



# **ASU Submission to the Australian Senate Education and Employment Committee Inquiry into the Immediate Future of the Child care Sector in Australia**

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## About the Australian Services Union

The Australian Municipal, Administrative, Clerical and Services Union, trading as the Australian Services Union (ASU) is one of Australia's largest Unions, and represents approximately 120,000 employees. The ASU was created in 1993. It brought together three large unions – the Federated Clerks Union, the Municipal Officers Association and the Municipal Employees Union, as well as a number of smaller organisations representing social welfare, information technology

Today, the ASU's members work in a wide variety of industries and occupations and especially in the following industries and occupations:

- Local Government (both blue and white collar employment)
- Social and community services, including employment services
- Transport, including passenger air and rail transport, road, rail and air freight transport
- Clerical and administrative employees in commerce and industry generally
- Call centres
- Electricity generation, transmission and distribution
- Water industry
- Higher education (Queensland and South Australia)

The ASU is the largest Local Government union in Australia, and represents Early Childhood Educators employed in Local Government Child Care centres, including Long Day Care (LDC) Pre-schools, Out of School Hours Care (OOSHC), and facilitation of Family Day Care (FDC). The ASU has members in every State and Territory of Australia, as well as in most regional centres. We are a community-based organisation and take a strong view about the success of Local Government. Our members tend to live in the communities where they work:

In both urban and regional areas, the local council is often the largest single employer; therefore, uncertainty has significant economic impacts locally. The economic interests of Australian urban, rural and remote communities need a resolution<sup>1</sup>

Therefore, ASU advocacy extends beyond negotiated industrial outcomes for members. The ASU has a true commitment to the Local Government industry with a proud history; since 1871, of representing employees and that has a far-reaching effect on the sustainability of all communities. The ASU is a significant advocate and our issues are representative of all Australians.

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<sup>1</sup> Aph.gov.au. 2013. *Final report on the majority finding of the Expert Panel on Constitutional Recognition of Local Government: the case for financial recognition, the likelihood of success and lessons from the history of constitutional referenda*. [ONLINE] Available at: [http://www.aph.gov.au/parliamentary\\_business/committees/house\\_of\\_representatives\\_committees?url=j\\_sclg/localgovt/finalreport.htm](http://www.aph.gov.au/parliamentary_business/committees/house_of_representatives_committees?url=j_sclg/localgovt/finalreport.htm). [Accessed 13 March 14].

Local government manages large non-user pay sections of infrastructure across Australian communities, is a community governance and provides a wide range of equitably accessible services for which there is no other adequate provider in a market approach Early Childhood Education and Care (ECEC) and the facilities in which care is housed are a significant development opportunity and service to communities provided by Local Government; which can be complemented by Local Government co-ordination of other community health services and so on Local Government investment alone for infrastructure that supports Child Care is of significant importance to communities and without limits to outcomes, most Local Government infrastructure supports robust communities

## **Introduction**

The ASU welcomes the opportunity to participate in the Senate Education and Employment Committee Inquiry into the Immediate Future of the Child care Sector in Australia

The ASU supports the Committee's commitment to investigate the immediate future of an ECEC sector in Australia The Inquiry will be an important contribution to the debate about the provision of quality and affordable ECEC services in Australia The ASU has always represented the concerns of working families and taken the opportunity to raise community issues in consultation with government and on important public inquiries on this matter The following issues have been raised in the past<sup>2</sup>:

1. The loss of public monies invested in infrastructure via Child Care payment to private operations E.g. monies lost from the collapse ABC Learning (2007)
2. Child Care centres are often operated as a not-for-profit business ECEC functions as a service that facilitates ability of parents to gain paid work The economy benefits from increasing productivity of all working parents: productivity contributions and the outcomes of employment and all income earned by parents are re-spent stimulating the Australian economy
3. Children that receive ECEC do better at school and employment and in their contributions to society
4. ECEC must be both educational and supportive to families
5. ECEC is a necessity to make investment in parental leave worthwhile
6. Early Childhood Educators contribute to the economy in a similar/same way as teachers and provide essential education and development to young Australians Children are better prepared for school and achieve better outcomes from their ongoing education
7. What other similar OECD countries do is relevant to the ECEC industry

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<sup>2</sup> Asu.asn.au. *ASU Submissions*. [ONLINE] Available at: <http://www.asu.asn.au/resources/submissions>. [Accessed 13 March 14].

8. Programmes that developing countries in our region have running need to be better understood

In this submission we intend to address 4 issues emerge from the Terms of Reference for the Inquiry:

- i. Cost and availability for parents over the short term, including the effectiveness of the current government rebates;
- ii. Administrative burden: impacts of the National Quality Framework and the current regulatory environment on children, educators and service operators; and,
- iii. How the child care sector can be strengthened in the short term to boost Australia's productivity and workplace participation for parents.

