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Organising for the future

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Senate inquiry – oral submission
SA July 22
LHMU – additional submission

Outline of sector

Who are Australia's childcare providers?
68% private for profit - market dominance
45% of these are operators with between 1 and 9 centres.
23% have more than 10 centres. Of this group ABC 17%, other corporates 6%
Community/non profit sector 28%
local government around 3%

Workforce
Over 100,000 predominantly young female workers, average age 35yrs (women with young children of their own, paying mortgages and heavy commitments outside of work).

Wages
It's a low wage sector, employment is predominantly part time (not by choice), largely reliant on the award minimums, some enterprise bargaining, mainly in the community sector, with the exception of ABC. Some incentives paid to Directors and key qualified staff, but generally childcare workers earn between $15-$19 per hr.

Issues within the sector

There is a crisis in the childcare sector and its not just about the market failure of ABC. Long before childcare became a news headline on the business pages, staff were leaving in droves, childcare centres were seeking exemptions from the regulations on a daily basis through their in ability to attract and retain qualified staff, quality was falling and demand was out of kilter with what was on offer.

Staff
High turnover, nationally around 32%, very limited opportunity for professional development and career advancement. SA has the highest staff turnover at 60% and the ACT currently has to close rooms and seek exemptions through not being able to attract and retain qualified staff.

	Total staff	Total vacant positions	Job turnover
ACT	1,476	687	47%
NSW	25,369	6,610	26%
NT	685	288	42%
QLD	12,725	5,149	40%
SA	2,464	1,479	60%
TAS	1,414	374	26%
VIC	19,116	5,528	29%
WA	5,048	2,033	40%
Australia	68,297	22,148	32%

Qualifications
Limited opportunity to up skill, time poor and not worthwhile from a financial perspective $ difference between a worker with a certificate iii and diploma is just $1.94 per hr. Yet the expectation of parents and the regulatory frameworks for long day care within each State place a much higher burden on diploma staff. Additionally there continues to be a poor and falling take up rate for the diploma. The Union would argue this is because of 3 structural impediments

1. Time poor, it is unrealistic to expect childcare workers to work a full and demanding shift, juggle family responsibilities and then go off to study. We need a national approach which encompasses time release during work time and a greater ability to use a simplified RPL model such as the professional conversation approach which identifies competencies and skill already held through directed questions and probed responses. But any move to ease the study burden must be national and consistent in its approach

2. Money, Studying is expensive. Removing course fees for diploma's untaken within TAFE by the AG is to be applauded, but again because there isn't a nationally consistent approach, many TAFEs have used this as an opportunity to impose their own fee regime ranging from $50 to $500 per enrolment

3. It is unrealistic to expect workers to upskill and take on regulatory responsibilities for an additional $1.94 per hour. It takes a worker more than two years to complete the diploma part time for very little monetary reward at the completion of study

4. There is no career path in the sector. Despite moves to introduce cert iii at entry level 4 year trained ECEC teachers. The link between the two has yet to be established

Wages – more pay equity and work value cases are not the answer
The LHMU, the childcare Union has taken every opportunity presented in State and Federal industrial tribunals available to it. Our success at moving child care rates in accordance with pay equity and work value principles is widely acknowledged and reported.* Yet for all this effort, childcare workers wages are still around $10 per hr behind the established key classifications for similarly qualified workers. Structural impediments, not the will of childcare workers have stood in the way of real wage justice for well over 20 years. In the most recent case, it took 3 full bench decisions and more than 6 months of waiting to move wages, even so, childcare workers then had to wait a further 18 months for the full effect to flow on. Any benefit that may have arisen from the time the case started to its final conclusion some 3 years later was well and truly lost.

There is wide spread support and consensus amongst credible stakeholders that childcare workers are undervalued. Employers are on record supporting higher wages for staff.

Planning
There is an urgent need to address a planning model for the development of new centres and the sustainability of existing centres within the sector. Total reliance on a demand, rather than a supply model impacts on availability of places, cost, who gets to access childcare and quality.

Licensing

It is too easy and too cheap (in most States it's a "no cost" application) to acquire a licence to operate a childcare service in this country. Regulations mandate staff to child ratios, staff qualifications, supervising officer/authorised person and the physical space and layout of the centre. This limited regulatory regime suited the sector 20 years ago, now with the increase and dominance of the private for profit sector, including corporates, regulations fall short of these new business models.

The opportunity
Right now we have a real opportunity to change the childcare sector for the better – for children, families and the workforce.

What needs to happens?

Funding – money matters
There are two substantial pieces of childcare funding:
Childcare benefit (CCB). This is a means tested retrospective payment paid to parents.

The CCB forecast figure for 08/09 is $1.98bl

Childcare rebate (CCR, formerly referred to as CCTR) is not means tested. The Child Care Rebate covers 50% of out-of-pocket child care expenses for parents (up to $7,778 indexed per child per year).

The CCR forecast figure for 08/09 is $1.12bil

This is 3.12bl of taxpayers money going to parents to subsidise childcare fees in an almost exclusively private for profit sector. The government has no control over the fees that are charged, the sector is in crisis and the market model has failed.

3.12bl doesn't buy the government any influence over quality and it potentially leaves the community exposed when the market fails. What are we passing on to the next generation? We can no longer allow the market to control this critical piece of our infrastructure.

The Childcare Union wants a public inquiry into how this substantial amount of taxpayer's money (3.12bl) could be better utilised. Our model would scrap CCR and make this money available to the sector to lift wages. Funding would be directly tied to professional wages and secured through a properly registered industrial agreement.

CCB would still be available but directed towards subsidising low income families and means tested along the same lines as family tax benefit. This would enable low income families, currently locked out of childcare access.

The funding argument has been pursued by others and in particular, the Union supports the propositions put by Deb Brennan a leading ECEC academic and the National Foundation for Australian Women in their submissions.

Capacity to pay
However the Childcare Union believes that any meaningful funding review, must also include a review of the cost of childcare (both private for profit and non profit) and the capacity for operators (not users) to also bear cost increases in wages, reduced ratios and improving staff qualifications.

Planning
The AG must regulate the development of the sector. It is not in the interests of families for the market to determine where childcare centres are build. This leads to an undersupply in some areas and an oversupply in others, unfair competition and little choice for families. Childcare places, like aged care places need to be allocated according to need

Licencing
Licencing and sanctions go hand in hand. In addition to existing regulations we need a system which takes account of new business models within the sector. Regulations need to take account of who is running the centre, who owns the physical building and land, who the responsible officers are and where private equity and other partners are involved in the business, this relationship needs to be transparent and accountable. Providers should also be required to demonstrate their financial capability to run a quality centre. A robust sanctions regime is needed to ensure that all aspects of the regulations are complied with. All of this information would be held in the one place, freely available to the public in both a written and web based form.

A childcare licence should cost money. An initial fee could establish the licence and then an ongoing fee could support the necessary infrastructure to ensure compliance. Fees could also be used to support ongoing professional staff development.

*Deewr submission on pay equity no 58.3