

Dear Commissioners Craik and Coppel,

Thank you for the opportunity to make a submission to the Inquiry on Childcare and Early Childhood Learning. This submission presents findings from two researchers who specialise in analysing employment, care and gender issues. Our recent joint research has examined the impact of childcare package on maternal employment, as well the broader social and policy context including gendered labour market segregation, paternity leave and welfare reforms.

In our submission we focus on the types of childcare available to Australian families, on families' need for increased flexibility and the contribution that different childcare arrangements make to increasing women's labour force participation. We do not revisit in our submission all of the relevant literature in support of high quality, well-funded childcare, but instead opt for a reasonably short submission on the contribution that access to affordable, high quality childcare can make to women's labour force participation, on families' current needs for different types of childcare, and on specific policy models that should be considered for trial or implementation in Australia.

Existing research has established that families in developed countries commonly combine multiple sources of childcare. However, very little attention has been paid to how families' packages of childcare affect maternal labour force participation. There is evidence that mothers work longer hours when they can access a childcare package that provides them with enhanced flexibility. In this submission we will 1) focus on current evidence around the type of childcare that Australian families use 2) the impact of childcare package on maternal labour force participation; 3) and suggest some models that Australia could consider trialling.

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### Types of Childcare that Employed Australian Families use

When considering reforms to the childcare system it is important to recognise that the majority of families in Australia with young children use some form of non-parental care (Baxter, Gray, Alexander, Strazdins, & Bittman, 2007). Our research to date has been on dual earner couple families and employed single parents who have children under school age, as these are family types for which the need for non-parental care would be more acute. Childcare is generally categorised as falling into two broad categories: informal and formal. Informal childcare can be defined as care provided by family, friends or neighbours, and formal childcare as care provided by a professional childcare worker or educator. Informal childcare is the most common type of care used by working families with children under school age in Australia. Using pooled data from 10 waves (2001-2010) of the Household, Income and Labour Dynamics in Australia (HILDA) Survey, we estimate that approximately 35% of employed single mothers and 42% of dual earner families used relative care (Table 1). Formal, centre-based care is the next most common source of care with approximately one third of dual earner couple families and employed single parents using this care for employment purposes. A slightly lower proportion of these families rely on formal family daycare. Relatively few families in these groups use formal childcare from workplace childcare centres or nannies, or informal care from friends/neighbours.

**Table 1: Type of Child Care used by Family Type (pooled data from waves 1 to 10 of the HILDA Survey)**

Definition	Childcare type	Employed single mothers	Dual-earner families
Informal care	Relative	35%	42%
Formal care	Childcare centre	30%	31%
Formal care	Family day care centre	24%	22%
Formal care	Kindergarten	12%	14%
Formal care	Workplace care centre	9%	7%
Informal care	Friend or neighbour	7%	8%
Self-provided	Respondent or partner	6%	5%
Formal care	Nanny	3%	7%

Source: (Brady, M. & Perales, F., forthcoming)

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However, international and Australian research has established that families in developed countries commonly combine multiple sources of childcare. In particular, a large proportion of families combine formal and informal types of childcare. We refer to this arrangement as a mixed childcare package. In Britain, it is estimated that between 37% (Hansen, Joshi, & Verropoulou, 2006) and 50% (Rutter & Evans, 2011; Wheelock & Jones, 2002) of working families used mixed childcare, while in Australia it is estimated that 10% of families with infants (3-19 months) and approximately 9% of families with 4-5 year olds use do so (Australian Government: FHCSIA, 2009). Using pooled data from 10 waves of the HILDA Survey we estimate that 37% of employed single mothers and 36% of dual-earner families use mixed childcare packages. The distribution of the remaining childcare packages varies by family type. Employed single mothers are significantly more likely to use informal childcare packages (28% vs. 22%), whereas dual-earner families are more inclined to use self-provided care exclusively (6% vs. 2%). Finally, thirty seven percent use mixed childcare and 36% of partnered mothers, while formal-only childcare is used by 33% of employed single mothers and 36% of dual earner families.

Any reforms to the existing childcare system must consider the benefits and weaknesses of different childcare types. Centre-based care is generally available for long hours (often 10 hours a day and 5 days a week). In Australia, The National Quality Framework provides a rigorous framework for regulating centre based care and shows that this form of care in Australia is generally of high quality. This is important because research has consistently shown that high quality childcare supports good child development (Bryson, Purdon, Brewer, Sibieta, & Butt, 2012; Hansen, Joshi, & Verropoulou, 2006). However, Australia's current formal care system has important weaknesses including its relatively high cost, poor availability and inflexibility. Australia's current family income-tested Childcare Benefit on average covers 69% of the cost of childcare, but is still insufficient given the relatively expensive cost of toddler and infant care in Australia (Mahon, Anttonen, Bergqvist, Brennan, & Hobson, 2012b). Most forms of formal childcare are not available outside standard working

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hours and schedules cannot be changed at short notice. Complete reliance on formal care is particularly challenging for families who have children of different ages. Formal childcare is typically segregated by children's age and these families may be forced to use different providers for each child.

### **Relationship between Child Care Package and Maternal Labour Force Participation**

Reforms to the childcare system need to recognise that different childcare packages have differential impacts on maternal labour force participation. A number of Australian studies, each drawing on different data sources, have found that maternal labour force participation varies by childcare package. Baxter et al. (2007) suggest that single mothers using mixed childcare have substantially higher employment rates than single mothers using other childcare packages, while Mance (2005) suggests that they work twice as many hours. Using pooled data from the HILDA Survey and more nuanced multivariate, panel analyses we find that employed single mothers who use mixed childcare packages work longer hours (see Table 2).

