

Submission

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I am a new mother with a baby. Up until now I have invested heavily in my career and education. However, the cost of childcare is a major obstacle to the return to meaningful, fulltime work. For most new mothers it is not economically viable to return to work due to childcare costs – with many find themselves working for nothing.

Please find following some of the research I could find, coupled with my own understanding and recommendations.

Lack of affordable childcare is one of the most prohibitive factors in women maintaining professional careers and/or for planning a family. It is the hidden discrimination in the system, as women are traditionally left with responsibility of meeting childcare needs. Breunig, Gong and King (2010) found that as child care prices rise, female employment declines. They found that if the price of childcare is reduced by 50 percent, the labour supply of mothers will rise on the order of 6.5 to 10 percent (cited in IMF 2013). Creina Day found that as child care becomes more expensive, women either leave work or don't have kids. This is impacting participation. Australia has one of the lowest labour force participation rates for sole parents out of all OECD countries (2011 OECD).

Likewise this helps to explain why Australia has lower fertility rates than other OECD countries (OECD 2011). The common option, part-time work, also has its drawbacks. Women that take time out of their careers to care are left with superannuation shortages, and the transition back to work can sometimes be difficult. While this may not seem like an issue, the government will ultimately bear the brunt of these shortfalls. As the IMF (2013) warns "In many advanced economies, gender-specific career paths, characterized by more part-time work and career breaks for child care among women, result in higher risk for old-age poverty among women." OECD countries with the highest public spending as a proportion of GDP on child care services for children under the age of five have been found to have higher employment rates among mothers (Aguirre 2012, IMF 2013).

When women can't work to their full potential – the economy suffers. Aguirre and others (2012) suggest that raising the female labor force participation rate to male levels would increase GDP between 5 – 34 percent. The productivity commission would do well in costing out these losses and costs.

While older data from the bureau of statistics indicates the average weekly cost for childcare is \$73/week – this simply does not seem plausible to me. Most of the childcare places I have spoken to in inner Sydney are charging \$140/ day - \$170/day. That's \$700/week minimum or \$36,000/ year. With the maximum allowable rebate – it will cost \$29000 minimum a year. **To put this in perspective – I could put my child through an all expenses paid PhD at Cambridge for the cumulative cost of childcare to school age.** Not only is it costly but there are long waiting lists and extremely stringent conditions (such as a \$50 fines for being 5 minutes late after 5.30pm mandatory pickup time).

Having recently had a child and trying to reconcile the cost and inflexibility of childcare with maintaining a career and generating an income to provide for my child – is difficult.

Ideas/recommendations:

- Provide tax concessions for businesses that provide onsite or subsidised childcare.

- While the current subsidy is on the right path, it does not touch the edges of the costs of childcare for professional women. As I outlined above, the current rates faced in Sydney metropolitan area are \$36,000 a year. In order to get the gains outlined in the Breunig, Gong study childcare rebate cap would need to be lifted to \$17,000 a year, in order to provide the gains envisaged.
- Many family members want to be able to help but cannot survive and provide additional support. Provide greater incentives for family members to help provide care (greater than the current model). This would incentivise others on other benefits, such as unemployed and pensioners, to also be able to undertake meaningful work.
- Open up the labour market to Pacific Islanders and others that could be qualified. There is a shortage of skilled childcare workers.
- Greater incentives for people to undertake childcare work.
- Undertake economic modelling of the real economic cost of women working vs not working and real cost of unaffordable childcare (including contribution to economic growth, burden imposed by shortfalls in super and other benefits that have to be provided).
- Try and better utilise other public service providers to provide after school programs, such as libraries.
- Ensure that daycare centres are open until 7pm before imposing penalties. Nobody can finish work and get to daycare by 5pm – 5.30pm.
- New data from bureau of statistics.