



COMMUNITY CHILD CARE CO-OPERATIVE

LTD. (NSW)

ABN 81 174 903 921

Mr John Carter
Committee Secretary
Senate Education, Employment and Workplace Relations Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

eewr.sen@aph.gov.au

30/1/09

Please find below Community Child Care Co-op's submission to the Senate's Education, Employment and Workplace Relations Committee Inquiry into the Provision of Childcare.

Thank you for the opportunity to comment on the impact of the ABC Learning collapse on the provision of child care in Australia and related issues.

Yours faithfully,

A handwritten signature in black ink that reads "Lymbery". The signature is written in a cursive, flowing style.

Carol Lymbery
CEO
Community Child Care Co-operative

Community Child Care Co-operative (NSW) is a 30 year old not-for-profit organisation that promotes, supports and advocates for quality children's services, meeting the needs of children, their families and the community. We are a peak organisation in NSW representing over 1300 children's services, families and individuals. We have consulted our members widely in preparing this submission.

We endeavour to:

- provide leadership which empowers the decision makers within children's services.
- identify service provision gaps and needs, and proactively target resources to these areas.
- support and collaborate with other children's services providers who reflect similar philosophical beliefs.
- embrace the value of difference and debate.
- be efficient and sustainable in the use of resources.
- be a role model for best practice in corporate governance and organisational operation.
- be a respected organisational citizen and a positive force in the community.

Although Community Child Care Co-operative represents services in all areas of the children's services sector, our members are predominantly community based **long day care services** and community based **preschools**.

Our submission thus predominantly reflects the views and interests of these two groups.

Community Child Care Co-op, like many other community based child care organisations is currently dealing with many aspects of the financial, social and industry impact of the ABC Learning collapse on the provision of child care in Australia.

Within this submission we have confined our comments to a number of key issues of importance to the Senate's Education, Employment and Workplace Relations Committee Inquiry rather than addressing all of the Terms of Reference.

These are:

1. The value of having community based not for profit child care providers dominating the supply of childcare in Australia;
2. How the Federal Government can best support community based not for profit child care providers; and
3. Why the Federal Government must use the opportunity created by the collapse of ABC Learning to re-create a planned system of childcare provision without the current education and care dichotomy.
4. The inadvisability of corporate dominance in an area as socially significant as childcare.

The value of community based not for profit child care provision

Between 1991 and 2001 the number of places in privately owned for-profit long day care services (a significant proportion of which were owned by corporations) increased by almost 400 per cent compared to only 55 per cent in not-for-profit services. Currently less than 35% of early childhood services in NSW are community based.

Historically child care provision in Australia was dominated by community based not for profit services. This changed with the growth of for profit care under the Howard Government, and continued to change after the listing of ABC Learning on the stock exchange.

It is vitally important who supplies early education and care. Although all services are regulated by State Governments and subject to National Quality Assurance Systems, the ownership of childcare really matters.

It matters because research has repeatedly shown that community based not for profit care is:

- Higher quality care. Key indicators such as staff qualifications and staff children ratios, are consistently better in community based not for profit centres.

- More inclusive care. Research has also consistently shown that community based not for profit care services provide care for proportionately higher numbers of children with additional needs and with babies, the least profitable group to care for. They respond to the needs of the community including communities who may be 'hard to service' such as refugee groups, lower income families and geographically isolated communities.
- More cost effective for Governments. Rather than money invested in childcare exiting the system as return for shareholders, all money invested into community based not for profit care remains in the child care system. Community based not for profit child care systems are not run for personal profit – the money is returned to the service to enable the expansion and improvement of the service.
- Unless there is a robust community based not for profit child care sector, the sector is not capable of exerting pressure, through competition, on private and corporate suppliers to improve quality provision of care and keep prices down.
- Community based not for profit child care sector empowers individuals by involving them in the running of the service. They connect people to each other and to other services and supports, breaking down isolation and strengthening communities. Not-for-profit children's services assist in strengthening families and community. They build capacity in local communities, are socially inclusive and contribute significantly to social capital.
- Community based not for profit child care services integrate with other community services.

Supporting community based not for profit child care providers

So how can the Federal Government best support community based not for profit child care providers to continue adding value to the childcare sector and redress the imbalances of the past decade?

By providing:

- **Capital funding.** Unlike the corporate sector, community based not for profit child care organisations cannot access large amounts of capital to enable services to be established in areas of need. We are reliant on land and buildings being made available by governments at all levels. We need access to capital funds to let us establish new centres in areas of need. Some communities are desperately in need of community based facilities to give families true choices in those communities or because the provision of childcare based on the vagaries of the market failed in childcare provision in these communities. Establishing an ongoing capital fund to enable the building of new non-profit centres, owned by the community in which they are situated is the only way to redress this situation.

There has long been in existence a Minor Capital Grants Fund, through which community based not for profit child care centres could apply for “minor” capital grants to address centre repairs and maintenance issues. The amount of money in this fund has always been at the Minister’s discretion and some years no funding has been available. When funding is available it is much less than required across the sector. In order for community based not for profit centres to be able to maintain safe and comfortable premises this allocation needs to be increased and the funding needs to be offered twice per annum. Community based not for profit services have lost market share to corporate centres over the last few years in part because of the state of our buildings. Parents do not want their child to attend a “run down” child care centre. There is an inevitable appeal of a shiny new centre to parents and we need money to be able to expand our centres, revitalise them and bring them up to match community expectations of these facilities.

