

## **The Australian Family Association (AFA)**



### **Submission to the Senate Education, Employment and Workplace Relations Committee concerning the inquiry into the provision of childcare**

The Committee Secretary  
Senate Education, Employment and Workplace Relations Committee  
Department of the Senate  
PO Box 6100  
Parliament House  
**Canberra ACT 2600**

Contact: Tim Cannon  
Research Officer  
Australian Family Association  
582 Queensberry St North Melbourne Victoria 3051  
ph 03 9326 5757 or 0401659748  
[info@timothycannon.com](mailto:info@timothycannon.com)

Tim Cannon  
Research Officer  
The Australian Family Association  
582 Queensberry St  
North Melbourne VIC 3051  
(03) 9326 5757

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To the Secretary

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**From the Australian Family Association**

I am writing on behalf of the Australian Family Association. We thank the committee for this opportunity to make a submission into its inquiry into the provision of childcare.

The AFA acknowledges that the increasing demand for high quality childcare in Australia presents many challenges for Australian Federal and State Governments. Childcare policy is inevitably influenced by wide-ranging and divergent factors. It is not our intention to canvas all of these factors, but rather to highlight those issues which are considered by our members and supporters to be of vital importance in the development of childcare policy in Australia.

*Subsidies for childcare providers discriminate against at-home carers*

Childcare policy in Australia in recent decades has primarily sought to ensure gender equality in terms of employment opportunities for women after childbirth.<sup>1</sup> Targeting childcare subsidies at providers has been central to the pursuit of this policy. Although equity in employment opportunities for women post-childbirth is an important policy consideration, by focusing on subsidies for childcare providers (rather than direct support payments to parents), the benefits of government childcare policy have been restricted to families where both parents work, and where

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<sup>1</sup> Wooden, "Childcare Policy: Introduction and Overview", *The Australian Economic Review*, 35 (2) 173-9.

institutional childcare is a necessity. Such a policy necessarily neglects – and discriminates against – sole-breadwinner families, who naturally do not receive the benefit of tax-payer subsidies for childcare providers. Additionally, government childcare benefits which *are* currently paid directly to households specifically exclude parents who care for their own children full-time.

The AFA submits that childcare policy should not discriminate against parents who choose to provide full time care for their children. Rather than subsidise childcare providers, the Government should target childcare support payments directly at parents, who can then choose whether to use the subsidy to purchase institutional childcare or else to use the subsidy to cover the costs of childcare in the home.

### *Women's Preferences*

A policy which supports at-home-carers would accommodate emerging evidence regarding women's preferences for work after childbirth. A 1997 Australian study found that the majority of women whose youngest child was under four years preferred part-time work to full-time work,<sup>2</sup> the former allowing more time for at-home care. What's more, some 43% of women working full-time, and with children under the age of 4, wanted to reduce the number of hours which they were working.<sup>3</sup> A recent study from the United States has shown that, while American mothers exhibited a similar preference for part-time work to the women in the Australian study, the number of mothers declaring a preference for full-time work following the birth of a child significantly decreased – by 12% – in the decade from 1997 to 2007.<sup>4</sup>

The AFA submits that childcare policy should respond to these trends in women's preferences, and ensure that women do not feel compelled to re-enter the workforce following childbirth, especially where doing so entails full time work. An adequate childcare policy must offer real choice to women, rather than merely provide incentives to return to the workforce, and penalise at-home carers for their choice.

### *Importance of at-home care and the dangers of sub-standard institutional care*

One suggested reason for mothers' increasing preference *against* full-time work is the growing awareness of the importance of at-home care in the healthy physical, social and psychological development of very young children. A 2008 UNICEF report entitled *The Child Care Transition* outlines research demonstrating that children who are deprived of the close interaction of at-home parental care are more prone to

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<sup>2</sup> Gezer and Wolcott, "Work and family values, preferences and practice", *Australian Family Briefing*, 4, September 1997.

