



A•S•U
Australian Services Union

ASU Submission

Inquiry into the provision of child care

Senate Education, Employment and Workplace Relations Committee

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1. EXECUTIVE SUMMARY

The Australian Services Union (ASU) is the largest local government union in Australia, and represents child care workers employed in local government child care centres, in both Long Day Care (LDC) and Family Day Care (FDC) facilities.

Local government is a significant child care provider in the not-for-profit sector. Local councils directly run centres, and sponsor and support local community managed centres. The not-for-profit sector provides approximately 30% of the LDC market in Australia.

The growth and subsequent collapse of ABC Learning and other corporate child care providers is a result of poor child care policy at a government level that has allowed the market to determine supply, location, and service quality.

The growth of the private for-profit sector has led to a deterioration in the wages and conditions of child care workers and therefore a decline in the overall quality of the service provided by the industry.

This clear example of market failure requires the Australian Government take a greater responsibility in child care policy setting and the provision of services.

The ASU supports the increased role of local government in the provision of child care services. Local government is a reliable provider of quality services and is connected, responsible, and accountable to local communities and child care needs. Child care sits logically within the current services provided by local government, and provides an award structure that offers the best wages and conditions for child care workers.

In pursuit of that goal the ASU recommends the government prioritise local government bids to take over the 241 ABC 2 centres that have been deemed unprofitable by the receiver and the 700 'profitable' ABC Learning centres.

The ASU supports the reform of the Commonwealth funding arrangements for child care. The current Child Care Benefit scheme is essentially a voucher system that allows the market to determine decisions that should be made by government in the public interest. It also channels public funds to private companies, essentially publically subsidising the profits of companies such as ABC Learning.

A direct funding model and resumption of operational and capital grants to not-for-profit centres would limit this misuse of public funds and level the playing field between the public not-for-profit sector and private for-profit centres, providing for greater diversity in the child care market.

The ASU supports the creation of a national authority that works in conjunction with local government to ensure future planning for the supply and location of places is informed by data rather than distorted market pressures.

2. INTRODUCTION

The Australian Municipal, Administrative, Clerical and Services Union (ASU) is one of Australia's largest unions, representing approximately 120,000 employees.

The ASU has members in every State and Territory of Australia, including regional and rural areas. The Union has approximately equal numbers of males and females as members, although proportions vary in particular industries. A vast number of our members are parents and users of child care services.

The ASU is the largest local government union in Australia, and represents child care workers employed in local government child care centres, in both Long Day Care (LDC) and Family Day Care (FDC) facilities. Local government is a significant child care provider in the not-for-profit sector. Local councils directly run centres, and sponsor and support local community managed centres. The not-for-profit sector provides approximately 30% of LDC centres in Australia.

The Australian child care system is broken, beset by quality and supply problems, poor wages and conditions for workers, a chronic skills shortage and now the collapse of some of Australia's largest corporate providers, ABC Learning and CFK Centres. There is an urgent need for reform of the industry.

Australia ranked third last in the UNICEF report card of OECD nations behind countries such as Mexico, Hungary, Slovenia and Portugal. We achieved only two benchmarks of a set of ten minimum standards for 'protecting the rights of children in their most vulnerable and formative years'.

The collapse of ABC Learning was the unfortunate but inevitable consequence of a system over-reliant on private providers and neglected by government. The community and public sector provides just 30% (approximately) of child care in Australia, with private for-profit centres accounting for approximately 70% of centres.

This growth in private providers and emphasis on a market directed child care policy has coincided with deteriorating quality in centres, poor wages and conditions for child care workers, and oversupply of child care places in some areas and chronic shortages in others.

In undertaking reform of the child care industry two international covenants must be at the forefront of decision making and policy setting:

- The United Nations 'Convention on the Rights of the Child' requires that in all actions concerning children 'the best interest of the child shall be a primary consideration'. Article 3 requires states ensure child care services conform to standards, 'particularly in the areas of safety, health, in the number and suitability of their staff, as well as competent supervision'.¹
- The International Labour Organization 'Workers with Family Responsibilities Convention, 1981' provides that no worker should be discriminated against for engaging or wishing to engage in employment. Article 5 of this convention requires national measures are taken to develop and promote child care and family services and facilities.²

The Australian Government has profound international responsibilities in the delivery of safe, quality child care and enabling its citizens to work. For too long it has shirked these responsibilities to the market which has proved itself inadequate and unwilling to deliver reliable, quality child care that is accessible and affordable. Child care is an essential social good that should be managed and operated by government.

This submission deals predominantly with the provision of Long Day Care places as this is the area of greatest demand for parents who work, and is the section of the industry in crisis following the collapse of ABC Learning. However attention also needs to be paid to alternative forms of care including Family Day Care and how that factors into the overall provision of child care in Australia.

3. ABC LEARNING AND THE CORPORATISATION OF AUSTRALIAN CHILD CARE

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 is a dramatic manifestation of many of the problems that beset the Australian child care industry. The collapse of ABC Learning was the consequence of the corporatisation of child care that was fuelled by the previous Federal Government whose commitment to radical market ideology outweighed its concern for providing quality child care.

The collapse of the corporate centres owned by ABC Learning and CFK Childcare has caused inconvenience and trauma for many families. However, more insidious and troubling has been the decade long decay in the quality of care provided to our children, and corresponding deterioration of wages and conditions for child care workers employed in these private for-profit centres.

This submission will look at the issues in private for-profit provision of child care, focussing on the quality problems endemic in the corporate management model of child care. The presence of ABC Learning and other private for-profit and corporate centres has had a detrimental impact on the provision of quality child care in Australia.

3.1 Growth of ABC Learning and the private sector

The past decade was one of virtually unregulated growth for ABC Learning. In 1997 ABC Learning was Australia's largest child care provider with just 18 centres.³ Through a strategy of 'creeping acquisitions', buying small independent centres, community based centres, and taking over its corporate competitors, ABC Learning maintained its status as Australia's largest child care provider operating 1084 centres prior to its collapse in November 2008.⁴

Significant expansions included a merger with the Peppercorn Management Group and the acquisition of its 333 centres in 2005 and the takeover of Kids Campus and Hutchinson Child Care Services in 2006.

The last few years saw ABC Learning expand its operations into New Zealand, the US and UK. In November 2005 ABC Learning purchased US child care company Learning Care making it the world's largest child care provider.⁵

Prior to its collapse ABC Learning operated an estimated 20% of Long Day Care (LDC) places in Australia and had an operating profit of \$143.1 million.⁶

The ABC Learning story is consistent with the general trajectory of growth of private for-profit providers in the LDC market. The past decade has seen the proliferation of private for-profit providers in child care, 73% of all LDC places are supplied by private for-profit centres. This figure varies from state to state. In 2006-2007 NSW private providers made up 68.3% of all licensed or registered children's services, and in Victoria constituted 50.6%. In WA private providers make up 74.6% of the entire sector.⁷

This massive concentration of private providers has led to the marginalisation of other models of child care provision. Local government and community managed centres now

constitute just 25.4% of services in WA and just 31.7% in NSW and an estimated 24% Australia wide.⁸

3.2 Public policy and the promotion of the private sector

The growth of the private sector was fostered by public policy over the past decade. Commonwealth funding for child care was originally only available to not-for-profit providers, either community managed or local government services. The *Child Care Act 1972* provided capital grants and recurrent grants to these centres to support their operations; in 1984 fee relief was introduced for children attending not-for-profit LDC centres.⁹

In 1991 the Hawke Government extended child care assistance to users of private for-profit child care. At the time this was justified as 'levelling the playing field' and fairly funding families in both public and private services, as previously only families using public services could receive fee relief. With hindsight it was the beginning of government support for private for-profit child care and the slippery slope to the current corporate domination of the child care system.¹⁰

The Howard Government continued along this ideological continuum cutting operational subsidies to community based centres in its first budget and actively encouraging the growth of the private sector. In the 1996/1997 budget it also ended funding to the 'New Growth Strategy' that from 1994 had provided funds to local government and community organisations to increase the number of 'work related' child care places.¹¹

In July 2000 the Child Care Benefit was introduced to replace the Child Care Assistance and Child Care Cash Rebate. The Child Care Benefit is essentially a voucher system that positions parents as consumers providing them with a government subsidy for use at any accredited centre, public or private.

