

Chapter 3

The effective provision of childcare

3.1 At the heart of this inquiry has been an overriding concern about the quality of childcare. This is related to the collapse of ABC Learning because there was some evidence which suggested that the quality of care delivered in ABC centres was below the standard offered by independent and community-based childcare centres. There is an argument that, had regulators been more vigilant and had policy-makers and governments taken more account of the need for quality, there would have been institutional impediments to the expansion of providers like ABC Learning. It is argued in this chapter that stringent quality control is essential to ensure that childcare remains 'child-centred' rather than profit-driven.

3.2 The committee is pleased to note that the public policy focus (right up to the level of COAG) in early years care and education is on the issue of quality. There is increased awareness that in the provision of childcare, the central focus is the child and the primary goal should be children's socio-emotional and intellectual growth. The findings from research regarding outcomes for children from childcare programs are mixed. Unhappy, disruptive or unchallenging experiences in early childhood can greatly impair children's cognitive, social and behavioural development and the effects may last a lifetime. Society loses when such experiences are commonplace. It is crucial that the care given to children, whether by parents or paid carers, is supportive and effective.

3.3 The majority of submissions assumed the necessity for childcare and expressed concerns about inadequacies in the quality of care. Despite these specific criticisms regarding quality, the committee found that, generally, the provision of childcare is of very high quality. Moreover, the committee learned of many dedicated and highly skilled carers during the course of this inquiry through written submissions, oral evidence and centre visits. Warm, supportive relationships and positive interaction between carers and children are cornerstones of quality care and the committee found much evidence of such supportive relationships.

3.4 Concerns regarding the quality of care and the committee's response to them are the main subject of this chapter. Before dealing with this, the committee records that it heard evidence from organisations and individuals with a principled objection to childcare on the basis of likely damage to a child's development. It deals with this issue first.

Adverse effects of childcare

3.5 Some witnesses were opposed to formal childcare in general, claiming that formal or centre-based care is inferior to parental care.¹ As introduced in chapter one, Mrs Tempe Harvey of the 'Children Need Parents Campaign' informed the committee of possible adverse effects upon children's development resulting from childcare. She stated that:

...third party care...[the focus of] the current model for children's care in Australia is socially unsustainable. It will harm children and it will harm our future social capital.²

3.6 A number of submissions indicated that parental care for children is generally better than the care offered in formal contexts by carers who have no real connection with the child.³ Some witnesses also indicated that care by an extended family member was preferable to care by an unrelated professional carer because of the family attachment.⁴

3.7 On the other hand, the committee was informed of dedicated carers who built close ties with the children in their care although there were no family connections (and, in some cases, carers offered alternative homes for these children).⁵ Dr Tim Moore informed the committee that the most important feature for very young children was the continuity of relationships. He stated that:

[w]e can get tremendously hung up on parental attachments being the key thing, but in fact multiple attachments in childcare settings can work for kids as long as they are getting something. But in the first year of life it is the continuity and stability that is so important.⁶

3.8 Other evidence pointed to two specific factors potentially contributing to the damaging effects which may result from placing young children in formal childcare. These two factors comprise the length of time that a child spends in care and the age at which a child first enters formal care.

Quantity of care

3.9 A number of studies have indicated that longer periods of time (average per week) spent in childcare do not contribute in positive ways to children's development and, moreover, have the potential to damage a child's development. Most of these are

1 See, for instance, Mr Dean and Mrs Tempe Harvey, *Submission 62*, p. 8 and Attachment 1; Mrs S Craig, *Submission 19*.

2 Mrs Tempe Harvey, *Committee Hansard*, 15 July 2009, p. 26.

3 Family Council of Victoria, *Submission 45*, p. 2.

4 Ms Nancy Cox, *Submission 20*, p. 3.

5 Ms Fiona Rogers, *Submission 10*, p. 1.

6 Dr Tim Moore, *Committee Hansard*, 21 July 2009, p. 63.

overseas studies and a notable example is a study completed in the United Kingdom, the *Effective Provision of Pre-School Education* (EPPE). This study found no real difference in child development based upon full-time or part-time attendance at preschool level but did identify adverse effects upon children's socio-emotional development based upon the length of time in care before the age of three.⁷ Some Australian researchers have also reached the same conclusion.⁸ The EPPE research studied children between the ages of three and four (data regarding childcare experiences before age three was collected but did not include details of the quality of the care). Other studies, however, have identified a potential for similar developmental problems for younger children in care for extended periods of time.⁹

3.10 Overseas studies may not be entirely applicable to the Australian context. Although many researchers have acknowledged the significant need for far more Australian-based research, it is worthwhile to consider the research that has been carried out here to clarify the question of which factors truly influence the development of children. One Australian study indicated small differences in children's behavioural development due to the effect of quantity of care - that is, actual hours spent in childcare.¹⁰ Results showed that both parents and carers concluded that behavioural problems increased in line with increased hours in care. On the other hand, carers reported that children's social competence increased in line with increased hours in care.

Age of commencement

3.11 The committee heard evidence of the potential dangers of placing infants and very young children in care.¹¹ Formal childcare at a young age can place children's social, emotional and behavioural development at risk. A range of studies have shown that young children's behavioural development and learning ability can suffer adverse consequences from early entry into care, although the findings relating to infants in

-
- 7 Sylva, K., Melhuish, E., Sammons, P., Siraj-Blatchford, I., Taggart, B. & Elliott, K. *The Effective Provision of Pre-School Education (EPPE) Project: Findings from the pre-school period*, Institute of Education, University of London and SureStart, 2003:1, 6.
- 8 Jennifer Bowes, Linda Harrison, Alan Taylor, Naomi Sweller and Catherine Neilsen-Hewett, 'Child Care Influences on Children's Adjustment and Achievement in the First Year of School', paper presented at *An Inclusive Society? Practicalities and possibilities*, the Australian Social Policy Conference, University of NSW, 8-10 July 2009.
- 9 National Institute of Child Health and Human Development (NICHD), *The NICHD Study of Early Child Care and Youth Development – Finding for children up to age 4 ½ years*, U.S. Department of Health and Human Services, 2006, p. 16-17. Available at http://www.nichd.nih.gov/publications/pubs/upload/seccyd_051206.pdf, accessed 1 September 2009.
- 10 Linda Harrison, 'Does Child Care Quality Matter? Associations between socio-emotional development and non-parental child care in a representative sample of Australian children', *Family Matters*, 79, 2008, pp 14-25. Chapter 11 of the 2007-08 report *Growing Up in Australia: Longitudinal study of Australian children* is an excerpt from this article.
- 11 Centre for Community Child Health, *Submission 78*, p. 6.

care are not as conclusive as those relating to older children. Researchers have reached conflicting conclusions regarding the effects on infants and very young children (under age two) in care. One possible reason for this is the multitude of factors that contribute to a child's development, including home environment and individual temperament.¹²

3.12 As mentioned in chapter one, Dr Tim Moore told the committee that giving parents little option but to return to work in the early stages of children's lives (within the first year) can be detrimental for children's development. Dr Moore noted the risk of parents of infants being forced to access childcare due to the need to return to work rather than making an informed decision about the needs of the child and the type of care available. He cautioned that we must ensure 'that children's needs are not compromised by being put into substandard situations in their early years'.¹³ It should be noted that the number of infants placed in formal childcare is low – seven per cent of children under the age of one experience formal care.¹⁴

3.13 In summary, research has indicated that extended periods of time spent in formal childcare can pose a risk to children's social, emotional and cognitive development but we do not yet fully understand the effects of placing very young children in formal childcare.

3.14 The committee accepts that it is preferable children are not placed in formal childcare for extensive periods of time, especially from young ages, and that infants are typically best cared for at home by their parents. However, the committee also accepts that 'consumer demand' will drive a market for this type of childcare. Governments will inevitably respond to such demand by facilitating required services and supporting families in the choices that they make regarding the care of their children.

Need for further research

3.15 The Centre for Community Child Health, part of the Royal Children's Hospital in Melbourne, informed the committee of evidence indicating that parental care of very young infants at home is in the child's best interests. Formal, centre-based care of very young children can lead to adverse effects upon the child's social, emotional and behavioural development; such effects can be life-long. Additionally,

12 See discussion in Edward Melhuish, 'Literature Review of the Impact of Early Years Provision on Young Children, with Emphasis Given to Children from Disadvantaged Backgrounds', in *Early Years: Progress in developing high quality childcare and early education accessible to all*, London: National Audit Office, 2004, pp 3, 10, 26-40. Available at <http://www.nao.org.uk/idoc.ashx?docId=82e59202-d499-4774-af68-00bca730d46f&version=-1>, accessed 1 September 2009.

