



# **INQUIRY INTO THE PROVISION OF CHILDCARE**

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Submission to the Senate Education,  
Employment and Workplace Relations  
Committee, Parliament of Australia

**Open Forum**  
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## EXECUTIVE SUMMARY

The following submission is based on the material gathered during the online debate **"Childcare in Crisis"** ([www.openforum.com.au/content/childcare-crisis](http://www.openforum.com.au/content/childcare-crisis)) hosted by the Australian public policy think-tank Open Forum during the month of January 2009.

Open Forum ([www.openforum.com.au](http://www.openforum.com.au)) is the place where Australian people from all walks of life get together online to discuss their ideas for a better future. We are an independent, not-for-profit organisation with no party affiliations, and the participation in our debates is open to people of all ages, backgrounds and political views.

Open Forum showcases the ideas of Australia's political, business and community leaders across a range of public policy and social issues through blogs, discussion forums and the presentation of research. Every month we turn our main focus to a featured forum '*Topic of the Month*'.

This Submission represents a wide range of views and interests of the individuals who participated in the **"Childcare in Crisis"** *Topic of the Month* debate. The focus was the state of Australia's childcare system and how we should be moving forward. The blogs by **Ms Sophie Mirabella MP**, Federal Shadow Minister for Early Childhood Education, Childcare, Women and Youth (4) and **Senator Sarah Hanson-Young**, the Australian Green's spokesperson for Childcare and Education: Early Childhood & Student Services (6) were prominently featured on the forum's frontpage.<sup>1</sup> The Parliamentary Secretary for Early Childhood Education and Childcare, The Hon. Maxine McKew MP, declined the invitation to participate.

The **"Childcare in Crisis"** *Topic of the Month* forum promoted the reference to the **Senate Inquiry into the Provision of Childcare in Australia** ([www.aph.gov.au/Senate/committee/eet\\_ctte/child\\_care/info.htm](http://www.aph.gov.au/Senate/committee/eet_ctte/child_care/info.htm)) and highlighted an opportunity for Open Forum members to participate in a collective submission.

**Statements made during discussions which became part of this Submission are the personal opinions of the bloggers and commentators and do not necessarily reflect those of Open Forum and its sponsors.**

The source material is still available to be viewed online at [www.openforum.com.au/content/childcare-crisis](http://www.openforum.com.au/content/childcare-crisis). Please note that as Open Forum is an interactive website, the content will continue to be updated by users after the closing date for this Senate Inquiry has passed.

The **'Childcare in Crisis'** *Topic of the Month* was supported by Open Forum's parent company, Global Access Partners (GAP) - [www.globalaccesspartners.org](http://www.globalaccesspartners.org).

<sup>1</sup> For the purposes of this Submission, the views expressed by Ms Sophie Mirabella MP and Senator Sarah Hanson-Young are not included in the following summary of the forum discussions.



## BACKGROUND

### OPEN FORUM

Established by Global Access Partners (GAP) in 2007, Open Forum unites some of Australia's most prominent politicians, business people, academics and commentators in a lively online debate about the issues which will shape our country in the years to come. We operate as an independent, not-for-profit organisation, and our key goal is to increase the participation of people of all ages and backgrounds in the formation of government policy.

Having grown organically, as an online arm extending from a series of high level conferences and roundtables, Open Forum enjoys an impressive contributor database, with many bloggers being renowned experts in their field, and a very high level of readership comprising senior business executives, government policy makers, academics, thought leaders and community advocates. Our ultimate objective is to encourage cross-disciplinary, non-partisan, collaborative approaches resulting in better public policy and social outcomes.

We identify and draw attention to the most pressing issues and challenges in areas as diverse as politics, economics, healthcare, education, technology, sustainability, innovation, privacy and social security. Unlike other websites with a similar agenda, Open Forum has no political affiliations. We pride ourselves on the diversity of views represented across our board, staff, contributors and members. We believe that this independence is fundamental to the success of any policy development forum. Our user-generated content allows us to explore areas which are of relevance to the regulatory process, track citizen sentiment around a particular issue and use these as the basis for briefing notes and recommendations to government agencies.

Open Forum operates under the patronage of the Department of Broadband, Communications & the Digital Economy, NSW Department of Lands, Australian Business Foundation, Lenovo, BRW, MBF Foundation and VeriSign Australia, who form the Advisory Board.