The ending of operational subsidies had a devastating impact on community and local government providers, with many pulling out of child care provision due to the rising costs.¹² However it was the Government's active promotion of private for-profit providers and public subsidy of their operations (and profit) via the Child Care Benefit voucher system that has facilitated the massive growth of the private sector.

The previous Federal Government's attitude towards child care was to wash their hands of the whole system and allow the market to determine service location, quality monitoring, and which services get funding (and which don't). The Howard Government's Minister for Family and Community Services Senator Kay Patterson described the Government's goal in child care 'to ensure that we have high quality, safe child care services. Who runs them is not the most important issue; how they are run is the most important issue'.¹³ Recent events have proved that policy approach was flawed, clearly who runs centres is of critical importance.

As will be evident throughout this submission, management and governance issues are vital to the provision of high quality child care services.

3.3 Market failure

ABC Learning should never have been able to get to the size it did and the ASU shares Minister Gillard's concerns about 'creeping acquisitions'.¹⁴ However the problem is much greater than just the business practices and dramatic collapse of ABC Learning. In a matter of weeks CFK Child Care Centres Limited went into receivership and Neighbourhood Early Learning Centres announced that it was shutting some centres. In recent weeks a fourth private child care provider Ten Four Pty Ltd indicated it will have to close some centres.¹⁵ The private sector is proving itself unsuited to providing sustainable, quality child care. This is a very clear example of market failure, and proves the inadequacy of the market in providing an essential service such as child care.

3.3.1 Instability of corporate providers

The eventual collapse and massive fall out that the ABC Learning collapse caused was not unpredictable. Jennifer Sumsion, an academic at Macquarie University, wrote a paper on the corporatisation of Australian child care in 2006 that observed the potential for ABC's collapse.¹⁶

If these [ABC Learning] plans for domestic or international expansion are disrupted or thwarted – for example, because of market saturation; demographic changes leading to declining demand for child care services; boycotts against ABC owned suppliers; or failure to secure State government approval to establish primary schools or the cooperation of governments in countries targeted as potential international markets, all of which seem distinct possibilities – profit margins may be squeezed and growth prospects jeopardized. Conversely, initial success could subsequently fuel overly ambitious, high – risk expansion leading to eventual corporate collapse. In light of its 25 per cent market share domestically, options available to ABC Learning in the event of financial difficulties – such as cost cutting to maintain profits; turning its primary focus to activities other than child care; divesting itself of services; going into receivership; or negotiating a rescue package with Government – would have widespread, disruptive and unpalatable consequences.

As we have clearly seen child care is too important to be dominated by the private sector, subject as it is to market whims. As the Government has recently discovered, while it might divest responsibility for service provision to the private sector in the good times, when there are problems the electorate still demands the Government is responsible and ensures child care is provided.

3.3.2 Imperfect planning

One clear area of market failure has been the private for-profit sector's inadequate response to demand. We can see in the collapse of ABC Learning an example of poor market planning, where centres became unprofitable in areas of over supply, yet in other localities parents can wait for years on waiting lists for access to a child care place. Planning on the location of services needs to be administered by government guided by demographic information on local areas.

3.3.3 Imperfect information

This is an industry where parents have imperfect information as consumers about the service being provided. Even in areas of over supply where parents might be able to move their children to different centres the reality is they are unlikely to shop around for child care once they have secured a place. This is because on average parents do not understand and cannot ascertain the information from the consumer (who is actually the child not the parent) on whether the service is a quality one or not.

The UNICEF report on child care services in OECD countries acknowledges this issue of 'imperfect information' in the private provision of child care:¹⁷

'Quality of early childhood education and care being provided may not always be evident to parents- either because they have insufficient knowledge of what constitutes 'quality' or because providers fail to communicate adequately the quality of the services they offer.'

'A second danger arises; poor quality early childhood education and care is not a product that can be returned, repaired, exchanged or refunded. It may take years for the lack of quality to show its effects; the cause may never become apparent; and the consequences are likely to fall not only on the child but on society as a whole.'

Consumer choice and information is an important part of the functioning of any healthy market. Evidence suggests it is very difficult for consumers of child care to assess product quality in this market, arguably the most important determinant in a parent's 'choice' about child care. Without this ability, having 'choice' is irrelevant for most parents, and can be detrimental for the actual consumer, the child.

3.4 Quality issues

These market inadequacies are most concerning due to the impact they have on the quality of child care services.

It would be unfair to characterise all private providers as having poor quality. Many small independent for-profit centres have very small profit margins and have quality levels equal to that of community managed centres. However the majority of the private sector providers (the large corporate and profit focused centres) offer inferior care to those operating in the community and public sector.

Evidence suggests that corporate centres have significant quality issues in supplying adequate food and resources for children, ensuring qualified staff are supervising children at adequate ratios and providing a permanent workforce.¹⁸ Corporate providers offer significantly lower wages and conditions to their staff and rely heavily on casuals and untrained workers to staff centres. These are tangible indicators of the private for-profit sector failing to provide a quality service.

3.4.1 Staffing and quality child care.

The inevitable outcome of having private for-profit providers of child care is continual cost cutting to protect the profit margin. On average for-profit services offer lower wages and conditions to their staff, have higher staff turnover and greater reliance on casuals.

The UNICEF report identifies this problem as an international one experienced in countries that rely on private provision of child care services:

'Some private providers are tempted to reduce less visible costs such as training, pay, and conditions of work. And staff turnover in for-profit services tends to be higher (a factor which, from the child's point of view, translates into instability of care'.¹⁹

Qualified and dedicated staff are essential to providing quality child care. Without decent conditions child care workers cannot adequately care for children as they do not have the time for programming, are distracted with other duties and responsibilities and cannot dedicate their attentions and develop a relationship with each child. Further, without decent wages quality staff are unlikely to want to work in private for-profit centres or want to work in the child care industry.

3.4.2 Poor wages

The problem of poor wages is one experienced across the industry as child care is stigmatised as 'women's work' which should be pursued for love not money. However child care workers are increasingly being recognised as professionals. As scientific evidence confirms the important role of carers in early childhood learning and development, the community is demanding higher professional standards and accountability from the people to whom we entrust the care of our children. Wages in the not-for-profit sector are beginning to reflect this change in attitude and expectations. However the private sector in its endless pursuit of profit has not, workers in for-profit centres experience significantly lower levels of pay and working conditions than equivalent workers in local government centres.

In comparing the ABC Learning Award 'ABC Development Learning Centres Multiple Business' and various States' local government awards; 'Victorian Local Authorities Award 2001', 'Local Government (Community Services) Tasmania Award 2002' and 'Local Government (NSW) Award 2007', it becomes abundantly clear where and how ABC Learning was making its profits.²⁰

At the entry level rate for unqualified or untrained child care workers on the ABC Learning Award workers receive \$497.60 a week. In contrast workers at an equivalent level on local government agreements earn between \$579.30 to \$624 a week (Tasmania and NSW respectively).

The situation is similar for qualified child care workers. The highest pay rate for Children's Services Employees on the ABC Learning Award is \$763.90 a week at Level 5.4. Equivalent workers on the Victorian Local Authorities Award 2001, Child Care Worker at Band 5 Level D receive \$840.50 a week.

In community and local government centres staff costs are approximately 80-85% of the total costs, whereas budgets at corporate centres such as ABC Learning are approximately 50% of costs.²¹

3.4.3 Poor conditions

Staff in ABC Learning centres also experience poorer working conditions than their not-for-profit counterparts in equivalent positions.

This is evident when comparing conditions in the ABC Development Learning Agreement and the Moonee Valley City Council Enterprise Agreement which is considered to provide the average conditions for local government child care workers in Victoria.²²

- ABC Learning Employees work longer hours.

The ordinary hours of duty for Moonee Valley Council child care workers is between 7am to 7pm Monday to Friday within which they can work up to eight hours a day. This is compared to ordinary hours of the ABC Learning agreement between 6am to 7pm, within which employees may be required to work up to ten hours a day.

- ABC Learning Casuals receive less pay.

Moonee Valley Council Child Care casual child care workers receive 25% loading, whereas ABC Learning Casual employees receive 23% loading. While a 2% difference doesn't seem significant over time this equates to a substantial difference in pay.

- ABC Learning workers do not get rostered days off.

