The boys enjoy playing together on Tuesdays and we usually take them out to a park, a museum or the beach. We both organise our diaries to keep Tuesdays free, but work commitments can make this difficult at times. Extra childcare on other days takes a lot of advance planning.

We have set our house up for childcare at our expense. The cot, the toys, the trike, the high chair, the nappies – they all add up. Luckily we have room to do this and we can afford it, but not all grandparents are in this position.”

And from another member:

“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.”

e) the role and potential of employer provided child care

Research¹ 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 equation².

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.

g) the out-of-pocket cost of child care to families

The out-of-pocket cost of childcare to families is a complex result of the various funding and subsidy arrangements and cannot be considered in isolation from the cost of provision and business viability.

Excerpt of a letter from a member of BPW Australia who is also a childcare centre operator

“It is very expensive to establish a centre - before we even came close to opening the doors in our centre we had invested \$1.5 million. There has been next to no capital expenditure for Not For Profit centres for a long time now. Operators need to make ends meet, so centres are only being built where the operator can do well”.

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.”

Terms of Reference 5

The benefits and impacts of regulatory changes in child care over the past decade

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 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.”

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;

BPW Australia makes the following recommendations:

- 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.

References

(1) Including "The impact of employer-sponsored child care on female labor supply behavior: Evidence from the nursing profession", Evelyn L. Lehrer, Teresa Santero, Sumaria Mohan-Neill, **Population Research and Policy Review** , 1991, Volume 10, Issue 3, pp 197-212;

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(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_uEV4XtUjsjdEbDTLlqX23O

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