

Childcare and Early Childhood Learning  
Productivity Commission  
GPO Box 1428  
Canberra City ACT 2601

February 6, 2014

Dear Sir/Madam

The AWCCI supports a Paid Parental Leave (PPL) program; however we can only do so after the issues of flexibility, affordability and accessibility are addressed.

Below are the recommendations we hope the Productivity Commission will consider and include in their final report to ensure we can build a productive, prosperous and stable national economy .

Regards

Yolanda Vega

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## Abbreviations and Acronyms

ABS	Australian Bureau of Statistics
AWCCI	Australian Women Chamber of Commerce and Industry
BCG	Boston Consulting Group
CCB	Childcare Benefit
CCR	Childcare Rebate
EACH	Extended Age Care at Home scheme
EEO	Equal Employment Opportunity
GDP	Gross Domestic Product
IHC	In-Home Care
IVF	Intra Virto Fertilisation
OECD	Organisation for Economic Co-operation and Development
OAW	Own Account Worker (a person who operates his or her own unincorporated economic enterprise or engages independently in a profession or trade, and hires no employees (ABS)
RTAG	Regional Travel Assistance Grant
SME	Small and Medium Enterprises
WB	World Bank
WGEA	Workplace Gender Equality Agency

## Executive Summary

This paper explores how an efficient, flexible and affordable childcare system can build a productive, prosperous and stable national economy by closing the economic gap between men and women.

There are an estimated 3.6 million children under the age of 12 currently in need of some form of childcare in Australia<sup>1</sup> including before and/or after school care, long day care, family day care, occasional care and informal care.



The demand for Childcare is projected to climb as fertility rates rise and net immigration continues to climb.

Childcare policies which support working families require transformation to encourage the 3.4 million Australian women<sup>2</sup> who are not working into the workforce. This includes providing employers with the mechanisms required for a sustainable environment that allows for growth across all sectors in tandem with providing the next generations with suitable learning environments.

This paper suggests ways to remove barriers restricting economic growth and to empower female employees and entrepreneurs in the workforce and global marketplace. The result is promotion of human capital, productivity and economic sustainability. These solutions are predicated on the recommendations of extending standardised day-care centre hours and delivering an in-home childcare and home carers model based on existing care resources readily available in Australia.

Over the past decade, two primary productivity issues have arisen as matters of concern:

- The increase in child births; and
- The increasingly ageing population;

The increase in child births is due to the growing propensity of women in later child-bearing years resorting to IVF treatment and rising immigration quotas.

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<sup>1</sup> Australian Bureau of Statistics, *2011 Childhood Education and Care*, Australia Catalogue no. 4402.0 (2011)

<sup>2</sup> Australian Bureau of Statistics 2011 Census of Population and Housing

Indeed, with readily accessible IVF programs, a greater number of women are focusing on their careers and deciding to have children at later stages in their lives. The growth in immigration places by 5000 under the Australian Government's 2012-13 Migration Program is also a chief contributor to the rise in childbirths<sup>3</sup>.

Australia's rising fertility rate is becoming an increasing concern in respect of national productivity. First, women who postpone childbirth until their 30s are interrupting their employment at prime stages in their careers, which affects workforce productivity and perpetuates a corporate 'female brain drain.'<sup>4</sup> The escalation of childbirths gives rise to demand for additional childcare services, which remain in short supply, furthermore it is one of the lowest paid industries in the country and the majority of the carers are women.

A recent survey revealed that three in every four long day-care centres in Australia's capital cities do not have any vacancies for babies, and two-thirds do not have any places for toddlers. Parents are therefore having wait up to three years for appropriate childcare places, forcing women, on the whole, to resign in order to undertake child-caring responsibilities, rely on grandparents or hire expensive private nannies<sup>5</sup>.

Women in Australia, like in most other developing and developed economies, are the prime childcarers and face having to withdraw from the workforce to look after their children.

Although Australia ranks number one in the Organisation for Economic Co-operation and Development (OECD) for the number of educated women, female employment rates remain low. Indeed, OECD figures indicate that Australian female participation is at its lowest among women aged between 25 and 44 - the childbearing years<sup>6</sup>.

A childcare system which supports both female employees and female entrepreneurs is vital to the durability of Australia's economy. A flexible and sustainable childcare system will help support women as active economic agents by increasing levels of output through enhanced productivity, and increasing input through a multiplier effect on the economy: reinvesting their income into the country.

Australia's burgeoning ageing population also presents a serious challenge to the national economy, which is becoming dependent on a shrinking workforce, and increasing pressure on welfare. In other words, there is lowering taxation revenue and higher demand for public expenditure.

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<sup>3</sup> Department of Immigration and Citizenship, Australian Government, *Fact Sheet 2 – Key Facts about Immigration*

<sup>4</sup> Center for Work-Life Policy, 2008

<sup>5</sup> 'Childcare not stacking up', Natasha Bitu, *News Limited Network*, January 19, 2013

<sup>6</sup> 'Those frontbench women have given mothers the drop-off,' Former Sex Discrimination Commissioner Anne Summers A.O. *Sydney Morning Herald*, May 22, 2010

As Australia's ageing population increases and the proportion of working people continues to fall, a mere 2.7 people of working age are predicted to support each aged Australian of 65 years and over by 2050<sup>7</sup>. The present figure is five people.

Childcare reform is the solution to closing this demographic rift. Accessible, affordable and flexible childcare will result in more women remaining in or returning to the workforce and will counteract the productivity gap created as the ageing population retires.

Childcare services are increasingly more expensive for working parents, which is one inhibitor to women's participation in the workforce. Data from the Workplace Gender Equality Agency (WGEA) confirms that the major impediment to the ongoing participation of women in not only senior management but also the workforce in general is the high cost of and limited access to childcare. While the current Childcare Rebate (CCR) covers up to \$7500 per year in childcare costs, which is inadequate given that in many capital cities, childcare fees are in excess of \$120 a day per child. The rebate constitutes about one-third of the cost. A growing number of women are finding that all, or the bulk of, their salaries go directly to childcare payments, which leaves little financial incentive for these women to work<sup>8</sup>.

If our nation is to compete on the global stage, we must encourage and build a system whereby women can be active economic agents. We must provide them with the facilities to increase their productivity, which will result in the 'women multiplier effect'<sup>9</sup>.

Harnessing working mothers' economic potential drives employment growth and diversifies local economies by allowing their independent financial gains to be invested back into the economy. Research suggests that if the level of female employment were to match male employment, Australia's GDP would be boosted by 11%, which is equivalent to \$25 billion<sup>10</sup>.

Another productivity issue related to accessibility of childcare services is the impact of early education on childhood development and the future of a skilled workforce. Regional and rural parts of Australia, which constitute nearly 6.9 million people or 31 per cent of the population<sup>11</sup>, are in danger of a

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<sup>7</sup> *Intergenerational Report*, 2010, Australian Treasury Department

<sup>8</sup> *The End of Equality: Work, Babies and Women's Choices in 21<sup>st</sup> Century Australia*, Anne Summers, 2003 Random House Australia, p. 3

<sup>9</sup> World Bank, Extracted from World Bank President Zoellick's speech at the MDG3 conference, Copenhagen, 25 March 2010

<sup>10</sup> *Australia's Hidden Resource: The Economic Case for Increasing Female Participation* Research Report. Goldman Sachs JBWere Investment Research, November 28, 2009

<sup>11</sup> ABS Estimated Resident Population statistics are based on 2006 Census data, updated to take account of births, deaths, international and interstate migration.

population decline as they experience increasing employment retraction rates among female workers, particularly in the mining sector, owing to the lack of accessible childcare facilities. Given that mining is Australia's largest export industry, this void in human capital is detrimental to Australia's national growth.

