



**PENRITH CITY COUNCIL**

**PENRITH CITY CHILDREN'S SERVICES  
CO-OPERATIVE LTD.**

**SUBMISSION TO THE SENATE INQUIRY ON  
THE PROVISION OF CHILD CARE SINCE THE  
COLLAPSE OF ABC LEARNING**

*June 2009*

# **SUBMISSION TO THE SENATE INQUIRY ON THE PROVISION OF CHILD CARE SINCE THE COLLAPSE OF ABC LEARNING**

## **INTRODUCTION**

Penrith City Council has embraced the establishment of children's services in its Local Government Area (LGA) since the 1970s and currently sponsors the following not for profit services and programs.

- 17 Long Day Care (740 licensed places)
- 7 Pre School services (222 licensed places)
- 9 Before and After School Care services (842 funded places)
- 6 Vacation Care services (275 funded places)
- 1 Occasional Care service (22 licensed places)
  
- 1 Mobile Playvan
- 1 ISA (Inclusion Support Agency)
- 1 SAACS project (Supporting Aboriginal Access to Children's Services)
- 1 OOSH Integration Project (supporting inclusion of children with a disability)

In 2000, Council adopted a 'Statement of Purpose for Children and Families' which states that "Penrith City Council believes that quality early childhood experiences have a profound and lasting impact on outcomes for children and their potential to develop into the citizens who will form the social capital of the community of Penrith. Council is committed to the provision of children's services programs for the benefit of families and children across the City. Council itself will plan and provide quality services and support and work in partnership with others to do that". This Statement reflects Council's acknowledgement of the role of quality early childhood experiences in the lives of families and children.

In 2002, Council delegated authority to the Penrith City Children's Services Co-operative Ltd. (PCCSC), to manage children's services on its behalf. The Board of the Co-operative consists of parent, staff, community and Councillor representatives and a representative of the General Manager. With key objectives to retain parent and community involvement, developing an efficient and economic management structure was critical to maintaining quality and sustainable children's services. This management model of children's services has served Council well since its inception.

As an experienced not for profit manager of children's services, the PCCSC is well placed to support a submission to this Senate Inquiry, providing valuable information to Government on the provision of children's services following the collapse of ABC Learning. This submission refers to the terms of reference of the Inquiry.

# **1. THE FINANCIAL, SOCIAL AND INDUSTRY IMPACT OF THE ABC LEARNING COLLAPSE ON THE PROVISION OF CHILD CARE IN AUSTRALIA**

The collapse of ABC Learning will have an enormous impact, financial and social, on children, families and the early childhood profession. It is our understanding that approximately one hundred centres will, or have already, closed and we would be concerned about the ability of parents to remain in the workforce, disruption to children and families, added stress for families of not being able to find alternative care and the impact for staff employed by ABC Learning. Whilst the impact of the collapse of ABC Learning at our local level (due to the number of centres) will be minimal, the broader implications of one corporate for profit provider having at least 20% of the nation's child care, and the policies that allowed this to occur must be considered, reviewed and not repeated.

Prior to the 1980s, there was very little provision of children's services across Penrith. Council's first Long Day Care (LDC) service was Yoorami Children's Centre in Werrington, built in 1977, providing care for 0-6 year olds. Throughout the 1980s the Commonwealth encouraged Local Government to be involved in the provision of services for children of working parents. Operational funding was provided to support the operations of services and subsidies towards wages of staff, which enabled fees to be kept relatively modest and fees were affordable and accessible to a wide range of families. Low income parents received Child Care Assistance to help with costs. During this period, there were also joint programs with the State Government for the capital development of centres, which saw an expansion in not for profit Long Day Care services across this City and it was during this period that Council established many of its children's services. In 1997/98 operational funding to the not for profit sector was withdrawn and, at this time, fees for Council services increased significantly. The withdrawal of operational funding was promoted as a means to 'level the playing field' between the not for profit and emerging for profit sector. Since then a significant number of private and commercial services have opened across the City. Erskine Park Children's Centre was the last Long Day Care service Council opened in 1993.

