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## **SENATE INQUIRY INTO THE PROVISION OF CHILDCARE**

Childcare Queensland (CQ) is Australia's largest State childcare organisation representing the interests of private providers of childcare services in Queensland and State-wide supports more than 770 centres, 110,000 children and 200,000 parents.

This submission summarises impacts, effects, options, concerns and positive outcomes depending on the area of discussion for the following:

- a) Financial impact of ABC Learning collapse;
- b) Alternative options for the provision of childcare;
- c) Role of Governments; and
- d) Feasibility of national authority.

### ***a) The financial, social and industry impact of the ABC Learning collapse on the provision of child care in Australia***

#### **Financial**

The growth of ABC Learning Centres over the past 7 years contributed largely to the current oversupply of services in areas across Australia.

Growth has not been determined to meet areas of demand and has been permitted by government to continue without monitoring. The result of this has been that the needs of families have not been met and quality has suffered where the provision of services has exceeded demand. Financial hardship has been inflicted on centres struggling to maintain an occupancy level adequate to meet costs. (In a 75 place centre this has been determined at around 75% occupancy). Without sufficient financial resources, quality can be eroded in centres with low occupancy.

Whilst the media and certain sectors continue to report an undersupply of available places for children to access an early learning service, the evidence is that, in the majority of areas, this shortage is for children in the 0 – 2 years age groups. These reports encourage a developer to go ahead and build a large centre, still catering for a small number of 0 – 2 years children which results in a high under utilisation in the 3 – 5 year age groups.

The cost of provision of care for children less than 3 years of age does not support centres incorporating additional baby rooms. With Staff: child ratios of 1:4 in baby groups compared

with 1:12 in 3 – 5 years groups (varies across states/territories) it is not viable for services to provide.

***Financial aspects of the ABC collapse on industry:***

- 1. Oversupply of places***
- 2. Failure to meet demands of families in areas of high need***
- 3. Increased regulations – both state and federal***
- 4. Market failure with respect to recouping purchase cost of services***
- 5. Threat of bankruptcy for freehold operators with leases rescinded by ABC***
- 6. Concern that the remaining ABC centres will become unviable***
- 7. Financial hardship for suppliers to the sector***
- 8. Further threat of collapse of other corporate/large groups***

## **Social and Industry Effects**

ABC Learning remained aloof from interactions with privately operated centres. ABC staff generally did not attend sector conferences or workshops, instead there appeared to be a “silo” effect in their training and networking.

Members have advised that staff trained by ABC appear to have a shortfall of experience in areas such as management; decision making; centre involvement. An ex ABC applicant when interviewed by a private centre director was intent on finding out how much money would be allocated for craft, equipment etc. Interview applicants would normally be a concerned with method of programming; behaviour guidance techniques; professional development etc.

Childcare Queensland members have not reported a high application rate from ABC personnel. Staff from closed centres have obviously been moved to other ABC centres. ABC Learning does appear to have retained a core of dedicated staff members and parents.

The displacement of children and their families from closed centres is cause for concern. Children become settled with environment, routine and personnel. Movement in any of these areas can have an effect on a child – in this instance the children experience all three. Childcare underpins the workforce. Families can be traumatised over a forced change in their care routines.

ABC Learning, whilst seeking representation from Childcare Queensland, did not give approval for CQ to distribute our quarterly magazine to their centres.

Opposition from ABC centres was not considered an issue to private operators. Members report that their occupancy rates have generally remained stable when an ABC centre opened nearby. However tensions rose when ABC threatened during their high acquisition stage that if an operator did not sell to them a centre would be built close by. This did occur. Attracting suitably qualified staff became and remains a major issue throughout Queensland.

The private sector has had concerns that the lobby of ABC Learning was more vital to government than the lobby of Private Associations.

### ***Social and Industry effects:***

- 1. Displacement of families, children and staff***
- 2. Negative impact on the private sector through media and government reports***
- 3. Increased concern for families on the provision of care in all private centres***
- 4. Uncertainty of the future of the remaining centres for sale***
- 5. Concern that the centres will be government subsidized (causing additional financial stress on the private sector e.g. community centres pay \$1 per annum rent; private sector can pay \$120,000)***
- 6. Shortage of qualified staff***
- 7. Government intervention in the sector by increasing regulatory requirements e.g. lower staff ratios: higher wages: higher qualifications; more rigorous accreditation system***

### ***b) Alternative options and models for the provision of child care***

#### **Current options for provision of care**

1. Long day care Private
2. Long day care Community
3. Family Day Care
4. Nannies
5. Informal care – friends, grandparents, neighbours

The government has expressed concern at the growth of the private sector provision of care over the community sector involvement.

This change came about primarily in 1991 with the introduction of Fee Relief to families in an effort to increase workforce participation. The growth that ensued in the private sector to take up this work related demand could not have been met by the community sector without a considerable increase of government expenditure.

Community services are ultimately funded by taxpayers or ratepayers. Private centres are funded entirely by the operator at no cost to government (taxpayers or ratepayers). It is a misconception that the government funds private centres, often perpetrated by government ministers when they state that the government is paying ABC \$X per annum. The government is paying the parents, who in turn choose where their child care dollar is spent. Whilst this is paid to parents via their chosen service, those services have a commitment to ensuring government requirements are met with disbursement of these funds.