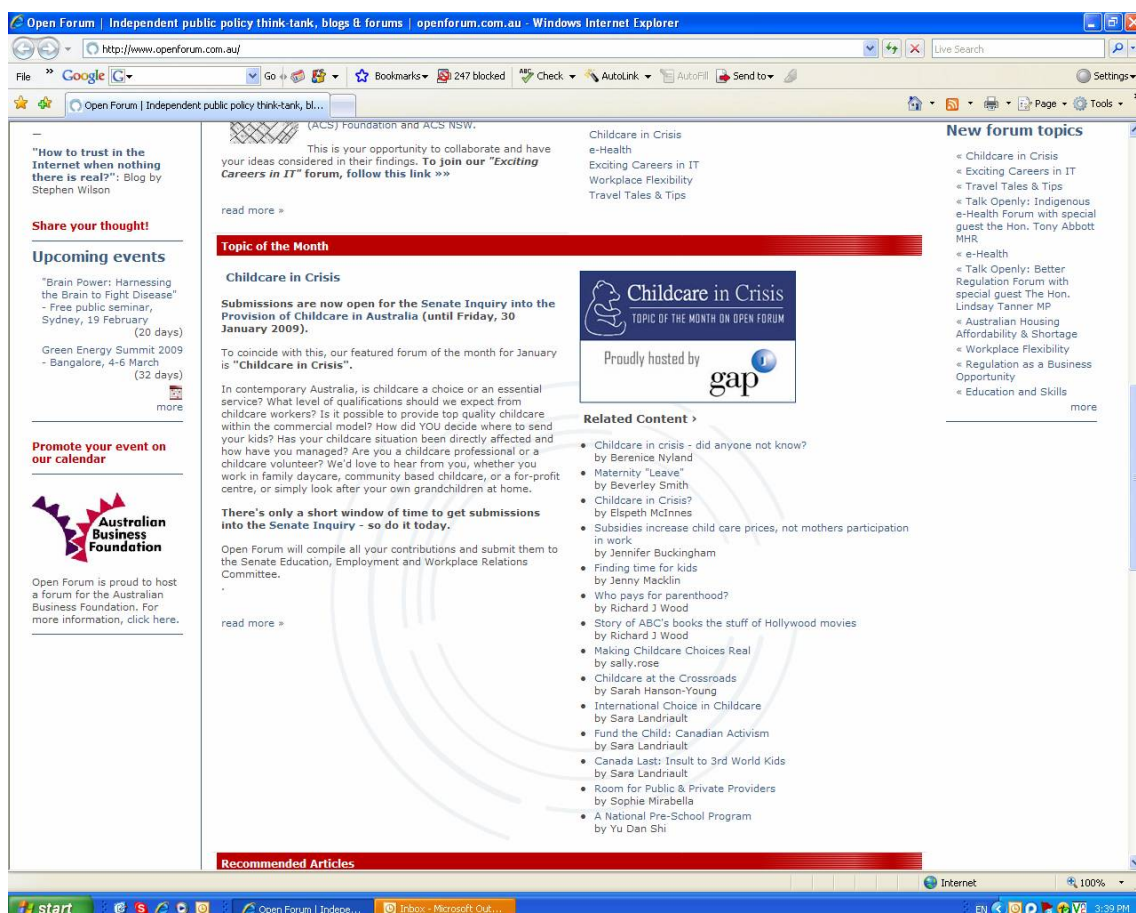
## "CHILDCARE IN CRISIS" TOPIC OF THE MONTH

Whilst we cover a broad range of subject matter, every month we devote a particular focus our featured *Topic of the Month*. Other regular features include *Talk Openly*, *Youth Question Time* and a wide variety of blog genres: *Charity Blogs*, *Business Blogs*, *PoliBlogs*, *Student Blogs*, *Think Tank Blogs*, *Arts Blogs*, *International Blogs* and *Community Blogs*.

In January 2009, our *Topic of the Month* was **"Childcare in Crisis"**. The forum provided a non-partisan space for its readers to discuss the state of Australia's childcare system and share their ideas about how we should be moving forward. The reference of the **Senate Inquiry into the Provision of Childcare in Australia** was highlighted and readers were invited to put forward their views and ideas for Open Forum's collective submission to the Inquiry.

