



Australian Gender  
Equality Council  
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# Universal Childcare has the Power to Transform Our Economy

The 2021 Federal Budget was a missed opportunity for significant economic reform — something that would inject billions of dollars into the Australian economy and a significant step toward achieving true gender equality in the workplace.

The Government's [Women's Economic Security Statement](#) highlights the challenges that women, particularly with children, continue to face at work. However, it lacks detail on initiatives and how they will be achieved and funded.

It talks about the importance of getting more women into work, but fails to address early childhood education costs - the reason most commonly cited by mothers as a barrier to employment.

The cost of early childhood education should not be borne solely by women but shared equally by both parents. However, while most women take on the role of primary carer, they also shoulder much of the cost burden. Women's workforce participation still lags significantly behind men at 59.9% (according to the ABS August 2020), with close to half opting for part-time work due to caring responsibilities.

Making early childhood education universally accessible is a key to increasing women's workforce participation rates. A 2019 report by KPMG, [She's Priced\(less\): The economics of the gender pay gap](#), shows that by increasing women's workforce participation, the Australian economy would benefit from a \$140 billion increase in living standards by 2038. It is difficult to imagine a structural reform that could deliver a comparable return.

The Australian Gender Equality Council's fervent hope was that the Government's successful universal child care policy during the early stages of the COVID-19 pandemic represented the start of longer-term structural economic reform.

"Economic growth in Australia has historically relied solely on population growth, ignoring the fact that increasing women's participation could be a significant source of growth. Universal Early Childhood Education would be a bold economic reform with outstanding return on investment and a game changer for women," said Victoria Weekes, AGECEC Chair.

A recent [report by the Grattan Institute estimated](#) a return of \$11bn in GDP growth from getting more women back to work, against a \$5bn investment to lift the childcare subsidy to 95%.

The Grattan analysis showed boosting the childcare subsidy would have more than double the benefit in GDP through greater workforce participation and deliver \$150,000 in higher lifetime earnings for the typical Australian mother.

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According to Grattan Institute CEO Danielle Wood, “Our numbers suggest that for every dollar that you spend reforming the subsidy...you return more than two dollars in additional GDP,” she says.

Merriden Varrall, director of the Australia Geopolitics Hub at KPMG, said the Child Care Subsidy (CCS) model, where the subsidy depends on a family's income, creates a disincentive for women to return to work, because the more they work the more fees they pay.

There is also a long term positive gain for society. A 2019 PWC report study, [A Smart Investment for a Smarter Australia](#), shows that investment in early childhood education boosts productivity and increases workforce participation, while addressing developmental vulnerability in children.

The economic argument for universal early childhood education is strong; what makes it compelling is the opportunity for step change for gender equality and providing Australian children with quality early learning for a better future.

There is now a long list of those supporting the move toward a system of universal early childhood education, including social commentators, economists, business leaders, educators and the community. The challenges we face from the COVID-19 pandemic bring a once in a lifetime opportunity to use stimulus measures for longer term economic reform. #ItsTime

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## **About the Australian Gender Equality Council (AGEC)**

AGEC is a non-government, not for profit organisation – a peak body across a wide range of industry and community sectors advocating for gender equality. We use an evidence-based approach to highlight the facts, the benefits of change, and to ensure initiatives achieve long-term, sustainable change. We have a strong social media and online presence that focuses on building awareness across the community of the need for change with messages that connect with everyone. Our members include Women in Aviation, the National Rural Women's Coalition, Women in Construction, Women in Banking & Finance, Australian Women Lawyers, Women in Technology and many others. Most recently Engineering Australia has agreed to become a member. We operate on an entirely voluntary basis and rely on grassroots and in-kind funding. For more information on AGECE see our website [www.agec.org.au](http://www.agec.org.au)

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