Firstly, there are other remarks before getting to those points. The ASU is aware of recent submissions in response to the Productivity Commission (PC) issues paper<sup>3</sup> examining and identifying future options for child care and early learning in Australia; which will support greater workforce participation of women; that are flexible affordable and accessible. Please note our own submission<sup>4</sup> and in particular, that we would like to draw attention to some particular points made by the Australian Local Government Association (ALGA)<sup>5</sup>:

1. The PC issues paper points out that almost all children in Australia participate in some form of child care or early learning service before starting school, making child care an issue which affects almost every family in Australia. ALGA's submission says that Commonwealth and State government assistance should be carefully targeted at those parents who genuinely need financial support for child care, and that as a principle, child care of a nationally acceptable minimum standard should be available to all parents at a reasonable price, with a range of options available to suit parents' needs.
2. Although local government has no legislated role in child care, it is involved in implementing state legislation and the extent of involvement by local government varies from state to state due to differences in state requirements and from council to council, depending on the resources and capacity of individual councils. ALGA's submission says that it is vital for all levels of government to work together to deliver the best child care options for each community, and that utilising local government's knowledge of the community and population projections can assist to inform a timely response to future child care demand.

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<sup>3</sup> Pc.gov.au. 2014. *Childcare and Early Childhood Learning: Public Inquiry*. [ONLINE] Available at: <http://pc.gov.au/projects/inquiry/childcare>. [Accessed 14 March 14].

<sup>4</sup> ASU Submission to the Productivity Commission (PC): [Inquiry into Early Childhood Educators and Early Childhood Learning](#), 3 February 2014.

<sup>5</sup> ALGA Submission to the PC Inquiry into Early Childhood Educators and Early Childhood Learning: [http://pc.gov.au/data/assets/pdf\\_file/0018/134055/sub318-childcare.pdf](http://pc.gov.au/data/assets/pdf_file/0018/134055/sub318-childcare.pdf).

3. While some local governments provide council-run child care centres, the overall number of councils providing services has dropped in recent years and in some states councils have almost no involvement in child care. ALGA's submission emphasises the particular challenges faced by rural and remote communities; which have well-documented problems attracting and retaining qualified staff, where market failure has necessitated local government intervention in the provision of services normally provided by the private sector or other levels of government. In many rural council areas, the council-run child care centre is the only centre in the area, and rural and remote communities have great difficulty in recruiting staff with the higher qualifications required under the National Quality Framework for Early Childhood Education. Those concerns support the need to seek a balance between providing much needed child care, appropriate financial assistance to councils to do so, and meeting regulatory requirements through public sector provision of a service.
4. ALGA has consistently advocated for greater assistance to rural and remote local governments to develop resources and build on capacity. Where a council is required to fill a gap to provide a service on behalf of another level of government or because the private sector has no interest, ALGA considers it reasonable and necessary that the Commonwealth or state governments adequately fund it.

Also, the ASU supports the ACTU in describing the economic framework of ECEC sector as summarised by but not limited to the following key general principles<sup>6</sup>:

1. The desirability of supporting greater workforce participation of women;
2. The imperative that any review of Australia's child care system be based primarily on the need to ensure the well-being and optimal development of our children;
3. The need for working parents to be able to access affordable, quality child care;
4. The need for child care to be part of a broader suite of support for working families, including the role of workplaces in providing family friendly work arrangements;
5. The desire parents have that child care services are high quality and well-regulated;
6. The requirement for a well-trained and remunerated child care sector to ensure sustainable and quality care for our children; and
7. A sustainable funding model.

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<sup>6</sup> ACTU Submission to the PC Inquiry into Early Childhood Educators and Early Childhood Learning: [http://pc.gov.au/data/assets/pdf\\_file/0003/133536/sub167-childcare.pdf](http://pc.gov.au/data/assets/pdf_file/0003/133536/sub167-childcare.pdf).

## **Cost and availability for parents over the short term, including the effectiveness of the current government rebates**

The current funding framework for child care by rebate is still confounding child care provision in Australia. The private for-profit sector now holds significant market share of long day care places. Meanwhile, the lack of mechanism for direct subsidies to community centres means not-for-profit centres – offering much in demand alternatives to for-profit services – operate with uncertainty and are easily forced to shut-down; which unsettles families and the community built around them.

A 1997 change to child care funding policy stifled the growth of not-for-profit centres. In 1999 there were 1016 community based (local government and community managed) centres in Australia<sup>7</sup>. In the same period private, for-profit services grew to represent 2 thirds of the market. The lack of appropriate funding for the public and community sector shows that the current funding system of rebates does not ensure diversity in the market and choice for parents and it could be said it has been a factor in undermining the value of the ECEC sector for Australian families.

