



COMMUNITY CHILD CARE CO-OPERATIVE LTD. (NSW)

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Senate Education, Employment and Workplace Relations Committees
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Please find below a submission from Community Child Care Co-operative (NSW) on the Early Years Quality Fund Special Account Bill 2013.

Thank you for the opportunity to make comment on the Bill.

Yours faithfully,

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Community Child Care Co-operative (NSW) was established in 1978 and is a not-for-profit organisation that promotes, supports and advocates for quality early education and care services; meeting the needs of children, their families and the community. Community Child Care Co-operative NSW has a variety of roles in the NSW education and care sector which leave us uniquely placed to provide this submission.

We are:

- a peak organisation in NSW representing over 1800 education and care services, families and individuals. Although Community Child Care Co-operative represents services in all areas of the education and care services sector, our full members are community based long day care services and community based preschools. Our submission thus predominantly reflects the interests of these two groups.
- A Registered Training Organisation offering a variety of nationally accredited VET courses to education and care services in NSW and their employees, including early childhood teachers.
- The lead agency of Children's Services Central, the Professional Support Co-ordinator in NSW. This program, funded by the Australian Government, under the Inclusion and Professional Support Program, provides a range of professional development to all Australian Government Approved Child Care Services in NSW.
- A well respected advocacy organisation for education and care services in NSW.

CCCC endeavours to:

- Provide leadership which empowers the decision makers within education and care services;
- Identify service provision gaps and needs, and proactively target resources to these areas;
- Support and collaborate with other education and care service providers who reflect similar philosophical beliefs.

1. Community Child Care Co-operative (NSW) has been campaigning for better wages for educators for this sector for as long as the organisation has existed. We know that equitable and fair remuneration of educators benefits not just those educators, but the children they work with. Higher pay means higher retention rates, more stability in the sector, more graduates attracted to the sector, more status for those working in the sector and, through this, more status for the children we care for and educate. CCCC has had no hesitation in supporting union campaigns within the sector designed to secure higher wages for educators.
2. Community Child Care Co-operative (NSW) is also a longstanding and vocal supporter of the National Quality Framework (NQF) for education and care services. We believe that the core components of the NQF designed to increase the ratios of educators to children and designed to increase the qualifications of educators are needed measures and will improve the quality of education and care offered to children across Australia.
3. Therefore, CCCC applauds the Australian Government on the introduction of the Early Years Quality Fund Special Account Bill 2013. We welcome the \$300 million and the implicit acknowledgment that low wages continue to be an issue for the sector.
4. But we are also aware that the money allocated is not enough; that the two-year timeframe is problematic and that through making the fund available to only long day care services and not to other service types, it could have far reaching and divisive consequences for the sector.
5. When CCCC asked members for their views on the Quality Fund, many wrote to us with concerns that the fund will:
 - lead to inequitable wages in different service types
 - cause issues for multipurpose services by creating wage disparities between their educators;
 - lead to inequities given that only 40 per cent of long day care services are expected to receive funding;
 - cause unintended impacts on staff retention rates as staff search for higher wages;
 - create longer term implications after the fund ceases in two years time;
 - create implications for services bearing costs for any increases in wages;

- cause problems for services through the processes that have been foreshadowed of services having to apply for funds.

(Detailed quotes from CCCC members can be found in Appendix1)

6. Despite these concerns Community Child Care Co-operative NSW supports the passage of the Bill through both the House of Representatives and the Senate. Although \$300 million is clearly not enough money and two years is clearly not enough time, \$300 million of government funding into our sector is still an important contribution, and an important recognition that educators working in education and care services are underpaid, and that without support from the Australian Government towards rectifying this underpayment, the sector will struggle to recruit and retain the educators it requires to implement the quality improvements of the National Quality Framework. We therefore request that the Committee support the passage of the Bill.

Appendix 1

Community Child Care Co-operative requested feedback from our members about the Early Years Quality Fund via our email newsletter, Shortside on the 26th of April to enable us to represent members views accurately and effectively. The responses received fall around the issues of equity, impact on staff retention, concerns about the time limited nature of the funding, concerns about union actions in the field subsequent to the funds announcement and concerns about oncosts. The following comments were chosen as representative of the feedback received.