A childcare system which promotes individualised provision of care for mothers in rural and regional Australia will alleviate this productivity issue by retaining employees and allowing for further national productivity gains to stimulate economic growth in these low populated areas across the country.

A French case study cited in this paper considers a similar model in the Australian social and political context. France has implemented significant publicly subsidised individual childcare arrangements, such as private in-home care. This is primarily financed by tax revenue, delivering subsidised day-care centres and licensed care in private homes for infants and toddlers across French society. Currently, approximately 80 per cent of French childcare expenses are funded by taxpayers, with parents paying the balance. The childcare recommendations included in this paper highlight the efficiency of the French system and its potential for implementation in Australia. The flexibility of optional subsidised in-home care has helped French mothers re-enter the workforce. It has resulted in more than 80 per cent of French women with one child and over 50 per cent of women with three or more children in the workforce.

Minister Michaelia Cash, the Minister assisting the PM on the Status of Women said:

*If you want to talk seriously about improving workforce participation and productivity in this nation, you need root and branch reform of the childcare system – not a tinkering at the edges. Australia needs a better childcare system that's less geared to 8am-to-6pm institutional care.*<sup>12</sup>

The former Minister for Employment Participation and childcare, the Hon. Kate Ellis MP, also supports the need for childcare reform. She said:

*As Australian families change and Australian workplaces change, we need to ensure that our early childhood services also adapt to meet these emerging needs*<sup>13</sup>.

That notwithstanding, childcare issues should not focus solely on 'early childhood' because children also need care when they are ill, on holidays, after school and on weekends. The majority of working parents are not able to take leave or afford childcare for unanticipated and indefinite periods of time.

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<sup>12</sup> 'Women's workplace participation can solve Australia's productivity problem,' Senator Michaelia Cash. *Women's Agenda*, December 17, 2012

<sup>13</sup> 'Minister Kate Ellis reveals plan to allow childcare centres to open all hours,' *Samantha Maiden. The Sunday Telegraph*, July 29, 2012

The extended in-home childcare and nannies model recommendation in this paper can effectively relieve working parents who are faced with these difficult circumstances. Private in-home care has a number of practical benefits for families, such as the avoidance of young children being exposed to infectious illnesses in day care centres.

Furthermore, adopting the extended in-home childcare model would be highly beneficial for parents whose work demands frequent travel, overtime, or start-up business obligations leaving them unable to look after their children on weekends and holidays.

The AWCCI's recommendations for an innovative childcare system would enable parents the ability to balance the demands of a family unit with work commitments, including travel and overtime.

It would also enable working parents running their own business to meet their obligations, both as employers and care providers.

The rise of women's economic power and the expansion of female entrepreneurs will reap dramatic dividends for national growth.

Women represent enormous purchasing power. Women will incrementally drive a US\$5 trillion in global spending in the next few years, according to a recent study of 12,000 women in 22 countries conducted by Boston Consulting Group (BCG). Since women are likely to best understand and target this market, stimulating women's enterprises is critical to taking advantage of what BCG calls 'the most important commercial opportunity in our lifetime'.

The policy proposals recommended in this paper will help close the economic gap between men and women. A childcare system that is founded on accessibility, affordability and flexibility will lead to financial emancipation and security of both female employees and sole traders thus mitigating Australia's productivity issues, cultivating human capital and economic sustainability.





**The recommendations in this paper include:**

- widening the criteria for childcare accessibility to working parents by restructuring the existing childcare system to include In-Home childcare
- extending long-day childcare centre hours and
- include the Childcare Tax Rebate (CCR) to families who elect to use In-Home Childcare.

## Introduction

The unprecedented number of women starting their own business<sup>14</sup> and leaving salaried positions in the corporate sector is indicative of the lack of flexibility and insufficient number of childcare places available to working women around the nation.

A long-term, strategic and sustainable childcare program that closes the economic gap between men and women is imperative for the welfare of Australian children and our future economic prosperity in an increasingly competitive global environment.

The national social and economic benefits derived from ensuring that female employees and entrepreneurs have affordable access to world-class early learning and childcare centres will be evidenced by increased female workforce participation which will generate income growth, create more significant business prospects, enhance inter-firm competitiveness and promote innovative thinking.

Australia's short-term and long-term productivity is jeopardised by our low female workforce participation rate, sitting at a mere 59 per cent. Almost half of these women work full time; the balance work part time<sup>15</sup>.

The absence of women in the workforce creates a void in potential economic revenue for the Australian economy. Working women are the primary injectors, creating a 'women multiplier effect' as they reinvest 90 per cent of their personal income and financial gains into the national economy through community and family. Expenditure is based on food, education, healthcare and home improvements<sup>16</sup>. Female consumer spending has a significant multiplier effect on the economy, propelling employment growth and diversifying local economies.

Investing in flexible, accessible and inexpensive childcare will harness working mothers' economic potential and provide an important opportunity for increasing national economic growth by tapping into an inactive yet essential economic asset.

When women are unable to actively and fully participate in the workforce their chances of promotion are significantly reduced. Although women constitute around half of the workforce, female board representation is minute with approximately eight per cent of Australian board members being women<sup>17</sup>.

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<sup>14</sup> Australian Women Chamber of Commerce & Industry (AWCCI). Collection of sex desegregated data and the procurement of contracts for women business owners in Australia. AWCCI, 2012.

<sup>15</sup> ABS, Cat. 6202.0, *Labour Force, Australia, Status by Sex – Trend*, Table 1, June 2012 (released 12.07.2012)

<sup>16</sup> The Boston Consulting Group (BCG), *Women Want More: How to Capture Your Share of the World's Largest, Fastest-Growing Market*, (NY: Harper Business, 2009).

<sup>17</sup> EOWA Australian Census of Women in Leadership (Now known as *Workplace Gender Equality Agency* (WGEA)). 2010

This topic has been high on both the Federal Government agenda and diversity-focussed organisations.

In metropolitan Australia, childcare fees are, on average, upwards of \$120 per day per child; the current rebate covers approximately one-third of these fees. The costs and restrictions of the present system fail to directly address the fundamental needs of families, employers and employees - especially women who are generally the primary carers. *Ad hoc* public policy in respect of families with children fails to adequately give women the choice of integrating paid work with child caring responsibilities.

Inadequate childcare facilities, rebates and flexibility are restricting women's ability to make informed and rewarding career choices in this, our 'lucky country.' Accessibility to childcare has a direct impact on female workforce participation. The Australian Productivity Commission, an advisory board for the Australian Federal Government, reported that in the event of a one per cent increase in childcare fees, there is a corresponding reduction of 0.3 per cent of mothers in the workforce and a 0.7 per cent decline in hours worked<sup>18</sup>. Childcare fees directly impact on women's participation in the workforce.

The AWCCI policy proposals for effective childcare reform will allow women with children to continue with their employment commitments without having to compromise their careers for child-caring responsibilities.

