



**DCA's submission on the
Productivity Commission's
Childcare and Early Childhood Learning
Issues Paper**

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1. Introduction

Diversity Council Australia (DCA) is

school holidays, grandparenting leave, teleworking options and more, and these are making an enormous difference to the ability of many women to remain in paid work. Such leading practice initiatives are increasingly raising the bar for organisations seeking to remain competitive in a tight labour market.

Such initiatives supported and/or provided by employers are critical to the ability of many parents and carers to participate in paid work, but they are only one part of the puzzle in which the availability and affordability of childcare are central.

4.1 Workplace supported childcare

Employer provided and/or supported childcare is of enormous assistance to parents returning to paid work. However, there are still few employers in a position to offer such assistance.

The current fringe benefits tax (FBT) exemption for childcare facilities provided on an employer's business premises¹¹ for the benefit of employees limits the support that employers can provide to only a narrow group of parents.

While employers can allow employees to salary sacrifice the cost of their childcare, or provide childcare as part of a remuneration package, the condition that the childcare facilities are provided on the employer's business premises for the benefit of employees constrains the utility of this assistance. The use of FBT exempt priority access payments (to obtain priority access to specific childcare facilities for children of employees) is more widespread, however, more could be done to assist employers to support the provision of childcare for their employees.

We note that the current Productivity Commission Inquiry is specifically considering the issue of the role and potential for employer provided childcare and looks forward to the outcomes of the Review about ways in which the Government might provide greater support for employers in this area.

Leading practice: Employer provided childcare

Stockland

The Treehouse is a Stockland built childcare centre located in their Sydney Head Office in the heart of Sydney CBD and managed by KU Children's Services.

It is a fully equipped, state of the art childcare facility licensed for 56 children, and provides long day care for children from birth to school age. Limited occasional care is also available.

For employees outside Sydney CBD, Stockland also offers access to Work/Life links (a service that assists in helping find care arrangements for dependents).

The Centre complements Stockland's suite of offerings for parents including parental leave to all permanent employees with at least six months' continuous service. Primary care givers can take 15 weeks' paid parental leave (PPL) (in addition to benefits available under the Government's scheme) and non-primary care givers may take ten days' paid leave from the date of birth or adoption of a child. This is also available to a non-primary care giver who subsequently assumes the responsibility of primary care giver.

Stockland's PPL policy, support with childcare, flexible working arrangements and leading edge parental transitions program, has resulted in a significant increase in parental leave return rates – to 92%.

¹¹ See Australian Tax Office, Fringe Benefits Tax. Accessed at: http://www.ato.gov.au/General/Fringe-benefits-tax/In-detail/Exemptions-and-concessions/FBT-exempt-benefits/?page=15#Recreational_facilities_child_care_facilities_residual_benefits.

4.2 Workplace entitlements

In addition to supporting the childcare needs of employees through the direct provision of childcare, leading practice organisations provide a range of workplace entitlements and initiatives which assist parents and carers in being able to meet caring responsibilities to their children.

These include paid parental leave schemes for the period immediately following birth or adoption, childrearing leave for pre-school aged children and workplace flexibility initiatives designed to assist parents to manage childcare arrangements and better combine their paid work and caring responsibilities.

Paid parental leave in particular has been shown to encourage mothers to remain attached to the paid workforce after having children¹², however, there are a range of additional workplace supports which encourage mothers (and fathers) to return to the paid workforce after parental leave and assist in ensuring they remain attached to the labour market in the longer term.

4.2.1 Paid parental leave

DCA encourages the Government to **ensure that trends in women's** workforce participation, pay and retirement incomes are closely monitored as extended PPL entitlements are introduced.

In 2012, DCA undertook a benchmarking study to examine the provision of paid parental leave (PPL) and associated conditions. This has provided us with a useful set of data on which to draw.

In the survey, 91% of DCA members reporting having a PPL policy, which provided for an average of 14 weeks' paid leave for primary carers.

Leading practice: Paid parental leave

Australian Catholic University (ACU)

ACU is widely recognised for its generous and flexible parental leave provisions which support both birth parents and adoptive/foster parents – and their partners.

ACU offers staff with two years employment 12 weeks' PPL at their ordinary salary rate (or equivalent at half pay for 24 weeks) plus an additional 40 weeks' paid and/or unpaid leave. The additional 40 weeks is paid at 0.6 of the staff member's ordinary salary rate and is subject to a written agreement to return to duty for a period of 26 weeks.

From mid-2011, an ACU staff member with two years employment who is the spouse or partner and the primary carer of a child is eligible for 40 weeks' PPL, paid at 0.6 of the staff member's ordinary salary rate.

A reduced level of paid leave and/or unpaid leave is available for staff of less than two years' employment.

A staff member who is not the primary carer of the child is entitled to 15 days' leave on full pay and up to a further five weeks of unpaid concurrent leave.

The University also offers a further 52 weeks' child rearing leave without pay and will be made available to staff members for the care of children under school age. This is in addition to and immediately following any other form of parental leave. Child Rearing Leave is renewable annually for no more than 52 weeks at any one time, and does not extend beyond the time a child reaches school age.

¹² For example, the Productivity Commission's 2008 Inquiry into Paid Parental Leave reported that controlling for factors like education, age and parity, women eligible for paid leave resumed employment around three times faster than other women in Sweden, and two times faster in Norway. Similarly in the United Kingdom, studies have found that for women with similar labour force attachment, maternity leave coverage increased the share of women returning to their previous job by between 16 and 19 percentage points. Accessed at: http://www.pc.gov.au/data/assets/pdf_file/0011/78491/parentalsupport.pdf.