The **'Childcare in Crisis'** was consistently promoted on Open Forum's front page, via a monthly news wrap and across GAP's extensive network of partners, and enjoyed considerable traffic and high readership and participation levels.

Please see below a snapshot of Open Forum's front page displaying the introduction to the forum.



The screenshot shows the Open Forum website in a Windows Internet Explorer browser window. The page layout includes a header with the site name and navigation links, a main content area with a large banner for 'Childcare in Crisis' (Topic of the Month), and sidebars with 'New forum topics' and 'Related Content'. The main banner text reads: 'This is your opportunity to collaborate and have your ideas considered in their findings. To join our "Exciting Careers in IT" forum, follow this link >>'. Below this, it states: 'Childcare in Crisis. Submissions are now open for the Senate Inquiry into the Provision of Childcare in Australia (until Friday, 30 January 2009). To coincide with this, our featured forum of the month for January is "Childcare in Crisis". In contemporary Australia, is childcare a choice or an essential service? What level of qualifications should we expect from childcare workers? Is it possible to provide top quality childcare within the commercial model? How did YOU decide where to send your kids? Has your childcare situation been directly affected and how have you managed? Are you a childcare professional or a childcare volunteer? We'd love to hear from you, whether you work in family daycare, community based childcare, or a for-profit centre, or simply look after your own grandchildren at home. There's only a short window of time to get submissions into the Senate Inquiry - so do it today. Open Forum will compile all your contributions and submit them to the Senate Education, Employment and Workplace Relations Committee.' The 'Related Content' sidebar lists various articles related to childcare, such as 'Childcare in crisis - did anyone not know?' by Berenice Nyland, 'Maternity "Leave"' by Beverley Smith, and 'Childcare in Crisis?' by Elspeth McInnes.

## SENATE INQUIRY'S TERMS OF REFERENCE

The following summary outlines the views and ideas presented by Open Forum members in the *"Childcare in Crisis"* online debate. They are listed against the Inquiry's specific Terms of Reference. The original sources are referenced in the chapter "Acknowledgments" on pages 17-20.

**The Submission is intended to present a variety of people's views on the topic in their own words, with minimal editorial input by Open Forum's writing team.**

### ABC LEARNING

#### **The financial, social and industry impact of the ABC Learning collapse on the provision of child care in Australia**

- ▶ **Childcare in Crisis:** In the wake of the collapse of ABC Learning it is worth taking stock. The market has failed to deliver and it is time for a change in direction. Childcare in Australia has always been dogged by crisis. Inappropriately funded originally it has struggled to find a proper identity. The childcare act of 1972 suggested the Australian public only needed the service for 'workforce support'. This conveniently ignored the importance of early care and education experiences for children. It also paved the way to develop services where the work was not respected, too many untrained staff worked in the sector and remuneration was so poor that the numbers of staff leaving early childhood services to work in other areas has been at a crisis point for many years. (8)
- ▶ **What crisis?** What we have witnessed is the market rejection of the business model adopted by one company. Not all companies within the child-care sector have adopted corporate strategies similar to that of ABC and those that remain are operating soundly. (15)
- ▶ **The childcare industry in Australia is well run.** There are a few operators that shouldn't be there, however generally the sector is well run providing good outcomes for parents and children. (22)
- ▶ ABC didn't go broke because of substandard childcare, they got caught up in the world financial crisis. (23)
- ▶ **The profit model means higher costs:** ABC Learning was never a successful model as it drove up child care costs and evidence suggests provision was much poorer than in the community and small private provider sectors. (8)
- ▶ **Overcome ideology:** It is a dangerous mistake to equate the failure of ABC Learning with proof of an overall failure of the corporate model to provide childcare. The particular corporation failed; through fraudulent behaviour and mismanagement. It represents a failure of the board, the accountants, ASIC and a wider failure of our regulatory system. It's a disgrace that it was permitted to go so horribly wrong unchecked for so long, but it's still unclear whether the corporate model or the public model can offer better childcare". (5)

