



VICTORIAN WOMEN'S TRUST

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 61
Parliament House
Canberra ACT 2600

2 March 2017

Dear Ms Radcliffe,

The Victorian Women's Trust appreciates the invitation to provide a submission to the Senate Standing Committee on Community Affairs Inquiry into the Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017 (the *Bill*).

Supporting all Australian parents to adequately care for their children is a critical component of successful nation building. Children and parents who have optimal health and wellbeing means they increase social cohesion, improve community outcomes and continuation of their role as productive members of our society. The benefits of a flexible and generous social security system are then manifest at every level of society with benefits reaching far into Australia's future.

This submission will address the schedules in this *Bill* which pertain to Australia's child care and paid parental leave (PPL) schemes.

The Trust believes that Australia's child care system should:

- Take into account the extraordinary contribution to our economy and society of women's unpaid work;
- Support women not in paid work to have an equal right to accessing early childhood education and care to optimise their child's development;
- Actively support female workforce participation by providing affordable and flexible child care;
- Foster positive childhood developmental outcomes by recognising every child's right to quality early education; and
- Ensure women are not penalised financially, professionally or socially for having children.

Equally, Australia's PPL scheme should:

- Prioritise the wellbeing of both the parents and child by allowing sufficient time for breastfeeding (where possible) and bonding to optimise health outcomes;
- Recognise the financial and societal barriers to women's workforce participation and career development throughout their life;
- Support the workforce participation of parents/fathers by recognising and reducing the substantial financial and career penalties currently borne by women who have children; and

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- Recognises an equal role in child nurturing and caregiving for men with the implicit recognition of the positive effect on society as a whole that men have when they are actively involved in the lives of children (whether their own or not).

Mary Crooks AO
Executive Director

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Childcare

i. Childcare Bill Objectives

Christian Porter, the Minister for Social Services, stated in the second reading of the *Bill* that the two central purposes of investing in the childcare scheme are:

- to provide parents with more choice and opportunity to work, and
- to provide children with high-quality early education.

While measures to support primary carers who do shift work or have irregular hours and increasing the child care rebate cap are welcomed, overall, the Trust believes that the childcare scheme proposed in the *Bill* is inadequate to fulfil these central purposes.

ii. Providing parents with more choice and opportunity to work

Female workforce participation in Australia

After introducing the Bill, Christian Porter, the Social Services Minister, told ABC radio, "There are 1 million Australian families who'd benefit from those childcare reforms and they are particularly focused on ensuring that families and mums who are less well-off but who are working and want to work more, or who want to engage in the workforce for the first time, disproportionately benefited."ⁱ

It is important to note here that the female workforce participation rate in Australia has largely plateaued in the last 10 years, and the proportion of women with paid jobs continues to be significantly lower than for men – especially for women in child-bearing and child-rearing years.ⁱⁱ Women hold the majority of part-time jobs.ⁱⁱⁱ

Also, according to the World Economic Forum's 2016 Global Gender Gap Report, Australia ranks 42nd out of 144 countries for economic participation of women with a score of .719 (1 being full equality).^{iv} This is despite full equality between men and women in educational attainment and more women than men enrolled in tertiary education.^v

There are a number of factors which affect women's workforce participation and return to work after having a child including changing their work routine, undertaking unpaid care of their child/ren and the accessibility of child care.

Unpaid care work

The Minister's emphasis on child care in this *Bill* has been on women who are in paid work and then on their entry or re-entry into formal, paid work. Women's access to social security and their children's access to early education and care should not be contingent on their participation in the paid work sphere. The Trust believes it is vital to recognise the

enormous amount of unpaid work women undertake in our society when designing any public policy scheme.

Informal or unpaid care is care provided to children by parents, family members or friends without payment, as well as unpaid care provided to people with a disability, mental illness, a chronic condition, terminal illness or those needing care due to age. Domestic work such as cooking, cleaning, washing, gardening, assistance in family businesses, home maintenance as well as voluntary work done in the community.

The enormity of this unpaid work remains largely unrecognised and not adequately recompensed.

In every country in the world there is an unpaid care work gender gap. In Australia, women spend 64.4% of their average weekly working time on unpaid care work compared to 36.1% for men.^{vi} For every hour of unpaid care work that a man does, a woman does one hour and 48 minutes. In 2012 unpaid caring work was worth \$650.1 billion, the equivalent to 50.6% of Australia's GDP.^{vii} Unpaid work does not feature in current GDP calculations.