In the survey, members also reported that:

- The most generous PPL was up to 52 weeks' paid leave: 12 weeks' leave provided at full pay and up to 40 weeks' paid at 0.60 of salary for the primary carer.
- Most DCA members (80%) provided a standard number of weeks leave, regardless of an employee's length of service.
- 20% of DCA members had a 'sliding scale' for PPL, based on length of service. For these organisations, on average, employees with less than two years' service were entitled to nine weeks' leave, extending up to 16 weeks' for employees with more than two years' service.

DCA supports the vital role of PPL in ensuring financial security for families – particularly low income working families and sole parents – at the time of birth/adoption while encouraging mothers to remain attached to the labour market. However, we also strongly encourage the Government to remain mindful that in extending PPL, that current problems of gender inequity – especially in relation to the pay gap, women's superannuation and women's lower labour market participation rates – are not exacerbated.

A number of studies both in Australia and internationally suggest that the wage gap between mothers and other women is linked to the length of maternity leave taken.¹³ Research using Household, Income and Labour Dynamics in Australia (HILDA) survey data¹⁴ reveals that each child lowers women's wages – with estimates varying from 4% for the first child, to 9% for two of more children.

Possible explanations include reduction in women's work effort, discrimination, a reduction in women's skills after an absence from the workplace, and lower levels of work experience.¹⁵ Some studies also suggest¹⁶ that, given the highest penalty tends to be found among women with only high school education, the key determining factor maybe an inability to negotiate workplace flexibility with which to meet family responsibilities.

While the immediate wage-penalty effect following childbirth can be explained in part because of the large number of women – 84% – who work part time when their child is under 2¹⁷, the effect persists with analysis suggesting that the wage penalty emerges over time through reduced wage growth.¹⁸

¹³ Baker, D. (2011). 'Maternity leave and reduced future earning capacity', Family Matters 2011 No. 89. Australian Institute of Family Studies. pp 82-99.

Saint-Martin, A., & Venn, D. (2010). 'Does part-time work pay?' OECD Observer, 280, 7–8.

Schönberg, U., & Ludsteck, J. (2007). 'Maternity leave legislation, female labor supply, and the family wage gap' (IZA DP No. 2699). Bonn: Institute for the Study of Labor.

¹⁴ Baker, D. (2011). 'Maternity leave and reduced future earning capacity', Family Matters 2011 No. 89. Australian Institute of Family Studies. pp 82-99.; Chapman, B., Dunlop, Y., Gray, M., Liu, A., & Mitchell, D. (2000). The foregone earnings from child rearing revisited (Centre for Economic Policy Research Discussion Paper No. 407). Canberra: Australian National University.; Hosking, A. (2010). 'The influence of children on female wages: Better or worse in Australia?' Institute for Social Science Research (ISSR) Seminar Series, The University of Queensland, Brisbane, 2 February; Livermore, T., Rodgers, J. R., & Siminski, P. (2010). 'The Effect of Motherhood on Wages and Wage Growth: Evidence for Australia'. University of Wollongong Economics Working Paper Series 2010.

¹⁵ Chapman, B., Dunlop, Y., Gray, M., Liu, A., & Mitchell, D. (2000). The foregone earnings from child rearing revisited (Centre for Economic Policy Research Discussion Paper No. 407). Canberra: Australian National University; Livermore, T., Rodgers, J. R., & Siminski, P. (2010). 'The Effect of Motherhood on Wages and Wage Growth: Evidence for Australia'. University of Wollongong Economics Working Paper Series 2010.

¹⁶ Anderson, D.J., Binder, M. & Krause, K. (2003). 'The Motherhood Wage Penalty Revisited: Experience, Heterogeneity, Work Effort, and Work-Schedule Flexibility'. Industrial and Labor Relations Review, Vol. 56, No. 2, (Jan., 2003), Cornell University. pp. 273-294.

¹⁷ ABS. (2012). Pregnancy and Employment Transitions, Australia, Nov 2011. Cat. No. 4913.0. ABS Canberra.

¹⁸ Livermore, T., Rodgers, J. R., & Siminski, P. (2010). 'The Effect of Motherhood on Wages and Wage Growth: Evidence for Australia'. University of Wollongong Economics Working Paper Series 2010.

4.2.2 Workplace flexibility

DCA encourages the Government to ensure that an emphasis on workplace flexibility is promoted and supported as a critical part of maintaining progress on workplace gender equity and supporting parents – especially those with younger children – to remain in paid work.

DCA's recent research projects *Get Flexible: Mainstreaming Flexible Work in Australian Business* (2012) and *Men Get Flexible* (2012) showed that while many people have access to 'basic' flexible work options, meaningful flexible work and careers are still not common practice in Australian workplaces. This is despite mainstreaming flexible work and careers having been found to be a business imperative, capable of:

- Enabling businesses to be sustainable and adaptable to change;
- Providing a pathway to gender equality;
- Assisting with talent attraction and retention; and
- Improving workplace productivity.

While leading employers have provided a range of flexible work policies and options for many years now, flexibility is still not viewed as a valid and legitimate management tool and career choice in contemporary Australian workplaces. This represents an enormous missed opportunity for a more productive and sustainable workforce, and in particular for better harnessing the talents of Australian women.

Despite the 2010 changes to the National Employment Standards¹⁹ which provide a legislated right to request flexible working arrangements for employees with pre-school aged children, and a right to request up to 24 months unpaid parental leave, it is clear that there remains a significant gap between the desire of employees with young children for flexibility, and their ability to achieve it.