13 Dr Tim Moore, *Committee Hansard*, 21 July 2009, p. 63.

14 Shop, Distributive and Allied Employees' Association (National Office), *Submission 11*, p. 13.

Lots of time in non-maternal care in the first year of life poses risks for children that are not entirely attributable to the quality of the care they receive.¹⁵

3.16 Similarly, the committee was informed by Family Voice Australia of research which indicated that quality childcare for children older than two was of 'unequivocal benefit' but minimising the time that infants spent in group care reduced infants' rates of insecure attachment.¹⁶

3.17 However, the committee also heard evidence indicating that at-risk or disadvantaged children can reap significant benefits from inclusion in quality early childhood education and care programs, even from very young ages.¹⁷

3.18 Consideration needs to be given as to how such evidence is reflected in the formulation of policy relating to ECEC. This is particularly relevant given that the government is planning to introduce a paid parental leave scheme in 2011. On face value, it could be said that this represents one arm of government policy working in the opposite direction to other policy measures. This opposition can be seen when paid parental leave enables parents to remain at home to care for infants while the payment of Child Care Benefit for infant care supports parents placing very young children in formal childcare. Alternatively, some regard it as enabling parental choice or the accommodation of variable circumstances.

3.19 The committee accepts that the evidence of possible harm to infants in formal childcare is disputed. Even if it were not, it is far too extreme a measure to legislate to prevent infants being placed in formal childcare. Furthermore, such a measure does not acknowledge the very real benefits, particularly for disadvantaged and at-risk children, of quality childcare from very young ages. However, the committee believes it is important to formulate policies and support families in accordance with the best available evidence.

Recommendation 1

3.20 The committee recommends that further research be carried out regarding the possible adverse effects of commencing formal childcare at very young ages and for long duration, possibly in conjunction with bodies such as the Centre for Community Child Health.

15 Centre for Community Child Health, Royal Children's Hospital Melbourne, *Submission 78*, p. 6.

16 Family Voice Australia, *Submission 46*, p. 2.

17 See, for instance, Commission for Children and Young People and Child Guardian, *Submission 23*, p. 1; Catholic Social Services Australia, *Submission 71*, p. 15; NSW Commission for Children and Young People, *Submission 8*, p. 4.

The benefits of childcare

3.21 The research carried out as part of the longitudinal study *Growing up in Australia* has shown the positive effects of childcare.¹⁸ While much research has shown that quality ECEC programs can benefit individual children (as discussed further below), provision of such services can also have wider benefits for both families and communities, immediately and in the longer term.

Benefits to the family

3.22 Parents as well as children can reap positive benefits from high quality ECEC. Some witnesses informed the committee that the childcare sector was more suited to meeting the needs of parents than those of children.¹⁹ Benefits to parents include enabling workforce participation and workforce attachment;²⁰ this particularly applies to women whose workforce participation rates have increased markedly, increasing the need and call for childcare services. Along with allowing parents to attend work, childcare also enables parents to undertake study or other activities outside the home. One witness pointed out the 'vast damage' to family budgets as well as the nation's economy that could occur if significant numbers of parents gave up work due to a lack of childcare.²¹

3.23 Childcare services can also offer extra support to parents, whether occasionally, for instance allowing a parent to attend medical or other appointments, or more regularly. Non-working parents recognise the socialising advantages which childcare offers their children. Alternative care options can be a critical support mechanism for isolated parents or families in need, including offering a parent support in the form of time away from the child. This support role is often necessary in the absence of extended family members.²² Society and family structures have undergone significant changes; family support networks are now often considerably less accessible. Consider, for instance, the increasing number of single-parent families or nuclear families residing long distances from extended family members. As a result of these changes to family structure, there is more demand for such services and support mechanisms in the local community and an increased role for governments in the provision of such services.

Long-term societal benefits

...[T]he benefits of quality [early childhood education and care] extend beyond the personal or family domain, and extend to the nation's health,

18 Harrison, op. cit.

19 Council for National Interest, *Submission 18*, p. 1.

20 Centacare Broken Bay, *Submission 24*, pp 6-7.

21 Ms Rosalie Rogers, *Submission 28*, p. 1.

22 WeeWunz Corporate Child Care Solutions, *Submission 25*, p. 1.

future educational achievement, workforce participation, and social connectedness.²³

3.24 Research has indicated that quality ECEC programs are a relatively inexpensive means of supporting children's cognitive and socio-emotional development and result in significant returns to society in the long term.²⁴ As part of a project comparing early childhood services across developed countries, UNICEF noted that state investment in such services has been the subject of extensive cost-benefit analyses and is justified by the benefits to governments and national economies as well as to children.²⁵

3.25 Some seminal research studies are reviewed by UNICEF²⁶ and referred to frequently in the literature regarding ECEC. These overseas studies include James Heckman's research, the High/Scope Perry Preschool Program and the Abecedarian Project. These types of studies have led to the acceptance that economic returns to the community from early childhood education and care (intervention) programs are significant over the long term. The Abecedarian program identified a four-fold return on investment; that is, the child, family and community reaped a \$4 return on every dollar invested in quality early education for the child. The High/Scope Perry Preschool Program has been found to have returns of 1:7 or higher. Heckman's research has indicated that the cost-effectiveness of investment in the early years is much higher than the same investment at later ages.²⁷ While the benefits cited in research are probably underestimated due to the difficulty of quantifying intangible benefits (such as increased self-esteem), these foundational studies have shown that the long-term societal benefits stemming from investment in the early years hinge upon the quality of programs.

3.26 These studies have attracted criticism, not because of the design of the studies themselves but because the results have often been generally applied to all childcare programs and to all children in care.²⁸ These studies looked at children considered to be 'at risk' and suffering disadvantage of some kind, and the actual value of the

23 Centre for Community Child Health, *Submission 78*, p. 4.

24 Save the Children, 'Investing in the Early Years', *State of the World's Mothers 2009*, 10th Annual Report, 2009, p. 35. Available at <http://www.savethechildren.org/publications/state-of-the-worlds-mothers-report/state-worlds-mothers-report-2009.pdf>, accessed 7 May 2009.

25 John Bennett, 'Early Childhood Services in the OECD Countries – Review of the literature and current policy in the early childhood field', *Innocenti Working Paper*, No. 2008-01, Florence, UNICEF Innocenti Research Centre, 2008, p. 45.

26 *Ibid.*, pp 45-50.

27 James Heckman, 'The Case for Investing in Disadvantaged Young Children', in *Big Ideas for Children – Investing in Our Nation's Future*, First Focus, 2008, p. 52.

28 Ellen Galinsky, *The Economic Benefits of High-Quality Early Childhood Programs – What makes the difference?* Committee for Economic Development, 2006, p. 3.

economic returns that were identified in these studies do not necessarily apply to all children in childcare programs.

3.27 Disadvantaged children can reap significant benefits from inclusive childcare programs (discussed further below) which can help to address social inequality over time.²⁹ Childcare services, along with other support services, can lead to improved living standards and can contribute to social cohesion.³⁰

3.28 Professor Collette Tayler, co-author of an Organisation for Economic Co-operation and Development (OECD) report on childcare and early education, calls for participation in care by parents, extended family members, government and the community. She encouraged such participation from a diverse range of stakeholders because the benefits of effective childcare services extend beyond individual children to families, communities and society in general. Additionally, she claimed that the greatest benefit is to society.³¹

Benefits to the child

3.29 Several factors obviously affect an individual child's development, including specific characteristics of that child, the child's home environment as well as the family and extended family structure. A number of studies have concluded that high-quality childcare programs can benefit a child's development, beyond the range of individual factors that affect that development. The NSW Commission for Children and Young People submitted that:

[t]he quality of children's early experiences, including of early childhood education and care, has a significant impact on children's lives...The quality of early childhood settings impacts on children's daily experiences, their healthy brain development, as well as their response to experiences at school and throughout their lives.³²

Overcoming disadvantage

3.30 As discussed above, a number of studies well-known to specialists in ECEC have indicated that disadvantaged or 'at risk' children in particular can reap significant benefits from quality early childhood programs; these benefits endure throughout children's lives and lead to follow-on benefits for families and communities. These studies have also stipulated particular levels of return on investment.

