



Chief Executive Women

Ensuring childcare supports economic recovery

The Early Childhood Education and Care (ECEC) system is more critical now than ever. We commend the Federal Government's early childhood relief package, which has kept the sector viable. Maintaining this commitment until end September is essential:

1. ECEC remains in a state of high fragility. Around 350,000 parents using childcare either lost their jobs, were stood down or had their hours reduced in April. The relief package has allowed essential workers and people who have work to continue being productive and contributing to the economy.
2. As we recover, we need an environment where people have the maximum flexibility to respond to employment opportunities. Job seekers need access to ECEC to effectively look for work, and every worker offered a shift should be able to take up that shift.
3. Enabling workforce participation, particularly for women (who are often 'primary carers'), will be vital to economic recovery. Based on lower female participation in April compared to the average from January to March, KPMG estimates the GDP loss is \$11 billion or 0.5% of GDP for three months. Minimising barriers to workforce participation, and creating the conditions for businesses to tap into every available worker, will support recovery.
4. The Child Care Subsidy was not designed for emergency circumstances. The Government recognised this by stepping in with the relief package. Full economic recovery is unlikely to occur within the coming months so there is a strong need for review.
5. In this generation of children, many will be disadvantaged as a result of their parents' reduced employment opportunities. The right early learning and care system is crucial to preventing the negative impact of COVID-19 on children's learning and development outcomes.

We recognise that the Government is rightly concerned about cost; but it is important that the current arrangements remain in place for the full six months to the scheduled end of JobKeeper in September. The program has helped keep most services open and has supported thousands of parents to return to or maintain their work. It has prevented the Centrelink queues worsening.

The ECEC sector is currently running at 65 per cent of pre-crisis occupancy, well below a financial breakeven point. The viability of many services is under threat. The faster consideration of applications for exceptional circumstances will ensure services have the resourcing needed to meet demand. This will provide significant benefit to working families in this current environment.

Beyond the immediate period, the system should be urgently reviewed for new arrangements applying from 1 October 2020. We accept the current arrangements cannot continue indefinitely. We recommend that an expert review be undertaken which would report to National Cabinet in early August for implementation in the October Federal Budget.

Ultimately, the current time is both an immense opportunity for a long-term participation and productivity benefit and a time when taking away support could do significant damage to the speed and scale of recovery.

- **We ask that the Government continues the period of "free" childcare until the end of September.**
- **We propose that a review of Australia's needs with consideration of an appropriate level of ongoing support be undertaken to coincide with preparation of the Federal Budget.**
- **CEW and leading business and industry experts are committed to working with the Government to share our knowledge, research and findings to advance this work.**