



Chief Executive Women

Women leaders enabling women leaders

MEDIA RELEASE

CHILDCARE AFFORDABILITY CRITICAL TO SPEED ECONOMIC RECOVERY AND INCREASE WORKFORCE PARTICIPATION

7 SEPTEMBER 2020: Chief Executive Women (CEW) welcomes today's release of KPMG Australia's report *The Child Care Subsidy: Options for increasing support for caregivers who want to work*, which highlights the need to address the cost of childcare in order to grow workforce participation and rebuild Australia's economy.

CEW has long advocated for improved childcare affordability to increase primary care givers' opportunities to work and grow their household income and superannuation, while Australian businesses benefit from improved access to a broader experienced pool of talent.

CEW members will today write to the Australian government calling for more affordable childcare to be prioritised in the upcoming 2020 federal budget. The letter outlines how improved childcare affordability will stimulate increased workforce participation and productivity and provide a much-needed lever for Australia's economic recovery from the COVID-19 pandemic.

CEW President, Sue Morphet, said the KPMG Australia report's option of modifying the current Child Care Subsidy (CCS) by increasing the maximum subsidy for the lowest income families, smoothing the taper rate and eliminating per-child subsidy caps could be done immediately.

"An unintended consequence of the Child Care Subsidy is that while primary carers are supported in taking up part-time work, they face high financial barriers to taking up full-time work," said Ms Morphet.

"Due to higher tax implications and out of pocket childcare costs, working mothers wanting to do an extra shift or an extra day's work are confronted by massive financial disincentives to do so. They may take home just 25% of what they earn on those days, and in some instances

actually lose money by working more. Working days four and five is just not worth it financially for far too many parents of young children.”

“Increasing female workforce participation is one of Australia’s biggest economic opportunities – more women earning more puts more discretionary spending power into household budgets. This will be vital to stimulate the economy post-COVID in the retail, hospitality, entertainment and tourism sectors that have been hardest hit by job losses, particularly for women and young Australians.”

“KPMG estimates the proposed reform to the Child Care Subsidy would enable between 160,000 and 210,000 additional working days per week, which equates to 30,000 to 40,000 full-time jobs.”

“As we respond to the pandemic, we need to remove any barriers that stand in the way of Australians looking to return to the workforce. With uncertainties in household incomes going forward, Australia needs every person who is offered a job and every person who is offered a shift to be able to take it.”

CEW will continue to advocate strongly for childcare subsidy reform to increase workforce participation and drive economic growth and recovery – a critical policy lever at this time.

ENDS

Media Contact:

Rachel McCormack – Newgate Communications

Phone: 0423 407 189

Email: rachel.mccormack@newgatecomms.com.au