1. Concerns about the fund leading to inequitable wages throughout the sector

- “I know staff will leave this centre if we are not successful not because they want to but because they currently cannot afford to pay the bills on their current wage and will have no other choice. Loyalty will be a thing of the past with anger and resentment replacing it.”
- “Equity – there is nothing remotely equitable about this funding. How can any government body only recognize about 40% of a sector’s workers. What message does this send to those valued team member who miss out? Clearly that they are not worthy.”
- “The guidelines send an indirect message is to Preschool educators and OOSH educators that their jobs aren’t as important as those in Long Day Care.”
- “Out of respect for ALL educators and staff members if there was only \$300M in the Federal coffers then this should have been distributed in a fair and equitable manner by giving ALL educators and staff members a \$1 per hour pay rise until more funds became available.”
- “It is frustrating that our preschool’s Cert III and Diploma staff can hear this news but will not receive any pay increase! Again like the teacher’s wage campaign, it is frustrating that this Quality Fund creates further division between preschools and long day care centres.”
- “As a 4 year university educated early childhood teacher, I am personally upset that now my colleagues in long day care as well as primary schools will now get higher wages than me. As the director of a stand alone community based Pre School my job is complex and challenging and I feel teachers in my position need to be acknowledged.”
- “With only 40% of workers able to access it, two centres close to each other may have huge pay disparity. Why work at one, when wages are much better at the other. We are an integrated sight and not all staff will receive this pay increase.”
- “As the Director of a total Occasional Care Service, I am under the belief that I will not be eligible to apply to this fund. Yes I agree with wages increasing but let’s do this fairly. If some services cannot apply because they are not “long day care” and not in scope to be part of the NQF there is a major fairness issue. I have poured lots of workplace time and energy in ensuring that we have ongoing education programs for educators for Cert 3 and then moving on to the Diploma, my fear would be that educators will move on to places with higher wages. We voluntarily adopt the NQF and are eligible for families to receive CCB and CCR.”

- “40% means disparity. What sort of government gives a two year pay rise and only to 40% of the industry. I can’t imagine Stevedores or Painters and Dockers putting up with it but again, the humanity of ECEC loses out for us.”
- “If only LDC workers are eligible and it is expected that only 40% of LDC workers will be eligible then there will be massive inequity within LDC and the early childhood sector as a whole. Making this fund quite divisive.”
- “We either value educators enough to treat all of them with the same respect and recognition, or we pick and choose — devaluing us all.”
- “Competition over a small pool of funds is likely to deepen the divide between not-for-profit and private providers, who are already fighting over an ever-dwindling number of qualified educators.”
- “There may be a potential benefit in initially attracting staff, but only if your service is successful in gaining funding approval. But then you also need to explain to potential staff that the wage they are being offered may not be sustainable in 2 years time. For some services this may mean rolling back the payrise, letting staff go, or closing their doors.”

2. Concerns about the fund leading to inequitable wages in multipurpose services or organisations with more than one service

- “Imagine if you will 2 centres in a small regional community with 1 centre successfully being awarded the grant and the other centre missing out. Staff will be doing an identical job with the same commitment passion and dedication for \$200.00 a week less.”
- “We have 5 centres and could face a situation where some but not all centres are given the grant. Colleagues will be given different rates of pay for an identical job. Staff are already angry if it becomes a reality I believe the impact on childcare will be catastrophic.”
- “We are a large organisation licensed for a preschool, LDC, Mobile Services- not only does this wage difference cause a "divide" within my organisation and teams, it will now create "feeling" between all LDC services. Forward planning -we are looking at moving educators between services.....how will this work?? What do we pay them, preschool wage? Mobile wage? LDC wage?”
- “Very Beneficial for attracting new staff. However because of its limitations and owner who are interested in expanding their business we are left with the question: how do we keep our mission and vision as a company the same for each center when we are paying our staff differently???”
- “In 1994, in response to a joint Federal / State funding initiative we were one of 7 centres in NSW which took part in a pilot project trialling a "rural multipurpose model" for early childhood services in small rural settings. This model included the provision of both State and Federally funded places for children in our service. As such we have:
 - 43 Commonwealth funded Long Day Care places
 - 40 State funded Preschool places
 - 3 State funded Occasional Care places

I am very concerned about the inequity that the Early Years Quality Fund will create for staff at our centre if the EYQF funding is only for Long Day Care places. We urgently require an equitable wage

increase for all of our staff as staff shift duties can include working with children enrolled in LDC, P/S and OCC places throughout the day.”

