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FINANCE SECTOR UNION OF AUSTRALIA

Childcare and Early Childhood Learning

Submission to the Productivity Commission Inquiry

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Section 1: Introduction

1.1 About Finance Sector Union of Australia

The Finance Sector Union of Australia (FSU) is the trade union representing employees working in financial and insurance services in Australia. The FSU's membership is predominantly (68 percent) women.

1.2 About the Finance Sector in Australia

The finance sector in Australia consists of around 420, 100 workers nationwide, with women making up approximately 51 percent of the total number of workers within the sector¹.

Approximately 27% of women in the sector are employed part-time and make up approximately 82% of the part-time workforce in the sector².

Despite women making up the majority of workers in the industry, the pay gap³, between men and women is the second highest in Australia, after the healthcare and social assistance sector, at 31.4%⁴.

1.3 Overview of the FSU submission

This submission presents the issues raised by our membership in regards to balancing work and family responsibilities including their difficulties in accessing quality and affordable childcare, the intersection between childcare responsibilities and employer practice which impacts on workforce participation and fair remuneration, and the disincentives to increase workforce participation created by out of pocket expenses for childcare.

This submission relies on the following sources to demonstrate our members' issues and possible remedies:

- Finance Sector Union of Australia - Finance workers experience of pregnancy, return to work and childcare survey, December 2013 which was sent to all members who had been on parental leave and advised the FSU to waive their fees for the period of parental leave, in the last five years. ("FSU Survey")
- Phone based interviews with FSU members who have used or are using work-based child care centres
- Case notes kept by FSU staff from 2011 to 2013 about issues pertinent to this submission ("FSU Case Notes")
- Final Report. NAB and FSU: working together for gender equity. An investigation into gender pay equity at NAB. August 2012. ("FSU/NAB Report2012")

¹ ABS, *Labour Force Australia: Detailed, Quarterly, Nov 2013*, (2013), <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6291.0.55.003Nov%202013?OpenDocument>
Viewed 24/01/2014

² Ibid

³ Based on the average full-time weekly earnings before tax of men and women, excluding factors such as overtime and pay that is salary sacrificed.

⁴ Workplace Gender Equality Agency, *Gender Pay Gap Statistics*, August 2013
<http://www.wgea.gov.au/sites/default/files/2013-08-28-Gender-Pay-Gap%20FINAL.pdf>
Viewed 24/01/2014

This submission advocates for increased quality, accessible and affordable childcare as a remedy to the current situation.

1.4 Terms of reference items addressed

This submission will address the following terms of reference of the Inquiry.

- The contribution that access to affordable, high quality child care can make to increased participation in the workforce, particularly for women.
- The particular needs of rural, regional and remote parents, as well as shift workers.
- Accessibility of affordable care.
- Types of child care available including but not limited to: long day care, family day care, in home care including nannies and au pairs, mobile care, occasional care, and outside school hours care.
- The role and potential for employer provided child care.
- The out of pocket cost of child care to families.

1.5 Summary of findings and recommendations

Finding 1: The intersection between childcare responsibilities and employer practice that is unsupportive of childcare responsibilities leads to decreased participation of parents, especially mothers, in the workforce.

Finding 2: Employees who work regionally, in shifts or regular unpaid overtime find it more difficult to fulfil their childcare responsibilities, often being forced to leave employment.

Finding 3: A quarter of finance sector workers find arranging childcare difficult with cost, accessibility and flexibility of childcare affecting their workforce participation.

Finding 4: A range of child care options are necessary to facilitate workforce participation.

Finding 5: Parental choice in securing quality child care is very important.

Finding 6: Employees that have used work based child care are highly supportive of the initiative.

Finding 7: There is a causal link between work based childcare and increased workforce participation and attachment to the employer.

Finding 8: The current design of the childcare rebate and the related out of pocket costs of childcare often limit workforce participation of the primary carer to 3 days per week.

Recommendation 1: That the Productivity Commission recommend an increase in quality, accessible and affordable childcare.

Recommendation 2: That employers, where possible, should facilitate work based childcare.