For example, despite subsequent amendments to the FWA to extend the right to request flexibility to a broader group of employees²⁰ there remains no meaningful review of employer refusals to grant requests which might assist in changing the culture around flexible working.

In a recent survey of nearly 2,900 working Australians²¹ only three in ten employees were aware the right to request flexibility existed, with the number even lower among mothers of preschool children, the key target group. And use of the entitlement is not increasing over time with the survey showing that in 2009, before the right was introduced, 22.4% of respondents asked for

Leading practice: Workplace flexibility

Telstra

Telstra has announced it will become the first major Australian company to include flexibility provisions in all new advertised positions from March 2014. The provisions aim to encourage more women to apply and include the ability to work from home using mobile devices and a work day that aligns with school hours.

Telstra chief executive David Thodey, has said that the initiative is about creating an inclusive culture within the organisation in which both women and men can achieve their full potential -- without any barriers.

The All Roles Flex initiative is being rolled out following a three-month trial in Telstra's customer sales and service department from April to July 2013. During the trial, the number of women applying for flexible roles increased from 28% to 37% and female representation in the department rose from 28% to 32%. Of the applicants, 30% said they were attracted by the flexibility.

¹⁹ Under S65 of the Fair Work Act.

²⁰ From 1 July 2013. See <http://www.fairwork.gov.au/media-centre/enewsletter/fwo-enewsletter-issue-11/pages/reminder-changes-to-flexible-work-arrangements-you-should-know-about.aspx>.

²¹ Skinner, N., Hutchinson, C. & Pocock, B. (2012). *The Big Squeeze: Work, Life and Care in 2012 - The Australian Work and Life Index*. The Centre for Work + Life, University of South Australia, Adelaide.

flexible work over the previous year, but in 2012 only 20.6% of those surveyed had made a request.

This is despite an ever increasing body of evidence demonstrating the benefits of flexible working to business. For example:

- Health and aged care provider, Mercy Health, has seen its employee retention rate rise to 98%, from around 88% six years ago, through the introduction of a number flexible workplace initiatives including a Parents' Network and Mercy Bank Program.
- St George Bank (part of the Westpac Group) has introduced a range of innovative policies to support employees to balance work and family responsibilities which saw a reduction in staff turnover from 18% in 2001 to 15% in 2007, reductions in absenteeism and dramatic increases in staff satisfaction with surveys showing increases in staff satisfaction from 48% in 2002 to 78% in 2006. These policies included ground-breaking 12 months' unpaid leave for grandparents; the opportunity to work for four years and take the fifth year off with pay; flexible parental leave; flexible parental leave in two six month blocks; paid career break opportunities and paid volunteer leave.
- The Walter Construction Group introduced a five day working week from six days. This resulted in a 15% increase in productivity and 30-60% less sick leave, with 90% of staff preferring the arrangement.
- SC Johnson has an HR strategy to create a brand for themselves as an Employer of Choice – SC Johnson's global human resources strategy is 'Best People – Best Place'. A key focus is work/life balance programs, including nine weeks' PPL with flexible pay options (e.g. motor vehicle and superannuation payments). They now have a 100% return to work rate.
- Australian unit of Autoliv had 2002 sales of \$260 million to customers such as local car makers. The cost of flexible work hours is \$100,000-a-year. Flexibility provisions for those with family commitments include assisting family members get to appointments or school interviews and an early finish on Fridays to allow families to shop and organise for the weekend. It has reduced staff turnover to under 2% and saves the company about \$3.6 million a year.

Leading practice: Workplace flexibility

Allens

Allens' brand for flexibility is Managing the Transition – acknowledging that individuals will have different needs for flexibility at different life stages. In 2012, 18% of its workforce was working flexibly on an ongoing basis, with between 75% and 85% accessing ad hoc flexibility.

Since 2008, a variety of initiatives have been introduced including:

- A flexibility intranet site featuring video case studies of partners and employees talking about their flexibility experiences
- Access to a range of flexibility tools, references, articles and flexibility contacts
- Encouraging parental leave buddies
- Conducting transition networking lunches
- A comprehensive range of flexibility policies
- Managing the Transition kits to support employees to better manage parental leave (and eldercare, mental illness, career transition and retirement)
- Pre- and post-parental coaching leave sessions offered to all employees with primary carer responsibilities.

Allens' return rate from parental leave is now 93%, representing an increase from 80% in 2008.

- The 2007 Managing Work-Life Balance Survey of Australian employers found that best practice organisations reported significant business benefits of work-life initiatives including a reduction in staff turnover of 15%, a reduction in staff absenteeism of 16%, a positive impact on productivity and an increase in the parental leave return rate of 40%.

In spite of these benefits, evidence suggests that many other Australian businesses remain reluctant to employ mothers returning to the workforce, citing managing flexible working arrangements as the major barrier. One recent study²² found just 54% of employers were willing to provide flexible work arrangements, with half the employers surveyed stating that flexibility is too disruptive to the working environment.

Clearly, more needs to be done to support the cultural shift in Australian business necessary to mainstream flexibility to the benefit of Australian parents.

4.2.3 Financial incentives on return to work

In addition to offering workplace flexibility to new parents, a number of leading employers have begun offering financial and other incentives to encourage mothers to return to the workplace following parental leave.

For example, ANZ provides a comprehensive suite of support to new parents including a PPL scheme of 12 weeks' at full pay with no qualifying period and paying 9% superannuation during both the Government-funded 18 week PPL scheme and ANZ's own PPL scheme.

