

MEDIA STATEMENT

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Affordable childcare crucial for small business, productivity

With 'free childcare' ending today, the Australian Small Business and Family Enterprise Ombudsman Kate Carnell says many women in small businesses will be faced with difficult decisions.

"For small business owners – many of which are mothers – who have been working tirelessly to get back on their feet, childcare has just become unaffordable," Ms Carnell says.

"Many of these young families working in small businesses are relying on JobKeeper, which will not cover childcare fees reinstated from today.

"This could force parents – mothers more often than not - out of their jobs, which is detrimental to their business, their families and even worse for the economy.

"We know women make up more than a third of Australia's small business owners (38%) and more than 5 million women work in these businesses.

"Recent ABS labour force data shows women have been among the hardest hit by the pandemic, with the female participation rate falling dramatically.

"The government should be monitoring this situation very closely and be considering innovative ways to increase the participation rates for women to ensure productivity gains and to help those in their efforts to get their businesses back on track.

"Our COVID-19 Recovery Plan makes the point that childcare is an essential service for parents in small businesses and needs to be affordable.

"There are a number of ways the government can do this, including making childcare tax-effective or by phasing in an expanded subsidy scheme, which the Grattan Institute estimates would deliver an \$11 billion economic boost.

"Economists have long referred to the 'double dividend' of childcare increasing workforce participation rates and providing early education.

"Equally the government should be monitoring the impact that the reinstatement of fees is having on childcare centres, many of which are small businesses, which have warned of dire consequences of the so-called snap-back to the previous system."

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