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Mike Symon

Chair

Standing Committee on Education and Employment

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Dear Mr Symon

Re: Inquiry into the Early Years Fund Special Account Bill 2013

Firstly I would like to express my appreciation at the opportunity to provide this submission to the Standing committee on Education and Employment Enquiry into the Early Years Fund Special Account Bill 2013.

I am the owner of 5 childcare and early education centres in the Newcastle and the greater Hunter region in N.S.W. I have operated childcare centres for more than 20 years and currently employ more than 70 staff.

Across our 5 centres we provide care and education for more than 600 children each week. This allows in excess of 450 families to access and participate in the workforce confident in the knowledge their children are well cared for.

Our concerns regarding the Early Years Quality Fund are

1. Funding will only be provided to 27% – 40% of childcare workers
2. Funding is only for a limited time i.e. 2 years
3. The compulsory implementation of an EBA
4. The element of compulsory unionism

In the government's explanatory memoranda accompanying the bill it is stated "The fund will provide \$300 million over 2 years to all long day care services, which are approved for child care benefit"

Information sent to centres has outlined the fund has only sufficient money to provide grants to 27% - 40% of child care centres. This money will be allocated on a first come first serviced basis. The number and size of centres successfully applying for the grant

along with actual numbers of trained staff employed at those centres will impact on the actual percentage of centres gaining access to this grant money.

This will create a two tiered wage system with centres who are not successful in attracting the grant money either dramatically increasing fees to enable them to match the wage increase or being unable to attract the very few trained staff who available for employment. Regional and rural centres will be most negatively affected as they are the centres currently most negatively impacted by the industry skill shortage.

Centres who opted to increase fees will either not be able to compete with centres who have the grant money or will simply become too expensive for most parents to afford. The short term impact will be centre closures. The long term impact will be reduced affordability and access to childcare. Those most disadvantaged in our community will be most affected.

The fund is only for 2 years; what is to happen at the end of the 2 year period? Are staff to experience a substantial wage reduction or are childcare fees to increase dramatically to continue to fund the increase in wages? Access and affordability to childcare will again be impacted by this scenario.

Both the insufficient size of the fund and the limited duration of the fund's existence will place pressure on childcare fees. Uncertainty around wage equity and consistency will disaffect many childcare educators currently in the industry. The two tiered wage system will create significant tension and divisions within the workforce. I believe this will lead existing workers to leave the sector and increase difficulty in attracting new workers to train in the sector.

Only those centres that have an Enterprise Bargaining Agreement with employers will be allowed to have access to the fund. I currently use the Children's Services Award 2010 to employ and remunerate staff. The cost and difficulties with the development and implementation of an EBA causes most small businesses considerable concern. We already have an existing mechanism to employ and remunerate employees. I cannot understand why we must be forced by the government to develop an EBA.

I have had 2 meetings and an extensive telephone conversation with representatives of the United Voice Union. We were told we had to achieve 60% union membership to have the union assist us the develop an EBA. We were told by the union that union developed EBAs would be fast tracked in preference to privately developed EBAs which may take up to 12 months to be approved by Fair Work. Union membership, we were led to believe, was an integral part of being a successful applicant for any grant money.

I believe it to be inherently unfair for union membership to be rewarded by higher wages.

I ask the Standing committee on Education and Employment to recommend that

- The concept of the fund be abandoned

- The government use existing award structures to provide remuneration to workers in the childcare sector
- Government to use existing funding mechanisms to support the long term viability of the sector.

Yours Sincerely

Michelle Peden

Managing Director

Kinda Kapers