- ▶ **Public vs. private debate:** The private sector has played an important role in expanding the supply of Australian child-care places, in response to the increasing workforce participation of women. It is unlikely that not-for-profit centres, or governments, would have had the financial capacity to serve children already in corporate child-care centres. It is possible alternative owners could be found. After all, before ABC's consolidation phase, there were many smaller private child-care entities such as Hutchinson's Child Care, FutureOne and Peppercorn. It is possible they could re-enter the market. There is some suggestion that a superannuation fund, or an American-based organisation, such as Knowledge Universe, could purchase some of the 1100 ABC centres across Australia. New for-profit entrepreneurs could spring up, or existing not-for-profit operators could purchase centres. (15)
- ▶ ABC Learning's failure does not prove that no commercial for-profit model can work for child care, any more than the failure of the Ansett airline in 2002 proved that a commercial for-profit model for an airline cannot work. However, like schools, sporting and social clubs, not-for-profit models may have advantages in the child care business which commercial enterprises - especially large corporations such as ABC Learning - may struggle to reproduce. (17)
- ▶ **Lack of choice:** Many advocates for the corporate provision of childcare will tell you it's about offering choice. In reality what it created was a situation where parents had little choice at all about where to send their kids, because there were so few options and places were so scarce. (5)
- ▶ **Consequences of ABC Learning's failure:** The collapse of ABC Learning has left many losers in the community aside from those with shares and corporate responsibility. Workers have lost their jobs. Parents have lost access to childcare. Children have lost familiar communities of care. Employers have lost employees who relied on their childcare. Communities have lost a needed service. Taxpayers have lost millions of dollars. (9)
- ▶ But there are **also gains and opportunities**. The childcare industry sector was in many ways distorted by ABC Learnings' market dominance and aggressive acquisitions policy. Many small providers were unable to compete with the financial muscle and profile of ABC Learning and sold up or exited the business. An ever-increasing stream of taxpayer dollars for childcare was being channeled into corporate profits. There was an escalating downward pressure on the quality of care as centres struggled to compete with the ABC juggernaut. (9)
- ▶ The demise of ABC Learning offers opportunities for change to (a) protect and invigorate quality care standards (b) redirect childcare public funds from corporate profit to quality care and education outcomes for children families and communities (c) re-shape the childcare sector to curtail corporate providers and support not for profit community based services (d) increase staff pay and qualifications and (e) develop the staff skill profile to include family support and early childhood education aspects of long day care services. (9)



## ALTERNATIVE OPTIONS AND MODELS

### Alternative options and models for the provision of child care

- ▶ **The private sector:** One failing example (ABC) should not obscure the fact that the private sector can be constructive in Australian child care. It would be a backward step for working families across the country if (excuse the pun) a future government in its policy planning decided to throw the private sector baby out with the child-care market bathwater. (15)
- ▶ **The private school sector model** is successful because it must compete with a very good public system. If an expensive private school was only offering a very basic service, then parents have the choice of the perfectly adequate public school down the road. Business is booming in private schools because there is a general confidence that they provide added value. (5)
- ▶ **Voluntary support:** A specific advantage that not-for-profit organisations often have over profit-oriented ones is volunteers. The value of volunteer labour is the engagement that it provides between the non-profit organisation and the community. Imagine (not that it could ever happen) that the Salvation Army had sold all rights to its annual Red Shield Appeal to ABC Learning. Even if ABC Learning stated that it would apply the proceeds (less costs and profit margin) to the same objectives that the Salvation Army had done, does anyone believe that ABC would attract anything like the same number of volunteer collectors and similar generosity of donations? (17)
- ▶ My centres run programs that are parent directed. This works extremely well. The children learn social, emotional and educational skills both in fine and gross motor areas. They end up being well balanced members of society. For more information , visit [www.jillys.com.au](http://www.jillys.com.au) (22)

## THE ROLE OF GOVERNMENTS

### Childcare funding

#### *The role of governments at all levels in funding for community, not-for-profit and independent service providers*

- ▶ **A universal national programme:** As it is beginning to happen in the pre-school sector I would like to see a plan for a universal, high quality childcare program in Australia with supply-side funding provided by government. (8)
- ▶ **Childcare as a foundational element of Australia's care and education system.** Early childhood is slowly being recognized by the Western world as the critical period for optimal adult outcomes. As a publicly funded service, childcare is well placed to support parents in their parenting role, identify children's developmental or health concerns and link parents to services, as well as providing children with optimal environments to support and extend their learning and well-being. If 'early intervention' is to be more than a cliché, it is critical that childcare is recognized as a foundational element of Australia's care and education system rather than part of the labour market infrastructure supporting working parents. (9)



