

# Cheaper childcare could boost economy by \$11b a year: Grattan Institute <sup>[1]</sup>

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## AVAILABILITY

Access online <sup>[2]</sup>

## EXCERPTS

Working mums could add \$150,000 more to their lifetime earnings if the federal government subsidised the cost of childcare more, with new research promising an \$11 billion-a-year boost to the economic recovery by helping women back into the workforce.

The new scheme proposed by the Grattan Institute recommends the government spends \$5 billion to increase the childcare subsidy up to 95 per cent from 85 per cent, resulting in 60 per cent of families paying \$20 a day or less for each child. The support would be tapered for households earning more than \$68,000.

The report also recommends extending the parental leave scheme to provide six weeks' leave at minimum wage for each parent and an extra 12 weeks shared between them. This would come at a cost of \$600 million a year.

Grattan chief executive Danielle Wood said the scheme would deliver big returns in the form of an \$11 billion-a-year boost to GDP, with women with young children working 13 per cent more hours, and an extra \$150,000 worth of earnings over the average Australian mother's lifetime helping reduce the gender pay gap.

"A major [political] barrier is the cost to the budget. But our spending on the sector is low by international standards," Ms Wood said.

"The double dividend is real, in terms of the benefit for children and women's workforce participation."

The female workforce participation rate in Australia is above the OECD average, but she said women were more likely to work part-time if they are mothers, with the typical Australian woman with pre-teen children working 2.5 days a week.

**Related link:** Cheaper childcare: A practical plan to boost female workforce participation <sup>[3]</sup>

**Region:** Australia and New Zealand <sup>[4]</sup>

**Tags:** affordability <sup>[5]</sup>

mother's labour force participation <sup>[6]</sup>

economic recovery <sup>[7]</sup>

gender wage gap <sup>[8]</sup>

**Source URL (modified on 17 Sep 2020):** <https://childcarecanada.org/documents/child-care-news/20/08/cheaper-childcare-could-boost-economy-11b-year-grattan-institute>

## Links

[1] <https://childcarecanada.org/documents/child-care-news/20/08/cheaper-childcare-could-boost-economy-11b-year-grattan-institute> <sup>[2]</sup>

<https://amp.smh.com.au/politics/federal/cheaper-childcare-could-boost-economy-by-11b-a-year-grattan-institute-20200806-p55j2d.html> <sup>[3]</sup>

<https://childcarecanada.org/documents/research-policy-practice/20/08/cheaper-childcare-practical-plan-boost-female-workforce> <sup>[4]</sup>

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