Only local government child care workers are provided with rostered days off.

- ABC Learning workers do not get penalty rates for working public holidays.

ABC Learning employees do not receive an overtime rate for working on a public holiday. In contrast local government receive an extra one and half day pay or equivalent in time off in lieu or annual leave for working public holidays.

- No training leave is available for ABC Learning workers.

Moonee Valley Council provides union representatives with five days leave per year to attend training leave, where ABC Learning conditions do not allow for any training leave.

ABC Learning workers also receive less carer's leave, bereavement leave and study leave. A more detailed comparison of local government and private sector conditions is available in **Attachment A** of this document.

Qualitative evidence also shows ABC Learning employees have less job security. A survey of ABC Learning workers conducted by the The Australia Institute (TAI) found that often staff are employed as 'permanent part time' allowing them to work up to 37.5 hours in a week but can also be sent home if child numbers drop. In these instances staff that are sent home are not paid or must take the time as annual leave.²³

ABC Learning employees surveyed by TAI also reported that they had greater cleaning and paperwork responsibilities. In many centres there are few or no specialist staff employed to clean the centres and therefore child care workers are required to do all or a significant part of the cleaning of the centres. Staff felt that ABC Learning demanded

greater paperwork responsibilities from staff, with some staff having to take work home as there was not enough time to complete the work in paid hours.²⁴

The 'majority of interviewees raised concerns about the treatment of staff by the company...staff sent home when child numbers are low; staff pay and conditions; staff turnover, staff training, and culture of secrecy'.²⁵ Many interviewees claimed the poor conditions made it difficult to attract professional staff to work at ABC Learning centres.²⁶

3.4.4 *Reliance on unqualified casuals*

Corporate child care providers heavily rely on casuals to staff their centres. At the time of the ABC Learning collapse, "123 Careers", the provider of casual child care staff for ABC Learning centres, had over 8000 casual staff employed.²⁷

Their job advertisements highlighted advantages such as '*Flexibility – choose WHEN & WHERE you work!*' as well as '*Variety- Work in many fantastic child care centres!*'²⁸

Casual employees of "123 Careers" received an automated telephone call between the hours of 6am and 9.30pm every day directing them to vacancies at various ABC Learning centres for the next day. Casuals were shifted around centres from day to day in order to fill gaps where needed. This practice has continued as casuals have moved from "123 Careers" to be directly employed by ABC Learning.

Even more concerning is ABC Learning's process for employing casuals. In most cases prior to commencing employment as a child care worker no one from ABC Learning (or previous employer "123 Careers") had actually met the casual staff member. Interviews are conducted via phone and there is no face to face interview stage.

One casual employee of ABC Learning in regional Victoria who spoke to the ASU claimed she had been employed with virtually no scrutiny of her appropriateness for the job. The only real requirement was to have the 'working with children' police check. They asked in the phone interview whether she had experience with children however it did not seem to be a requirement for getting the job. Her observations of other casuals is the majority 'don't know what their doing, they just stand there...one girl last week put a nappy on backwards'.²⁹

3.4.5 *Importance of a permanent workforce and continuity of care.*

The poor wages and conditions and high reliance on casuals means the ABC Learning workforce is constantly changing, providing a never ending stream of unfamiliar faces for the children in these centres. Scientific research stresses the importance of having a permanent workforce in child care to provide continuity of care and defines it as one of the most important issues in providing a quality service and a positive experience for children in care.

A key part of providing quality, positive care for children is in the relationship formed between the carer and child. An ongoing, stable, caring and stimulating relationship encourages cognitive and social development and lays the foundations for behaviour in adulthood. For example, the way a person deals with stress can stem from the quality of care provided in the early years of life. Research suggests a stressful environment as a child can lead to mental health issues later in life.

The recent UNICEF report on child care discusses these latest developments in neurological research into childhood development. The interaction between a young child and adult is called 'serve and return', for example when an adult responds to a child crying or a child responds to adult facial expressions. The report makes the following observations:

*'Another important aspect of the 'serve and return' notion of interaction is that it works best when it is embedded in an ongoing relationship between a child and an adult who is responsive to the child's own unique individuality'*³⁰

*'Too much or too prolonged stress at this time - and the lack of a familiar, trusted adult to provide the prompt, intimate reassurance that helps bring stress hormones back to baseline levels - can result in a mis-setting of the brain's stress levels. In particular, the persistent elevation of the stress hormone cortisol is known to be damaging to the delicate architecture of the developing brain, and is related to stress-related illness in later life.'*³¹

An ongoing relationship between a child and carer can only be developed if there is continuity of care at their child care centre. The constant turnover of staff and changing faces risks making child care a stressful environment for children, with dire consequences later in their lives.

A 2006 survey national survey of child care workers undertaken by The Australia Institute found that child care workers in 'corporate chain' centres were less likely to form relationships with children than those working in community based (community managed and local government) or independent private centres.¹ Only 25% of child care workers employed in corporate chains responded that they 'always' have time to develop individual relationships with the children they care for. This is in stark contrast to 54% of workers at community based centres, and 49% at independent private centres. Another 25% of staff at corporate chains responded they develop relationships only 'about half the time'.³²

One respondent from a corporate chain is quoted as stating *'No one to one time. Outside 'til' 11.00am then back outdoors at 1.30pm 'till 5-6pm. Sad kids but parents are desperate and director glosses everything over.'*³³

The science is clear on this issue, poor staffing conditions and a high turnover of child care workers, such as is experienced at ABC Learning centres has a direct correlation with the quality of care provided to children.

3.4.6 Child/staff ratios

Child/staff ratios should be the bare minimum of staffing levels at any centre, as research shows government regulations are inadequate in this area. State ratios for the 0-2 age group are generally 1:5, though WA and QLD have 1:4. One carer trying to meet the needs of five babies is clearly insufficient. In recognition of the inadequacy of government regulations, many centres employ above the legal requirements, however these centres are usually not-for-profits, and rarely corporate providers.

The Australia Institutes 2006 survey of child care workers reported that corporate chains perform poorly as compared to community based centres in the area of child/staff ratios. More staff (40%) in community based centres reported that their centres had child/staff

¹ Survey was conducted by The Australia Institute in 2006 of 595 child care workers nation wide.

above the legal minimum as compared to just 14% of corporate chain employees. According to child care workers corporate chain and independent private centres also contravene the legal minimum more often their community based counterparts.³⁴

A 2003 Price Waterhouse Coopers report for the NSW Government also found that many services in NSW offered higher ratios for the care of 0-2 year olds, but that these were predominantly in the not-for-profit sector.³⁵

Low child/staff ratios are such an important part of the ABC Learning business model that in 2003 Eddy Groves, CEO of ABC Learning, took the Queensland Department of Families to the Supreme Court over regulations relating to the number of staff required at lunchtime and breaks.³⁶

Corporate providers of child care employ the bare minimum of staff required to look after the children in their care, prioritising profit over providing quality care.

3.4.7. Community views about quality

Of the staff surveyed in the 2006 study by The Australia Institute into child care a damning 21% of staff employed at corporate centres said they wouldn't send their own child to the centre they worked at because of concerns about quality.³⁷

In the 2005 Australian Survey of Social Attitudes conducted by The Australian National University, just 16% of those polled thought business was the best provider to deliver child care in Australia. This is compared to 34% who thought government was best placed, 24% who chose families and relatives and 19% who nominated community organisations.³⁸

These symptoms of low quality are not unique to ABC Learning they are endemic in a corporate model of child care that values profit before the child. Evidence suggests that this model of child care provision cannot produce child care to the quality standard provided by the community sector.

3.5 Child care for children with diverse needs

As profit driven entities, private sector providers tend to be concentrated in areas of wealth, and care for fewer under 2s and children with additional needs. This makes business sense as these children cost more, and require higher levels of staffing, however it does little to support diversity in our community or provide a required service.

Figures from the 2004 Census of Child Care Services show that not-for-profit services provide for a greater percentage of 'children aged under two years', 'children with a disability', 'At risk' children, 'and 'children from culturally and linguistically diverse backgrounds'.³⁹

As the private sector continues to dominate the child care system and takeover community based centres, there are fewer opportunities for children with additional needs to be cared for in the mainstream system. This goes against principles of fairness and equity and does nothing to further the social inclusion of marginalised groups who are being discriminated against from such an early age.