- ▶ **Child's right to a quality care:** If childcare is to be in fact recognized as part of a child's right to a quality care and education system, then we need to ask whether publicly listed corporations should be eligible for taxpayer subsidies. Publicly listed corporations carry a duty to shareholders to maximize profits, and this inevitably implies cost-savings to the quality of care provided to children. (9)
- ▶ **Public funding:** Providing a solid public childcare sector will be unprofitable, but so are schools, hospitals and defence. It still makes sense to spend public money on these things because they are essential services. (5)
- ▶ There are some industries where a profit model cannot be applied and child care is one. Aged care is another. (8)
- ▶ **Support for parents:** Parents need just as many equal rights as the daycare workers, and above all the children need to be individually respected. (16)
- ▶ **Subsidies increase child care prices, not mothers participation in work.** National statistics on child care spending and female labour force participation rates suggest that the relationship works in the opposite direction. Most of the increase in labour force participation rates of women aged 25-34 and 35-44 occurred during the 1980s, while government spending on child care escalated in the 1990s. Women were entering the paid workforce in increasing numbers well before substantial child care subsidies were introduced. This created a demand for subsidised child care which was not denied. Commonwealth government spending on child care has increased by 4000% in real terms since 1980. (10)
- ▶ **Association between child care costs and maternal employment is weak and economically insignificant:** Empirical research on child care costs and labour supply provides further evidence that the relationship is far from straightforward. Of the 24 most commonly cited studies on child care costs and labour supply, 23 produced elasticity estimates in the range generally defined as inelastic. According to this evidence, and to Australian economists who have reviewed it, the association between child care costs and maternal employment is weak and economically insignificant. There is a stronger but still moderate effect for low income and single mothers but, in general, decreasing the cost of child care has only a marginally positive effect on labour supply. Surveys of Australian mothers have found that personal preferences and attitudes to parenting are the main factors in whether and when women begin paid work after having children. (10)
- ▶ **An increase in the Child Care Rebate would result in a net cost to government.** Economists at the Melbourne Institute modeled the effect on labour supply of increasing the 30% Child Care Tax Rebate to 50%. The modeling showed that an increase in the rebate would result in a net cost to government, even after taking into account increased taxation revenue and decreased welfare payments. (10)

- ▶ **Even if government spending on child care is a net cost to taxpayers, does it make child care more affordable?** The answer is apparently no. Despite, or perhaps because of, massive increases in Commonwealth government spending on child care over the last three decades, child care has become more expensive. In the 1980s, the rate of growth in child-care costs was less than the rate of growth in the general cost of living. In recent years, child-care costs have been rising at an annual rate five times higher than rises in the cost of living. If you map child care inflation rates from 1980 to the present against the introduction of new government funding, it is clear that each new injection of cash has been followed by an escalation in the cost of child care. Government funding is making child care temporarily more affordable for families, but is failing to reduce costs in the medium to long term. As costs go up, the demand for increased subsidies intensifies and the cycle continues. Such a pattern of inflationary spending on child care is unsustainable, and according to the evidence, ineffective. (10)

## Regulatory frameworks

### *The role of governments at all levels in consistent regulatory frameworks for child care across Australia*

- ▶ **Universal standards:** First priority needs to be to the public provision of a world standard universal childcare system. Once the basic provision of childcare is in place there is a role for private and corporate providers to offer other choices. As long as the government continues to maintain public services, so that amidst all that "choice", acceptable services are still available for those kids who's parents can't afford to choose. (5)
- ▶ **Good planning:** Good government planning is needed to make sure the best possible options are available. (12)
- ▶ **Improve the ratio system:** Regulations were non-existent, or pathetic, when Australia first introduced a quality improvement system and present ratios, especially for babies, are so bad that a recent international visitor (Ron Lally) referred to them as abusive. (8)
- ▶ **National pre-school curriculum:** When looking for preschools for my kids, I was stunned at the vast differences between each preschool I visited. There does not seem to be any curriculum. One preschool I visited taught numbers, letters, and basic handwriting. The other told me that their main aim is to teach children how to socialise and that they did not teach any handwriting or numbers and letters. They were more focused on an experiential learning style where children led the curriculum based on their interests. In light of this, what would a National preschool curriculum look like? (24)
- ▶ **Focus on children:** Rules can apply to non-profit as well as private just as it does in any other business. Relating children in the for-profit industry can be done with applying strength in the focus on the children. (16)
- ▶ **Regulation:** Whether public, private or fully corporatised, the childcare sector requires strict and careful regulation. (5)

