



THE UNIVERSITY OF
SYDNEY



**Submission to the Inquiry by the Senate Standing Committees on
Education and Employment into the Family Assistance Legislation
Amendment (Jobs for Families Child Care Package) Bill 2015**

by

Professor Marian Baird, Director, the Women and Work Research Group
A/Professor Rae Cooper, Deputy Director, the Women and Work Research Group
Alexandra Heron, Research Associate, the Women and Work Research Group
on behalf of

**The Women and Work Research Group
The Business School
University of Sydney**

<http://sydney.edu.au/business/research/wwrg>

and by

Dr Elizabeth Hill, Co-convenor of the Work + Family Policy Roundtable
Professor Sara Charlesworth, Co-convenor of the Work + Family Policy Roundtable
Professor Barbara Pocock, Co-convenor of the Work + Family Policy Roundtable
on behalf of

The Work + Family Policy Roundtable

<http://www.workandfamilypolicyroundtable.org/>

February 2016

Joint submission

The University of Sydney Business School Women and Work Research Group (WWRG) & the Australian Work + Family Roundtable (W+FPRT) are making this joint submission to the Inquiry by the Senate Standing Committees on Education and Employment into the Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015

The Women and Work Research Group

The University of Sydney Business School Women and Work Research Group (the WWRG) comprises academics from the University of Sydney Business School and the University of Sydney more generally who have an interest in research and policy development regarding women, gender and work.

The WWRG provides a scholarly environment for inquiry into all aspects of women, work, employment, family and community in the Asia-Pacific region and beyond. It provides a focal point for collaboration with established and emerging scholars, with research centres with similar interests and with practitioners and policy makers in the field. The WWRG has an extensive membership of academics and practitioners and holds regular seminars, roundtables and conferences. A number of members have a particular expertise in women's labour force participation issues, parental leaves, flexible working and women's pay and career patterns.

The WWRG also engages closely with public and political debates about maternity, family and carers' leave, the implications of changing industrial relations regulations on women, childcare and family violence. Recent studies and reports have included a focus on women and leadership in the NSW public sector, on work and care chains in the Asia-Pacific, an analysis of the financial impact of changes to Australia's paid parental leave system and on paid domestic violence leave.

The Australian Work + Family Policy Roundtable?

The Roundtable is made up of researchers with expertise on work and family policy. Its goal is to propose, comment upon, collect and disseminate research to inform good evidence-based public policy in Australia.

The Roundtable is a network of 31 academics from 17 universities and research institutions with expertise on work, care and family policy. Its members and key principles are on its website. The W+FPRT held its first meeting in 2004. Since then the W+FPRT has actively participated in public debate about work and family policy in Australia providing research-based submissions to relevant public inquiries, disseminating current research through publications for public commentary and through the media.

The WWRG and the W+FPRT endorse the submissions made by W+FPRT members Professor Deborah Brennan and Dr Elizabeth Adamson of the University of NSW and by the the National Centre for Epidemiology and Population Health, at the Australian National University NCEPH).¹

¹ Submissions to the Inquiry are available,

Introduction

The WWRG and the W+FPRT both made submissions to the Productivity Commission on its Draft Report on Childcare and Early Childhood Learning (ECEC) and subsequently a joint one on the Childcare Assistance Package 2015: Regulatory Impact Statement.² These are attached to this submission. We reiterate in this submission the main points made there as the appropriate principles on which to build Australia's ECEC system:

1. The Early Childhood Education and Care (ECEC) system should be **inclusive** and not create stringent work or training tests for participation:
 - this will facilitate broad-based accessibility for children across all social and economic groups
 - taking the above approach would also acknowledge the value of ECEC in building and strengthening the development of children's early cognitive, social and emotional development
 - this approach will also promote labour force participation by mothers and other carers including by those with access only to intermittent and casualised working conditions.
2. ECEC **fees should be kept to a minimum** as befits the social investment approach to early childhood education and care and so as **to maximise affordability**. The Premiers of States and Territories recently acknowledged the significant role which early childhood education plays in school outcomes³
3. Service quality should be sustained by **strengthening and extending the National Quality Framework** to regulate all forms of subsidised care. Improving and not decreasing staff qualification levels and prioritising low staff to child ratios are critical to delivering quality ECEC
4. **Good quality employment for all ECEC workers** is fundamental to quality ECEC provision. In addition, professional qualifications for childcare workers makes visible to employers, parents and the wider community the complex and varied skills required to care effectively. The Productivity Commission noted in its Draft Report that particularly for younger children 'nurturing, warm and attentive' care is critically important to quality. Delivering such care consistently requires significant skills. Losing sight of this obscures the value of women's professional care work.

