

This statement of principles was developed at a workshop of the Social Policy Committee in March 2021, updated to March 2022.

The National Foundation of Australian Women's (NFAW) policy position on Early Childhood Education and Care (ECEC) and Paid Parental Leave (PPL) is set in the context of a productivity agenda to help boost economic recovery following the COVID-19 pandemic.

Women play a key role in this recovery. They took on additional hours of caring responsibility in the home during periods of COVID-19 lock-down in 2020, in many cases stopping work or reducing their hours of work and financial security to do so. By January 2021, women's workforce participation had reached pre-COVID levelsⁱ, although there is evidence that women have been disproportionately affected by the pandemic (in particular, single women with families).ⁱⁱ

Compared to other OECD countries, Australia has among the highest rates of women in part-time work and among the lowest in full-time work – women constitute 37.9% of all full-time employees and 67.2% of all part-time employees in Australia.ⁱⁱⁱ The Workplace Gender Equality Agency has reported that women continue to dominate the more insecure part-time and casual roles (56.3%), including working experiences and conditions that are very different to that of men.^{iv}

Together with the Equality Rights Alliance, Early Childhood Australia, The Parenthood, the Thrive by Five Campaign, key institutes and researchers, we believe that women's participation and economic productivity can be boosted by:

- making ECEC more accessible and affordable
- more investment in the ECEC workforce
- more investment in PPL to support families and boost fertility rates.^v

We support short, medium and long term measures to achieve these goals, given current economic constraints.

More affordable and accessible ECEC

The NFAW acknowledges the significant amount of government funding allocated for ECEC – total Australian, State and Territory real government recurrent and capital expenditure on ECEC services was \$12.4 billion in 2020-21, up from 2019-20. Australian Government expenditure accounted for \$10.1 billion (81.2 per cent) and State and Territory government expenditure \$2.3 billion, with preschool services accounting for 87.0 per cent of the State and Territory government expenditure.^{vi}

The National Foundation for Australian Women is dedicated to promoting and protecting the interests of Australian women, including intellectual, cultural, political, social, economic, legal, industrial and domestic spheres, and ensuring that the aims and ideals of the women's movement and its collective wisdom are handed on to new generations of women. NFAW is a feminist organisation, independent of party politics and working in partnership with other women's organisations.

This release has been authorised by the National Foundation for Australian Women, Canberra: President Ms Jane Madden.

In the March quarter 2021, 46.7 per cent of children aged 0-5 years and 31.7 per cent of children aged 0-12 years used approved child care.^{vii} This means that a majority of families are not opting to use approved care, or they are unable to. According to Australian Bureau of Statistics data, of the 272,000 people aged 15 years and over who in 2021 reported that they were not in the labour force due to caring for children, 32.1 per cent reported this was due to a childcare service-related reason. The most common child care service-related reason provided for not being in the labour force was the cost of child care (26.7 per cent).^{viii}

In spite of major Australian Government's Child Care Package reforms introduced in 2018 to make child care more accessible and affordable, families continue to report that the cost of ECEC is high and that it impacts disposable income.^{ix} The Productivity Commission's 2021 Report on Government Services revealed a sharp 21.7% rise in the number of parents and carers in Australia who did not work because of associated child care costs in 2020, compared with the previous 12 months. This equates to more than 90,000 Australian parents.^x

Australia ranks in the top ten OECD countries (and above the OECD average) for financial disincentives to enter employment with child care costs.^{xi} The cost of ECEC can be a significant barrier for women and secondary earners taking on additional work. Research has identified that the interaction of ECEC costs with Australia's tax and benefit systems commonly results in Workforce Disincentive Rates (WDR) of 75-120%, whereby a WDR of 100% means there is no economic benefit is gained from working additional days.^{xii} From a workforce productivity perspective, this needs to be addressed as women are unlikely to increase their working hours if there is little financial incentive to do so.