- ▶ We need to separate out the problems arising from poor corporate regulation that appears to have allowed at least one company in the child care business to over-rate its assets and get away with it until it collapsed, versus those arising from the provision of child care by share listed corporates per se. (18)
- ▶ **Infrastructure:** As each generation of Australian women become more highly educated, it is inevitable that we will become more professionally motivated, resulting in more kids attending childcare before they start school. It's really important we get the provision of this care right. On the one hand the government is encouraging women to gain higher education and increase their participation in the workforce, but then on the other hand they have failed to provide the basic childcare infrastructure to enable this. (12)
- ▶ NSW Government pre-school programs are only available for a maximum of 3 days a week from 9am - 3pm. At best that would leave Mum available to work from 9:30am - 2:30pm (5hrs) 3 days a week, and only during school terms. Despite all the talk about job-sharing and part-time work it is near impossible for most women to find a job that will allow them to work only within those very limited hours. (12)
- ▶ **Competition:** Much more important is the presence or absence of competition in the childcare sector. Competition is a much more important factor in forcing a company to offer services that customers want or it goes out of business. (18)
- ▶ Because of a lack of competition, the child care sector needs to be regulated, although we might need more evidence for this. But if so, is this because the price is suppressed by government regulation? Free up the price. If that means that those on lower incomes miss out, provide a subsidy & let them choose which provider they want to spend it on. (18)
- ▶ **Protection for the most vulnerable:** A decision maker who is vulnerable needs particular protection, for example the elderly, children, socially marginalised etc. (18)
- ▶ **Government assistance to small operators:** The government also needs to get the small operators to assist in advice, not the academics or the large operators, as both groups are far too distant from the child. The small operators are usually very close to all the children, being able to supply their emotional and security requirements. (23)
- ▶ **The UNICEF report<sup>2</sup> is misleading in its benchmarking.** These should not be set at the level of our fellow countries. We should set our own, if need be, and then stick to them (23).

<sup>2</sup> "The Childcare Transition: A League Table on Early Childhood Education and Care in Advanced Countries", UNICEF, [http://www.unicef-irc.org/publications/pdf/rc8\\_eng.pdf](http://www.unicef-irc.org/publications/pdf/rc8_eng.pdf)

- ▶ **UNICEF may have some role to play in keeping developed nations on their toes with regard to making sure all their citizens are living in first world conditions.** For instance, here in Australia, the infant mortality rate for Indigenous Australians is much higher than the average. So in some cases we have a scenario where groups like Unicef, World Vision and Amnesty International Australia are intervening with good reason within our own borders. The plethora of headlines which have swept the world stating "Canada and Ireland ranked last" or "Australia ranked 2nd last" are emotive and misleading. Last or second last out of what - the top 10! That's still a pretty good position to be in. In that regard Unicef's intervention in this instance has been distracting. However, we shouldn't be too proud to learn from countries who are doing it better. No matter how annoyed they've got about coming in second from the bottom, I haven't heard anyone prepared to argue that Sweden's childcare system should have been ranked lower than Australia's! ( 25 )

## Licensing requirements

### *The role of governments at all levels in licensing requirements to operate child care centres*

- ▶ **A nationally accredited pre-school program:** It's a reality that more women are working and therefore more kids are in childcare. A nationally accredited pre-school program is needed in response to these realities. Implementing such a program would be a huge challenge but now, as our system of childcare is under review presents the ideal opportunity. Pre-school is even more beneficial for kids of parents not naturally inclined to educate within the home. When school starts, those kids who haven't been read to at home nor had the opportunity to attend pre-school are already behind. We should support a fully accredited, world class national pre-school program. Of course, it needs to be the parent's individual decision if they choose to enroll their kids, but we need to make it a real option for all Australian kids. The potential benefits are so great; both for women and their participation in the workforce, and not least for kids and the grounding it provides for their educational and social development. (12)
- ▶ **Raising standards:** One of the great risks in child care is regulation that protects operators of any size (from back yarders to large corporates) operating with poor standards of hygiene, poor standards of care & keeping out the competition, let alone any arguments about super profits. (18)
- ▶ **Too many childcare centres:** The major problem with childcare in Australia at present is that there are about 5 times too many childcare centres. For a centre to operate the must be 95% full, however 99% of centres are only 30% full, which means many are close to being insolvent, resulting in shortcuts being made. (22)
- ▶ **Ratios:** With other planned initiatives such as babies ratios to be 1:4 and only having University trained teachers, the cost of childcare is going to blow out of proportions and be out of reach of most Australians. (22)

