

\$75,000 childcare bill keeping Australian women out of work ^[1]

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EXCERPTS

As her five-year-old son started school last week, Sydney engineering consultant Mary Stewart counted the cost of his four years in childcare -- A\$96,000 (\$75,000) at A\$126 a day. With a three-year-old daughter, she and her partner still face another two years of bills.

The fees have left her bank balance "wiped out," even with government subsidies reducing the burden by about a third, said Stewart, 46. "We have two PhDs in engineering, we work in the mining sector, we get good salaries, but after paying the mortgage and childcare there isn't anything left."

Cutting the cost of Australian childcare, among the highest in the developed world, offers Prime Minister Tony Abbott a circuit breaker as he battles to turn around his poll ratings and shore up his leadership. Abbott said Monday that boosting female participation in the workforce by 6 percent would add A\$25 billion to the economy a year as he announced his government will work on a new families package.

"It's a massive issue in Australia and if Abbott is able to get his policy right he could win back voters," said Andrew Hughes, a political analyst at the Australian National University in Canberra. "The prime minister hasn't had many wins lately so he'll need to make sure his team gets it right."

Policy Scrapped

Abbott said he was scrapping his signature policy to provide new parents who earn as much as A\$100,000 a year with full pay for six months. The plan faced opposition in the Senate even after being watered down from an initial salary cap of A\$150,000.

Critics said it favored the highest paid, and encouraged women to have children without addressing the costs of childcare once parents return to work.

"As mums and dads around Australia have reminded me, the focus really does have to be on childcare if we want higher participation and a stronger economy," Abbott said in an address to the National Press Club in Canberra. The government will consult on ways to "improve the system of multiple payments, keep costs down, and put more money into parents' pockets."

Childcare is a burgeoning industry in Australia, with enrollments surging 77 percent between 1996 and 2011, according to government figures. The number of providers reached 19,400 by 2012, with 1.3 million children enrolled.

Along with that rise has been a spike in fees. The gross cost of childcare rose 150 percent in the 10 years to 2013, according to an AMP/National Centre for Social and Economic Modelling report released in June.

Streamlining Needed

The Productivity Commission is recommending the government merge and streamline its two main forms of assistance -- the Child Care Benefit, a means-tested subsidy that sees highly paid mothers such as Stewart miss out; and the Child Care Rebate that returns 50 percent of so-called out of pocket costs, capped at A\$7,500 per child a year.

High fees and a lack of suitable places are stopping 47,000 parents from returning to work and costing the economy A\$5.5 billion a year, according to the commission.

Australia ranked eighth-most expensive in a Organisation for Economic Cooperation and Development survey of 30 nations that compared the net cost of childcare as a percentage of the average wage, the Guardian said in a 2012 report.

"What we haven't been able to get right is affordability for families," said Australian Childcare Alliance President Gwynn Bridge. "Fees have been increasing because of the high regulations and standards. The government subsidies just aren't keeping up."

Region: Australia and New Zealand ^[3]

Tags: womens labour force participation ^[4]

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