- “Inequality of remuneration and perception between Preschools and Long Day care would also be created. Under this system, staff who are equally qualified, trained and experienced would be paid according to the service type they are working in. This will create feelings of inequality and unhappiness within our staff team. We have a striven to overcome such perceptions and inequalities and to undermine this work seems ill advised at this stage.”

3. Which services will receive

- “Fairness of Selection – we have grave concern that the big bodies like Good Start and G8 will take up a great majority if not all of the 40% of our sector. If they are treated as group applications – ie one Good Start service gets approved, all get approved, rather than seen as single entities, what will be left for the private sector, and small operators who need to take some time getting their EBA’s written and agreed on.”
- “It’s a good idea IF ALL EARLY CHILDHOOD CENTRES can get the funding. When it is restricted to only some centres, then many private centres see this as a waste of time knowing they always miss out (and we do not have that much time to waste with all the new regs and standards.”
- “Ways that the existence of the funding may lead to inequitable wages across the sector, within organisations and multipurpose services. As a Diploma Trained Early Childhood Educator, if my service misses out on receiving the fund, then there will be a lot of disgruntled educators in my service. Especially knowing that educators who have the same responsibilities and qualifications will be getting around \$4 extra an hour, that’s a lot of money to miss out on in two years. I’ll estimate it to losing out on \$16640, which is huge in this low wage career and for a couple who want to buy a house, can I afford to live on this low wage for the next two years.”
- “Since services will have to apply, and with no indication of which services will be chosen to get funding one can only conclude it will lead to considerable inequity in pay across the sector”
- “I am a centre owner and applaud the Government for finally realising that Early educators need a decent wage. BUT by only giving this funding to 40% of the sector creates a very difficult scenario for myself. I will apply for the funding, but if I'm not one of the lucky 40% what do I do? My staff will want what others in the sector are going to get paid (and rightly so, they are doing the same job). If I agree to pay them at the same rate, then my fees will have to rise (my parents will suffer and I will probably lose families because of this). If I don't pay the staff, then they will start looking for employment elsewhere with one of the lucky 40%. (and I lose some really fabulous people). I understand the government’s intention to give early Childhood educators what they deserve without making the parents pay for it, but I feel it should be all or nothing not just the lucky 40%”

4. Union or employer group activity and information campaigns that may be causing concerns for educators.

- “We are being told that we do not even have a chance without 60% union membership.”

- “You do not have to be a union member to receive the fund and information stating that you do is not appropriate.”
- “Have been approached by one union (IEU) to have at least one employee join so as to receive the draft enterprise agreement and told this will be the easiest way to get applications in.”
- “Our Centre has received three pieces of union correspondence regarding the fund (all rec'd almost immediately after the fund was announced). Each one emphasised the most important aspect of the fund was to increase union membership to help put EBA's in place to help secure funding. Ironically, we thought the most important aspect of the fund was to improve wages for childcare workers resulting in improved quality of care. Apparently not ? We also rec'd some bizzare correspondence effectively suggesting that two of the unions were now in competition to gain membership and that you should choose one over the other. One of them even suggested the other had been misleading in it's approach ??”
- “We have come across unanswered questions and a lack of vision for what they are planning to do in 2 years' time when the money runs out. We attended a union meeting a couple of weeks ago and I raised some questions that they could not confirm. Some center owners have encouraged me to 'peer pressure' my staff to join the union.”
- “We also have concerns about Union positions within this process as we feel that they have been less than honest up until this point, and I have had some feedback that suggest that some people have felt rather bullied by some union representatives.”