3.6 Public subsidy of private profits

The Government provides significant subsidy to child care via the Child Care Benefit (CCB) that goes to both private and public centres. In public not-for-profit centres that money is reinvested into child care. However in the private sector it is distributed to shareholders as profit. In 2005-2006 ABC Learning received an estimated \$206 million in Federal Government subsidies via the Child Care Benefit.⁴⁰ This is a complete waste of public funds that could be better spent on better wages and conditions, greater levels of staffing and on other quality measures in centres.

While child care workers live on wages equivalent to those earned working at a supermarket check out, massive public funds have been spent on ABC Learning profit margins that funds Eddy Groves lifestyle and the gratuitous sponsorship of basketball teams. Funding private for-profit centres is a completely unethical way to spend taxpayers funds, and could be better spent providing operational subsidies to support the community sector as will be discussed later in this paper.

4. ALTERNATIVE MODELS

B) Alternative options and models for the provision of child care.

The ASU supports greater diversity in the LDC child care market and sees a greater role for local government in child care service provision. The collapse of ABC Learning and other private providers show the dangers of a concentrated private for-profit market, and highlight the importance of reliable, quality, accessible and affordable child care services. A fundamental rethink is required in how we approach and fund child care in this country.

Child care must be recognised as a core social good that is essential in the achievement of national objectives such as economic growth and social inclusion, and therefore should be managed by government in the public interest. Local government has a strong history in providing child care and remains a significant provider of LDC places today. It continues to deliver the highest quality services, and parents where possible opt to send their children to centres run by their local council. Child care logically belongs within local government services as LDC complements the range of family support services run by council such as vacation care, child and maternal health services and immunisation. Local government is connected and accountable to communities and can plan services with knowledge of the local area and its demographics and needs. Local government is best situated to provide reliable, quality, accessible and affordable child care services in the future.

4.1 History of local government involvement in child care

4.1.1 1920s – 1980s

Local government has been involved in providing child care since the 1920's where it provided care for children in the inner city suffering through the Great Depression and wartime. These early child care centres were crucial in alleviating malnutrition and providing care for children of women engaged in the war effort.⁴¹ In the post war period many councils expanded their services to include play groups, kindergartens and community recreation centres, providing educational and care services as well as community spaces for children and their families.

In the 1970s Commonwealth funding and support allowed local government to expand its efforts in providing various forms of child care, including LDC centres, Family Day Care and After School Care services. In 1972 funding was made available through the *Child Care Act 1972* to not-for-profit organisations to establish LDC centres. This funding enabled the growth of the child care sector over the next decade, with 18,600 LDC places established by 1982.⁴² Local government played a key role in this growth with councils directly establishing centres, and sponsoring the establishment of community based centres providing in kind support such as facilities and land. For example, in 1984-85 local and state governments donated \$14 million, 140 blocks of land and buildings to support community based centres.⁴³

4.1.2 1990s

The Productivity Commission's data on expenditure on community services shows that in 1995/96 the not-for-profit sector still provided the majority of funding for child care. In this year expenditure by government and not-for-profit organisations comprised 64% of the sector. However we can begin to see the strong presence of the private for-profit sector in

the child care market with for-profit organisations spending \$371.3m in 95/96, 36% of the total funding for child care that year.⁴⁴

The election of the Howard Government dealt a severe blow to the community based sector as the 1996/1997 budget ceased operational funding for not-for-profit LDC centres making many of these centres unviable.

4.1.3 Impact of the 1996/1997 budget:

Type of service	1997	1999	Change
Private			
Services	2593	2617	+24 centres
Children	190,755	193,785	+3030 children
Community Based			
Services	1063	1016	-47 centres
Children	79139	76450	-2689 centres

Source: 1999 Census of Child Care Services, Department of Family and Community Services.⁴⁵

4.1.4 The last decade

The last decade has seen local government's role in child care decline. This is a result of a number of factors:

- Government policies (detailed in the Section A of this submission) to expand the private sector and remove operational subsidies to not-for-profit centres reduced overall Commonwealth funding and support for local government LDC centres. Many local government providers could not afford to continue operations after the funding changes in 1996/1997 budget.
- Local government centres have been targeted for takeover by corporate child care providers.
- Across all its services local government has been the victim of cost shifting by its state and federal counterparts meaning the overall funds available for local government services has reduced. Some councils decided that child care was not a service it could afford to continue to subsidise where there were other council services in need of funds. This decision was often made in light of the presence of private providers operating in their area and the perception therefore that the council service was not required.
- The ideology of privatisation and 'contracting out' has pervaded local government. In all service areas there has been a trend to contract out or privatise council services. This ideology has prompted many councils to move to outsource their child care centres to a community managed model or to sell to a private provider.

4.1.5 The present

The community based sector including both local government and community management comprises just 27% of the LDC sector. The other 73% of the industry is made up of private providers.⁴⁶

The Productivity Commission estimates "government managed providers" (the vast majority of these would be local government centres) comprise approximately 3% of LDC centres Australia wide. In particular States this is much higher with Victoria at 10% and

Tasmania at 20% of licensed and/or registered LDC centres. However local government involvement with LDC centres is much greater than the figure reported by the Productivity Commission as many centres classified as 'community managed' are sponsored by local government.

For example in Victoria the ASU estimates approximately 300 of the 1033 centres are associated or directly run by local government. A 2006 survey of Victorian councils showed that 63%, or 50 of the 79 councils, owned LDC centres. Thirty three of these (42%) also operated and employed staff in the centre.⁴⁷

Seventy two percent of Victorian councils (57 of the 79 councils) also supported local LDC centres, and 35% provide regular training and resourcing to non-council LDC centres.⁴⁸

Local government still provides the vast majority of other forms of child care such as Family Day Care, Vacation (Holiday Programs) care, Before and After School Care and Occasional Care services. These services are not generally profitable and so are not attractive to private providers.

The 2006 Victorian study of local council child care services found 75% of councils support Occasional Care Services, and 71% own Occasional Care facilities. Thirty two councils (49%) operate the service and employ the child care staff. Local councils are the licensees for 33% of Victoria's Occasional Care Services.⁴⁹

Similarly local government plays an important role in the delivery of Family Day Care in Victoria. The 2006 survey showed 85% (67 councils) provide support to FDC services, and 55 councils (70%) operate FDC services.⁵⁰

Local government also continues to provide other services for young children and families such as maternal and child health services, immunisation, toy libraries and resource centres, baby capsule hire and playgroups.

4.2 Core government responsibility

Quality child care is critical to the achievement of government priorities such as economic growth and social inclusion. Child care provision is a core public good with important social aims and as such it should be operated by government in the public interest. This is best achieved at the local level in co-operation with state and federal governments.

The issue of child care is a key component in the achievement of several government priorities, including social inclusion, workplace participation, the status of women and more.

4.2.4 Labour force participation.

Australia has one of the lowest labour force participation rates of women with children in the world. Denmark has a female participation rate of 76.1%, as compared to Australia's rate of 68.5%. In Denmark this rate remains relatively consistent for women with children as the participation rate for women with children three years and below is 70%. For women with children under six it rises to 74%. This is due in a large part to Denmark's quality public child care system where every child has a legal right to child care at six months in their local municipality. In stark contrast the Australian participation rate for women with children under five years is 16.2% full time and 43.3% part time.⁵¹

From an economic perspective this is a significant period (often up to five years) where people are out of the workforce and not utilising their skills in the economy. While many people choose to stay home with their children, the high unmet demand for child care places experienced in many areas suggests that many people are eager to get back into the workforce but are unable to due to the inability to access child care, or due to the prohibitive cost of care.

4.2.5 Social Inclusion

There is also an issue of social inclusion, most particularly for women. Child care not only enables women to participate in the workforce but also in community and social activities. Community and workforce participation is important for parents mental health, and wellbeing.