Although society is not yet listening, the message from women with children is clear: in less than a decade we have seen an unprecedented number of women moving into self-employment with the aim of creating greater flexibility

ABS data illustrates that over the past 10 years the number of women 'own account workers' (OAW) has gone up by 24.6 per cent, while for men it was only up by one per cent. The number of males running a business has dropped by 3.7 per cent over the past five years, while the number of women running a business has grown by 8.9 per cent<sup>19</sup>.

Despite this climb in women start-up businesses, women entrepreneurs are restricted by inflexible, inadequate and expensive childcare facilities which hinder growth and reduce the possibility of job creation for other women.

International research confirms the vital nexus between a flexible and affordable childcare policy for women and the development of the Australian national economy<sup>20</sup>.

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<sup>18</sup> Education and Training Workforce Report. *Chapter 2, The Early Childhood Development Sector*. The Productivity Commission of Australia. December 1, 2011

<sup>19</sup> *Business Trend Report*, August 2012, BankWest Financial Indicator Series

<sup>20</sup> Australia's Hidden Resource: The Economic Case for Increasing Female Participation Research Report. Goldman Sachs JBWere Investment Research, November 28, 2009

*Australia's Hidden Resource* found that:...closing the gap between male and female employment rates would boost Gross Domestic Product (GDP) significantly, calculating this increase in Australia's GDP at \$25 billion<sup>21</sup>.

Similarly, there is compelling evidence of a correlation between women's economic participation and a country's general economic growth,<sup>22</sup> which suggests that the economic advancement of women doesn't just empower them, but leads to greater national prosperity.

The recommendations in this Paper have been developed through a process of researching selected childcare models in countries that are similar to Australia in the context of public policy.

Recommendations include:

- Extending accessibility of the in-home child carers' scheme - administered by home-based carers and outsourced through existing childcare centres.
- Expanding standardised operating hours of day care centres – providing more flexibility for parents to arrange pick-up and drop-off of their children around work hours; implemented through split shifts between child carers.
- Childcare rebates being extended to include in-home-based care.

The key recommendation of an extended in-home childcare system would address increasing flexibility demands in the workplace. The care provision is formulated on the current system available to rural, regional or disadvantaged families and the elderly in Australia.

In order for the Australian economy to continue on an upward trajectory, the Federal Government must remove many of the barriers to women's employment in order to stimulate the economy and allow women to actively participate and reinvest their incomes into the economy. Former US Secretary of State, Hillary Rodham Clinton recently said:

We need to unlock a vital source of growth that can power our economies today, and in the decades to come. And that vital source is women<sup>23</sup>.

This applies as equally to Australia as any other nation.



<sup>21</sup> Ibid.

<sup>22</sup> Empowering the Third Billion: *Women and the World of Work in 2012*. Booz & Company. 2012

<sup>23</sup> Asia-Pacific Economic Cooperation (APEC). High Level Policy Dialogue on Women and the Economy. San Francisco: APEC, 2011.

## Productivity Issues & Planning for the future

A reformed and comprehensive childcare system is a pragmatic method of mitigating Australia's chronic productivity concerns: an ever-burgeoning ageing population that is becoming increasingly dependent on a shrinking workforce; the relatively low participation rate of women in the workforce; and a limited supply of accessible and affordable childcare services together with an increasing fertility rate.

This section of the paper explores the inherent principal structural issues in the Australian economy and provides the solution of effective childcare policies founded on accessibility, affordability and flexibility.

Australian fertility data presents a twofold impact on national productivity concerns. First, figures highlight that fertility rates are increasing as childcare supply fails to keep up with demand. Second, many women are postponing childbirth.

In addition to the need for more accessible childcare services for rising demand in response to climbing fertility rates, the increasing number of migrants and their children contributes to the fundamental need for greater childcare services if Australia wants to retain a skilled workforce which is reasonably reliant on net immigration.

Further, this paper analyses the expansionary effects reformed childcare would create in relation to the female employment retention in the mining industry, which is a major concern in respect of the growth of Australia's largest export sector.

With an estimated 3.6 million Australian children under the age of 12 years currently in need of some form of childcare, closing the gap between Australia's productivity concerns and economic growth is more crucial than ever.

ABS figures confirm that the supply of adequate childcare services is severely lagging behind increasing demand, which makes securing sufficient childcare difficult for working families. The ABS estimates that approximately 32 per cent or 28,000 children were in formal childcare but needed additional care, while a staggering 68 per cent, or 61,000 of children, were not in any formal childcare<sup>24</sup>.

As the global economy becomes increasingly competitive, the demographic shift accelerates and the national population ages, the government must implement an accessible, affordable and flexible childcare system in order to tap into female talent and reap the economic dividends.

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<sup>24</sup> ABS Childhood Education and Care, Australia, June 2008 (cat. no. 4402.0)

## **Ageing Population**

Australia's burgeoning ageing population is becoming increasingly dependent on a shrinking workforce, which impacts on the country's productivity. Childcare reform, however, can be the solution to closing this demographic rift: providing incentives for women to remain in the workforce, thereby stimulating productivity and, therefore, the economy.

According to the 2010 Intergenerational Report compiled by the Commonwealth Treasury Department, Australia's population is increasing at staggering rates with the proportion of working-age people projected to fall, and with only 2.7 people of working age able to support each Australian aged 65 years and over by 2050.

Moreover, population growth is projected to slow to approximately 1.2 per cent per year over the next 40 years, slightly lower than the annual rate of 1.4 per cent in the previous 40 years.

The ageing population is a significant factor in slowing Australia's economic growth, with economic growth declining to 2.7 per cent annually over the next 40 years.

An increasingly ageing population puts considerable pressure on the welfare and health systems, the majority of which is offset through the Australian taxation system. With a shrinking workforce forecast over the same period, it is difficult to see the taxation system coping with such a population reversal.

Prudent investment in social infrastructure, such as childcare reform, will support and sustain human capital development by returning female employees and employers to the workforce.

Australia's ageing population reflects the decline in fertility rates, which commenced in the 1960s, as well as increasing life expectancy rates, which are expected to be only partially offset by future nett overseas migration. Implementing childcare reform as a financial incentive for women to re-enter the workforce will result in increased productivity and consequent growth of the Australian economy.

## **Fertility**

The restrictive nature of Australia's childcare sector is an impediment to women who wish to continue in the workforce while starting a family. With the average cost of raising a child to the age of 18 estimated at over \$1 million, an increasing number of women are choosing to postpone bearing children.<sup>25</sup>

The number of women pursuing tertiary education for career purposes is a major consideration in postponing child-rearing.

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<sup>25</sup> Time Magazine, June 2012, Million Dollar Babies, What it Really Costs to Raise a Child by Brad Tuttle.

The average educated female Australian will have one less child for each degree awarded. As the percentage of women postponing their first child increases so does the number of childless families<sup>26</sup>.

The average age for a woman to have her first child is 30 years of age, while for a man it is closer to 33. With a growing number of women having children during their peak career stages, their sudden absence in the workforce creates a 'brain drain' on workplaces, which is detrimental to productivity in the Australian economy.

