

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 30 May – 1 June 2006

Question: bet 46 (PC)

Topic: Child Care

Hansard Page: Written

Senator SHERRY asked:

Objective

Find out whether the Productivity Commission is doing any work on (a) the child care industry or (b) the contribution of child care to the Australian economy. If not, why not.

Background

There does not appear to be any work done on child care by the Productivity Commission, beyond a chapter in the annual Report on Government Services (Steering Committee for the Review of Government Service Provision Report). This is mystifying. The Federal Government alone is forecast to spend almost \$9 billion over the next 4 years on child care, and the States and Territories will spend several billion dollars combined.

The child care industry receives some of the highest levels of government subsidy.

Questions

- (1) Has there been any work done by the Commission on child care, beyond the data collated for the annual Report on Government Services? Eg, is there any analysis of:
 - a) The size and value of the industry;
 - b) The relationship between the industry and GDP levels (ie, the relationship between child care availability, government spending and workforce participation);
 - c) Anti-competitive aspects of the child care market (eg, dominance of particular child care corporations in certain towns and cities);
 - d) Why not?
- (2) Have there been any requests from ministers or agencies in the last 3 years for child care analysis – industry or economic analysis?
- (3) Have there been any communication from ministers or agencies to the effect that child care should not be looked at?

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Answer:

- (1) Productivity Commission work additional to the data on child care collated for the annual Report on Government Services includes:
- a) Child care data reported in the Indigenous Compendium to the annual Report on Government Services.
 - b) The Steering Committee for the Review of Government Service Provision released a consultancy report, “Using Consumer Views in Performance Indicators for Children’s Services” in February 2000.
 - c) In its inquiry report “Review of National Competition Policy Reforms” (Inquiry Report No. 33, 28 February 2005), the Commission discussed the importance to Australia’s future prosperity of reforms in a range of human services, such as in the delivery of child care services. No large scale coordination problems or failures in the children’s services area were drawn to the Commission’s attention during this inquiry. The Commission noted the importance of monitoring and assessing existing child care arrangements in the light of the identified need to raise workforce participation rates. It concluded that a national initiative coordinated by a body such as the Council of Australian Governments was not currently a prerequisite for effective reform (see especially pages 336-7 of the report).
 - d) In association with the Research Report undertaken for the Australian Government, “Economic Implications of an Ageing Australia” (24 March 2005), the Commission released 14 technical papers, consisting of the demographic model and various data available on its website (www.pc.gov.au). Technical Paper 14, “Ageing and child care”, presents a range of child care information used in assessing the likely impact of population ageing on aggregate expenditure over the next 40 years.

The Productivity Commission has not undertaken work specifically on the child care industry.

Inquiry and research studies are referred to the Commission by the Treasurer. The Commission publishes the objectives and themes guiding its Supporting Research Program following consultation with a range of government, industry and community bodies as well as other research organisations. The most recent publication (July 2005) is available on the Commission’s website.

- (2) No.
- (3) No.