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/jobs_for_families/Submissions

(viewed 6 February 2016).

² All available on the WWRG website here,

http://sydney.edu.au/business/research/wwrg/current_debates/childcare

(viewed 6 February 2016).

³ 'Childcare must become early education, not babysitting, say premiers at COAG', SMH, 26 July 2015, <http://www.smh.com.au/comment/childcare-must-become-early-education-not-babysitting-say-premiers-at-coag-20150724-gijqdu>

(viewed 6 February 2016).

Activity test: exclusionary and inflexible

Who is not included?

We welcome the simplified structure of rebates and benefits of the **Child Care Subsidy** (CCS). However, we echo the concerns raised by Professor Brennan and Dr Adamson in their submission to the Inquiry about the exclusionary nature of the activity test. Tying access to the CCS and thus childcare to hours of participation in paid work, disadvantages the children of those in irregular and casualised work with varying hours over which workers often have little control.

The three different levels of participation in paid work leading to eligibility for variable amounts of subsidy will be detrimental to those in the most insecure work who will face unpredictable childcare subsidy income to add to unpredictable wages and hours.

Additionally, where families have little or no paid work and do not meet the activity test, their children too will pay the price in exclusion from ECEC. Whilst some may be eligible for help under the **Additional Child Care Subsidy** (ACSS), its availability to families in need will depend on their awareness of its existence together with their ability and willingness to apply for potentially stigmatising assistance. Moreover, as Professor Brennan and Dr Adamson note in their submission:

The short-term approval [for ACCS] (12 and 13 weeks for transitioning to work and temporary financial hardship, respectively) does not reflect the reality of families regularly cycling in and out of work and financial hardship. Consistent access to subsidised services provides stability for the child, and also a platform for parents to overcome the temporary hardship, whether it be domestic violence, family separation, unemployment or other trauma-related events.⁴

The ACCS is also less generous in its provisions than current arrangements. It only offers 24 hours instead of 48 hours per fortnight subsidised care. In effect, that this is likely to mean only one day per week is available to families relying on it as few centres provide the six-hour days the Government suggests will be available.⁵ Usually, they require full days to be paid for. Twenty-four hours per fortnight is thus unlikely to pay for four full days.

We also are also very concerned about the proposed abolition of **Budget Based Childcare**. The Secretariat of National Aboriginal and Islander Child Care (SNAICC) notes that this program funds 337 services, the vast majority (80%) of which are Aboriginal and Torres Strait Islander (ATSI) services.⁶ SNAICC has raised serious concerns with the potential impact on ATSI childcare services and thus on ATSI children and families. Both they and Professor Brennan and Dr Adamson are concerned about the transfer of such services away

⁴ Brennan and Adamson, see n 1, p 3.

⁵ Second Reading Speech to the Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015, 2 December 2015, available at <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2F19a0a2a6-673e-4aee-8a78-d39a4d56068c%2F0050%22> (viewed 5 February 2015).

⁶ SNAICC website, available at <http://www.snaicc.org.au/policy/dsp-landing-policyarea.cfm?loadref=173&txnid=1268&txncstype=article&txncstype=> (viewed 5 February 2015).

from a community-based accessible model to mainstream competitive tendering arrangements under the replacement fund (the Community Child Care Fund). Professor Brennan and Dr Adamson comment:

In addition, the Community Child Care Fund does not address long-term sustainability of vital Budget Based Funded (BBF) services. Our expectation is that many services will be unable to transition to mainstream funding and children may lose access entirely if closures result. Even where services can make the transition, fees are likely impose a barrier to many children's participation.⁷

Flexibility & Administration

The Interim Home Based Carer Subsidy Program (the Nanny Pilot Program) is trialling support for families with difficulties accessing mainstream services due to factors such as shiftwork. This program is meant to increase flexibility in childcare services. However, there are concerns that the high hourly cost and low hourly subsidy rate will not address the needs of many families⁸

In the meantime, it appears that flexibility may decrease in the proposed new system and administrative burdens increase (as childcare centres will have to monitor families' participation in paid work).

For example, as Professor Brennan and Dr Adamson point out:⁹

- Increasing the flexibility of delivery by Long Day Care delivered by childcare centres needs to be addressed by the Bill.
- The reduction in subsidy (discussed above) where families do not meet the activity test decreases the system's flexibility due to the reduction of subsidised childcare for these families.
- Some centres particularly smaller ones may curtail their hours with the abolition of minimum opening hours.
- 'Family Day Care has the potential to offer flexible services but has been excluded from most elements of the Community Child Care Fund. In regional areas where Long Day Care is not sustainable, Family Day Care may be more appropriate service model.'¹⁰

⁷ Brennan and Adamson, n 1, p 3.

