



**Comments by the Equality Rights Alliance
in response to the ACCC's second interim
report of its inquiry into childcare**

29 October 2023

Equality Rights Alliance

Equality Rights Alliance (ERA) is Australia's largest network of organisations advocating for women's equality, women's leadership and recognition of women's diversity. We bring together 67 non-government organisations and social enterprises with a focus on the impact of policy or service delivery on women. We are one of the six National Women's Alliances, funded by the Commonwealth Office for Women.

The current members of ERA's Advocacy and Policy Advisory Council are:

Aboriginal Legal Rights Movement	Multicultural Women Victoria
Alevi Federation of Australia	MSI Australia
Amnesty International Australia	National Association of Services Against Sexual Violence
Australasian Council of Women and Policing	National Council of Churches of Australia
Australian Baha'i Community – Office of Equality	Gender Commission
Australian Centre for Leadership for Women	National Council of Jewish Women of Australia
Australian Council for International Development	National Council of Single Mothers and Their Children
Australian Federation of Medical Women	National Council of Women of Australia
Australian Graduate Women	National Foundation for Australian Women
Australian Women's Health Network	NGO Women's Rights & Gender Equality Network
CARE Australia	NSW Council of Social Services
Children by Choice	National Older Women's Network
COTA Australia	National Union of Students (Women's Department)
FECCA Women's Committee	Of One Mind
Feminist Legal Clinic	Project Respect
Fitted for Work	Public Health Association of Australia (Women's Special Interest Group)
Girl Guides Australia	Reproductive Choice Australia
Good Shepherd Australia New Zealand	Safe Motherhood For All Inc
Homebirth Australia	Sexual Health and Family Planning Australia
Human Rights Law Centre	Sisters Inside
Immigrant Women's Speakout Association NSW	Soroptimist International of Australia
International Women's Development Agency	United Nations Association of Australia
Jessie Street National Women's Library	Status of Women Network
Justice Connect	UN Women Australia
Maternal Health Matters Inc	Victorian Immigrant and Refugee Women's Coalition
Maternal Scholars Australia	
Maternity Choices Australia	
Migrant Women's Lobby Group of South Australia	

VIEW Clubs of Australia
Women's Equity Think Tank
Violence Prevention Australia
Women's Housing Ltd
Women in Adult and Vocational
Education
Women's Information Referral Exchange
Women in Engineering Australia
Women's International League for Peace
and Freedom

Women on Boards
Women's Legal Services Australia
Women Sport Australia
Women's Property Initiatives
Women With Disabilities Australia
Working Against Sexual Harassment
Women's Climate Congress
YWCA Australia
Women's Electoral Lobby
Zonta International Districts 22, 23 and 24

Comments

ERA welcomes this opportunity to provide comments in response to the second interim report of the ACCC's Inquiry into Childcare. These comments build on the issues raised by ERA at the stakeholder roundtable held on 22 September 2023.

We may not know enough about demand in the ECEC sector

As discussed at the September roundtable, the survey of parents conducted by the ACCC to identify the factors which affect parents ECEC choices may not adequately reflect those parents who have chosen not to use ECEC for reasons of cost. The survey process was directed towards parents with an interest in childcare, which is more likely to be those parents actively participating in the system, rather than those parents who have no contact with ECEC. It might be prudent to seek other sources of information about the rate of parents deciding not to use ECEC, such as surveying through maternal health centres or libraries offering services to pre-schoolers.

We are further concerned that financial and gender stigma may result in some parents disguising their reason for not using ECEC, particularly among women who have decided not to return to work after childbearing. The low social value placed on unpaid care work by mothers creates a pressure to justify the decision to trade paid work for unpaid work. Often the justification used is a belief in the superiority of care by parents over care by strangers. While some parents clearly prefer not to use ECEC for this reason, it might be interesting to

know how many parents would maintain this position if high quality ECEC services were offered without charge.

With the available data, ERA doesn't feel that the ACCC can confidently describe the extent to which the existing ECEC system meets demand. Given that the second interim report finds there is a degree of unmet demand even among those parents who *can* afford ECEC, the possibility that there may be another unidentified pool of unmet need suggests the current system is not fit for purpose.

The ECEC sector is not well positioned to meet the Government's agenda to revalue women's care work

The second interim report's analysis of the financial performance of both the not-for-profit and for-profit care early childhood education and care (ECEC) in long day care settings describes a sector which is unprepared for any significant increases in labour costs for ECEC workers.