29 Gabrielle Meagher and Debra King, (eds), *Paid Care in Australia – Politics, profits and practices in child and aged care*. 2009, (edited extract). Available at: <http://apo.org.au/commentary/politics-profits-and-practices-child-and-aged-care>, accessed 1 September 2009.

30 Centacare Broken Bay, *Submission 24*, p. 7.

31 Collette Tayler, 'Caring for Kids', *The University of Melbourne Voice*, Vol 2, No. 4, 17 March – 14 April 2008, p. 2.

32 NSW Commission for Children and Young People, *Submission 8*, p. 4.

3.31 The Centre for Community Child Health noted that, by school age, children show considerable developmental disparity; such disparity is indicative of future scholastic achievement and, in the longer term, job success.³³ At this early age, disadvantage can stifle potential development with effects that will carry over into the remainder of a child's life.

3.32 The Independent Education Union of Australia informed the committee that childcare can be a very effective prevention and early intervention tool to reduce disadvantage and support children's linguistic, socio-emotional and intellectual development.³⁴ For this reason, the National Foundation for Australian Women claimed that childcare for indigenous and disadvantaged children should be a high priority.³⁵ Furthermore, research has indicated that the benefits of quality early childhood education are particularly salient for disadvantaged children when the ECEC program includes children from different social backgrounds.³⁶

Cognitive development

3.33 The EPPE study indicated that a well-planned preschool program benefits children's cognitive development, over and above other factors such as family influences, compared with children who did not attend a preschool program.³⁷ This study also found improvements in children's concentration levels at commencement of schooling following attendance at preschool.

3.34 The Australian Institute of Health and Welfare (AIHW), in a snapshot of the state of the country's children, identified improvements in language and cognitive abilities (along with socio-emotional development) leading from inclusion in quality childcare programs. The Institute noted that such beneficial effects lead to a child's successful transition to primary school.³⁸ In fact, it has been claimed that scholastic performance can be predicted to a certain extent by the quality and nature of childcare experiences.³⁹

3.35 Dr Fraser Mustard, a Canadian scholar, has become an acknowledged expert on the early years of life and was Adelaide's 'Thinker in Residence' during 2007-08.

33 Tim Moore, 'Towards an Early Years Learning Framework for Australia', *CCCH Working Paper 4*, Centre for Community Child Health, 2008, p. 3.

34 Independent Education Union of Australia, *Submission 34*, p. 7.

35 National Foundation for Australian Women, *Submission 7*, p. 2.

36 Sylva et al, *op. cit.*, p. 1.

37 *Ibid.*, pp 1, 6.

38 AIHW, *A Picture of Australia's Children 2009*, 2009, pp 47-48.

39 Jennifer Bowes, Linda Harrison, Alan Taylor, Naomi Sweller and Catherine Neilsen-Hewett, 'Child Care Influences on Children's Adjustment and Achievement in the First Year of School', paper presented at *An Inclusive Society? Practicalities and possibilities*, the Australian Social Policy Conference, University of NSW, 8-10 July 2009.

He has pointed out that, over and above the cognitive potential that an infant has at birth, the child's early experiences directly affect the development of the brain. Furthermore, the early years (before age six) are the most intense period for cognitive development and the developmental learning that takes place over this time is cumulative. The basis for future scholastic and learning success is set during this period through the child's successful and repeated exposure to learning experiences. Dr Mustard stated:

[t]he evidence is strong that experience-based brain development in the early years sets brain and biological pathways that affect health (physical and mental), learning and behaviour throughout life.⁴⁰

3.36 This has implications for childcare services because children's development is fundamentally linked to the quality of care in the early years. The NSW Commission for Children and Young People informed the committee that quality childcare services can benefit children's cognitive development throughout their lives. Conversely, poor quality childcare can lead to behavioural problems and poor language development.⁴¹

Socio-emotional development

3.37 It was identified in the longitudinal study of Australian children, *Growing Up in Australia*,⁴² that children in mixed (formal and informal) childcare showed superior social development compared with children who received parental care only. Similarly, children in informal or mixed childcare showed fewer behavioural problems. The body of research indicates that the quality of a childcare program is central to supporting and enhancing children's developmental outcomes.

Quality of care

An important component of a broad framework for early childhood development is the provision of quality early childhood learning, development and care across a range of settings...⁴³

3.38 Some researchers caution that we should not simplistically conclude that all childcare programs, even all high-quality childcare programs, are therefore beneficial

40 J Fraser Mustard, 'Experience-Based Brain Development – Scientific underpinnings of the importance of early child development in a global world', in *Early Child Development from Measurement to Action – A priority for growth and equity*, M. Young and L. Richardson (eds), Washington, World Bank, 2007, p. 572.

41 NSW Commission for Children and Young People, *Submission 8*, p. 4.

42 Harrison, op. cit.

43 Productivity Agenda Working Group- Education, Skills, Training and Early Childhood Development, *A National Quality Framework for Early Childhood Education and Care – A discussion paper*, Council of Australian Governments, 2008, p. 2.

to all children.⁴⁴ This has led some to question formal childcare in general. However, childcare is an accepted practice and, for many, a necessity in modern life. Childcare allows parents to participate in work, study and other activities; it functions as an important, alternative family support mechanism and it can offer valuable developmental opportunities for children. Once the need for childcare is accepted as fact, it then becomes imperative to strongly support all children and families by ensuring that the provision is of high quality. This is particularly important for 'at risk' children who gain the most benefit from such programs.

3.39 The author of the study, *Growing Up in Australia*, suggested that the differences between the findings of that study, and a number of overseas studies regarding the benefits of care, may be based in part upon the government quality assurance and regulatory processes which specify minimum standards.⁴⁵ It is claimed that these processes ensure a certain level of quality in the care provided, leading to improved outcomes for children.

3.40 On the other hand, another study was conducted on the basis that variation is found across childcare programs across Australia, despite enforcement of minimum standards through regulation, licensing and accreditation of the sector. This study monitored the stress levels of children in childcare by measuring cortisol levels throughout the day.⁴⁶ The findings showed that children exhibited lower cortisol levels (and thus their long-term development improved) when they took part in childcare programs that rated well on government-regulated features (including carer to child ratios and carer qualification levels). As the group size was reduced and the number of qualified staff increased, children's cortisol levels fell. This study also showed that disadvantaged children gained significant benefits from childcare, even from lower quality childcare programs because the childcare environment represented an improvement on their home environments. Most importantly, the study indicated that a supportive and warm relationship between carer and child is the single most important feature of quality childcare.

3.41 The common indication from these Australian studies is that a quality childcare program delivered by qualified and skilled carers can be a beneficial experience for children, particularly disadvantaged children. These studies contradict the claim made in some submissions that formal childcare is disadvantageous to children. It is certainly true that badly designed childcare programs of low quality can harm children's development. The challenge is to ensure minimum standards raise the quality of poorly designed programs.

44 Jennifer Buckingham, 'Child Care – Who benefits?' *Issue Analysis*, No. 89, Centre for Independent Studies, 24 October 2007. Available at http://www.cis.org.au/issue_analysis/IA89/ia89.pdf, accessed 1 September 2009.

45 Harrison, *op. cit.*

46 Margaret Sims, Guilfoyle, A. & Parry, T., 'Children's Well-being in Child Care', paper presented at *Family Matters*- the 9th Australian Institute of Family Studies Conference, Melbourne, 9-11 February 2005.

Features of quality childcare

3.42 It is not a simple task to define quality childcare or identify the features of such care. The AIHW cautioned that there is presently little agreement on the definition of 'quality childcare'.⁴⁷ The NSW Commissioner for Children and Young People informed the committee that extensive research is needed to 'better understand how the provision of childcare impacts on the quality of childcare'.⁴⁸

3.43 The committee, however, points to some commonly cited features of quality childcare programs. The Work and Family Policy Roundtable identified ten policy principles for a national ECEC system.