To help address the affordability and accessibility of ECEC in the short term, the NFAW calls on the Australian Government to:

- ensure that there is ongoing funding for the National Partnership on Universal Access to Early Childhood Education for children in the year before full-time school and extend this to two years of preschool for vulnerable children, irrespective of ECEC setting
- continue viability support for services under the Community Child Care Fund to boost participation by low income or vulnerable families (a COVID-19 measure)
- review the Child Care Subsidy Activity Test (a COVID-19 measure) to make it easier for families to get the hours of subsidised ECEC they need for work, study, training or recognised volunteering activity, as well for as children's early development^{xiii}
- review other policy settings introduced in 2018 for the Child Care Package subsidies and administrative requirements of families, ECEC providers and services^{xiv}
- ensure that vulnerable or disadvantaged families and ECEC services are not left unsupported or in debt through complex requirements for subsidies^{xv}
- increase support for Aboriginal controlled child care services and initiatives to promote engagement with Indigenous children and families
- provide incentives for ECEC services to offer shorter sessions of care by paying a higher hourly rate cap for shorter sessions of care (6-9 hours per day rather than 10-12 hours, currently the standard session of care in centre-based day care)
- raise the hourly rate cap for each service type to reflect higher than inflation increases in the cost of ECEC (rents, wages, food and other overheads) and introduce monitoring of child care fees by the Australian Competition and Consumer Commission.^{xvi xvii}

The NFAW supports medium to longer term strategies such as:

- raising the level of Child Care Subsidy from 85% to 95% for low income families, with a more gradual taper (cutting out at 0% for very high income families) to make child care more affordable^{xviii}
- introduction of subsidised ‘wrap-around’ care options families using stand-alone community or government preschools, similar to outside school hours care for school age children
- further exploration of flexible care options for families undertaking shift work or, increasingly since the pandemic, working from home^{xix}
- **offering a tax offset up to 32.5% for approved care options for families not eligible for the Child Care Subsidy.**

While the NFAW recognises the need for a progressive system of support for families accessing subsidised ECEC in the short and medium term (with more support provided to those who need it most), we also support the goal of universal, free ECEC for all children in the longer term. This commitment should be part of a 10-15 year productivity agenda for long-term social and economic well-being across Australia.

The benefits will not just accrue to working families – children will be key beneficiaries. A PwC report commissioned by The Front Project in 2019 concluded that \$2 of benefits flow for every \$1 spent on early childhood education. Disadvantaged children stand to benefit most with a return on investment greater than 2:1.^{xx} The Australian Early Development Census indicates that 1 in 5 children in Australia start school developmentally vulnerable.^{xxi} Children who attend quality ECEC for at least a year before starting school are half as likely to have developmental vulnerabilities when they start school as children who are developmentally ‘on track’. Quality ECEC that is both accessible and affordable is a key early intervention strategy that will benefit children and families and save government expenditure in the longer term.

More investment in the ECEC workforce

The COVID-19 pandemic has demonstrated the importance of a viable ECEC sector to support working families children.^{xxii} It has a predominantly female, low-paid workforce – many are in part-time, casual jobs and do not have economic security. Over a third of respondents working in ECEC reported to a 2021 HESTA survey that their household income was less than \$60,000 and almost one in five reported their household earned less than \$40,000.^{xxiii} Almost one in five ECEC educators HESTA surveyed in 2019 and 2020 said they were considering leaving the sector within two years. Among the biggest issues were dissatisfaction with wages, feeling unappreciated by the community for their role as early educators and a lack of opportunities for promotion and growth.

OECD research indicates that early childhood educators’ working conditions and well-being are key determinants of the capacity of the ECEC sector to attract and retain good candidates in the profession and reduce turnover.^{xxiv} Low remuneration is a factor impacting recruitment and retention in Australia and the provision of quality ECEC.

Strategies for recruitment and retention are urgently needed to meet growing demand and maintain high quality services. The Australian Government’s [occupation projections](#) to November 2025 predict the ECEC sector will require around 26,000 additional Certificate III and IV trained educators, as well as more than 8,000 additional early childhood teachers to deliver preschool programs.^{xxv}

In spite of the introduction of a world-first system for quality ECEC provision via the National Quality Framework in 2012, underpinned by national law and regulations, educator qualifications, child to

educator ratios and a system for assessments and ratings, there have been ongoing tensions between the quality agenda and the cost of regulation for services and families. At the same time, ECEC educators have not seen real wages growth – a five year wage case was rejected by the Fair Work Commission in 2018. In 2021 the Fair Work Commission agreed that minimum pay rates should be increased for early childhood teachers in early childhood services, employed under the Educational Services (Teachers) Award. This decision does not extend to all educators working in child care.^{xxvi}

