

26 June 2014

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

Sent via email: childcare@pc.gov.au

Inquiry into Child Care and Early Childhood Learning

Dear Dr Craik,

Chief Executive Women (**CEW**) is pleased to make a submission to the Productivity Commission's Inquiry into Child Care and early Childhood Learning.

1. Executive Summary

CEW offers a unique perspective, representing over 300 of Australia's most senior women leaders from the corporate, public service, academic and not-for-profit sectors. Many of those members have extensive experience as employers, as parents (or more pertinently in the context of the Terms of Reference of the Productivity Commission), as mothers. CEW makes the following key recommendations:

- A. **Increased access to affordable and high quality child care drives women's workforce participation, economic productivity & prosperity:** Increasing access to affordable and high quality child care to all parents will drive the most significant increase in:
 - a. Workforce participation generally, and specifically for women; and
 - b. Economic productivity & prosperity, in terms of both increased economic capacity and the creation of better educational, health & social outcomes for children as they emerge into adulthood.
- B. **The well being of our children must be at the centre of policy decision-making:** There is a substantial body of evidence that indicates that investing in accessible & high quality early childhood learning & care is more effective than addressing the chronic social, economic and health challenges individuals can experience as adults.



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Once it is accepted that increasing access to quality early childhood learning improves not only individual educational outcomes, but ensures better long-term collective economic outcomes across multiple measures – productivity, social cohesion and health. The imperative for investing in transformational change in this sector is clear.

- C. **The quality of early childhood learning & care is paramount:** Increasing access, flexibility and affordability will have no meaningful effect on productivity in the long term if quality is not also simultaneously maintained or improved. Experts have analysed the evidence and applied their valuable insights and knowledge to formulate the National Quality Framework, which has been and should be accepted as a quality ‘benchmark’, and a first important step for harmonizing minimum standards for care across Australia. CEW also encourages the government to focus on achievement of *the Nest* target for Australia to be in the top 5 of Organisation for Economic Co-operation and Development (**OECD**) countries by 2025 for education performance, physical well-being, social and emotional well-being and young people participating in issues affecting them. Currently, Australia ranks in the top third of OECD countries on only 26 per cent of child wellbeing indicators¹.
- D. **Delivering effective & meaningful change means touching many areas of public policy:** The levers for improvement in workforce participation and optimising children’s learning & development affect multiple areas of public policy. Achieving improved outcomes depends on a complex inter-relationship between the child, the family, the quality of the early childhood learning & care as well as broader societal factors. Focusing on reform in just one area will not lead to progress overall if reform in other relevant areas is left behind. Wherever possible, an integrated approach should be taken. This means a review of the current complex mode of delivery of Child Care Benefit (**CCB**) and Child Care Rebate (**CCR**) is required, but so are inter-relationships with other forms of family assistance (e.g. the proposed paid parental leave scheme), taxation arrangements (personal & corporate), employment relations (protections and incentives provided to early childhood learning & care workers). In order for reform to be effective, consideration should be given to improving clarity about the current allocation of responsibilities between State and Federal government for improving outcomes in early childhood learning & care.
- E. **The range of care available for government support should be broadened to include “in-home” care:** It is clear that additional forms of care (e.g. residential day care and nannies) need to be included as care receiving subsidies/tax incentives in order to meet the significant demand for access to quality childcare. In-home care is a common & popular form of early childhood learning and care that delivers the flexibility required by many parents. Its relevance as a form of care should be recognized, and government support extended. The economic impact and relative



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effectiveness (in terms of increasing participation and optimising children's learning & development) of any proposal to extend child care subsidies or tax incentives to additional forms of childcare should be reviewed. The most relevant and effective forms of care should be included for support, and the level of government assistance provided balanced accordingly.