So, given the significant unpaid work that women do in our society there needs to be recognition of the value of that care. In the context of our child care system, every child's right to access quality early childhood education and care should be guaranteed regardless of the paid work status of their parents.

How do mothers returning to paid work manage care for their child?

In Australia, 86 per cent of mothers returning to paid work use flexible work arrangements in order to care for their child/ren, including working part time (65 per cent), flexible hours (35 per cent), and working from home (26 per cent).^{viii} As for fathers, for those who returned to work as an employee (99 per cent), 22 per cent requested adjustments to their working arrangements.

The most common types of adjustments to working arrangements requested were flexible hours (34 per cent), a change in starting and finishing times (24 per cent), part-time work or job-sharing (14 per cent) and a change in shift/roster (14 per cent).^{ix}

It is overwhelmingly *women's* participation in formal, paid work that is affected by the arrival of a child. Often, this means a reduction in paid hours of work because of the demands of child care and unpaid work. Therefore, child care is only one policy area which can enable women's increased workforce participation and must be designed to complement other schemes to create a holistic, wrap around system that supports all parents to work as much or as little as they are able when they have children.

Paid work vs. unpaid care

Mr Porter stated that the *Bill* 'will provide the greatest hours of support in child care to the families who work the longest hours, and the greatest financial support to the families who earn the least.'

Rather than introducing rebates and schemes that merely give families funding or subsidised hours of childcare, there is a need for a societal shift in the way that parent's, especially women's, workforce participation and caring responsibilities are reconciled. Research by Lyndall Strazdins and others from the Australian National University have found that 'when women work more, they do not do less childcare or house work, they just add it on'.^x

Ben Phillips, a child care scholar at the University of Canberra highlights the importance of such a societal shift, 'If Australia is to continue to break down the barriers for women returning to work, an important element...will be a changed work culture where child care is viewed as a shared responsibility of the mother, the father, and the employer.'^{xi}

Current Government policies point to a "self-sufficiency" model of childcare management for families rather than the need for society to facilitate support for families who have children. We query this model. Government has a critical role in national building and universal access to childcare is one such key component-benefiting all families, their workplaces and wider society. Government needs to ensure universally accessible childcare that can benefit all by enabling women in paid and/or unpaid work to engage in formal work without compounding their childcare and other unpaid work hours.

iii. Providing children with high-quality early education

Instead of creating a supportive and generous childcare scheme, what has been created is an erratic policy environment that doesn't reconcile the key issues of Australia's current childcare system; those of accessibility, flexibility, quality and affordability. It is important to note that the 2015 OECD *Going for Growth* report recommended that Australia improve performance and equity in education by facilitating access to childcare that is both affordable and scheduled to allow combining work and family life.^{xii}

Children's access to high-quality early education is a key factor in ensuring their positive development and wellbeing as well as ensuring a smooth transition into the Australian school system. The *Bill* works positively towards improving childcare accessibility for shift

workers and those who work irregular hours, however the core issue of childcare accessibility in both rural, regional and metropolitan areas is not addressed in the *Bill*.

The 2015 survey of long day care services by the Australian Childcare Alliance found that 24.5 per cent of centres indicated that accessibility for families is an issue in their area due to parents seeking specific days (52%), an undersupply of services (36%), an influx of families (35%) or an inappropriate mix of services (14%).^{xiii} The National Foundation for Australian Women has noted that 'women consistently reported that the most significant factor in their capacity to return to work after childbirth, and to remain at work, lies in the availability of child care' as well as its affordability.^{xiv} Inability to access services constitutes a formidable barrier to both parents' workforce participation and their children's access to high-quality early education.

The 'shadow' child care system

The Government relies heavily on the informal and unpaid 'shadow' child care system to plug the gaps in its child care scheme. 26 per cent of children aged 12 years and under are cared for by an unregulated, informal network of relatives, neighbours, playgroups, nannies, and au pairs.^{xv} Informal child care is primarily supplied by grandparents (23%) and non-resident parents (27%).^{xvi} 92 per cent of informal care is provided for free.^{xvii}

In the context of the enormous unpaid resources provided by this shadow child care system, in 2013, Australia's public expenditure on child care and early educational services was 0.6 per cent of GDP, ranking 17th out of the 38 OECD countries. This investment sits below the recommended OECD benchmark of 1 per cent of GDP.^{xviii}

Using child care and other key social security schemes to save four billion dollars on the budget deficit while sitting under the OECD average for funding child care and early educational services is wrongheaded in public policy terms and an unsustainable way to ensure positive outcomes for children, families and wider society.