The NFAW recommends that the Australian Government, State and Territory governments:

- address low pay, recruitment and retention issues in the ECEC sector
- support a 2021 Equal Remuneration Order by the Fair Work Commission to help address low pay for early childhood teachers in the ECEC sector
- expand the ECEC workforce, in particular, to enable provision of universal access to two years of early childhood education before full-time school and child care provision through the expansion of JobTrainer, VET or higher education fee waivers, scholarships or incentives for women (and men) to undertake Certificate III training, diplomas or early childhood degrees
- support the ECEC workforce through short, medium and long-term workforce development strategies under a funded National ECEC Workforce Strategy^{xxvii} agreed to by Australian, State and Territory governments, including professional development support for educators and services.^{xxviii}

More investment in PPL

More than 10 years on from the Australian Government’s introduction of a national PPL scheme, nearly one in two workplaces provide no access to PPL for their workers.

According to 2019-20 Workplace Gender Equality Agency data, just over 50% of non-public sector employers provide access to paid parental leave – 52.4% provide primary carer’s leave in addition to the Government’s PPL scheme and 46.4% provide secondary carer’s leave in addition to the PPL scheme. Women account for 93.5% of all primary carer’s leave utilised while men account for 6.5%.^{xxix}

With the exception of the United States, Australia offers the lowest level of statutory PPL support among OECD nations.^{xxx} Australia offers ‘primary carers’ up to 18 weeks of PPL at the minimum wage, and Dad and Partner Pay of up to two weeks at the minimum wage was introduced in 2013. The length of available paid leave (both maternity and parental) in the OECD is, on average, 53 weeks for mothers and eight weeks dedicated leave for fathers.^{xxxi}

In the short term the NFAW supports a review of the PPL scheme that was instituted in 2009. A key issue to be addressed is Australia’s comparatively low level of PPL support by international standards, as well as the relatively low uptake of the PPL scheme by non-public sector employers and by fathers. It is timely to review the scheme now that the COVID-19 pandemic has tested workplace culture and attitudes with regard to the benefits of flexible working arrangements, shared caring and leave responsibilities.

In the longer term, we propose:

- a more generous PPL scheme of up to 26 weeks of PPL to be shared by both partners
- PPL paid at an average wage, split between the Australian Government and employers

- the recent amendments that allow parents to split parental leave pay into blocks of time over the first two years of a child’s life should be extended to include flexible access to unpaid leave over this period.

Both parents need to be supported by PPL and by employers, through flexible work and leave arrangements. Shared caring roles established early on through PPL arrangements and flexible workplace practices are likely to persist, resulting in greater gender equality in the home and improved parental relationships.^{xxxii}

The NFAW strongly supports a more generous system of PPL for child and family health and well-being (in particular, to establish infant bonding and breastfeeding), gender equality, employee retention, economic productivity and population growth.

ⁱ Australian Bureau of Statistics (2021), [Labour Force Australia](#), January 2021, cat. no. 6202.0.

ⁱⁱ Grattan Institute March (2021), [Women’s work: The impact of COVID crisis on Australian women](#).

ⁱⁱⁱ OECD. [Labour Force Statistics 2019 for women aged 25-54](#).

^{iv} Women’s Gender Equality Agency (November 2020), [Media release](#).

^v The Australian Bureau of Statistics announced in December 2020 that the nation’s birth rate hit a new low of 1.65 babies per woman in 2020 (a steady declining from 1.97 in 2009).

<https://www.abs.gov.au/articles/population-and-covid-19>. A further fall of the birth rate below 1.5 would be below replacement level and places the future tax base at risk – reduced fertility undermines the long-term sustainability of government finances.

^{vi} Productivity Commission (2022). [Report on Government Services – Early Childhood Education and Care](#).

^{vii} Department of EducationSkills and Employment (2021). <https://www.dese.gov.au/child-care-australia-report-march-quarter-2021>

^{viii} Productivity Commission (2021). [Report on Government Services – Early Childhood Education and Care](#).

^{ix} A recent survey of 1000 parents by Front Project’s (2020), [How Families Experience ECEC](#), confirms that a majority of families surveyed indicated that ECEC fees impact their spending habits, including their weekly grocery bills.

