

The Senate

Education, Employment
and Workplace Relations
References Committee

Provision of childcare

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Senate Standing Committee on Education, Employment & Workplace Relations

References Committee

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List of Recommendations

Recommendation 1

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.

Recommendation 2

The committee recommends the Government makes public detailed information pertaining to the use of Commonwealth funding by state and territory governments, to clarify the scope and impact of its promise to provide universal access of 15 hours per week of preschool services for all 4 year-olds in Australia in the childcare sector.

Recommendation 3

Noting recent funding increases, the committee nonetheless recommends that there be further funding increases for ECEC.

Recommendation 4

The committee recommends a substantial increase in the level of funds paid directly to childcare operators in particular areas of need, through programs such as the Inclusion Support Subsidy: services for disadvantaged children, such as children with additional needs or indigenous children; and services operating in rural and remote areas or areas of high unmet demand such as low socio-economic areas.

Recommendation 5

The committee recommends that economic modelling of various childcare funding models be carried out to establish the most efficient means of funding the quality provision of childcare services that meet the needs of families.

Recommendation 6

The committee recommends that funding of childcare services continue to be increased and, following a review of the current funding models including economic modelling of alternative mechanisms, increases to funding be implemented in accordance with those funding mechanisms that are identified as most effective.

Recommendation 7

The committee recommends that the government await the report of the Australia's Future Tax System Review Panel and recommendations within regarding the funding of the childcare sector. If no specific recommendations are made, the government should consider amending the current funding system based on the economic modelling to be carried out.

Recommendation 8

The committee recommends to the government the establishment of a new statutory body, widely representative of the sector, for the purposes of advising the minister on childcare policy and its implementation, with powers to oversee a uniform regulatory regime operating across states and territories.

Recommendation 9

The committee recommends that, in the interest of greater transparency and accountability, the new statutory childcare body be responsible for the following:

- **working with stakeholders to create a policy agenda which outlines priority areas, benchmarks and targets to be achieved in the area of early childhood education and care;**
- **publishing an annual report which:**
 - (a) **outlines the progress being made in these priority areas;**
 - (a) **details how Federal Government funding is being spent, especially by state and territory governments;**
 - (b) **details the state of the early childhood education and care sector including vacancy data, numbers of children with additional needs, information on staff, costs, usage, and other information that is already collected by Commonwealth Government agencies.**

Recommendation 10

The committee further recommends to the government that this recommendation be taken to COAG for its consideration, particularly in view of the need to establish within the national body clear lines of responsibility between national, state and local obligations in regard to regulation and compliance.

Chapter 1

Introduction

Terms of reference

1.1 On the motion of Senator Hanson-Young on 25 November 2008, the Senate referred the following matters to the Senate Education, Employment and Workplace Relations References Committee for inquiry and report by 12 March 2009 (subsequently extended to 18 June, 17 September, 29 October and finally 23 November 2009):

- (a) The financial, social and industry impact of the ABC Learning collapse on the provision of child care in Australia;
- (b) Alternative options and models for the provision of child care;
- (c) The role of governments at all levels in:
 - (i) Funding for community, not-for-profit and independent service providers,
 - (ii) Consistent regulatory frameworks for child care across the country,
 - (iii) Licensing requirements to operate child care centres,
 - (iv) Nationally-consistent training and qualification requirements for child care workers, and
 - (v) The collection, evaluation and publishing of reliable, up-to-date data on casual and permanent child care vacancies;
- (d) The feasibility for establishing a national authority to oversee the child care industry in Australia; and
- (e) Other related matters.

Conduct of the inquiry

1.2 The committee advertised the inquiry on its website and in *The Australian*. A number of relevant organisations were also notified of the inquiry and invited to lodge submissions. Submissions were initially due by the end of January but this date was later extended by two months.

1.3 The committee received a total of 87 submissions as listed at Appendix 1. These also appear on the committee's website which can be accessed at http://www.apf.gov.au/Senate/committee/eet_ctte/child_care/index.htm.

1.4 The committee held public hearings in Brisbane (15 July), Sydney (16 July), Melbourne (21 July), Adelaide (22 July), Perth (7 August) and Canberra (14 August). In addition, the committee conducted a roundtable discussion in Hobart on 20 July 2009. The committee also visited several childcare centres: ABC Developmental

Learning Brisbane Central, Lady Gowrie Battery Point (Tasmania) and North Melbourne Children's Centre. An informal visit was also undertaken by some committee members to Nedlands School of Early Learning in Perth.

1.5 References in this report to the committee Hansard are to the proof Hansard; page numbers may vary between the proof and the official Hansard transcript.

1.6 The committee appreciates the assistance from all those who contributed to this inquiry through preparation of written submissions, giving evidence to the committee or hosting the committee during visits.

Background to the inquiry

1.7 Improvements required in the provision of childcare have been pointed out to successive governments at the Commonwealth level for many years. Two Senate committee reports in the 1990s made this point. Other reports have made recommendations for action at the Commonwealth level. Childcare was regarded as a matter best left to the discretion of family choice, as the need and circumstances of family life and employment varied so widely. Moreover, complex policy challenges are at play in the provision of formal childcare.¹ Regulation in the form of licensing centres was considered to be a matter best left to the states, and such assistance that the Commonwealth could offer was most appropriately dealt with in social welfare payments and taxation rebates. With the establishment of the National Childcare Accreditation Council (NCAC) in the early 1990s, the Commonwealth became responsible for quality assurance of the childcare sector but licensing remained the responsibility of state and territory governments. This was preferable to developing a national 'system' of childcare which would be daunting in its complexity. On 13 April 2007, COAG undertook to develop by 2008 an intergovernmental agreement on a national approach to quality assurance and regulations for early childhood education which included preschools and childcare.

1.8 The main purpose of this inquiry was to look at the condition of childcare provision with the intention of informing the current debate and discussion on the most desirable practices to pursue as part of national policy. The catalyst for the inquiry was the collapse of ABC Developmental Learning Centres Pty Ltd (ABC Learning) toward the end of 2008. This is explored in the next chapter. The committee notes the views expressed in a number of submissions that the collapse of ABC Learning was not entirely to be lamented.² Although it has tested the improvising skills of Commonwealth agencies and added to the burden of debt in difficult times,

1 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.

2 See, for instance, Open Forum, *Submission 39*, p. 10; Childcare Associations Australia, *Submission 56*, p. 2.

ABC Learning's collapse has refocused the work that must be done to improve the equitable and high quality provision of childcare which remains accessible and affordable to all families.

1.9 The processes of consultation to which COAG decisions have given rise are proceeding concurrently with this inquiry, and are expected to continue for some time. The COAG agenda, because it embraces early childhood education in its broader sense, is far more ambitious than the committee's terms of reference allow it to be. While the committee has heard some evidence on integrated services which include long day care and kindergarten, there has not been sufficient to allow the committee to make any recommendations about changes necessary to the structure of early learning that its proponents have long advocated. The committee notes that research, some of which is discussed below, has strongly indicated that integrated care and early childhood education is highly desirable. This report, however, does not extend to examining options for its implementation.

1.10 The committee received much evidence indicating the need for improved funding of the sector. While acknowledging the need to review the current funding mechanisms, the committee points to the substantial investment in childcare by the government. Recent funding initiatives along with the range of funding mechanisms available to the childcare sector are discussed in detail in chapter four.

Surveying the childcare sector

1.11 The childcare sector is highly diverse. There is variation across states and territories in regard to licensing standards and levels of supervision across categories of childcare. The various categories of childcare and models of care which are frequently referred to in this report as well as the general effects in the sector resulting from various policy changes are described below. Funding models and government policy regarding childcare funding are introduced in chapter four.

1.12 There is a strong and increasing need for childcare places. In June 2008, there were 4 664 700 women employed, of whom 1 397 500 had children under 15 years of age. Women are in the workforce, full-time or part-time, either because of economic necessity or career fulfilment. Many women who value their careers are prepared to make substantial payments for childcare in the relatively short term. The National Foundation for Australian Women has told the committee that the availability of places at childcare centres and the cost of childcare influence the workplace participation of women.³

1.13 Figures from 2008 show that over 700 000 children used some form of childcare. At specific ages, the use of childcare services is even higher; for example, two year-olds attending some form of care represented over 70 per cent of all two

3 National Foundation for Australian Women, *Submission 7*, p. 5.

year-olds in 2005.⁴ Childcare services are now an integral part of modern life. In response to this strong demand, the Commonwealth funds an unlimited amount of long day care, family day care and outside school-hours care places (subject to relevant licensing and quality assurance standards).

Childcare provision

1.14 The traditional approach to caring for children is based upon the family unit. Parents, typically mothers, assume primary responsibility for nurturing and caring for children in the home. However, as society changes and more women participate in the workforce, the need for alternative ways of caring for children also increases.

Informal care

1.15 Informal childcare is typically provided by grandparents or other extended family members. Informal care is a very common form of childcare, particularly for very young children, although it can be difficult to accurately identify the rate of usage and, moreover, the rate appears to be falling. Figures from the Australian Bureau of Statistics (ABS) indicate that 22 per cent of children aged 0-12 attended informal care in 2008 (while 15 per cent of children were enrolled in some kind of formal childcare and a further 7 per cent attended both informal and formal childcare).⁵ Informal care is generally understudied; more research is required to establish the benefits of informal care and to identify the number of families using this type of care. This type of care is not subject to any regulatory framework and there is little financial help for families accessing informal care, although for many such families there may be no associated financial costs.

Formal care

1.16 The type of service that is most commonly associated with the term 'childcare' is formal, centre-based care but the term 'formal childcare' applies to a diverse range of services, which are generally of a high standard. Formal care is highly regulated and accredited. These services cater for children below school-age and up to the age of 12. In Australia, families receive government assistance to compensate for the cost of such services (subject to eligibility criteria). The features of various types of formal care are discussed below.

- Long day care: this type of childcare is generally available for children from a short time following birth up to age 5 (or school age). Prior to its collapse, ABC Learning offered approximately 20 per cent of all the available long day care places and in Queensland it was closer to 30 per cent. Centre-based care,

4 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. 19.

5 ABS, '4402.0 Childhood Education and Care, Australia, June 2008 (Reissue)', October 2009, available at <http://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/4402.0>.

which is the most common type of formal childcare, is provided in licensed childcare centres. These are mostly run as profit-making small businesses or by not-for-profit organisations and sometimes by local governments. Centre-based long day care has been the subject of most of the available childcare research.

- Family day care: family day care is usually offered in the home of a carer for a small group, typically around five children. The provision of family day care is regulated and licensed. However, this type of care is offered in an environment similar to the child's family home, often in the same neighbourhood, and may be more flexible than centre-based care.
- Outside school-hours care (including holiday care): this type of care (abbreviated to OSHC) is commonly offered on school grounds but can be offered in childcare centres or other community locations, particularly during school holidays. In 2008, there were over 318 000 OSHC places available, representing a four-fold increase on the number of places available in 1997.⁶ However, the National Foundation for Australian Women informed the committee that there are not enough OSHC services in general and few OSHC services catering adequately for children aged eight to 12, even though government subsidies are available for older children.⁷ For these reasons, the number of families currently using OSHC may not be truly indicative of the level of demand for this service.
- In-home care: this type of care is generally offered for children with high needs but also includes nanny services, whether for one child or several. This group is also understudied.
- Other formal childcare services include occasional care (OCC), which is offered for short duration and often at short notice; mobile services, which are usually offered in rural areas for short periods; and multifunctional indigenous children's services, which comprise a full range of family services.

1.17 The measurable categories which are summarised above are tabulated in Table 1.1 below. However, these figures do not present a complete picture as figures relating to informal care are not included. ABS figures for 2003 indicate that over 1.5 million children under the age of 12, or almost half their age group, experience some kind of childcare, whether formal or informal. In that year, a quarter of children below

6 Department of Education, Employment and Workplace Relations, *Submission 41*, p. 1.

7 National Foundation for Australian Women, *Submission 7*, p. 5. See also Kerry Davies, Council for Single Mothers and their Children, Transcript of interview on *9am with David and Kim*, 21 April 2009.

three years of age used formal care arrangements and this increases to nearly three-quarters for four year-olds.⁸

Table 1.1: Approved Childcare Places by State and Service Type

	Service Type				Total
	LDC	FDC (a)	OSHC (b)	OCC	
New South Wales	96,648	25,793	83,052	1,189	206,682
Victoria	66,210	16,251	79,109	613	162,183
Queensland	85,163	15,600	83,279	435	184,477
Western Australia	24,088	5,001	18,106	347	47,542
South Australia	17,633	6,319	34,060	68	58,080
Tasmania	4,844	2,692	8,455	77	16,068
Northern Territory	3,423	1,229	4,836	10	9,498
ACT	5,726	2,160	7,792	106	15,784
Australia	303,735	75,045	318,689	2,845	700,314

(a) FDC includes In-home Care

(b) Includes After School Care, Before School Care and Vacation Care

Source: Centrelink Administrative Data, March 2008, via Department of Education, Employment and Workplace Relations, *Submission 41*.

Care providers

1.18 Childcare services began to emerge in Australia at the turn of the 20th century when a small number of not-for-profit organisations offered childcare services to needy families; economic and other circumstances drove women in such families into the workforce, against the predominant social expectation of that time that mothers would remain at home to care for children. Unlike schooling, childcare was long viewed, not as a government responsibility, but as a community responsibility.

1.19 Despite the commonly-held belief that the advent of for-profit childcare provision is a recent development, such providers have played a role in the sector for considerable time; in fact, a survey carried out in the 1960s showed that services

8 Catherine Neilsen-Hewett and Pamela Coutts, 'From Home to the World Beyond: The Interconnections among Family, Care and Educational Contexts', in *Children, Families and Communities: Contexts and Consequences*, ed. Jennifer Bowes and Rebekah Grace, 3rd Edition, OUP 2008, p.112.

offered by for-profit childcare providers (small-scale, home-based services) outnumbered not-for-profit childcare services.⁹

1.20 In 2001, a Brisbane-based childcare provider, ABC Learning, listed on the stock exchange. In that same year, several other providers followed suit. Corporate provision of childcare had commenced in Australia. There is an important distinction to be made between the different types of private providers. In a study investigating the quality of various childcare services, the Australia Institute distinguished between large corporate chains and small private providers, finding a range of systematic differences between the two. Childcare services offered by independent private providers (with just one or a small number of centres) more commonly exhibited similar features to the services offered by non-profit, local government and community-based providers. Corporate childcare providers stood out as a group on their own.¹⁰

1.21 Much attention has focused recently upon diversity in the sector as a result of the collapse of ABC Learning. Many submissions called for greater support for not-for-profit and community-based providers in the sector to improve diversity and offer choice to families.¹¹ Mention should be made here of the diminished role of local government in providing childcare. According to the Productivity Commission figures, only in Victoria and New South Wales do councils and municipalities continue to run childcare centres in significant numbers, and they are under threat because of competition for funds. Victoria stands against the trend, however, with 50 of the 79 councils operating childcare centres offering long day care. Nearly a third of Victoria's 1033 centres are operated in some way by local government. The figures are higher for family day care, where 67 councils in Victoria provide support.¹²

1.22 The committee supports diversity of operators and believes that the contribution of not-for-profit providers in the sector should be supported and valued. The committee notes, however, in response to calls for funding of providers and specifically not-for-profit providers, that there are already provisions for such funding mechanisms. The Commonwealth provides funding to childcare providers through the *Child Care Services Support Program*. Furthermore, an element of this program, Sustainability Assistance, is available in an ongoing capacity only to not-for-profit

9 Professor Deborah Brennan and Associate Professor Susan Newberry, *Submission 64 (Attachment 2)*, p. 214.

10 Emma Rush, 'Child Care Quality in Australia', *Discussion Paper 84*, April 2006, the Australia Institute. Available at <https://www.tai.org.au/file.php?file=DP84.pdf>. Accessed 23 December 2008. See also Emma Rush & Christian Downie, 'ABC Learning Centres – A case study of Australia's largest child care corporation', *Discussion Paper 87*, June 2006, Canberra: the Australia Institute. Available at <https://www.tai.org.au/documents/downloads/DP87.pdf>. Accessed 15 January 2009.

11 See, for instance, Community Childcare Co-operative (NSW), *Submission 27*, pp 3-4 ; Australian Community Children's Services (NSW), *Submission 37*, p. 3.

12 *Ibid.*, p. 18.

childcare providers. These funding measures are discussed in further detail in chapter four. Today, the sector is made up of a variety of providers offering a wide range of services. Private providers comprise the majority of the sector (although few corporate chains remain) but the provision of childcare services is based upon a mixed delivery model - childcare services are offered by both private and non-profit providers as well as government (state, territory or local). Not-for-profit and community-based organisations represent less than one-third of the sector and government provides about one-fifth of all services in Australia. Marked differences in market-share are seen across states and territories, generally reflecting the level of 'privatisation' that took place in each state. The table below indicates the estimated market-share held by the various types of childcare providers.

Table 1.2: Estimated Percentages of Childcare Services by Provider Type, 2007-08

Provider Type	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
Community	27.8	34.6	37	20.9	35.1	50.7	81.6	71.3
Private	69.5	53.5	59.9	75.2	40.6	32.4	18.4	28.8
Government	2.7	11.8	3.1	3.9	24.3	16.8	-	n/a

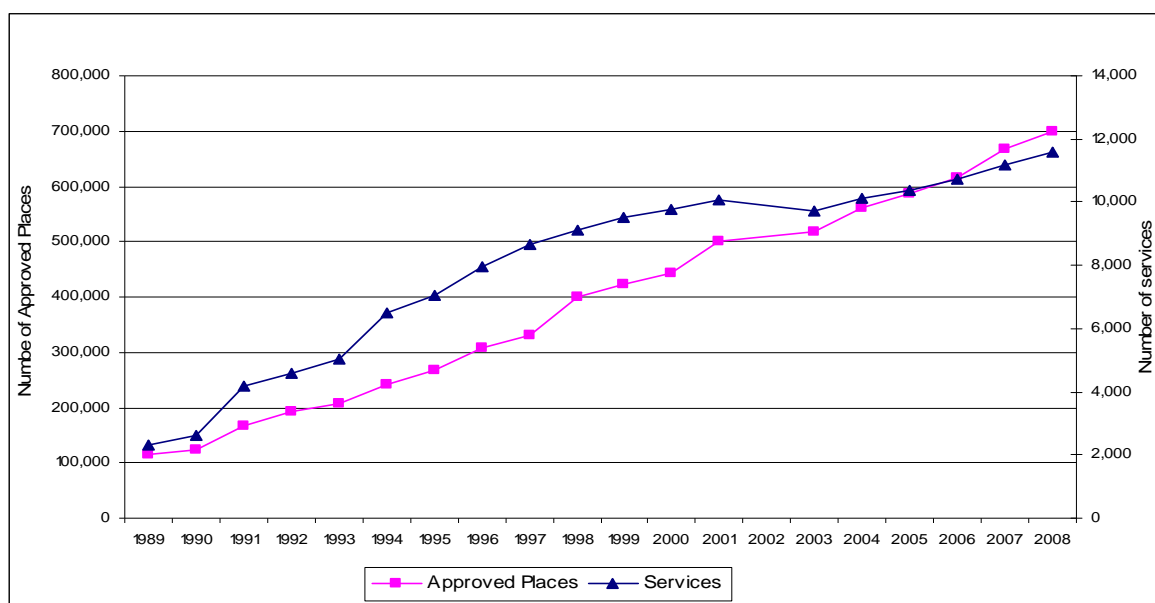
Note: Includes all Australian, state and territory government-supported services. Community-managed services include not-for-profit services provided or managed by a company, private individual or non-government school. All government-managed preschools in Victoria are managed by local government. The majority of government-managed childcare services in SA are small occasional care programs attached to government preschools.

Source: Productivity Commission Draft Report, Annual Review of Regulatory Burdens on Business: Social and economic infrastructure services, June 2009.

Purposes of care

1.23 The diversity of childcare is explained by the multiple purposes for which childcare is used. Most is related to employment, particularly for women in the workforce. A proportion of this is part-time, as indicated in Table 1.1 above. Some childcare has a social, recreational or educational purpose, either for parents or children, although most care appears to be a necessity, the result of participation in the workforce. In regard to social policy, governments have traditionally seen childcare provision as an adjunct to employment. As noted earlier and suggested above, the high level of informal childcare which is used has probably deterred governments at all levels from developing complex regulations.

Graph 1.3: Growth in Childcare Services and Places 1989-2008



Source: Centrelink Administrative Data 1989 – 2008 via Department of Education, Employment and Workplace Relations, *Submission 41*.

Childcare and early childhood education

Historical divide

1.24 In Australia, early childhood education and childcare have developed independently and in diverging directions. Differences are seen in a range of areas including funding, professional qualifications and status, access and availability.

Integration of care and education

Contemporary research...highlight[s] the holistic nature of child development and the need for [early childhood education and care] programs to be responsive to this. Learning and care are interdependent in early childhood, with emotional well-being supporting cognitive development...demonstrating the need to bridge the historical gap between the traditional domains of education and care in the early years.¹³

1.25 The traditional divide between childcare and early education is now seen as a false one by researchers and specialists in these fields. In the 1970s, it was identified that children's care, education and learning were interrelated but government policies of the time did not reflect this.¹⁴ The sector continues to struggle with such policies today.