In addition, ANZ also provides financial assistance to parents to assist with the return to work through a \$4,000 childcare allowance, inclusive of super and tax, to eligible primary caregivers to assist with transitional childcare costs upon return to work. These entitlements complement ANZ's existing work and family provisions that include flexible working arrangements such as flexible hours, part-time work and job sharing, and breaks from work including lifestyle leave.

Leading practice: Financial support for return to work

Insurance Australia Group: IAG

Beginning in April 2013, IAG introduced new entitlements which pay all new mothers double wages for their first six weeks back at work as part of a 20-week paid maternity leave package. The company, which owns CGU and NRMA Insurance, has offered the package to all eligible employees of its 10,000-strong workforce from April 2013.

Women applying for maternity leave at IAG will receive 14 weeks' paid leave, which was formerly the standard offering, and now an additional six weeks' worth of double pay upon their return to work. Notably, when combined with the Government's 18 weeks' PPL, women working at the insurer will effectively get almost a year's wages while off work caring for children.

²² Kronos. (2013). The Hidden Workforce. Accessed at: <http://www.kronos.com.au/pr/employers-missing-opportunity-to-leverage-australias-hidden-workforce.aspx>.

5. Other Government initiatives

The Government's support for childcare, is only part of a range of programs and initiatives which enable parents, particularly mothers, to participate in the paid workforce.

Some of the more relevant related initiatives include support for and promotion of flexible working, policies and programs which aim to better support genuine shared responsibility for parenting, care and other domestic responsibilities between men and women, and support for increasing breastfeeding among mothers in paid work.

We note, and are pleased to support, the current work in this area by the Workplace Gender Equality Agency and Fair Work Australia.

DCA also supports Government funded initiatives which encourage workplaces to provide greater support for breastfeeding mothers as a way of encouraging women to return from parental leave.

The ABS statistics indicate that more than half (57%) of those Australian women who return to (or begin) paid work when their child is two or under, return before their baby is aged six months.²³ As a consequence, workplace support is crucial if Australia is to reach National Health and Medical Research Council recommendations of exclusive breastfeeding for the first six months and World Health Organization recommendations for breastfeeding to continue for two years or beyond.

Many DCA members have sought accreditation as Breastfeeding Friendly Workplaces with the Australian Breastfeeding Association, and understand the benefits of enabling mothers to continue to breastfeed while returning to paid work.

²³ ABS. (2102). Pregnancy and Employment Transitions, Australia, Nov 2011. Cat. No. 4913.0. ABS, Canberra.

6. What employers told us – The big issues

In response to this Inquiry, DCA has conducted a survey of members in which we asked for feedback on the Commission's issues paper, from employers and from individual parents working in their organisations.

More than 40 different employers provided information about their experiences with childcare. Given the time of year that this discussion paper was released and the short time frame for response, this level of response shows the high degree of interest among employers about the issue of childcare.

The italicized comments following are direct quotes provided by our members and their employees about their experiences with childcare. Please also note that some respondents to our survey may have responded both as a parent/carer and on behalf of their organisation.

The following highlights the major issues for employers.

6.1 Access to and availability of childcare presents a major difficulty for employees

Close to 95 % of employers who responded to our survey indicated that the access to and availability of childcare presented difficulties for their employees.

While this reflects the feedback DCA has received in recent times from our members, the survey indicates just how much of a problem that childcare poses to Australian employers.

An astonishing 97% of employers reported that access to childcare limited the number of hours their employees were available to work.

The greatest reported access difficulties for employees were in relation to:

- long day care - 80%
- Out of school hours care - 63%
- Vacation care - 49%
- Emergency care for children - 46%
- Occasional care - 23%
- Childcare during weekends or nights - 20%
- Pre school - 20%
- Care for children with additional needs - 3%

Employers told us that their greatest difficulties included:

“Access - demand outstrips supply. Long waiting lists.”

“The ability to get children into centre of their choice, long wait lists in many metro locations.”

Current limitations in terms of hours and locations of childcare services is also having an impact, particularly in certain industries and in rural and regional locations. Employers told us:

“We run 24/7 and most centres only open until 6pm.”

“1. Childcare doesn't meet the working hours of shift workers. 2. Our site is located in a small regional mining town and there is a lack of qualified childcare workers; lack of affordable accommodation to hire more childcare workers and with many parents on shift work the requirement to maintain regular days of childcare to maintain their place doesn't work for many families.”

6.2 Access to childcare is having a major impact on employers

DCA asked employers to estimate the impact that access to childcare is having on parents in their organisations returning to work from parental leave. The majority told us that it had a significant impact (58%), 38% said it had a major impact and 5% said it had a slight impact. No employers indicated that childcare was currently having no impact on parents returning to work from parental leave. Employers told us that:

“Waiting lists delay an employee's return to work and the number of days.”

“High costs of childcare encourages primary carer not to return to work.”

6.3 Demand for childcare is increasing

More than 85% of employers expected demand for childcare among their employees to increase in the next five years and close to 90% expected it to increase over the next 10 years.

6.4 Employers are already making a contribution

Close to half of employer respondents are already providing childcare support for their employees.

The support currently being provided is in the following areas: (Note that often employers offer more than one type of support/entitlement.)

- Purchased annual leave (48/52) schemes - 71%
- Childcare information kit - 42%
- Long day care facilities on their business premises - 29%
- Access to childcare information and referral service - 38%
- Priority places in offsite long day care services - 25%
- Emergency care for children - 21%
- Salary sacrificing of childcare costs - 13%
- Occasional care facilities on their business premises - 4%
- Priority places in offsite occasional care services - 4%
- Priority places in outside school hours/vacation care - 4%

There were no employers at this point reporting that they offered assistance via:

- Family day care;
- Home based care;
- Shared nanny service or

- Childcare at residential or out of work hour training courses.