5. Impact on quality and staff retention

- “The movement in the sector as staff chase a higher wage and even more disillusioned staff leave the sector. What impact will this have on the children”
- “Staff retention – if a service is not able to meet the conditions, or more likely take the steps to meet the conditions, but misses out, how will they be expected to retain good staff who are aware they will be able to receive \$3-5 per hour working in a different centre. This will severely advantage some centres over others, with no thought to continuity of care for children and families. How will I explain to my families that I am losing team members to another centre who gets more govt funding than I do and therefore pays a higher rate of pay. Do I raise my fees in order to match the hourly rate, to retain staff, making childcare even more out of reach to struggling families?”
- “Luckily we are in a small rural town.....imagine the larger towns and cities that are in competition to attract and retain high quality educators. If you had two services within a 10kms radius of each other...and one is paying substantially higher wages than the other.....where would you choose employment!!“
- “Will the LDC services that do not apply for this grant or offer higher wages, lose their employees to services that are paying? How are these centres going to retain their educators?”
- “Why not give the money to services to INCREASE staffing numbers- employ more staff- provide higher ratios- provide higher quality care!!”

- “I also now have concerns that it will make it more challenging for us to recruit qualified teachers. Last week our part time teacher resigned after being offered more work at a long day care centre in the neighbouring town... Great for them but a devastating loss for our rurally remote Pre School.”
- “The fund will benefit in attracting educators, but for only 40%, so ensuring continuity in retaining staff will still be a major issue and many more educators will have to leave in the two years, simply because they can’t afford to stay in the sector anymore.”
- “Staff may feel disappointed if, after completing the entire application we’re told that there’s no funding left to distribute as the 40% of services have already claimed and there’s no money left.”
- “The anger amongst my staff is enormous this is the final straw which will push many of them away from a job they love.”
- “Staff will simply shift employers to those who have been fortunate enough to access funding, leaving huge staff shortages in other parts of the sector — directly disadvantaging children.”

6. Concerns about 2 years limit on funding

- “I have asked about Take Home Pay Protection Orders”. According to Fair Work you cannot reduce a staff member pay once you have given them an increase. This could leave centres who are successful in applying for the grant with having to pay the increase wages from their parent’s fees. Parents cannot afford to pay anymore. Services and staff numbers will then have to be cut.”
- “Ridiculous ,it is only for 2 years. What does this achieve?? Legally we cannot increase wages then put them down 2 years later- who is then going to absorb these costs..... parents, increase fees.....again?? Do we make employees sign a agreement to say after two years when the money runs out the wages will reduce???? What does this then achieve?? Do we train them up, produce quality educators then when the wage goes down...do they leave to an industry with better wages??”
- “What happens at the end of two years. If people are not good with finances and get loans and then can’t pay them when the money stops.....our organisation has a lot of staff, so it becomes an ethical issue, in what is best for everyone.”
- “Employees may successfully secure loans based on their last two years increase in salary and be left in financial hardship when their salaries must return to normal when the funding dries up.”
- “Employers either have to forget about the fund altogether, or design EBA's that state the pay rise will only be available whilst the funding is available. What's the alternative. Put the pay rise in place, and then when the fund finishes, you slug parents with a massive fee increase. And not particularly fair or equitable to provide staff with a pay rise and then take it away in 2 years time. People (employees) make life decisions for themselves and their families based on their income (loans etc) so this fund makes that quite uncertain for them.”
- “Union had no vision as to what their plans are in 2 years, which is good for the now, but for me I need to scope a plan for my staff basically suggesting that if we get this funding think of it as a bonus for 2 years, because then it will go away.”

