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By website: [Childcare Inquiry draft findings and recommendations - written submissions - Open written submissions - Australian Competition and Consumer Commission - Citizen Space \(acc.gov.au\)](#)

## **DCA response to the draft findings and recommendations outlined in the ACCC Childcare inquiry Interim report September 2023:**

Dear Chair, Australian Competition and Consumer Commission, Ms Gina Cass-Gottlieb,

Diversity Council Australia (DCA) is the independent not-for-profit peak body leading diversity and inclusion in the workplace. We have over 1,300 member organisations, reaching more than 20% of the Australian labour market.

Early childhood education and care (ECEC) is a critical workplace gender equality issue. Its workforce, which is largely comprised of women, experiences low pay and poor working conditions. This is also driving staffing shortages.

DCA's position is that for ECEC to be truly accessible and inclusive, it should be directly funded in the same way that public schools are funded. The current system cannot provide consistent and accessible childcare for all families, further entrenching inequality for our most marginalised families. DCA calls for a more radical reimagining of how ECEC is funded and delivered in Australia.

Recently, the Government published a [White paper](#)<sup>1</sup> identifying the vital role ECEC plays in boosting productivity by building foundational skills for children and creating an inclusive workforce. DCA agrees but believes in order to fulfill this vital role, there needs to be universal access to high quality childcare in this country.

Just this week, the [Final Report of the Women's Economic Equality Taskforce](#)<sup>2</sup> identified access to universal, high-quality and affordable early childhood education and care as a key priority and a critical immediate action under one of seven primary recommendations.

DCA welcomes the opportunity to provide comment on ACCC's Childcare Inquiry's second interim report draft findings and recommendations particularly regarding the affordability of, and access to, childcare, and supporting the workforce participation of parents and guardians.

Lack of access to childcare is a barrier to women's workforce participation, and care, family and workforce participation is a major contributor to the gender pay gap.

Our response to the draft findings and recommendations of the September interim report complements and reaffirms comments provided in response to the [Productivity Commission's Inquiry into Early Childhood Education and Care](#) in May 2023.

In our Productivity Commission Inquiry submission DCA supported the Government's view that "ECEC is an essential part of Australia's education system and is integral to Australia's economic prosperity as a powerful lever for increasing workforce participation."

In summary, DCA acknowledged that the cost of childcare in Australia is amongst the highest in the OECD<sup>3</sup> and supported alternative funding models for ECEC to ensure it is truly affordable for all families. DCA also recommended action to increase childcare availability in regions with lower levels of access and to challenge traditional gender norms leading to the undervaluation of paid caring roles and low award wages. DCA recommended the Commission consider how to break down barriers and address stigma to encourage more men to take on childcare and allow more women to participate in the workforce.

Ultimately, DCA has and will continue to support universal access to childcare and equitable outcomes for all families across Australia. DCA recognises that to achieve this, a mix of different measures and approaches may be required to meet the diversity of families and households across different locations and situations.

### **A note on intersectionality**

DCA recommends an intersectional approach when considering the development and implementation of ECEC policy and programs. Intersectionality refers to how some people experience compounded discrimination due to multiple marginalising and interlinked characteristics.<sup>4</sup> It is critical for legislators, policymakers, and those implementing policies, to understand intersectionality, and take an intersectional approach when implementing such policies.

### **A note on binary language used in this submission**

While gender does not exist only in binary categories, these categories still have very real effects. However, DCA recognises that there are people whose experiences and identities cannot be captured by the use of binary language, and these limitations should be acknowledged whenever binary language is used.

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## **ACCC Childcare inquiry Interim report September 2023 draft findings:**

DCA's comments on the draft findings focus on the costs and access to childcare and enabling women to fully participate in the workforce. Findings relating to barriers for other marginalised groups and communities are also relevant to DCA's work, as are those that point to attracting and retaining childcare staff.

DCA supports the concerns expressed in the report's findings relating to for-profit providers' supply decisions. These decisions are influenced by expectations of profit and place significance on the demographics of an area. Consequently, supply decisions may lead to reduced services and therefore lower access for families and households in lower socio-economic areas. Market forces will not achieve the desired social objectives of ensuring equitable access to childcare for low income and vulnerable groups.

DCA also notes with concern the findings relating to the complexity of the operation of the childcare subsidy. The interim report states that the subsidy, as it currently works, makes it difficult for many parents and guardians to accurately estimate their entitlement and therefore may act as a barrier to access. This is likely to be a significant barrier for people from culturally and linguistically diverse communities and people with low English literacy.

It is extremely concerning that childcare in Australia is relatively less affordable than most other OECD countries. Many countries such as the UK, Ireland, Canada and New Zealand are moving towards greater regulation of childcare fees and supply-side subsidies. DCA supports moving towards securing universal, high-quality education and care for all children. Not only will this provide better outcomes for children, this will reduce barriers for women to accessing the workforce. DCA supports campaigns such as [The Parenthood](#) and [Thrive By Five](#) calls for urgent

reform to Australia's childcare system to ensure universal access to high quality ECEC.