However, even those employers already assisting with childcare report difficulties. Two employers told us:

"We offer priority placement and have corporate centres, however waitlists can still be extensive for under three years of age."

"We simply don't have enough places to offer all families."

6.5 The Government could do more to assist employers and their employees with childcare

Some employers indicated that they would like to do more to assist with childcare but cited the current regulatory framework as impeding their efforts .

One of the most common comments about the most significant ways in which the Government could assist employers related to the current tax arrangements in relation to employer supported childcare. Ninety three percent of employers told us that they thought childcare expenses should be tax deductible for families. Other comments about improvements which could be made to tax arrangements included:

"The current tax laws do not support salary sacrificing of childcare costs. We would like to offer this, but there are a number of tax barriers."

"Tax benefits like negative gearing."

"This is a cost that is incurred which enables parents to be employed."

"Tax deductibility."

"Rebates and tax incentives - lifts employment opportunities for both parents returning to work and school leavers. Need to review the current red tape associated with childcare."

"Removal of FBT implications."

"The government needs to: 1. remove taxation barriers, 2. provide incentives to organisations e.g. for companies that set up in-house long day care, 3. create an exemption for childcare in the salary sacrificing rules."

"Tax benefits for shared childcare facilities without other companies."

"There are tax and cost barriers which does not make it attractive for employers."

"Tax advantages or other incentives."

“Tax benefits like negative gearing. This is a cost that is incurred which enables parents to be employed.”

Employers also indicated that other government initiatives would encourage employers to provide or assist their employees with childcare. Suggestions included:

“Subsidies. Corporate centres are very expensive and time consuming to set up and maintain.”

“Subsidising insurance costs associated with employer provided childcare services.”

“Rebates so that organisations can afford the rental of space and staff to man the centres. Provide staff to man centres. Reduced company taxes for companies that offer incentives or childcare facilities at the work place.”

In addition, employers put forward a range of other suggestions about improvements that governments could make to childcare in general. In particular, nearly 85% supported extending existing government support to cover certain types of childcare not currently funded or to increase funding for specific types of childcare — for example nannies providing in-home care. And many employers specifically supported such options in their comments recommending greater government support for:

“Nannies to provide care for longer periods.”

“In-home nannies / babysitters.”

“Rebatable care as people are forced to use nannies due to timely accessibility of ECEC [Early Childhood Education and Care].”

“Vacation care; Nanny and Occasional Carers. Reduces the black market economy and increases affordability and access for all.”

“Financial rebates for nannies.”

“In-home care, as this offers flexibility as well as being the cheaper option if there are multiple children. Questions of fairness can be addressed via limiting or pro-rating assistance to be equivalent to long day care assistance.”

Other suggestions included:

“Greater funding.”

“Increasing the number of childcare places in centres and opening more centres - particularly in the CBD.”

“There should be an understanding that childcare is educational not just a work force strategy to allow people to work. The key is providing quality childcare with emphasis on trained staff and high quality programs which delivers the best outcome for children aged birth to five years in the most important period of brain development.”

“Employers are not childcare centres. It should be governments providing more support to the childcare centres so there *[are]* more centres, more teachers and more availability.”

“Offer subsidies / incentives. The government should ensure childcare is of a reasonable price and not a financial disincentive for employees to return to work.”

“More affordable, better quality childcare. Qualified childcare workers who are paid well.”

“Financial support - will free up childcare places in long day care, and provide an economical alternative for parents who are unable to secure.”

“Support for forms of childcare which are currently listed as non-registered childcare.”

“More of them around. Incentives to make it cheaper. It costs more to place a child in care than a person makes in a day.”

“Should be means and needs tested. e.g. the job doesn't make long day care suitable.”

“Financial subsidization of childcare, reducing the cost to parents.”

“Any support that will help parents return to work.”

7. What parents told us – The big issues

The DCA survey also considered the individual experiences of parents and carers working in our member organisations. The parents and carers who responded to our survey mostly already had children using Early Childhood Education and Care (ECEC) services, with a small number seeking care services.

Close to half of all parent/carer respondents indicated that problems with access to, or the flexibility, cost or quality of ECEC were preventing them from undertaking work or were impacting on the number of hours they would prefer to work.

A number of parents/carers indicated that they felt that the challenges they had experienced in accessing and affording childcare were symptomatic of a broader system which did not adequately support the workforce participation of Australian women, in particular mothers.

“It is the single hardest to navigate most stressful component of parenting young children, all other things being equal. We need more help. Reducing salaries is NOT the answer. Tax breaks and a view that we want 50:50 participation in the workforce will change many key changes. I see no evidence of this.”

“There is very little in our current system to support working mothers who are primary breadwinners for their family. Paid parental leave to match income is a start, superannuation also needs to be paid, and the cost of childcare so prohibitive that unless women earn a high income it's often not financially worth it to go back to work - coupled with the stress of childcare when kids are sick and a lack of flexibility in the workplace simply makes it too difficult.”

“There should be government support available - both financial and administrative - to encourage the establishment of new childcare facilities in areas of chronic undersupply. The Scandinavian system is light years ahead of ours and provides an excellent standard of care to children and support to parents to re-enter the workforce.”

7.1 Cost and availability of care remains a major barrier

Close to 80% of parents in member organisations who responded to our survey indicated that they had experienced difficulties accessing suitable care for their child and close to 90% said this was due to a lack of services in their area or available places at the times they required.