- ECEC is a public good;
- Promote the well-being of all children;
- Universal ECEC;
- Affordable and equitable ECEC;
- Rational planning of ECEC growth;
- High quality standards;
- Good employment practices;
- A robust regulatory system;
- Supportive parental leave and tax policies; and
- Building healthy communities and social capital.⁴⁹

3.44 A number of these features relate to ways in which communities and governments approach the issue of childcare, including a requirement to put children and their needs at the centre of such a framework, as opposed to viewing childcare simply as a means of encouraging workforce participation.⁵⁰ This is linked to the wider benefits society can derive from high quality childcare and education for young children, in addition to the individual benefits to children. A strong regulatory system must be enforced and tied to effective quality standards in order to ensure that childcare programs are of high quality.

3.45 The roundtable further stated that an effective system of childcare should be universal, affordable and equitable and should be based on effective planning to ensure availability to all children in all locations. Co-location and integration of care,

47 AIHW, *A Picture of Australia's Children 2009*, 2009, p. 129.

48 Ms Gillian Calvert, *Committee Hansard*, 16 July 2009, p. 22.

49 Work and Family Policy Roundtable, *Submission 57*, pp 4-7.

50 Ibid. See also Work and Family Policy roundtable, 'Ten Policy Principles for a National System of Early Childhood Education and Care', paper presented at the National workshop of the Academy of Social Sciences in Australia, *Childcare: A better policy framework for Australia*, University of Sydney, 13-14 July 2006.

education and other children's services can strengthen communities and improve outcomes for children and families.⁵¹ The roundtable also stated that the provision of childcare should be complemented by related family-friendly policies.⁵²

3.46 One fundamental component of high-quality and well-designed childcare is a well-planned program directed towards achievable developmental goals.⁵³ This does not indicate that young children should be learning in formal settings similar to primary school classrooms. Play-based learning is widely acknowledged to be the most effective vehicle for learning in early childhood. Similarly, it is not necessary that all carers be qualified teachers. A balance between a social-emotional focus and a cognitive or knowledge focus is required.⁵⁴

3.47 A term commonly used to refer to the three main features of a quality childcare program is the 'iron triangle', the components of which are group size, qualification levels of staff and ratio of carers to children.⁵⁵ These are examples of structural features, a classification that is contrasted with process features for ease of description.

Structural and process features

3.48 Features of quality in childcare can be separated into structural quality and process quality. Structural components include centre facilities and equipment, building designs and layouts, ratios of carers to children and qualification levels of staff. Such features form a large part of regulatory and licensing systems which are managed by state authorities.⁵⁶

3.49 Process components are more difficult to quantify and form the focus of the accreditation of childcare.⁵⁷ They can be referred to as 'interpersonal' features;⁵⁸ such features include the management of the social environment of a centre, the stimulus offered by learning and play activities as well as the quality of interactions between carers and children contributing to supportive relationships and the building of trust.

51 Ibid.

52 Related family policies are discussed in further detail below.

53 See, for instance, SDN Children's Services, *Submission 29*, p. 2; see also Tim Moore, 'Towards an Early Years Learning Framework for Australia', *CCCH Working Paper 4*, Centre for Community Child Health, 2008, p. 4.

54 Moore, *op. cit.*, p. 12.

55 See, for instance, LHMU – the Childcare Union, *Submission 51*, p. 11.

56 NCAC, 'What Is the Difference Between Quality Assurance, Licensing and National Standards', *Frequently Asked Questions*. Available at http://svc031.bne001tv.server-web.com/printer_pages/media_print.htm#2, accessed 1 September 2009.

57 John Tainton, *Child Care Quality Assurance in Australia*, paper presented at the Museums Australia National Conference, 2005, p. 3.

58 Moore, *op. cit.*, p. 7.

3.50 Process and structural features are not entirely separate; rather these features interact in quality childcare programs. In its annual report on the world's mothers, Save the Children ranked Australia second last of the OECD countries in early childhood development.⁵⁹ This was based on criteria such as paid parental leave provisions, child poverty rates and regulated childcare services. Australia achieved two benchmarks (university qualified early childhood teachers and availability of subsidized and regulated childcare services) but did not meet the benchmark stipulating that most childcare staff hold relevant qualifications. The report noted that successful early childhood settings have well-trained and well-paid staff who should be retained 'so they are consistent, familiar and reassuring figures in children's lives'. While staff remuneration, qualification and retention levels are structural features, such workforce factors affect process quality via familiarity and the relationships between carers and children. Similarly, staff qualification levels are structural features (thus easily regulated) but staff skill levels are features of process quality.⁶⁰

Improving childcare

The work of caring for children is not valued by the community...In this environment of poor wages, working conditions and minimal value placed on their work, it is very difficult for caregivers to implement high quality practice.⁶¹

3.51 Raising the quality of childcare programs is multidimensional. Some of the biggest challenges facing the childcare sector relate to quality, including carers' qualification levels and typical pay levels. In addition to these workforce issues, cost and availability of childcare services present difficulties to many families.

Workforce conditions

3.52 A significant number of submissions received by the committee stated that improvement in the working conditions for childcare workers is vital.⁶² Witnesses pointed to the need to address improvements to the status of carers in order to retain them in the workforce.

59 Save the Children, 'Investing in the Early Years', *State of the World's Mothers 2009*, 10th Annual Report, 2009, p. 33, 37. Available at <http://www.savethechildren.org/publications/state-of-the-worlds-mothers-report/state-worlds-mothers-report-2009.pdf>, accessed 7 May 2009.

60 Meagher & King, op. cit.

61 Margaret Sims, 'The Determinants of Quality Care – Review and research report', in *Kids Count: Better Early Childhood Education and Care in Australia*, Hill, E., Pocock, B. & Elliott, A. (eds), Sydney University Press, 2007, Chapter 11, p. 225.

62 See, for instance, LHMU – The Childcare Union, *Submission 51*; Australian Services Union, *Submission 42*; Family Day Care Australia, *Submission 53*.

Status and value in community

3.53 The quality of the childcare sector is shaped by community values, government priorities and political will. If the community does not view early childhood care and education as a priority, government policy will reflect this through inadequate funding. Quality provision of any service is related to the status and self-esteem of those who operate the service. The childcare sector is largely staffed by women who receive low remuneration and put up with poor working conditions. Their jobs offer little security and few options for promotion.⁶³ How the community and government value children is indicated, in part, through the value placed on the carers who staff the childcare sector. In our society, carers are often viewed as low skilled, regardless of qualifications, and their work is often viewed as simply child-minding.⁶⁴ The committee considers it is the responsibility of all levels of government to work towards raising the status of carers in the sector.⁶⁵

3.54 The committee heard evidence regarding the various ways in which the status of the childcare sector and carers is connected to other factors.⁶⁶ These include the levels of qualifications and pay in the sector, the working conditions of carers and the divide between the childcare sector and early education. Improvements in one area can lead to improvements in other areas.

Retention of the workforce

3.55 A high staff turn-over is an indicator of discontent and instability in any operation or enterprise. It is a particular problem in the childcare sector.⁶⁷ In addition, there is a need to attract new staff into the sector to overcome the present shortage.⁶⁸ Many carers are leaving the sector and this has been the trend for some years. The loss of qualified carers compounds the problem of maintaining quality childcare. Children need the security of having familiar caregivers. A high staff turnover rate affects the quality of relationships between carers, children and families and, in turn, the overall quality of care.⁶⁹

63 Save the Children, op. cit., p. 37.

64 Dr Michael Lyons, *Submission 47*, p. 2.

65 Municipal Association of Victoria, *Submission 65*, p. 21.

66 Ms Pam Cahir, *Committee Hansard*, 20 July 2009, pp 9-10; Ms Alice Pryor, *Committee Hansard*, 21 July 2009, p. 4; Councillor Rose Iser, *Committee Hansard*, 21 July 2009, p. 35.

67 See, for instance, Ms Lesley Penrose, *Committee Hansard*, 15 July 2009, p. 6; NSW Commission for Children and Young People, *Submission 8*, p. 14.

68 See, for instance, Children's Services Support Unit WA, *Submission 12*, p. 2; Bayside Family Day Care, *Submission 1*, p. 1; WeeWunz Corporate Child Care Solutions, *Submission 25*, p. 1; Ms Rosalie Rogers, *Submission 28*, p. 3.

69 Ms Pam Cahir, *Committee Hansard*, 20 July 2009, pp 9-10; The Infants' Home Child Family Services, *Submission 78*, p. 3; Centre for Community Child Health, *Submission 78*, p. 7.