ERA strongly supports increases to wages in the ECEC sector as both a measure to improve gender equality and an act of economic safeguarding. A key element of promoting productivity is investment in intangible assets, such as childcare, aged care and education, as the health of these sectors are critical to the long-term ability of the Australian economy with withstand crisis and produce sustainable growth. As [Fiona Jenkins and Julie Smith have noted](#), the recent pandemic demonstrated that in an emergency we rely on women to act as *'the babysitters of the economy'* by taking on significant amounts of unpaid work at home in form of home schooling and childcare, and at work in the form of significantly increased workloads in low paid yet critical jobs. The current shortage of nursing and ECEC staff has been caused in part by low wages driving an exodus of workers from these industries, but also by individuals being unable to juggle increased levels of both unpaid and paid work resulting in burnout, with low wages leaving these women with no economic margin to permit the buying-in of support. Put simply, ECEC workers must be able to afford to purchase childcare services if they are to be able to provide such services.

Ensuring a sustainable workforce in the face of future pandemics or climate-related crises means that we must revalue and properly fund the essential but

historically low-paid ECEC sector to preserve this critical workforce. Improving wages for women in these feminised and traditionally undervalued sectors will improve retention, encourage investment in employee education and address a wage gap which poses a barrier to the economic wellbeing of ECEC workers.

However, the second interim report is clear that the ECEC sector is highly sensitive to increases in labour costs. Labour costs form the largest share of operational costs in both the not-for-profit and for-profit sectors. Despite this, calls to increase wages for ECEC workers are coming from [ECEC industry groups](#), who are concerned about attracting and retaining sufficient staff to meet demand.

ERA is concerned that the ECEC sector is not well positioned to play a role in properly valuing the contribution ECEC workers make to the Australian economy. We note the second interim report's finding that for-profit providers are already less likely to offer increased wages, with only 64.3% of their staff paid above award wages, compared with large not-for-profit centre based day care providers, who paid 94.5% of their staff above award wages.

[It's time for a public approach to ECEC](#)

ECEC is going to play an increasingly critical role in the Australian economy in our new 'permacrisis' environment. From supporting greater participation in labour markets by parents to ease our constricted labour supply to supporting emergency service personnel, essential workers and volunteers to address the impacts of climate-related weather events or pandemic, we need ECEC to function effectively even under pressure. The second interim report does not paint a picture of a robust ECEC sector which is able to meet unexpected shocks.

In fact, the second interim report paints a picture of an centre-based ECEC system which ordinarily fails to provide ECEC services consistently across populations (leaving significant [childcare deserts](#) even in moderately well populated areas) and which has limited capacity to adsorb much-needed increases to labour costs without increasing fees.

The existence of the [Limited Supply Grant program](#) can be seen as an admission that the current ECEC system is failing certain communities.

However, even this program only provides support for 2 years and does not address the upcoming pressure of increased staffing costs or the difficulties of attracting and retaining qualified staff in regional and rural areas.

If the role of the ECEC sector is to support childhood development while supporting the Australian economy, the current model cannot be said to be fit for purpose. ERA strongly endorses the finding in the second interim report that:

“...market forces alone may not achieve all the objectives of the Australian Government, nor meet all the expectations of the community. Specifically, market forces alone are unlikely to ensure:

- *equitable educational and or developmental outcomes across all children and households; and*
- *increased workforce participation”*(pg 17)

Other critical policy areas take a different structural approach. The healthcare, housing and education sectors are considered so critical to economic and social wellbeing that public options are funded by taxpayers. The time has come for a similar system in the ECEC sector. Like healthcare, housing and education, a publicly owned, not-for-profit ECEC system would not preclude private and other not-for profit entities from operating; it could operate alongside existing providers, particularly in areas of high demand or limited private supply.

In our view, a public system of ECEC would:

- support the wages of ECEC workers by setting an industry standard. As noted above, the second interim report notes that large not-for-profit centre-based day care providers paid 94.5% of their staff above award wages compared to for-profit providers paying 64.3% of their staff above award wages. This may indicate that operating ECEC without a profit imperative allows for better employment conditions, which supports the aim of improving wages in a traditionally undervalued, feminised sector;
- allow the targeted provision of ECEC services in geographic areas neglected by non-public entities;

- Assist in planning for climate-related weather events and other shocks, by giving government a clearer view of the role and realities of running ECEC services in crisis affected areas;
- Allow for more targeted use of taxpayer funding to meet actual community need, rather than prioritising meeting the most profitable need, including:
 - providing casual / short day / flexible centre-based care or care outside business hours; and
 - providing specialist care to address specific individual or community needs, such as care designed for neurodivergent children or culturally informed care in Indigenous communities. We note the findings of the [2021 review](#) of the [Inclusion Support Funding Program](#) that:

“[a]round 1 in 5 parents of a child with additional needs reported having to change childcare because of issues with care. This is double the rate of those parents without such a child. The rate of actual exclusion experienced by parents with a child with additional needs is 4 times higher than that of those without. Parents of children with additional needs were less likely to report that it was easy to find quality care”.

ERA would be happy to clarify or expand on any of the comments above. Please contact Helen Dalley-Fisher at era@ywca.org.au or on 0413 065 822 if you have any questions.