

A submission to the productivity Commission's report into Childcare and Early Childhood Learning

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Introduction

The bulk of this submission is amended from an originally published opinion piece by the same author at the blog location: <http://ithinktheyshould.blogspot.com.au/2013/11/i-think-they-should-make-it-easy-for.html>.

This submission is in the form of a proposal to improve the access to child care for working women, focussing on those who commute to work in major centres. It also outlines anecdotes from my personal experience which assisted in the formation of the ideas that are included in the proposal.

While the author recognises problems associated with child care provision in Australia include those related to accessibility and those related to affordability, this submission focuses on accessibility issues.

This proposal does outline issues likely already known to the commission, however are included to provide a logical path to the proposal that is outlined later in the document under the section heading "The Proposal".

Personal Background

As a new father with a partner that is looking at re-entering the workforce, I am only now fully starting to understand the barriers that are placed in front of her and other women like her to do so.

Despite putting my son down on every waiting list around the area, including some before he was born (some require a child to be born first) we have now been offered a place for 3 days per week starting in January. Despite the fact my wife doesn't intend to go back to work until May, we have to take the place now and pay for 4 months without using the service, otherwise we'll lose the place and probably have to wait until 2015. The Darebin council have told us that the waiting lists for some centres for families such as ours are over 14 months. Our options are to hope for another 2 days at this or another centre to come up, or hire a nanny for those days at \$20-\$25 an hour. After all of this we'll be financially about the same as not having child care and my wife not working at all, which understandably would lead to many women not bothering going back to work at all until their children reach school age if, like us, we don't have family that can help out close by.

Wider Problem

The problem is a huge impediment to potential economic activity. The Grattan Institute estimates that removing obstacles to women returning to work could increase the size of the economy by about \$25 billion a year (Grattan Institute, 2013). This doesn't include the additional benefits of reducing the gender pay gap, improving the quality of the pool of workers from which to hire and providing a more diverse workplace.

The realisation that there is a significant problem has led to me putting some thought into what exactly is causing it and what a solution might look like that doesn't cost the earth. I think I've come up with the answer and the remainder of this article explains why.

Where are we at?

Australian Governments have progressed paid maternity leave in recent years. In 2011 the federal Labor Government introduced a paid parental leave scheme of 18 weeks' pay at minimum wage and the recently elected Coalition Government has committed to introduce a more generous paid maternity leave scheme by 2015, including up to 6 months with full pay. While the current system of maternity leave doesn't compare favourably with many other developed nations (especially in Europe and Canada), at least it's a start.

After taking time off to give birth and then be a full-time carer for a young infant, having had 18 weeks' pay, it's now time to get back to work. I have wondered how difficult it must be for single parents in this situation. At least if there are some funds to pay the rent and the grocery bills, then maybe love is enough, but maybe not from week 19.

For commuters like my wife, all she needs to do is find appropriate child care and adapt her pre-baby routine to include dropping off the child in the morning and collecting them in the evening. This is easier said than done.

Current Child Care System

Currently most child care in Australia is provided by either local government directly, or through privately managed child care centres. In most centres enrolment rules will favour local residents over residents from other council areas, meaning it is extremely difficult to get affordably child care outside your local area of residence. With the high rental rates for premises in the CBD resulting in city child care being rare and expensive where it does exist, most available child care is therefore provided close to the parents' place of residence rather than close to their place of work. This in itself causes problems.

Following the failure of ABC Child Centres in 2008, the corporate running of Australian child care centres for profit on a large scale is diminished. There is also little evidence of direct investment by corporations in child care for their own staff. Most child care centres are therefore either run by non-profit groups (Mission Australia and the Brotherhood of St Laurence took over 700 of the ABC child centres in 2009), directly by local councils, or private operators who run one or only a small number of centres. Places in these centres are difficult to get into as they are close to being full most of the time and have long waiting lists, and costly (most centres in the inner suburbs start from \$100 per child per day).

So if there's no incentive for commercialisation, it's expensive for consumers, and for those who still choose to utilise it a place is often only available in an inconvenient location, there is a lot to do in forcing change. The scale of the problem is such that according to the ABC, the Grattan institute indicates that there is unmet demand for approximately 600,000 child care places in Australia (ABC, 2013).