The consequences of diminished diversity include an ever-shrinking set of child care services for parents with low socio-economic means; also, living in rural/remote areas or with special needs for their children such as disability and education support services. In a situation where we now have private centres dominating the market, the ASU notes the market approach has not served to make child care more affordable, accessible or adequate for Australian parents. Ultimately a narrowing choice of services is placing a heavier economic burden of care on parents<sup>8</sup>.

With respect to funding, the ASU has made previous and strenuous objections to public funding of private centres. The ASU continues to consider it both unethical and irresponsible use of public funds. However, we recognise that the Commonwealth must continue to subsidise private centres (because private management of centres has been allowed to dominate the market) in order to keep fees from increasing and further reduction in services.

However, public funding of child care would still be better managed through direct subsidies to centres; which allow greater influence over controls and accountability for how funds are spent. It is only through direct funding that government can ensure an adequate supply, appropriate location of places in areas of need, and demand appropriate quality standards from providers. Schemes that regulate quality measures encourage centres to compete for patronage on the quality of the service provided

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<sup>7</sup> Parliament of Australia. 2002. *Past E-briefs*. [ONLINE] Available at: [http://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/Publications\\_Archive/archive/childcaresupport](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/Publications_Archive/archive/childcaresupport). [Accessed 14 March 14].

<sup>8</sup> Productivity Commission (PC), *Issues Paper on Childcare and Early Childhood Learning*, pp. 15-22, 2013.

rather than on lowest fees. A direct subsidy model; also, allows government to play a greater role in key areas of quality control such as employing quality staff. In other words, a direct subsidy model will enhance the role of government as the primary monitor of quality, and would improve the availability of services by ensuring current and future demographic needs are efficiently met:

There is a general agreement that quality matters to gain significant pay-offs. In recent years, a growing number of OECD countries have made considerable efforts to encourage quality in ECEC; countries are at different stages of policy development and implementation. Regardless of which stage countries are at, research has suggested five key levers to be effective in encouraging quality in ECEC:

- Policy Lever 1: Setting out quality goals and regulations
- Policy Lever 2: Designing and implementing curriculum and standards
- Policy Lever 3: Improving qualifications, training and working conditions
- Policy Lever 4: Engaging families and communities
- Policy Lever 5: Advancing data collection, research and monitoring.<sup>9</sup>

The same 2006 OECD review reported that direct public funding of services most often brings more effective control, advantages of scale, better national quality, more effective training for educators and a higher degree of equity in access and participation than consumer subsidy models such as rebates.

## **Administrative burden, including the impact of the introduction of the National Quality Framework**

Any public ECEC policy needs to recognise that high quality child care facilitates at least 2 fundamental outcomes of economic value: greater labour force participation of working parents; greater social inclusion by addressing childhood disadvantage and connecting parents to services and their local communities. It is essential to ensure those outcomes, that the provision of ECEC is accountable to communities through the provision of quality child care (including staff: child ratios); decent wages and conditions for staff; and, choices that fit the needs of communities. It is the view of the ASU that regulation serves community interests and that the introduction of the NQF has improved quality outcomes for child care. In the hearts and minds of the Australian community the cost of not investing in an efficient funding model is the real burden for the sector.

Accountability is particularly important given emerging and developing child protection frameworks of State jurisdictions. The ASU participated in extensive consultations with providers, professionals, governments, parents and experts to agree to and regulate national standards. Centres cannot afford not to manage risks through a national

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<sup>9</sup> Organisation for Economic Co-operation and Development (2006) '*Starting Strong II, Early Childhood Education and Care*', OECD Publishing, France.



quality framework. The Australian community – including ECEC providers – convincingly supported the framework in 2013:

Overall, providers, nominated supervisors and FDC educators are highly supportive of the NQF, despite perceiving a significant level of burden associated with ongoing administrative requirements of the National Law and Regulations. For example, 78 per cent of providers were either very supportive (42 per cent) or supportive (36 per cent) of the NQF....<sup>10</sup>

The ASU supports the Council of Australian Governments' reform agenda for early childhood education and care and its implementation through the National Quality Framework (NQF) and Early Years Learning Framework (EYLF). However, we note that "...obligations (under the NQF) each support measurement against the National Quality Standard (NQS) and engagement with children and families."<sup>11</sup> In no way does an expert view on public perception support any change to the current minimum standards. The ASU would support a commitment from government to continue to reduce the costs associated with the clerical and administrative burden only. Parents expect government intervention and continued financial support for ECEC providers must be provided by governments to maintain minimum quality standards.

## **How the child care sector can be strengthened in the short term to boost Australia's productivity and workplace participation for parents**

Quality child care is critical to the achievement of government priorities such as economic growth and social inclusion. Child care provision is a core public good with important social aims and as such it should be operated by government in the public interest. This is best achieved at the local level in co-operation with state and federal governments. The issue of child care is a key component in the achievement of several government priorities, including social inclusion, workplace participation, the status of women and more.