- E. Government investment should target those that need it the most and to achieve this, structural reform is required.** The structure of the relief provided to working families is complex, and does not target those most in need or those who would most benefit from support. Changes should be made which, among other things, ensure that the second earner in a family takes home more income after tax, welfare and costs. Significant reform should be considered, including either combining the CCB and CCR into one single, means tested payment which is tied to the actual cost of provision of child care, or a choice should be afforded to employees to opt for the CCB/CCR or tax deductibility of child care expenses via their personal income tax return. Changes to the current FBT exemptions are also required.

2. Who we are and what we do

CEW is the pre-eminent organisation representing Australia's most senior women leaders from the corporate, public service, academic and not-for-profit sectors. Founded in 1985, CEW has over 300 members whose shared vision is "women leaders enabling women leaders". With values of collegiality, respect and vision influencing all that CEW undertakes, it offers innovative and substantive programs aimed at supporting and nurturing women's participation and future leadership. These include scholarships and the highly regarded "Leaders Program" which are offered to emerging female executives throughout Australia. CEW strives to educate and influence all levels of Australian business and government on the importance of gender balance.

3. Greater workforce participation is better for women as well as the community

The evidence is overwhelming. It has been estimated that an extra 6% of women in the workforce would increase Australia's annual GDP by around \$25 billion dollarsⁱⁱ. And the opportunity to realise this gain is within Australia's grasp. ABS statistics indicate that approximately 34% of our population is not in the labour force, and of those, 60% are women. A substantial proportion of those women want to work, but are unable to do so because they are caring for childrenⁱⁱⁱ. Nearly 50% of women out of the labour force between the ages of 25 and 34 years cite caring for children as the reason. For those women in the labour force, 46% are working part time, yet another potential constraint on their contribution to our economy^{iv}. Improving women's access to low cost, flexible and high quality early childhood learning & care will empower women to return to work,

or increase their participation in the work force, if working part time.

Australia has invested substantially in women's education and skills development, and we have an impressive track record for educational attainment of our women^v. But we are failing to convert our investment in well-educated and trained women across our economy. If you look at our pipeline, women in Australia today are more engaged with skills and training attainment than men^{vi}. If these trends continue, our workforce in the future will continue to be constrained and will not reach its full potential. We also recognise that higher numbers of senior women in business has a significant & measurable impact on the financial performance of those entities^{vii}.

In addition to the drain of educated and trained talent from our pipeline, low workforce participation rates for women can have a significant impact on the well being of those women. Participation in the workforce has well known positive impacts on an individual's sense of purpose and self esteem. While by no means the only source of social networks and relationships, participation in the workforce gives increased opportunities to create important relationships, with the added benefit of contributing to that individual's lifestyle & long-term financial security^{viii}. There is a strong correlation between workforce participation and better health outcomes (both physical and mental)^{ix}. As a consequence, the cumulative effect of increased work force participation of women is likely to have a positive impact on health spending over the long term.

An obvious consequence of lower levels of workforce participation for women driven by a lack of affordable, flexible and quality early childhood learning & care is the negative impact on superannuation savings, the currency of attained knowledge & skills and ultimately pension spending over the longer term. All of these factors, combined with the increases in longevity of both men & women exacerbating the need to pay for longer retirements and the increase in age related discrimination in the job market, makes it even more important for women to maximise their workforce participation during their thirties and forties.

Until we increase access to affordable, flexible and high quality early childhood learning & care, many talented and trained women will remain outside or under utilized in our workforce, not by choice but as a consequence of a lack of investment in early childhood learning & care.

4. Other barriers to women's progression: gender bias and cultural norms

As other submissions (including the Workplace Gender Equality Agency, the Diversity Council of Australia) to the Productivity Commission have eloquently and comprehensively outlined, women continue to be under-represented in leadership roles in Australian organisations, in both an executive and non-executive capacity^x. This is



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despite the significant achievements in gender equality in educational attainment and several decades of effort to change that reality. Although access to affordable, flexible quality early childhood learning & care is the single biggest enabler of women's workforce participation, it is worth commenting on the other significant challenges that women face which put pressure on their participation and progression.