Parents emphasised the importance of both cost and availability:

“The primary factor is financial. We don't have family near by so it is not an option to have another family member take over the caring duties. My husband or I will continue to work and put our children in care as long as it remains financially viable - if childcare becomes too expensive (i.e. one of us is just working to pay for care) then one of us will stop and perform the carer duties ourselves. As it is I currently only work part time due to expense of childcare.”

“The only factor is location. Trying to find a centre close to either work or home (so that you can get there if your baby is unwell and needs to go home). It does not feel that there are any other factors to consider. If you want to return to work, you have to take a place if you are offered one. Places are near impossible to find.”

More than 60% of parent respondents said that affordability was a significant barrier to their use of ECEC services or the type of service/s they used.

“I have twins. Accessing two nursery (under two year) positions in a childcare centre has been impossible. I have been on waiting lists since I was 4-months pregnancy and the babies are currently 14 months old (that's 19 months on more than 10 waiting lists). Many of the lists we have had to pay a fee to join. I have personally visited and called all the centres. It feels like a popularity contest to secure care for your children. The system is ridiculous. Unless you can 'time' the birth of your children and return to work date to coincide with the February change over in childcare centres, there seems to be virtually no hope of getting care and returning to work without resorting to an in-home solution. I currently use a nanny to provide in-home care for our twins.”

7.2 Finding care

Slightly more than half of parent respondents had used the MyChild website to search for centres reporting vacancies and/or to assess the quality of services. Of those that had used it, only 26% found the service useful. Comments included:

“Improve MyChild. When I last used it, information on pricing and availability was very inaccurate. Centralise information on childcare services.”

Around half of parent respondents reported that they had had problems with a childcare centre's management of their waiting list. Suggestions about ways in which the management of waiting lists could be improved include:

“When childcare centres offer you a day or two then advise the possibility of additional days being taken up later or possibility for siblings securing places in a timely manner.”

“I wonder whether they could be zoned like schools. I was living three streets away from three different childcare centres and I had to enrol my child in a centre that was 7 kms away because it was the only one I could get into.”

“The waitlists are artificially long because parents need to have their names on multiple lists as they are unsure and have no certainty of when places will become available, with some people I have heard putting their names down at five to ten places. There should be a six monthly review of the waitlist and confirming that people still need a space. There should be visibility to how many spaces come available each year and the rules clearly outlined i.e. people in center take priority.”

“State based register?”

“Centralised system? Like how a lot of Kindergartens are managed in councils.”

“Visibility as to your place in queue, priority to working parents.”

“I don't think this can be resolved without increasing the number of childcare centres in Sydney. The only suggestion is to set expectations upfront on expected wait-times.”

“Being told about estimated wait time. Prioritising sole, working parents.”

“1. Be more responsive and understand. 2. Allow people to enrol their child for 1 day a week (many have a 2 or 3 day minimum). 3. It would be good if there was a way to keep track of which centres you have asked to be on waitlist - it is hard to keep up with all the deposits! They rarely send any written confirmation that you are on the waitlist, and when this does happen it is weeks afterwards.”

“More regular communication to parents on the waiting list to provide updates on if/when a place may become available.”

“They are not transparent.”

“Lack of visibility with waiting lists.”

“It seems outrageous that some centres charge a non-refundable fee to have your name on the waiting list.”

“Better communication.”

“Not sure. But issue is you have to have names at multiple places as back-up plans which means many names on the list aren't actually for spots that are needed.”

7.3 Choice of service type

Parent respondents to our survey described the factors that influenced whether they used formal ECEC services, cared for their child at home or had their child cared for by another family member.

“1. Cost - I work full time, so a nanny would be my preference because it provides flexibility around sickness and after school activities. However without the CCR applied to that, I can't afford that option. 2. My parents are elderly and can only care for the kids when they are sick and unable to attend school/childcare.”

“The only factor is location. Trying to find a centre close to either work or home (so that you can get there if your baby is unwell and needs to go home). It does not feel that there are any other factors to consider. If you want to return to work, you have to take a place if you are offered one. Places are near impossible to find.”

“I needed to go back to work for financial reasons and also for my mental health! At the end of the day the type of childcare came down to what was available. I had no relatives living nearby and I was lucky enough to get a place at a childcare centre unfortunately a few suburbs away. If this had not materialised I would have had to consider other options like finding a nanny or an au pair.”

“Factors which influence whether I use early childhood education are the cost of care and my salary income/not my partners income and accessibility to care. Accessibility to family determines if they are cared for by another family member. I do not have access to family in NSW.”

Parent respondents strongly supported a broader range of care options being made available and supported by the government. More than 80% stated that they felt that support should be extended to types of childcare not currently funded or that funding should be increased for specific types of childcare — for example nannies providing in-home care and family members providing care.

“Support [should] be extended to types of childcare not currently funded or funding increased for specific types of childcare — for example nannies providing in-home care.”

“Nannies should be included in the government childcare support funding, particularly for young babies. Many women, myself included, have to go back to their roles quickly (within six months). Giving a baby to a crowded Daycare centre where they will be exposed to too many illnesses and minimal care is not a good option and puts enormous strain on the return to work parent.”

“Open up eligibility for the childcare rebate to all forms of childcare.”

“I strongly believe that there should be some kind of rebate etc for children who are looked after by grandparents, to support the grandparents also.”

“Equal access would enable all females to participate - who want to. Currently limited childcare places and lack of rebate for private solutions (nannies) limits ability to take [full time] roles and participate. Equally all school aftercare should be rebate entitled. School hours and vacation care also.”