^x The Age (February 2021), [High child care costs push 90,000 parents out of the workforce](#).

^{xi} This [OECD indicator](#) measures the percentage of earnings lost to either higher taxes or lower benefits when a parent of two children takes up full-time employment and uses centre-based child care. Calculations refer to a couple with two children aged 2 and 3 where the other parent works full-time at 67% of the average wage. Source: OECD (2021), [Financial disincentive to enter employment with childcare costs \(indicator\)](#) doi: 10.1787/d444eb45b-en

^{xii} KPMG (2019), [Unleashing our potential – the case for further investment in the child care subsidy](#).

^{xiii} The Activity Test limits the number of hours of subsidised care that families are eligible for, depending on their hours of work, study, training or recognised activity. If a sole parent or second earner in a family has lower hours of part-time activity, this tends to limit their access to subsidised care. For a family with both partners working full-time, the current fortnight if their Activity Test limit of 100 hours of subsidised care can leave a family short of subsidised care each child care service has a daily 12 hour session of care (5 x 12 hours = 60 hours a week, which means 20 hours of care are not subsidised each fortnight).

^{xiv} Recommendation 17.4 of the Productivity Commission Inquiry into [Childcare and Early Childhood Learning](#) (2015, p.721) specified that within five years of implementing the new ECEC funding (the Child Care Package) and regulatory requirements, the Australian Government should undertake a public review of the effectiveness of the revised arrangements. An evaluation of the Child Care Package is in progress.

^{xv} Accessing and balancing family assistance payments and child care subsidies is not simple for families to navigate, particularly when their circumstances change. Child care services experienced an increased administrative burden managing the new ‘simpler’ child care system and supporting families. The 2019 [Early Childhood Monitoring Report](#) (the first report of the evaluation of the Child Care Package) identified issues

with difficulties gaining approval from Centrelink for some children’s care, and significant financial viability concerns where child care debts have accrued.

^{xvi} Grattan Institute Report (2021), [Women’s work: The impact of COVID crisis on Australian women](#).

^{xvii} Australian Labor Party (2021), [Women to kickstart Australia’s economic recovery](#).

^{xviii} Grattan Institute Report (2020), [Cheaper Childcare](#), has estimated that increasing the Child Care Subsidy from 85% to 95% with a more gradual taper would cost \$5 billion and deliver a boost to GDP of \$11 billion a year.

^{xix} Flexible child care options were trialled by the Australian Government through the [Nanny Pilot Programme](#). Families did not engage in sufficient numbers with the pilot, as the subsidy was relatively low. However, with families’ experience of the pandemic and increased working from home, there’s a likelihood that more flexible care arrangements in the home may be needed in future.

^{xx} The Front Project (2019), [A smart investment for a smarter Australia](#).

^{xxi} Australian Government (2018), [Australian Early Development Census Report](#).

^{xxii} Parents’ survey by the Front Project (2020), [How Families Experience ECEC](#).

^{xxiii} HESTA survey 2021: <https://www.hesta.com.au/ECECreport21>

^{xxiv} OECD (2020), [Building a High-Quality Early Childhood Education and Care Workforce: Further Results from the Starting Strong Survey 2018](#).

^{xxv} Australian Government Employment Projections:

<https://lmip.gov.au/default.aspx?LMIP/GainInsights/EmploymentProjections>

^{xxvi} Fair Work Commission: <https://www.fwc.gov.au/documents/documents/summaries/2021fwcfb2051-summary.pdf>

^{xxvii} In December 2019 COAG Education Ministers endorsed the development of a new National Early Childhood Education and Care Workforce Strategy. See more detail at (ACECQA, 2019), [National Workforce Development Strategy](#).

^{xxviii} ACECQA National Workforce Strategy (2022-2031): <https://www.acecqa.gov.au/national-workforce-strategy>

^{xxix} Workplace Gender Equality Agency (2021), WGEA Data Explorer, [Support for carers & paid parental leave](#).

^{xxx} OECD [Family Database](#).

^{xxxi} Power to Persuade (October 2019), [Australia falls behind on paid parental leave](#).

^{xxxii} The Parenthood (January 2021). [Pre-Budget Submission to the Australian Treasury, Budget 2021-22](#).