4.2.6 Addressing childhood disadvantage

Research suggests that quality child care plays a positive role in a child's development. Early childhood education and care programs enhance emotional and cognitive development, better prepare children for education and an adulthood of economic wellbeing (greater home and car ownership, fewer arrests and less anti-social behaviour).⁵² Yet the Australian Bureau of Statistics 2003 data shows that 30,000 children could not access child care because their parents couldn't afford it.⁵³ Quality child care is critical to addressing disadvantage at this early stage. Good quality child care can improve the opportunities and long term social inclusion of children born into disadvantage. Intervention and public investment in children at a young age can lessen social problems such as mental illness, unemployment, social exclusion, crime and drug abuse. This saves money in the long term as there is less burden on the justice system, increased taxation and reduced welfare costs.⁵⁴

The provision of affordable quality child care is central to the achievement of these critical policy areas. For the Federal Government to have access to all the levers of social policy, child care needs to be run by government. This is the most direct way for the Government to ensure it is accessible, affordable and the best quality service possible. This is most practically and logically done at a local government level where services can be catered to local needs but with national oversight to ensure the achievement of overall social goals and national standards and best practice.

4.3 Benefits of local government

4.3.4 Sustainability and reliability of local government

With appropriate funding local government can ensure sustainable child care into the future. Unlike the private sector and community organisations who are burdened with uncertainties about either the market or donations and future income, local government has the security of local rates that ensure the availability of funds in the case of unstable demand or financial issues.

The provision of child care is fraught with financial risk. It is a costly service to run with severe legal liabilities if anything goes wrong. If, for instance, a child becomes sick or is injured whilst in care even the best quality centre risks exposure to costs and compensation. Local government can provide parents with the guarantee that regardless

of a service's short term profitability it will continue to operate and provide stable secure care for their children.

4.3.5 *Connected with local communities*

Child care centres are hubs for community activities. A good child care centre provides a space for families as well as children to interact.

In November 2006 Melbourne City Council proposed moving its LDC centres to a community management model but the community and parent outrage was such that the Council abandoned the plans. In the campaign to save the local government centres, one parent wrote to Mayor John So:

After hours activities currently run by Central Carlton Children's Centre, such as information and staff/parent feedback nights, are well attended and provide an opportunity for the community to meet and develop a sense of connectedness. Multicultural food is shared, stories exchanged and families and staff get to meet and interact with each other in a spontaneous, unstructured way.⁵⁵

Local government centres have the capacity and purpose to build communities and promote social inclusion. Child care provides an opportunity to engage with and support people in our community who are often vulnerable after the birth of a child or caring for a demanding toddler. They are sometimes relatively new to communities as couples often move to start families, or are experiencing some feelings of social isolation as they transition from full time work to being a carer. Child care that has a community focus has the potential to provide a support network for parents in these challenging early years. Local councils make sense as child care service providers as they can dedicate the resources to ensure that child care is more than just a service for a child but also one that engages with the family and community.

4.3.6 *Accountable to communities*

Local government and the councillors that determine decisions about child care are accountable to their communities through democratic elections. No other management model for child care can offer this level of scrutiny. Parents wanting to make a complaint in the private sector are often stymied by unresponsive corporate head offices. If parents have concerns about the quality of council run centres there are avenues to pursue complaints.

The level of accountability that local government provides was appreciated by parents in Glen Eira Council in Victoria and is reflected in their 2004 Best Value Report on Long Day Services. One of the major views expressed by parents at a public forum was that parents "*Prefer the accountability of a government run centre, the fact that there is always Council to go to if there are any issues. Council are more accountable through processes such as Freedom of Information Legislation.*"⁵⁶

Child care is often a key issue in local council elections. For example in the 2008 City of Melbourne election campaign all major tickets campaigned on the issue of child care in the City of Melbourne.⁵⁷ Democratic accountability provides a unique incentive to ensure quality care. It is in the interests of councillors wanting to get elected and retain their seats to ensure their child care centres are of a high quality, affordable and accessible to people in their local area.

4.4 Provision of quality child care

As compared to other management and ownership models (private and community managed) local government child care consistently provides the highest quality of care. This is evident across a number of indicators of quality such as child/staff ratios and the wages and conditions of staff.

4.4.4 Higher wages and conditions for staff

Local government wages and conditions are significantly higher than their private sector and community counterparts allowing council run services to attract and retain highly qualified and dedicated staff.

As was discussed in Section A, child care workers in local government centres receive markedly higher wages than equivalent workers in the private sector. This table compares weekly award rates in the ABC Learning Award and the relevant local government awards for three states; Victoria, Tasmania and NSW.⁵⁸

	ABC Learning	Victoria	Tasmania	NSW
Child care worker – entry level, untrained.	\$497.60	\$600.70	\$579.30	\$624.00
Child care worker – highest level.	\$763.90	\$840.50	\$792.10	\$854.20

Source: ABC Development Learning Multiple Business, Victorian Local Authorities Award 2001, Local Government (Community Services) Tasmania Award 2002, Local Government (NSW) Award 2007

There is at least a one hundred dollar a week gap in the wages available to untrained child care workers in the private sector and those offered by local government. This disparity continues as child care workers gain qualifications as there is a \$30-90 a week difference in pay available at the highest level for child care workers.

Equally employment conditions are better in local government centres than private centres. Comparing the ABC Learning agreement and the Victorian Local Government Award local government child care workers have more favourable conditions. Local government workers have higher casual loading, and receive public holiday loading, training leave, and study leave which ABC Learning employees do not receive. They have longer carer and bereavement leave and must be notified in advance of roster changes and have access to rostered days off.⁵⁹ A more detailed comparison is in **Attachment A**.

Local government also compares favourably when comparing wages and conditions offered under a community management model. This stems from a historic problem that community managed centres have in employment relations and staff asserting their industrial rights. Deborah Brennan describes the 'ideology of community management' that 'we're all in this together' as having a detrimental impact on staff wages and conditions. Community management models foster a close relationship between parents (who in most

cases form the management committee), and staff. Child care workers are therefore often reluctant to request higher wages because of the impact this would have on parents who would have to pay higher fees.⁶⁰ This close relationship is often detrimental to fair remuneration and conditions for workers.

When comparing the award rates offered by local government versus the community based sector in Victoria and Tasmania, local government offers higher rates at entry level and at the highest rate available to workers with qualifications.

Victoria

	Local Government ⁶¹	Community based ⁶²
Child care worker – entry level, untrained	\$600.70 <i>weekly rate</i>	\$474.60
Child care worker – highest level, qualified	\$840.50	\$760.80

Tasmania

	Local government ⁶³	Community based ⁶⁴
Child care worker – entry level, untrained	\$579.30 <i>weekly rate</i>	\$519.90
Child care worker – highest level, qualified	\$792.10	\$722.80

This ability for local government to offer higher wages and conditions as compared to alternative management models of child care means it generally has lower turnover of staff: it attracts and retains qualified and dedicated staff. This means it can offer a relatively permanent workforce providing stability and familiar faces for children through continuity of care. In local government child care workers have the time, support and resources to develop a relationship with each child, and provide the best quality care.

4.4.5 Staff/child ratios

Local government centres often provide staffing levels above the legal minimum as part of their commitment to providing quality care for each child.

The 1999 Child Care Census provides the last publically available data on different management models and staffing arrangements. After this census the Government stopped collecting data on different management models and combined the 'private' and 'community based' together under 'long day service' making it difficult to ascertain service differences between the different models. However the 1996, 1997 Census and 1999 indicate the different approaches to staffing taken by different management models.

1999 Child Care Census⁶⁵

	No. of Children	Paid Staff employed	Ratio	Full time paid staff	Ratio
Private	193,785	23,549	8.2	11,009	17.6
Community based	76,450	12,173	6.2	5,449	14

1997 Child Care Census⁶⁶

	No. of Children	Paid Staff employed	Ratio	Full time paid staff	Ratio
Private	193,014	24,915	7.7	11,918	16.2
Community based	82,802	14,544	5.8	6,576	12.6

In both sets of Census data the community based sector (which includes both community managed and local government centres) offered a better staff to child ratio. These ratios do not represent how many staff are actually employed at any one time to supervise children but the ratio of full time paid staff does give some indication of the commitment of the community based sector to providing higher staffing levels for children in their care.

4.4.6 *Fits within local government service matrix*

Child care logically sits within the services currently offered by local government. Local government provides various services for children and families that include immunisation, maternal and child health services, toy libraries, play groups and baby capsule hire. Long day care services sit naturally alongside these family support services, and could provide the community with an integrated one stop shop for child support services.