Historically, child care in Australia, and in the Penrith experience, has had a range of sponsors, e.g. Local Government, church groups, tertiary bodies, community groups, charities etc. In 1991, the Commonwealth moved away from supply-side funding of not for profit children's services to distributing almost all of its subsidies by way of demand subsidies that enabled families to purchase any type of approved child care. This was a deliberate move by the Commonwealth believing that it would stimulate greater variety of provision, increase competition, drive down fees and improve quality. It went further in 2000 with the introduction of Child Care Benefit. Since 2002, the growth of for profit services has continued at a rate eight times greater than that of not for profit services.

Prior to the expansion of the corporate and commercial for profit sector in NSW, the Commonwealth Government had responsibility for child care planning, granting Child Care Benefit approval if they were in areas of need. Over the years, with the growth of the for profit sector, the planning framework has been eroded, resulting in an over supply in some areas and under supply in others and an under supply of places

for 0-2 year olds and an over supply of places for 3-6 year olds; this is commonly attributed to the higher cost of providing care to children under 2 years of age (Northern Sydney Regional Organisation of Councils NSROC Regional Social Report *Executive Summary* June 2005). The determination of the location of child care centres should be on the basis of demonstrated need for child care places and not determined by the development of services only in areas of perceived potential profit. Recent analysis of service provision across Penrith LGA has indicated an over supply of childcare places in newer release areas and an under supply in communities with higher percentages of public housing and older more established areas resulting in families having to move further distances across the city to access childcare.

It is important who provides early education and care in Australia as these services often informally build community relationships as a by product of their business. Edgar (1999) argues that this very type of support should be at the core of service delivery to support parent's social functioning, many families access essential services such as childcare and Weissbourd in Quinn (2000) identifies that social isolation has been linked to decreased cognitive abilities in children, and higher incidences of child abuse. Jack (2000) reports that parenting stress and isolation leads to decreased problem solving skills, and reduced ability to take control and responsibility for their child's behaviour.

In addition, the not for profit sector return all funds into the service enabling enhancement and improvements to be made and managed by the community from which the parent base is drawn and as a result not for profit children's services contribute to building social capital in local communities. It is important therefore that a robust 'not for profit' community based child care sector exists.

## **2. ALTERNATIVE OPTIONS AND MODELS FOR THE PROVISION OF CHILD CARE**

The collapse of ABC Learning is a demonstration that reliance upon the market for the provision of high quality child care is problematic. With the COAG Early Childhood Reform Agenda progressing, there is an opportunity to ensure that early childhood services are meeting the diverse and changing needs of the communities in which they operate.

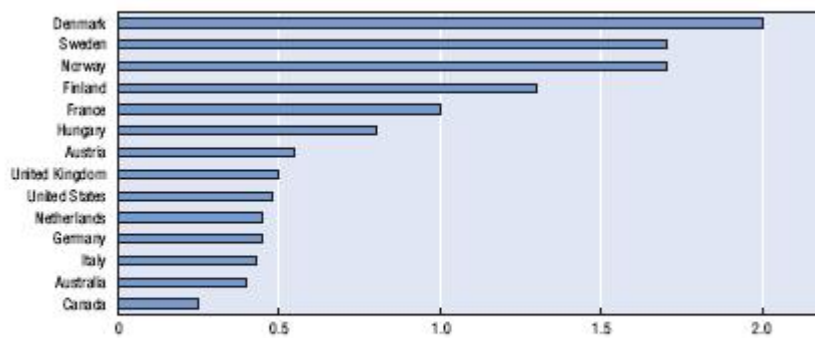
Policies need to be in place to ensure that no one provider dominates child care provision in Australia into the future. Ideally, models for the provision of child care need to be holistic and support the child within the family, e.g. child and family centres. (Edgar 1999)