3.56 In addition to costs to the child, there are also costs to the employer. The cost to individual employers is the need for further training and development of new staff members, which can be expensive. Low turnover rates in other industries mean '...the initial investment by the employer in training provides a greater long-term benefit...'⁷⁰

3.57 The committee heard evidence that historical retention levels in the sector showed differences based upon the type of employer – public or private. Private employers' staff retention levels were lower than those of public employers; staff tended to remain with public employers, local government authorities for instance, for longer periods of time.⁷¹

Remuneration and working conditions

3.58 When pointing out these differences in staff retention rates, representatives from the Australian Services Union noted the strong link between low pay and poor retention rates and claimed that the better pay levels (and other conditions) offered by public employers in the childcare sector largely accounted for the higher staff retention levels. Independent Education Union of Australia members reported to the union the clear preference for employment in the education sector, not the childcare sector, because of better remuneration and working conditions.⁷²

3.59 The committee formed the view that the main reason for the failure of the sector to retain its workforce is the low standard of pay and conditions. It appears as though the sector relies on the dedication of employees and takes for granted their level of commitment. There are limits to what can be reasonably accepted, as one witness told the committee:

[t]he issue, I think, is that if you are starting out as a diploma-qualified person in child care then you might get \$18 an hour or something—it is not very good money—so even if you are passionate about the early years you would not pursue a career to receive pretty low money.⁷³

3.60 When prompted by a senator who noted that plenty of people have worked 30 or 40 years in the industry for that sort of money, the witness continued:

I know they have, but I think it is time for a change and that the profession needs to be recognised for the important role it has. As Councillor Pryor has said, if a coordinator is receiving \$25 an hour for managing the services of 20 staff, earning the same as or maybe less than the kindergarten teacher who is working with 25 four-year-old children, that really needs a big overhaul in the system. If we want to encourage people to work in the

70 Mr Greg McLean, *Committee Hansard*, 16 July 2009, pp 95-96.

71 *Ibid.*, pp 100-101.

72 Independent Education Union of Australia, *Submission 34*, p. 8.

73 Ms Annette Polities, *Committee Hansard*, 21 July 2009, p. 14.

sector, I think it really needs to be looked at. That is the only way the perception of the industry will change.⁷⁴

3.61 A witness from Early Childhood Australia told the committee that while some childcare centres in the independent and community sectors paid higher than average salaries, even the highest of these was about 14 per cent less than is paid to teachers in primary schools. The committee learnt that the great majority of students enrolled in early childhood courses intended applying for schools rather than childcare centres because of the difference in pay and the lack of status associated with childcare.⁷⁵ Her colleague told the committee more details about this problem:

[m]y understanding from talking to people in the recruitment area is that if you have an early childhood teacher and they get the opportunity to work in a primary school with a kinder, year 1 or year 2 class then they will take it because they get 12 weeks annual leave and their official hours are from 9 am to 3.30 pm. We know they work longer than that but they will take that every time as opposed to working in long-day care—where they would be working 48 weeks of the year with not a lot of off the floor time and they would be working shift work from, say, 7am till 3 pm or 10 am till 6 pm at night. So I think it is the conditions that make those graduates search for jobs in the school sector or in the preschool sector.⁷⁶

3.62 Any 'reform' of the early childhood education and care sector will need to include new pay settlements. These will need to take into account the equation of qualifications and salary levels. Anomalies abound, partly because of the distinction that is made between early childcare educators, infants' teachers and childcare workers who in many cases have similar qualifications.

Qualifications and training

3.63 It is axiomatic among childcare professional that increasing the qualification levels of carers as well as attracting new and qualified staff into the sector will raise standards of quality and improve the status of the profession. This will bring about improved workforce conditions, including pay, in the childcare sector. To work towards these objectives, the Commonwealth has introduced changes to the ECEC training options available, making training more accessible and affordable. These changes include waiving the fees for students studying ECEC from 2009 at TAFE (at the diploma and advanced diploma level).⁷⁷ A higher number of students are also able

74 Ibid.

75 Ms Christine Legg, *Committee Hansard*, 16 July 2009, p. 88.

76 Hon Julia Gillard MP, '500 New University Places for Early Childhood Education Teachers', Joint Media Release, 2 October 2008. Available at http://www.deewr.gov.au/Ministers/Gillard/Media/Releases/Pages?Article_081003_124607.aspx.

77 Hon Maxine McKew MP, 'Good News in Child Care', Media Release, 23 October 2008. Available at <http://www.mediacentre.dewr.gov.au/mediacentre/mckew/releases/goodnewsinchildcare.htm>.

to apply for university-level courses in ECEC through an increase in places funded by the government.⁷⁸

3.64 Professionalism needs to be recognised at all levels. Carers without even TAFE qualifications can develop a professional outlook with less formal training. The committee heard of how this was done in Western Australia through training courses and qualifications gained through recognition of prior learning (RPL).

We provide professional development and support and training to all the childcare services—900 plus—in WA. We have training that we customise day and night. We try to make it accommodating. We reach out to the rural and remote areas. Just as an example of people's self-perception in the sector, one of my staff was doing what we often do, which is phone call everyone in a particular area to advise that this particular training was going to be held...I forget what the name of the course was, but it asked for early childhood professionals. My staff called and talked to a woman on the other line. They said, 'Are you and your staff going to come to this particular training?' She said, 'Yeah, I saw that flyer, but it asked for early childhood educators and health professionals.' There was a silence. My staff member said, 'Well, that's you.' And there was another silence. And she said, 'Oh, yes.' So, in other words, she did not perceive herself as a professional.⁷⁹

3.65 Yet the committee notes that there is a degree of unease among some in the sector about the effects of raising the qualification levels among childcare workers. It appears that this is linked to the fear of increased costs. Higher qualifications will put pressure on salaries, which will also impact on the costs for families

3.66 A submission from the proprietor of an independent childcare centre complained about what she saw as the excessive influence of academic childcare experts on the making of official policy which was seen to be imposing a qualifications regime. The submission asked:

[s]o where is the evidence that children and parents are being disadvantaged by having workers who aren't early childhood graduates providing educative care?...please demonstrate what difference is displayed in the abilities of a child cared for and educated by a person with a qualification not gained in a tertiary institution.⁸⁰

3.67 The committee has no settled view about the level of qualifications that ought to be held by carers, but does consider that some form of training is essential. It notes that a TAFE Certificate level 3 is seen to be a desirable minimum. It applauds the trend toward employing graduates for the teaching of kindergarten-aged children. It

78 Hon Julia Gillard MP, '500 New University Places for Early Childhood Education Teachers', Joint Media Release, 2 October 2008. Available at http://www.deewr.gov.au/Ministers/Gillard/Media/Releases/Pages?Article_081003_124607.aspx.

79 Mr Dawson Ruhl, *Committee Hansard*, 7 August 2009, p. 40.

80 Abacus Child Care, *Submission 84*, p. 2.

understands that some carers with long and usually admired service are reluctant to undergo training processes which will see them qualified through RPL, even though the costs are borne by their employers.⁸¹ It notes that new regulations in Western Australia offer considerable flexibility in this regard but are still unacceptable to some. Nonetheless, the committee believes that all carers should undertake some form of training, even if it is through occasional professional development services. Inspiring and enthusing unqualified staff to participate in these courses is a worthy test of childcare centre leadership and sympathetic and engaging training carried out by properly qualified TAFE or other providers.

3.68 Those who are sceptical about qualifications stress that 'experience' is the main qualification required. Maturity and what may be described as 'motherliness' are said to be among the best qualifications. The committee noted elements of disdain in references to the willingness of young graduates to deal with the mess that comes with the care of young children. While the committee recognises that training and education may not always make a good childcare worker – in the absence of a sense of vocation and necessary personal qualities – it notes that research has shown that high qualification levels generally lead to higher quality of care.⁸² Carers may have very good personal qualities, extensive experience and good skills, but it does not mean that they have a professional approach to their work and they may be lacking in the knowledge that is needed to fully understand the developmental needs of children.

Cost and affordability

3.69 In recent years, there have been substantial increases in the cost of childcare services. Childcare fees have risen significantly more than inflation and the cost of living. In fact, cost was identified as the second most important difficulty that families experienced with childcare in a study carried out by the National Centre for Social and Economic Modelling at the University of Canberra.⁸³

3.70 As noted in the previous section, the training and employment of carers with TAFE and university qualifications will drive up the cost of childcare, but this is an inescapable consequence of the need to improve quality. Such increasing costs will need to be met through increased taxpayer subsidies and possibly through increased fees.