7. Concerns about oncosts

- “Increased super and workers compensation payments are not covered in the grant, or are they?”
- “Are ongoing costs considered.....for every person, there is tax, superannuation, leave loading etc. What happens if someone takes two months long service leave after 1st July and the Centre hasn’t got the new amount put aside in time?”
- “On-costs – there has been no information about how services are expected to manage the increased cost of superannuation, payroll tax, and workers comp (with super already on the rise in July). To say that there can be no increase to fees due to this increased labour cost, is naive and unrealistic. Many centres are struggling, and this cost will have to be passed on to families. Unfortunately they will have all heard in the media that centres can’t pass on the cost, but there has been no discussion about covering these ‘hidden’ costs.”
- “What are the rules in relation to costs associated with increased wages such as additional superannuation, worker’s comp and payroll tax? Funding for the size of our service would be about \$70,000 therefore these costs could be substantial.”
- “Additional costs relating to accepting and allocating funds – as a business owner this is my main concern and when asked the Union could not put in writing to me that my ongoing costs (payroll, super etc) will be covered by the additional \$300m they said they have.”
- “My other concern is the related costs of an increase in fees - increased Worker Compensation Premiums and increased Superannuation payments (which are set to increase anyway). Is there any provision for this within the payment structure, as I understand I am not able to increase fees to cover this increase in costs?”
- “Putting aside the operational costs of establishing EBA's etc, there has been absolutely no mention of the on-costs including superannuation, workers compensation, and payroll tax. These will all increase with wage increases but do not appear to be covered by the fund ?? And yet employers are also expected to sign agreements not to pass on fee increases to parents, so how are the additional (substantial) costs funded ?”
- “It appears that this funding would not fund the whole cost of pay rises, as on costs (Leave, Sick, Long Service Leave etc) would be incurred at a higher rate, meaning a shortfall in funding.”

8. Concerns about EBAs

- “Many centres are scrambling to start the process of getting an EBA in place in order to apply for this funding and reassure their team members that they are doing their best to put this in place for their teams, but even with this step in place, there is no guarantee that we will then be ‘selected’ as one of the lucky few. “
- “I have read we need to have enterprise agreement in place.....how much time, money, costs is this going to take to get these developed!!!! Do I have time to develop this, more stress, increased workload??Again what will happen within my organisation between educators, some on award, some on enterprise agreement?”

- “The time and subsequent cost involved in researching and establishing the enterprise agreement for my staff is a major concern for myself. I am a small operator and don't have the back up of a large corporation with lawyers and HR specialists available. I feel that these larger organisations will be better situated to access these funds and therefore be able to attract staff. Given the limited time frame to get the agreements signed off and then submitted, the overall 'fairness' of the allocation comes into question.”
- “Services that are forced to enter into enterprise agreement would have to incur additional \$\$ costs for staff be better off, this may also lead to fee increases.”
- “These enterprise agreements are also questionable – setting one up with provisos if a service doesn't get the funding pay rates remain the same. How do we do an EA without considerable effort & expense on a 'might'. “
- “The process of forming an Enterprise Bargain Agreement is daunting and difficult. An EBA (and the processes that go with it) should not be necessary to simply increase the pay of our well deserving workers.”

9. Process concerns

- “Processes – there has been no information yet about how services will be selected, the application process, how fee transparency will work etc, but in the media, staff are being told that they will have a pay rise on 1 July.”
- “WHY WHY WHY do we have to apply???”
- “Since all services are required to be working towards NQF and maintaining a QIP anyway why is there a need for a separate bureaucratic framework to decide who is deserving of funds; which itself will cost money that could usefully be directed to employees.”
- “How about staff that join the service after funds are allocated to existing staff would they work alongside fellow educators that get paid more to do the same job?”
- “I feel there is limited information available. I understand that there is a commitment to transparency of the fee structure but I am unsure what this entails. Our fee statements already clearly show the full fee, the CCB component and the CCR component if applicable, not sure what other information is required?”
- “My final issues is I am under the belief that FOR PROFIT centres will be able to access this funding as well as not for profits. Thanks again to the government for lining the pockets of the owners of services who already make considerable profits (especially the big corporations) at the expense of the services that just make it through and exist to provide service not make profit.”

10. Affordability for parents

- “We welcome the quality fund but affordability will diminish under the scheme.”
- “Another concern is that if Fair Work Australia put the increases into the award, we will have no choice but to increase wages. I have done the sums and this will cost me \$1500 per fortnight before I even consider Superannuation on that additional amount. That equals \$39,000 per year

which means I either put our fees up to cover it (costing families more) OR like some other not for profit services I end up becoming bankrupt. These are both things that are not on my agenda.”

- “The short-term nature of the funding is of concern. The only way to maintain this wage increase in the future would be with considerable fees rises. This is undesirable.”