- ▶ **A structured pre-school program is better for the well-being of 3-5yr olds.** There is a really important distinction between the needs of kids under 3ys and kids in the 3-5yrs age bracket. When selecting a childcare provider for my daughters my main concern was making sure they were being cared for in a secure environment by excellent staff who would not only make sure they were safe but also give them lots of warmth and affection. (12)

## **Training and qualification requirements**

### ***The role of governments at all levels in nationally-consistent training and qualification requirements for child care workers***

- ▶ **Learn from ABC failure:** As staff numbers and training are major measures of good quality services and staffing in the community sector cost up to 85% of the budget, this was, and is, a valid argument. It is worth noting that ABC Learning had reduced the staff share of centre budgets to almost 50%. At ABC centres staffing was provided at the legal minimum level and therefore the safety net of regulation became the quality standard for practice. (8)
- ▶ The best childcare centres I believe are those managed by a private operator, who can devote time to developing their centres programs, in conjunction with the parents. I have found the best trained are those who have completed the Dip in Early Childhood services, not the ECT. (23)
- ▶ In my centres, the trained are young (mid 20's) and the assistants are middle aged. This gives a nice balance between training and nurturing (23).

## **Transparency and evaluation of data**

### ***The role of governments at all levels in the collection, evaluation and publishing of reliable, up-to-date data on casual and permanent child care vacancies***

- ▶ **More accountability:** We poor tax payers should be annoyed that our money was squandered on such a venture [bailing out ABC centres] and demand more accountability in the future. (8)

## **A NATIONAL CHILDCARE AUTHORITY**

### **The feasibility for establishing a national authority to oversee the child care industry in Australia**

There have been no submissions raising the need to establish a separate authority to oversee the Australian childcare industry, however, many participants spoke about the need for a nation-wide universal, fully accredited childcare programme funded by Government.

## OTHER RELATED MATTERS

### PARENTAL LEAVE

- ▶ **Parental leave:** Mandated paid parental leave financed by the employer would increase the wedge between labour costs and take home pay. If it reduces employment (as it would) then the reduction would be particularly acute for women of child-bearing age, and the incentive to discriminate against employees who become pregnant would increase. While legislation would aim to prevent overt discrimination in employment decisions, it would be unlikely to prevent it completely. Reduced real wages, lower employment and higher business costs will all lower social welfare. Unless the welfare benefits of paid parental leave exceed these losses, society as a whole will be worse off. (7)
- ▶ If financed through taxpayer subsidies, the effects would be fairly similar, with potentially higher taxes leading to higher prices and lower output. We already have an elaborate system of social welfare in Australia. Paid parental leave cannot be debated without assessing its interface with existing payments to parents or working parents. And to date there has been a distinct lack of analysis of what may be a much better practical policy option -- **addressing unmet needs in the area of childcare.** (7)
- ▶ **Voluntary paid parental leave arrangements:** The proposed introduction of paid parental leave raises important questions of principle and practice. It is true that some larger employers choose to offer the benefit of paid parental leave to staff, in some cases with industrial trade-offs. The incidence of such voluntary paid parental leave arrangements may well spread over time. Social values are changing, raising expectations of more family friendly business practices. An increasing number of all jobs are filled by women, and while they remain under-represented in the highest paid jobs and industries, the proportion of women in relatively senior and high-skilled occupations has increased. But to move beyond such mutually agreeable terms to demand that third parties are obliged to carry the cost of mandatory paid parental leave is quite different from accepting or encouraging such leave on an agreed or voluntary basis. A "right" to paid parental leave implies a matching claim on the employer, fellow employees or the wider community which does not seem to correspond to any responsibility or obligation they could justly be required to fulfill. This is especially true of employers, who capture a negligible share of any social benefits from the provision of paid parental leave. Put simply, it is unreasonable and unfair to require employers to pay people for not working. The case for social support for new parents is probably stronger, resting on the unique needs of infants and their mothers, and the broader benefits that child raising confers on society. But even here the case needs to be argued and proven. (7)
- ▶ **Society could arguably benefit more by concentrating its family support efforts on child care and education.** Assuming that some social support for parenting is justified, it is far from clear that paid parental leave is the most efficient or equitable means of delivering that support. Society could arguably benefit more by concentrating its family support efforts on child care and education, which is likely to yield greater spin-off benefits for the whole community than leave payments, which will tend to be of benefit mainly to recipients and their families. Social support is more likely to be equitable if it is available to all parents, not just those with jobs. (7)