Workplaces across Australia are more conscious than ever before of the importance of not only retaining talented and skilled women, but also understanding the barriers to those women progressing to senior leadership roles. To this end, some in corporate Australia have invested in flexible and family friendly work practices, as well as targeted talent management & succession planning^{xi}. This is commendable, particularly where: that investment has been maintained over time; the business imperative for gender diversity is overtly and authentically linked to achievement of the entity's commercial goals; and where leadership on gender equality in senior roles comes from the top down.

However, it is also clear that women face significant cultural barriers to progression while participating in the workforce^{xii}. In our 2011 joint research project with Bain & Co, '*What stops Women from reaching the Top? Confronting the Tough Issues*', CEW found that although the majority of males believed that women in their organisations did not access the same opportunities as males due to "competing priorities"^{xiii}, only 22% of women surveyed agreed. The vast majority of women perceived a different barrier stalling their progression: a preference within the organisation for a different "leadership style"^{xiv}. Interestingly, men and women did not perceive a gender difference in relation to attributes such as making commercially sound decisions, managing high-pressure situations and delivering significant or transformative change (the critical attributes that create value and drive results in organisations). Significantly, both women and men perceived that women were more collaborative, while men were perceived to be better promoters^{xv}. While gender bias and subtle (and not so subtle) cultural norms continue to exist without challenge, Australia will continue to pay a substantial opportunity cost in the form of lost or reduced participation and productivity.

5. The impending wave of elder care demands

Time is of the essence for a fundamental shift in the way Australia invests in increasing women's participation in the workforce. Australia's aging population signals a significant demographic shift in Australia's future. Women have traditionally and also currently bear a disproportionate share of "caring responsibilities"^{xvi} in Australia. As we look to the future, unless a transformational change occurs, women will face not only inadequate access to affordable, flexible and high quality early childhood learning & care but also a significant increase in elder care responsibilities^{xvii}. If we do not move to swiftly improve women's participation in the workforce during child-raising years, the loss of productivity



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and long term burden on welfare and health infrastructure by the time those same women (and some men) find themselves shouldering 'elder care' responsibilities will pose a significant challenge. CEW encourages the Productivity Commission to take a perspective on building social infrastructure for early childhood & learning which takes into account that making progress in this area will create a foundation for Australia's ability to adapt to and manage demands for elder care in the future.

6. Child care is not child minding

The quality of early childhood learning & care is paramount. Increasing access, flexibility and affordability will have no meaningful effect on productivity in the long term if quality is not also simultaneously maintained or improved^{xviii}. There is conclusive evidence which confirms that the majority of a child's brain development occurs not just before they start school, but before they turn three^{xix}. Access to high quality early learning will deliver better life-long learning, participation, productivity & economic performance^{xx}. More investment in early childhood learning & care is effectively a conscious choice that prevention is more effective than remedial intervention, and although the scope of reform required to more effectively manage government subsidies, tax incentives and structural issues (i.e. striking the balance between affordability & standards of quality) can seem daunting, it pales into comparison when the long term cost of continuing to take an incremental "band aid" approach is evaluated.

CEW makes the following recommendations in relation to optimising early childhood learning & development:

- A. Focus on achievement of *the Nest* target for Australia:** *the Nest* is the first ever national plan for child and youth well-being, launched on 18 November 2013 with tri-partisan support. *The Nest* calls for reforms focusing on prevention, evidence and a commitment to the child at the centre of all policy. *The Nest* includes targets, and calls for Australia to prioritise investment and policy reform to lift our performance and achieve inclusion in the top 5 of Organisation for Economic Co-operation and Development (**OECD**) countries by 2025 for education performance, physical well-being, social and emotional well-being and young people participating in issues affecting them. Currently, Australia ranks in the top third of OECD countries on only 26 per cent of child wellbeing indicators^{xxi}. In particular, in the most recent assessment of our progress relative to other OECD nations, Australia is currently ranked 30th out of 34 OECD nations for pre-school education participation. In addition, Australia's year 4 child performance in reading, maths & science are equally concerning, with rankings as follows relative to other OECD nations: reading (19th out of 24 OECD nations), maths (12th out of 25 OECD nations), and science (18th out of 25 OECD nations)^{xxii}.
- B. Endorsement of the following Australian Research Alliance for Children & Youth (ARACY) submission recommendations to the Productivity Commission:**