Other community groups are also receiving funding from State Governments, e.g. C & K in Queensland who are funded under the Department of Education Community Kindergarten Assistance Scheme (DECKAS) model to 80% of wages in their Kindergartens. An additional impost on taxpayers.

Community childcare centres also depend on volunteers and do not have liability coverage if something should happen to a child while in their care.

Evidence through the National Childcare Accreditation Council Inc. (NCAC) has been stated by their Denise Taylor that there is no difference in the quality of care provided by the community and the private sector.

Why then should the government expend additional taxpayers' dollars to prop up more community centres?

Childcare Queensland believes that equal opportunity for the provision of service should prevail.

Informal care e.g. nannies, neighbours and friends should not be encouraged as the quality of this care cannot be guaranteed for families. Research shows that the benefit to children during their early years of a formal, quality setting is valuable and long-lasting.

*<sup>1</sup> One such benefit is the contribution childcare makes to the value of the future workforce, through promoting the social and intellectual development of the children who use high quality care. There is evidence that high quality childcare can improve outcomes for children in later life, particularly those from disadvantaged backgrounds. (Jay Martin).*

Ms Martin further states in this document that the cost of provision of child care to the government is cost positive. This should be a point that is made readily available to the wider community to gain support for additional spending in this area to increase affordability for families and to include the many children who "fall through the cracks" because of low socio economic circumstances.

#### **Alternative options and models for the provision of care:**

**Childcare Queensland does not believe that there needs to be additional alternative models for the provision of care.**

#### **CQ Supports:**

- 1. Government funding be increased to assist families by the raising of the Rebateable Hourly Fee (RHF)**
- 2. Increased funding through higher RHF for 0 – 3 years children together with a subsidy paid to services (this will encourage services to provide additional baby places at an affordable price for families)**
- 3. A planning model to ensure that centres are built to meet the needs of families (Government must divulge information on vacancies collected weekly from services)**
- 4. Relaxation in CCB (Child Care Benefit) regulations for services to provide care to disadvantaged families who have not been officially "labeled"**
- 5. Government to work on "getting it right" for the provision of care and not continue implementing ad hoc changes without genuine planning and extensive consultation with the sectors**
- 6. Government at all levels speaking openly about the high quality care provided throughout Australia rather than concentrate on the negative**
- 7. NCAC to validate on issues of importance rather than technical issues e.g. an undated policy; an incorrect source; (School teachers shudder at the demands placed on early childhood staff through this system)**
- 8. Government not supporting community sector growth to the extent of ABC's market dominance e.g. one community group dominating the sector**

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<sup>1</sup> Jay Martin is from the Child Care Benefits Branch, Department of Family and Community Services (FACS). From Children – The Core of Society Media Release 2005

### **c) The role of Governments at all levels**

#### **State Governments**

- Different regulations across all sectors in all states
- State Governments building child care facilities without thorough demographic research considering the effects this service will have on current operators
- State governments funding different models which cause an imbalance in the provision of care. (Private centres fees similar to community centre fees)
- State regulations overlapping with Federal regulations
- State Governments following the Federal agenda without individual State needs being considered

#### **Federal Government**

- NCAC regulations which overlap with state regulations
- NCAC accreditation process unwieldy, cumbersome, ambiguous and unjust (Validators have different ideologies)
- Federal Government building child care facilities without thorough demographic research considering the effects this service will have on current operators. Our partners (governments) are becoming our opposition.
- CCB/CCMS regulations
- Implementation of 4 year, 15 hour preschool program (in conjunction with State/Territory governments)
- National curriculum
- Introduction of 4 year trained early childhood teachers

### **d) The feasibility for establishing a national authority to oversee the child care industry in Australia**

#### **Concerns:**

1. ***Governments continue to make decisions/policy without proper consultation. Consultation is held but common belief is that the decisions have been made prior to the consultation process occurring. Token consultations only.***
2. ***Industry experts for consultation not generally inclusive of hands on operators e.g. CEO's, Management groups etc. most likely to be invited.***
3. ***An academic approach to a hands on industry causes staff stress.***
4. ***Governments are concerned on voter reaction and maintaining a high profile in various electorates.***
5. ***Will the States surrender regulatory "power" to the Federal Government or vice versa?***
6. ***Why does the federal government permit NCAC to continue with its hard line approach to services then have to defend the fact that "centres are unsafe or unhealthy" because of minor misdemeanours (as mentioned previously)? Many of the issues that centres fail for could be remedied on the spot e.g. a date inserted.***

**Positives:**

- 1. One set of workable regulations**
- 2. NCAC power under a higher authority**
- 3. No (or drastically reduced) overlap of regulations**
- 4. One regulatory body**
- 5. A child centred approach to legislation and governance**
- 6. Government to be a partner with providers**
- 7. Government to take a quality improvement, nurturing role rather than a dominant blame style role**
- 8. Government to speak with pride in their child care sectors rather than with condemnation**
- 9. Government to appoint a Minister for Children**
- 10. Government to value the dedication of early childhood staff**

Childcare Queensland is available to discuss this submission further.



Gwynn Bridge  
President – Childcare Queensland

30 January 2009