“As the cost of having multiple children in day care approaches the cost of a nanny or in home care, the government subsidies become incredibly distorting. I would encourage assistance to be more broadly targeted and allow rebates / deductions to be claimed for in home care as well as out of home care.”

A number of parents had experience with nannies or au pairs and provided suggestions about ways in which these types of services could be improved:

“The difficulty is finding committed people in this area that families can rely upon. By applying the rebate to these types of arrangements, competition between centres and nannies would improve as would service levels.”

“I would love the local schools and universities to offer a portal for parents to use to state their childcare needs. Students could access this and make contact with parents to offer their childcare services.”

“The tax and compliance challenges of employing a nanny are ridiculous. People in professional roles just cannot cope with the demands of their jobs, the demands of the home and the strict nature of childcare hours. We need a complete rethink of that system. Not everyone has family members who can pick up the slack.”

“Qualified training and a local site with pre-screened and accreditations visible.”

“A government program for listing approved nannies/au pairs.”

“Clarity about national [qualifications] that you should expect from a nanny - also some kind of professional governance. They are overrun by students making extra bucks.”

Only one parent responding to our survey had experience with employer provided childcare. Close to three quarters of respondents said that they would find employer provided childcare an attractive option and identified advantages such as cost, accessibility and availability.

7.4 Quality of services

More than 60% of parent respondents felt that the quality of the services available to them was adequate and one parent also spoke of the value her family had received from a high quality service:

“Quality childcare is transformative. We have finally found an amazing centre that pays above the award to the staff and the impact on my children's quality of care and education has been enormous.”

“The staff that work at the centre I use are wonderful, and do a great job both caring for and educating my child. I believe they should be better paid, but it is a difficult balance as we can hardly afford the \$115 per day that we currently pay.”

“Paying the workers properly in this area is a critical factor. There are so many amazing professionals in this sector who leave simply because it is so poorly paid. Quality childcare starts with the quality of the people providing

the service. These people are degree educated yet getting paid less than builders labourers."

However, less than 40% felt they were able to make an informed assessment of the quality of different ECEC services.

"The costs vary and you don't have insight into how a centre is run; in addition staff turnover is generally high so again no real insight into the care that will be provided."

"[Quality] varies A LOT between individual childcare centres. I have had good and bad experiences."

Of those that felt that the quality was currently inadequate, the reasons given included:

"I am very unhappy with the lack of regulation around administration of long day care centres. I recently had an issue with the fees process and spoke to three Govt departments only to be told that if the child was not at risk or there were breaches of health and safety, then there was no agency that could assist with my complaint."

"Improving the quality of care and educational value of the care would definitely assist in justifying my return to more work hours or full time work."

A number of parents also specifically mentioned the issue of carer ratios – particularly for younger babies:

"I don't believe there are enough carers in any centre. One carer to five young babies/toddlers is not enough as they are very demanding."

"Ratios of carers to children especially in under two."

While there were some parents who emphasised that quality was a lower order issue than availability and affordability, less than a quarter of parents said that they would be prepared accept lower quality care if that care was closer to where they live or work, or enabled them to work preferred days or times. Interestingly, almost 80% also said that they would be prepared to pay more for ECEC if it was shown to contribute to better learning and development outcomes for their child. As one mother indicated, there currently appears to be no link between cost and quality:

"Better quality care seems to come at a higher cost and if my earnings don't meet the differential then it makes no financial sense to utilise this service. So increasing the rebate or CCR with quality assessments may be worthwhile consideration."

7.5 Financial support for parents

Slightly less than half of parent and carer respondents felt that current financial support for families (through the Child Care Benefit, Child Care Rebate and Jobs, Education and Training Childcare Fee Assistance schemes) were adequate.

More than 55% felt that eligibility requirements for financial support were inappropriate or unclear and less than 45% felt that working out eligibility, applying for assistance and/or reporting changes in their circumstances (that may impact on eligibility, such as work, training, study, or income) was straightforward.

Most respondents felt that the system of financial support for parents could be simplified:

“Simplify to one payment that is means tested, too many different payments which basically do the same thing.”

“Sometimes using the centrelink system, with recent changes to Australia.gov etc can be a bit convoluted, as well as understanding the cut off points could be clearer. I imagine those who are not highly educated would have great difficulty understanding the system and their entitlements.”

“It was hard to work out what type of support was available and how to apply for it.”

“The whole rebate system through Medicare and Family Assistance Office changes so frequently that it is very time consuming to work through all the information. The call centre is understaffed, when I have called it takes at least 20 mins to get through.”

“The financial benefits are very complicated, the lack of centralised system of waitlists is problematic, the private nature of the enterprises is challenging, and the complexity of employing a nanny or an au pair if you are trying to do it legally and in compliance with tax, super and employment law obligations is horrendous and expensive. There must be an easier way!”

“Centrelink is very confusing - my partner is a tradesperson and income dramatically changes.”

“Dealing with Centrelink is an absolute nightmare, it takes significant time and effort to get the appropriate information, fill out the forms. Childcare benefit is not easy to understand either. This would benefit from being simplified.”

Respondents also raised the issue of tax deductibility of childcare:

“I think that if we are serious about getting equal representation of women in the workforce and equal opportunity for women then childcare should be tax deductible assuming the carer/(s) are employed. This is especially important for single parents.”