13 Centre for Community Child Health, *Submission 78*, p. 3.

14 Collette Tayler, *Rear Vision*, Interview with Keri Phillips, ABC Radio National, 13 May 2009.

1.26 The committee heard evidence regarding the need for a cohesive system for children from birth to school.¹⁵ Witnesses such as the Community Child Care Co-operative NSW argued that, to be most effective, childcare and early education should be integrated, making the division indistinguishable to families and children.¹⁶ This is reflected in the use of the term 'early childhood education and care' (ECEC).

1.27 A seminal study of children attending preschool programs in the United Kingdom found that the integration of care and education offered the greatest benefits to children in terms of social and cognitive development.¹⁷ The NSW Commission for Children and Young People informed the committee that early education and care should be part of the schooling system because of the importance of the beneficial effects that the early years can have for children's long-term well-being.¹⁸

1.28 The disparity in skills and knowledge displayed by children when they begin schooling is a good indicator of future academic success but the integration of education and care can ensure a smoother transition into school for children.¹⁹ Moreover, a common framework relating to children from birth to early school-age can be a unifying tool linking various children's services.²⁰ Incorporating early childhood education and care results in a more effective, less fragmented transition from childcare and early education settings to formal education settings.

1.29 The term 'integrated care' is also used to indicate the linking of a wider range of services than childcare and education. Some stakeholders use the term to refer to all services related to children and families including allied health and family support services.²¹

Responsibility for childcare and education

1.30 The Infant's Home Child Family Services has indicated that the transfer of responsibility for ECEC to the Department of Education, Employment and Workplace Relations (DEEWR) is a valuable first step in bridging the gap between schooling and childcare.²² Moreover, this organisation pointed out that the Senate inquiry offers an

15 See, for instance, Ms Cora-Ann Wilson, *Committee Hansard*, 7 August 2009, p. 37.

16 Community Child Care Co-operative NSW, *Submission 27*, pp 6-7; Independent Education Union of Australia, *Submission 34*, p. 3.

17 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, p. 1.

18 NSW Commission for Children and Young People, *Submission 8*, p. 18.

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

20 *Ibid.*, p. 17.

21 See, for instance, City of Port Phillips, *Submission 33*, p. 2.

22 The Infant's Home Child Family Services, *Submission 74*, p. 4.

opportunity to further address this historical division. Some of the means available to bridge the gap, such as addressing the qualification levels of carers and the status of the sector in general, are discussed in more detail in chapter three.

1.31 Government policy is beginning to reflect the understanding that childcare is where early childhood education begins, to the point where there is a blurring of the boundary between preschool and kindergarten (the nomenclature varies from state to state), as convincing educational research has established that high-quality ECEC results in greatly improved learning progress through primary school. It is noteworthy that in several states (and at the Commonwealth level, as mentioned above) responsibility for early childhood education has been transferred from children's services departments to education departments.

So it has been very much a divide, if you like, between preschool and child care. Certainly the sector is very keen to see the whole current agenda about a much better coming together and integration of the whole range of children's services.²³

Childcare policy

1.32 While there is agreement as to the importance of developing a national childcare policy, and equal agreement as to why this is necessary, there is a problem with implementing good intentions. Most of the difficulty has to do with paying the bills that new policy always generates. Childcare has been a largely private matter for parents, supported by regular Commonwealth payments for the purposes of subsidising care. Improvements to childcare quality, which many agree are necessary, will at the very least, require an increase in government subsidies in order to keep childcare affordable. The Commonwealth may also need to consider direct intervention to support the provision of appropriate childcare and facilities through direct funding to childcare providers. Finally, there is the challenge of creating a 'national' or 'federal' (as distinct from Commonwealth) authority to oversee policy development and implementation, to plan the provision of childcare, and most importantly to enforce compliance with regulations which now lie in uneasy demarcation between state and Commonwealth authorities. Professors Brennan and Newberry informed the committee that:

[t]he care and education of children below school age is an area of intense public debate and the subject of considerable policy innovation in Western democracies. Child care raises complex philosophical and policy issues ranging from broad questions about the relative responsibilities of state, market and family to technical aspects of policy design such as the interaction of child care subsidies with income support, family payments and taxation.²⁴

23 Ms Helen Creed, *Committee Hansard*, 7 August 2009, p. 7.

24 Professor Deborah Brennan and Associate Professor Susan Newberry, *Submission 64 (Attachment 2)*, p. 213.

1.33 As a starting point in considering the problems of childcare services and early childhood learning, the committee notes a summary of policy deficiencies identified in the Report of the Early Childhood Development (ECD) Subgroup of COAG's Productivity Agenda Working Group of September 2008.²⁵ The four points, in summary, were as follows.

- *We are not focused on enhancing human capital for the future.* There is no consistency or intensity in the provision of early childhood services, especially for preventive health and quality early childhood education. This is a serious deficiency in that the human capital gains of strong ECD services are most evident for children at risk. There is notable variation in outcomes for children depending on social and family backgrounds, their remoteness of habitat, family income and other factors.
- *Parents have limited access to information.* While children are 'full of promise' in their earliest years, parents often lack information about cognitive development milestones, and may face difficulty in knowing where to find help. The result is that many beneficial services are not used.
- *Service complexity stresses families and wastes resources.* Changing family structures, combined with workplace pressures, are creating stress for families. Complex, fragmented and provider-oriented (rather than child-centred) services intensify family pressures.
- *We provide insufficient support for parental choices in balancing work and family needs.* Most government support is focussed on childcare for working parents, yet we maintain low parental workforce participation rates. Families face high effective marginal tax rates and a lack of paid maternity leave.²⁶ These issues are compounded by poor flexibility in childcare, including lack of co-located pre-school and childcare centres.

1.34 Government policy has historically reflected the view that childcare was a community responsibility, not a government responsibility. Moreover, until fairly recently, the overwhelming majority of children were cared for at home by parents, typically mothers. In the 1950s and '60s, this was the predominant social expectation. There was therefore minimal demand for childcare services outside the home. Some witnesses noted that this type of care by parents was preferable to formal, centre-based care.²⁷

25 Boston Consulting Group, *National Early Childhood Development Strategy - Report of the ECD subgroup of the Productivity Agenda Working Group, COAG, 25 September 2008*, p.21.

26 However, the government announced earlier this year plans to introduce a paid parental leave scheme from January 2011.

27 See, for instance, Family Council of Victoria, *Submission 45*, p. 2.

Rejections of childcare

1.35 The committee notes the submissions to its inquiry from organisations and individuals who have a principled objection to childcare.²⁸ This core principle is bolstered by research which suggests harm can result from leaving children in care.²⁹ Witnesses pointed to the emotional suffering of children, particularly infants, when deprived of immediately accessible parental affection. Evidence is also quoted of wider social surveys of adolescents which suggest longer-term adverse affects on personalities of young people as a consequence of the traumas of early childcare. A witness from the 'Children Need Parents Campaign', citing research from the United States, informed the committee that:

[t]his longitudinal study, known as the NICHD study, shows that there is a much higher risk of depression, aggression, anxiety, even cruelty, lack of empathy and other behavioural problems in children, depending on the amount of time they spend in day care in particular and that these problems persist for life. This longitudinal study has been going for 15 years. The 15-year-olds in the study have now been identified as having lower cortisol levels, which was a previously unheard of finding. However, the study also finds some benefits from long, early day care. It is not a biased study at all; it is an extremely high level study—a \$150 million study. There are some mild cognitive benefits from early day care. I have to stress that the disadvantages or the harm that I have referred to are also small, but the concern is that these will aggregate. Whilst you may have two disruptive children in a classroom who have spent a long time in early day care and the teacher may be able to control the class, what is going to happen when that is 28 out of 30 children?³⁰

1.36 Research from Sweden was also cited as the example of 'where we are heading', and where it is claimed that provision of parental leave has led to serious social problems amongst Swedish teenagers, where '[t]he mental health problems of adolescents are horrendous'. The committee was told by Mrs Tempe Harvey that, currently, 81.3 per cent of Swedish children aged between one and five are in day care centres and that Australia was heading down the same path.³¹

1.37 The campaign for paid parental leave, which has wide support across the Parliament, also reflects a widespread community view that babies should be with their mothers. The matter of infants in care was addressed for the committee by Dr Tim Moore, from Monash University's Children's Research Institute, who stated that

28 See, for instance, Dr Peter Townson, *Submission 36*, p. 1; Australian Family Association SA, *Submission 44*.

29 See, for instance, the discussion of a Canadian study by Jay Belsky in Family Voice Australia SA, *Submission 46*, p. 3.

30 Mrs Tempe Harvey, *Committee Hansard*, Brisbane, 15 July 2009, p. 27.

31 *Ibid.*

children could be put at risk if parents are forced to work and have little choice in the way of quality childcare. Dr Moore told the committee that:

[w]ith regard to the issue of the first year of life, the evidence certainly does suggest that we are putting kids at risk if we require or have conditions that force parents to return to work early in the piece and use child care when they might have little control over the quality and choice of those options.³²

1.38 Another aspect of the opposition to childcare – and to paid parental leave – in a number of submissions was the seeming inequity of providing more government financial assistance to parents who put their children in childcare than is provided to parents who stay at home with their children.³³ It was argued that women who sacrificed a career were entitled to compensation, especially in view of the social good that was the consequence of this sacrifice.³⁴ Some submissions called for an overhaul of the tax system to reduce the tax burden of the working spouse, usually the husband.³⁵

1.39 An alternative view of the need for childcare was put to the committee by a director of a childcare centre in Perth who explained the modern attitude to care from the point of view of women.

It is so vital that women are comfortable and feel okay about going back to work. So my first reaction, my gut reaction, to listening to those ladies [previous witnesses] speak was that what you are doing is not respecting the fact that women are choosing to have a break from their children to try and be better parents and to try and have more energy. We are having children a lot older. We are not 19 having children any more. We have had careers. We have had money. We are educated. We are not women who are used to staying at home. So that, by its very nature, is not conducive to having our children at home seven days a week with us.³⁶

1.40 The committee regards the complex issue of combined income and shared taxation as one which is well beyond its terms of reference. This matter will be addressed in chapter four. Governments must weigh the claims for entitlement against those of need, striking a balance between offering extra support to needy families and offering equal support to all families to access childcare. The need for quality childcare for children of all ages is beyond question and governments have a responsibility to ensure that it is regulated and affordable.

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

33 See, for instance, Mr Peter Phillips, *Submission 50*, p. 1; Australian Family Association (Vic Branch), *Submission 15*, p. 2.

34 Mrs Ros Phillips, *Committee Hansard*, Adelaide, 22 July 2009, p. 44.

35 See, for instance, Mr Dean and Mrs Tempe Harvey, *Submission 62*, p. 20.

36 Mrs Sarah Lovegrove, *Committee Hansard*, Perth, 7 August 2009, p. 93.

1.41 A range of needs are addressed by childcare services. Mr Ian Polman, for instance, informed the committee of his satisfaction with the standard of care in the childcare programs that his children attended; however, he had fears of the experience being ruined by such ideas as 'trying to ram even more education into children at ever decreasing ages', with the result that childcare would become too expensive for many parents, such as to create a divide between the 'haves and have nots'.³⁷

Public good or industry?

1.42 A range of witnesses indicated to the committee that the childcare sector has come to be seen as an industry and childcare as a commodity, where parents are consumers and the market controls price and distribution.³⁸ This approach takes little heed of children's needs and in fact views children as products or units of revenue production.³⁹ ABC Learning's business model has been described as 'care is a commodity rather than community service'.⁴⁰ In contrast, school education has long been regarded as a 'public good'. Knowledge and skills are basic to the building and maintenance of any society. It follows that as scientific research has established the crucial role of early childhood learning in social and cognitive development, provision of appropriate learning opportunities for children from the earliest age is also a public good.

1.43 A public good is not just any 'service'. We do not speak of schools providing 'services'. A complaint often made by childcare experts is the need to think of childcare other than as a 'childminding service'.⁴¹ There is now wide acceptance that childcare involves a learning and socialising process that provides the vital first step to life-long learning. It is important that parents understand this process and have access to information regarding their services to ensure their early childhood and education settings meet the families' expectations and needs.

Conclusion

1.44 The provision of childcare is multidimensional and childcare is a service that is connected to many other economic and social policy determinants. The provision of childcare is closely linked to the education system but is also shaped by family support and allied health mechanisms. Furthermore, childcare is important to the nation's economic wellbeing through parents' workforce participation and productivity.

37 Mr Ian Polman, *Submission 85*, p. 1.

38 Early Childhood Australia, WA, *Submission 13*, p. 2. See also Joy Goodfellow, 'Childcare Provision – Whose responsibility? Who pays?' in *Kids Count – Better early childhood education and care in Australia*, Elizabeth Hill, Barbara Pocock and Alison Elliott, (eds), 2007, p. 249.

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

40 Jeanne-Vida Douglas, 'Suffer the Children', *Business Review Weekly*, 27 November 2008.

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

1.45 A wide range of factors must be considered within the provision of childcare. These include the types of programs and experiences that we want to be available to children, the various ways of funding childcare (and their effects upon the sector), as well as the make-up of the childcare sector and the types of providers in the sector.

1.46 This report discusses a range of issues salient to the provision, funding, planning and oversight of childcare services. The lessons from the growth and ultimate collapse of ABC Learning are described in chapter two. Chapter three surveys some of the research relating to children's development and its application in the provision of childcare together with discussion of the need for planning. Changing funding policies of various governments are discussed in chapter four with recommendations on future funding. Chapter five presents issues related to the accreditation, regulation and licensing of childcare services and proposes a new structure for a national childcare authority.

Chapter 2

ABC Learning Centres

There are few barriers to entry and expenses are low, so the childcare industry is a licence to make money. A Gold Coast real estate agent and 'child-care specialist', Bryan Hayden, says: 'I've got a client and he's got 20 bottle shops, 10 hotels and three child-care centres. I say to him, 'I'm 77 and the child-care business is the best business I've ever seen in my life.' The Government pays subsidies, the parents pay you two weeks in advance and property prices keep going up.¹

2.1 The collapse of ABC Learning, which was the catalyst for this inquiry, added significant momentum to the movement to improve the provision of childcare across the country. That an organisation catering for up to 25 per cent of the long day care market should fail so rapidly following its rise to market dominance says as much about the deficiencies in childcare policy and regulation as it does about the highly questionable business practices of the company.

2.2 In June of this year, a representative from the Australian Competition and Consumer Commission (ACCC) informed the Senate Economics Committee of the ACCC's belief that ABC Learning's failure was not due to a lack of competition but probably 'prudential reasons' such as high levels of debt and acquisitions as well as complicated business practices.²

2.3 However, any detailed analysis of the financial collapse of ABC Learning is beyond the scope of this report. It has much more to do with issues of corporate governance and requires the attention of the ACCC and the Australian Securities and Investment Commission (ASIC). One submission to the inquiry drew the attention of the committee to the apparent failure of ASIC to examine closely claims made by ABC Learning about the valuation of its operating licences. Although these licences had no trading value, ABC Learning put high valuations on them and then raised additional shareholder funds, in large part based upon such valuations.³ This matter was also dealt with in an article in the Sydney Morning Herald, which reported that ASIC was taking 'a close look at the ABC Learning collapse and is expected to be a little more active this time around'.⁴

1 James Kirby, 'Playgrounds', *Business Review Weekly*, 13-19 November 2003, p. 33.

2 Mr Tim Grimwade, *Economics Committee Hansard*, 22 June 2009, p. 24.

3 Mr Steve Trzcinski, *Submission 63*.

4 Colin Kruger, 'Lessons to be learnt from ABC Learning's collapse', *Sydney Morning Herald*, 2 January 2009, Available at <http://business.smh.com.au/action/printArticle?id=337508>.

2.4 The committee requested from ASIC some details of its progress in this investigation. ASIC continues to investigate the collapse of ABC Learning but advised that no further details are yet available. Regarding the revaluation of licences, ASIC advised that in accordance with its initial investigation, revaluation of the licences was not 'material to the company'. ASIC informed the committee that:

[r]evaluation of licenses was permitted under the accounting standards for the year ended June 2005 and new accounting standards applied thereafter. The new standard AASB 138 "Intangible Assets" ("AASB 138") only allows the revaluation of intangible assets in certain circumstances. However, the standards only apply where an accounting treatment has a material impact...ASIC noted that at the time of its enquiries, the financial impact of these concerns on the 2006 financial statements was not material to the company.⁵

2.5 The more important aspect of the collapse of ABC Learning was to focus attention on the appropriateness of corporate sector participation in childcare provision. There was a strong view expressed through many submissions that provision of quality childcare was incompatible with shareholder aspirations. There is an inherent conflict of interest between the two. This chapter will consider the lessons to be learnt from market domination by the corporate sector, and the implications of having a national 'system' dominated by any future oligopoly of corporate providers.

The advent of 'market forces'

2.6 It was assumed in several submissions that policies adopted by the Coalition government of 1996-2007 introduced the free market into childcare provision. Professor Deborah Brennan and Associate Professor Susan Newberry, however, traced changed attitudes back to the 1980s when the attraction of a market-orientated funding system became evident to the Treasury. In 1985, the Commonwealth ended the link between childcare subsidies and the award wages of qualified staff and cut operational assistance by 50 per cent.⁶ This was followed by changes to the extended childcare assistance in 1991. Up to that point, the Commonwealth subsidised non-profit organisations only, as provided for under the *Child Care Act 1972*, and these recurrent subsidies were paid on the basis of the number of properly qualified staff in each centre as required under state regulations.⁷

2.7 The 1991 legislation extended assistance to users of private childcare. The reason for this was the need to expand childcare services to meet increasing demand and to end what came to be seen as discrimination against the private sector. Brennan

5 Correspondence received by the committee from ASIC dated 16 October 2009. Available at http://www.aph.gov.au/Senate/committee/eet_ctte/child_care/submissions.htm.

6 Professor Deborah Brennan and Associate Professor Susan Newberry, *Submission 64 (Attachment 3)*.

7 Professor Deborah Brennan and Associate Professor Susan Newberry, *Submission 64 (Attachment 2)*, p. 214.

points out that this move was strongly supported by the Federation of Childcare Associations, who argued that the employment of unionised workers with 'unnecessarily high' qualifications was a factor in the high cost of childcare.⁸ There have been echoes of this view expressed during this inquiry.

2.8 The effect of this policy change was significant. Between 1991 and 1996, the number of places in private childcare centres increased by 233 per cent, while the growth in community-based and not-for-profit centres increased by 15 per cent. In 1991, the number of places in community-based centres outnumbered those in privately-owned centres. By 1996, there were over two and a half times as many places in private centres as in community centres.

2.9 The government abolished operational subsidies for community-based and not-for-profit childcare centres in the 1996-97 Budget and stopped funding for construction of new community-based centres that had been planned. The new tax system in 1999 saw the consolidation of family benefit payments into the arrangements which continue today, including the payment of Child Care Benefit (CCB). In regard to the CCB, around 95 per cent of parents using approved childcare receive this subsidy as a fee reduction at the time that they pay their fees. Families choosing to receive CCB as a fee reduction, rather than as an end-of-year lump sum, will only have to pay the service provider the difference between the full fee and the amount of CCB.⁹

Market or community service?

2.10 Finally, the committee notes that the role of corporate players in the childcare sector is regarded by many as anomalous.¹⁰ Proponents of this view argue that childcare is a 'public good' in the same way that school education is a public good. There are no schools or school systems listed on the stock exchange.¹¹ There are no universities listed on the ASX. The reason is that those schools and universities are heavily subsidised by government. They function very well as non-profit institutes, able therefore to pay competitive salaries to maintain quality of teaching and maintenance costs for buildings and equipment, usually with government assistance.

2.11 Some committee members would argue that it is not appropriate for profits to flow from childcare centres into the hands of shareholders who benefit from the leveraging of taxpayer funds. The committee appreciates, however, that pragmatic considerations often outweigh objections in theory. Even if the experience of ABC Learning's operations have been unfortunate, it is clear that it has not entirely

8 Ibid., p. 215.

9 DEEWR, *Submission 41*, p. 18.

10 See, for instance, SDN Children's Services, *Submission 29*, p. 3.

11 ABC Learning did plan to enter this sector but was ultimately unsuccessful.

prejudiced public opinion against a continuation of corporate participation in the sector.

2.12 On the other hand, the market approach resulted in a substantial increase in the number of childcare places available, meeting the increasing demand for childcare. In fact, as noted previously, there was more than a two hundred per cent increase in the number of childcare places offered by private providers between 1991 and 1996.

Rise and fall of ABC Learning

2.13 ABC Learning Centres Ltd began operating in Brisbane suburbs in 1988, growing on the back of urbanisation in south-east Queensland.¹² By 1997, it was the largest single provider in Australia, with 18 centres.¹³ It was the first of several childcare operators to be listed on the Australian Stock Exchange (ASX) in 2001-02. Others included Future One, Child Care Centres Australia, Peppercorn Management Group and Kids Kampus. Two of the proprietors of these companies entered the *Business Review Weekly's* 'rich list' within two years of listing. ABC Learning in time acquired each of these other companies. With ABC Learning in receivership, there are no listed companies at the time of reporting.