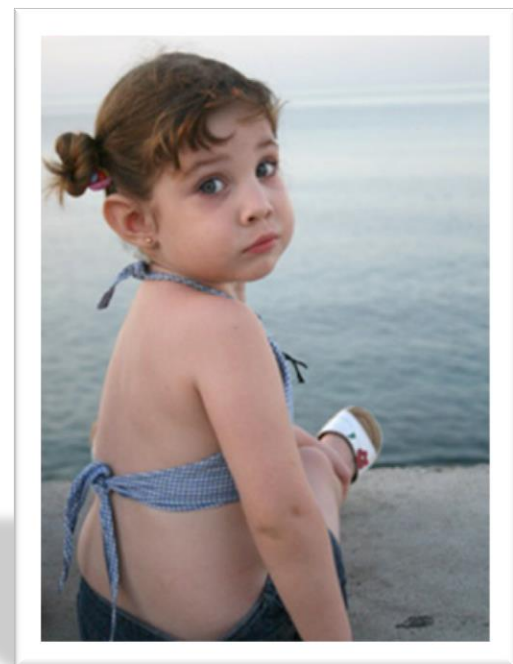
Further, fertility rates are gradually increasing in Australia with the ABS reporting in the 2011 Census Report that fertility rates increased from 1.729 in 2001 to 1.884 in 2011. There were 301,617 births registered in Australia in 2011, approximately 3,700 (1.2%) more than the number registered the previous year (297,903).

In light of these figures, the existing childcare model, which is already inadequate, will certainly be inadequate to cater for the number of children being born in Australia. Childcare reform will allow families greater flexibility to choose a childcare services that are tailored to their individual needs, such as the option of extended in-home childcare. To an extent, this will have the effect of freeing up space

in existing day-care centres. Further, by providing accessible, affordable and flexible childcare, mothers will be able to re-enter the workforce thus increasing national productivity and reducing the 'brain drain' in the corporate sector.

Between December 2011 and December 2012, the overall workforce participation rate declined 0.2 percentage points, while over the past two decades the population of elderly people has increased by 170.6%.

The birth rate in Australia is still significantly below population replacement levels, which perpetuates the trend of an ageing population. In 2008, total fertility rates were well below the replacement rate in most OECD countries. The birth rate exceeded two children per woman in only a few countries: France, Iceland, Ireland, Mexico, New Zealand, Turkey and the United States.



Australia's population profile will reflect an inverted pyramid by 2050 where the proportion of seniors edges closer to that of the working population if the current childcare system remains in place.

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<sup>26</sup> *The End of Equality*, ISBN 9781742747996, Anne Summers

## Education

The lack of sufficient childcare places in Australia's childcare system is an obstacle to the future education and prospective productivity levels of a skilled workforce.

The baby boom being experienced in Western Australia enforces the indispensability of a flexible childcare system that is expanded to families across Australia. The number of births in Western Australia has increased by 34 per cent since 2001 and is expected to rise again this year. Indeed, Western Australia is witness to a surge of 8000 births in 2012-2013<sup>27</sup>.

If the current system remains without changes, a great majority of children may be unable to access quality childcare and major socialisation issues will present and, over time, impact on future workforce productivity in Australia.

The nature of early care has a profound effect on early brain development<sup>28</sup>. The 'critical phase' for developing cognitive skills of thought processes and information gathering is between the ages of 0-6<sup>29</sup>. The 2006 OECD Report supports this data, noting that: 'Investment in the foundation stage of early childhood increases the productivity of the next stage.'<sup>30</sup>

What that means is that the care-giving services available to children from birth set the stage for future success in education, social interaction and social mobility. Done correctly, it will give rise to a future skilled labour force and long-term national economic growth. Done incorrectly, it will give rise to dysfunction, socially incapable children and adults and will impact negatively on a skilled labour force.

The neurological effects of early childhood development and its long-term repercussions for individual, social and economic outcomes have been the subject of significant research from international studies such as the US Committee on Integrating the Science of Early Childhood Development<sup>31</sup>. Detrimental outcomes, arising from poor early childhood development, include juvenile delinquency, criminal activity, and poor or no skills in the labour force.

The way in which children are cared for and educated in their infancy and preschool is a long-term determinant of social and economic costs.<sup>32</sup>

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<sup>27</sup> *The West Australian* – 10/01/13 <http://au.news.yahoo.com/thewest/a/-/breaking/15798838/child-services-lagging-say-advocates/>

<sup>28</sup> Skonkoff, J. P. and Phillips, D. A. (2000). *From neurons to neighborhoods: The science of early childhood development*. Washington, D.C. National Academy Press. P. 219

<sup>29</sup> Margaret Norrie McCain; J. Fraser Mustard. April 1999. *Reversing the Real Brain Drain: Early Years Study, Final Report*. The Canadian Institute for Advanced Research L'Institut canadien de recherches avancées. P. 31

<sup>30</sup> Starting Strong II: Early Childhood Education and Care. OECD. 2006. OECD Publishing. P 37

<sup>31</sup> Skonkoff, J. P. and Phillips, D. A. (2000). *From neurons to neighborhoods: The science of early childhood development*. Washington, D.C. National Academy Press. P. 219

<sup>32</sup> Heckman, James J. (2006). 'Skill Formation and the Economics of Investing in Disadvantaged Children', *Science*, 312(5782): 1900-1902.



Quality early childcare is critical to the longer-term development of a child. Conversely, poor childcare in the early stages of a child's life is potentially damaging and either impossible or very expensive to remediate in later years.

Families Australia record almost 310,000 notifications of child neglect each year of which 58,000 are substantiated<sup>33</sup>. The Australian Child Trust confirms these statistics, emphasising that one child every 17 minutes suffers from either neglect or abuse<sup>34</sup>.

The Kids Helpline advises that children left at home on their own during school vacation periods often call the helpline with general feelings of loneliness and anxiety<sup>35</sup>.

By implementing reforms which deliver flexible, affordable and accessible childcare, like an Extended In-Home childcare system, parents will be provided with a system that caters to their individual family and child's needs, contemporaneously decreasing the rate at which parents are forgoing childcare which may jeopardise their children's safety and cognitive development.

Research on child neglect, a causal factor stemming from being left at home alone for extended periods of time, has linked associations between neglect and poor social outcomes at both the individual and community level<sup>36</sup>. For example, studies reveal that the level of juvenile delinquency in New South Wales communities could be partially attributed to the level of child neglect within the community<sup>37</sup>. The effect of child neglect at the individual level was reported to include attachment and self-esteem issues, impaired cognitive development and compromised academic potential<sup>38</sup>.

Further, these studies also provide evidence that unaccompanied children at home and lack of monitoring is consistent with an increased risk of erratic disciplinary and juvenile delinquency behaviour, leading to future adult involvement in crime<sup>39</sup>.

The implementation of flexible, accessible and affordable childcare policies is vital to the health of our children, and the long-term labour skills, productivity and growth of our future economy. Investing in disadvantaged young children is a public policy with no equity-efficiency trade-off<sup>40</sup>.

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<sup>33</sup> 'South Australia Case Exposes Worrying Child Neglect Trend' *Emily Bourke. ABC News, June 25, 2008*

<sup>34</sup> ACT for Kids. Last accessed 31/01/13, <http://www.actforkids.com.au/work.php>

<sup>35</sup> 'South Australia Case Exposes Worrying Child Neglect Trend,' *Emily Bourke. ABC News, June 25, 2008*

<sup>36</sup> Sullivan, P. M. & Knutson, J. F. (2000). *Maltreatment and disabilities: A population-based epidemiological study. Child Abuse & Neglect. 24* (10) 1257-1273

<sup>37</sup> Weatherburn, D & Lind, B 1997, *Social and economic stress, child neglect and juvenile delinquency*, NSW Attorney-General's Department, Sydney.