Section 2: Response to the terms of reference

2.1 The contribution that access to affordable, high quality child care can make to increased participation in the workforce, particularly for women.

A lack of access to quality and affordable childcare negatively effects participation in the workforce, particularly that of women who typically have a greater role in caring for children (particularly younger children)⁵, either leading to decreased workforce participation or resignation/retrenchment.

A close study of 80 cases from FSU Case Notes revealed that nearly one third of all members who contacted the union for assistance in relation to child care responsibilities decreased their participation in the workforce through accessing unpaid leave (7.5%) or left employment altogether (25%), even though their preferred outcome would have been to continue working.

The above finding is consistent with the FSU/NAB Report 2012 which states that the percentage of Primary Carers'⁶ Leave returnees that left the bank while on leave or during the first 12 months of return was 35% (with a voluntary and involuntary retrenchment rate of 37% compared with 8% of the Australian Region NAB workforce) prior to NAB implementing targeted policies to retain these employees.

The FSU/NAB Report 2012 also found that time out of the workforce is a significant factor in impacting career momentum and pay and a significant contributor to the overall gender pay gap due to a combination of:

- The employees own mindset and personal perceptions of flexible work arrangements
- People leaders unconscious bias against flexible work arrangements and part time work
- Organisational remuneration policy that did not assess or increase remuneration while employees were on Primary Carer's Leave

Satisfaction about job hours and arrangements for those with child care responsibilities is currently very low in the finance sector as a whole with only 35.9% of respondents of the FSU Survey stating that they were satisfied with their arrangements.

In response to the question in the FSU Survey, *If you wanted different arrangements to help balance work and family, what would have suited you on return from parental leave?*

- 36.1% of respondents answered *Same job, with flexibility (e.g. some work from home, adjustment to start/finish times)*
- 33.3% of respondents answered *Same job, less hours*
- 5.6% of respondents answered *Different job, different hours*
- 25% of respondents answered *other* and made specific comments including the desire to job-share

⁵ As acknowledged in the Productivity Commission Issues Paper on Child Care and Early Childhood Learning, December 2013, p2

⁶ A primary carer is either the mother who gives birth and then provides primary care to the child, or a parent who is the primary care giver for the child on birth or its adoption.

An analysis of FSU Case Notes show that of the employees who requested flexible working conditions:

- 80% specifically wanted reduced hours
- 57.5% cited lack of childcare as the reason for needing flexibility
- Only 25% received the flexibility they requested

While many employers in the finance sector have exemplary policies to support work/life balance the FSU Survey, FSU Case notes, and the FSU/NAB Report 2012 revealed that there is a policy practice gap with 11.4% of respondents to the question , *If you didn't achieve your preference [for working arrangements], why was this?* in the FSU Survey, answering *Manager said this was not possible and wouldn't negotiate*. Others pointed to excessive workloads, staff turnover, restructuring and arbitrary restrictions on working hours such as part time work being restricted to a minimum of 22.5 hours per week by one employer, as reasons for a lack of flexibility.

Many respondents to the FSU Survey gave examples of attempts by the employer to detrimentally and unilaterally change their employment contract when they tried to negotiate arrangements that would allow them to fulfil their childcare responsibilities:

I was offered a packaged role and was told if I didn't accept I would need to look for new role in the next 3 months without guarantee of a job.

One member who contacted the union for assistance advised the FSU that their employer had imposed unilateral changes to contracts of employment by converting all staff returning from parental leave to “permanent casual” status.

Many respondents to the survey and FSU Case Notes also indicate bias against part time work providing comments such as *Told I can't be successful in my role part time* and *She said I can't demonstrate leadership over the course of 3 days*.

The NAB in partnership with the FSU have been able to increase workforce participation of those returning from Primary Carer Leave from 65% in 2006 to over 80% in 2012 by:

- Reviewing employee's pay on return to work from extended leave to ensure they are aligned to peers and the market after taking time out of the workplace
- Increasing organisational knowledge and support for those with childcare responsibilities including delivering an Unconscious Bias program to People Leaders

Finding 1: The intersection between childcare responsibilities and employer practice that is unsupportive of childcare responsibilities leads to decreased participation of parents, especially mothers, in the workforce.