2.14 By 2008, ABC Learning was the largest provider of childcare, holding around 20 per cent of the long day care market and providing care to over 100 000 children. ABC Learning employed around 16 000 staff. The company sold 45 of its childcare centres in July 2007,¹⁴ which contributed to a reduction in the number of centres in 2008. Researching the growth of the company between 2001 and 2006, the Australia Institute noted that ABC Learning achieved close to one hundred per cent growth between financial years 2004-05 and 2005-06.¹⁵ The graph below demonstrates the growth in the number of ABC Learning centres in Australia from 2001 to 2007.

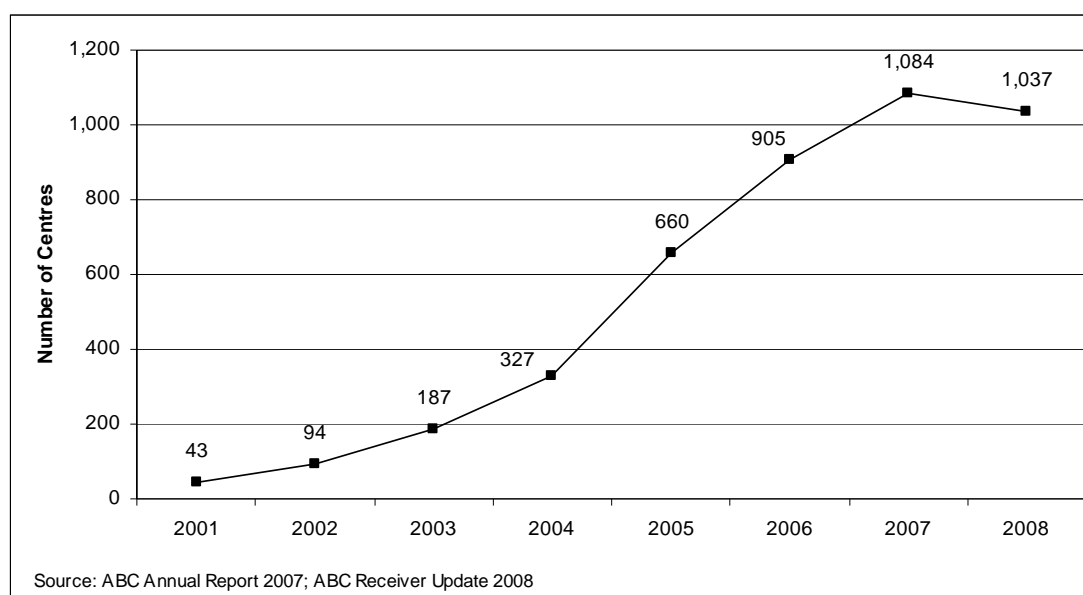
12 Nick Tabakoff, 'Daycare Dynamo: the ABC of Eddie Groves success', *The Bulletin*, 23 August 2005, p. 48.

13 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. Available at <https://www.tai.org.au/documents/downloads/DP87.pdf>, p. 13.

14 ABC Learning Centres Ltd, 'Note 28: Subsequent events', *2006-07 Annual Report*, , p. 99.

15 Rush & Downie, op. cit., p. 14.

Graph 2.1: Growth in ABC Learning Childcare Centres in Australia



2.15 The financial press became an important source of information about childcare matters by 2001. *Business Review Weekly* reported that ABC Learning shares, worth two dollars after listing on the ASX, had risen in value to \$13.94 by 4 October.¹⁶ ABC lifted its net profit 115.6 per cent to \$9.6 million in 2001-02 on revenue that rose 81 per cent to \$23.8 million.

Eddie Groves of ABC describes the child-care business as recession-proof, thanks to the guaranteed revenue stream from federal government subsidies. Under the child-care benefit scheme, fee subsidies, which are subject to a parental income test, are usually paid direct to the centre.¹⁷

2.16 The biggest leap in revenue occurred in the financial year 2004-05 when they rose 257 per cent on the previous year. This significant growth, in large part, was due to the acquisition of Peppercorn Management Group which led to the number of centres under ABC Learning control doubling from 327 to 660 in the financial year ending 2005.¹⁸

2.17 One effect of corporate interest in the childcare sector was seen in the property and building market. The new corporate-run centres needed prime location sites in central business districts and in affluent suburban areas with favourable demographic characteristics, or at least sites in fast-growing urban areas. For some corporate players, real estate acquisition and income from rents from childcare centres was the *raison d'être* for their investment in childcare. There were complicated business

16 John Stensholt, 'Child-care sums make listings look simple', *Business Review Weekly*, 10-16 October 2002, p. 36.

17 Ibid.

18 Rush & Downie, *op. cit.*, p. 13.

arrangements between mutually dependent entities like ABC Learning and Australian Education Trust. Market rentals were determined by childcare places.¹⁹ Brisbane merchant bank, DDH Graham ran three property trusts and owned 35 centres which were operated by Peppercorn.²⁰ Small-business operators who had once dominated childcare service provision were disadvantaged by corporate sector expansion. Many small private operators in desirable catchment areas sold out to the corporate sector. As *Business Review Weekly* reported:

Smeed of DHH Graham says the average cost of building a child-care centre has increased from \$500 000 to about \$1 million in the past two or three years. He says the increase is pushing owner-operators out of the sector. 'It is getting out of the reach of the ordinary person,' he says. He believes the involvement of a strong corporate sector ensures there is sufficient capital to maintain high standards and continuity in the child-care sector.²¹

2.18 The committee notes the evidence that it heard about the predatory nature of corporate players in the childcare sector and the longer-term concerns about quality care that were being voiced at the time of the expansionist boom in 2002. It notes the reported concerns of the peak body of small independently-owned childcare centres, the Australian Federation of Child Care Associations, that the 'sheer financial muscle of the large chains will swamp the smaller operators'.²² Chair, Ms Gwynn Bridge, was quoted as saying, in relation to predatory corporate expansion:

[w]hat it means is that if the owners don't want to sell, the large chains can just put up another centre and put them out of business...we really need a return to a system under which the Federal Government designated which areas were high needs and licensed accordingly...a child care centre is very difficult to operate. A lot of these new players think it is just a license to go in there and make money, but you need years of experience.²³

2.19 The predatory nature of ABC Learning operations was evident in other ways. Childcare operators and practitioners, regardless of whether they are small independent operators or community sector operators are normally keen networkers. It was noted in one submission that ABC Learning staff remained aloof from interactions with privately operated centres. They did not attend sector conferences or workshops. There appeared to be a 'silo' effect in their training. Moreover, there appeared to be deficiencies in staff trained by ABC, particularly in areas of

19 Professor Deborah Brennan and Associate Professor Susan Newberry, *Submission 64 (Attachment 3)*.

20 Stensholt, *op.cit.*

21 *Ibid.*

22 Andrew Fraser, 'Is making money out of childcare as easy as ABC?', *Weekend Australian*, 12 October 2002.

23 *Ibid.*

management and centre involvement. It is suggested that they became well-trained in economy.

An ex ABC applicant when interviewed by a private centre director was intent on finding out how much money would be allocated for craft, equipment etc. Interview applicants would normally be concerned with method of programming; behaviour guidance techniques; professional development etc.²⁴

2.20 Professor Alma Fleet, Head of the Institute of Early Childhood at Macquarie University, was also warning in October 2002 that quality childcare was costly, being dependent on low staff-child ratios. Fleet was reported to be worried that many of the new centres relied on a standard service delivery in order to contain costs which allowed for the payment of a shareholder dividend. They would be unable to move beyond the mandatory minimum staff-child ratios in order to cater for children with special needs or respond adequately to cultural diversity.²⁵ Under its new management, ABC Learning has acknowledged unfavourable perceptions of its sacrificing quality for the sake of profit.

Those experienced in the childcare industry knew, given the regulatory requirements, it was not possible to produce the kind of returns being reported unless quality of care was being compromised. The seeds of discontent as to the motives of the ABC management were sewn and the reputation of ABC amongst childcare professionals further deteriorated.²⁶

2.21 Further comment about perceptions of ABC Learning programs are included in chapter three which relates to the quality of childcare.

2.22 There were other early indications of the potential problems of staffing childcare centres with qualified staff. Professor Collette Tayler, Head of the School of Early Childhood at the Queensland University of Technology, warned that the low level of salaries and conditions would eventually conflict with the imperative on corporations to maximise profits. Taylor is quoted as saying:

[t]he main problem is that there will be short-term pressure to maximise profits, but the stronger demand is for childcare in the 0-3 age group. Now, these services cost more to deliver, simply because little babies need more attention. That will be a challenge, because in the long term, quality of staff will determine whether or not that performance is sustainable. Unless something is done we will be seeing massive shortages of trained staff in a few years.²⁷

24 Childcare Queensland, *Submission 22*, p. 2.

25 Carolyn Milburn, 'Making profits is child's play', *The Age*, 12 October 2002.

26 ABC Learning, *Submission 86*, p. 2.

27 Andrew Fraser, 'Is making money out of childcare as easy as ABC?', *Weekend Australian*, 12 October 2002.

2.23 By 2003, there were signs of emerging conflicts over the involvement of corporate operators in the sector. Rapid expansion by the operator Peppercorn (at that time the largest corporate operator in the childcare sector) saw disputes with the Liquor, Hospitality and Miscellaneous Union (LHMU) over the poor condition of newly acquired premises and underpayment of staff.²⁸ Peppercorn was taken over in December 2004 by ABC Learning. There were increasing concerns over the quality of care when the 2003-04 financial records for ABC Learning revealed that it spent only 56.7 per cent of revenue on staff, compared to an average of 80 per cent paid by not-for-profit providers.²⁹

2.24 Yet these were the boom days. The committee was given a description of how the sector was affected by the close association of corporate childcare and real estate interests by an experienced private operator in Brisbane.

It was during its heyday, when centres were selling out because they were getting top dollar to sell out to ABC, that a lot of the huge growth started, with developers just building them up and selling them off. ABC were a major buyer in that market. And it just kept going from there. Some people who sold their medium-sized groups to ABC then went on to build and gain more to sell them back to ABC. But the private sector, the individuals, were still selling, but we had three corporates at that point and there was a bit of a market to get good prices and so on....It brought a lot of people into the industry but it became a worry when centres were going up in areas where we knew that there was no demand. The aim, I think, in those days with a lot of the developers was to build big and bright and shiny and entice the parents to something that was very up-market—and the buildings were very spectacular in many cases.³⁰

2.25 The committee was told that the uncontrolled expansion of childcare centres was a source of considerable anxiety for operators who feared an oversupplied market. It was claimed that the government was made aware of these views but its response was that market forces should prevail.³¹

2.26 At the peak of its market share, ABC Learning was the largest single corporate operator with about 30 per cent of the market, according to its CEO, Eddy Groves. Some academics have put its market share higher than that, given its program of acquisitions and construction. Writing in 2008, Professor Susan Newberry (from the University of Sydney's Faculty of Economics and Accounting) and Professor Deborah Brennan stated that, in particular areas of Queensland and Victoria, ABC Learning

28 James Kirby, 'Playgrounds', *Business Review Weekly*, 13-19 November 2003, p. 32.

29 Nick Tabakoff, 'Daycare Dynamo: the ABC of Eddie Groves success', *The Bulletin*, 23 August 2005, p. 48.

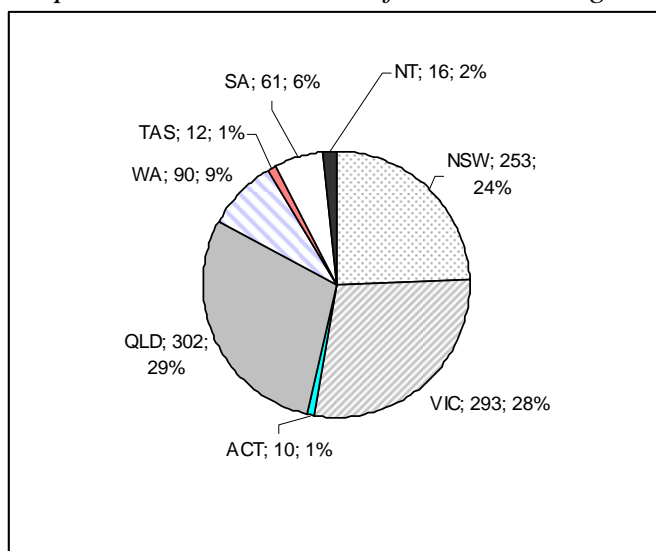
30 Mrs Gwynneth Bridge, *Committee Hansard*, 15 July 2009, pp. 16-17.

31 *Ibid.*, p. 18.

was thought to have up to 50 per cent of the market and that, in these and other areas, parents had little real choice but to use an ABC-branded childcare centre.³²

2.27 The following graph shows that the distribution of centres was predominantly in Queensland, Victoria and NSW, with the remaining states and territories having significantly smaller representation. This illustrates the position of the company while it was still trading.

Graph 2.2: *Distribution of ABC Learning Centres (2008, prior to administration)*



Source: McGrathNicol; taken from Department of Education, Employment and Workplace Relations, *Submission 41*, p. 3.

2.28 It was pointed out to the committee by one of the acknowledged authorities on childcare that an extraordinary degree of market concentration had been allowed to occur as a result of government policy. Professor Deborah Brennan told the committee:

I think that everybody is aware that [the extraordinary level of market concentration] is unusual, but I just want to really drive that home. We think that ABC Learning had around 20 to 25 per cent of the Australian long day care market. But in the UK the largest 40 providers altogether own 10 per cent of the places, and in the USA all corporate chains together own 13 per cent. So I argued, and I think this took Sue's attention, that we have really entered into a vast national experiment with our children in Australia. My concern, and I am happy to elaborate on this, is about not individual private for-profit centres but the system-level consequences of market concentration.³³

32 Professor Deborah Brennan and Associate Professor Susan Newberry, *Submission 64 (Attachment 3)*.

33 Professor Deborah Brennan, *Committee Hansard*, 16 July 2009, p. 22.

2.29 Newberry and Brennan also made the point that ABC Learning evidently recognised that its market dominance limited its scope for further expansion in Australia and, for that reason, looked abroad for investment possibilities.³⁴ Eventually ABC Learning became the largest listed childcare company in the world, owning similar businesses in the United States (where it was also the largest corporate provider), Britain and New Zealand as well as in the Philippines and Indonesia. This foreign expansion compounded the company's difficulties when the collapse came in 2008.

2.30 During the course of 2008, in the lead-up to the financial crisis, media and market speculation intensified about the financial circumstances of ABC Learning. There were a number of worrying indications. The intangible assets of the company ranged between 71 per cent and 81 per cent.³⁵ This included the previously mentioned valuation of (valueless) operating licences. The fall in the company's share price was dramatic once questions arose over questionable practices adopted by accounting firm Pitcher Partners in the auditing of the company accounts. It became evident that a quarter of the childcare centres were losing considerable amounts of money. Two leading accounting firms were later called in to scrutinise the ABC accounts ending 31 December 2007. There were threats of legal action against the company, and ABC Learning's co-founders Mr Eddy Groves and Dr Le Neve Groves left the company in September 2008.

2.31 The new management of ABC Learning, in its submission to the committee described these events thus:

[u]nfortunately the accounting practises that underpinned this growth strategy appear to have served to materially inflate the true underlying operating performance of the business which is at the core of the problem. The public reporting of ABC's profitability (Analysts forecasts in Jan '08 pointed to a profit of \$200 million) gave rise to the perception that the provision of childcare was an extremely lucrative and profitable industry. This attracted significant investment and enabled ABC to accelerate its expansion plans, including forays into international markets.³⁶

2.32 Following the departure from ABC Learning of its co-founders, a new interim CEO, Mr Rowan Webb, was appointed on 30 September and Mr Matthew Horton, General Counsel and Company Secretary also joined the Board on an interim basis. ABC Learning failed to lodge its financial statements with the ASX by 31 October 2008. The company continued to operate until 6 November 2008, having given assurances that it was intent on trading its way through its difficulties.

34 Professor Deborah Brennan and Associate Professor Susan Newberry, *Submission 64* (Attachment 3).

35 Ibid.

36 ABC Learning, *Submission 86*, p. 2.

2.33 It is easy to speculate about the extent to which the corporate policies of ABC Learning and the regulatory regime which supervised such policies contributed to the collapse of the company. The committee notes however that ASIC is conducting a review of the circumstances surrounding the collapse; as such, a safer approach may be to reserve judgement until this review is completed.

Salvaging the wreckage

2.34 The government was faced with the immediate problem of having to maintain the services provided by ABC Learning. On 2 November 2008, ABC Learning advised DEEWR that the company was likely to enter into voluntary administration almost immediately. Their banking syndicate indicated they would appoint a receiver to ABC Learning if the company entered into voluntary administration. This occurred on 6 November. In normal circumstances, this would have meant that around 400 ABC Learning centres would have ceased operating on entering into receivership. The assessment of the banks was that the considerable number of ABC Learning centres operating at a loss would need to be closed to limit the already serious financial loss suffered by the banks. The government was aware of the 'catastrophic' consequences for tens of thousands of children and their families, and for ABC Learning employees. There would have been serious economic and social effects.³⁷

2.35 The committee notes advice from DEEWR that the department established, among other contingency measures, an internal childcare industry taskforce on 24 September 2008 to manage what was occurring at ABC Learning and to plan for either the consequences of the closure of childcare centres or the company's insolvency. Discussions continued between DEEWR and ABC Learning.³⁸

2.36 On 7 November 2008, following discussions with ABC Learning's banks and the ABC Learning Receiver, McGrathNicol, the government announced that up to \$22 million, plus costs for the receiver, would be made available to keep open about 400 loss-making centres until 31 December 2008. This was to allow time for the receiver to assess the viability of these centres. A further sum of \$34 million guarantee of funding during 2009 for 262 centres regarded as unviable (now known as the ABC2 Group) was made on 10 December 2008.

2.37 By the end of December, the receiver had identified 720 centres, equal to about two-thirds of all the centres, which could operate into 2009. These became known as the ABC1 Group. Fifty-five centres closed on 31 December 2008, as there were suitable alternative centres located nearby, and all children were offered alternative places at a nearby ABC Learning centre. The majority of staff was redeployed.³⁹

37 DEEWR, *Submission 41*.

38 Ibid.

39 Ibid.

2.38 With the government having secured its objective of maintaining childcare services through a large injection of cash, the court-appointed receivers for ABC2, PPB, proceeded to sell off the ABC2 centres. By the end of 2008, around 3 300 people or entities had registered an expression of interest with the receiver.⁴⁰ The unprofitable ABC Learning centres were sold, some reportedly for as little as \$1,⁴¹ to 75 different operators from March 2009 on the condition such operators were financially sound. Beyond that, buyers were required to sign documents declaring they had no affiliation with ABC Learning founder and former chief executive, Eddy Groves.⁴²

Post-ABC complications and questions

2.39 The committee heard many comments on the reasons for the collapse of ABC Learning, although none were given with any claim to particular expertise. In its defence of ABC Learning, the new management of the company which is soon to be liquidated pointed out that ABC's investment in the industry created a significant number of new centres as well as material upgrades to existing services. This raised the standards of facilities and provided additional places needed to cope with the increased demand for childcare.

With the economics of childcare, as we know it now to be, this investment would have been impossible because [the] financial case for opening a centre to ABC's standards would not be viable. The investor's losses have, in at least some part, been to the industries [sic] gain.⁴³

2.40 This suggests that the childcare sector has benefited from a windfall of unintended advantage, a large injection of funding resulting from misjudgement about returns on investment. Looked at in these terms, it would probably be argued that the expenditure of \$56 million in government rescue funding represents value for money. ABC Learning has made the point that, as the economics of childcare currently stand, it is difficult to see where the next level of investment will come from to cater for expected future demand growth in the industry.⁴⁴ In response to this, the committee notes that there has been considerable expansion from small private operators and that this is likely to continue into the future, bringing further investment into the sector.

2.41 The committee heard considerable commentary and opinion about the dilemma which was presented to the government by the collapse of ABC Learning. On the one

40 Ibid.

41 Natasha Bitá, 'ABC Learning Centres Sold to Charity for \$1 Each', *The Australian*, 23 April 2009.

42 Natasha Bitá, 'ABC Sell-Off gets Labor's Go-Ahead', *The Australian*, 4 September 2009, Available at <http://www.theaustralian.news.com.au/business/story/0,28124,26023853-36418,00.html>.