⁸ Canberra Times, 'Govt's 'subsidised' nannies to cost parents \$30 an hour,' 2 February 2016, <http://www.canberratimes.com.au/national/public-service/govts-subsidised-nannies-to-cost-parents-30-an-hour-20160202-gmjdnx.html>

(viewed 8Feb 2016).

⁹ Brennan and Adamson, n 1, p 4.

¹⁰ Brennan and Adamson, n 1, p 4.

Interaction of a range of proposed reductions in Government expenditure

Paid parental leave

Currently the federal Government paid parental leave (PPL) scheme provides 18 weeks at the national minimum wage to new mothers who fulfil the work eligibility test. In May 2015, the then Abbott Government announced severe cuts to the payment which have been recently changed by the Turnbull Government in the Mid-year Economic and Financial Outlook (MYEFO). The MYEFO proposals are that a new mother is to lose the number of weeks from the Government payment equivalent to the number of weeks of any employer PPL.

New research by Professor Baird and Dr Constantin of the Women and Work Research Group for Fair Agenda¹¹ demonstrates how this change will also very adversely impact on women (99% of PPL recipients are women). They calculate that nearly 50% of women previously eligible for the Government PPL scheme will lose some or all of their entitlement. A wide range of low-paid and essential workers will be affected. Their modelling suggests how damaging this will be for retail workers, teachers and a range of health workers, with families losing between \$4,000 and \$10,000 at a time when the costs of a new child in the family are particularly high especially in relation to lost wages.

Amongst the impacts they foresee are that these changes will:

*reduce the number of women able to afford to stay at home for 26 weeks and thus adversely impact on the health and welfare outcomes of new babies and mothers; and increase demand for childcare for the very young, in a system that is already struggling to keep up with demand.*¹²

This is likely to lead to an increase in demand for childcare for infants from current levels where the proportion of the under 2s in formal care is 22 per cent. Anecdotally, availability of childcare for infants is of particular concern to parents already. An even greater shortfall of affordable infant care places may result. Additionally, it is unclear how the higher cost for the care of the under 2s will be subsidised under the CCS so that those needing such care are not faced with prohibitive costs.

Family Tax Benefits

The proposed removal of Family Tax Benefit A and B annual supplements by the Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill (No. 2) 2015 will compound the financial insecurity of lower income families also dealing with variable CCS payments. The proposed increase in FTB B for families with a youngest child under one will not compensate many families for:

- the loss occasioned by the proposed PPL cuts,
- the loss of access or as much access as they currently have to childcare subsidies, or

¹¹ Baird & Constantin (2015) 'Analysis of the impact of the Government's MYEFO cuts to paid parental leave,' available, http://sydney.edu.au/business/research/wwrg/research/parental_leave/australia_major_research_projects_on_parental_leaves

(viewed 5 February 2016).

¹² Baird & Constantin, n 11, p 4.

- the loss which will be caused by current Government proposals to include PPL payments in calculating Family Tax Benefit entitlements. This last change is calculated to adversely impact on ‘between 4,000 to 6,000 families who are likely to have their benefits reduced.’¹³

Working conditions of childcare workers

The WWRG and the W+FPRT are disappointed and alarmed by the failure of the Bill to address any of the pressing issues in relation to the childcare workforce. The Bill ignores educators who are the heart of the sector and does not acknowledge and address workforce retention. **We urge the Committee to request that the Department of Social Services model the workforce implications of the proposed policy changes** (which should, of course, already have been done).

The implementation of the National Quality Framework (NQF) for Early Childhood Education and Care (ECEC) has facilitated a considerable increase in qualification levels in the childcare workforce. Some 80% of ECEC workers in 2013 had relevant qualifications.¹⁴ Major provider Goodstart, has stated that all their staff in 2014 have qualifications: in 2011, 2000 staff had no qualifications. Over the same period they noted that staff turnover fell from 30% to 14%.¹⁵

Wages, however, remain low¹⁶ and contribute to the persistent gender pay gap (GPG) in Australia. The GPG for full-time workers in Australia has increased overall since the early 1990s, and was 17.9% in 2015.¹⁷ Low wages in a feminised workforce where skill and qualification levels are rising suggests gender-based undervaluation of the work undertaken, with the complex and varied skills involved in childcare (as for caring generally) being undervalued.¹⁸

The education and training levels currently required for the childcare workers are widely acknowledged as appropriate to provide them with the skills to deliver good quality childcare to all age groups. In terms of a predominantly female workforce, the required qualifications make visible to employers, parents and the wider community the complex and varied skills required to care effectively. The PC in its Draft Report on ECEC notes that particularly for younger children ‘nurturing, warm and attentive’ care is critically important to quality.¹⁹ Delivering such care consistently requires significant skills. The House of Representatives Standing Committee on Employment and Workplace Relations 2009 (pages 8-9) outlined the variety of factors whose interaction contributes to the gender pay gap. These include the ‘invisibility of women’s skills; unrecognised skills described as creative, nurturing, caring

¹³ Baird & Constantin, n 11, p 4

¹⁴ Productivity Commission (PC) 2014, *Childcare and Early Childhood Learning*, Draft Report, Canberra, 2014, pp 470, for comparisons with median earnings.