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ARACY demonstrates that investment in universal high quality early childhood learning & care is a cost effective solution that will create increased productivity and competitiveness. In particular, CEW endorses ARACY's recommendations as follows:

- I. Placing early childhood education and care services within a holistic platform for child development;
- II. Establishing a stronger system of effective perinatal and early childhood health & social care;
- III. Promoting parental engagement in children's learning and development;
- IV. Shifting the narrative - and approach - to early learning for all; and
- V. Adopting an explicit focus on transition to learning environments.

By adopting an approach of “proportionate universalism”, ARACY recommendations cater to all children's needs, as well as those identified as “developmentally vulnerable”, as measured under the Australian Educational Developmental Index. The premise of the model is equitable service provision where “services are available to all, but implemented with a scale and intensity proportionate to the level of need”, which should be a cornerstone for public policy in relation to early childhood learning & care, to ensure Australia is equitable and public spending is as efficient and cost effective as possible.

- C. Retention of the National Quality Framework (NQF):** Experts have analysed the evidence and applied their valuable insights and knowledge to formulate the NQF, which has been and should be accepted as a quality ‘benchmark’, and a first important step for harmonising minimum standards for care across Australia. Although it could be argued that government investment in the early childhood sector has not kept pace with implementation of the NQF, the benefits of a national framework ensuring consistency, minimum ratios for early childhood workers to children in their care, and qualification levels for early childhood workers should be considered to be key to Australia's future productivity.

7. Finding more flexibility – recognising in-home early childhood learning & care

Members of CEW are senior leaders in business, government and not-for-profit organisations. For many members, their career path would not have been possible without relying on strong networks, including their partners, members of family, and crucially, providers of in-home early childhood learning & care services. Subsidised early childhood learning & care services available in Australia struggle to meet the needs of shift workers, those studying, changeable work schedules, parents in rural, remote or regional areas and those pursuing roles requiring longer hours and/or travel. A well-regulated high quality in-home early childhood learning & care service industry would go some way to meet the needs of both children and their parents working in roles which do not fit a ‘9 – 5pm’ working day.



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CEW recommends that government support should be extended to parents using in-home early childhood learning and care provided that the following is also taken into account:

- A. Extra care should be taken to ensure that the needs of children, in-home early childhood learning & care providers and parents are protected by an appropriate regulatory framework, which prioritises the quality of care provided, protection of the rights of in-home early childhood learning & care workers (e.g. immigration laws IR, occupational regulations & employment conditions) and parents (information and support about being an employer).
- B. New ways of engaging in-home early childhood learning & care would help to resolve some of the complexity involved in the issues referred to under 7.A. above, while accelerating uptake and increasing workforce participation in the short to medium term. A model that has worked overseas involves in-home early childhood learning & care workers being employed via service hubs (e.g. long day care or other approved provider). This ensures that arrangements are at arms length & families can access subsidies in the same way as others who use approved services.
- C. The range of care available for government support should be broadened to include “in-home” care (e.g. residential day care and nannies) in order to meet the significant demand for access to quality childcare^{xxiii}. In-home care is a common & popular form of early childhood learning and care that delivers the flexibility required by many parents. Its relevance as a form of early childhood learning & care should be recognised by the receipt of subsidies/tax assistance. The economic impact and relative effectiveness (in terms of increasing participation and optimising children’s learning & development) of any proposal to extend child care subsidies or tax incentives to additional forms of childcare should be reviewed. The most relevant and effective forms of early childhood learning & care included for support, and the level of government assistance balanced accordingly.