While it is a positive sentiment that the Government wishes to see more women in the paid workforce, policy measures in the last 10 years have failed to increase women's workforce participation signalling a radical re-think of current child care policy. In properly resourcing, subsidising and regulating adequate non-parental care services, the Australian Government can encourage female workforce participation; support employer workplace flexibility; decrease family stresses; and encourage positive child developmental outcomes. Gender equality and the economic empowerment of women in Australian society is in several important ways predicated on an effective child care system.

Paid Parental Leave

In December 2016, the Trust made a submission to the Senate Standing Committees on Community Affairs Inquiry on the *Fairer Paid Parental Leave Bill 2016*. We submitted that the scheme in this Bill was inadequate given its two objectives to help mothers take time off in their child's first few months of life and to encourage women's expanded participation in the workforce.^{xix}

i. Rate of payment

Although the PPL scheme introduced in the *Bill* offers parents 20 weeks of leave at the national minimum wage (\$672.70 per week) rather than 18 weeks in the *Fairer Paid Parental Leave Bill 2016* to those who receive no employer support it remains inadequate.^{xx}

This is especially apparent when you compare the PPL payments to the Australian poverty line. The poverty line for a couple is \$720.22 for a couple with two children after housing costs.^{xxi} For a lone parent with 2 children the poverty line is \$548.74 after housing costs.^{xxii} For lone parent who receives no employer benefits the payment rate barely keeps them above the poverty line. One parent families are also more likely to experience financial hardship and have higher levels of unemployment due to caring responsibilities (see previous section on unpaid care work).^{xxiii} A higher rate of payment would ensure that parents are supported to return to work when they are able without entrenching intergenerational poverty and a cycle of unemployment for families, especially lone parent families.

ii. Length of leave

Aside from the inadequate payment rate, the base week entitlement of 20 weeks is inadequate to ensure optimal outcomes for both mother and child. As the Trust pointed out in our submission to the *Fairer Paid Parental Leave Bill 2016* Inquiry, a minimum of 26 weeks is required for new parents to ensure their children's and their own health and wellbeing are guaranteed. Australian guidelines recommend that infants are fed nothing but breastmilk for their first six months of life and continue to breastfeed into their second year.^{xxiv} Similarly, the World Health Organisation states, 'all babies should be exclusively breastfed from birth until six months of age.'^{xxv} The Grattan Institute has reported that parental care for a child's first 6 months of life results in better development outcomes for children.^{xxvi}

If the health benefits to parental breastfeeding (where possible) and bonding with children, arguably the two most important factors in their healthy development, occur in the first 6

months of the child's life, Government should ensure that these benefits are available to all parents.

iii. **Dad and Partner pay**

The *Bill* leaves Day and Partner Pay leave at two weeks.^{xxvii} Positive, transformative change in caregiving in Australia hinges on male involvement, high levels of participation by men and better support for women.

According to the latest UN Report *State of the World's Fathers*, 'leave for fathers is a vital step toward recognition of the importance of sharing caregiving for children, and it is an importance means of promoting the well-being of children and gender equality in the home, the workplace, and society as a whole.'^{xxviii}

Importantly, Australian fathers want to be involved in raising their children. An evaluation of the 2011 PPL scheme commissioned by the Australian Department of Social Services found that 'many Australian fathers hold the ideal of being closely involved in caring for their children from birth, nurturing their development, and following it closely.'^{xxix}

Further, Samone McCurdy who researched father's participation in primary care of preschool children at Monash University concluded that, 'For authentic gender equality to be achieved, the taken for granted assumptions regarding caregiving [that women will do it] must be exposed in concert with policy change that actively supports and encourages fathers to pursue their aspirations for combining caregiving alongside their careers.'^{xxx}

Samone McCurdy's study found that:

- 85 per cent of men said they would like to spend at least three months as primary carers, [but] their traditional status as the primary breadwinner inhibits their ability to do this;
- Two per cent have actually taken leave to be the primary carer;
- More than half of fathers said parental leave would have to be paid at replacement wage rates if they were to look after their child when the mother went back to work;
- If they were paid a replacement wage, fathers said the ideal length of parental leave would be nine to 12 months.^{xxxi}

Any effective PPL scheme in Australia must acknowledge and support increased caregiving for men with the implicit recognition of the positive effect on society as a whole that men have when they are actively involved in the lives of children, whether their own or not. Clearly, Australian fathers expect a higher level of support in order to increase their desired role in being equal nurturers of their children.

iv. **Demonising mothers**

Aside from the inadequacy of the child care and paid parental leave schemes offered to Australian parents, the critical comments from politicians towards new mothers is a reprehensible way to conduct a national conversation around core elements of our social security system.

In our submission to the *Fairer Paid Parental Leave Bill 2016* the Trust pointed out the unacceptable demonising of parents as “double dippers” in the recent political discussion around paid parental leave policy. In the second reading speech for the *Fairer Paid Parental Leave Bill 2016*, “mothers of higher incomes and more generous employer schemes” were pitted against “families who do not have access to employer schemes, or only have access to a few weeks under an employer scheme” creating a dichotomy between deserving and undeserving mothers.^{xxxii}

Currently, we are seeing an equally unacceptable criticism of mothers from politicians such as One Nation Senator Pauline Hanson who has characterised women thus, “They get themselves pregnant and [the government will] have the same problems they did with the baby bonus, with people just doing it for the money...we have such a welfare handout mentality.”^{xxxiii}

These negative and demeaning attitudes towards new mothers that politicians perpetuate through their statements surrounding social security policy and legislation is a cynical way of reducing public support for mothers and families. This is in tandem with the sentiment that the child care and paid parental leave systems (as well as crucial other support schemes) are for budget savings and can only expect a minimum level of support.

This sentiment is reflected in the current *Bill*, ‘Evening out the access to paid maternity leave is considered reasonable and proportionate as it contributes savings to other measures that are beneficial to women.’^{xxxiv}

That families cannot expect both an adequate childcare and PPL system was echoed by the current Minister for Women Michaelia Cash in 2015, ‘Families understand the trade-off between paid parental leave and childcare is necessary and fair.’^{xxxv}

This imagined trade-off is neither necessary nor fair. It is a veil covering a reluctance to assign economic and budget priority to these schemes and family policy within Australia's welfare system.

It is in our society's interests to see parents receiving adequate support from Government before the birth of their child, after the birth of their child as well as when their child enters the childcare system. PPL and childcare are a continuum not two different systems working

in isolation from, or in competition with, one another. The Trust expressed this in response to the *Fairer Paid Parental Bill 2016* and these concerns remain with the current *Bill*.

ⁱ Gareth Hutchens 2017, 'Childcare and savings bill in jeopardy as Nick Xenophon vows to vote against it', *Guardian online*, accessed 28 February 2017, <https://www.theguardian.com/australia-news/2017/feb/14/childcare-and-savings-bill-in-jeopardy-as-nick-xenophon-vows-to-vote-against-it>

ⁱⁱ ANZ 2015, *Women's Report*, 41. Accessed 14 December 2016, www.women.anz.com/content/dam/Women/.../ANZ-Womens-Report-July-2015.pdf

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^{viii} '11 facts about child care in Australia', *ABC Factcheck, March 4 2015*. Accessed 2 March 2017, <http://www.abc.net.au/news/2015-03-04/fact-file-facts-about-childcare/6277362>

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^{xiii} Australian Childcare Alliance, *Member Survey 2015: Key Findings*, 2015, 2,3. Accessed 30 July 2015, www.australianchildcarealliance.org.au/index.php/58-what-parents-want-survey-results-2015

^{xiv} National Foundation for Australian Women, *Productivity Commission Public Inquiry into Childcare & Early Childhood Learning Submission No. 58*, 28th January 2014, 2. Accessed 4 August 2015, <http://www.pc.gov.au/inquiries/completed/childcare/submissions>.

^{xv} Australian Government Productivity Commission 2014, *Childcare and Early Childhood Learning: Overview, Inquiry Report No. 73*, Canberra, 31 October 2014, 5.

^{xvi} Ben Phillips, *Childcare Affordability in Australia*, 7.

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