- ▶ **Australia's support for children and families is both relatively generous and more efficiently and equitably targeted.** A first glance at a league table comparing international parental leave provisions might make Australia seem rather backward in comparison to other countries. But when the full range of transfers to parents is brought to account -- including both direct tax benefits and benefit payments and indirect transfers through spending on health and education, for example -- then Australia's support for children and families is both relatively generous and more efficiently and equitably targeted. (7)
- ▶ Supporting employees in their lives beyond the workplace makes for healthier and mutually beneficial outcomes. If new parents can be made more secure in the crucial post natal period, perhaps they're more likely to come back to work in a fit state. Employers might reasonably contribute to this outcome. (19)

## INTERNATIONAL PERSPECTIVE

### Canada

#### ***'Maternity leave' vs. 'maternity allowance / benefit'***

- ▶ **The phrase "maternity leave" has both positive and negative connotations for the women's rights movement.** The term 'leave' is problematic. The meaning of "leave" is a holiday, as in 'sailor's leave'. It implies that being home with a baby is not useful, that the right to take care of a baby is a privilege which must be earned through participation in the paid workforce. The term 'leave' (as in 'by your leave') also insinuates permission, as in asking a favor. We need recognition that taking care of a baby is real work and vital to an economy. The time and money women need to birth and raise children needs to be understood not as a departure from productivity but as useful contribution to society. (1)
- ▶ **Why not call it 'maternity benefit' or 'maternity allowance'?** It is money earned in recognition of essential services performed. The birth mother is the most likely recipient but if the adoptive mother or even the father is the primary caregiver then it should be flexible. (1)
- ▶ **What's needed is a universal benefit tied to one thing - the existence of a baby.** The current international practices to navigate maternity benefit policies exclusively through the traditional economic paradigm (paid work) result in gross inequality in maternity systems. Playing favorites between mothers is odd enough, but favoring the ones who earned the most prior to birth is particularly unfair. Playing favorites between children is even more aggravating. (1)
- ▶ **We need to detach maternity benefits from paid labor force participation** - it's simply irrelevant. Expecting employers to somehow pay for the maternity benefit is unreasonable: not only financially, but philosophically. Small businesses would struggle to afford it and have difficulty holding women's jobs. Business would not only hesitate to hire women of childbearing age but may resent any who came on board and became pregnant. Penalizing employers in any way for women giving birth could lead to gender discrimination. (1)



- ▶ **It is fair to fund a maternity benefit from general tax revenues.** All society benefits from doctors, engineers, lawyers and nurses; so all society has an interest in the upbringing of healthy children who will fulfill these roles. (1)

### ***Investing in childcare***

- ▶ **Investing in caring is vital to long-term economic health** just like roads, airports and energy-retrofitted buildings, as American economist Randy Albelda said recently. When we need to spend to get out of a recession, we don't seem to think of investing in social infrastructure - the very target for cuts in tough economic times. (20)

### ***Equality in all childcare choices***

- ▶ *Fund the Child* is a nationwide grassroots movement of parents from across Canada which advocates for equal respect and financial rights for parents who choose daycare, staying at home and everything in between (more information at the National Family Childcare Association's website at <http://www.careofthechild.com>). (2, 3, 11)

## **Sweden**

### ***Public childcare***

- ▶ **Australia could benefit from the Sweden experience of a well functioning national childcare system run by Government.** Its main points are: high-quality public childcare combining education and care; accessible for all children; provided by the municipalities; financed mainly out of public funds.

More information:

<http://www.cprn.org/doc.cfm?doc=442&l=en>

[http://www.daycaretrust.org.uk/mod/fileman/files/Barbara\\_Martin\\_Korpi\\_final.pdf](http://www.daycaretrust.org.uk/mod/fileman/files/Barbara_Martin_Korpi_final.pdf)

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## ACKNOWLEDGEMENTS

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