4.4.7 *Preferred by the community*

The community and parents support local government as the best provider of child care. The 2005 Australian Survey of Social Attitudes found that 34% of people thought that government was best placed to deliver child care in Australia, ahead of families and relatives (24%), community organisations (19%) and business (16%).⁶⁷

Parents consistently opt for local government centres before resorting to community based or private centres. For example the Glen Eira Council 2004 Best Value Review of its Long Day Care centres found parents chose their service because '*Council is not totally profit driven*' and '*Council provides a very high quality of care*'.⁶⁸

Community management models are not suited to time poor working families and the private sector has failed to provide reliable quality care. Parents want the option of putting their children in a local government centre, however with the proliferation of the private sector and inadequate funding available to local government to expand their services, parents rarely have this option.

4.5 **International Examples**

Denmark and Sweden consistently perform well in international rankings. Sweden was deemed the best country for child care by the UNICEF report achieving all 10 benchmarks. Denmark ranked third on this league table, achieving eight out of ten benchmarks.⁶⁹ The significant feature of both these child care systems is they are run by local government.

4.5.4 *Denmark*⁷⁰

Most families in Denmark use child care for children over the age of one, access rates are the highest rates in Europe at 12% for 0-1 year olds, and 83% for 1-2 year olds. This compares to Australian access rates of 6.9% for 0-1 year olds and 26.3% for 1-2 year olds. Despite having a much heavier demand and usage of services Denmark authorities manage to maintain supply and provide a high quality service. Child/staff ratios for 0-2 year olds are 3.3:1, as compared to the Australian norm of 5:1 (or 4:1 in QLD & WA).

Denmark also provides a guarantee of child care for all parents as families have a legal right to child care from the age of six months. A place must be provided within three months of demand.

Consequently Denmark has a female workforce participation rate of 76.1% and a participation rate of women with children three years and below of 70% and a child poverty rate of 2.4% (the lowest in the world).

Administration and management of child care is the responsibility of local authorities, overseen by a national minister. Local government has the responsibility of providing child care facilities, ensuring adequate supply of places, and providing support for children with additional needs. Local government also oversees funding provided by local taxes and central government grants.

Seventy percent of day care facilities (either family day care or centre based) are operated by the public sector, 30% by independent not-for-profit providers (there are few for-profit providers).

The Denmark example shows the benefits of local government provision and oversight of child care. Within a national framework and legislation that is dedicated to providing quality child care for its citizens, local government child care is supplied for every child at a high standard.

However the Denmark example also shows the need for central support for local government. The OECD report highlighted one problem when funding is primarily sourced at a local level. In parts of Denmark, service quality and access differs between municipalities as poorer neighbourhoods have less local taxes to fund services.

4.5.5 Sweden⁷¹

By law all children in Sweden from 1-12 years have a right to care and education from the ages of one to seven. Local government provides the majority of this preschool education through day care centres.

Approximately 12% of children use local government day care and another 13% use 'private day care' provided by co-operatives, churches, and corporations. Parents pay 11% of child care costs with the rest funded by local government.

Local government has responsibility for funding, ensuring adequate supply of places, quality monitoring in co-operation with a national agency that has responsibility for the evaluation, data collection and supervision of services.

This strong public support for child care is reflected in Sweden's statistics. Forty five percent of 1-2 year olds are in care and 86% of 2-3 year olds and 91% for 2-4 year olds. Sweden has a female labour force participation rate of 76.6%. The employment rate of women with children under three was 44% full time and 36.2% part time and the child poverty rate is 4.2%.

4.6 Recommendations

The ASU believes that local government is best placed to take over the unprofitable ABC 2 centres and profitable ABC Learning centres. This provides a short term opportunity to inject greater diversity into the childcare market, and ensures a reliable future for these centres.

The ASU recommends:

- i. Local government bids are prioritised in the allocation of ABC2 centres (the 241 centres deemed unprofitable by the receivers).
- ii. Local government is prioritised to take over the 700 'profitable' ABC Learning centres, to run these centres as not-for-profit centres.

5. FUNDING, REGULATION, LICENSING, WORKFORCE ISSUES AND VACANCY DATA

C) The role of governments at all levels in:

- i. funding for community, not-for-profit and independent service providers,*
- ii. consistent regulatory frameworks for child care across the country,*
- iii. licensing requirements to operate child care centres,*
- iv. nationally-consistent training and qualification requirements for child care workers, and*
- v. the collection, evaluation and publishing of reliable, up-to-date data on casual and permanent child care vacancies;*

5.1 Funding

The current funding framework has contributed to this present crisis in child care provision in Australia.

The 'level playing field' strategy that expanded fee relief to for-profit centres in 1990 encouraged the proliferation of the private for-profit sector to its present position where it holds a market share of 80% of long day places in Australia.

The 1997 end to not-for-profit operational subsidies and capital grants crippled the community sector as the Commonwealth took away the ability for community centres to operate with certainty and in many cases to operate at all. Forty four community based centres shut down in the two years following that funding decision unsettling the families utilising those centres and the community built around them.

This 1997 change to child care funding policy stifled the growth of the community sector in the longer term, allowing the private sector to expand to meet the growing demand for child care places.

In 1999 there were 1016 community based (local government and community managed) centres in Australia.⁷² In eight years this had grown by just over 500 centres to a total of 1526 community and local government centres in 1996/1997.⁷³ In stark contrast data shows that in 1999 there were 2617 private centres and approximately 4149 centres in 1996/1997.⁷⁴ In the same period the private sector established over 1500 new centres.

That the private sector has outstripped the public and community sector in growth three-to-one shows that the current funding mechanisms are not working to ensure diversity in the market and choice for parents.

5.1.1 Voucher System

It has primarily been the application of the voucher system, in its current form called the 'Child Care Benefit' and previously called 'Child Care Assistance', that directs public subsidy via parents to centres, rather than directly subsidising the centres themselves, that has facilitated the unfettered growth of corporate child care centres. Subsidising parents 'choice' is more politically palatable to the electorate than providing direct public subsidy to private for-profit centres. However the effect is the same with public funds ending up in private for-profit centres.

The objections to the public funding of private centres has been extensively covered in previous sections of this submission, the ASU considers it both unethical and an irresponsible use of public funds. However we recognise that with the private sector comprising 80% of the LDC market we must continue public subsidy for private centres (in the short term) in order to keep fees affordable for parents. This would be better managed through a direct subsidy that allows controls and accountability for how these funds are spent.

It is only through this form of funding that government can ensure adequate supply, appropriate location of places in areas of need, and demand appropriate quality standards. The voucher system under the guise of providing 'choice' abrogates the government responsibility to keep private centres accountable and forces parents to take on this role. A direct subsidy model restores the government as the primary monitor of quality, and allows it to determine the location of services to meet future demographic needs.

A direct subsidy model would allow government to play a greater role in key areas of quality control such as employing quality staff. In the past the government took an active role in ensuring child care centres employed qualified staff, the original *Child Care Act 1972* provided Commonwealth funding for 75% of the award wages of staff employed. This allowed centres to employ qualified staff without penalising parents with higher fees.⁷⁵ Such a scheme today would allow private centres to 'compete' for a 'consumers' patronage on the quality of the service provided rather than the just providing the lowest fees. Funding standard costs that appear in all centre budgets such as staffing provides a greater transparency and accountability for government funds being spent by private centres and removes much of the public concern that their taxes are subsidising shareholder profits.

The 2006 OECD report recommends the direct subsidy model over voucher systems. *The OECD reviews suggest that direct public funding of services brings, in the majority of countries reviewed, more effective control, advantages of scale, better national quality, more effective training for educators and a higher degree of equity in access and participation than consumer subsidy models.*⁷⁶

Moving from the current voucher system to a system of direct funding would give greater government control over the operations of centres such as ABC Learning who have failed to provide a reliable, quality and affordable service for Australia's children.

5.1.2 Operational subsidies and capital grants

The termination of operational subsidies and capital grants for community not-for-profit centres in 1997 had a detrimental effect on these centres. If we are to achieve greater diversity in the child care market there needs to be a greater level of support provided to not-for-profit centres. The resumption of operational subsidies and capital grants would provide greater resources for the community and local government sector to expand to meet new demand.

Capital grants are most especially critical for not-for-profit centres that lack the access to private capital that their for-profit competitors have. The resumption of capital grants for not-for-profit centres would level the playing field between the public and private sector, allowing the public sector to compete in the market based voucher system, where currently they are losing market share to private for-profit centres.