43 ABC Learning, *Submission 86*, p. 3.

44 Ibid.

hand, the government was faced with an obligation to preserve childcare services, a responsibility apparently discharged by the course of action that it followed. Financial support to ailing centres, assuming a reasonable demand for their services, may be viewed as a practical necessity. On the other hand, the sale and disposal of operating childcare centres, which was a process in the hands of receivers and beyond government control, was described in a number of submissions and by a number of witnesses as disappointing. When asked about the possible decision by receivers to sell-off ABC1 as a single tender, Professor Brennan remarked:

I am personally disappointed in the decision. I think a unique opportunity had opened up through those very unfortunate events. I personally would like to have seen really strong efforts made to introduce genuine diversity back into the Australian child-care system.⁴⁵

2.42 The perpetuation of a corporatist approach has been evident in the way the sale of centres has proceeded. The normal processes of company liquidation do not work well in the case of essential services. The customary main obligation of receivers is to creditors of the failed company, rather than to clients and customers. In this case, the division of assets between profitable and unprofitable centres took no account of the fact that, in the provision of a public service, a degree of cross-subsidisation is required to ensure equity in the provision of services. The committee was told that, as far as was known, there were no children's services experts consulted in regard to decisions about which centres were viable.⁴⁶ The committee notes the claim that the Receiver of ABC Learning, McGrathNicol, apparently considered that, although over 200 centres were unviable under the ABC operating model, they could still be considered viable under a not-for-profit model.⁴⁷ As the submission from KU Children's Services explained:

[s]adly this fails to recognise that generally the not-for-profit model is more expensive than the ABC model due to such things as higher quality of care (including higher staff to child ratios and better qualifications and experience) and the inclusion of children with additional needs (such as children with a disability, children with Aboriginal and Torres Strait heritage, children from culturally and linguistically diverse backgrounds, children at risk and children with challenging behaviours).⁴⁸

2.43 The KU submission further explained that the only means through which a community organisation could operate unviable former-ABC Learning centres would be to 'package' them with viable centres. Had the receivers disposed of the assets in a way which facilitated this, more community-based and not-for-profit organisations would have offered to take over ABC Learning centres. On the other hand, the committee also heard comment that not-for-profit childcare organisations would also

45 Professor Deborah Brennan, *Committee Hansard*, 16 July 2009, p. 34.

46 Ms Prue Warrilow, *Committee Hansard*, 16 July 2009, p. 110.

47 KU Children's Services, *Submission 32*, p. 11.

48 *Ibid.*

have been deterred from buying up ABC Learning sites because of their ties to corporate landlords. Rents would have been as high as several hundreds of thousands of dollars a year in some cases. Australian Community Children's Services told the committee that inadequate information was provided to tenderers, which deterred many potential buyers from making bids. The likely adverse effect of higher-than-market-rate rents was a deterrent to the non-profit community sector which regarded such centres as unsustainable over the medium to long term.⁴⁹ KU submitted that community providers had been urging the government to use the collapse of ABC Learning 'as an opportunity to reset the policy levers to rebalance the provision of childcare'. Since this opportunity was not taken up, KU feared that an important opportunity had been lost.⁵⁰

2.44 Many submissions to the inquiry opposed the Receiver's potential sale of over 700 ABC Learning centres (known as the ABC1 tender) as a 'job lot' to a single purchaser, and have expressed alarm at the likely consequences. It is feared that such a resolution would run counter to the need to ensure wider diversity of choice in the sector and that it would anticipate the maintenance of a corporatist model of childcare which has been discredited by the experience of ABC Learning, not only because of its collapse but because of the doubtful quality of the service it provided even at its peak.

2.45 A representative of KU Children's Services told the committee that the missed opportunity for the government was its acquiescence with the intentions of the court-appointed receivers of the ABC2 centres which were nominated as unviable and sold off first.⁵¹ The representative claimed that the government would have had more say in this process than it would in dealing with the receivers of the ABC1 Group. Commenting upon the degree of parental stress eight months on from the closure crisis, the representative gave her view that, while there was a widespread belief that things had settled down, circumstances are essentially unchanged from before ABC Learning collapsed and that there is likely to be a recurrence of the ABC collapse, although this might not happen for five years.⁵²

2.46 The committee is aware, however, that Minister Gillard made known her concern to have much wider not-for-profit and community-based childcare on offer to provide more diversity in the sector and expected that this would be facilitated by transfers of ownership during the ABC2 tender round.⁵³ The court-appointed receivers have indicated that diversity has been achieved in the sale of the ABC2 centres. In April 2009, PPB noted that it had identified 'a diverse range of operators including

49 Ms Prue Warrilow, *Committee Hansard*, 16 July 2009, p. 113.

50 Ms Sheridan Dudley, *Committee Hansard*, 15 July 2009, p. 33.

51 Ibid.

52 Ibid.

53 See, for instance, Hon Julia Gillard MP, 'ABC2 Group – Update on progress', Media Release, 14 January 2009.

not-for-profit organisations, individual owner operators and private operators'.⁵⁴ The Minister for Early Childhood Education, Childcare and Youth, the Hon Kate Ellis MP, in a Ministerial Statement on 15 September 2009, told the House of Representatives that the largest single buyer of ABC2 centres was a not-for-profit provider, Mission Australia. The sale process resulted in more than 70 diverse operators taking over ABC2 centres.⁵⁵

The future of corporate childcare

2.47 The National Childcare Accreditation Council (NCAC) has submitted that the collapse of ABC Learning has highlighted the adverse consequences of allowing any single provider to dominate the supply of childcare. It stated that the government is currently in a 'unique' position to remedy an imbalance which has been allowed to develop and to prevent its recurrence.⁵⁶ As the evidence suggested, the government had less opportunity to restructure the control and ownership of the childcare sector in the wake of the ABC Learning collapse than might appear. 'De-corporatising' the childcare sector becomes much harder in normal corporate insolvency processes which generally preclude government intervention.

2.48 Although it is of small comfort to parents and their children who experienced dismay at the disruption to their lives at the end of 2008, there is some truth to the claim that the demise of ABC Learning has been in the best interests of childcare provision.⁵⁷ It adds urgency to the tasks already being undertaken by COAG to agree to a national approach to childcare provision, to implement commonly-agreed standards, to provide for their enforcement and to lift minimum standards of training and the employment status of those who work in the sector. It has also refocused public attention on the issue of quality of care. As the committee makes clear in later chapters, the matter of who runs the childcare centres across the country, provided there is real diversity in the sector and genuine choice in the provision of care, is less important than the dedication, commitment and quality of care demonstrated by those who provide it.

2.49 As this report is prepared for tabling, the receivers are proceeding with the sale of the ABC1 tranche of 720 childcare centres. This could be delayed to the end of 2009 or beyond. It is difficult to imagine that any prospective buyers would be unaware of the changed childcare policy climate. ASIC and ACCC will be more vigilant in areas of corporate governance and, as will be made clear in the following chapter, the public mood is swinging toward much tighter regulation in the pursuit of

54 PPB Corporate Recovery, 'Vast Majority of ABC2 Group Centres to Continue Operating', Media Release, 15 April 2009.

55 Hon Kate Ellis MP, 'Ministerial Statement – The future of ABC Learning', Transcript, 15 September 2009.

56 National Childcare Accreditation Council, *Submission 72*, p. 3.

57 See, for instance, Early Childhood Australia, *Submission 31*, p. 2.

quality care and learning outcomes, as reflected in recent regulatory tightening at the state level.

2.50 While the committee recognises a high level of scepticism about the ability of corporate bodies to provide childcare of a quality comparable with small independent operators, not-for-profit providers and community-based centres, it believes that the final test of this is whether corporate providers are willing to cater comprehensively for children with a full range of needs and pay good salaries for well-qualified staff. Quality is the test. Any organisation which establishes centres which put the needs of children first in these circumstances is a contributor to the common good.

Conclusion

2.51 The committee recognises the difficulty in determining policy in regard to the control and ownership of childcare centres when the only source of government support comes to centres indirectly through Child Care Benefit payments. The committee believes that the provision of services is best provided by small-scale or individual independent operators and by not-for-profit and community-based organisations. The role of corporations as childcare providers appears to be broadly accepted but, in the light of more stringent quality standards, their costs for labour as a proportion of outlays will rise to the level of other providers. Accountants and auditors advising corporations will need to be aware that there are important non-financial accountability and compliance tests that will need to be met. Childcare centres are not just a business – they must be in the service of the common good.

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

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- 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.deewr.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.

Chapter 4

Funding childcare

...[W]e're paying a fortune in this country, as indeed in most western countries, on trying to fix up problems in children in the adult population, many of which we know begin in pathways that start much, much earlier in life...it's pay now or pay later. We don't question how much we spend on education. Why do we question how much we spend on the first five years of life when the research so powerfully demonstrates that that makes even a larger difference than the school system?¹

4.1 The committee believes that calls for a return to capital and recurrent funding are unlikely to be accepted by the government, but it also believes that a case can be made for the expansion of current provision for direct capital funding in particular circumstances. This chapter examines the characteristics of childcare funding and makes funding recommendations which are consistent with the generally agreed needs of quality and equity in childcare provision.

Increased funding

4.2 The committee considers that overall funding of the childcare sector should be increased. The need for increased funding of the sector was the overall message in submissions to this inquiry and it appears to have been acknowledged in part through the COAG initiatives on early childhood education.

4.3 In response, the committee notes the government's commitment to early childhood education and care through a range of initiatives, including:

- the government is spending \$16 billion over the next four years on early childhood education and childcare.² The Minister believes that this represents an increase in funding of one billion dollars per year to ECEC. The majority of these funds are to be directed to the childcare sector;³
- CCB was raised by 10 per cent over and above indexation in 2007-08 bringing the total increase in the maximum rate of CCB to 13.63 per cent;⁴

1 Professor Frank Oberklaid, *Life Matters*, Radio National, Transcript, 20 August 2008. Available at <http://mediacentre.dewr.gov.au/mediacentre/mckew/releases/changestochildcareandearlylearninginaustralia.htm>, accessed 15 January 2009.

2 Hon Julia Gillard MP, 'First Ever National Measurement of Early Childhood Development', Joint Media Release, 19 September 2009.

3 Hon Julia Gillard MP, 'First Ever National Measurement of Early Childhood Development', Joint Media Release, 19 September 2009.

4 DEEWR, *Submission 41*, p. 31.

- the Child Care Rebate (covering families out-of-pocket childcare expenses) has been increased by 20 per cent, bringing the rate to 50 per cent;⁵
- the maximum level of rebate available has been increased to \$7 500, effective from July 2008;
- the rebate intervals of payment have also been amended. CCR can now be paid quarterly, offering more timely financial assistance to families. DEEWR informed the committee that these measures have improved the affordability of childcare for families across income levels and are particularly beneficial to low and middle-income families; some families, for instance, have experienced more than a 20 per cent decrease in out-of-pocket costs for childcare;⁶
- the Universal Access to early childhood education initiative which provides access to 15 hours per week over 40 weeks of preschool education for all children in the year before school;⁷ and
- a paid parental leave scheme is to be introduced in 2011.⁸

4.4 The major development of 2009 has been the introduction of the online CCB administrative tool, the Child Care Management System (CCMS), which was initiated under the Howard Government in 2006 with \$72.3 million in funding. This is a computer-based payment system holding information regarding childcare usage and vacancies as well as CCB entitlements and payments for use by providers, families and government bodies.⁹

4.5 It is difficult to identify where Australia's level of investment in ECEC stands in relation to other OECD countries. UNICEF found that the overall funding of early childhood services (childcare and pre-primary school) based on OECD research, was less than half of the benchmark of one per cent of GDP.¹⁰ In addition, levels of public funding for childcare are typically far below public funding of other educational areas such as preschool education.¹¹ However, the Institute of Public Affairs has criticised

5 Hon Julia Gillard MP, 'Increase to Child Care Benefit and Child Care Tax Rebate from 1 July', Joint Media Release, 3 June 2009.

6 DEEWR, *Submission 41*, pp 18-20.

7 Hon Julia Gillard MP, 'Government Invests \$970 m in High Quality Early Childhood Education', Joint Media Release, 17 September 2009.

8 DEEWR, 'Australia's Paid Parental Leave Scheme – Supporting working Australian families', 2009, available at <http://home.deewr.gov.au/Budget/documents/PPLBooklet.pdf>.

9 DEEWR, *Submission 41*, p. 23; see also DEEWR, 'Child Care Management System', available at <http://www.deewr.gov.au/EarlyChildhoodPrograms/ChildCareforServices/Operation/Pages/ChildCareManagementSystem.aspx>.

10 UNICEF, 'The Child Care Transition – A league table of early childhood education and care in economically advanced countries', *Innocenti Report Card 8*, 2008, p. 27.

11 The Victorian Local Governance Association, *Submission 58*, p. 4.

the OECD research, questioning whether aggregate public spending is a useful indicator of the effectiveness of any particular nation's ECEC sector.¹² In addition, researchers from the Social Policy Research Centre at UNSW found that 'overall Australia spends more than the average of OECD countries on the early years, but that a much higher proportion of this expenditure is spent on cash transfers to parents'.¹³ Such cash benefits were excluded from the OECD research.

4.6 The challenges facing childcare and the need to fully resource the sector to address the lack of access for disadvantaged groups, provision in rural and regional areas, raising qualification levels in the sector and improving remuneration levels for carers suggest that funding increases beyond those already foreshadowed by the government will need to be contemplated.

4.7 The Universal Access to early childhood education initiative provides all children access to 15 hours per week for 40 weeks of preschool education in the year before school.¹⁴ The committee notes that such a policy, if implemented, will have a significant interface with the childcare sector.

4.8 The government has allocated \$970 million to state and territory governments under the National Partnership Agreement on early Childhood Education through COAG. However, the committee notes the importance of having information available relating to the delivery of this commitment and the impact on the childcare sector, and how Commonwealth expenditure will complement, rather than replace, state and territory funding.

4.9 Under the Partnership Agreement, COAG stipulates an output is that a 'preschool program is delivered across a range of settings at a cost which is not a barrier to access', which will clearly impact on the childcare industry.¹⁵

Recommendation 2

4.10 The committee recommends the government makes public detailed information pertaining to the use of Commonwealth funding by state and territory governments, to clarify the scope and impact of its promise to provide

12 Alex Robson, *How Much Do We Actually Spend on Early Childhood – A review of international comparisons and the OECD's 'Starting Strong II'*, Institute of Public Affairs, Research Paper, September 2009.

13 Ilan Katz & G. Redmond, 'Investment in Early Childhood in Australia – International comparisons and recent trends', *Health Sociology Review*, Volume 18, Issue 1, pp 94-107.

14 Hon Julia Gillard MP, 'Government Invests \$970 m in High Quality Early Childhood Education', Joint Media Release, 17 September 2009.

15 Council of Australian Governments, 'National Partnership Agreement on Early Childhood Education', 2009, available at:
http://www.coag.gov.au/intergov_agreements/federal_financial_relations/docs/national_partnership/national_partnership_on_early_childhood_education.pdf.

universal access of 15 hours per week of preschool services for all four year-olds in Australia in the childcare sector.

4.11 In 2006, the Australian Council of Social Services estimated that families contribute 54 per cent, or \$2 billion, to the cost of childcare each year. About \$1.8 billion of that is for children aged from birth to four attending long day care or family day care.¹⁶ Productivity Commission estimates (based on 2003-04 figures) indicated that three quarters of the total expenditure on children's services came from Commonwealth funding, nearly 80 per cent of which was in the form of fee assistance to families through the CCB and other schemes.¹⁷ Nearly 80 per cent of the expenditure from state and territory sources was on the provision of preschool services.¹⁸

Funding models

4.12 UNICEF noted the different ways in which OECD countries funded ECEC. There was a basic division between a public model and private model.¹⁹ Public funding of childcare comprises services that are subsidised or entirely funded by taxpayer funds and delivered by government-funded providers. Under a private funding model, services are funded by businesses which charge fees from users to cover their costs and allow for a margin of profit. In practice, the funding of early childhood services in many developed countries is a combination of these models.

4.13 The model of funding determines not only the cost and affordability of childcare services but also the accessibility and quality of such services and the diversity of the sector in general. Funding models, therefore, influence a child's experiences in care and the benefits (or adverse effects) that they derive from that care. In turn, this affects the gains to society that should result from quality ECEC.

Return on investment

4.14 A number of submissions quoted from studies which concluded that investment in ECEC can reap significant benefits for governments and society in general, as described in chapter three. Childcare Queensland advised the committee that the cost of childcare is 'cost positive' for the government.²⁰ Beneficial outcomes range from

16 Australian Council of Social Services, 'Fair Start – 10-Point plan for early childhood education and care', *ACOSS Info* 383, 2006, p. 9.

17 Productivity Commission, *Overcoming Indigenous Disadvantage – Key indicators 2005*, Productivity Commission Steering Committee, available at <http://www.pc.gov.au/gsp/reports/indigenous>.

18 Frances Press, *What about the Kids? Policy directions for improving the experiences of infants and young children in a changing world*, NSW and QLD Commissions for Children and Young People and National Investment for the Early Years Organisation, 2006, p. 27.

19 UNICEF, 'The Child Care Transition - A league table of early childhood education and care in economically advanced countries', *Innocenti Report Card* 8, 2008, p. 8.

20 Childcare Queensland, *Submission* 22, p. 4.

parents' increased workforce participation, increased productivity and, in turn, economic growth to, among other things, support for disadvantaged groups; quality care can contribute to life-long improvements in children's achievements as well as social equity in general. These long-term advantages are seldom considered in the provision and planning of ECEC programs because it is difficult to quantify such benefits.

4.15 The analysis carried out by Access Economics as part of the COAG process included a review of the investigations of and attempts to quantify the return on investment in ECEC.²¹ Such research investigated groups of disadvantaged children and the committee notes that the sometimes exaggerated results from these studies would not be representative of the childcare sector in general.

4.16 The most famous of these studies is possibly the High/Scope Perry Preschool Project. This intervention program for young, disadvantaged children was found to deliver more than a 17-fold return on investment to society. By contrast, it was reported in 2003 that return on investment in Australia's childcare sector was \$1.86 per dollar spent 'through increased taxation revenue and reduced social assistance outlays'.²² On the other hand, the Victorian Local Governance Association informed the committee that the long-term total economic returns from early childhood education could be as high as \$8.11.²³

Historical overview of funding policy

4.17 The historical record of government funding policy for childcare over the past 37 years, beginning with the McMahon government's funding initiative in 1972, shows a gradual shift from the funding of supply to the funding of demand, as direct funding to providers was replaced by Commonwealth payments to parents. This has gone hand in hand with the withdrawal of Commonwealth specific subsidies for not-for-profit and community-run childcare and has led to greater provision from the private sector.

4.18 Commonwealth government funding support for childcare services came first in the form of capital, operational and other funding for community-based providers of centre-based care.²⁴ This funding was linked to the cost of employing qualified

21 Access Economics Pty Limited, 'An economic analysis of the proposed ECEC national quality agenda', Report for the Department of Education, Employment and Workplace Relations, July 2009, p. 30.

22 See the discussion in Joy Goodfellow 'Childcare Provision – Whose responsibility? Who pays?' in *Kids Count – Better early childhood education and care in Australia*, Elizabeth Hill, Barbara Pocock and Alison Elliott, (eds), 2007, p. 245.

23 Victorian Local Governance Association, *Submission 58*, p. 4.

24 DEEWR, *Submission 41*, p. 10.

staff and it was calculated upon the number of qualified staff on award wages.²⁵ This funding was later extended to other services including family day care and OSHC.

4.19 In 1984, the Labor government moved from funding staff to funding places through the introduction of fee relief. This was available for the cost of long day care offered by non-profit providers. Extra childcare places were introduced from 1988 through cost-sharing arrangements between the state, territory and Commonwealth governments.²⁶

Shift to funding demand for childcare

4.20 Commonwealth funding policy significantly changed in emphasis in 1991, from subsidising the supply of childcare services to subsidising the demand for childcare services. This, following from the abolition in 1985 of subsidies based upon qualified staff numbers, was the beginning of the childcare 'market'.²⁷ Government funding was extended to private providers in addition to community providers. Funding was in the form of fee assistance but community providers still received operational subsidies.²⁸ However not-for-profit providers were restricted in terms of the locations in which they were able to establish due to this funding. In contrast, limits were not placed upon private long day care places until 1997-98.²⁹

4.21 The Childcare Cash Rebate was introduced in 1994, to assist families with the cost of work-related childcare, and was then means-tested two to three years later. Child Care Benefit (CCB) and Family Tax Benefit were both introduced in 2000 and fee relief along with the Childcare Cash Rebate were both abolished. Following these measures, Child Care Tax Rebate (CCTR) was introduced in 2004, based on 2004-05 taxation returns and paid in 2006-07.³⁰

4.22 Mrs Tempe Harvey informed the committee of the importance of 'funding the child' whereby each child is supported by government funds regardless of the care options chosen by families.³¹ In fact, 'funding the child' was at the core of changes made to the mechanisms of childcare funding by the Howard government.

4.23 Operational subsidies for non-profit long day care providers were abolished in the 1996-97 Budget. It was argued that the loss of this funding measure would be balanced by CCB paid directly to the users of childcare. The Department of

25 Professor Deborah Brennan and Associate Professor Sue Newberry, *Submission 64 (Attachment 2)*, p. 214.

26 DEEWR, *Submission 41*, p. 10.

27 Professor Deborah Brennan and Associate Professor Sue Newberry, *Submission 64*, p. 1.

28 DEEWR, *op. cit.*

29 *Ibid.*, p. 11.

30 *Ibid.*, pp 11-12, 18.

