



## **SUBMISSION TO SENATE INQUIRY INTO THE PROVISION OF CHILD CARE**

### **February 2009**

As the peak body for community owned and managed, not-for-profit children's services in Victoria Community Child Care (CCC) welcomes the opportunity to comment on the Senate Inquiry into the provision of child care. Our response to the terms of reference is as follows:

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

The collapse of ABC Learning has been felt across the children's services sector in Australia and deeply affects the children, parents and communities that require access to the essential service of early childhood education and care. The collapse of ABC Learning has:

- Disrupted the continuity of care and education for children in ABC centres
- Damaged the fabric of the children's services system and its ability to provide an essential support for children, families and communities
- Created uncertainty for ABC staff – we believe that this is likely to cause defections from the children's services system which will exacerbate the chronic shortage of experienced staff across the child care sector
- Created a crisis of confidence for parents in the child care system; the stress of raising young children has been exacerbated by the additional stress of the destabilising influence of competition and market forces. Families look to the government to offer stability for this essential service and so far the response from the Federal government has been to prop up the fragile competitive market.
- Other commercial providers which may or may not be directly linked to ABC have also collapsed or are in crisis:
  - TenFour child care chain in Victoria has been unable to continue with two centres and closed one centre on short notice
  - Neighbourhood Early Learning Centres had 14 centres set to close in January 2009 and is now negotiating with potential buyers/operators
  - CFK has 39 centres in receivership and on the market
  - Early Learning Services is reported to have been forced to renegotiate banking covenants with the National Australia Bank
- All of this activity suggests significant destabilisation of the commercial child care sector

It is rumoured that some of the owners of properties previously leased by ABC are now facing potential receivership. While CCC has no evidence to support this we believe this is evidence at least of a crisis of confidence within the general community.

There is the potential that the collapse of ABC learning will have a positive impact – the not for profit sector is stable and its stability is not reduced by the collapse of ABC. The not-for-profit sector has the best track record for being committed for the long haul and for being responsive to community needs. Many are keen to offer their expertise and assistance in light of the

collapse of ABC Learning. Community Child Care Victoria has been collecting expressions of interest from community-based children's services providers in managing delivery of services in collapsed ABC child care centres. 45 distinct community organisations have expressed interest in managing or otherwise providing support for a community service in a former ABC centre. These expressions of interest represent a wide array of organisations, as some of these expressions of interest are from consortia.

In addition to these 45 organisations, a range of concerned individuals including parents and local Members of Parliament have expressed interest in supporting a process to facilitate community control of the former ABC centres.

Therefore it is possible that the receivership processes will result in some community organisations being able to move into former ABC centres in order to provide services to meet community need. Given the limited amount of government investment in the building of new public facilities for delivery of community children's services this may provide an important opportunity for expanding the availability of community services to families.

We also understand that some landlords who sold the child care operation to ABC Learning are now keen to resume delivery of child care in their own buildings; this resurgence of small owner-operated commercial child care services (often referred to as 'private') could bring some improvement in quality (see Australian Institute Study<sup>1</sup> of quality in child care which concluded that not-for-profit services tended to deliver highest quality, small owner operated services lower quality and publicly listed corporate chains the lowest quality). However a resurgence of small owner operated child care services will not deliver the improvement in the quality of the children's services sector in Australia that growth of the community sector would deliver.

Of most concern to CCC is the potential hybrid model emerging from the involvement of not-for-profit organisations in the delivery of services in former ABC Centres; it appears likely that this will result in not-for-profit services delivered in commercial buildings. CCC accepts this as a temporary stop-gap in the aftermath of ABC's collapse but does not want to see this adopted as the model of choice. Not for profit community children's services paying commercial leases is rare in Victoria. CCC believes the emergency response to ABC is an unsatisfactory outcome in the long term – it is important for communities and community building that there is sustainable public infrastructure.

CCC believes the risks of hybrid model include:

- Public funds diverted to private profits of landlords
- Reduced affordability for families where not for profit providers need to charge high fees to pay commercial lease costs
- community children's services held hostage by the potential of rent rises determined by the commercial sector

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<sup>1</sup> Rush, E. (April 2006) 'Child Care Quality in Australia' The Australia Institute, Discussion Paper Number 84

- Perpetuation of the fragility of the corporate child care model due to the risk of commercial property owners also going under

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

CCC believes that public money should be invested in public services. In the interest of ensuring an end to the over-reliance on corporate provision of children's services and diversification of the sector CCC proposes:

- Government owned infrastructure/buildings with community governance of service delivery
- Governments, in collaboration with the non-government sector, create specific capital and operational funding programs available to non-profit providers to build and deliver good quality children's services designed to contribute to the developmental needs of children in that community
- Planning controls to ensure corporate chains and private child care providers cannot own significant percentages of child care services and to ensure the availability of not for profit services as a genuine choice for families. CCC believes that the Australian Government has an important role in developing planning legislation for all service types (long day care, occasional care, family day care, outside school hours care, in-home care) that ensures that families have access to not-for-profit community owned children's services, allowing families' choice in child care. Australia needs a system that allows and encourages the development of community owned services, while preventing new commercial for-private-profit services from opening where they will undermine the viability of existing services.