8. Corporate Australia’s contribution: the role of employers

There are many notable corporates in Australia who have genuinely and generously invested in providing support to those in their workforces who are also parents. In addition to targeted talent management & flexible work programs, some larger corporates have invested in either employer provided or subsidised early childhood learning & care. In its submission to the Productivity Commission, the Diversity Council of Australia showcases a number of ‘best practice’ Australian employers, but also notes “there are still few employers in a position to offer such assistance”.

CEW recommends that employers should be incentivised to provide early childhood learning and care support to employees by extending the FBT exemption that is currently available for childcare provided on an employer’s business premises to:



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- A. enable employers to enter into agreements with approved childcare facilities that are not on business premises;
- B. enable employers to reimburse employees for costs incurred in respect of “approved” childcare facilities including in-home early childhood learning & care services, such as family day care, nanny care or other forms of care in a residential setting, subject to the recommendations set out in 7A, B & C above; and
- C. enable employers to reimburse employees for childcare costs with “approved” childcare facilities that meet locality requirements.

9. Driving effective & meaningful change means touching many areas of public policy

Complex challenges rarely have ‘simple’ solutions, but an integrated approach will be key. The levers for driving improvements in workforce participation and optimising children’s learning & development affect multiple areas of public policy. Achieving improved outcomes depends on a complex inter-relationship between the child, the family, the quality of the early childhood learning & care as well as broader societal factors. Focusing on reform in just one area will not lead to progress overall if reform in other relevant areas is left behind.

Wherever possible, an “integrated” approach should be taken^{xxiv}. This means a review of the current complex mode of delivery of CCB and CCR is required, but so are inter-relationships with other forms of family assistance (e.g. the paid parental leave scheme), taxation arrangements (personal & corporate), employment relations (protections and incentives provided to child care workers). Another aspect of a need for an “integrated” approach is the need for better clarity about the allocation of responsibilities between State and Federal governments for improving outcomes in child care and early childhood learning. As it currently stands, State governments are responsible for education, and as the notion that early childhood learning and care is the beginning of the learning continuum has gains acceptance, State governments will need to contribute in order to achieve meaningful change. However, national levers, like tax and subsidy reform, national benchmarks for quality standards (i.e. National Quality Framework) and other Federal concerns (such as industrial relations and immigration) are just as important to achieve progress. Improved clarity about areas of responsibility and a framework for collaboration are required to drive accountability for improved outcomes and achieve reform in this sector.

10. Learning from other experiences – models of care that are working well

Early childhood is a part of the education continuum. Countries which recognise this, and prioritise investment in quality, affordable and accessible early childhood learning &



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care reap a significant return for every investment dollar, and achieve productivity gains. Common features of the countries ranked in the top 10 OECD rankings (including Denmark, Sweden, Norway, the United Kingdom, France and New Zealand) are worthy of consideration:

- A. Legal right to preschool education in existence, fully funded and enforced.
- B. Early childhood learning & care places guaranteed from at least 1 years of age.
- C. Children aged 3 – 6 years entitled to a free place for at least 15 hours per week.
- D. Additional subsidies available to low income families or families with additional needs covering the total cost of care.
- E. Cap placed on parents' out of pocket expenses, which prevents providers from charging fees at their own discretion.
- F. To receive subsidies for more than 20 hours per week, parents must be working or studying.

11. Government investment should target those that need it the most and to achieve this, structural reform is required

As demand for early childhood learning and care continues to climb, the gap between the out of pocket costs of that care and the relief provided by the CCB and CCR expands. The structure of the relief provided to working families is complex, and does not target those most in need or those who would most benefit from support. With that in mind, CEW recommends:

- A. Access to the Family Tax Benefit, CCB & CCR should be altered so that the second earner in a family takes home more income after tax, welfare and costs.
- B. The proposal to combine the CCB and CCR into one single, means tested payment which is tied to the actual cost of provision of child care, is worthy of detailed consideration and economic modeling^{xxv}.
- C. Alternatively, if CCB and CCR is retained, employees should be given the option of opting out of CCB/CCR and seeking a deduction for child care expenses in their personal income tax return.