5.1.3 The ASU recommends the Government:

- I. Adopt a direct funding model instead of the 'Child Care Benefit' voucher system as a method for distributing the government subsidy of child care.
- II. Investigate the options for linking public subsidies with % of award wages, or other standard costs in centre budgets to ensure equity and transparency in government funding and guarantee a core level of service (e.g. suitably qualified staff) is provided at every centre.
- III. Restore operational subsidies and capital grants for community based and local government centres.

5.2 Regulatory framework

There are various areas in which regulation could be strengthened to improve the quality of Australia's child care centres. The most urgent of these is the need to strengthen child/staff ratios which are different in each State and do not follow international best practice of 1:3 for 0-2 year olds. The existing ratios of 1:5, or even 1:4 are inadequate for workers to provide the adequate attention and care needed for each child. If we are serious about providing quality care to provide the best opportunities in life we need to improve ratios.⁷⁷

Ratios also have to be standardised across the States. Why do Queensland and Western Australia's babies get better care than babies in care in other States? There is no reason that States require different ratios, the research is clear about what constitutes adequate ratios for quality care, and this does not vary depending on location.

Attention also needs to be concentrated on regulation of Family Day Care services. Greater protections are needed for the workers who provide care for children in their homes. Currently these workers (in States other than NSW) can essentially be dismissed by their employer (the licensee usually a local council) with no reason provided by the council, just no longer sending children to that workers service. There is an urgent need for a right to appeal process for Family Day Care workers. Currently only NSW workers have this opportunity.

5.3 Licensing

The ASU has no view on the current licensing arrangements.

5.4 Training and qualifications

"We were elected with a mandate to bring National Quality Standards to child care throughout the country, to develop a National Workforce plan, to create 260 new child care centres. We want to see a child care system that's high quality, that's for the workforce it needs with the skills it needs, and where people have stability and certainty. The Government was elected to do that. We've promised to do it."

Deputy Prime Minister, Minister for Education, Employment and Workplace Relations Julia Gillard⁷⁸

It is encouraging to see the Government acknowledging the workforce crisis in child care and putting in place steps to improve the situation. That addition of 1500 university places

and 8000 VET places over the next five years is a significant commitment to ensuring our child care workforce is skilled and delivering quality care.

The 2006 National Children's Services Workforce Project revealed two glaring problems with the child care industry. The first is that average length of service for workers in children's services is 7.3 years. These workers are burned out by an industry that demands a high level of professionalism yet is relatively low paid. The second major problem is a lack of qualifications. Approximately 31% of child care workers hold no qualifications.

The 2006 OECD reports made the following observations about the Australian child care workforce:

'It was felt that the low pay, low status and training levels of ECEC (Early Childhood Education and Care) staff undermine quality, and may counterbalance the investments governments are making in the sector, despite state regulation and national monitoring of quality through a Quality Assurance system.'

*Firmer regulations about the number of trained staff to be employed in long day care centres and family day care ...comprehensive in service training at a range of levels in this sector is a necessity.*⁷⁹

The ASU supports the steps the Government is currently taking to provide the opportunities for workers employed in the industry to gain further formal child care qualifications as well as the commitments to increased university and TAFE places to provide a more skilled workforce for the future.

5.5 Data on vacancies

There is an urgent need for greater data on vacancies and the demand for child care. Currently it is impossible to assess unmet demand as parents put their children on multiple waiting lists. The development of a national waiting list in which a register is kept of children needing care would allow the Government to monitor unmet demand and better cater for current and future demand.⁸⁰

6. NATIONAL AUTHORITY

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

The ASU is very supportive of the creation of a national authority that can work in conjunction with local government to ensure the sufficient supply of child care places in Australia.

There is very little publically available data on child care places by locality or service type. Researching this submission was made very difficult by the limited data on places, and it is especially hard to find any information that distinguishes community based centres from private for-profit centres. This information was available until 1999 when the Howard Government ceased publishing this feature in the Child Care Census.

There is an urgent need for real and transparent data on the child care industry in Australia that is made available to the public. Only with this information can we make evidence based policy decisions about the future direction of the child care industry in Australia. A national authority undertaking this task is essential and will hopefully avoid future dramatic incidents such as the ABC Learning collapse by better planning supply of places to meet demand.

7. OTHER

E) Other related matters

The issue of paid maternity leave should be considered alongside any reforms to the child care industry. A national scheme of paid maternity leave would alleviate the demand in the 0-2 year old LDC market as parents would not be forced back to work by financial pressures as early as is currently the case.

Endnotes

¹ Office of the High Commissioner for Human Rights, 'Convention on the Rights of the Child', General Assembly resolution 44/25, ratified 20 November 1989

² International Labour Organization 'C156 Workers with Family Responsibilities Convention, 1981, Geneva

³ Emma Rush, Christian Downie (June 2006) '*ABC Learning Centres: A case study of Australia's largest child care corporation*', The Australia Institute, Discussion Paper 87, pp14

⁴ '1084' centres is reported in: ABC Learning Centres Limited (2007) '*Annual Report 2007*'.

Deborah Brennan (19 November 2008), '*Reassembling the child care business*', Inside Story, Available at: <http://inside.org.au/reassembling-the-child-care-business>

⁵ Jennifer Sumsion, (2006) '*The corporatization of Australian Child Care*', Journal of Early Childhood Research, Vol 4 (2) 99- 120, pp107

⁶ ABC Learning Centres Limited (2007) '*Annual Report 2007*', ABC Learning, QLD

⁷ Productivity Commission (2008) '*Report on Government Services 2008*', Australian Government Productivity Commission, Canberra. Available at: <http://www.pc.gov.au/gsp/reports/rogs/2008>

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Victorian Local Authorities Award 2001

Local Government (Community Services) Tasmania Award 2002

Local Government (NSW) Award 2007

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ABC Developmental Learning Centres LHMU Multiple Business Agreement

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⁵⁵ Dr Mark Stooze, 'Letter to Mayor John So', 28 November 2006

⁵⁶ City of Glen Eira (February 2005), 'Best Value Review, Long Day Care Service', City of Glen Eira, Victoria, pp13

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Victorian Local Authorities Award 2001
Local Government (Community Services) Tasmania Award 2002
Local Government (NSW) Award 2007

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Moonee Valley City Council Enterprise Agreement 2005-2010 (MVEBA)
Victorian Local Authorities Award 2001 (to be read in conjunction with the MVEBA)
ABC Developmental Learning Centres LHMU Multiple Business Agreement
Children's Services (Victoria) Award 2005 (to be read in conjunction with the ABC Developmental Learning Centres Agreement)

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⁶⁹ UNICEF Innocenti Research Centre (2008) *'The child care transition, A league table of early childhood education and care in economically advanced countries'*, The United Nations Children Fund, pp2

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⁷⁶ Organisation for Economic Co-operation and Development (2006) *'Starting Strong II, Early Childhood Education and Care'*, OECD Publishing, France p144

⁷⁷ Emma Rush (April 2006) *'Child Care Quality in Australia'*, Discussion Paper 84, The Australia Institute pp11

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ATTACHMENT A

Local Government and Private sector comparison

Victorian child care worker conditions comparison

local government vs private sector

This document compares some of the key conditions where there are differences between child carers at Moonee Valley City Council and ABC Learning in Victoria. The comparison is based on provisions in the following awards and agreements:**

- 1) *Moonee Valley City Council Enterprise Agreement 2005-2010* (referred to below as MVEBA)
- 2) *Victorian Local Authorities Award 2001* (to be read in conjunction with the MVEBA) (referred to below as VLAA)
- 3) *ABC Developmental Learning Centres LHMU Multiple Business Agreement*
- 4) *Children's Services (Victoria) Award 2005* (to be read in conjunction with the ABC Developmental Learning Centres Agreement)

** In terms of pay and conditions, we regard the "Moonee Valley City Council Enterprise Agreement 2005-2010" to be providing the average for child carers in Victorian local government, ie. some councils provide more, some less.

Summary of comparison

Hours of work – ABC requires employees to work a longer span of hours (6am – 7pm compared to MVEBA 7am – 7pm).

Casual employees – the casual loading rate in the local government award is 25% compared to 23% in the ABC agreement.