## **3. THE ROLE OF GOVERNMENT AT ALL LEVELS IN:**

- **Funding for community not for profit and independent service providers**

In Australia, a large amount of public funding is committed in support of the provision of child care; although Australia spends much less on early childhood education and care than other OECD countries (see attached Table 5.3 from OECD report, *Starting Strong II* 2006)

Figure 5.3. Public expenditure on ECEC services (0-6 years) in selected OECD countries (%)



Note: This figure is comprised of expenditure estimates, based on replies provided by country authorities to an OECD survey in 2004. The figures provided suggest that Denmark spends 2% of GDP on early childhood services for 0- to 6-year-olds, and Sweden 1.7%. These countries – and Finland – also allocate an additional 0.3% (approximately) to the pre-school class for children 6 to 7 years.

The majority of this funding is by way of the means tested Child Care Benefit (CCB), introduced in 2000, and the more recent non means tested Child Care Tax Rebate (CCTR) which offset the cost of child care for parents. CCB provides a stream of funding and has been at the heart of the corporate expansion in child care across the Country. Such a methodology does not exist anywhere else and no other country has experienced the overwhelming emergence of the corporate child care sector (i.e. companies listed on the stock exchange). In fact, ABC Learning emerged as Australia's, and the world's largest listed child care provider.

Not for profit services have shouldered the financial burden of providing care for children with additional needs. For example, in the North West of NSW, a not for profit provider has one third of the services and two thirds of the children eligible for the funding (Inclusion Support Subsidy) to support children with additional needs. This comes at a substantial cost to service providers as there is a significant shortfall between the subsidy received and the cost to provide.

Demand for places for 0-2 year olds in the Penrith experience is consistently high. The cost of providing care for this age group is almost double that of providing care for 3-6 year olds, due mainly to the high child: staff ratios required and the additional capital costs, e.g. cot rooms, nappy change areas and laundry facilities. This discourages providers from accommodating this age group. One hundred percent of community based services in the Penrith area and all of Council's LDC services are licensed for 0-2 care, whereas the proportion of commercial providers licensed for 0-2 care is less than one third. Historically, the Commonwealth Government provided operational funding at a higher level for 0-2 year old places, in recognition of the higher cost of provision, but when operational funding ceased and changes were made to CCB, this was no longer reflected in the levels of funding. There is an urgent need for government to review provision of long day care places for 0-2 year olds so that providers who are catering for this age group are supported to continue to do so into the future.

For all of the above reasons, over time, the not for profit sector has experienced degradation of its assets, with some of Council's child care sites being over 30 years old. The upgrading of assets and building of new facilities has become too prohibitive for not for profit services seeking to maintain high quality programs, low

child: staff ratios and relying on parent fees as the main source of revenue. An injection of realistic capital funds to ensure ongoing compliance is recommended.

Balancing the funding for child care between providers and parents, especially not for profit providers, would be a sound investment and could contribute to the survival of the not for profit sector. Whether provided directly or indirectly, public funds should be expended appropriately and invested in public, sustainable, high quality services. This is supported by international research indicating that a high quality program and recruitment of qualified staff are imperative to maintaining good outcomes for the most vulnerable children in our community (Sylva, K., Melhuish, E., Sammons, P., Siraj-Blatchford, I. Taggert, B & Elliot, 2003). The Government could then demand that all centres achieve a level of quality and services would need to demonstrate quality outcomes such as employing degree and diploma qualified staff. Government could also provide financial assistance to early childhood providers catering for disadvantaged and vulnerable communities, e.g. scholarships.