2.2 The particular needs of rural, regional and remote parents, as well as shift workers.

Many workers in the finance sector work in regional areas, as shift workers, and extended hours due to workloads. FSU Case Notes indicate that:

- In some regional areas it is more difficult to secure childcare with Dubbo having no full time child care places available in late 2012
- Shift workers find it difficult to secure child care due to the opening hours of child care facilities
- Shift workers who are required to work rotating shifts cannot secure childcare and are forced to resign from employment
- Employers are often impervious to the impacts of a culture of/a requirement to work regular unpaid overtime on childcare responsibilities as exemplified by the following case study:

A member, whose contracted hours were 9am to 5pm, prior to going on maternity leave worked unpaid overtime regularly, often not leaving the office till after 7pm. On arranging return to work from maternity leave she advised her employer that she would need to leave work at 5pm so that she could pick up her child from childcare. She offered to work 2 hours of unpaid overtime each morning instead. Her employer refused her request and the member was forced to leave employment.

Finding 2: Employees who work regionally, in shifts or regular unpaid overtime find it more difficult to fulfil their childcare responsibilities, often being forced to leave employment.

2.3 Accessibility of affordable care.

In response to the question in the FSU Survey, *Are problems with access to childcare (due to availability, cost or flexibility) preventing you from working the number of hours you would prefer to work?* a quarter of all respondents answered yes and provided specific comments including the following:

If it wasn't for my mum now retiring cost & availability would be an issue.

Almost half my wages goes on childcare.

It's costing me a third of my wage each fortnight to work.

Cost (I have 3 children), would need OOSH [Out Of School Hours] care for 2 children (plus short hours for prep child 1st term which I don't think I could work around).

When I was working part time I wasn't working the same days each week and day care wasn't flexible to suit this so she would be in care for days I wasn't working and I would have to organise my parents for days I was working.

In response to the question in the FSU Survey, *Did you have difficulty arranging child care for returning to work?*

- 26.7% of respondents answered yes.
- Of the respondents that had difficulty arranging childcare for return to work:
 - 54.5% found a lack of childcare places available in their area
 - 45.5% found childcare expensive

In response to the question in the FSU Survey, *Are you able to easily manage when your usual child care arrangements fall through?* a quarter of respondents answered no.

FSU Case notes also revealed that:

- Childcare centres often charge for the whole day, often making reduced daily hours untenable leading to members preference to work full days and take full days off, which is often unsuitable to the employers operational needs (e.g. the employer requires staff to cover peak periods in retail banking over lunchtimes)
- Changes of location of employment (e.g. employees required to provide relief in another location), increases travel times and decreases the tenability of workforce participation due to the opening hours of childcare centres and concern for the health of the child due to the length of the working day and travel times

Finding 3: A quarter of finance sector workers find arranging childcare difficult with cost, accessibility and flexibility of childcare effecting their workforce participation.

Recommendation 1: That the Productivity Commission recommend an increase in quality, accessible and affordable childcare.

2.4 Types of child care available including but not limited to: long day care, family day care, in home care including nannies and au pairs, mobile care, occasional care, and outside school hours care.

The FSU Survey and FSU Case notes indicate that members are not only concerned with the availability and cost of child care but that the child care be appropriate and of high quality. Members have strongly opposed suggestions by their employer that undermine their agency in choosing quality childcare as demonstrated by the following cases:

A bank suggested that an employee's 80 year old mother care for her 2 and a half year old son overnight so that the employee could maintain her shift pattern. The employee with the assistance of the FSU negotiated for 6 months to secure alternative arrangements.

A bank organised a colleagues aunt to look after her 1 year old child without consulting her so that she could work the extra day for the bank. The employee strongly opposed the suggestion and escalated the matter with the FSU's assistance.

The FSU Survey and FSU Case notes also revealed that a range of child care options are necessary to facilitate workforce participation and that child care responsibilities do not cease when a child reaches school age.