<sup>38</sup> *A Coordinated Response to Child Abuse and Neglect: The Foundation for Practice. U.S. Department of Health and Human Services Administration for Children and Families Administration on Children, Youth and Families Children's Bureau Office on Child Abuse and Neglect.* Jill Goldman; Marsha K. Salus; Deborah Wolcott; Kristie Y. Kennedy. 2003

<sup>39</sup> Loeber, R., & Stouthamer-Loeber, M. (1986). Family factors as correlates and predictors of juvenile conduct problems and delinquency in M. H. Tonry & N. Morris (Eds.), *Crime and justice: An annual review of research*, Vol. 7 (pp. 29–149). Chicago: University of Chicago Press.

<sup>40</sup> Heckman, James J. (2006). 'Skill Formation and the Economics of Investing in Disadvantaged Children,' *Science*, 312(5782): 1900-1902.

## Geography

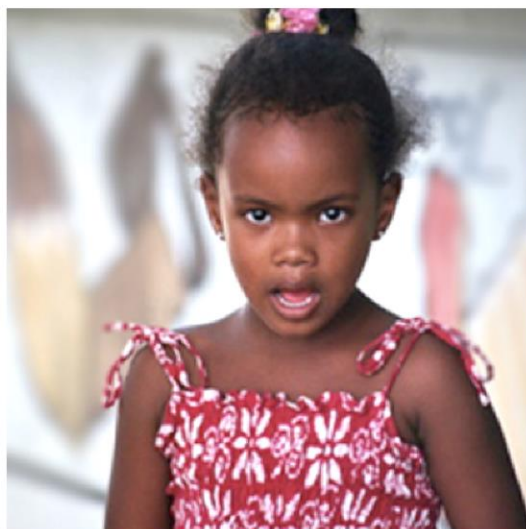
Mining is Australia's leading export industry, yet women represent approximately 18 per cent of the minerals industry workforce (both on-site and corporate offices) compared with the national participation rate of 45 per cent in the workforce.

The 2012 *Attracting and Retaining Women in the Australian Mining Industry* report revealed that women represent just over three per cent of all employees at mine sites. Further, the age profile of women in the industry is concentrated at those aged 34 and under.

The report also found that access to childcare, particularly facilities that catered for shift work and long rosters for women in residential mining towns, was almost impossible<sup>41</sup>.

Furthermore, a recent report highlights that regional businesses are less likely to incur childcare costs than metropolitan respondents (48% vs. 39%). Metropolitan businesses are more likely to source childcare payments from the child's father (17% vs. 8% for regional businesses)<sup>42</sup>.

By providing an holistic extended in-home childcare policy which is available to and affordable for all Australian families, regardless of geographic location, the Australian economy would benefit from a significant increase in productivity by addressing the issues of labour force shortages in various industries. Workplace flexibility and a diversity of skills are crucial to the growth of Australia's biggest export industry and to maximising our national economic growth.



## Immigration

Australia's increasing number of migrants and their families is not being matched by an increased supply of childcare services.

Immigrants make up one in four of Australia's 22 million population. Immigration is expected to rise with the 2012-13 Australian Government's Migration Program increasing places by 5000 to boost the level of skilled workers in Australia<sup>43</sup>.

<sup>41</sup> 2012 *Attracting and Retaining Women in the Australian Mining Industry* report

<sup>42</sup> AWCCI Metro vs. Rural/Regional Women Business Owners Research report, March 2013.

<sup>43</sup> Department of Immigration and Citizenship, Australian Government, *Fact Sheet 2 – Key Facts about Immigration*

The Migration Program for 2012-2013 has lifted the numbers of places available by allowing 190 000 migrants to enter Australia in order to meet the demands for a skilled labour force. In addition to this, the family migration stream has also been increased to 60 185 places, uncapping child and partner visas to allow families to migrate together<sup>44</sup>.

This influx of migrants and their families will be met with impediments to workforce participation if current childcare arrangements stay in place.

### **Childcare Waiting Lists**

The childcare system is plagued by a surging demand that is growing 13 times faster than supply<sup>45</sup>. Working parents are finding it increasingly difficult to secure adequate childcare for their children, resulting in up to a three year wait for long day care centres. This forces many women to either resign in order to take on child caring roles, rely on grandparents, or hire expensive private carers<sup>46</sup>.

A 2013 survey conducted by the Greens Party of Australia confirmed that current childcare services are not meeting the increasing demands faced by parents within the workplace, with three in every four long day care centres in Australia's capital cities not having any vacancies for babies, and two-thirds not having available places for toddlers<sup>47</sup>.

The survey also broke down the waiting lists by cities, finding that in Brisbane, approximately one in three centres have a waiting list that stretches one to two years for enrolments, with more than three quarters having no vacancies for babies, and 61 per cent having no room for toddlers<sup>48</sup>. These figures are reflected in other cities, with childcare centres in Adelaide, Hobart, Darwin and Perth running low in vacancies for babies and toddlers.

A case study in the survey emphasised the extra costs working parents are being forced to pay in order to provide some form of care for their children. One working mother, Ms Galloway, said she has been forced to nanny-share, with estimated costs soaring to \$400 a week, more than half the nett average wage for an Australian female employee<sup>49</sup>.

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<sup>44</sup> Ibid

<sup>45</sup> Bitá, N; Minister urges fast-tracked planning to beat place shortfall, *The Courier-Mail*, 2012

<sup>46</sup> Childcare not stacking up, Natasha Bitá, *News Limited Network*, January 19, 2013

<sup>47</sup> Ibid

<sup>48</sup> Ibid

<sup>49</sup> ABS 6302.0

The shrinking supply of adequate childcare places to meet overwhelming demand is being exacerbated by the government's single parents' pension cut. Approximately 100 000 single parents of children aged eight years and over have been forced off the Parenting Payment and onto the much lower Newstart Allowance, a government strategy intended to encourage sole parents to return to paid work<sup>50</sup>.

It has been estimated that single parents who do not work will be \$115 worse off a fortnight, and those who are working will lose 40 cents in each payment dollar for every dollar they earn over \$31 a week.<sup>51</sup>

It is important to recognise that 90 per cent of the sole parents affected are women who struggle to balance the needs of their children with the demands of their jobs.<sup>52</sup>

With limited childcare vacancies, extensive long-day centre waiting lists and now financially vulnerable mothers owing to the termination of the single parent pension, working women turn to casual, contract or other forms of insecure employment in order to balance their children's needs.

This potentially has a devastating effect on families because insecure work can be terminated at little or no notice, leaving already vulnerable families without an income at all.<sup>53</sup>

Childcare reforms which provide subsidised, optional Extended In-Home Childcare services will significantly reduce demand for day care centres and will result in increased vacancies. Such a policy would also provide working parents with greater choice and flexibility for care arrangements appropriate to their personal circumstances.

## Case Study

France is one of the global leaders in providing an holistic and comprehensive childcare system for working parents. Childcare is targeted to working families across society and is supported across the political spectrum.