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End Notes

ⁱ *The Nest Action Agenda*, Australian Research Alliance for Children & Youth, 2nd Edition, March 2014

ⁱⁱ The Grattan Institute (2012).

ⁱⁱⁱ 'The Persons Not in the Labour Force survey', Australian Bureau of Statistics, September 2013. For an excellent analysis of the current composition of Australia's non-working population, please refer to "Hands up if you'd work if you had access to cheaper childcare", George Jericho, The Guardian, 28 March 2014.

^{iv} ABS (2014) 6202.0 Labour Force Statistics.

^v We rank number 1 in the world on equality of educational attainment: *The Global Gender Gap Report*, World Economic Forum, 2010 & 2013, but continue to slip on other indicators like workforce participation and equity measures in the workforce leaving us 3rd in our region (behind New Zealand and the Phillipines) and overall 24th in the world.

^{vi} The Australian Chamber of Commerce & Industry has included an overview of the ways in which Australian women are consistently more engaged in skills and training attainment than men in its submission to the Productivity Commission on Child Care and Early Childhood Learning (February 2014). These include the percentage of students commencing higher education and the number of graduates seeking full time employment.

^{vii} Much has been written on this subject: *The Bottom Line: Corporate Performance and Women's Representation on Boards (2004 – 2008)*, Catalyst, March 2011. In that report it was found that all aspects of organisation performance – customer experience, operational excellence, community engagement and the bottom line - are much stronger when there is diverse representation on the board, with up to 35% higher return on shareholder equity. Another example is the work by Professors Dezso and Ross in the United States: "Does female representation in top management improve firm performance? A panel data investigation", Strategic Management Journal, Vol 33, Issue 9 (1072 - 1089) September 2012. In that paper, it was found that between 1992 and 2006, when [US] companies introduced women onto their top management teams, they generated an average of 1 percent more economic value, which typically meant more than USD\$40 million.

^{viii} "Labour force participation can lead to greater individual wellbeing in terms of financial security, self-esteem and social engagement": Australian Bureau of Statistics, 2010, [Measures of Australia's Progress, 2010](#), cat. no. 1370.0, ABS, Canberra.

^{ix} Australian Federal Budget, 2005-6, Budget Paper No. 1

^x See Workplace Gender Equity Agency (January 2014), and Diversity Council of Australia (February 2014). Women hold only 17.3% of board roles in the top 200 organisations listed on the Australian Securities Exchange and only 3.5% of CEO roles.

^{xi} While there has been significant progress in some organisations, it is clear that "meaningful flexible work and careers are still not common practice in Australian workplaces", Diversity Council of Australia Survey, including in the Diversity Council of Australia's submission to the Productivity Commission.

^{xii} Please refer to the Workplace Gender Equality Agency's submission which highlights the particular importance of "the Golden decade" for women's participation.

^{xiii} "Competing priorities" included "challenges associated with juggling work and family, or [a decision by women] to prioritise a more balanced lifestyle". Interestingly in the Diversity Council of Australia's submission to the Productivity Commission (2014), it noted that women are choosing to make a significant investment in their careers before having children later in their lives than ever before. The Diversity Council of Australia notes ABS data which shows that in 2012 the median age of mothers was 30.7 years, up from 25.5 in 1972. This change has not significantly altered the rates at which women are progressing into senior leadership roles, suggesting that internal barriers to progression – unconscious (or conscious) preferences for particular leadership styles, and stereotyping by gender – continues to be a significant challenge for Australian



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organisations.