31 Mrs Tempe Harvey, *Committee Hansard*, 15 July 2009, p. 27.

Education, Employment and Workplace Relations noted, however, that the end date of operational subsidies, July 1997, long preceded the commencement of CCB payments. The result of this was the closure of some non-profit centres and increased fees or fewer places offered by other non-profit providers.³²

4.24 Incentive schemes were introduced in 2000-01 to support the establishment of rural childcare services by private providers.³³ Start-up assistance for large for-profit providers of long day care and OSHC (more than 10 services) was abolished in July 2008. This restriction does not apply to community providers.³⁴ The committee notes the scope of this continuing provision which allows for renewed funding for rural and remote areas.

Increasing marketisation

4.25 Professor Brennan hypothesised that the introduction of demand-side funding mechanisms and market forces (originally by the Hawke government) was also motivated by a wish to maximise the choices available to families and to put downwards pressure upon childcare fees.³⁵ The introduction of demand-side subsidies led to an expansion of private provision in the sector. This growth was needed in response to demand which, it has been suggested, was unlikely to be met by not-for-profit and community-based providers for financial reasons.³⁶ ABC Learning's rapid growth, for instance, was largely a result of the introduction of subsidy payments direct to parents, as described in chapter two.

4.26 An oft-repeated view was that the rise of private childcare has come at the cost of not-for-profit and community-based childcare. There was certainly a decline in the number of not-for-profit and community-based providers as a result of policy changes. In addition to this, the growth of corporate providers in general and ABC Learning in particular in the childcare sector has led to the decline of small, independent private providers.³⁷

4.27 However, the delivery of wider choice and improved provision of childcare services has not been uniform across the sector. Media reports have claimed a 'blow-out' in childcare costs;³⁸ in addition, witnesses told the committee of their belief that

32 DEEWR, op. cit., p. 10.

33 Ibid., p. 11.

34 DEEWR, *Child Care Service Handbook 2008-2009 – For all child care services*, 2008, p. 21.

35 Professor Deborah Brennan, *Committee Hansard*, 16 July 2009, p. 31.

36 Julie Novak, 'ABC Failure Doesn't Condemn Corporate Child Care', *The Age*, 2 December 2008.

37 Deborah Brennan, 'Reassembling the Child Care Business', *Inside Story*, 19 November 2008. Available at <http://inside.org.au/reassembling-the-child-care-business/>, accessed 19 January 2009.

38 Jeanne-Vida Douglas, 'Suffer the Children', *Business Review Weekly*, 27 November 2008.

the quality of some childcare services had declined as a result of 'an over reliance' upon market forces.³⁹ As noted in earlier chapters, there has been increasing dissatisfaction, based in part upon a growing awareness of the critical importance of early childhood development and further emphasised by the collapse of ABC Learning, that the market is not adequately meeting the needs of families.⁴⁰

'Marketisation' of childcare has not realised its promise of more places, lowered cost and higher quality. Supply of places still does not meet demand, costs have risen faster than inflation, and the percentage of services requiring 'review' in the quality assurance system has increased along with the pressure to lower standards for qualified staffing.⁴¹

Current funding arrangements

4.28 Current funding arrangements for the provision of childcare consist of both demand-side and supply-side mechanisms. The main demand-side subsidy available is CCB. There are a range of Commonwealth supply-side subsidies available through the *Child Care Services Support Program*. These are discussed below.

Funding for childcare users

4.29 Demand-side funding mechanisms subsidise the demand for childcare services and consist of funding provided to the users of childcare services. These subsidies comprise CCB and Child Care Rebate (formerly Child Care Tax Rebate).

Child care benefit

4.30 The major component of government funding of ECEC services is the payment of CCB. CCB represented, for instance, 78.8 per cent of government spending on early childhood services in 2003-2004.⁴² The projected figure for CCB in 2008-09 is \$1.984 billion.⁴³

4.31 Eligibility criteria for receipt of CCB include both parents meeting 'the work, training, study test' whereby each parent is required to be in employment or training in any given week. Payment to families is calculated upon the type of care chosen (family day care or long day care, for instance); whether the care is accredited or registered (registered care attracts lower levels of payment) and the number of

39 The Commission for Children and Young People and Child Guardian, *Submission 23*, p. 3.

40 See, for instance, Lady Gowrie Child Centre Inc, *Submission 21*, p. 1; Penrith City Council, *Submission 81*, p. 3.

41 LHMU – The Childcare Union, *Submission 51*, p. 7.

42 Christiane Purcal and Karen Fisher, 'Affordability Funding Models for Early Childhood Services', *Australian Journal of Early Childhood*, Vol 31, No. 4, December 2006, p. 4.

43 Access Economics Pty Limited, 'An Economic Analysis of the Proposed ECEC National Quality Agenda', report for the Department of Education, Employment and Workplace Relations, July 2009, p. 13.

children in care. In addition, CCB is means-tested and cuts out at income levels of approximately \$130 000 for a family with one child in accredited care. The subsidy may be reimbursed at the end of the financial year or, alternatively, directed to the childcare provider at the request of the user (for accredited care only).⁴⁴ As at July 2009, a family on an annual income of less than approximately \$37 000 with one child in care could receive the maximum weekly rate of CCB of \$180 (dependent upon number of hours in care).

4.32 CCB is a progressive funding mechanism whereby the benefits increase in line with need; low-income families and families with more children receive larger amounts of CCB.⁴⁵ CCB is indexed but is not linked to the actual cost of childcare. Yet, childcare fees have risen markedly and much more rapidly than the CPI in the last five to ten years.⁴⁶ As the gap fee for families rises, childcare becomes less affordable for low-income families; affordability directly affects families' decisions about using childcare.

4.33 Demand-side funding mechanisms tend to encourage the growth of private providers and market forces.⁴⁷ This type of funding typically costs less than supply-side mechanisms, discussed below, but researchers have criticised demand-side subsidies on the basis that they do not necessarily lead to the provision of high-quality childcare.⁴⁸ In Australia, however, quality of services is a key consideration and quality assurance is carried out by the National Childcare Accreditation Council (NCAC). In instances where a service fails to meet accreditation standards, the NCAC can withdraw a service's eligibility for CCB (following a set process including providing the operator with opportunities to rectify the situation).

4.34 The National Foundation for Australian Women indicated to the committee that, without strong regulatory measures, subsidising the users of childcare services can result in reduced diversity in the market, increased prices but lower quality of care and more opportunities for market domination.⁴⁹ The committee acknowledges the need for strong regulatory processes alongside demand-side funding mechanisms and

44 DEEWR, 'Fact Sheet 6', *Information for Families Using Child Care*, Available at http://www.deewr.gov.au/EarlyChildhood/Resources/Documents/FactSheets/Fact%20sheet%206_260609.pdf, accessed 10 September 2009.

45 Press, op. cit., p. 29.

46 South Australian Government, *Submission 79*, p. 7; See also AIHW, 'Trends in Affordability of Child Care Services 1991-2004', *Bulletin*, Issue No. 35, April 2006; and 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. 14.

47 Professor Deborah Brennan and Associate Professor Susan Newberry, *Submission 64 (Attachment 3)*, p. 2.

48 Gordon Cleveland and Michael Krashinsky, 'Financing ECEC Services in OECD Countries', *OECD Occasional Papers*, 2002, p. 41.

49 National Foundation for Australian Women, *Submission 7 (Supplementary)*, p. 9.

notes that CCB is accompanied by strong regulatory practices as provided through the NCAC and state and territory licensing bodies.

Child care rebate

4.35 The Child Care Rebate (CCR) is linked to CCB in that only those families eligible to receive CCB are eligible for CCR. Currently, CCR is set at 50 per cent (previously 30 per cent) of a family's out-of-pocket expenses, up to an indexed maximum level. CCR can be paid quarterly or annually.⁵⁰ The projected figure for CCR in 2008-09 is \$1.112 billion.⁵¹

4.36 This subsidy was formerly called 'child care tax rebate' (CCTR). The name change reflects the fact that CCR is not a 'tax offset under taxation legislation'.⁵² The original CCTR, paid at the end of the following financial year, was based upon a person's income tax liability and offered more benefit to families on higher incomes.⁵³ CCR can be paid quarterly or annually, is not limited by tax liability and is directly linked to families' childcare costs.⁵⁴ This type of funding is not regressive, in that it does not benefit middle to high-income families more than low-income families but offers a similar level of support to all families.⁵⁵

4.37 Taxation-expenditure methods such as rebates or credits have been criticised in that they require 'co-payments' or up-front payments from users at the time of accessing the services. When (even partial) reimbursement of the cost of these up-front payments is delayed, budgets of low-income families can be severely strained. Moreover, such mechanisms may encourage providers to concentrate services in high-income areas where there is more certainty that up-front payments can be made. It is believed that this can 'distort supply' of childcare services leaving places in low-income areas undersupplied.⁵⁶

4.38 Uniting Care Children's Services told the committee that CCR has not made childcare more affordable but, rather, has had the reverse effect.⁵⁷ The Victorian

50 DEEWR, 'Fact Sheet 10', *Information for Families Using Child Care*, Available at http://www.deewr.gov.au/EarlyChildhood/Resources/Documents/FactSheets/Fact%20sheet%2010_260609.pdf, accessed 10 September 2009.

51 Access Economics Pty Limited, op. cit., p. 13.

52 Hon Maxine McKew MP, 'Increase to Child Care Benefit and Child Care Tax Rebate from 1 July', Joint Media Release, 3 June 2009.

53 Australian Council of Social Services, 'Fair Start – 10-point plan for early childhood education and care', *ACOSS Info* 383, 2006, p. 10.

54 DEEWR, *Submission 41*, pp 18-19.

55 Guyonne Kalb, 'Child Care Funding Models', A presentation to the NACBCS 25th Anniversary National Conference, *Children Not for Profit – Community ownership for a better world*, Melbourne, 16 November 2007, p. 8.

56 National Foundation for Australian Women, *Submission 7 (Supplementary)*, pp 2, 7.

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

government stated that improvements to the affordability of childcare delivered by both CCB and CCR have largely been limited by the increasing cost of childcare.⁵⁸ The committee observes the likelihood that increases in the amount of CCB will inevitably be followed by an increase in fees, thus negating the value of increased payments. On the other hand, the committee received evidence from DEEWR showing that both CCR and CCB have improved childcare affordability for families.⁵⁹ In addition, because CCR is applied to out-of-pocket expenses, it maintains its value relative to inflation and increases in childcare fees.

Funding for childcare services

4.39 Supply-side funding mechanisms subsidise the providers of services. Supply-side funding is available from the different levels of government, although it represents only a small proportion of total funding. In addition to Commonwealth funding measures, states and territories also fund ECEC services to varying degrees.⁶⁰

4.40 Separate from the demand-side mechanisms of CCB and CCR, Commonwealth funding for providers of childcare services is delivered through the *Child Care Services Support Program*.⁶¹ This program is aimed at increasing the supply, availability and quality of childcare services. It consists of a number of sub-components which are the Community Support Program, the Professional Support Program and various programs which support childcare services to help families.

4.41 For each of these funding programs, taxpayer funds are designed to support particular phases or aspects of the business of childcare such as operational and capital funding as well as funding to assist with start-up expenses. These funding options are subject to eligibility criteria largely based upon need and type of service offered. Areas of need can be identified by a range of criteria including geographical location, the community's socio-economic status, the demand for places and the shortage of similar services nearby.

Community Support program

4.42 A sub-component of the funding for childcare services, the Community Support Program is intended to assist the provision of childcare services in areas of need where the market would not normally deliver such services.⁶² Payments are

58 Victorian Government, *Submission 68*, p. 17.

59 DEEWR, *Submission 41*, pp 18-19.

60 See, for instance, Victorian Government, *Submission 68*, p. 20; Tasmanian Government, *Submission 70*, p. 4; South Australian Government, *Submission 79*, p. 13; Women's Electoral Lobby Australia, *Submission 66*, p. 1.

61 DEEWR, *Child Care Service Handbook 2008-2009 – For all child care services*, 2008, pp 18-32. See also DEEWR, 'Child Care for Services', Available at <http://www.deewr.gov.au/EarlyChildhood/Programs/ChildCareforServices/Pages/default.aspx>, accessed 10 September 2009.

62 DEEWR, *Child Care Service Handbook 2008-2009 – For all child care services*, 2008, p. 18.

available to establish new services or support existing services. This funding is available to providers of long day care, OSHC, family day care, occasional care, in-home care and non-mainstream services.⁶³

Inclusion and professional support program

4.43 This program is intended to support inclusive care for all children and to assist carers and staff to improve their skills.⁶⁴ The Professional Support Program includes funding for state-based Professional Support Co-ordinators and Indigenous Professional Support Units and is available for the benefit of all approved childcare services.⁶⁵

4.44 The Inclusion Support Program is intended to provide care to children with additional needs. It is managed by KU Children's Services nationally, and includes the Inclusion Support Subsidy (ISS) and the regional Inclusion Support Agencies (ISA) which manage the process of including children with additional needs in services. Eligible providers are those approved for CCB, offering family day care, long day care, occasional care, OSHC and in-home care services.⁶⁶

Other support for childcare services

4.45 The department sets out various other funding options available to providers of childcare services in order to help families. These measures include Grandparent CCB, JET Child Care Fee Assistance, Adult English Migrant Program as well as some funding for non-mainstream services.

63 DEEWR, 'Child Care for Services- Community support program', Available at <http://www.deewr.gov.au/EarlyChildhood/Programs/ChildCareforServices/SupportforChildCareServices/Pages/SCCS.aspx>, accessed 10 September 2009.

64 DEEWR, 'Child Care for Services- Inclusion and professional support program', Available at http://www.deewr.gov.au/EarlyChildhood/Programs/ChildCareforServices/SupportFamilyCCS/Pages/InclusionSupportProgram.aspx#inclusion_and_professional_support_program, accessed 10 September 2009.

65 DEEWR, 'Child Care for Services- Professional support program', Available at <http://www.deewr.gov.au/EarlyChildhood/Programs/ChildCareforServices/SupportFamilyCCS/Pages/InclusionSupportProgram.aspx>, accessed 10 September 2009.

66 DEEWR, 'Child Care for Services- Professional support program', Available at <http://www.deewr.gov.au/EarlyChildhood/Programs/ChildCareforServices/SupportFamilyCCS/Pages/InclusionSupportProgram.aspx>, accessed 10 September 2009.

Start-up funding

4.46 Funding available through the Establishment Sub-Program is designed to assist with start-up costs of new services.⁶⁷ Funding measures of this kind have a limited duration and are available for services such as in-home care, family day care and OSHC; long day care services attract this start-up funding only when deemed by the department to be located in areas of need.⁶⁸

Operational and capital funding

4.47 Operational support payments are designed to encourage and support the provision of flexible care services. Accordingly, eligible services comprise family day care, in-home care and occasional care. Often, higher levels of assistance are available for services provided in more remote areas.⁶⁹

4.48 Sustainability assistance supports services that would not be financially viable without assistance. It is available to services that are identified by the department as 'in areas of need'. Eligible services include OSHC and long day care; new providers of family day care and in-home care services are not eligible to receive this funding but existing providers of these services may continue to receive payments. Only services offered by not-for-profit providers are eligible for sustainability funding of more than a year.⁷⁰ Capital funding is available to long day care services for the purpose of upgrading infrastructure. The payment depends on the provider securing equivalent state funding and proving a demand for such upgrades.⁷¹

Service-specific funding

4.49 As indicated above, funding is available for various childcare services, depending on the eligibility criteria. Examples include Budget Based Funding, available to non-mainstream services that are not eligible for CCB, the Regional Travel Assistance Grant for family day care and in-home care services in remote areas and the Long Day Care Incentive Scheme.⁷²

67 DEEWR, *Child Care Service Handbook 2008-2009 – For all child care services*, 2008, pp 29-31. See also DEEWR, 'Child Care for Services - Support for child care services to help families', Available at <http://www.deewr.gov.au/EarlyChildhood/Programs/ChildCareforServices/SupportFamilyCCS/Pages/home.aspx>, accessed 10 September 2009.

68 DEEWR, *Child Care Service Handbook 2008-2009 – For all child care services*, 2008, p. 18.

69 Ibid., p. 24.

70 Ibid., pp 22-23.

71 Ibid., p. 22.

72 DEEWR, *Child Care Service Handbook 2008-2009 – For all child care services*, 2008, pp 18-32.

4.50 In addition to start-up grants, family day care services may attract Family Day Care Network Support Funding. This funding assists the co-ordination units which develop, support, train and monitor the individual family day carers. Family Day Care Australia reported to the committee the difficulties that have resulted from changing the funding model from a three-day estimate to actual utilisation of numbers. It was claimed that co-ordination units should have indirectly retrieved these funds via the CCB paid to parents, but this did not occur. A reduction of up to one-quarter in the funding levels for co-ordination units has resulted in less support for family day carers in areas such as training, resource provision and relief care.⁷³

Funding levels

4.51 The requests for improved government funding put forward in a number of submissions (such as requests for funding of services in regional areas, not-for-profit childcare providers or the early years in general)⁷⁴ indicate a critical need for increased levels of government funding of childcare services. It is to be noted again that Australia's overall investment in early childhood education and care is poor by OECD standards.⁷⁵ Catholic Social Services informed the committee that significant under-funding was a major reason for the low ranking of Australia's ECEC services in the UNICEF report, as well as other international comparisons of ECEC services in developed countries.⁷⁶ Funding levels affect not only the affordability of childcare for families but also the availability and quality of services. Insufficient funding can result in poor quality services that are difficult to access. In addition, funding provides government with 'a powerful lever' to promote quality and 'to shape the development of the ECEC sector'.⁷⁷

4.52 In addition to arguing for increased government funding of the childcare sector in general, witnesses argued that funding for particular services and those that cater to specific target groups should also be increased.⁷⁸ The committee notes a number of support measures already available to particular target groups. Those services which cater for children with additional needs are eligible to receive extra financial assistance in the form of the Inclusion Support Subsidy. Furthermore, low-income families receive a significantly higher rate of CCB than families on higher incomes to assist with the cost of childcare. The committee believes that these are important

73 Family Day Care Australia, *Submission 53*, p. 2; Ms Rhonda Bignell, *Committee Hansard*, 16 July 2009, p. 69.

74 See, for instance, Kindergarten Parents Victoria, *Submission 54*, p. 6; Moreland City Council, *Submission 30*, p. 5; Ms Kay Thomas, *Submission 16*, p. 3; Wheatbelt Organisation for Children's Services, *Submission 17*, p. 1; Abacus Child Care, *Submission 84*, p. 1.

75 UNICEF, 'The Child Care Transition – A league table of early childhood education and care in economically advanced countries', *Innocenti Report Card 8*, 2008, p. 27.

76 Catholic Social Services, *Submission 71*, p. 7.

77 Shire of Yarra Ranges, *Submission 26*, p. 7.

78 See, for instance, Municipal Association of Victoria, *Submission 65*, p. 19.

support measures. In addition, the committee believes that there is a need to increase the general funding level for disadvantaged children and those target groups for which it is more expensive to provide childcare such as indigenous children and children with additional needs.

4.53 Some submissions claimed that community providers offer more inclusive care, catering for substantially more children with additional needs.⁷⁹ A representative of a long-established community childcare provider informed the committee of evidence that corporate providers and some other private providers did not provide inclusive services to the same extent as did community providers. This was, in part, due to the fact that the funding levels for this target group were simply not adequate.⁸⁰

4.54 Moreland City Council advised, for instance, that proposed funding for the next three-year period for Inclusion Support Agencies, which promote more inclusive services, is insufficient, and did not allow for growth through indexation.⁸¹ Furthermore, the committee was advised that those providers who did offer places for children with additional needs were often required to cover the extra funds from their own budgets.⁸² One submission indicated that calls for increased funding for the inclusion of children with additional needs in mainstream services had largely been unheeded for more than two decades.⁸³

4.55 It was suggested to the committee that government could provide incentives to exceed minimum quality standards in the form of extra government funding above the base funding level for those centres or providers that achieve a higher quality of care.⁸⁴

Cost and affordability

4.56 Weekly fees for long day care – private, community and family day care – are currently around \$240, with family day care being less expensive. For most families, this fee is subsidised by the CCB, with the maximum support from this means-tested subsidy covering around two thirds of the total cost. Analysis has indicated that CCB was of more benefit to those using part-time care rather than full-time care because of the loading paid to those using less than 20 hours per week.⁸⁵

79 Kindergarten Parents Victoria, *Submission 54*, p. 3.

80 Ms Sheridan Dudley, *Committee Hansard*, 15 July 2009, p. 31.

81 Moreland City Council, *Submission 30*, p. 5.

82 Ms Sheridan Dudley, *Committee Hansard*, 15 July 2009, p. 31; Frankston City Council Children's Services, *Submission 60*, p. 3.