3.71 Childcare affordability is an important issue with ramifications for families. The cost of childcare is an impediment for some families, determining whether or not care is accessed. Issues related to the funding of childcare, the effects of these upon

81 Mrs Roslyn Thompson, *Committee Hansard*, 7 August 2009, p. 28.

82 See, for instance, Work and Family Policy Roundtable, *Submission 57*, p. 6.

83 Rebecca Cassells, Justine McNamara, Rachel Lloyd and Ann Harding, 'Perceptions of Child Care Affordability and Availability in Australia – What the HILDA survey tells us', Paper presented at the 9th Australian Institute of Family Studies Conference, Melbourne, 10 February 2005, p. 8.

affordability as well as recent initiatives to deal with affordability issues are discussed in further detail in chapter four.

Availability

3.72 Availability is 'intertwined with the politics of regulation and the profits and practices of care providers'.⁸⁴ Some submissions indicated that the market model has compounded the difficulties of accessing childcare, leading to patchy supply of childcare services. For instance, there was evidence that those types of care that are more profitable, such as places for children aged three to five, are generally oversupplied.⁸⁵ Hence, it was widely acknowledged in the sector that ABC Learning had a disproportionately low number of places for infants, this type of care being more expensive to provide.⁸⁶ As a result of the market being allowed unfettered choice of location and provision of services in the absence of any high-level planning, witnesses indicated that there are now problems of both undersupply and oversupply in the sector. Generally, there is an oversupply of places for children aged three to five. On the other hand, care for infants and OSHC services are undersupplied.⁸⁷ Services catering for children with additional needs are also undersupplied.⁸⁸ The committee heard from witnesses in Perth of the often low participation in childcare by children from indigenous families. This could be attributed to either different care preferences on the part of these families or services not catering adequately for the childcare needs of indigenous families. The witnesses also pointed out that participation rates vary across indigenous communities.⁸⁹

3.73 Parents are sometimes forced to use a 'patchwork' of childcare arrangements in order to secure adequate places or hours in care for their children. Such arrangements can be disruptive for parents in regard to travelling time and convenience. However, this type of situation is particularly disruptive for children who require familiar caregivers to provide stable relationships and care.⁹⁰

3.74 The committee was informed that availability in terms of operating hours can also pose a difficulty to parents.⁹¹ Some OSHC and long day care services close too early in the evenings, leaving parents with little time to finish the working day and

84 Meagher & King, op. cit.

85 Ms Renate Gebhart-Jones, *Committee Hansard*, 16 July 2009, p. 47.

86 Uniting Care Children's Services, *Submission 40*, p. 3.

87 See, for instance, Australian Community Children's Services, *Submission 37*, p. 7.

88 Uniting Care Children's Services, op. cit.

89 Ms Nola Poland and Ms Jackie Murray, *Committee Hansard*, 7 August 2009, pp 64-65.

90 Community Development and Justice Standing Committee, *Inquiry into the Adequacy of Services to Meet the Developmental Needs of Western Australia's Children*, WA Legislative Assembly, August 2009, p. 175.

91 Ms Samiro Douglas, *Submission 76*, p. 2.

travel to the childcare centre. While flexible work arrangements can help to address such issues, childcare services also need to respond to the needs of parents.

3.75 Availability of childcare services in rural and remote areas causes significant difficulty because of expense and the difficulty of attracting qualified and committed people into these areas. A report of the standing committee on Community Development and Justice of the Western Australian Legislative Assembly noted that the integration of services is particularly helpful in remote areas because of travel requirements and extensive distances. The committee found general local consensus around the need to interlink childcare, early education, health and parental support programs.⁹²

3.76 Remote communities experience particular problems but they are shared to some extent by areas of population closer to metropolitan areas. This committee received evidence from Western Australian communities in the Wheatbelt which probably summarised the difficulties faced by rural – but not remote – centres across the country. The issues for Kondinin (220 kilometres east of Perth) are those of finding qualified staff, as required by state regulations, and the need to operate under exemptions when such qualified carers are not available. A considerable burden falls on volunteers, as community-based childcare predominates in rural towns, because there is little or no relief staff.⁹³

3.77 Vulnerable or disadvantaged families can experience difficulties accessing ECEC services. Examples include indigenous and migrant families but most notably children with additional needs. The cost of providing care to such children is higher and some private providers (including past corporate providers) do not offer this type of inclusive care while others offer limited places.⁹⁴ Community-based, not-for-profit services offer a proportionally higher number of places offering more expensive additional-needs places.⁹⁵ The government provides extra funding to childcare services to assist the provision of care for children with additional needs. This funding is provided under the Inclusion Support Program and is discussed further in chapter four. Recent initiatives to address availability issues are also outlined in chapter four.

The 'market model' and its effects

3.78 Funding the demand for childcare facilitated significant growth in the availability of childcare places in some areas. Increasing the level of privatisation in the childcare sector was a cost-effective way of increasing the number of services offered and meeting increased demand. An expansion of the private sector in the

92 Community Development and Justice Standing Committee, op. cit., p.189.

93 Wheatbelt Organisation for Children's Services, *Submission 17*, pp 17-18.

94 Ms Elizabeth Death, *Committee Hansard*, 14 August 2009, p. 27.

95 Community Child Care Co-operative NSW, *Submission 27*, p. 4. Ms Sheridan Dudley, *Committee Hansard*, 15 July 2009, p. 31; Ms Renate Gebhart-Jones, *Committee Hansard*, 16 July 2009, pp 47-48.

provision of childcare was critical to achieving this in the absence of capital funding and operational subsidies for community-run childcare services. When the government stopped providing capital grants and recurrent costs, economists point out that the effect was a switch from subsidising supply to subsidising demand. Some reports have claimed that this encouraged prices to escalate.⁹⁶

3.79 An advantage of demand-side funding is that it allows parents to choose the childcare provider that best meets their needs.⁹⁷ On the other hand, families are able to access approved care at reduced prices through supply-side funding mechanisms.⁹⁸ Because families can choose to pass Child Care Benefit to the providers, CCB is in effect a form of recurrent funding and thus can function similarly to supply-side funding.

3.80 The substantial increase in the overall number of childcare services and childcare providers coincided with other changes in the sector. Local government authorities divested themselves of many of their centres. During the period 1991 to 1996, childcare places offered by private providers increased by over 200 per cent; in contrast, places offered by non-profit providers increased by 15 per cent during the same period.⁹⁹ Furthermore, the proportion of small, independent providers declined as the number of corporate providers increased and one corporate provider, ABC Learning, began to dominate the market.¹⁰⁰

3.81 Before the collapse of ABC Learning, Professor Brennan identified potential areas of concern regarding the market model and the increasing 'corporatisation' of childcare.¹⁰¹ She cautioned against the incompatibility of market priorities and the needs of children. Market priorities include 'cost minimisation and profit maximisation',¹⁰² neither of which plays a role in increasing quality of service nor leads to better development outcomes for children. Similarly, children's needs cannot be viewed in terms of 'revenue production'.¹⁰³ Quality care is not inexpensive. So, when the sector is opened up to the market, strong regulatory processes are required to

96 Ross Gittins, 'Child-Care Rebate Bad for Kids', *Sydney Morning Herald*, 19 March 2008. Available at <http://business.smh.com.au/action/printArticle?id=93607>.

97 Gordon Cleveland and Michael Krashinsky, 'Financing ECEC Services in OECD Countries', *OECD Occasional Papers*, 2002, pp 37-38.

98 *Ibid.*, p. 30.

99 Professor Deborah Brennan and Associate Professor Susan Newberry, *Submission 64 (Attachment 2)*, p. 215.

100 *Ibid.*, p. 223.

101 Deborah Brennan, 'Innovative Policies in Parental Leave and Child Care'. *Social Policy Research Centre Newsletter*, 99, July 2008, p. 5.

102 Barbara Pocock and Elizabeth Hill, 'The Childcare Policy Challenge in Australia', in *Kids Count – Better early childhood education and care in Australia*, Elizabeth Hill, Barbara Pocock and Alison Elliott (eds), 2007, p. 27.

