

SUBMISSION TO SENATE COMMITTEE OF INQUIRY INTO THE PROVISION OF CHILDCARE

The following points are hereby submitted in relation to each of the Terms of Reference:

- a. The placement of ABC Learning into receivership has not had a major impact on the provision of child care in Australia despite the sale and closure of a number of former ABC Learning centres. Moreover, because this has coincided with a global recession, any effects resulting from the problems experienced by ABC Learning have been partially disguised by general economic effects resulting from the recession. However, the ABC Learning situation has served to highlight the challenging economic environment facing childcare providers in Australia. During the past ten to fifteen years, childcare providers have been subjected to significant and widespread increases in the weight and complexity of regulatory measures at both a State and Federal government level. This has substantially increased the challenges for operators of childcare services to maintain quality and viability despite the Federal Government's improved financial support for the sector, particularly since the year 2000.

The closure or sale of some ABC Learning centres may in fact assist in much needed rationalization of childcare services in some regions which have become oversupplied during the past decade. The viability of private childcare centres has been undermined by policy initiatives at a state and federal level which have significantly affected "market conditions". One of the most glaring examples of this was the introduction of a universal (although not compulsory) Prep Year by the Queensland Government for children aged four-and-a-half and above prior to Year One primary schooling. This resulted in a significant reduction in attendances in this age group at childcare centres, which, because of the lower per capita cost of this age group, substantially increased the per capita costs of providing childcare services virtually overnight. It also produced higher vacancy rates, particularly in older age groups.

Despite this, both the Queensland and Australian government have announced plans to build hundreds of additional childcare centres and "kindergartens" (Queensland). These plans, if implemented, will undoubtedly result in many more childcare centres becoming either less viable or completely unviable, resulting in significant loss of income, investment and employment in the sector.

- b. Both State and Federal Governments need to be developing the potential of the existing public/private sector childcare model to make more efficient use of the underutilization of existing resources. Significant vacancies exist across the sector in most age groups and governments should be pursuing policies which encourage greater utilization of these valuable resources rather than exacerbating the existing underutilization. This can be achieved through targeted subsidies which enable existing childcare centres to provide improved or varied services to

assist in meeting the governments' objectives. Two examples of such measures are:

- Paying existing childcare operators a subsidy to cover the additional cost of employing three or four year trained teachers to provide approved kindergarten and/or preschool type services
 - Paying higher subsidies for the care of children in younger age groups to make care for these age groups more viable and therefore encourage more childcare services to increase places in these age groups which generally have fewer vacancies
- c. Governments, as stated above, need to ensure the most efficient use of existing funding and resources for childcare service providers while ensuring service providers remain viable in providing affordable, accessible services to Australian families. All attempts to provide nationally consistent regulatory frameworks, licensing requirements, training and staff qualifications will impose significant financial burdens on service providers. As indicated above, significant increases in standards and regulatory requirements including staff:child ratios and staff qualifications in the past ten to twenty years in Australia has seen the cost of childcare service provision escalate substantially. There is no evidence that the substantial costs to service providers and Australian families of attempts to impose uniform national standards will provide tangible benefits which could justify such a move. Nor is there any evidence that the significant costs and effort associated with the provision and maintenance of a childcare vacancy monitoring service is warranted. The nature of childcare is such that it is extremely difficult to provide reliable up to date vacancy rate information on a daily or weekly basis because of the ever changing demands of families using such services. The time and effort required by staff in reporting vacancy rates at the frequency required to make such information of even limited usefulness would be a most unwelcome additional impost on already overburdened human resources.
- d. In principle, a national authority to oversee childcare services in Australia would be welcome if it helped to eliminate the substantial existing duplication and inefficiency caused by different state and national authorities. However, such an authority would require uniform national standards, and for the reasons outlined above, such a situation would require unwarranted additional cost burdens on families and service providers. Accordingly, it would be preferable to re-double efforts to reduce and/or eliminate the existing inefficiencies and duplications between state and federal authorities.

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