83 Childcare Association of WA, *Submission 48*, p. 2.

84 Mrs Denise Taylor, *Committee Hansard*, 7 August 2009, p. 21.

85 See discussion in Press, *op. cit.*, p. 29.

4.57 According to Productivity Commission reports, out-of-pocket costs of childcare, as a proportion of weekly family income, increase with gross annual income.⁸⁶ Costs rise significantly if more than one child is in care. An analysis of trends in childcare use has found that, before 1996, the major reason for deciding not to use childcare for a three year-old was shortage of places. By 1999, the major reason had become cost.⁸⁷

4.58 Analysis conducted by the Australian Institute of Health and Welfare (AIHW) established that childcare affordability declined during the 1990s and again between 2000 and 2004.⁸⁸ The initial decline was addressed by the introduction of CCB to various extents for different family groups. The second decline was largely due to childcare fees rising more rapidly than average weekly earnings.⁸⁹ Childcare fees rose faster than the CPI.⁹⁰ In fact, between late 2003 and late 2004, the rate of increase in childcare fees was only exceeded by the rate of increase in the price of fuel.⁹¹ The AIHW noted in 2005 that the only family group for whom childcare became more affordable was where both parents earned high incomes.⁹²

4.59 It has been suggested that the cost of full-time care may be a disincentive for parents on low incomes and may influence decisions to have more children.⁹³ Some families choose not to access childcare due to the high costs and inconvenience, particularly low-income families.⁹⁴ In a report prepared for the New South Wales and Queensland Children's Commissioners, the cost of childcare is noted as directly affecting a family's decision to use childcare and, in turn, the decisions that parents and typically mothers make about returning to the workforce.⁹⁵ Lack of affordability is the main contributing factor in low ECEC participation rates by disadvantaged

86 Productivity Commission, 'Overcoming Indigenous Disadvantage – Key indicators,' Series of papers by the Productivity Commission Steering Committee, Available at: <http://www.pc.gov.au/gsp/reports/indigenous>.

87 Julie Lee, Ellen Carlson and William Mitchell, *Child Care for Low-Middle Income Families - Current trends and unmet demand estimates*, Centre of Full Employment and Equity, University of Newcastle, 2001, p. 42.

88 AIHW, 'Trends in Affordability of Child Care Services 1991-2004', *Bulletin*, Issue No. 35, April 2006, p. 5.

89 AIHW, *Australia's Welfare 2007*, No. 8, 2007, pp 41-42.

90 Deborah Brennan, 'Reassembling the Child Care Business', *Inside Story*, 19 November 2008. Available at <http://inside.org.au/reassembling-the-child-care-business/>, accessed 19 January 2009.

91 Press, op. cit., p. 28.

92 AIHW, op. cit., pp 96-97.

93 See discussion in Press, op. cit., p. 29.

94 Victorian Government, *Submission 68*, p. 17. See also Deborah Brennan, 'Child Care and Australian Social Policy' in *Children, Families and Communities – Contexts and consequences*, Jennifer Bowes and Rebekah Grace (eds), 2009, p. 215; and Cassells et al, op. cit., p. 8.

95 Press, op. cit., p. 29.

groups including low-income, migrant and indigenous families as well as those families living in remote areas.⁹⁶

4.60 Many stakeholders in the sector believe that the government's planned reforms and improvements to quality indicators will lead to increases in childcare fees.⁹⁷ There are small profit margins in childcare. The new management team of ABC Learning has acknowledged that one result from ABC Learning's receivership has been a growing understanding that the profit margins in childcare are much tighter than previously assumed.⁹⁸

4.61 The committee notes measures to increase the level of fee assistance available to families. Increases in line with indexation in CCB rates and income thresholds, for instance, became effective earlier this year. The Child Care Rebate has also been raised by 20 per cent. Increasing the general level of funding to the ECEC sector, if this is properly targeted, will help to address the identified issues. Increased funding of services catering for specific target groups will improve the availability and affordability of such services. Furthermore, a strong planning process will help to address supply problems, both oversupply and undersupply of services, thus improving the sector and reducing overall costs.

Options for increased funding

4.62 As noted at the beginning of this chapter, there are no easy options in the provision of additional funding to the childcare sector and the committee acknowledges this. While it is easy to arrive at a consensus that funding should be increased, the committee heard no evidence about how this might be achieved in ways which are efficient and equitable. Not surprisingly, there is no reference to this problem in any official publication.

4.63 The committee has considered the option of increasing CCB payments but, as noted earlier, it takes the view that this will not ensure that childcare will become more affordable. Centre operators will adjust their fees to take account of the increase.

4.64 Nor is there any practical way to reintroduce operational grants to assist with recurrent funding or payment of salaries. The 1972 model of providing subsidies based on salaries of carers and other professional staff is inappropriate in a sector which is now dominated by private childcare operators. Some would argue that subsidies for community or not-for-profit centres may be justified but the exclusion of small-business operations from a similar subsidy might equally be hard to justify. There are no parallels with the school system to provide any guidance in this regard because there are no private schools which are run as enterprises for profit.

96 Victorian Government, *Submission 68*, p. 17.

97 Alex Tilbury, 'Backyard care fear – fees 'too steep' for parents', *Courier Mail*, 22 August 2009, p. 31.

98 ABC Learning, *Submission 86 (Supplementary)*, p. 1.

4.65 The committee does, however, see a strong possibility for increased government funding through the established supply-side mechanisms described earlier in this chapter. Government funding is available through the *Child Care Services Support Program* to assist with the establishment of childcare centres where private providers find it financially unviable to set up a centre because of remoteness or socio-economic characteristics of a location which may well need childcare provision. This funding program also supports the provision of childcare services for children with additional needs, a target group requiring more care services. Table 4.1 indicates the current and recent funding levels of this program. The committee believes that increases in the level of funding to this program are warranted.

Table 4.1: Child Care Services Support Program Expenditure 2005-06 to 2008-09

	2005-06*	2006-07*	2007-08*	2008-09**
Bill 1	\$221 534 000	\$191 347 000	\$262 316 000	\$328 605 000
Bill 2	\$10 865 000	\$55 695 000	\$48 662 000	\$47 981 000
Total	\$232 399 000	\$247 042 000	\$310 978 000	\$376 586 000

*Figures derived from the estimated actuals from the relevant Portfolio Budget Statements.

**Figure derived from draft 2008-09 Annual Report.

Source: Department of Education, Employment and Workplace Relations.

4.66 In addition, there are strong arguments, on grounds of equity, for increased funding to childcare centres which are attended by a high proportion of children from disadvantaged backgrounds or who live in remote areas. As noted in chapter three, the benefit to be derived from early intervention in social and learning development of disadvantaged children has been demonstrated in a number of studies. The committee believes that this is one funding initiative that would be highly worthwhile, is in line with current thinking in early childhood learning and is administratively feasible.

Recommendation 3

4.67 **Noting recent funding increases, the committee nonetheless recommends that there be further funding increases for ECEC.**

Recommendation 4

4.68 **The committee recommends a substantial increase in the level of funds paid directly to childcare operators in particular areas of need, through programs such as the Inclusion Support Subsidy: services for disadvantaged children, such as children with additional needs or indigenous children; and services operating in rural and remote areas or areas of high unmet demand such as low socio-economic areas.**

Further analysis and modelling

4.69 Noting the dearth of strong evidence, stakeholders in the field of early childhood have called for further research into childcare funding models and the various effects upon quality care that particular models may have. It is important that any changes to policy or funding mechanisms are evidence-based.

We actually do not know enough about what forms of funding impact on the quality of child care. We were unable to find information that says to us that this form of funding results in this form of quality child care or has this impact on child care.⁹⁹

4.70 In addition, we must consider which model(s) represent real value for money in terms of government policy. There has been little study, for instance, of the relative merits and shortcomings of demand-side and supply-side subsidies.¹⁰⁰ Funding reviews should be conducted periodically to account for changes in the childcare sector, family structure and society in general.¹⁰¹ The committee heard evidence from a number of witnesses who advocated such a review, particularly following the collapse of ABC Learning.¹⁰² The committee agrees with calls for such a review. It recommends that detailed economic modelling of the benefits of various funding models be carried out to ascertain the most effective ways of funding affordable, accessible and high quality childcare.

4.71 The committee heard evidence that the current taxation system, along with the general system of government support for families, was inequitable.¹⁰³ The committee also heard evidence that any such review of the funding of childcare should be linked to the current review of the tax system, the 'Henry Review', so that childcare funding issues are investigated 'in the broader context of all the other family support payments' for which families may be eligible such as the Baby Bonus and Family Tax Benefits.¹⁰⁴ This would reveal a comprehensive picture of the level of support for young families as well as the efficacy of funding mechanisms. A review panel led by Dr Ken Henry has been commissioned to examine the taxation system; its terms of reference include improvements to the tax and social support payment system for working families and the role that these play in encouraging workforce

99 Ms Marie Coleman, *Committee Hansard*, 16 July 2009, p. 51; Professor Deborah Brennan, *Committee Hansard*, 16 July 2009, p. 22.

100 Professor Deborah Brennan and Associate Professor Susan Newberry, *Submission 64 (Attachment 3)*, p. 3.

101 Associate Professor Susan Newberry, *Committee Hansard*, 16 July 2009, p. 23.

102 See, for instance, Charlton Brown, *Submission 38*, p. 2, 5; National Foundation for Australian Women, *Submission 7*, p. 3.

103 See, for instance, Mr Dean and Mrs Tempe Harvey, *Submission 62*, p. 20.

104 Ms Cora-Ann Wilson, *Committee Hansard*, 7 August 2009, p. 38.

participation.¹⁰⁵ It is likely that the Review Panel's final report will cover to the issues that have been raised with the committee as part of this inquiry. However, the committee can not be aware of the consideration that the Review Panel has given to childcare issues specifically, in advance of the panel releasing its final report. The committee believes that such matters should most appropriately be investigated by the Review Panel as part of the investigation into *Australia's Future Tax System* and the committee is of the view that any recommendations made here relating to childcare funding, the taxation system and family benefits would not be helpful in advance of the findings from the review of the taxation system. However, if the panel's report does not make specific recommendations regarding improvements to the funding of the childcare sector, the committee believes that the government needs to implement effective amendments to the current funding system, based on further economic modelling.

Recommendation 5

4.72 The committee recommends that economic modelling of various childcare funding models be carried out to establish the most efficient means of funding the quality provision of childcare services that meet the needs of families.

Recommendation 6

4.73 The committee recommends that funding of childcare services continue to be increased and, following a review of the current funding models including economic modelling of alternative mechanisms, increases to funding be implemented in accordance with those funding mechanisms that are identified as most effective.

Recommendation 7

4.74 The committee recommends that the government await the report of the Australia's Future Tax System Review Panel and recommendations within regarding the funding of the childcare sector. If no specific recommendations are made, the government should consider amending the current funding system based on the economic modelling to be carried out.

105 Department of Treasury, 'Australia's Future Tax System – Terms of reference', 11 February 2009, available at <http://taxreview.treasury.gov.au/content/Content.aspx?doc=html/reference.htm>.

Chapter 5

National childcare provision: the accreditation, licensing and regulation of childcare

5.1 It is clear that governments are now moving towards the construction of a national framework designed to enhance the quality and accessibility of affordable childcare. The committee notes the sector-wide enthusiasm for the work which is currently proceeding under the general direction of COAG. The committee notes also assurances given by Minister Gillard that this will be a negotiable process; it is quite aware that the issues which are most likely to be subject to negotiation will have to do with a national structure for childcare provision which maintains a state and territory role and the extent to which Commonwealth funding will be made available. As DEEWR officials told the committee, in relation to matters discussed at public information forums, 'there will be some challenges in developing and implementing the reforms in areas such as workforce and cost'.¹

5.2 The purpose of this chapter is to record and comment on the committee's findings in regard to current regulatory regimes and to recommend what it believes to be the most desirable structure for a national framework.

The COAG way

5.3 The work in progress commenced with a decision by COAG in December 2007 to pursue 'substantial reform' in early childhood education and care services, aimed at providing a 'nationally consistent, streamlined and integrated licensing and accreditation system which ensures quality standards are implemented and maintained across all services'.² The COAG discussion paper conceded that the new quality system was to be regarded as 'aspirational' and warned that it might take some time to implement the full suite of standards to the highest quality level. The committee regards this as a realistic caveat in view of some of the impressions that it gained from the evidence it received.

5.4 The committee notes that this discussion paper, and much of which has flowed from it, assumes a continuum from childcare services through to early learning at the preschool level. This accords with much of the evidence that the committee received which assumed learning to begin in infancy. COAG has agreed to five key policy directions: to improve antenatal care; to strengthen health, development and learning of infants to five year-olds; to improve the quality of the early childhood workforce; to

1 Mr Michael Manthorpe, *Committee Hansard*, 14 August 2009, p. 47.

2 COAG Productivity Agenda Working Group – Education, Skills, Training and Early Childhood Development, *A National Framework for Early Childhood Education and Care: a discussion paper*, August 2008, p. 1.

integrate early childhood education and care services; and, to increase the participation of parents in the learning and development of their children.³ If the intention of COAG is to create a seamless structure allowing transition from care to preschool to school, this will take some time because it will involve the creation of formal links which may now exist in only rudimentary or informal ways and will involve significant workforce changes relating to qualifications and remuneration. The eventual outcome will be worthwhile but will come at a cost. Inevitably, the changes that will result are more likely to reflect the compromises that are worked out at a state level rather than as a result of any Commonwealth influence.

5.5 The committee welcomes this COAG agreement and recognises that it provides a way forward to consistent national policy in a way that is supported by states and territories. However, it also recognises the potential for awkward details of policy to become subject to local pressures, hindering progress toward national goals or compromising the full realisation of those national goals. While this is certainly obvious across a number of areas in need of uniform national regulation, there may be stronger than usual grounds for optimism in regard to childcare regulation policy.

5.6 To begin with, the committee notes that recent and serious legislative work at a state level has already served to raise standards in the licensing arrangements governing factors such as staff to child ratios and qualifications of carers. Any nationally-agreed standard will benefit from a rising tide of quality expectations. Second, there appears to be a marked agreement among childcare experts across the sector about certain characteristics of quality childcare and a determination that these should apply everywhere. The pressures on state authorities to conform to the highest standards are likely to be stronger than those which would attempt to compromise them. As the committee heard in Perth:

Even now, we do not want different state-based regulations for Perth or metro and country because all children, regardless of where they are, deserve the same standard – a high quality of care.⁴

Shared regulatory responsibility

5.7 The current regulatory burden on childcare providers is considerable. A recent report of the Productivity Commission, discussed below, is critical of aspects of childcare regulation and suggests that its rationalisation should not wait for the eventual implementation of 'reform'. The state and territory licensing regimes were widely commented on in submissions and at hearings. The committee was told that, in Western Australia, for instance, a typical childcare service is subject to regulatory and licensing requirements that can involve up to 12 agencies across Commonwealth, state

3 Ibid., p.5.

4 Mrs Roslyn Thompson, *Committee Hansard*, 7 August 2009, p. 30.

and local governments and require as many as 19 different licensing and regulation requirements.⁵

5.8 Regulation of childcare is currently a shared responsibility between the states and territories and the Commonwealth. State and territory governments are responsible for licensing childcare premises according to their health and safety standards and taking account of structural features such as staff to child ratios. State and territory regulatory processes will be discussed in further detail below. The Commonwealth government accredits the quality of childcare services through the agency of the National Childcare Accreditation Council (NCAC). NCAC administers Child Care Quality Assurance (CCQA) standards and centres must meet accreditation to be eligible for Child Care Benefit (CCB), which is paid to parents but which may then be forwarded to providers.

5.9 Childcare will always be a local issue, predominantly, and while this report is looking toward an ideal national framework for childcare provisions, the focus must be local. The committee was interested to look at licensing regulations for childcare which are the responsibility of state and territory governments.

Responsibilities of states and territories

5.10 The committee has not received sufficiently detailed submissions in regard to state regulations and licensing practices as to allow it to comment on their effectiveness in regard to quality. It has relied on comments from childcare practitioners and secondary sources to make tentative observations. Table 5.1 gives some idea of the variations in licensing arrangements across states.

5 Department for Communities (WA), *Submission 67*, p. 13.

Table 5.1: Licensing arrangements in each state and territory 2008

Service Model	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Long day care	L	L	L	L	L	L	L	L
Occasional care	L	L	L	L	G/L	L	L	L
FDC agencies	L	L	L	X	G/L	L	L	X
FDC carers	R	X	R	L	R	R	X	X
OSHC	R	L	L	L	R	L	L	X
Home-based care	L	X	X	X	L	L	X	X
Other (nannies, playschools, in-home)	X	X	X	X	L	L	L	X
Preschool/kindergarten	L/G	L	L/G	G	G	G/R	L/G	G/R

L: services require a licence to operate

R: services require registration or approval to operate

G: services provided by state/territory governments

X: services do not require licence, registration or approval to operate but may be required to meet regulatory standards

Source: Productivity Commission Draft Report, Annual Review of Regulatory Burdens on Business – Social and economic infrastructure services, June 2009.

Consistency of regulations

5.11 A key issue arising from the committee's inquiry has related to variations in state regulations in regard to staff to child ratios. These variations are evident in Table 5.2 below, although there have been changes in most states as described.

5.12 In past years, states have taken heed of industry pressure to maintain higher than desirable staff to child ratios and have been willing to grant exemptions from other normal licensing requirements. The committee notes that, since the issue of childcare quality is on the COAG agenda, this tendency is likely to diminish, particularly in light of the collapse of ABC Learning. While state governments may experience some continued industry pressure, this is now more likely to be resisted. Some observations about recent regulatory developments in various states indicate what the committee believes to be a national trend.

New South Wales regulation changes

5.13 Like a number of states, New South Wales is actively engaged in reviewing and revising its childcare regulation. The New South Wales Government, for instance, has announced that it will bring its 1:5 ratio for infants (up to age two) in long day care down to 1:4, in line with Queensland and Western Australia, in an amendment to

its Children's Services Regulation 2004 to be effective in 2010.⁶ This change followed extensive community consultation which indicated strong support for the need to improve the quality of care.

Table 5.2: Minimum staff to child ratios in centre-based long day care

States and Territories	0-2 years	2-3 years	3-5 years
National Standards	1:5	1:5	1:11
New South Wales	1:5	1:8	1:10
Victoria	1:5	1:5	1:15
Queensland	1:4	1:6	1:12
South Australia	1:5	1:10	1:10
Western Australia	1:4	1:5	1:10
Tasmania	1:5	1:5	1:10
Northern Territory	1:5	1:5	1:11
Australian Capital Territory	1:5	1:5	1:11

Source: Report of the Expert Advisory Panel on Quality Early Childhood Education and Care, 2009.

5.14 The recent response of the New South Wales Government to quality care concerns represents a marked change in only three years. In 2006, a government-appointed taskforce recommended a phasing in of a 1:4 ratio for infant care but this was rejected in the face of minority opposition from private carers. Professor Deborah Brennan, who is a specialist in childcare policy and regulation, has written that this was the second occasion upon which private childcare operators had resisted efforts by NSW authorities to bring regulations in line with international recommendations.⁷

5.15 The website of the NSW Department of Community Services (DoCS) provides considerable information about the regulatory activity of the agency, with information about convictions of childcare centres for breaches of the regulation. The committee

6 NSW Department of Community Services, *Children's Services Regulations- Introduction of a 1:4 staff to child ratio for children under two years of age*, Available at http://www.community.nsw.gov.au/for_agencies_that_work_with_us/childrens_services/regulations/one_four_ratio.html.

7 Deborah Brennan, 'Child Care and Australian Social Policy', in *Children, Families and Communities – Contexts and consequences*, Jennifer Bowes and Rebekah Grace (eds), 2009, p. 214.

notes that 13 licensees and the names of their services are listed as having been convicted in 2009, with notes on whether the centre is still operating and whether breaches have been rectified. Five of the 13 centres prosecuted in 2009 have been closed. Websites of equivalent agencies of some other state are less informative.

Victorian regulation changes

5.16 The Victorian Government also conducted a review of its childcare regulations in 2007-08, involving comprehensive public consultation. Amendments to the Children's Services Regulations which came into effect in May 2009 introduced important changes which may affect the outcome of future COAG decisions on quality standards. These include an improvement in the staff-child ratio for infants (up to age three) which is now to be 1:4. This was supported by the vast majority of those involved in the consultation groups. The government decided not to change the current ratio for children over three years of age, for which there was not strong support, partly in recognition that this would be a matter to be decided later by COAG.

5.17 Equally significant are the new qualifications requirements for new staff in Victorian childcare centres. The regulation requires a minimum of a Certificate 3 qualification by the beginning of 2012. Carers with at least five years' experience are exempt from this requirement on condition that they undertake specified professional development by 2012. The Minister explained that this was a first step in creating a professional workforce, with the possibility that carers would be given a career path. Additionally, all standard licensed centres with pre-kindergarten children would need to employ a degree-level early childhood teacher, although this requirement would be phased in.⁸ The committee sees this decision as having a likely influence on an eventual COAG agreement.

Regulation in Western Australia

5.18 The committee was several times reminded during its visit to Perth that Western Australia had the most stringent regulatory regime for childcare. Recent changes to regulations in other states put this claim in doubt, although it is still the only state to license individual family day care providers.⁹ Every centre is visited annually and spot checks are made when complaints are received.¹⁰ The committee notes that Western Australia has not allowed the sparseness of its population in areas beyond the south-west to reduce its commitment to quality care provision. Concerns

8 Hon Maxine Morand MLA, Minister for Children and Early Childhood Development, *Children's Services Regulations 2009 - Statement of reasons*, Victorian Government, 2009. Available at

http://www.eduweb.vic.gov.au/edulibrary/public/earlychildhood/childreancesservices/childservregs2009-statmnt_of_reasons.pdf.