Options for achieving this include:

- A cap on CCB places for for-profit services in communities where the community based service has vacancies, or where there are existing private services with vacancies
- Denial of CCB approval for new for-profit services in communities where there is no community based service or where the for-profit service will be located in close proximity to an existing community based service
- Government capital investment to develop community based services in communities where none exist and where there is evidence of viability.
- A plan to minimise and control the emergence of the hybrid model of community children's services delivered in commercial premises, through increased capital funding to build and maintain public buildings for delivery of not-for-profit children's services
- A limit set by government to ensure that the majority of facilities for community children's services remain in public hands
- Government control of commercial rents charged to community providers of children's services

**c) The role of governments at all levels in:**

**i. Funding for community, not for profit and independent service providers**

- Government funding for facilities for not-for-profit services
- Operational subsidies for community based not for profit services linked to demonstrated outcomes consistent with government priorities

**ii. Consistent regulatory frameworks for child care across the country**

Any national regulatory framework should set high standards and implement them in a rigorous manner with clear sanctions for failing to perform at the required standard.

CCC sees the potential benefit of a national accreditation body also being responsible for licensing and regulations which are currently a state/territory matter; however this notion requires significant analysis and planning.

**iii. Licensing requirements to operate child care centres**

Assessments of licensing applications must be stringent to exclude unscrupulous and incompetent operators.

Mandatory standards must not be made lenient or generous in light of the immediate child care crisis. Children's services must be high standard, compliant with state/territory safety regulations and continually striving for high quality service provision in services, not minimum standards or 'child storage'.

Governments must have consistent and thorough processes to ensure services are operating at a high standard and sanctions for non-compliance with quality standards must be strong and enforced in order to protect children and ensure their positive development.

**iv. Nationally consistent training and qualification requirements for child care workers**

Research has clearly documented the relationship between skills and qualifications of staff in children's services and improved outcomes for children. Therefore CCC believes Australia's regulatory mechanisms should enshrine mandatory qualifications and training for all staff/carers in children's services. These must be high quality to ensure the quality of services for children and families and to enhance the professionalism of the children's services workforce.

CCC proposes the staged introduction of requirements for higher qualifications:

- Initially minimum Certificate III in Children's Services for all people working with children; Certificate III should be regarded as a minimum training requirement, not as a qualification
- Working toward minimum 3 year qualified degree or diploma
- Eradicate poor performing private Registered Training Organisations while ensuring flexible and accessible training opportunities in rural and remote communities

**v. The collection, evaluation and publishing of reliable, up to date data on casual and permanent child care vacancies**

CCC believes this is a problematic task and an exercise which may not be worth the time, energy and costs involved. We base this statement on our experience of previous efforts to gain this type of data. Data on vacancies have limited usefulness and are difficult to gain accurately due to the following:

- Data on vacancies provided by Child Care Coordinators or Managers may not always be reliable as services might not report accurately for various reasons. In particular commercial operations have reported deliberately over stating the number of vacancies as a marketing tool. Providing this data may also be an added administrative burden on child care coordinators for which there is no recompense.
- The data are only 'snapshots' in a short timeframe and as such they do not convey the complexity of the issues concerned with supply and demand and the need for a balanced provision in service ownership and management
- There is a risk that any central register of vacancies will be used as a central enrolment process. CCC believes that families have the right to select a child care service which meets their particular needs and therefore they must not be expected to take up a vacancy in a centre which does not meet their needs or which may be geographically too distant from home or work. Further families must be able to visit, shop around and form a relationship with a child care provider BEFORE accepting a place.

CCC can only support central collection of child care vacancies if the system devised preserved the current direct relationship between families and services.

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

CCC believes this is a challenging proposition which may not be feasible given the complexity and diversity of the sector. Such an authority would have to manage the different



responsibilities currently held by the Commonwealth and States/ Territory Governments including:

- Registration
- Licensing
- Regulations and monitoring of these
- Standards
- Quality Accreditation
- Funding (capital and recurrent)
- Staff training and registration requirements
- Curriculum requirements

CCC would support the establishment of a National Authority to coordinate and effectively plan for the provision of child care services so that every family is able to choose a not for profit service for their children.

#### **e) Other related matters**

CCC believes that it is essential and urgent for the federal Government to legislate in order to prevent a re-occurrence of an ABC corporate type model emerging with its aggressive and unfair acquisition practices and to avoid a repeat of the aftermath when such a model inevitably collapses. Government should focus public money toward funding of community owned and managed public infrastructure as a real investment in strong communities and a quality, sustainable child care system.

This is made more urgent by the global financial crisis – now more than ever Australia needs a world class child care system to provide children with a good start in life and to support families to raise their children while contributing to the economy through workforce participation, community service and civic participation.

This world class child care system must be based on a vision in which every family and community has access to community owned and managed children's services characterised by:

- high quality
- social inclusion through active community ownership of children's services
- professional children's services workforce
- strong policy and legal framework
- universal not-for-profit service delivery