7.6 Suggestions for improvement

Parents and carers put forward a range of suggestions about ways in which access, flexibility, cost and quality ECEC might be improved to assist parents in the paid workforce. These included extending the opening hours of schools and increasing care options for school aged children:

"The school day (including on site before and after school care availability) is shorter than that for childcare centres and this did require a big adjustment for me. I had to find a carer to collect my child from school and look after them until I got home."

"Kinder times and school times are a real challenge for working parents, particularly four year old kinder programs."

"Extending childcare hours and also having length of school day extended."

"After school care availability is a key issue, and optional extended school day which involves free play, structured sport, reading time and homework supervision for primary aged kids."

"Pre-school hours with extended hours that reflect long day care. Most extended hours are only until 330pm and there is no 'after school' care."

Another area which parents focused on was on the need for workplaces to provide greater flexibility, which has the potential to reduce demand for formal childcare services:

"My husband has found it very difficult to negotiate reduced hours (i.e. every Friday off) as his workplace - a government organisation! - was not supportive, and thought it was up to me to work things out. Despite the fact he worked a shift roster and was open to various options to make it work (going part-time at flex hours with reduced hourly rate etc)."

"Not being able to swap days on occasions and not being able to secure additional days has restricted my ability to work."

Other comments focused on improving the flexibility of ECEC services themselves:

"...more openness from childcare centres to take children for one day a week. Parents are forced to take up two or three days to secure childcare, when they may only need one - limiting availability for other people."

"As workplaces move to flexible working arrangements, it would make sense for childcare options to follow suit."

"ECEC that accounted for shiftwork hours."

"Extending childcare centre hours would make it easier to perform my work role to the expectations of the business."

“Lengthen pre-primary school day, have the service at day cares open on Saturdays and until 7pm in the evening.”

The availability of out of school hours (OOSH) and vacation care is a particular issue for parents in the paid work force.

“Vacation programs are nearly impossible to get into and my OOSH centre is not open during vacations. This is by far the most difficult time for a two-working parent family to manage.”

“Outside school hours care is inadequate. Schools behave as if there is always a parent at home - and rely on parent contribution which working parents can't give.”

“It is difficult to access quality care close to home, for my immediate area there is one OSC facility with limited vacancies and this services two primary schools.”

“There needs to be longer after hours/extended care for preschools. Managing work and the short hours is difficult.”

8. Conclusion

DCA is strongly supportive of this Inquiry as a way assessing the options for greater Government support for childcare. Our members tell us it is one of the greatest issues impacting on the participation of women employees in their organisations and in addressing gender equity in Australia.

Given Australia's ageing workforce, tight labour market and relatively low rates of workforce participation for women of child-bearing age, retaining women in the workforce has never been more important.

As The Grattan Institute has noted²⁴, increasing the labour market participation of women, particularly mothers, in Australia offers one of the two greatest opportunities to increase our nation's productivity. Childbirth and childcare have an enormous impact on female workforce participation: the vast majority of women who do not participate in paid work, or who work part-time, have children. The Institute emphasises that female workforce participation can only change significantly if more mothers have jobs.

DCA encourages the Australian Government to continue to focus on policies and programs which support businesses and assist parents, in particular mothers, to maintain their workforce attachment, to enable them to contribute to the best of their capacity to our nation's workplaces.

²⁴ Daley, J., McGannon, C. & Ginnivan, L. (2012) Game-Changers: Economic Reform Priorities for Australia. Grattan Institute, Melbourne.

Appendix 1: DCA's survey information



Diversity Matters Update DCA members edition

[View online version](#)

Have your say on childcare and early childhood learning



The Australian Government has asked the Productivity Commission to examine childcare and early childhood education in Australia and recommend options for improving current arrangements. Diversity Council Australia will be making a submission to the public inquiry and would like to hear from its members, both in their capacity as individual parents or carers, and on behalf of their organisation.

The Commission released an [issues paper](#) on 5 December 2013 which examines the key issues facing parents, employers, the childcare sector and the Australian economy. Submissions on the issues paper are due by 3 February 2014.

To help DCA members have their say, we have developed a short survey which can be found at: https://www.research.net/s/DCA_Childcare_Survey. It will take less than 10 minutes to complete and is completely anonymous and confidential. Due to the inquiry time frame, this survey will close on 17 January 2014.

About the inquiry

Almost all children in Australia attend some form of early education or care either prior to or during their primary years of schooling. When accessible and affordable, quality care can contribute to children's learning and development and importantly, enable parents and carers to work, train or study.

The Commission is considering all kinds of Early Childhood Education and Care (ECEC) including: long day care, family day care, in home care including nannies and au pairs, kindergarten, mobile care, occasional care, and outside school hours care.

DCA members tell us that access to childcare is one of the most critical issues currently facing employed parents, in particular those wishing to return from parental leave.

The specific matters that the Commission has been asked to report and make recommendations on, include:

- The role of childcare in child development and in parent's work decisions;
- The out of pocket cost of childcare to families;

- The particular needs of rural, regional and remote parents, and shift workers;
- The capacity of childcare and early learning services to ensure a satisfactory transition to schools, in particular for vulnerable or at risk children;
- The current and future need for childcare and early learning services in Australia, particularly given changes in work patterns, childcare affordability and government assistance to families; and
- Options to improve childcare and early learning services, including in relation to government support for families and providers and regulation of services.

The Commission is seeking comment from parents and employers on a range of specific issues, however comments are welcome on any other issues that people think are relevant.

Please go to https://www.research.net/s/DCA_Childcare_Survey to have your say on this important issue.

For more information about the inquiry or to pass on any ideas about DCA's submission, please contact DCA Research & Policy Manager, Jo Tilly on jo.dca@stockland.com.au.



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