



31 January 2014

Dr Wendy Craik AM  
Presiding Commissioner  
Childcare Inquiry  
Productivity Commission  
GPO Box 1428  
Canberra City ACT 2600

By email: [childcare@pc.gov.au](mailto:childcare@pc.gov.au)

Dear Dr Craik

**Submission to the Productivity Commission Inquiry into Childcare and Early Childhood Learning**

ANZ is pleased to provide a submission to the Productivity Commission Inquiry into Childcare and Early Childhood Learning. ANZ welcomes the focus of the inquiry on examining the current and future need for child care services and in particular, options for enhancing the choices available to parents as to how they receive child care support. Given the impact the availability of affordable child care has on workforce participation, particularly for women, the effectiveness of all funding approaches need to be examined.

This is important not just to individuals and businesses but for the economy as a whole. Analysis conducted by the Grattan institute highlighted that raising the female workforce participation in Australia to the levels of comparable OECD countries (for example, to the level of Canada where female participation is 6% higher) could amount to an increase in GDP of around \$25 billion per year.<sup>1</sup>

This submission highlights the measures which ANZ has in place to support working parents to manage their career and family commitments, and assist individuals to transition back to work after taking parental leave.

ANZ employs more than 47,000 people worldwide, 21,000 of which are employed in various locations around Australia. Retaining the skills of ANZ's employees, at every stage of their life journey, is critical to ANZ.

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<sup>1</sup> Daley, J., McGannon, C. and Ginnivan, L. 2012, *Game-changers: Economic reform priorities for Australia*, Grattan Institute, Melbourne.

Research by the Australian Institute of Management indicates the most important factors in retaining women in the workforce are flexible working arrangements and improved child care support.<sup>2</sup> Australian Bureau of Statistics (ABS) data showed that in November 2011, 86% of mothers who had started or returned to work following the birth of a child used flexible work arrangements in order to care for their child. Working part-time was the most common arrangement (65%), while flexible hours and working from home were also significant measures.<sup>3</sup>

ANZ believes that employers have a responsibility to provide flexible work arrangements so that employees can manage their changing circumstances including caring for children. ANZ sees flexibility as an important way to attract, engage and retain the best available talent in the market, to manage workloads effectively, improve efficiency and to further encourage employee diversity. Good flexible working practices which are well thought through and effectively managed benefit individuals and the business.

ANZ offers flexible working arrangements to help our employees balance their life priorities with their career. These include:

- Working contracted hours in a flexible way (e.g. compressed work weeks);
- Flexible start/finish times;
- Working at flexible locations (including working from home);
- Flexible scheduling for rostered staff;
- Job sharing;
- Working part-time; and
- Breaks from work such as:
  - Parental leave. ANZ provides 12 weeks paid parental leave at full pay for the primary care giver, in addition to the Federal Government scheme; co-parents leave of up to 8 weeks (one week of which is paid); and up to 12 months leave for each parent (with the option to extend for up to 24 months);
  - Lifestyle leave. ANZ allows employees to purchase up to 4 weeks annual leave per year in addition to their annual leave entitlement. This is particularly helpful for parents of school age children who need to manage caring responsibilities for at least 12 weeks of school holidays each year; and
  - Leave without pay.

According to ANZ's global annual engagement survey, 27% of responding employees indicated that they have some type of flexible working arrangement and these employees are almost 6% more engaged than those who did not.

The availability and affordability of child care is consistently a barrier to retaining women in the workforce, and to supporting them to work as many hours as they would choose to. ABS data showed that 52% of

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<sup>2</sup> Australian Institute of Management, *Retaining Women in the Workforce*, December 2008.

<sup>3</sup> ABS, *Australian Social Trends*, November 2013 (cat. No. 4102.0).