- **Assurance that no one provider will ever again be able to dominate childcare provision**

The community based not for profit child care sector warned of the potential for catastrophe following an ABC Learning collapse for at least the last 6 years. We warned both of the danger of market dominance and of the shaky financial foundations of ABC Learning. Since the collapse, a lot of the burden to care for displaced children and to devise solutions for the “unprofitable” ABC centres has fallen on the community based sector. We willingly take on this task, but we believe that the Federal Government need to ensure that no single childcare operator, whether community based or corporate, should be allowed to acquire over 5% of childcare provision across Australia. Furthermore we need to ensure that the loss of taxpayer dollars that has occurred in the need to shore up the failed corporation should not happen again. There will always be a possibility of economic disruption or downturns in the economy similar to the current one. The risk to children in that situation is that profit and the bottom line will take precedent over children’s needs.

- **Funding of child care services rather than parents**

Under the Howard Government we moved to a system where parents were funded for childcare through Child Care Benefit and Child Care Tax Rebate, rather than funding children’s services directly. Community Child Care Co-op believes that the Government’s investment in early education and care could best be maximised by funding child care centres directly. By doing this the Government can then demand that all centres achieve a certain standard of quality and can make funding contingent upon known quality outcomes such as employing degree qualified teaching staff and diploma qualified staff. In no other area of community life does the Commonwealth Government invest so much money for

provision of a service and have so little say in how the money is spent. The Government has an opportunity of a lifetime in the wake of the failure of ABC Learning to restructure how childcare provision and funding occurs.

Planned childcare provision

Prior to policies implemented by the Howard Government to benefit the growth of the for-profit and private childcare sector, there was a national planning system for childcare. The aim of the National Planning System for child care was to target growth in new child care places to areas where they were most needed. It used a range of data sources and Planning Advisory Committees in every State and Territory to identify areas that needed new or additional child care places. Planning Advisory Committees meet twice a year and included representatives from State and local government and from the child care sector. This system was gradually abandoned earlier this decade and there has been no attempt to plan the provision of childcare nationally since this time. Hence we now have a situation where childcare is in drastic oversupply in some areas (Mostly in outer suburbs of cities where land is relatively cheap) and undersupply in inner city areas where land is expensive.

Local Councils, potential childcare operators (whether private or not for profit), and families need to know that childcare provision will match demand. The free market should not determine the location of childcare centres – need should. Imagine the outrage if public schools were not available where they were needed! There is no reason why we should be any more accepting of this when it is childcare involved.

In “*What about the kids? Policy directions for improving the experiences of infants and young children in a changing world*”, Fran Press says:

“Childcare has experienced unprecedented growth over the past decade. Much of the expansion of places, especially in long day care, has gone unchecked, and has occurred with little reference to pre-existing supply, or the capacity of the planned service to deliver quality. This represents a poor investment of public money. It is difficult to conceive of any other area of publicly supported service expansion that services could be up and running and open to the public, without the guarantee of appropriately qualified staff to work within them.”

The other planning issue that must be addressed in early education and care is the dichotomy between childcare and education services. Because of historical Federal/ State arrangements, the Federal Government is legislatively responsible for child care and state governments are responsible for preschool or kindergarten provision as this is “education”. Early education and care

cannot be neatly split this way. Current educational research says that all early care is educationally important for young children. In fact the learning that occurs for younger children can be more important than learning at school age.

Again in *“What about the kids? Policy directions for improving the experiences of infants and young children in a changing world”*, Fran Press says:

“Worryingly, there is no readily accessible, universal service for young children before they reach school age... Whereas many OECD nations offer a minimum of two years preschool education before school, not all Australian jurisdictions offer access to free preschool. Where universal preschool is available it is for limited hours, usually only for the year before school and children may find themselves transported between childcare contexts and preschool contexts, with little continuity between settings. Although many young children spend significant amounts of time in long day care settings, only one jurisdiction requires the employment of early childhood teachers within these settings. Such divisions fail to recognise that children learn in all contexts and learn from birth.”

We need:

- **a new Federal Government determined planning system**
- **a more coherent system of education and care**
- **to abandon reliance in market forces.**

Conclusion

There is no doubt that the impact of the demise of ABC Learning will continue to be felt in Australia for some time. Community Child Care urges the Australian Government to take this opportunity to restructure early education and care in Australia. Support the community based not for profit sector, make national, consistent, rigorous planning entrenched in the system, remove the dichotomy between care and education and make use of the failed experiment of corporate care to develop a better system for children.

Whilst ABC Learning was expanding rapidly, few policy makers stopped to think that although we have always had a tradition of private education for school age children, these institutions, unlike private childcare centres, were not for profit. Corporate Child Care is run for the profit of shareholders. **Community Child Care Co-op NSW believes strongly that children are too precious for profit.**

Thank you for the opportunity to make this submission.