- **Licensing requirements to operate Child Care Centres**

International research clearly shows the link between high quality service provision and good outcomes for children and low quality service provision and poor outcomes for children (Sylva, K., Melhuish, E., Sammons, P., Siraj-Blatchford, I. Taggert, B & Elliot, 2003). Some indicators of high quality service provision include smaller group sizes, qualified staff and better child: staff ratios. Not for profit services are known to have high child: staff ratios and to employ more qualified staff, often operating at above licensing requirements (Community Childcare Cooperative submission to the Senate Enquiry January 2009). The value of having a strong not for profit sector is not only to deliver true choice in care for the community but to ensure the continuation of the delivery of high quality child care.

Licensing requirements to operate child care centres should revolve around a national planning process to ensure that services are provided in areas of need and operate to standards of high quality. A national licensing framework for early childhood services would also ensure consistency of quality across the country and especially for the most vulnerable sections of our community. Australia currently has a national Accreditation framework but there are inconsistencies in licensing, e.g. building standards, child: staff ratios.

- **Nationally – consistent training and qualification requirements for child care workers**

COAG and the Federal Government acknowledge that there is increasing acceptance that a well-trained workforce is essential for fostering best outcomes for children. (Sylva, K., Melhuish, E., Sammons, P., Siraj-Blatchford, I. Taggert, B & Elliot, 2003) Research shows that a trained workforce is one of the key determinants of the provision of quality care. The COAG commitment to universal access to early childhood is very likely to increase the demand for trained Early Childhood Teachers, in particular. If the Regulations are strengthened with regard to training and qualification requirements for child care workers, the demand for qualified staff will increase.

All children deserve access to quality child care services with a university trained Early Childhood Teacher as international research has shown the impact of high quality early childhood programs delivered by four year qualified early childhood staff to have far reaching positive impact on a child's learning and workforce participation (OECD Starting Strong II, 2006). The opportunity should now be seized to bring child care services in each State to a national standard, including consistent requirements for training and qualification requirements for child care staff, in recognition of the critical role of early childhood services in children's lives.

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

The value of publishing child care vacancies in isolation is questionable. Research shows that 'word of mouth' is the most effective marketing tool, e.g. families choose services based on reputation and the positive experience of others. It would seem therefore that accessing vacancy information is secondary in terms of the selection of a suitable early childhood setting by families. If the system of collecting vacancy data is to continue it would need to be strengthened to inform decisions families make about early childhood care and education.

#### **4. THE FEASIBILITY FOR ESTABLISHING A NATIONAL AUTHORITY TO OVERSEE THE CHILD CARE INDUSTRY IN AUSTRALIA**

Currently, all three levels of Government have some responsibility for child care provision and preschool education. Local Governments consider development applications for new facilities (as well as some sponsoring a range of services), the State Government has responsibility for licensing and for Pre Schools and Federally, the Government provides funding. This is confusing for families and does not bode for certainty about what will be available into the future.

There is a sound rationale for establishing a national regulatory body to oversee the child care industry. The body could oversee standards, provision and, importantly, planning of children's services across Australia. Currently there is no central planning or co-ordination of where services are needed and, in some cases, new services have opened in areas where providers believed a profit could be made. A national authority could break down the divide between 'care' and 'education' and ensure the delivery of these was integrated. It would be envisaged that there would also be some cost savings in this approach.

Any National Authority established to oversee the child care industry in Australia should be required, as part of its role, to oversee the financial accountability of the industry, particularly accountability for public funds.

#### **CONCLUSION**

The impact of the demise of ABC Learning will continue to be felt in Australia for some considerable time. It is therefore timely for the Government to consider how early education and care is delivered. There should be a National planning framework that underpins provision so that services are delivered and planned for in

areas of need rather than according to the market. Access for 0-2 year olds should be strongly supported by Government funding in acknowledgement of the true cost of providing quality care for this age group to ensure that access to quality care by this age group is not diminished. Research clearly shows the critical role of quality early childhood services in educational and social outcomes (EPPE 2003). Going forward, child care should be provided on the basis of what is in the best interest of children and enable equity of access to high quality educational experiences for every Australian child.

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