103 Centacare Broken Bay, *Submission 24*, p. 6.

prevent standards slipping in favour of profits. Although ABC Learning was a very strong performer on the stock exchange for a number of years, critics linked ABC's share price and quality of care, cautioning that any drop in the shares would lead directly to a drop in the quality of care.¹⁰⁴

3.82 The second potential drawback identified by Brennan was the reduced choice for families. The claim that market forces would expand the range of choice available to families is not necessarily true in all circumstances.¹⁰⁵ The dominance of the large corporate providers had the potential to crowd out other providers in the sector. Some families were unable to exercise any choice at all in accessing ECEC services if, for instance, ABC Learning was the only childcare service in the area.¹⁰⁶ This often resulted from the aggressive tactics of ABC Learning in squeezing out competitors.¹⁰⁷ While it is claimed that private provision of childcare is the least popular form of childcare in Australia,¹⁰⁸ it is also by far the most common form of childcare available.

3.83 A number of submissions pointed to the disjunction between childcare need and 'product placement': that allowing the market to rule as to where services are established is risky. Private providers are quite reluctant to establish childcare businesses in areas of need which may be less profitable.¹⁰⁹ The proportion of ABC Learning centres in regional or rural areas was far lower than those in suburban or metropolitan centres, although many criticisms have also been made of the general undersupply of childcare services in central business districts. This had an interesting 'domino effect' when ABC Learning centres closed. This placed increased pressure on the surrounding childcare services to meet demand and, in particular, pressure upon providers of community-based and not-for-profit services 'to fill the gap'.¹¹⁰ It must be noted that ABC Learning centres have the same licensing conditions and quality assurance as all other childcare centres.

104 Emma Rush & Christian Downie, 'ABC Learning Centres – A case study of Australia's largest child care corporation', *Discussion Paper 87*, Canberra: the Australia Institute, June 2006, p. 18. Available at <https://www.tai.org.au/documents/downloads/DP87.pdf>, accessed 15 January 2009.

105 Ms Denise Taylor, *Committee Hansard*, 7 August 2009, p. 21.

106 Deborah Brennan, 'Innovative Policies in Parental Leave and Child Care', *Social Policy Research Centre Newsletter*, 99, July 2008, p. 5.

107 Independent Education Union of Australia, *Submission 34*, p. 5; Professor Deborah Brennan and Associate Professor Susan Newberry, *Submission 64 (Attachment 3)*, p. 13; Childcare Associations Australia, *Submission 56*, p. 2.

108 Meagher & King, *op. cit.*

109 See, for instance, Early Childhood Australia, *Submission 31*, pp 5-6.

110 Independent Education Union of Australia, *Submission 34*, p. 6.

Planning the effective provision of childcare

Current government policies rely heavily on market trends and mechanisms instead of proactive planning to shape childcare provision. An over reliance on the market, combined with an absence of regulation around the use of public investment, have impacted negatively on childcare quality in Australia.¹¹¹

3.84 The committee heard evidence that successive changes to childcare policy and funding mechanisms have led to a diminution of government control in the sector.¹¹² With the failure of the unfettered market, the committee was told that it is necessary to plan for the efficient and equitable provision of childcare.¹¹³

3.85 In response to these claims, the committee notes the regulatory role held by the National Childcare Accreditation Council in providing quality assurance in the childcare sector. The committee also notes the early childhood education and care reform agenda of the Council of Australian Governments. This has led to the establishment of the National Early Years Learning Framework and the National Early Childhood Development Strategy. Planned reforms include streamlining the licensing and accreditation processes as well as establishing a nationally consistent approach to quality and regulation of the ECEC sector.¹¹⁴

3.86 Many submissions pointed out the patchy supply of ECEC services. Some areas are oversupplied while other services and regions are drastically short of much-needed childcare services.¹¹⁵ For instance, places for children aged three to five and centres in outer suburban areas are very common while places for infants and services in some rural or remote communities are undersupplied. The reasons for this have been noted previously. Effective planning would address such difficulties, in particular preventing 'market gouging' and other aggressive businesses practices. Researchers have found that 'Australians prefer governments to not only fund but also deliver care';¹¹⁶ however, directly providing childcare services is clearly beyond the responsibilities of the Commonwealth government.

111 Ms Vicki Hall, *Committee Hansard*, 15 July 2009, p. 3.

112 Ms Cora-Ann Wilson, *Committee Hansard*, 7 August 2009, pp 38-39.

113 See, for instance, Shire of Yarra Ranges, *Submission 26*, p. 8; Municipal Association of Victoria, *Submission 65*, p. 19.

114 DEEWR, 'The Council of Australia Governments' Early Childhood Commitment', available at http://www.deewr.gov.au/EarlyChildhood/Policy_Agenda/Pages/COAG.aspx.

115 Mrs Denise Taylor, *Committee Hansard*, 7 August 2009, p. 21; Australian Community Children's Services, *Submission 37*, p. 7; National Foundation for Australian Women, *Submission 7 (Supplementary)*, p. 4.

116 Meagher & King, op. cit.

3.87 The committee heard evidence from a number of witnesses, calling for greater direct government involvement in needs-based planning of childcare provision.¹¹⁷ However, witnesses from Western Australia informed the committee that planning must 'reflect current community needs';¹¹⁸ the planning process must therefore be flexible enough to respond to the different needs of various communities.¹¹⁹ The committee also heard that, unlike the Commonwealth government, local government is well-placed to know the community's needs and its demographics through direct network links with providers, families and other relevant sectors of the community.¹²⁰ The Victorian Local Governance Association pointed to the need to establish local plans to meet planning implications.¹²¹ Furthermore, the provision and planning of childcare services in a particular area should be viewed hand-in-hand with other children's services and family centres in that area to ensure particular communities are able to meet all the needs of local children and families.¹²² The committee was informed by Childcare Queensland that claims of undersupply in the sector typically relate to infant care places and that the sector generally is oversupplied. Childcare Queensland advocates a planning model based on vacancy data to ensure that centres are built where needed.¹²³ A representative of Early Childhood Australia suggested to the committee that the Commonwealth's role in planning should be to collect the required information in order that local plans can be formulated based on accurate data. The representative stated:

[w]e would see the Commonwealth government not so much making the decisions about where the centres would go as collecting the information so that we have really good, solid information. We would support the local government making those decisions...¹²⁴

3.88 Moreover, some witnesses argued for a return to the previous system of planning controls, noting that this led to greater choice for families.¹²⁵ However, the committee believes that responding to such calls must be balanced with the need to meet the increasing demand for childcare. Limiting the provision of services through planning may restrict the supply and availability of services. In 2006, the Commonwealth government lifted the cap on OSHC and family day care places,

117 See, for instance, Ms Vicki Hall, *Committee Hansard*, 15 July 2009, pp 2-3; Ms Helen Creed, *Committee Hansard*, 7 August 2009, p. 8; Australian Community Children's Services, *Submission 37*, pp 6-7; National Foundation for Australian Women, *Submission 7 (Supplementary)*, p. 8.

118 Mrs Roslyn Thompson, *Committee Hansard*, 7 August 2009, p. 26.

119 Children's Services Support Unit WA, *Submission 12*, p. 2.

120 Ms Alice Pryor, *Committee Hansard*, 21 July 2009, p. 11.

121 Victorian Local Governance Association, *Submission 58 (Appendix A)*.

122 Ms Helen Creed, *Committee Hansard*, 7 August 2009, pp 8-9.

123 Childcare Queensland, *Submission 22*, pp 1, 4.

124 Ms Christine Legg, *Committee Hansard*, 16 July 2009, p. 91.

125 Ms Barbara Romeril, *Committee Hansard*, 21 July 2009, p. 22.

noting that the absence of restrictions would increase the availability of childcare and flexibility of services as well as provide more choices for families.¹²⁶ The committee does not support a return to a system whereby the Commonwealth imposes planning controls upon the provision of childcare but the committee believes that the Commonwealth can facilitate the development of local plans based on more comprehensive knowledge.