In 2009, the ASU reported that Australia has one of the lowest labour force participation rates of women with children in the world. Denmark maintains a female participation rate of about 76%, compared to Australia's rate of about 69%. In Denmark participation rates remain relatively consistent for all women with children with the rate for women with children under 3 years. We argued that it is due in a large part to Denmark's quality public child care system: every child has a legal right to child care at six months in their local municipality. It is still difficult to argue with that when you contrast rates to the Australian participation rate for women with children under five years at about 16% full time and about 43% part time<sup>12</sup>.

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<sup>10</sup> Australian Children's Education and Care Quality Authority (ACEQA), *Research Report on the National Quality Framework and Regulatory Burden 2013*, p. 11, 2013.

<sup>11</sup> *Ibid.*, p. 12.

<sup>12</sup> OECD 2006, *op. cit.*

From an economic perspective people are out of the workforce for a significant period (often up to 5 years) where and not utilising their skills in the economy. While many people choose to stay home with their children, Australian parents complain of a shortage of child care places that meet their needs<sup>13</sup>; which confirms that many people are eager to get back into the workforce but are unable to due to the inability to access child care, or due to the prohibitive cost of care.

There is also an issue of social inclusion, most particularly for women. Child care not only enables mothers to participate in the workforce but also in community and social activities. Community and workforce participation is important for parents' mental health, and wellbeing.

Finally, experts are widely in agreement that quality child care plays a positive role in a child's development. ECEC programs enhance emotional and cognitive development and better prepare children for education and a resilient adulthood<sup>14</sup>.

Therefore, the ASU highlights the need for an appropriate mechanism ensuring public funding for local government to ensure sustainable child care into the future. Unlike the private sector and community organisations who are burdened with uncertainties about either the market or donations and future income, local government has the security of local rates that ensure the availability of funds in the case of unstable demand or financial issues of parents.

The provision of child care is fraught with financial risk. Due to severe legal liabilities protecting the safety of children, it can be a costly service to insure. A service ensured by public means and coordinated by Local government provides parents with a guarantee that regardless of short term profitability it will continue to operate and provide stable secure care for their children.

Local government centres have the capacity and purpose to build communities and promote social inclusion. Child care centres are hubs for community activities and for this reason child care is often a key issue in local council elections. A good child care centre provides a space for families as well as children to interact. In 2013 Hobson's Bay City Council proposed outsourcing child care provision; however, community and parent response was outraged and there is increasing pressure on Council to abandon the plans<sup>15</sup>.

Is it any wonder proposals to diminish or privatise services politicises communities against the ideology when child care services have a significant role to support the challenging early years of parenthood? Child care provides an opportunity to engage with and support people who are often vulnerable after the birth of a child or caring for a toddler. New parents are sometimes relatively new to their communities because

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<sup>13</sup> Productivity Commission 2013, *op. cit.*

<sup>14</sup> *Ibid*, pp. 23-28.

<sup>15</sup> Hobson's Bay Leader . 2014. *West Hobson's Bay Council freezes plans to outsource two childcare centres*. [ONLINE] Available at: <http://www.heraldsun.com.au/leader/west/hobsons-bay-council-freezes-plans-to-outsource-two-childcare-centres/story-fngnvmj7-1226827279094>. [Accessed 14 March 14].

couples often move to start families, or experience some feelings of social isolation as they transition from full time work to being a carer.

It is the necessities of connecting parents to child care and services in their local communities that makes local government the natural and most logical provider of public child care. Councils can dedicate resources to ensure that child care is more than just a service for a child and engage families into community services. Local government and the councillors that determine decisions about child care are accountable to communities through democratic elections. No other management model for child care can offer that level of scrutiny. Parents wanting to make a complaint in the private sector will be stymied by unresponsive corporate head offices. If parents have concerns about the quality of council run centres there are avenues to pursue complaints.

Local government has further capacity to provide quality services to parents through offering council wages and conditions. Enterprise agreements across council ensure rates of pay are significantly higher than in the private sector. Equally employment conditions are better in local government centres than private centres. Local government workers have higher casual loading, and receive public holiday loading, training leave, and study leave. They have longer carer and bereavement leave and must be notified in advance of roster changes and have access to rostered days off. Council run services can use pay and conditions to attract and retain highly qualified and dedicated staff.

## **Conclusion**

The ASU has been a significant contributor to a range of reforms and Federal Government initiatives. Accordingly, the ASU sees the role of the Australian Senate Education and Employment Committee Inquiry into the Immediate Future of the Child care Sector in Australia as an important opportunity to continue to make these contributions. The ASU is an important advocate for Local Government and; therefore, Australian communities reliant on a fair, accessible and quality ECEC sector. The ASU would welcome any opportunity for a representative to appear before the committee, to raise all issues of concern.