



Women's Electoral Lobby Australia Inc.

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A new childcare funding proposal to ensure access, quality and equity

Senate Inquiry into the provision of child care

Women's Electoral Lobby has a long involvement in child care debates and has been a major lobbyist for services that both encourage optimum children's development and meets parental needs for time out. We are concerned that the emphasis on work related needs has allowed the social and communal aspects of child care to be subsumed into a commercial model. This change needs to be reversed so child needs are seen as equally core and the community care concept is re-introduced. The following proposal focuses on the funding process which we feel can address these types of needs better than just the market. The process of contracting with services, not just parents, allows the funding body control over staffing and other user needs. Therefore we have not addressed most of the other terms of reference.

The problems that need to be solved and some background

The questions that arise from the Federal funding of childcare services are longstanding and derive from various historical residues and some bad decisions along the way. Despite the wide acknowledgement of the merits of early learning and the needs of children below school age, early childcare services face some major problems, namely:

1. Costs are often too high for users
2. Maldistribution of services in many areas
3. Quality and retention of staff
4. Inequities of access across socio-economic levels, and
5. Lack of acknowledgement that many of the groups, such as Indigenous children and their families and children from families who are disadvantaged, are most likely to miss out because the current policies of market type funding fail to address equity needs.

The current COAG processes are attempting to remedy some of these by seeking to introduce and implement some national standards and a quality framework. However, it is not clear when and how this will happen or what enforcement processes there will be. The mess that occurred around ABC and the problems of the unfettered growth of commercial chains is a direct result of the lack of control and clearly displays the need for the primary funder to have the power to approve the funding of any child care service.

The historic split of responsibilities between state and Federal funding – with the Commonwealth mainly funding fee relief to parents and the states offering mixes of state and community based early childhood education – creates difficulties. The split ignores the needs of parents and their children for all services to integrate care and education. This means that that there are funding differences between similar services which vary only in, hours of opening and operation.

Given the substantial subsidies from the public sector as well as the recognition of the need to ensure equitable access and quality, there needs to be some formal and effective way of ensuring quality of services. The present system is not effective because the responsibilities for standards are absurdly split between the state and commonwealth authorities. The particular problem is that most Commonwealth funding is in the form of a voucher system/fee rebate system that goes to parents. Apart from a fairly ineffective accreditation system that sets a low threshold for parental access to funding, there is no direct contract between services and funders. Therefore there is no control mechanism that would allow control over the location of centres/services, the mix and number of places to be funded, or aspects of quality and performance that are not in the state regulations.

Federal funding does not primarily fund services or centres, but subsidises parental fee payments. This model assumes that parents will use their market power to pressure providers to respond to their requirements. This does not occur because of both 'market failure', as parents have little or no choices when faced with limited supply, pressure from job requirements, lack of information and guilt anxieties, and appropriateness of services. Therefore many services in under supplied markets are not restrained in terms of costs, supply and quality, and can raise fees to absorb any increase in subsidies. Oversupply occurs when groups like ABC tried to squeeze out competition by new centres where there was no need. They took advantage of this lack of control by providing a one size fits all program, targeting the children that cost least to service and squeezing costs to create profits.

Child care is not appropriately defined as a commercial service, but as a community service that contributes to the public good. There are many small, privately owned local businesses that offer a quality service but larger chains of commercialised services cannot develop the locally based links that are core to the good functioning of child care services. Competition does not improve children's services because this is not a market in the conventional sense and making it one undermines some of the functions of quality care as a form of community support and public good. We are not demanding an entire not for profit service but want to see criteria imposed on funded centres that ensure that they reflect and meet local needs.

This means that all centres who receive forms of funding need to demonstrate that they meet local needs, cover the diversity of needs, are engaged with the cultures of local Indigenous groups and offer specialised programs for children with special needs. They also need to be connected to other local services that families use, including local schools to manage transitions. In order to meet these wide demands, funding needs to vary to allow services to meet local age groupings and needs differences. Fees need to be controlled to ensure that extra funding does not just become extra costs to parents.

The focus should be on accessible, affordable quality care, not the different auspices for the centres. Therefore it is essential that any new policy for funding must be developed to create links between the funder and the services to allow contracts to set conditions on those services that receive public money. These would need to cover equity as well as effectiveness measures and meet publicly articulated performance indicators.

These contracts should be able to vary the funding to cover appropriate costs of quality care and, where necessary, an adequate return on private capital but not uncapped profits. Conditions in contracts should prioritise user input and ensure a focus on child/parent needs and capital costs would need to be provided to ensure new centres are available where they are needed and to particular groups of users, such as Aboriginal and Torres Strait Islander communities.