## **ACCC Childcare inquiry Interim report September 2023 draft recommendations:**

**Draft recommendation 1:** *The ACCC recommends that the Australian Government reconsider and restate the key objectives and priorities of its childcare policies and supporting measures, including the relevant price regulation mechanism.*

DCA supports draft recommendation 1. Key objectives and priorities should include ensuring affordable, available, flexible, high-quality and accessible universal childcare, supporting a diverse workforce, enabling the participation of all women and the proper valuing of childcare work.

**Draft recommendation 2:** *The ACCC recommends further consideration and consultation on changes to the Child Care Subsidy and existing hourly rate cap mechanism, to simplify their operation and address unintended consequences, including on incentives and outcomes. In doing so, we recommend consideration be given to: (a) determining an appropriate base for the rate cap and indexing the cap to more closely reflect the input costs relevant to delivery of childcare services. This could include consideration of labour costs as well as the additional costs associated with providing childcare services in remote areas and to children with disability and/or complex needs (b) changing the hourly rate cap to align with the relevant pricing practice for the service type. This could include consideration of a daily fee cap for centre based day care. Consideration will need to be given to setting and monitoring minimum requirements to avoid creating incentives for childcare providers to reduce flexibility or quality (c) removing, relaxing or substantially reconfiguring the current activity test, as it may be acting as a barrier to more vulnerable children (for example, households with low incomes or disadvantaged areas) accessing care and creating a barrier to workforce entry or return for some groups. An alternative would be to consider a specific entitlement, such as a certain number of days of care (d) including a stronger price and outcomes monitoring role by government, supported by a credible threat of intervention, to place downward pressure on fees.*

In response to draft recommendation 2 (a), DCA supports consideration of costs associated with supporting children and families in remote locations, First Nations, culturally and linguistically diverse communities and families and households with complex needs and those living with a disability.

In response to 2 (b), DCA supports measures to remove complexity and confusion for households estimating their entitlement, which may act as a barrier to entering or returning to the workforce.

In response to 2 (c) DCA supports the removal of the activity test which may pose a barrier to accessing childcare for families facing social or economic disadvantage. DCA notes that the [Women's Economic Equality Taskforce Recommendation 2.2](#) calls for the abolition of the Child Care Subsidy Activity Test as an immediate step towards universal access to early education for Australian children.

In response to 2 (d), in the absence of a complete reimagination of the childcare funding model which DCA recommends, DCA supports an increased role for government to play in terms of applying a downward pressure on fees, particularly in remote areas and areas of more disadvantage, including families with additional support requirements.

**Draft recommendation 3:** *The ACCC supports reconsideration of the information gathered for and reported on [StartingBlocks.gov.au](#) so that it is better focused on meeting parents' and guardians' information needs, and balanced against the costs of collecting and publishing information. This could include: (a) considering the frequency, granularity and accuracy of information collected and published, to ensure currency for parents and guardians (b) focusing on publishing information that assists parents to accurately estimate out-of-pocket expenses and relevant information to assist parents assess quality factors (c) incorporating input and advice from the Behavioural Economics*

*Team of the Australian Government (d) ensuring information is appropriately and effectively publicised to parents and guardians.*

DCA supports draft recommendation 3 to ensure clarity of information for all parents and guardians to enable them to accurately estimate costs. Measures to improve access to information, particularly for those families from cultural and linguistically diverse backgrounds and those with low English literacy, are critical. Consideration should be given to undertake an accessibility audit of the website and information contained.

***Draft recommendation 4:*** *The ACCC recommends that governments further consider how the existing regulatory frameworks support and influence the attraction and retention of educators and workforce in the early childhood education and care sector.*

[DCA's Early Childhood Productivity Commission Inquiry submission \(May 2023\)](#) highlighted the pay inequality prevalent in caring professions and the role of early childhood educator is one of Australia's lowest paid jobs<sup>5</sup>. We argued that traditional gender norms surrounding caring, with childcare seen as 'women's work', leads to the undervaluing of paid carer roles and low award wages in the childcare sector. Australia's complex funding model also poses a barrier to achieving better and fairer pay for ECEC workers.

Whilst there are many factors influencing workforce attraction and retention, fairer pay for childcare educators should be the primary focus.

In terms of retention, low wages contribute to high turnover. Feeling overworked and undervalued also lead to high turnover. DCA strongly supports this recommendation calling for consideration and reform of regulatory frameworks that support and influence the attraction and retention of the ECEC workforce. DCA notes that the findings of the [Women's Economic Equality Taskforce](#) highlights the existence of very powerful gender norms in relation to early childhood education and care, amongst other 'feminised' occupations and calls for the proper valuation of 'feminised' work. Action 2.3 in their final report supports applications in the Fair Work jurisdiction that seek to raise the wages and improve the job quality of early childhood educators.