3.89 The planning process called for by witnesses encompassed not simply the total number of places or services available in particular areas but, at a more general level, the make-up of the sector. Many witnesses called for a limit on the number of centres that could be owned by any one provider to prevent another monopoly such as that held by ABC Learning.¹²⁷ During the roundtable discussion in Hobart, a witness suggested tightly controlling which (and how many) providers were allowed to set up in a particular area, making it more difficult for any new providers to enter the sector.¹²⁸ Representatives from the South Australian Government told the committee that:

...the question of planning is not just about the sheer aggregate of supply of childcare places; it is about to some extent providing diversity and choice for families in terms of who operates the services and some sort of guidance for them around the quality of services that they might be able to achieve.¹²⁹

3.90 The committee notes that the current regulatory practices including accreditation and licensing offer such guidance to providers and families. With regard to planning processes, the committee believes that this should be 'national but local' whereby planning of provision is implemented at the local level and supported by measures at the national level including quality standards and assurance. The task of planning should belong to state, territory and local governments which are better positioned to be aware of and responsive to local community needs and issues.

3.91 Furthermore, the committee heard evidence that providers of childcare services should be subject to financial scrutiny along with other regulatory measures to prevent another monopoly and collapse similar to ABC Learning.¹³⁰ This means that the financial records of childcare providers should be made available for inspection (by a government body) to ensure their ongoing financial viability and to identify any financial problems early. Such unusual practices are justified on the basis

126 Hon Mal Brough MP, '2006-07 Budget - More child care places in Australia', Archived Media Release, 9 May 2006.

127 Community Child Care, *Submission 59*, p. 3; Mrs Barbara Langford, *Committee Hansard*, 14 August 2009, p. 11; Ms Kaye Colmer, *Committee Hansard*, 22 July 2009, p. 23.

128 Mr David O'Byrne, *Committee Hansard*, 20 July 2009, p. 7.

129 Mr Chris Shakes, *Committee Hansard*, 22 July 2009, p. 53.

130 Mrs Susan Nolan, *Committee Hansard*, 20 July 2009, p. 24; National Foundation for Australian Women, *Submission 7 (Supplementary)*, p. 8.

of the substantial government funds that are directed to childcare providers via parents.

3.92 The committee notes that providers eligible to receive Child Care Benefit must produce records of financial management for inspection when required.¹³¹ In addition, providers wishing to return to the sector must declare, when re-applying for approval, that they have not previously been subjected to insolvency or bankruptcy procedures as providers of childcare; new providers must declare that they have not previously operated in the childcare sector.¹³²

Whole-of-government approach

3.93 The effective provision of childcare requires the co-ordinated involvement of all levels of government.¹³³ One witness claimed that the 'silo effect' within the sector and the 'patchwork of bureaucratic systems' need to be removed through deliberate collaboration between different types of providers and across levels of government.¹³⁴

3.94 Representatives from community-based childcare told the committee that there needs to be a partnership between government at the local level (whether state, territory or local) and at the federal level. While local communities and governments at the local level are better able to identify their needs and implement programs, the Commonwealth needs to take responsibility for oversight.¹³⁵

3.95 Similarly, all government policy related to children's services and family support should function to achieve the best outcomes for children and families.¹³⁶ The Uniting Care Children's Services commended the government's early childhood agenda but cautioned that this must lead to a national and integrated system of childcare provision where broader policy frameworks are addressed also.¹³⁷ The committee acknowledges that a whole-of-government approach, of which the current COAG processes may be such an example, is required.

131 DEEWR, *Child Care Service Handbook 2008-09 - For all child care services*, 2008, p. 46.

132 See 'Application for Approval under the Family Assistance Law for Centre-Based Long Day Care Services', available at http://www.deewr.gov.au/EarlyChildhood/Programs/ChildCareforServices/Operation/Documents/08-234_0909_CBLDC.pdf.

133 Victorian Local Governance Association, *Submission 58*, p. 2; City of Port Phillip, *Submission 33*, p. 1.

134 Play Environment Consulting, *Submission 49*, pp 5, 8.

135 Ms Renate Gebhart-Jones and Ms Wendy Lindgren, *Committee Hansard*, 16 July 2009, p. 48.

136 Shop, Distributive and Allied Employees' Association (National Office), *Submission 11*, p. 2.

137 Uniting Care Children's Services, *Submission 40*, pp 3, 5.

Related family policies

3.96 There are a number of family-related policy areas that are closely linked to the provision of childcare, affecting the use of and demand for childcare services. Women's workforce participation, for example, is influenced by policies regarding paid parental leave and the availability of affordable childcare.¹³⁸ Government policies can serve to encourage certain choices or, more generally, to support families by allowing them freedom of choice. The Independent Education Union of Australia has called for integrated policies which work together to offer maximal support to new parents.¹³⁹

Taxation policies

3.97 The committee heard evidence from a number of witnesses who argued that the taxation system, as it stands, is inequitable.¹⁴⁰ This issue is discussed, along with other funding issues, in chapter four.

Flexible workplaces

3.98 The Federal Sex Discrimination Commissioner has claimed that flexible work arrangements are one of the key factors in addressing the 'leakage of female talent' from the workforce.¹⁴¹ Flexibility in work practices and attachment to the workforce are both related to and influenced by the provision of childcare. Family-friendly workplaces allow parents to balance paid employment with the care of their children. Attachment to the workforce is thus maximised. Many parents, especially mothers, choose to give up full-time employment when the demands of the job conflict with the needs of their children. Parents face a similar dilemma when they are unable to secure satisfactory childcare services which would allow them to remain at work.

3.99 One witness informed the committee that it was more common for employers to implement options for flexible work arrangements than to establish paid parental leave schemes.¹⁴² However, both of these measures can play a significant role in supporting parents to care for children.

Paid parental leave

3.100 The NSW Commission for Children and Young People stated, in its response to the Productivity Commission's draft inquiry report into a paid parental leave

138 Ms Elizabeth Broderick, Federal Sex Discrimination Commissioner, 'Women on the Verge of Recession: Confronting gender issues in turbulent times', Speech to the National Press Club, 29 April 2009.

139 Independent Education Union of Australia, *Submission 34*, p. 10.

140 See, for instance, Dean and Tempe Harvey, *Submission 62*, p. 20.

141 Ms Elizabeth Broderick, *op. cit.*

142 Mrs Nicole Mills, *Committee Hansard*, 16 July 2009, p. 12.

scheme, that a universal scheme of paid parental leave was one of the most effective means of ensuring healthy brain development in children because it offered the best environment for children's development.¹⁴³

3.101 The Australia Institute noted in its report on the economic benefits of a paid parental leave scheme that:

...in addition to the benefits it will confer on the Australian economy, the introduction of such a scheme will clearly improve equity and enhance the wellbeing of young families.¹⁴⁴

3.102 Australia was one of only two developed countries with limited paid provision of parental leave following the birth of a baby. There were limited paid provisions introduced with the Maternity Allowance in 1995. This was built upon by the 'baby bonus' which was introduced in 2004, providing support to families at the time of the birth of a child. The government announced the introduction of a paid parental leave scheme as part of the May 2009 budget, following referral of the issue in January 2008 to the Productivity Commission for investigation.

3.103 The scheme is to commence in January 2011 (but claims may be lodged late 2010).¹⁴⁵ The means-tested scheme consists of 18 weeks of postnatal leave for the primary carer who receives the federal minimum wage. Payments are taxable and families receiving the Baby Bonus will not be eligible to take part in the scheme. The government expects that this scheme will encourage workforce participation and attachment, principally for women, and will particularly support low-income workers (who may not otherwise have access to any form of paid parental leave).¹⁴⁶

Conclusion

3.104 Such family-related policies are aimed at supporting families as well as increasing the availability, accessibility and affordability of quality childcare services. In addition, following the collapse of ABC Learning and the resulting criticisms of the 'market model', renewed attention is now being focused upon the ways in which the childcare sector is supported and funded by all levels of government. The funding of the childcare sector is discussed in more detail in the following chapter.

143 NSW Commission for Children and Young People, *Response to the Productivity Commission's Draft Inquiry Report 'Inquiry into Paid Maternity, Paternity and Parental Leave'*, November 2008, p. 11. Available at http://www.pc.gov.au/data/assets/pdf_file/0007/84535/subdr373.pdf, accessed on 29 April 2008. See also Ms Gillian Calvert, *Committee Hansard*, 16 July 2009, p. 21.

144 David Richardson and Tully Fletcher, 'Long Overdue – The macroeconomic benefits of paid parental leave', *Policy Brief No. 1*, The Australia Institute, April 2009, p. 7.

145 Hon Wayne Swan MP, 'Rudd Government Delivers Paid Parental Leave', Joint Media Release, 12 May 2009.

146 Ibid.