¹⁵ Contribution to forum on the Productivity Commission Draft Report on ECEC hosted by the Women and Work Research Group, NFAW and Women on Boards on 15 August 2014.

¹⁶ See PC, n 14, pp 474-475.

¹⁷ The Workplace Gender Equality Agency Gender Pay Gap Statistics fact sheet (2015) for average, ordinary time earnings of full-time workers at May 2015.

¹⁸ Other factors such as low levels of unionisation and/or effective collective-bargaining and the dependence for much funding on government subsidies also contribute.

¹⁹ See PC, n 14, p 12.

and so forth'.²⁰ Any suggestion that a less qualified workforce is sufficient to provide good quality care for younger children, falls into the trap of not recognising the skill needed to provide a consistent high level of nurturing. In addition, the evidence provided by the W+FPRT and other submissions to the PC on its Draft Report on ECEC, strongly supported the importance of a skilled workforce delivering childcare for developmental outcomes.

Thus we echo the concerns in the NCEPH submission that,

Removing subsidised professional development to educators and managers of ECEC services²¹ would present both a risk to quality and indicates a lack of respect for the profession and their ongoing needs for professional development. This change would be likely to further decrease the perceived respect for educators, which risks their mental health and has detrimental impacts on children's wellbeing and outcomes.²²

An equal remuneration claim by long day care workers is currently before the Fair Work Commission. It seeks to remedy the gender-based undervaluation of their work. This provides a route for improving wage levels. We recommend that the Inquiry recognises and welcomes this development and urges the Government to do the same. Increased wages would assist with combating recruitment and retention difficulties the sector faces. The PC Draft Report noted that if the claim is successful as sought by the unions, 'this would dramatically increase long day care and preschool costs.'²³ Planning for a possible wage increase is needed in the context of maintaining the current NQF requirements in order to deliver quality care, a major concern of parents. This will also assist remedying the sector's low wages which, as noted above, contribute to the national gender pay gap, will appropriately recognise the value of their care work, and assist recruitment and retention.

We also share the views expressed by the NCEPH that hourly subsidies carry unforeseen costs for staff and quality of care,

Children's ECEC being subsidised by the hour rather than for full days is likely to increase hiring of casual staff and reduce part-time and full-time appointments to create a more 'flexible' (precarious) workforce. This is detrimental to both workers' and to children's experiences and outcomes. Casual staff face unpredictable hours and incomes (N.B. these incomes are already low), which has negative physical and mental health impacts. These staff will also be less able to build the consistent relationships that children must have to grow and learn optimally.²⁴

And we support their advocacy for

[A]n in-depth discussion about how the working conditions of nannies are to be protected, particularly for nannies being employed directly by parents. The risks of exploitation and of poor conditions are considerable in this arrangement and warrant

²⁰ Cited in Layton, R, Smith, M and Stewart, A (2013) *Equal Remuneration under the Fair Work Act 2009*, Fair Work Commission, Melbourne, p 81.

²¹ The Bill does not guarantee this beyond 2017.

²² NCEPH submission, n1, p 5.

²³ PC, 2014, n 12, p 476.

²⁴ NCEPH submission, n 1, p 4.

*careful attention and mechanisms for ongoing monitoring and support.*²⁵

Conclusion

In summary, the WWRG and the W+FPRT are concerned that:

- reducing childcare availability and affordability to many who are low paid or not in work and in more difficult economic circumstances,
- making the cuts currently proposed to the Government PPL scheme,
- reducing family tax benefits,

will have a cumulative disproportionate impact on women's well-being.

Many women struggle to enter and remain in the workforce due to care commitments, low incomes and availability of appropriate jobs. These cuts will make that struggle harder. We hope the Inquiry will call upon the Government to wake up to this fact and seek other ways of raising Government income, for example through new revenue streams.

Expenditure cuts focused on the less economically secure in the population and with a disproportionate adverse gender impact are not a suitable method for remedying the Budget deficit. Additionally, the childcare proposals as they stand do not provide a coherent and holistic approach to improving women's labour force participation whilst investing in Australia's children.

February 2016

²⁵ NCEPH submission, n 1, p5.