In response to the question in the FSU Survey, *How do you manage care for school aged children? (for e.g. before and after school hours and during school holidays). Tick as many as apply...*

- 24.1% of respondents relied on family
- 17.2% used OOSH (Out Of School Hours Care)
- 10.3% used vacation care
- 10.3% of respondents stated *I have hours that allow me to manage this myself/with my partner*
- 3.4% relied on friends
- With only 27.6% of respondents stating that these arrangements worked well for them and 6.9% of respondents stating that these arrangements didn't work well for them and providing specific comments including:

My family has to arrange their work around mine.

I have had times where no-one has been available and my daughter (5 at the time) has had to sit at work and wait for me.

Finding 4: A range of child care options are necessary to facilitate workforce participation.

Finding 5: Parental choice in securing quality child care is very important.

2.5 The role and potential for employer provided child care.

While all FSU Survey respondents stated that they did not have employer provided childcare⁷, indicating that the prevalence of work based childcare is not high, the FSU is aware that work-based childcare is provided in the finance sector, mostly by the major banks at their head office locations only.

As such we undertook phone based interviews with members who have used or are using work based child care to illicit their views. All interviewees characterised work based child care as *fantastic* and provided the following reasons:

Location: You only have to drive to one place...other people I know couldn't get their kids into the same childcare centre and had to do multiple drop off every day...if there is a issue you are right there...leaving in the afternoon was great, if you were held up for held up for 5 or 10 minutes it didn't kill you.

Availability: We put our name down as soon as we found out we were pregnant and we got a place really quickly and then we had priority for siblings...they were really flexible: originally the bank wanted my wife to work earlier in the week but then they wanted to change the days and the childcare allowed us to move spots.

Cost: We could salary sacrifice.

Workforce participation: It made it easier for my wife to come back to work...I think it is fantastic. It is one of the reasons I like working here and I get to salary sacrifice as well...the only negative is that when you are on maternity leave it is very difficult because you have to travel all the way to work to drop off your kids, one of my friends pulled out for that reason.

Finding 6: Employees that have used work based child care are highly supportive of the initiative.

Finding 7: There is a causal link between work based childcare and increased workforce participation and attachment to the employer.

Recommendation 2: That employers, where possible, should facilitate work based childcare.

2.6 The out of pocket cost of child care to families.

In response to the question in the FSU Survey, *Is current support for families (through child care benefit and childcare rebate) adequate?* only 38.7% of respondents answered yes with many

⁷ While the FSU is not privy to the funding arrangements of employer provided childcare, the FSU is aware that employers facilitate work based child care through child care providers such as KU Children's Services, a not for profit organisation. As such the term work based child care is used for the remainder of the submission.

respondents stating that childcare expenses take up from one third to half of their income as cited earlier in this submission.⁸

FSU Case Notes also indicate that members often prefer to work 3 days per week due to the financial disincentive created by the current childcare rebate being capped at 50% of out of pocket child care costs (up to a cap of \$7,500 per child per annum) which covers approximately 3 days per week of childcare.

Finding 8: The current design of the childcare rebate and the related out of pocket costs of childcare often limit workforce participation of the primary carer to 3 days per week.

Section 3: Conclusion

This submission illustrates that the current intersection between a shortage of accessible and affordable quality childcare, employer practices, and disincentives created by out of pocket expenses for childcare; is negatively impacting on the workforce participation of primary carers' of children, who are mainly women, denying them the opportunity to fully participate in economic life, reducing their remuneration and denying employers and the economy as a whole of potential productivity.

As such this submission recommends increased accessible and affordable quality childcare. Additionally we also recommend that employers facilitate work base child care where possible in light of the causal link between work based childcare and increased workforce participation and attachment to the employer.

3.1 Contact details

Thank you for the opportunity to contribute to the Productivity Commission inquiry into childcare and early childhood learning. If you wish to discuss the issues raised in more detail, please contact Shabnam Hameed, Lead Organiser (Education and Research), on (02) 9320 0036 or at Shabnam.hameed@fsunion.org.au

⁸ The FSU Survey respondents did not disaggregate gross cost and out of pocket expenses and as such the estimates of weekly costs are indicative only.