<sup>50</sup> 'Single parents to lose pension cards,' Amanda Parkinso, *The Age*, January 13 2013

<sup>51</sup> Ibid

<sup>52</sup> Ibid

<sup>53</sup> Australian Council of Trade Unions (ACTU) Women's Committee Submission to the Secure Jobs Inquiry, 2012, p2

Since the mid-1980s the French Government has focused on publicly subsidising two main aspects of childcare: (1) individual childcare arrangements, such as private in-home care; and (2) formal day-care centres. These were instigated as a policy measure to boost employment figures by integrating child-minders into the economy.

The French childcare system is primarily financed by taxation revenue, delivering significantly subsidised day-care centres and licensed care in private homes for infants and toddlers. Approximately 80 per cent of French childcare services expenses are funded by public capital with parents paying the balance.

The French government dedicates 64 per cent of its childcare budget to publicly subsidised home-based care, 18 per cent to accredited family day care providers and eight per cent to crèche services.

Crèches take infants from the age of two months and are managed by local authorities, companies and parent associations. Between 2003 and 2007 the number of places made available to children in such arrangements rose 2.9% per year<sup>54</sup>.

These government-run day care centres operate from 7:00-8:00 a.m. to 6:00-7:00 p.m. The hourly rate for day care is means tested on the parents' income and ranges from 4.20 Euros to 0.26 Euros per hour.

In addition, parents of children under the age of six can use leisure centre services and childcare facilities outside school hours before and after the school day, as well as during school holidays. These services are subsidised by the Family Allowances Fund.

In 2004, the French Government also implemented a tax break system to support parents who chose to hire a nanny, an *assistante maternelle*, who is suitably licensed and periodically overseen by the government, or specially trained paediatric nurses. Parents can also opt for the services of registered child-minders who can look after up to four children at their home.

The provision of registered child-minders in France accounts for two-thirds of childcare options for children under the age of three. Of the 28% of children under the age of three accommodated in the institutional system, over 18% are cared for by child-minders at their home or the parents' home. The 290,600 child-minders in France in the second half of 2009 provided 817,100 childcare places for children under the age of six<sup>55</sup>.

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<sup>54</sup> Bailleur, 2009 and Caisse Nationale des Allocations Familiales (CNAF), 2009).

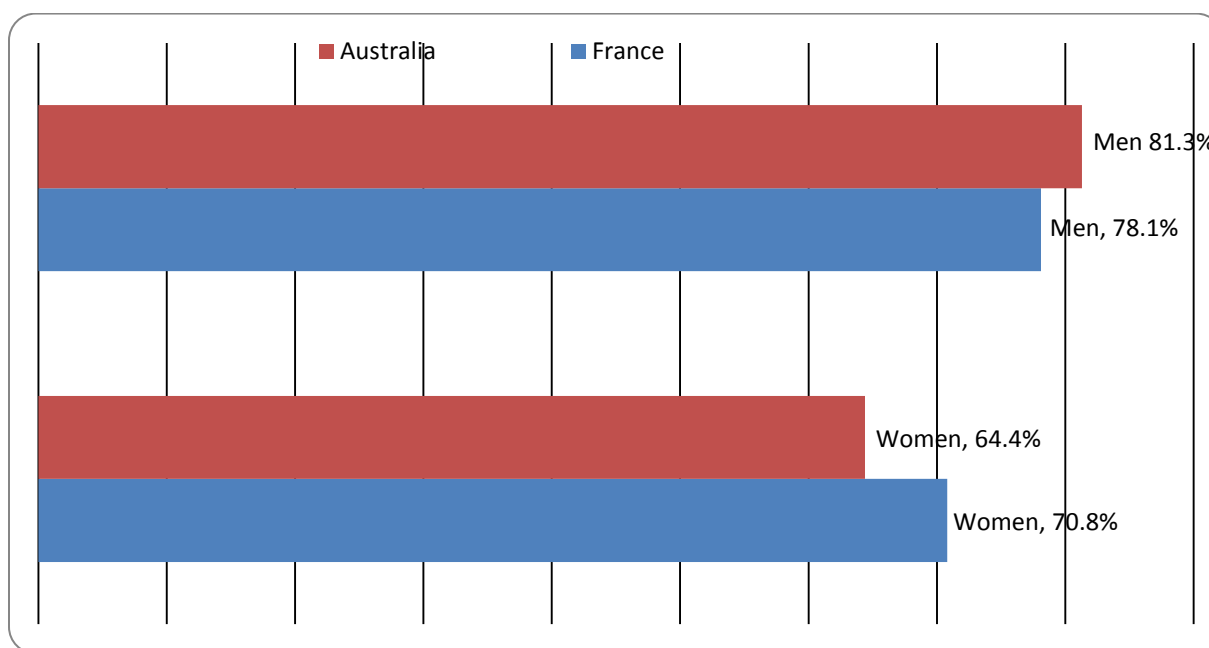
<sup>55</sup> European Union, European Alliance for Families. Last assessed 14/02/13, [http://europa.eu/familyalliance/countries/france/index\\_en.htm](http://europa.eu/familyalliance/countries/france/index_en.htm)

Parents who choose this childcare option receive a monthly allowance, the ‘childcare choice supplement.’ This allowance totals between €162 and €378 and is a monthly rebate based on the nett family income, with the government contributing approximately one-third of the total cost of care<sup>56</sup>.

Home-based carers are regulated by strict training requirements, health and safety checks and regular re-registration.

This policy has helped French mothers re-enter the workforce: more than 80 per cent of French women with one child and over, and 50 per cent for women with three or more children are actively engaged in the workforce<sup>57</sup>.

Figure 1, below, highlights the disproportion of Australian mothers with one child or more active in the labour force versus working mothers in France.



France, like Australia, had a childcare supply and demand issue whereby only 14 places were available for every 100 children requiring formal day centre services. The French Government then created a decentralised care support system for private child-minders who now satisfy the majority of demand for working families with children under three years of age. Families with one parent on parental leave are exempt from this entitlement.

<sup>56</sup> Ibid

<sup>57</sup> Bailleau, 2009 and Caisse Nationale des Allocations Familiales (CNAF)

### **Precedent: Existing In-Home Child & Aged-Care schemes**

Australia has two caregiver schemes available for care recipients in their private home: In-Home Childcare (IHC) for families who are unable to access existing childcare services in their area; and Extended Aged Care at Home (EACH) for the elderly who wish to remain in their private dwelling.

The precedent for an Extended In-Home Childcare system therefore exists. Extending the IHC to all families with children regardless of disability, employment conditions or geographical location would facilitate a more flexible and accessible childcare service regime to working families who might prefer to employ a child-minder in their private home.

The Extended In-Home Childcare system could be configured in a similar fashion to the IHC and EACH model.

### **In-Home Childcare (IHC)**

In Home Care is an initiative by the Australian Government which provides care in the child's home. The scheme is available to working parents who are unable to access childcare services owing to asocial working hours or remote geographical conditions, and where other forms of care are neither possible nor suitable.

The eligibility criteria for IHC is dependent on whether the child in question, siblings or a parent has an illness or disability, the family resides in a rural or remote area, the parents' hours conflict with standard childcare trading hours, or the family unit is compromise of three or more children who have not yet started school.