Rostered days off – local government child care workers have access to RDOs whereas there is no provision for RDOs for ABC workers.

Rosters – the local government award contains a roster provision which means that workers are to receive notice in relation to roster changes. No such provision exists for ABC workers.

Public holiday loading – the local government award provides for a loading for work performed on public holidays. There is no such provision for ABC workers.

Training leave – ABC conditions do not include training leave whereas the MVEBA entitles union representatives to five days paid leave per year.

Study leave – ABC conditions provide for payment of tuition fees whereas Moonee Valley workers do not have this provision. However the Moonee Valley EBA provides for paid time off per week for study. In addition, local government child carers have access to examination leave.

Carer's Leave – ABC workers have access to 10 days carer's leave per year, although they may request more which may be granted by agreement with the employer. Moonee Valley child carers have access to 12 days in the first year of employment, 14 days in the second, third and fourth years and 21 days in the fifth and subsequent years.

Bereavement leave – Moonee Valley child carers have access to four days per year compared with ABC workers who have access to three.

Detailed comparison

More detail on these comparisons can be found below with the relevant local government clauses excerpted and the comparison with ABC Learning provisions provided in **bold**. The source of each local government clause, the MVEBA or the VLAA, is indicated in brackets beside each clause title.

Study Leave (MVEBA)

An employee undertaking additional employee initiated study on campus shall be entitled to take up to four (4) paid hours per week (on average) or a maximum of 104 paid hours in any 12-month study period.

Employees who successfully complete Undergraduate Degree or Post Graduate subjects they are enrolled for, may receive reimbursement of up to \$500 per subject at the end of the semester, and a maximum of \$1,000 reimbursement per semester. Employees who successfully complete a Certificate, Diploma or Advanced Diploma course may receive reimbursement of up to \$500 per course. The reimbursement will contribute to the costs associated with general service fees, HECS, textbooks etc. If fees / textbooks purchased do not amount to \$500, only the amount paid by the employee will be reimbursed.

[Note: ABC Developmental Learning Agreement – The employer will pay tuition fees on behalf of approved employees for a three year early childhood teaching qualification from a university by the Employer & The employer will arrange, free of charge, for the provision of training from a training provider to allow approved employees to obtain the qualifications of Certificate 3, Diploma in Children’s Services and Advanced Diploma.]

Training Leave (MVEBA)

Upon application, a Moonee Valley City Council employee, duly elected as a union representative shall be granted up to ten days paid leave over two (2) years to attend courses and seminars conducted or approved by the Trade Union Training Inc or other appropriate body

[Note: No Training Leave clause in ABC Developmental Learning Agreement.]

Hours of work (MVEBA)

The ordinary hours of duty of direct care childcare employees shall be worked between 7am and 7pm on any day Monday to Friday inclusive.

[Note: Compared to 6.00am and 7.00pm Monday to Friday for ABC Learning workers.]

Casual employee (VLAA)

A casual employee shall be paid 125% of the hourly rate which a full-time employee would receive. Work performed on weekends or public holidays shall be paid at ordinary time plus 75%. Provided that an employee engaged as a casual shall be excluded from the provisions relating to annual leave, overtime, meal allowance and sick leave.

[Note: Compared to 23% loading in ABC Developmental Learning Agreement]

(Rostered Days Off) Child care workers (VLAA)

33.15.1 The method of implementation of the 38 hour week may, for weekly employees, be any one of the following:

- by employees working less than eight ordinary hours each day; or

- by employees working less than eight ordinary hours on one or more days each week; or
- by fixing one week day on which all employees will be off during a particular work cycle; or
- by rostering employees off on various days of the week during a particular work cycle so that each employee has one day off during that cycle;
- provided that the employer and an employee may by agreement accrue stored days off to a maximum of twelve days and such days so accrued will be taken at a time or times mutually agreed upon.

33.15.5 Substitute days

- 33.15.5(a) An individual employee may, with the agreement of the employer, substitute the day to be taken off for another day.
- 33.15.5(b) Where a public holiday coincides with a rostered day off, as prescribed by 33.15.1 of this clause, an employee so affected will have such day substituted by another day in such cycle or as soon as practicable thereafter.
- 33.15.5(c) Where the system of working provides for the taking of rostered day off the maximum number of rostered days off will be thirteen in any one calendar year, provided that one of the rostered days will be so arranged to include a period of annual leave.
- 33.15.5(d) Where a rostered day off coincides with a period of bereavement leave, long service leave, workers compensation, accident pay, sick leave, annual leave, or special leave granted by the employer, no additional or substitute day will be granted so as to effect double counting.

[Note: Local Govt award allows for RDOs, ABC Developmental Learning Agreement has no RDOs]

Rosters (VLAA)

- 33.15.7 A roster setting out employee's weekly and daily working hours, time of commencing duty, meal intervals time off duty and the time of ceasing duty will be posted or affixed in some conspicuous part of the premises in which persons covered by this section of the award are employed, where it may be readily seen by such employees and the Secretary of the Australian Services Union. At least three days notice will be given before any alteration is made to the roster.

[Note: No roster clause contained in ABC Developmental Learning Agreement]

Examination leave (VLAA)

- 33.15.8 Employees will be granted leave with full pay in order to travel to, and attend child care examinations approved by the education institution. Provided that when an afternoon examination is scheduled, an employee will be allowed the morning for examination study if so required by the employee.

[Note: No examination leave clause contained in ABC Developmental Learning Agreement but does have a Study Leave clause – see above]

Public Holidays (VLAA)

- 42.11 Child care workers

If an employee engaged in child care works on a public holiday or, a public holiday occurs on the employees rostered day off, the employee will be paid at ordinary time rates for the time worked and in addition will be entitled to receive:

- 42.11.1 One and a half days extra pay, or by agreement between the employer and the employee, equal time off in lieu of the extra one and a half day's pay, to be taken within four weeks of the date of the public holiday; one and half days will be added to the employee's annual leave; or
- 42.11.2 in the case of an employee not qualifying for annual leave, one and a half days pay in lieu of annual leave; and
- 42.11.3 one and half times the ordinary rate of pay for any work done in excess of eight hours on the public holiday.

[Note: ABC Developmental Learning Agreement does not contain such a clause and does not provide for an Overtime rate for working on a public holiday]

Carer's Leave (VLAA)

37.1.1(c) Child care workers

- one days leave for each month of employment in the first year of employment and four days bereavement/compassionate leave for each occasion.
- fourteen days leave in the second, third and fourth years of employment and four days bereavement/compassionate leave for each occasion.
- 21 days leave in the fifth and subsequent years of employment and four days bereavement/compassionate leave for each occasion.

[Note: Compared to the ABC Agreement which derives its Carer's Leave from the Children's Services (Victoria) Award 2005 which only provides for 76 hours of personal leave per year (i.e. 10 days per year) although this Award does allow an employee to access an additional amount of their accrued personal leave as carers leave but it has to be by agreement with the employer.]

Bereavement Leave (VLAA)

4 days per year.

[Note: Compared to the ABC Agreement which derives its Carer's Leave from the Children's Services (Victoria) Award 2005 which only provides for 3 days bereavement leave per year.]

ATTACHMENT B

Long Day Care Centres by Management type 2006-2007

Attachment B: Long Day Care Centres by management type 2006- 2007

	QLD		Tas		NSW		NT		ACT		SA		WA		VIC		National	
	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%	no.	%
Community managed	206	15.2	53	51.0	426	19.8	44	65.7	68	65.4	142	46.9	187	33.5	221	21.4	1 347	24%
Privately managed	1 128	83.1	30	28.8	1 722	80.2	23	34.3	36	34.6	151	49.8	353	63.3	706	68.3	4 149	73%
Government managed	24	1.8	21	20.2	na	na	na	na	-	-	10	3.3	18	3.2	106	10.3	179	3%
Total	1 358	100	104	100	2 148	100	67	100	104	100	303	100	558	100	1 033	100	5 675	

Source:

Productivity Commission (2008) 'Report on Government Services 2008', Australian Government Productivity Commission, Canberra. Available at: <http://www.pc.gov.au/gsp/reports/rogs/2008>

Data compiled from Tables 3A.44, 3A.36, 3A.76, 3A.52, 3A.60, 3A.68, 3A.84, 3A.92