Most current child care centres require the child to be collected by 6pm, after which hefty "per minute" fines are imposed (e.g. the centre we have agreed to charges \$5 a minute). In the modern service-based workforce, which has moved for many years towards project driven work that is not necessarily governed by a clock, the requirement for parents to leave at rigid times is highly inconvenient for workers and their employers.

Parents who work in the major centres therefore need to either have private transport close by or to rely on a reliable public transport infrastructure to travel to a train, tram or bus stop, then either walk or further commute to the child care centre to collect their child. It's also shocking for shift workers.

The further the commute for the parent, the more at risk of not getting to their child care centre on time, which ultimately leads to parents reducing their hours to below the optimal level, they become rigid about the times they attend their workplace, or they leave the workplace entirely. All of these outcomes have a negative impact on productivity.

How about that commute?

If the 6pm pickup is simply not achievable for my commuter wife, and she's managed to find an inner city child care place at \$140 a day, she can now commute to work with our son, drop him off at the city care centre and then head off to work.

If she looks around the train for other commuters going to work with their children she won't see many. With commuter trains packed and prams and other child carriers not really being catered for on most of the public transport (buses seem to be the exception), there is going to be a major problem commuting in busy periods with children in a safe and happy manner. The alternatives again include not returning to work at all, or going by car and paying hefty parking costs.

Whose problem is it?

Several proponents of change indicate that government could make many changes, but they would come at a cost. Perhaps we need to look to the business community.

Just as the provision of laptop computers and phones by employers, and remote working arrangements are designed not just for worker flexibility but also for employers to get more out of those workers, then the provision of childcare that optimises workplace performance is more likely to be effective if it's designed by the same organisations that get the benefit, namely employers.

In order to ensure the resolution is cost effective, incentives for business to provide more affordable and convenient child care is relatively straightforward – you just need to tax them more, and then provide them with tax relief if they perform certain actions that are in the public interest. This works for things like R & D grants to encourage a certain type of investment behaviour, and child care could be the same.

The Proposal

The example is for Victoria but an equivalent could apply in other States and includes the following.

- An additional levy called the "*child levy*" will be imposed on land tax at the top marginal rate. The current rate is 2.75% lower than it was in 2004, so even a 2% hike means the rate's not even going to go back to what it was 9 years ago. Increasingly office blocks are owned by local and international superannuation funds, so provided there is long term value the incentives just need to be obvious for owners to invest in facilities.
- An exemption from the *child levy* for the owners of that land on evidence of functional child care being provided either on the same land against which the tax is being levied or close by for its tenants. Long term values would go up as there would be greater demand for

convenient office space close to child care facilities. Most large buildings within the Melbourne CBD have extremely large, mostly unused foyer areas on their ground floor, which would provide the perfect location for constructing infant child care centres, directly underneath or close to the location of their parents' employment. This would have the added benefit of breastfeeding mothers being able to return to work more quickly. While admittedly ground floor indoor settings would not be ideal for children who were from 2 and older and would ideally have outdoor areas as well, for babies it would be more than sufficient. Owners would no doubt agree to pool funds and provide shared services as an efficiency mechanism and the market would provide the solution.

- The conversion of a dedicated carriage of all commuter trains should be converted to be "children's carriages". It is not uncommon in the UK, for example, for allocation of carriages to certain functions. Overground commuter trains in London commonly have "bike friendly" carriages, and many are "silent carriages". The changes would include decking out carriages with a new bright colour to identify them (e.g. Yellow, Orange), ensuring ease of moving prams from platform to train, spots for standing and sitting next to a pram in the special carriage, easy access through ticket gates (particularly at City stations) and access to escalators and lifts that are pram friendly. Costs could be funded by the *child levy*.

Final Thoughts

Perhaps the issue isn't really one that everyone wants to have solved given a potential conflict of what I and others think of a woman's place in society.

In the kind of Australia I want to see (an egalitarian and economically advanced nation) all working-age adults should be encouraged to participate in the workplace. Following giving birth and taking maternity leave, the choice for a woman to remain outside of the workplace should be respected, but this should not be regarded as expected or the norm. If it's expected women return to work within 18 weeks of giving birth (since the Government only provides maternity leave for that period of time) then governments need to provide the framework for this to be possible for all.

It's time to acknowledge that the current systems are a major impediment to women achieving their rightful ambition in the workplace, which directly impacts the opportunities they are given, and in turn their level of remuneration.

The lack of convenient child care is an enormous economic problem, and should therefore be solved like one. The above proposal goes a long way to address this.