The government provides four means of financial support for IHC. These are Set-Up Assistance Funding, Operational Support Funding, Regional Travel Assistance Grant (RTAG) and the Sustainability Assistance.

IHC is subsidised by the Federal Government through the Childcare Rebate (CCR) which pays up to 50 per cent of childcare service expenses on an annual cap of up to \$7,500 per child per annum. This rebate scheme is not income tested, but is calculated after deducting any Childcare Benefit (CCB) from childcare fees.

The childcare service delivered through the IHC package is an existing model which can be replicated into an Extended In-Home Childcare model. By extending the eligibility requirements of the IHC scheme to all Australian families irrespective of disability, geography or particular working hours, underpinned by continuing the government subsidy of IHC through the Childcare Rebate Tax (CCR) scheme, with the caveat that the CCR is increased above the \$7,500 cap [see section 2 of the recommendations].

This model will boost female workforce participation which will have the flow-on effects of improving productivity and injecting money into the economy.



The necessity for such a policy that extends the In-Home Childcare system to families in the metropolitan area as well as regional and rural Australia is supported in the 2011 AWCCI National Research on Women Business Owners & Female Entrepreneurs report. It highlights that the proportion of metropolitan (46%) and regional (45%) respondents with dependent children living at home is similar. There is an equal need for in-home childcare to be made readily accessible to families in any geographic and employment category.

#### **Extended Aged Care at Home (EACH)**

The EACH program is an initiative provided by the Department of Health and Ageing. This service offers a high level of care to the elderly through an individually tailored package in order to allow them to remain in their private dwelling.

The scheme delivers this service through the provision of registered nursing care, personal care, social support, transportation to and from appointments, and home support.

EACH is subsidised by the Australian Government through the means testing mechanisms contingent upon whether the person in question is receiving an Age Pension or earns an income.

EACH fees are respectively indexed in line with changes to pension and personal income. As of 20 September 2012, the maximum fee for this scheme is pegged at \$8.90 per day for care recipients on the pension. The daily subsidy for the EACH package covered by the Australian Government is therefore calculated at \$124.75. Those who have a personal income may be expected to fund up to 50 per cent of any income over the basic rate of the single pension.

Both these existing care service models can be adapted to provide an Extended In-Home Childcare system.

Management of the proposed Extended In-Home Childcare scheme would remain with, and be regulated by the Australian Government, as the IHC and EACH models are. This would allow a relatively inexpensive and seamless extension to Extended In-Home Childcare.





Similar to the current EACH scheme, caregivers would be sourced from and managed by existing care homes. Subcontracting childcare workers from operational childcare centres to work in private homes would provide families with the most vetted, qualified and prepared carers available.

Similar to the French case study, private childcare providers would be overseen and regularly monitored by their own childcare centre employer. This minimises the need for government regulation.

Adding the options to outsource private childcare providers would have a two-fold effect in increasing the national employment rate: generating more jobs within the childcare industry through private child-carers; while creating more vacancies in childcare centres as parents are given a choice to select appropriate childcare services depending on their respective needs.

The Extended In-Home Childcare mechanism would provide flexibility and accessibility for both working women and men. This would be packaged to:

- Single parents with children
- Professionals
- Entrepreneurs/business owners.

#### **Modes of care: Home-based carers**

The provision of private in-home carers is a legitimate and more cost-effective form of childcare in cases where parents have employment commitments that demand working hours beyond hours provided by day-care centres.

For many working families, formal day-care centres are impractical and troublesome. Some children are required to be dropped off very early in the morning and picked up late in the evening owing to increasing demands of modern workplaces.

Further, parents who work atypical hours, such as shift workers, are often unable to find a suitable childcare option that dovetails to their work commitments.

Moreover, many families with two or more children below school age find that the employment of a home-based carer is cheaper than long day-care childcare services (particularly at the average rate of \$120 per child per day).

Home-based care as the primary mode of care gives working parents the assurance and confidence that their children will be cared for, bathed, fed and settled in a familiar and secure environment regardless of parents' unpredictable work demands.

At present, only families who meet strict criteria are able to access the in-home care (IHC) and childcare rebate tax (CCR) which goes some way toward subsidising the fees.

A reformed childcare model which promotes effective, affordable and flexible childcare such as that provided by home-based carers within the proposed Extended In-Home Childcare scheme would be enormously beneficial to thousands of working families.

#### **Answering the critics in the ‘nanny’ debate**

A critical point of concern for the Australian Government, as expressed by Early Childhood and Childcare Minister Kate Ellis, is that:

...[the Extended In-Home Childcare] industry lacks regulations. The reality is the nanny industry is not regulated, and no responsible government can invest taxpayer funds into an entirely unregulated field, which would make the Australian public responsible for what goes on in private residences without any checks and balances<sup>58</sup>



As discussed in the ‘Precedent’ section of this document, the Extended In-Home Childcare package would largely not be regulated and overseen by the government because child-carers would be trained and regularly reviewed by their direct employers, the existing professional childcare centres which are already strictly regulated by the Government.

The French Government has successfully implemented a similar structure – including common national requirements for nannies such as police checks, regular training, and monthly inspection by certain crèches. By extending the use of workers from already established childcare centres, regulation would be managed by childcare centres themselves.

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<sup>58</sup> <http://www.news.com.au/lifestyle/parenting/the-modern-nanny-is-a-legitimate-and-cost-effective-parenting-tool-for-many-working-families/story-fnet085v-1226532083003#ixzz210HZxC00>



## Women business owners

The inexorable rise of women's economic power as female entrepreneurship expands globally will reap dramatic dividends for national growth. In Australia, women are starting businesses at twice the rate of men.

However, the present childcare model in Australia imposes unnecessary restrictions on women's capacity to further engage in the commercial sector and, ergo, the national economy.

The last decade has revealed female entrepreneurship as one of the most fundamental untapped sources of economic growth in the world. Across the world, women's wealth creation is rapidly increasing, with women controlling 27 per cent of global wealth or roughly 20.2 trillion U.S dollars in 2009<sup>59</sup>.

In 2010, 187 million women in 59 economies started and managed new business ventures.<sup>60</sup> Female entrepreneurs create an abundance of new employment opportunities, expanding national labour productivity significantly.

*The Economist* confirms that increasing female labour force participation will prompt an upward trajectory in the country's growth rate by encouraging women to re-invest in the economy through health, education and infrastructure.

Women represent enormous purchasing power. Women will incrementally drive a US\$5 trillion in global spending in the next few years, according to a recent study of 12,000 women in 22 countries conducted by Boston Consulting Group (BCG)<sup>61</sup>. Since women are likely to best understand and sell to this market, stimulating women's enterprises is critical to taking advantage of what BCG calls 'the most important commercial opportunity in our lifetime'.<sup>62</sup>

The *Economic Magazine* in 2006 reported that: "... for the past two decades, the increase in female employment in the rich world has been the main driving force of growth..." And: "...women have contributed more to global GDP growth than has either new technology, or the new giants, China or India."<sup>63</sup>

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59 Credit Suisse Research, 2011, Gender Finance: What Women Expect, Christine Schmidt, Juliette Lim-Fat, Thematic & Derivatives Research

60 Global Study of Women Entrepreneurs Finds Need for Greater Access to Capital, More Education and Training and a Shift in Societal Attitudes to Stimulate and Support Women Starting and Growing Businesses," 2010, Global Entrepreneurship Monitor (GEM)

61 The Boston Consulting Group (BCG). 2009. Women Want More: How to Capture Your Share of the World's Largest, Fastest-Growing Market. NY: Harper Business.