Australian children aged 0-12 years attended some type of child care (formal or informal) in June 2011, with the majority attending for work-related reasons.<sup>4</sup> Many parents also reported that additional formal care was needed, corresponding to 148,600 children with the predominant need for one or two additional days a week of care for work-related purposes.<sup>5</sup>

The availability of child care places is a significant issue. However, anecdotally our staff indicate that the affordability of child care and the complexity of the current financial support system, adds to the difficulties associated with balancing work and family life. In particular, whether they qualify for rebates or family tax benefits, or whether there is financial support for their choice of care arrangement, are significant factors influencing parents' choice to return to work. A simpler system would be welcome.

In October 2010, ANZ introduced a Child Care Allowance of \$4,000 (pre-tax) for all employees who return to work full, or part-time after a period of parental leave. The Allowance aims to support primary care givers (predominantly female employees) transition back to work and help them manage their family and professional commitments. For ANZ the program is beneficial in helping the organisation retain women and fully utilise the skills and experiences they bring to the work place.<sup>6</sup>

The Child Care Allowance is paid directly to staff so they can use it in the way that best suits their needs. This recognises that families manage child care arrangements in many different ways, whether it is through in-home care, child care centres or family support.

ANZ has previously examined a number of options to assist our staff with their child care needs, including 'on-site' child care and partnerships with child care providers. We concluded that on-site child care facilities would only be feasible at larger ANZ sites, such as our head office, which would not assist our many thousands of employees located outside central business districts. In any case, feedback from our staff suggested that most parents preferred their child care facilities to be located closer to their home than their place of work.

ANZ has previously engaged the services of child care providers, such as the former ABC Learning Centres Limited (from 2004 to 2009), to develop and operate child care centres at sites convenient to ANZ workplaces across Australia. The arrangement offered ANZ employees priority enrolment for their children and the option of salary packaging or sacrificing part or all of their child care fees via a pre-tax salary deduction.

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<sup>4</sup> ABS, *Childhood Education and Care*, June 2011 (cat. No. 4402.0).

<sup>5</sup> ABS, *Childhood Education and Care*, June 2011 (cat. No. 4402.0).

<sup>6</sup> To be eligible for the allowance employees need to return to full or part-time work after any period of ANZ approved parental or adoption leave, including extended parental leave. To receive the Allowance it is a requirement of the policy that returning parents do not have a partner at home who is caring for their child full-time.

While at the time, many ANZ employees utilised child care services provided through the partnership, there were a complicating factors that limited its effectiveness, in particular:

- it was not possible for centres to be accessible to every employee in the many communities across Australia in which ANZ operates;
- regulations required ANZ to enter into complicated legal arrangements whereby ANZ leased the centres and contracted ABC Corporate Care, a wholly owned subsidiary of ABC, to operate and manage the centres; and
- ANZ was exposed to increased public liability risk as a result of its ownership of the buildings (via a lease).

In ANZ's experience, a broad-based approach that is equitable, flexible and provides support for all of our employees is more likely to be effective in minimising the barriers to returning to work. ANZ's Child Care Allowance has proved successful, contributing to an increase in our female retention rate post parental leave from 67% in 2009 to 87.9% in 2013. To date, 573 female and 100 male employees in Australia have accessed the Child Care Allowance, of which 97.6% have been retained so far.

The ABS reported that in November 2011, over half (53%) of mothers who worked during pregnancy returned to work within the first two years, while 34% of mothers of a child under two years of age who had a job during their pregnancy permanently left their job.<sup>7</sup> While some may choose to continue caring for their child, many may find the costs associated with returning to work too difficult to navigate. This suggests the current financial support system for all child care arrangements may not be as effective as it could be.

ANZ would welcome full consideration of all funding options available (for example, rebates, tax deductibility or a voucher system) for all types of care to determine the simplest, most effective methods for ensuring we are retaining the best available talent in the market.

ANZ would be pleased to provide further information on the issues raised in this submission.

Yours sincerely

Rob Lomdahl  
Head of Government and Regulatory Affairs

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<sup>7</sup> ABS, *Australian Social Trends*, November 2013 (cat. No. 4102.0).