

The economic benefits of high- quality universal early child education ^[1]

Expanded ECEC services would provide a badly-needed boost to Australia's economic recovery from COVID-19.

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AVAILABILITY

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Excerpted from media release

Making Early Child Education and Care (ECEC) universal in Australia would pay for itself by unlocking women's labour supply, boosting GDP and growing government revenues by billions, according to new research from the Australia Institute's Centre for Future Work.

With cost of living shaping up as a key election issue, policy experts say boosted funding would ease the pressure on families, while boosting the economy.

Key Findings:

ECEC funding is lower in Australia than other countries, yet private revenues (mostly paid by parents) are higher. Australian parents currently pay more but get less

Matching the ECEC funding levels of Nordic countries would generate 292,000 new jobs, directly, downstream and via increased women's employment

If Australian women had the same participation and full-time employment rates as Nordic women Australia's GDP would be some \$132b per year higher

Government funding for public and non-profit childcare generates one-third more employment and GDP than funding for private for-profit firms

The economic activity supported by expanded funding for public and non-profit ECEC centres would boost Australian GDP by a further \$35b

The combined boost to GDP would create an additional \$48b in government revenue, more than the cost of providing the childcare services in the first place

"This is a program that literally pays for itself," said report author and Senior Economist at the Australia Institute, Matt Grudnoff.

"This would create tens of billions of dollars in new GDP, hundreds of thousands of jobs and billions of dollars in government revenue – above and beyond the cost of providing those services in the first place.

"A high-quality, accessible, and non-profit Early Child Education and Care system would facilitate the expanded paid work effort of hundreds of thousands of Australian women, helping close the gender pay gap.

"At a moment when employers are complaining about a labour shortage, there is an obvious answer: support hundreds of thousands of women to increase their labour supply.

"Expanded ECEC must be done right, to maximise the potential economic and social benefits. Funding must be directed to not-for-profit and public centres which put top priority on quality – not subsidising the profits of private investors who see children as a profit centre, not a social priority.

"Childcare is a significant cost-of-living issue for many families with many spending more on childcare than groceries or utilities.

"This is one of the smartest investments we could make for parents, for employment and for our society. It's a no-brainer."

The report, *The Economic Benefits of High-Quality Universal Early Child Education* compared ECEC funding levels in Australia to other OECD countries.

The below table summarises the combined impacts on GDP and tax revenues (for all levels of government) from the increase in labour

force participation and full-time work by women, and the direct and indirect jobs associated with ECEC supply.

Related link: Accessible childcare important for the economy and for female workers: report ^[4]

Region: Australia and New Zealand ^[5]

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