<sup>3</sup> *Ibid.*

<sup>4</sup> Taylor, Funk & Clark (2007) "From 1997 to 2007: Fewer Mothers Prefer Full-time Work", *Pew Research Centre Social & Demographic Trends Report*, 1.

stress, depression, and other forms of mental ill health in later life.<sup>5</sup> Additionally, the report demonstrates that for childcare to be beneficial it must be of a sufficiently high quality, and that sub-standard childcare is in fact harmful for children.<sup>6</sup> The report concludes that “[o]verall there is a broad consensus that child care that is ‘too early and for too long’ can be damaging.”

The implication for governments is that, if the best interests of children are to be served, childcare policy should not seek to encourage high levels of attendance at institutional childcare for very young children, but should rather implement policy measures which ensure that parents are able to provide the level of at-home care which is vital to the healthy development of their children. Furthermore, it is essential that any institutional childcare be of a sufficiently high standard, such that it does not cause harm to children.

### *Long term social benefits and value of at-home care*

By seeking to facilitate the return of women to the paid workforce after childbirth, childcare policy in Australia has tended to presume that work in the home, because it is unpaid, is therefore valueless. However research has demonstrated that the real value of work performed under the auspices of ordinary household operation is in fact substantial.<sup>7</sup> Indeed, given the long-term benefits for children, the social and economic value of at-home care must be taken into consideration in any formulation of childcare policy. Assisting parents who wish to provide full time care for their children in the home should figure as a primary concern for governments.

### *Inadequacy of the market in ensuring high quality childcare*

The effective monopolisation of the “childcare market” by ABC Learning, and the subsequent collapse of the company, suggests that any childcare policy must do more than merely provide subsidies to for-profit childcare providers. Indeed it has been argued that the operation of the free market is incongruous with the requirement that all childcare be of a sufficiently high standard, since “for-profit firms have an incentive to provide child care that seems of high quality but is not. Because parents can be fooled into buying low quality care, low quality providers will be able to underprice higher quality producers and drive them out of business”.<sup>8</sup>

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<sup>5</sup> Adamson (2008) “The child care transition: a league table of early childhood education and care in economically advanced countries”, *Unicef Innocenti Research Centre Report Card* 8, 12.

<sup>6</sup> *Ibid*, 19.

<sup>7</sup> In 1989, Melbourne University Economist Dr Duncan Ironmonger suggested that “Australian households actually produce about three times the output of Australia’s entire manufacturing industry...”; Ironmonger (1989) *Australian Households: A \$90 Billion Industry, Research Discussion Paper No. 10*, Melbourne: Centre for Applied Research on the Future: Household Research Unit, University of Melbourne.

<sup>8</sup> Cleveland and Krashinsky, 2003, cited in Brennan (2008) “Innovative Policies in Parental Leave and Child Care”, *Social Policy Research Centre* (99) 1, 5.

The “childcare industry” must be stringently regulated to ensure that the quality of care provided is sufficiently high as to avoid causing long-term harm to children. Some suggested key indicators of childcare quality are staff training, stability, and child-to-staff ratios.<sup>9</sup> Childcare policy must seek to ensure uniformly high levels of staff training for childcare workers, create conditions which minimise staff turnover, and strictly enforce child-to-staff ratios in childcare centres. Without strict regulation, it is unlikely that private providers will uniformly meet the stringent quality standards which are vital to the health and wellbeing of children in care.

### *Integrated policy framework*

Naturally the development of a successful childcare policy must take place within a framework of other policy considerations. Government policies on parental leave and family tax are intimately related to childcare policy. In each of these areas, government policy should be directed at ensuring that parents can exercise real choice with regard to the way they balance work and family following the birth of a child.

Respectfully yours,

Tim Cannon

Research Officer  
Australian Family Association

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<sup>9</sup> Wise, Ungerer & Sanson, “Childcare Policy to Promote Child Wellbeing”, *The Australian Economic Review*, 35 (2) 180-7.