9 Ms Helen Creed, *Committee Hansard*, 7 August 2009, p. 2.

10 Mr Jonathon Pilkington, *Committee Hansard*, 7 August 2009, p. 10.

were expressed by the Head of Children and Family Services that, in the event that there was conflict over standards in interstate discussions, Western Australia would be under pressure to lower its standards.¹¹ In view of recent and stringent improvements to regulations in other states, the committee believes the risk of this is diminishing.

5.19 Like Victoria, Western Australia is moving to strengthen its regulation on the qualifications of childcare workers. In 2008, the Department of Communities conducted two surveys to collect data on qualifications currently held by childcare workers. It found that around 65 per cent of them held the minimum qualification of a Certificate 3 and a further 12 per cent were working toward this qualification. Over 80 per cent of childcare supervisors held a diploma-level qualification. The Department recommended that the Certificate 3 be required for all carers in all services except OSHC and that this requirement be phased in over five years. Experienced carers aged over 45 should be exempt, apart from a requirement to undertake less formal professional development.¹²

Regulation in Queensland

5.20 Amendments to childcare regulations in Queensland which took effect at the end of 2008 addressed training deficiencies. Sector-wide consultation of parents and carers (and other interested parties) indicated concern that newly-recruited carers were avoiding the training obligations imposed on them. The base qualification is a Certificate 3 but carers may be recruited without this qualification if they agree to commence a training course. It is believed that some carers were avoiding this obligation by changing centres. Changes to the regulations mean that carers must commence training within three months rather than six months. Concerns were also expressed about a similar reluctance of those in more responsible positions upgrading their qualifications to the required diploma level but no tightening of the rules was made in this case.¹³ The committee notes that even minor changes such as this represent a commitment to improved quality in childcare delivery.

South Australian practices

5.21 South Australia is moving to a 1:4 staff to child ratio for infants (up to age two) by the end of 2010. The state's staff-child ratios for other categories of care are comparable to other states, except for two to three year-olds where the ratio is less

11 Ibid., p. 5.

12 WA Department for Communities, *Report on Qualifications of the Child Care Sector – Western Australia 2008*, Government of Western Australia, 2008. Available at <http://www.communities.wa.gov.au/NR/rdonlyres/BF46E609-084B-4218-9D93-492664FDC105/0/2008SurveyReportBW.pdf>.

13 Qld Department of Communities, *Qualifications Review – Results of consultations and review of the qualifications provisions for licensed child care services in Queensland*, Qld Government, August 2007. Available at http://www.communityservices.qld.gov.au/childcare/cclegislation/documents/pdf/qualifications_report.pdf.

favourable. As in other states, qualifications standards are being raised. Other aspects of childcare in South Australia appeared to the committee to be more relevant to quality in that they point the way toward the ideal of integrated and seamless care and education transitions.

5.22 The committee notes that the South Australian Department of Education and Children's Services directly operates childcare in remote areas of the state where mainstream childcare provision is impractical. Nearly 4 000 children in the state, or about 10 per cent of those in long day care, therefore have an unusually seamless transition from childcare to preschool and on to school.¹⁴ This may partly explain the South Australian Government's strong commitment to integration of childhood services, which appears to the committee to be more enthusiastically expressed than in submissions from other states. The South Australian Curriculum Standards and Accountability Framework forms the basis of teaching and learning for all children from birth to 18 years in all state schools including preschools. COAG's Early Childhood Development Steering Committee reports that 70 per cent of childcare centres in the state claim to base their programs on this curriculum.¹⁵

Tasmania

5.23 Tasmanian witnesses at the Hobart roundtable hearing expressed strong support for the state regulatory authority, and for its retention in any national regulatory framework. One witness said she strongly supported a new national framework but wanted it run from a state level.¹⁶

5.24 The most serious problem of regulation referred to in Tasmania concerned the quality of training. The committee is aware that this problem is hardly confined to Tasmania and that the concern extends far beyond training in childcare but it is worth noting here. The committee was told that a high number of carers in qualified positions in Tasmania are not qualified and work by way of exemptions to the qualification rules. The quality of training by some Registered Training Organisations (RTOs) is poor, with the more unscrupulous operators selling diplomas for \$900.¹⁷ The committee views this as a serious problem which has implications for the overall quality control in the VET sector and the commitment of the states to the enforcement of high standards.

14 Mr Chris Robinson, *Committee Hansard*, 22 July 2009, p. 48.

15 SA Government, *Submission 79*, p. 14; see also DEEWR, 'Regulation Impact Statement for Early Childhood Education and Care Quality Reforms - COAG consultation RIS', July 2009, p. 56.

16 Mrs Susan Nolan, *Committee Hansard*, 20 July 2009, p. 25.

17 Mrs Tracey Bradley, *Committee Hansard*, 20 July 2009, p. 30.

The National Childcare Accreditation Council

5.25 Commonwealth involvement with childcare and its accreditation is maintained through the National Childcare Accreditation Council (NCAC). The NCAC maintains a stake by way of CCB which is paid in respect to children in the 9 600 long day care centres around the country. The NCAC, established in 1993, administers the set of standards which are embodied in the CCQA, the result of extensive and continuing consultation between the Council and the sector participants. It originally concerned itself only with long day care because of the link to CCB but has more recently taken on responsibility for the administration of the three CCQA service-type systems comprising family day care, outside school-hours care and long day care. The committee notes that the Productivity Commission recommended to DEEWR that the three service-type systems be integrated for the sake of simplicity, as proposed by NCAC.¹⁸ The authority held by the NCAC lies with its power to grant and withdraw accreditation. In theory, its recommendations can effectively close a centre down through the denial of CCB funding.

5.26 NCAC employs 100 validators in the field to conduct spot-checks on childcare centres. Once every two and a half years, centres are accredited by means of a self-assessment process followed by one inspection which, since 2006, is made unannounced. Spot-checks are also made in the event that a complaint has been received. Centres are given 12 months to rectify any deficiencies that are found. As one critic pointed out, a centre could have a serious problem in regard to the quality of its care for three years before the NCAC alerted parents to the fact.¹⁹ Critics point to a serious limitation of the NCAC's remit; its accreditation assessment does not cover the vital quality indicator of staff to child ratios, which is a matter for state and territory regulation.²⁰

Adequacy of the accreditation process

5.27 The committee notes the paradox presented by the general agreement that the regulatory regime for childcare centres, imposed by both Commonwealth and state-territory agencies, is both burdensome and inadequate. The committee was informed that a range of agencies and government bodies perform childcare-related functions, including state-based agencies, Centrelink, DEEWR and the NCAC.²¹ The Productivity Commission has noted that 'the industry' suffers from significant

18 Productivity Commission, *Annual Review of Regulatory Burdens on Business: Social and economic infrastructure services*, June 2009, p. 95.

19 Barbara Pocock and Elizabeth Hill, 'The Childcare Policy Challenge in Australia', in E. Hill, B. Pocock and A. Elliott (eds), *Kids Count: Better early childhood education and care in Australia*, 2007, p. 22.

20 Emma Rush, 'Employees' Views on Quality', in E. Hill, B. Pocock and A. Elliott (eds), *op.cit.*, p. 157.

21 Ms Rosalie Rogers, *Submission 28*, p. 4.

regulatory overlap and duplication between Commonwealth and state legislation and notes that COAG has undertaken to remove these by mid-2010.²²

5.28 An instance of ineffective regulation at the Commonwealth level has been the extreme reluctance of DEEWR to effectively enforce the CCQA standards when they have been breached. The ultimate sanction available to DEEWR is to withdraw accreditation (on the recommendation of the NCAC), rendering users of non-compliant centres ineligible to receive CCB payments. While it is the case that effective action can be taken that does not go to these lengths, the Productivity Commission was strongly critical of the prevailing attitude which appeared to be that the consequences of withdrawing accreditation were too drastic.

It is important that the sanctions outlined in the regulations are credible. If sanctions are not utilised in an appropriate manner poor performers will have less incentive to improve the quality of their services and at the same time the authority and credibility of NCAC accreditation decisions are undermined. It also imposes costs on complying providers without meeting the policy objectives of the regulation.²³

5.29 Evidence to the committee from the NCAC gave another complexion to this problem. It confirmed the Productivity Commission view that sanctions were not in the mind of NCAC or DEEWR lest accreditation be lost. NCAC saw its task as working with the errant centre to bring it up to standard. Parental and media pressure was useful in some cases to achieve improvements.²⁴ The sanction of removing accreditation from non-complying centres, rendering them ineligible for the CCB, was described by the CEO of the National Childcare Accreditation Council as 'a huge stick' and a 'blunt instrument'.²⁵

It has not, except for two instances, ever been applied to a childcare service. We have had centres that were three and four times not accredited and they did not have their childcare benefit removed. I had serious reservations about the long-term effect of those services where it was a child's lifetime in care in a very poorly performing service...The childcare benefit instrument is such that you have to remove the funding from the family, so you are actually hurting the families, not the service. That is not necessarily a good instrument for its intent.²⁶

5.30 The NCAC is aware that it is administering a quality assurance system 'that sits on a very uneven regulatory base'.²⁷ It noted the work that was underway to streamline licensing and accreditation, with the intention of having a uniform national standard.

22 Productivity Commission, *op. cit.*, p. 73.

23 *Ibid.*, p. 83.

24 Mrs Denise Taylor, *Committee Hansard*, 7 August 2009, p. 18.

25 *Ibid.*, p. 21.

26 *Ibid.*

27 *Ibid.*, p. 15.

The committee was told of the advantage of having one national body to implement quality standards in regard to 'on-the-ground delivery'. Care services and care centres reported that it is difficult having to report to two bodies which may in some instances require the same information.²⁸

5.31 As noted earlier, NCAC has no powers of its own to enforce its standards, a role which passes to DEEWR on the recommendation of NCAC. Sanctions against non-compliance to be imposed by DEEWR are in practice a ministerial discretion and, for that reason, appear to have been seldom exercised. More significantly, the Commonwealth assumes no planning of childcare provision (nor do the states) and leaves to the states the two crucial structural determinants of childcare quality: carer qualifications and staff to child ratios. Until the need for sector planning is agreed at the national level, together with desirable minimum staff qualifications and staff-child ratios, the CCQA standards, as they currently stand, will continue to be of limited value and effectiveness.

5.32 The committee believes the current accreditation arrangements to be inadequate and in need of strengthening. The committee notes criticisms made of the NCAC but believes that these criticisms reflect its currently restricted role and the narrow legislative basis for the regulation of childcare at the Commonwealth level. The Productivity Commission noted what it believes to be improved performance by NCAC in its quality assurance measures, due in part to improved inspection arrangements and improved national consistency in accreditation. Childcare centres appear to have increasing confidence in the validity of NCAC processes.²⁹

A new national childcare authority

5.33 The committee found overwhelming support for the COAG decision to move toward the establishment of a national childcare authority. It believes that such a body should benefit from the institutional experience that has already been accumulated through the NCAC but that a new childcare authority should operate separately from the NCAC. Accreditation should remain the responsibility of the NCAC. The committee believes that it is more appropriate to separate the processes of accreditation and oversight as well as planning.

5.34 In short, a new national authority established under Commonwealth legislation within the portfolio of the Minister for Education, Employment and Workplace Relations should be representative of the diversity of the sector. The authority should be appointed by the Minister on advice from the minister's state and territory counterparts and other stakeholders. It should be representative of national, regional and local interests; it should promote best practice quality childcare based on research findings; and it must determine accreditation guidelines and the regulatory and

28 Ibid.

29 Productivity Commission, *op. cit.*, p. 101.

enforcement regimes and processes which ensure that the standards that it sets are met.

5.35 The committee believes that a new national childcare authority should concern itself with policy and planning, with due regard for equity and quality, and should recommend expenditure priorities in line with this role. The management of funding should remain the responsibility of the Office of Early Childhood Education and Childcare within DEEWR.

5.36 It was put to the committee by a Queensland Government official that the Commonwealth should assume all responsibility for the planning and shaping of childcare provision and that a national childcare organisation should be formed around or borne out of the Office of Early Childhood Education and Childcare.³⁰ The committee believes that vesting this power in a mainline department like DEEWR or in the NCAC is inappropriate. Commonwealth departments and mainstream agencies have functions which do not fit the circumstances whereby services are provided locally and by a diverse set of operators, most of them independent operators and small businesses.

5.37 While Commonwealth agencies do contract for expert advice, and DEEWR's use of consultants is extensive, decisions can only be made by the Minister. The proposal that DEEWR administer a 'representative stakeholder body' does not appear to the committee to be a sound idea. Some sector participants would regard the possible political implications with suspicion. The committee argues that in the case of childcare policy, once legislation is passed, a statutory authority would operate more efficiently and, given that it had certain powers, would function with more freedom to exercise its discretions without undue influence.

5.38 As an instance of this, any de-accreditation sanction currently contemplated by DEEWR to enforce standards requires the support of the Minister. It would be expected that any threat to the continuity of care of 30 or more children could pose a problem for a minister in exercising a discretion to effectively shut down a centre. The committee finds it difficult to believe that there would not have been sufficient grounds for this to occur even once over the past five years.

5.39 Establishing a statutory body at arms-length from departmental operations and vesting it with the power to set standards would clearly indicate to the sector that oversight and planning of childcare proceeded separately from accreditation and regulatory processes. It would strengthen the confidence of parents in quality standards as well as the integrity of the oversight process.

30 Ms Lesley Penrose, *Committee Hansard*, 15 July 2009, p. 4.

Making national standards work

5.40 The principal task of a new national statutory body is to determine national standards of childcare and to recommend policy to COAG in regard to such matters as progress towards integrated children's services and early childhood education and care generally. In regard to standards of care, the view of the committee is that it should not prove to be difficult to agree on minimum standards for the key measures and influences of quality childcare delivery. Staff-child ratios for infants are now within the internationally-recognised desirable limit in the most populous states. Initiatives at the state level, as described earlier, are also raising the qualifications required of carers.

5.41 Notwithstanding the readiness of state and territory authorities to improve their licensing oversight and to raise standards, noticeable improvements cannot be expected in the short term because, as discussed in chapter four, there are problems relating to staffing, training and other quality issues that cannot be properly addressed without practical measures to improve funding for the sector. Agreement to high minimum standards will have limited effect unless carers are more generously paid. Yet, governments will need to ensure that childcare remains affordable. Any resultant rise in childcare fees will require decisions about an increase in CCB and will tax the ingenuity of governments about how best to provide direct funding to the sector. The committee considers that the question of funding and the extent to which it should be shared between parents, the Commonwealth and the states is a far more difficult policy issue than how to streamline the childcare regulatory structure to include agreed national standards along with the continuation of state-based compliance arrangements.

5.42 The committee considers that the role of a national authority in setting and ensuring uniform standards of childcare should include:

- leading, motivating and encouraging, in the shared task of enriching early childhood development, the common interests of participants in the childcare sector including parents, a diverse range of childcare centre operators, local communities and governments;
- negotiating, promulgating and enforcing the standards that are agreed between high-level representative stakeholders;
- administering a regulatory regime in which the national authority would audit the financial viability of operators, while delegating licensing and some levels of audit responsibility to state and territory agencies and local government bodies with appropriately delegated powers to enforce compliance as currently exist;
- maintaining continued research into what provides the most satisfactory developmental experiences for young children and disseminating research findings to carers at all levels across the sector;

- overseeing training standards for those in early childhood learning, with particular emphasis on monitoring the quality of courses offered by RTOs in initial training, in bridging courses and in professional development; and
- advising the Minister on childcare policy and recommending expenditure priorities in line with its planning and oversight of quality delivery roles.

5.43 The committee believes that these responsibilities to be undertaken by a national body would satisfy a number of concerns which it heard expressed during its inquiry.

Authority, direction and cohesion

5.44 First, it would address the need to have a body which would act as a unifying authority. It would be a representative body in that the Minister would appoint to it people from across the sector capable of making an informed contribution to national policy as a result of their experiences. This might include people of the kind that are currently on the board of the NCAC, in addition to childcare proprietors and academics.

National but local

5.45 Second, the authority would need to administer the sector federally. Childcare is local. Aside from funding, the needs of local childcare planning, provision and operation ought to be matters for state and local government. A childcare centre in Perth should not be run from Canberra. Current accreditation processes appear to be run effectively by NCAC and the committee heard no serious complaint about state licensing arrangements. The Productivity Commission has identified some regulatory overlap between state and Commonwealth quality measures. Eliminating this overlap should be a high priority for a new authority but it is scarcely a difficult task.

Planning for a balance of supply and demand

5.46 Third, while planning is local, the planning policy should be national in the interests of equity and consistency. Childcare is a service even though in most cases it is run as a business. The new authority must rely on the manipulation of an imperfect market to ensure stability and accessibility and on regulation to ensure quality. An integral part of planning is the intention of ensuring a balance between supply and demand for childcare places. A legacy of past and current planning deficiencies in regard to supply and demand for places has resulted in the government handing to NCAC the task of providing instant updates on childcare vacancies. This imposes heavy regulatory burdens on providers and needs to be addressed by a body which is not subject to sudden ministerial promises.

Quality environments for care and learning

5.47 Planning, research and guidance should also extend to matters like childcare centre design and ambience, ensuring that there is adequate space that is appropriately designed for young children to learn through physical and sensory activities.³¹

Application of research

5.48 Fourth, good building design and learning environment practice is only one likely gain from a national system. Nationally co-ordinated research and nationally recognised good practice in early learning experience and care is easier to disseminate through a more cohesive sector.

Training for quality care

5.49 Fifth, a national childcare authority should be able to influence the curriculum for the training of early childhood teachers and carers. This committee is aware of dissatisfaction with teacher training in universities and it is aware of even more serious deficiencies in the quality of teaching in the VET sector, where many childcare courses are taught. The advent of a tide of RTOs, set up for the purpose of exploiting the market for short-term bridging and upgrading courses in all fields of skill, has resulted in uneven quality of outcomes. As noted earlier in this chapter, childcare learning is reportedly affected. A national childcare authority would influence improvements in training.

Supervisory oversight of a childcare operator's financial position

5.50 Finally, to ensure that operators, especially those with a fair degree of market share, are managing their businesses or their centres with sound accounting practices and due regard for the common good, a new authority should monitor unusual or irregular business behaviour and refer cases to ASIC or some similar agency when it believes it to be necessary.

Recommendation 8

5.51 The committee recommends to the government the establishment of a new statutory body, widely representative of the sector, for the purposes of advising the Minister on childcare policy and its implementation, with powers to oversee a uniform regulatory regime operating across states and territories.

Recommendation 9

5.52 The committee recommends that, in the interest of greater transparency and accountability, the new statutory childcare body be responsible for the following:

31 Play Environment Consulting Pty Ltd, *Submission 49*, pp 6-7.

- **working with stakeholders to create a policy agenda which outlines priority areas, benchmarks and targets to be achieved in the area of early childhood education and care;**
- **publishing an annual report which:**
 - (a) **outlines the progress being made in these priority areas;**
 - (b) **details how Federal Government funding is being spent, especially by state and territory governments;**
 - (c) **details the state of the early childhood education and care sector including vacancy data, numbers of children with additional needs, information on staff, costs, usage, and other information that is already collected by Commonwealth Government agencies.**

Recommendation 10

5.53 The committee further recommends to the government that this recommendation be taken to COAG for its consideration, particularly in view of the need to establish within the national body clear lines of responsibility between national, state and local obligations in regard to regulation and compliance.

Senator Gary Humphries

Senator Gavin Marshall

Chair

Deputy Chair

Liberal Party

Australian Labor Party

Additional Comments

from Senator Hanson-Young

Introduction

The collapse of corporate giant, ABC Learning, has presented us with the opportunity to reform child care in Australia, to ensure that no profit-driven company will ever have the opportunity again to control 25 percent of the market share in Australia.

Early childhood education and care (ECEC) must be seen as part of the lifelong learning that starts at birth. It is something that we as parents trust to give our kids the best quality of care so that we can go out to work and pay our mortgages. It should not be viewed or treated as a profit-driven industry open to manipulation by corporations and the stock market; rather it should be seen and supported as the essential service it is.

The Australian Greens have been fighting to ensure that the three core principles of quality, affordability and accessibility, underpin the basis of ECEC in this country, where the education of Australia's youngest children is at the forefront of any reform.

Quality

Ratios, staff training and wages

Australian parents and their children deserve better. We need to see more qualified staff, more support for child care workers, better staff-to-child ratios (a minimum of 1:3) and increased overall funding for this vital service industry.

We need to strive for high-quality educational care for young children through highly qualified staff and good staff ratios.

At present, the conditions many childcare workers are expected to work in are considerably poor. Workers are often paid unfairly, unacceptably low wages, and this must change.

Lifting workers' wages and helping them gain qualifications will lift the quality of Australian childcare.

We also need to find out how we can be effectively encouraging employers to work collectively with their employees to work out smart, efficient ways of providing childcare through the workplace.

We place a high value on primary and secondary education in this country because we think it is important for children of that age – and we should be investing the same value on early childhood education and care.