**Table 2: Average hours of Childcare and Hours of Paid Work by Childcare Package**

	<b>Weekly informal childcare hours</b>	<b>Weekly formal childcare hours</b>	<b>Usual weekly work hours (raw)</b>	<b>Usual weekly work hours (adjusted)*</b>
<i>Mothers in dual earner families</i>				
Informal only	19	-	22	29
Formal only	-	30	27	29
Mixed	14	20	26	29
<i>Single mothers</i>				
Informal only	12	-	22	30
Formal only	-	31	27	30

Mixed	15	20	28	34
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Notes: Hours of self-care was not collected in HILDA and these are likely to differ by type of package and partnership status.  
\*Predictions made of a mother who is 30 years of age, is not from an Indigenous background, has a certificate/diploma as her highest educational qualification, has only 1 child below the age of 5, and receives 30 hours of non-parental care via 2 childcare modes.

Our recent research has explored why this relationship exists (Brady, M. & Perales, F., forthcoming) One possible explanation is that different types of families use different types of childcare packages, for example educated mothers are more likely to use mixed care packages. A second possible explanation for the associations between childcare package used and maternal labour supply is that some childcare packages may provide coverage for more hours or involve a greater number of delivery modes, which in turn increases the time available to mothers to participate in the labour market. In particular, families who use mixed childcare might have access to a greater number of hours of non-parental care or to many modes of informal childcare including relatives, friends, and neighbours. In order to rule out these explanations we used panel random-effects regression models that included controls for relevant socio-demographic characteristics, hours of non-parental care and number of childcare modes of non-parental care used. Results from our regression models suggest that employed mothers in dual earner families who use mixed childcare work longer hours and that this difference occurs because on average they access more hours of non-parental care. More specifically, once hours of childcare are controlled for, the observed differences in the weekly hours of work of partnered mothers who use different childcare packages disappear. However, for employed single mothers a different pattern emerges: those who use mixed childcare packages on average work 4 hours more per week than those who use other childcare packages even after controlling for demographic characteristics and the hours of childcare used (Brady, M. & Perales, F., forthcoming)

Existing research provides clear insights into why employed single parents who access mixed childcare packages work longer hours. Informal care from relatives acts as a strategic complement to formal childcare, particularly when parents have more than one child. Informal care is the ‘glue’ that “binds formal arrangements together and aids

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employment” (p. 821 Skinner & Finch, 2006 p. 821). The manifestations of this ‘gluing’ role can be diverse and range from being used to transport children from a kindergarten (or school) to a formal care centre, to being used as emergency ‘back up’ care when usual arrangements break down (Rutter & Evans, 2011; p. 821 Skinner & Finch, 2006) For Australian single mothers informal care in the context of a mixed care package plays a ‘safety net’ and ‘connector’ role in addition to a ‘gluing’ role. (M. Brady, 2013) Its ‘safety net’ role emerges in a time of crisis when informal carers help with crises such as children refusing to attend centre-based/after school care or when children fall sick. Its ‘connector’ role emerges when informal carers facilitate employment transitions (starting a new job, increasing usual work hours or changing work shifts) by providing temporary ‘stand-in’ care until new formal care arrangements can be made.

The flexibility of mixed childcare packages is particularly important for single mothers, as they do not have a partner who can assist with these frequently brief but critical tasks. Mixed childcare packages therefore allow mothers to circumvent the weaknesses of both informal and formal childcare, while exploiting their advantages. Mothers access the flexibility of informal care but avoid its unreliability and lower care hours. At the same time they enjoy the extended coverage of formal care but avoid its inflexibility. However, many families cannot access a mixed care package. This may be because they cannot obtain a formal childcare place or because they do have relatives or friends who are willing to provide informal care. What is needed is to increase parents’ access to both (i) standard formal care, and (ii) more flexible forms of care that can fulfil these important ‘connecting’, ‘safety net’ and ‘gluing’ roles.

### **Specific Models of Care that should be Trialled**

Recent media coverage on the need for increased childcare flexibility has focused on nannies. While there may be merit in extending the rebate system to include qualified nannies, this change alone is unlikely to fully address widespread problems with a lack

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of access to flexible childcare. Even if a rebate is extended to this form of care, its cost will still remain prohibitively high for many working families. Furthermore, nannies need to take leave (including sick leave and recreation leave) which means that families must access additional back-up care. We suggest the need to focus on a broader range of possible solutions to the current care inflexibility issues. Furthermore, we suggest that the focus on increased flexibility to assist maternal labour force supply should not come at the cost of a decreased focus on ensuring good child outcomes through the provision of high quality early childhood care and education.

In terms of specific models to be trialled, existing Childcare flexibility pilots that sought to develop appropriate childcare for parents working in occupations where non-standard hours are the norm should be continued and expanded. Second, any new policies should keep in mind that families may wish to combine centre-based care or family daycare with occasional use of in-house care. This could be facilitated by making the current ‘In-home care’ and ‘Occasional Care’ programs more flexible and accessible to working families, particularly single parent families. They should also consider extending the childcare rebate to flexible childcare services which allow parents to access high quality registered care in the child’s own home, seven days a week from early morning to late evening, and to change the hours, days and times from week to week. Services in Scotland and the United Kingdom provide a model of the kinds of services that could be considered.

**The content of this submission does not represent any official position of our employer the University of Queensland.**

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