Proposals

The funding process

A new government funding formulae should be developed by combining Child Care Benefit and the Child Care Tax Rebate with a component as a proportion of its budget, and an income tested component to the parent. This will establish contractual relationships between the services and funding bodies. Funding would be contingent on services being accredited and in areas where there is demand for care, The process could be that:

- Each service requiring funding should submit a budget and fee schedule for approval of a set proportion of the costs, say 30% as a base subsidy
- Further funding will be available on an income tested basis with up to 95% of the agreed fee, leaving a defined gap fee
- The formula to be developed should require services to set a gap fee for parents as a minimum fee of say \$5 per day (indexed)
- Submissions by the service should specify the staffing levels and qualifications required to meet their children's
- Services should budget to break even plus an agreed surplus to allow some flexibility and innovation and a reasonable profit at an agreed rate where there are privately funded capital in services that would be deemed to offer reasonable 'rent' on resources used
- Capital grants must be made available through a joint Federal/State agreement for new community centres and upgrading old ones, possibly 50/50 for buildings with the state offering land parcels (see 1980s model)
- All centres would be required to have a parental/community committee to become involved in decisions on staffing, activities and programs
- All centres should be required to make links with local communities, be part of local networks with related services as a condition of funding
- Regulations of qualifications and child adult ratios should be national and reflected in the funding formulae.

Role of the Commonwealth/States/Territories

Child care services have been a major issue for the Women's Movement over the last four decades at least. The history of establishing early childhood services is that women started such services in the late nineteenth century, recognising both the needs of children to early learning and the needs of mothers to take on paid work. WEL has been active as lobbyist in this area from its inception in 1972 and is very aware of both the strengths and flaws of the current systems and lack of coordination. The changes in funding shifted from centres to parents and so have reduced government capacity to set conditions for centres, control planning, and fund differentially to meet local/population needs

The changed basis has created growth of private sector child care services, particularly the corporate model. This has moved the concept of child care from being part of local community services to providers of somewhat commercial services, particularly over the past decade. This type of uncontrolled growth raises problems with local planning, community relations and responsiveness to parental, cultural and local needs.

It goes without saying that centres should reflect local knowledge and needs. It would seem to be reasonable to leave questions of building standards and physical locations of buildings to state and local government. However this should be done under a joint COAG protocol that ensures that funding be approved before any new buildings are approved. Therefore national standards may need some local inputs to deal with climate, cultural and geographic differences.

The question of what to do with the split between preschools which are state funded and Federal child care funding needs to be addressed. These divisions are often meaningless to parents and WEL would like to see some common pool of funding and uniformity of access guidelines on a national basis. While an emphasis on ensuring all children get some preschool before school entry is a worthwhile basic commitment, it should be a minimum, and not be used to reduce preschool attendance of three year olds or some four year olds who get more than 15 hours.

Wages: Professional Training and Staff

The growth of services in some areas has increased the needs for 'trained' staff but has not been addressed through a national training strategy. Although child care workers are a priority in the DEEWR productivity places, these places are under-funded and mainly go to private child care trainers. The removal of TAFE and tertiary fees does not deal adequately with local needs or the necessary training for closing the gap.

On a wider level, we are concerned that despite the growth of the sector, there are still problems of low pay and status among child care workers. The pay rates are generally lower for professional to untrained assistants, compared with other workers doing jobs that require similar skills, qualifications and experience. This is because these skills tend to be seen, unfairly, as of lower value because they are 'natural' to females. The result is that quality of care is jeopardised because turnover of staff is high. At the tertiary qualified end, most teachers choose to work in schools where there is better pay, conditions and some career options.

WEL argues that access to quality programs, run by professionally educated staff, is particularly important for those children who are less advantaged and yet these are often the least likely to be able to use services because of costs, appropriateness culturally, and access issues. The reduced numbers of community based services were unable to meet these needs and often had long waiting lists, so the inequalities amongst children are further exacerbated. The increasing proportion of commercial and corporate providers such as ABC has also undermined links between local services' co-operative functioning, capacity building and developing trust between staff, parents and children.

(The following specific recommendation re changes to the funding process could meet a multiplicity of needed changes.

National Early Childhood Authority

In response to the Terms of Reference, part d, WEL would welcome a National Early Childhood Authority be established to oversee and coordinate:

1. A national funding scheme that contracts with services to ensure that all children have access to comparable affordable quality services.
2. A funding formulae that ensures that costs, quality, accessibility education and care are all equitably distributed.
3. The planning and distribution of services to respond to diverse needs and geographic spreads ensuring that there are no turf wars that undermine services.
4. Integrated national standards for staffing and programs for all early childhood services and out of school care, recognising regional, cultural and other varied needs. .
5. Agreement between the Federal and State Governments for funding for qualified preschool teachers for both three and four year olds to ensure quality early childhood education that also recognise that 15 hours for four year olds is often too little and too late.

In summation, WEL would welcome changes which enhance the quality of service delivery and simplify the confusing myriad of regulations and accreditation processes if such changes retain the capacity for integrating diversity and creativity. The danger is that overly prescriptive centralised controls may inadvertently discriminate against particular types of services and populations, leading to increased inequalities between children as some families will reject programs that fail to recognise the merits of their views and values. Frameworks must be able to incorporate adequate diverse viewpoints and cultures to both serve the needs of the children and make reducing the inequalities between children feasible.