Recommendation No.1

The Greens recommend that the Government establish nationally consistent ECEC standards that are linked to the quality cost drivers of more highly qualified staff; lower carer-to-child ratios of at least 1:3 for children up to 2 years old and 1:4 for children older than 2 years old, and smaller groups.

Recommendation No.2

The Greens further recommend that national standards should be developed on minimum entry qualifications for staff, and the wages and conditions offered, to recognise that ECEC should be viewed for what it is, an essential service that provides education to our youngest Australians.

Commonwealth Commissioner for Children and Young People

From childcare workers and employers, to academics and parents, we need the key players in the industry to come forward and tell the Government how we can strengthen and secure the childcare sector in this country, to ensure that Australia swiftly moves from third last in the developed world for childcare and early learning.¹

The fact that UNICEF ranked our childcare standards the third worst in the developed world, has showcased to the international community the dire state of ECEC in this country.

It is appalling to think that in the twenty-first century, we only managed to pass two out of the ten UNICEF benchmarks, failing on key issues such as paid parental leave, a national childcare plan, and child poverty, all of which highlight need for urgent reform.

Recommendation No.3

The Greens recommend that a Commonwealth Commissioner for Children and Young People be established, to ensure Australia's international and domestic obligations are met and upheld. These fundamental human rights principles provide a clear framework of minimum standards to ensure the wellbeing of children.

Aside from broader protection obligations, this role would promote investment in early childhood development as a priority, and outline requirements for quality early childhood education and care.

1 UNICEF, 'The Child Care Transition – A league table of early childhood education and care in economically advanced countries', *Innocenti Report Card 8*, 2008, p. 27.

Affordability

CCB and CCTR

Childcare funding comes from the Federal Government through the Child Care Rebate and Benefit, yet the Government has little to do with the planning and oversight of responsibilities for childcare.

The current funding mechanisms do not facilitate a link between quality standards and the funding received.

The Government should be taking charge and delivering the necessary policy outcomes for good quality, accessible and affordable childcare that puts the care of children and the needs of parents and workers above lining the pockets of shareholders.

Evidence suggests that the daily fees of long day care have increased with the introduction and expansion of the Rebate. This has not proven to be a cost effective model for parents, nor has it increased the quality of care.

A change from the current funding mechanism to one which would fund the service directly, would give the Federal Government more “bang for their buck”. Given we commit funding to schools and universities in this way, childcare deserves the same level of attention and commitment, given the role it plays in the education of our youngest children.

During the course of the inquiry, the committee heard evidence from various organisations calling for the matter of childcare funding to be referred to the Productivity Commission, to determine the most effective way of funding the essential service of early childhood education and care.

The National Foundation for Australian Women reinforced this view, arguing that 'there is a paucity of information around to really calculate what some of the other alternatives should be, and this is one of the reasons why we are very strongly supporting the proposition that a reference to the Productivity Commission to do a great deal of the economic number crunching could be a very useful input to the debate about what future policy should be.'

It is clear that referring the matter of ECEC funding to the Productivity Commission would help us determine the most effective way of funding the essential service of early childhood education and care.

Recommendation No.4

The Greens recommend the Government review the current funding mechanisms for early childhood education, including the appropriateness of the Child Care Rebate and Child Care Benefit.

Recommendation No.5

The Greens recommend that that the Commonwealth ask the Productivity Commission to look into funding models and their impact on the determinants of the quality of care.

Quality benchmarks and affordability for parents must be linked to the Government funding received.

Recommendation No.6

In order to implement quality benchmarks, including affordability for parents, the Greens recommend a significant increase in, and long-term investment of, funding into early childhood education and care.

Corporate profit driven companies

The fact that the corporate for-profit giant ABC Learning received 44 per cent of its revenue from public funds, while other providers struggle to cover costs let alone compete is a clear sign that the not-for-profit ECEC sector needed more government support.

We have seen a profit-driven company irresponsibly allowed to hold 25% of the long day care places across the country collapse, leaving with it uncertainty, frustration and turmoil, for parents, employees and the sector alike.

Where providers are receiving large amounts of public funding, there is a need to set up arrangements where there are public reporting requirements so we can see what is going on. Public funds must be linked to quality.

Recommendation No.7

The Government must ensure that no public funds are directed to corporate companies that are floated on the stock exchange, wishing to operate early childhood education centres.

Capital grants funds

It is unacceptable that some of our children are being cared for at substandard sites, with unsafe practices and a level of care that falls well short of what is needed.

A capital grants fund would assist the sector in making a transition away from a profit-driven industry to a community-based not-for-profit model.

History shows us that, when there was the provision of capital grants, community and local government bodies were able to open and effectively operate childcare centres. The capital grant would essentially be used to build and maintain the centre, and provide a certain amount of equipment that would require the operators to run it on a cost-effective basis. It was possible to do this and maintain a good standard.

According to the Australia Community Children's Service, 'Governments, in collaboration with the non-government sector, create specific capital and operational funding programs available to non-profit providers to build and deliver good quality children's services designed to contribute to the developmental needs of children in that community.'

Recommendation No.8

The Australian Greens recommend that a Capital Grants Fund be made available to community groups and not-for profit providers to assist with costs of maintaining the capital of centres and facilities.

Accessibility

Childcare places and location

It is clear, following on from the collapse of ABC Learning, that ECEC provision in Australia is ready to be shifted away from a market driven approach towards more supply-side funding.

We have seen a profit-driven company irresponsibly allowed to hold 25% of the long day care places across the country collapse, leaving with it uncertainty, frustration and turmoil, for parents, employees and the sector alike.

The Greens are concerned that currently there are no existing planning provisions exist in relation to the location of early childhood education and care services and the link to demand. At the moment, a childcare operator can open a centre in any geographical location without regard to the presence of existing services.

Recommendation No.9

That a national planning system be developed to ensure childcare places are available where needed and are equitably available to all children, and in consultation with local communities.

Conclusion

From community leaders and academics to parents and experts in the sector, this inquiry process has confirmed that a well resourced, accessible, affordable, quality early childhood education and care system which is driven by excellence and community needs provides the best educational outcomes for our youngest Australians.

Lifelong learning starts at birth. It is time for the Government to stop playing the blame game, and start taking responsibility for a sector in need. We need action and we need a new way of thinking about early childhood education and care - our children deserve our support.

Senator Sarah Hanson-Young

Australian Greens

APPENDIX 1

Submissions Received

Submission Number	Submitter
1	Bayside Family Day Care
2	Suryan Chandrasegaran
3	Communities@Work
4	Dial An Angel
5	National Family Childcare Association (Canada)
6	Louise McManus
7	National Foundation for Australian Women
8	NSW Commission for Children and Young People
9	Paul Monagle
10	Fiona Rogers
11	Shop, Distributive and Allied Employees' Association (National Office)
12	Children's Services Support Unit WA
13	Early Childhood Australia (WA Branch)
14	David Perrin
15	Australian Family Association (VIC Branch)
16	Kay Thomas
17	Wheatbelt Organisation for Children's Services
18	Council for the National Interest (Western Australian Committee)
19	S Craig
20	Nancy Cox
21	Lady Gowrie Child Centre Inc
22	Childcare Queensland
23	Commission for Children and Young People and Child Guardian
24	Centacare Broken Bay
25	WeeWunz Corporate Child Care Solutions
26	Shire of Yarra Ranges
27	Community Childcare Co-operative (NSW)
28	Rosalie Rogers
29	SDN Children's Services
30	Moreland City Council
31	Early Childhood Australia Inc (NSW Branch)
32	KU Children's Services
33	City of Port Phillip

- 34 Independent Education Union of Australia
- 35 Sally Rogers
- 36 Peter Townson
- 37 Australian Community Children's Services (NSW Branch)
- 38 Charlton Brown
- 39 Open Forum
- 40 UnitingCare Children's Services
- 41 Department of Education, Employment and Workplace Relations
- 42 Australian Services Union
- 43 Students' Representative Council and Sydney University Postgraduate
Representative Association
- 44 Australian Family Association (SA Branch)
- 45 Family Council of Victoria
- 46 FamilyVoice Australia
- 47 School of Management, University of Western Sydney
- 48 Childcare Association of Western Australia (CAWA)
- 49 Play Environment Consulting Pty Ltd
- 50 Peter Phillips
- 51 LHMU - The Childcare Union
- 52 Siobhan Reeves
- 53 Family Day Care Australia
- 54 Kindergarten Parents Victoria Inc
- 55 Tonia Godhard AM
- 56 Childcare Associations Australia
- 57 Work and Family Policy Roundtable
- 58 Victorian Local Governance Association
- 59 Community Child Care
- 60 Frankston City Council — Children's Services
- 61 ****Submission not allocated****
- 62 Mr Dean & Mrs Tempe Harvey
- 63 Steve Trzcinski
- 64 Professor Deborah Brennan and Assoc Professor Sue Newberry
- 65 Municipal Association of Victoria
- 66 Women's Electoral Lobby Australia Inc.
- 67 Department For Communities - Western Australia
- 68 Susan McDonald
- 69 Geraldine Brooks
- 70 Tasmanian Government
- 71 Catholic Social Services Australia
- 72 National Childcare Accreditation Council (NCAC)

- 73** Australian Community Children's Services
- 74** The Infants' Home Child Family Services
- 75** Australian Federation of University Women Inc (AFUW)
- 76** Samiro Douglas
- 77** Kath Dickson Family Centre Association Inc.
- 78** Centre for Community Child Health, Royal Children's Hospital Melbourne
- 79** SA Government
- 80** Stephen Kemp
- 81** Penrith City Council
- 82** Child Care National Association (CCNA)
- 83** Jolly Frog Private Kindergarten
- 84** Abacus Child Care
- 85** Ian Polman
- 86** ABC Developmental Learning Centres Pty Ltd
- 87** Kalamunda Out of School Centre Inc.

Additional Information Received

- Received from Ms Rhonda Bignell, Chief Executive Officer, Family Day Care Australia. Response to public hearing on 16 July 2009;
- Received from LHMU. Information requested at public hearing on 21 July 2009 in Adelaide. *'Day book'*;
- Received from Mr Frank Quinlan, Executive Director, Catholic Social Services Australia on 17 August 2009. Clarification of evidence at public hearing in Canberra on 14 August 2009;
- Received from the Commission for Children and Young People and Child Guardian on 10 September 2009. Answers to questions taken on notice at public hearing in Brisbane on 15 July 2009;
- Received from Mr Anthony Parsons, Group Manager, Early Childhood Programs Group in response to request for figures on funding of Child Care Services Support Programs over the past 4-5 years. Figures on Child Care Services Support Program;
- Received from Department of Education, Employment and Workplace Relations (DEEWR) on 19 October 2009. Answers to questions taken on notice at public hearing in Canberra on 14 August 2009.

TABLED DOCUMENTS

- 21 July 2009, Melbourne, VIC from The Allen Consulting Group, *'A sustainable model for early childhood infrastructure in Victoria?, February 2009'* report;
- 21 July 2009, Melbourne, VIC from Ms Rose Iser for Lady Huntingfield Parents' Group and North Melbourne Parents' Group, *'Community Council Partnership (CCP) submission August 2006'*;
- 14 August 2009, Canberra, ACT from the Child Care National Association (CCNA):
 - *'Table 6.3: Estimated additional out of pocket cost to families (real \$/week) of National Quality Standard Reform'*;
 - *RIS Options for early childhood education and care quality reforms*;
 - *Policy Overview: Regulation Impact Statement for Early Childhood Education and Care Reforms, July 2009*;
 - Email to Mr Chris Buck, *'Civil penalty and infringement notice scheme'*.

APPENDIX 2

Public Hearings and Witnesses

BRISBANE – WEDNESDAY, 15 JULY 2009

Mrs Gwynneth Bridge, President,
Childcare Queensland

Ms Nadine Elyse Broit, Franchisee,
Dial an Angel Brisbane

Ms Sheridan Dudley, Chief Executive Officer,
KU Children's Services

Ms Vicki Hall, Manager, Policy,
Queensland Commission for Children and Young People and Child Guardian

Mrs Tempe Margaret Harvey, Director,
Children Need Parents Campaign

Ms Lesley Kaye Penrose, Senior Policy Officer,
Queensland Commission for Children and Young People and Child Guardian

Mrs Prue Walsh

SYDNEY – THURSDAY, 16 JULY 2009

Dr Marian Pam Baird, committee member,
National Foundation for Australian Women

Ms Rhonda Bignell, Chief Executive Officer,
Family Day Care Australia

Professor Deborah Jane Brennan, Independent Researcher,
University of New South Wales

Ms Gillian Calvert, Acting Commissioner,
Children and Young People, New South Wales

Mrs Marie Yvonne Coleman, Chair,
Social Policy Committee, National Foundation for Australian Women

Mrs Beverley Lynette Foden, Director, National Board,
Family Day Care Australia

Ms Renate Gebhart-Jones, Acting Chief Executive Officer,
Community Child Care Cooperative Ltd (NSW)

Mrs Sheila Ghosh, Principal Consultant,
WeeWunz Corporate Child Care Solutions

Ms Catherine Leigh Hamill, Project Officer,
Early Childhood Australia, New South Wales

Ms Christine Gail Legg, Executive, Early Childhood Australia,
New South Wales; and National Board Member, Early Childhood Australia

Ms Wendy Lindgren, Deputy Chair,
Community Child Care Co-operative Ltd (NSW)

Mr Greg Mclean, Assistant National Secretary,
Australian Services Union

Mrs Nicole Mills, Principal Consultant,
WeeWunz Corporate Child Care Solutions

Ms Jenny Mountney, Director,
Family Day Care Australia

Professor Susan Margaret Newberry

Mr Paul Slape, National Secretary,
Australian Services Union

Ms Prue Warrilow, National Convenor,
Australian Community Children's Services

HOBART – MONDAY, 20 JULY 2009

Mrs Tania Ackerly, General Manager,
Children's Services North, Lady Gowrie Tasmania

Ms Cathryn Ackroyd, Children's Services Workforce Learning Leader,
Tasmanian Polytechnic

Mrs Annette Barwick, General Manager,
Professional Support Coordinator, Lady Gowrie Tasmania

Ms Barbara Blest, Children's Services Representative,
Early Years Reference Group

Mrs Tracey Bradley,
Minister's Childcare Advisory Council

Mrs Janelle Brennan, President,
Family Day Care Council of Tasmania

Ms Pamela Cahir, Chief Executive Officer,
Early Childhood Australia

Ms Jenni Connor

Mrs Ros Cornish, Deputy National President,
Early Childhood Australia

Mrs Katherine Cripps, General Manager,
Children's Services, Lady Gowrie Tasmania

Ms Judy Hebblethwaite, Director (Early Years),
Department of Education, Tasmania

Mrs Kathryn Anne Laing, Member,
Minister's Childcare Advisory Council

Mrs Lynette (Lynne) Maree Moran, Committee Member,
Minister's Child Care Advisory Council

Mrs Susan Nolan, Tasmanian representative,
Australian Community Children's Services

Mr David O'byrne, Secretary,
Liquor, Hospitality and Miscellaneous Workers Union

Dr Bronwyn Reynolds, Senior Lecturer in Early Childhood Education,
University of Tasmania

Ms Katherine Whitty, Childcare Industry Coordinator,
Liquor, Hospitality and Miscellaneous Workers Union

Mrs Lynette Ethel Woolley, State President, Tasmania Branch,
Early Childhood Australia

Mrs Helen Yost, Lecturer in Early Childhood Education,
University of Tasmania

MELBOURNE – TUESDAY, 21 JULY 2009

Mr Ian Blandthorn, National Assistant Secretary,
Shop, Distributive and Allied Employees Association

Ms Meredith Carter, Chief Executive Officer,
Kindergarten Parents Victoria

Ms Sally Everitt, Early Years Policy Adviser,
Municipal Association of Victoria

Mr Barry Hahn, Manager,
Social Policy and Early Years, Moreland City Council

Ms Rebecca Haig, Manager of Community Partnerships,
Community Child Care

Ms Clare Hargreaves, Social Policy Manager,
Municipal Association of Victoria

Councillor Rose Iser, President,
Victorian Local Governance Association

Ms Louise Mitchell, Coordinator,
Policy and Research, Kindergarten Parents Victoria

Dr Tim Moore, Senior Research Fellow,
Centre for Community Child Health

Mrs Angela Morcos, Project Officer,
Early Childhood, Centre for Community Child Health

Ms Annette Polites, Unit Manager,
Children's Services, Moreland City Council

Ms Alice Pryor, Councillor,
Moreland City Council

Ms Barbara Romeril, Executive Director,
Community Child Care

ADELAIDE – WEDNESDAY, 22 JULY 2009

Ms Kaye Marie Colmer, Executive Director,
Lady Gowrie Child Centre Inc. (Adelaide)

Mr David Terence d’Lima, South Australia State Officer,
FamilyVoice Australia

Mrs Dianne Gloyn, Childcare Professional,
Liquor, Hospitality and Miscellaneous Workers Union—Childcare Union

Ms Jacinta Leighton, Childcare Professional,
Liquor, Hospitality and Miscellaneous Workers Union—Childcare Union

Ms Susan Lines, Assistant National Secretary,
Liquor, Hospitality and Miscellaneous Workers Union—Childcare Union

Mrs Roslyn Helen Phillips, National Research Officer,
FamilyVoice Australia

Professor Barbara Ann Pocock, Director,
Centre for Work and Life, University of South Australia; and Co-convenor, Work and
Family Policy Roundtable

Mr Christopher Robinson, Chief Executive,
Department of Education and Children’s Services, South Australia

Ms Lynne Rutherford, Children’s Program Manager,
Lady Gowrie Child Centre Inc. (Adelaide)

Mr Chris Shakes, Assistant Director, Policy,
Department of Education and Children’s Services, South Australia

Ms Jodie Thiele, Childcare Professional,
Liquor, Hospitality and Miscellaneous Workers Union—Childcare Union

Mr Stephen Trzcinski

Ms Kathrine Whitty, Childcare Industry Coordinator,
Liquor, Hospitality and Miscellaneous Workers Union—Childcare Union

Ms Trish Winter, Executive Director, Early Childhood Services,
Department of Education and Children’s Services, South Australia

PERTH – FRIDAY, 7 AUGUST 2009

Mrs Nancy Elizabeth Cox, Member,
Council for the National Interest, Western Australia

Mrs Sadie (Bobbie) Robinson Craig, Member,
Council for the National Interest, Western Australia

Ms Helen Creed, Executive Director,
Children and Family Services, Department for Communities, Western Australia

Ms Bernadette Eileen Giambazi, Principal,
Nedlands School of Early Learning

Mr Evan Graham Hicks, Committee Member,
Childcare Association of Western Australia

Ms Karri Karyn Patrice Hillier, Chief Executive Officer,
Children's Services Support Unit Western Australia Inc

Mrs Sarah Bernadette Lovegrove, Assistant Director,
Nedlands School of Early Learning

Ms Judith Maurice, Senior Practice Development Officer,
Department for Communities, Western Australia

Ms Jackie Murray, Committee Member,
Wheatbelt Organisation for Children's Services

Mr Jonathan Pilkington, Acting Director,
Child Care Licensing and Standards, Department for Communities, Western Australia

Ms Nola Anne Poland, Project Officer,
Wheatbelt Organisation for Children's Services

Ms Marcelle Psaltis-Saratsis, Committee Member,
Early Childhood Australia, Western Australia

Mr Dawson Ruhl, President,
Early Childhood Australia, Western Australia

Hon. Barbara Scott

Mrs Denise Taylor, Chief Executive Officer,
National Childcare Accreditation Council Inc.

Mrs Roslyn Coleen Thompson, Treasurer,
Childcare Association of Western Australia

Ms Cora-Ann Wilson, Secretary,
Early Childhood Australia, Western Australia

CANBERRA – FRIDAY, 14 AUGUST 2009

Mr Adam Baker, Member,
Child Care National Association

Mr Christopher Buck, President,
Child Care National Association

Mrs Eileen Byrnes, Patron and Member,
Child Care National Association

Mrs Robyn Calder, Branch Manager,
Department of Education, Employment and Workplace Relations

Ms Christine Cooper, Assistant Federal Secretary,
Independent Education Union of Australia

Ms Elizabeth Death, Director,
UnitingCare Children's Services

Ms Jan Louise Faulkner, Senior Manager,
Children's Services, Centacare Broken Bay, Catholic Social Services Australia

Ms Verena Heron, Industrial Officer,
NSW/ACT Independent Education Union of Australia

Ms Lisa James, Early Childhood Services Organiser,
NSW/ACT Independent Education Union of Australia

Mr Murray Kimber, Branch Manager,
Department of Education, Employment and Workplace Relations

Mrs Barbara Louise Langford, President,
Childcare Associations Australia

Mr Michael Manthorpe, Deputy Secretary and Director,
Office of Early Childhood Education and Child Care, Department of Education,
Employment and Workplace Relations

Mr Anthony Parsons, Group Manager,
Department of Education, Employment and Workplace Relations

Mrs Jacky Purcell, Member,
Child Care National Association

Mr Frank Quinlan, Executive Director,
Catholic Social Services Australia

Mrs Ann Young, Director,
Child Care National Association