^{xiv} Factors contributing to differences in “Leadership style” included the following: propensity to appoint or promote someone with a similar style to their own; tendency of women to undersell their experience and capabilities; some leadership teams do not value the different perspectives that women bring to the team; women less likely to have an appropriate sponsor or promoter; and the belief that women’s careers are slowed or disrupted by managing both work and family commitments.

^{xv} Indicators for collaboration included effectiveness at building teams and relationships with colleagues as well as at balancing family commitments. The indicators for being a superior “promoter”, were indicated by speaking up at leadership meetings and managing emotions at work.

^{xvi} ABS (2014) 6202.0 Labour Force Statistics. In this report, the most commonly reported main activity for men with marginal attachment to the labour force was ‘Attending an educational institution’ (37% of men compared to 20% of women). For women it was ‘Home duties’ (32% of women compared to 13% of men) and ‘Caring for children’ (27% of women compared to 3% of men).

^{xvii} “There are more women than men in unpaid caring (elder care and disability carer) roles and almost twice as many female primary carers as men”. See Tracking Equity: Comparing outcomes for women and girls across Australia, COAG Report Council Report, 19 November 2013, page 77.

^{xviii} As outlined in Brennan & Adamson (2014) *Financing the Future: An equitable and sustainable approach to early childhood education and care*, SPRC Report 01/14, Social Policy Research Centre, University of NSW, Australian research shows an association between participation in quality preschool programs and higher Year 3 NAPLAN scores in reading, spelling & numeracy. Children whose pre-school teacher had a Certificate or no relevant childcare qualification showed no significant benefit from attending pre-school: Warren & Haisken-DeNew (2013) *Early Bird Catches the Worm: The causal impact of Pre-school participation and Teacher qualifications on Year 3 National NAPLAN Cognitive Tests*, : Melbourne Institute of Applied Economic and Social Research, The University of Melbourne.

^{xix} ARACY Submission to the Productivity Commission into Childcare and Early Learning (January 2014)

^{xx} Indeed, the Early Learning Years Framework developed by the Council of Australian Governments notes that there is “conclusive international evidence that early childhood is a vital period in children’s learning and development”. The World Health Organisation also states that early childhood development “*strongly influences wellbeing, obesity/stunting, mental health, heart disease, competence in literacy and numeracy, criminality, and economic participation throughout life. What happens to the child in the early years is critical for the child’s developmental trajectory and life course*”. World Health Organization (2014). ‘Social determinants of health: Early child development’.

^{xxi} *The Nest Action Agenda*, Australian Research Alliance for Children & Youth, 2nd Edition, March 2014

^{xxii} *The Australian Research Alliance for Children & Youth (ARACY) Report Card: the Wellbeing of young Australians* (March 2014).

^{xxiii} The COAG Reform Council Report *Tracking Equity: Comparing outcomes for women and girls across Australia*, 19 November 2013, page 83 highlights that additional formal child care or pre school is needed for 1 in 6 children.

^{xxiv} An integrated “whole of government” approach has been encouraged in many submissions to the Productivity Commission, including the Business Council of Australia and the National Foundation of Australian Women.

^{xxv} Brennan D, & Adamson (2014) *Financing the Future: An equitable and sustainable approach to early childhood education & care*, SPRC Report 01/14, Social Policy Research Centre, University of NSW. The proposal (based on detailed review of other jurisdictions models) in summary is that CCB & CCR should be rolled into one: “single, means-tested payment [Early Learning Subsidy] providing a base level of support to all families but with the bulk of assistance targeted to low and middle-income families” for children aged 6 months



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to 12 years. The Early Learning Subsidy would cover up to half of the reasonable costs of childcare, better aligning childcare to entitlement to pre-school learning and better transition to primary schooling. Those children from disadvantaged backgrounds to be provided free or low fee access to early childhood learning & care. Low to mid - earners (childcare costs between \$70 – 100 per child per day) are likely to be better or no worse off, but high income earners are more likely to be affected, particularly as their per day child care costs are likely to be significantly higher.