62 Ibid

63 *The Economist*, 'The importance of sex: Forget China, India and the internet: economic growth is driven by women', April 12th 2006

63 AWCCI Issues Paper, 2012: Sex desegregated data & the procurement of contracts for women business owners in Australia

One of the key concerns identified as threatening our national economic stability was the lack of superannuation held by women<sup>64</sup>. Indeed, only a small proportion of women contribute to their superannuation. ABS statistics reveal that in 2007, males aged 15-69 years were more likely to have superannuation coverage (81 per cent) than were females aged 15-69 years (74 per cent). This is demonstrative of the lack of supportive social structures available to the female entrepreneur – the working women forgoing proper wages and superannuation by not providing themselves a market equivalent wage in order to afford sufficient childcare for their children.

If reform is not forged in the childcare sector, as this paper has proposed, more women could soon be living below the poverty line with no superannuation, no savings, no exit strategy, few prospects for employment at the end of their career and no income from their business at retirement age.

## Recommendations

The three principal recommendations detailed below are predicated on the need for Australia to engage in social investment in childcare.

These recommendations widen the criteria for childcare accessibility to working parents by restructuring the existing childcare system to include In-Home Childcare, extending long-day childcare centre hours and including the Childcare Tax Rebate (CCR) to families who elect to use In-Home Childcare.



### **1. Extending accessibility of the In-Home Child carers Scheme – administered by home-based carers and outsourced through existing childcare centres.**

It is critical that the Australian Government deliver an affordable childcare option centred on in-home care through the provision of home-based carers and managed by existing accredited childcare centres.

The precedent for this home-based childcare is established by the Extended Aged Care at Home (EACH) service and Extended In-Home Childcare systems already in place.

These two existing schemes can be readily juxtaposed into an In-Home childcare system, which is already regulated by the Australian government. Restructuring and extending authority to providers of childcare to oversee and manage home-based carers would be implemented by outsourcing and subcontracting childcare workers from already operating childcare centres to work in private homes.

The in-home childcare system would be accessible to working parents across society, during school holidays, for after-school care and to children who have fallen ill and are unable to attend day-care centres.

Providing affordable and flexible childcare services to parents who are unable to take care of their children owing to demanding workplace requirements will encourage parents to remain in the workforce and have a positive effect on productivity.

The model will provide greater flexibility and accessibility for a largely untapped potential resource for the Australian economy: working women.

To boost labour force participation rates and fuel the economy through the ‘women multiplier effect’ the in-home childcare policy would also be targeted and packaged to single women with children, women professionals as well as entrepreneurs and business owners.

## **2. Expanding standardised operating hours of day care centres to cater for the average working parent with increasing demands in the workplace**

Increasing standard operating hours for long day care centres to reconcile with the inflexible hours and/or commuting times for the average working Australian parent will provide more flexibility for parents to arrange pick-up and drop-off of their children around work hours. It also takes realistic account of traffic congestion and public transport delays in urban centres.

Increased flexibility could also be extended to the childcare worker who could be employed on a split shift basis with distinct morning and afternoon shifts. This would allow the carers, the majority of whom are women and mothers themselves, to dedicate sufficient and flexible time to their own children.

The AWCCI acknowledges the need for this recommendation to be implemented in a variety of urban, rural and regional towns on a pilot-basis in order to encompass every working environment and verify the distinct childcare needs for different geographical area.

### **3. Include childcare rebates for extended in-home-based care**

Provide the Childcare Tax Rebate (CCR) to families which choose to use the Extended In-Home childcare system through home-based care.

At present, the CCR is only available to families eligible for In-Home childcare services – families in which parents work non-standard hours, or which are located in regional or remote regions of Australia.

If the first recommendation is to be implemented by the Federal Government, it should be logically complemented with CCR for those families who elect this option for childcare. Indeed, the high costs of independent and private home-based care would preclude the average working parent from accessing the extended-in home care model unless there is adequate subsidised support.

## CONCLUSION

Facilitating the integration of working mothers into the global economic mainstream after childbirth through accessible, flexible and affordable childcare services has a direct causal link to national profitability, growth and sustainability.

In light of Australia's productivity concerns, rising fertility rates and an ever burgeoning ageing population, childcare reform will mitigate these barriers and facilitate the empowerment of female employees and entrepreneurs in the workforce and global marketplace. This will promote human capital, productivity and economic sustainability.

The indispensable nature and stimulative effect which will arise from increased female workforce participation will create a beneficial ripple effect throughout the economy.

Indeed, widespread benefits will result from increased female workforce participation: economies will expand and cycles of poverty broken will be broken<sup>65</sup>. It has been hypothesised, and endorsed, that the integration of working mothers into the workforce would have a greater impact for the global economy than the emergence of China and India because female economic participation is diffused extensively rather than concentrated in a single country or to a single area of the economy<sup>66</sup>.

If Australia is to become and remain a competitive player on the world stage, we must build a system whereby women can be active economic agents. This means providing them with childcare services that allow them to better balance family and work commitments – ultimately enhancing productivity, and creating a 'women multiplier effect'<sup>67</sup>.




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<sup>65</sup> Ibid

<sup>66</sup> 2007 Booz & Company report

<sup>67</sup> World Bank, Extracted from World Bank President Zoellick's speech at the MDG3 conference, Copenhagen, 25 March 2010

The extended in-home childcare and home carers model recommendation will readily and effectively alleviate increasing demands faced by working parents by delivering a childcare system that is predicated on existing care provisions available in Australia.

The AWCCI's recommendations will provide women with the impetus to re-enter the workforce, ensuring that they do not need to sacrifice their salary or career to care for their children.

If the Australian Government embraces and implements childcare policy reform and recognised women as critical contributing members to the global marketplace, the economy will experience an upward trajectory as women inject back into the economy. Further, increased female workforce participation will alleviate productivity issues currently afflicting Australia's economic growth: the ageing population, fertility crisis, immigration, and the lack of skills and education.

The policy initiatives contained in this paper will ensure that all women and children, regardless of their geographical or socio-economic background, have access to affordable and high quality childcare. It will also be the catalyst for a more cohesive, gender-equal and economically competitive Australia.



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## Special Thanks



I would personally like to extend my gratitude to all the women and associations that provided their views, time, advice and guidance to assist with the assembly of this paper including: Professor Marian Baird, Marie Coleman, Gillian Franklin, Wendy McCarthy and Anne Summers. As well as the leaders of the Australian Hispanic Women's Business Network, Australian Indonesian Business Council, Australian Thailand Business Council, Australia-Taiwan Business Council, Business Network International, ES4W, Hong Kong- Australia Business Association, Inspiring Women, Lady Tradies Australia, National Foundation of Australian Women, NetWork Central, Property Council of

Australia, She Business, Social Media Women, WAVE, Women Chiefs of Enterprise International, Women Electoral Lobby, Women Network Australia, Women Law Association and the National Association of Women In Construction.

A special thanks to Sophie Utz for the many months she dedicated to the research of this paper, without her it would not have been possible, and to Dr Robyn Smith to whom I am always grateful.

With Praise

Yolanda Vega  
Executive Director  
AWCCI