In addition to the Productivity Commission Inquiry submission, DCA's research supports the urgent need for reform in this space:

- [Let's Share the Care at Home and Work \(2019\)](#) explored how the gender impact of caring is an important driver of the gender pay gap and called on the government to ensure affordable, available and accessible universal childcare, thereby enabling women and men in Australian families to 'share the care' more equitably.
- [She's Price\(d\)-less \(2022\)](#) updated a series of reports on the gender pay gap and identified three top drivers of the gender pay gap: gender discrimination, care, family and workforce participation and type of job. This report called for action to address wage inequality in feminised industries and increasing the availability of childcare and decreasing its cost to help close the gender pay gap.
- Earlier this year (March 2023) [DCA's National Gender Equality Strategy submission](#) surveyed our members and received an unprecedented response of over 800 employees. Amongst the key themes that emerged were that the government should lead by example and provide universal childcare to address the gender pay gap; parental leave and childcare continue to challenge women's economic equality, as did traditional gender norms concerning work and care and undervaluing feminised or caring occupations.

***Draft recommendation 5:*** *The Australian Government should consider maintaining and expanding supply-side support options for Aboriginal Community Controlled Organisations that provide childcare and additional support services for First Nations children, parents and guardians.*

DCA strongly supports draft recommendation 5. The right to self-determination is enshrined in international law and well recognised and supported by Australian governments. Aboriginal controlled organisations have demonstrated their capacity to provide holistic, comprehensive and culturally safe services for Aboriginal and Torres Strait Islander communities since the 1970s when the Redfern Aboriginal Medical Service was established<sup>6</sup>.

Aboriginal community-controlled organisations will be best placed to provide the flexibility of care and support to cater to the diversity of needs amongst Aboriginal and Torres Strait Islander communities across Australia.

***Draft recommendation 6:*** *A market stewardship role should be considered for both Australian and state and territory governments, in identifying under-served areas and vulnerable cohorts, along with intervention whether through public or private provision. A competitive tender process is one tool that could be used by governments to facilitate delivery in these areas.*

DCA supports a market stewardship role for government to ensure an adequate supply of ECEC in areas experiencing undersupply and therefore barriers to access.

***Draft recommendation 7:*** *The ACCC supports further consideration of supply-side subsidies and direct price controls. Some changes to the policy settings are likely to reduce the impact of the hourly rate cap as an indirect price control, and may warrant a shift to direct price controls supported by operating grants for regulated childcare providers.*

[DCA's Productivity Commission Inquiry submission](#) (March 2023) concluded that for ECEC to be truly accessible and inclusive, it should be directly funded in the same way that public schools are funded. The current mix of for-profit, not-for-profit and community care paid for by families and subsidised by the government cannot provide a consistent and accessible system for all families, further entrenching inequality for our most marginalised families. In this submission, as we did back in March this year, we are calling for a more radical reimagining of how ECEC is funded and delivered in Australia.

Please feel free to contact myself or Jacqueline Braw, Senior Advocacy and Government Relations Manager on [REDACTED], should you require any further information about this matter.

Yours sincerely



**Lisa Annese**  
**Chief Executive Office**

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<sup>1</sup> Working Future. The Australian Government's White Paper on Jobs and Opportunities. September 2023, <https://treasury.gov.au/sites/default/files/2023-10/p2023-447996-working-future.pdf>.

<sup>2</sup> A 10-Year Plan to unleash the full capacity and contribution of women to the Australian Economy, October 2023, [Women's Economic Equality Final Report \(pmc.gov.au\)](#)

<sup>3</sup> J. Jackson, "Quality childcare has become a necessity for Australian families, and for society. It's time the government paid up", *The Conversation*, 16 February 2020, <https://theconversation.com/quality-childcare-has-become-a-necessity-for-australian-families-and-for-society-its-time-the-government-paid-up-131748>.

<sup>4</sup> Diversity Council Australia (V. Mapedzahama, F. Laffernis, A. Barhoum, and J. O'Leary). *Culturally and Racially Marginalised Women in Leadership: A framework for (intersectional) organisational action*, Diversity Council Australia, 2023.

<sup>5</sup> Indeed Editorial Team, "20 Lowest-Paid Jobs in Australia (With Salary Information)", *Indeed*, 7 May 2023, <https://au.indeed.com/career-advice/finding-a-job/lowest-paid-jobs-in-australia>.

<sup>6</sup> <https://humanrights.gov.au/our-work/aboriginal-and-torres-strait-islander-social-justice/self-determination-and-indigenous>.

