



*Women's Electoral Lobby*

**Productivity Commission Childcare and Early Childhood Learning**

**Submission from Women's Electoral Lobby Australia**

*Think WEL before you vote*



## **WEL**

The Women's Electoral Lobby Australia (WELA) is a national, independent, non-party political, feminist lobby group that has for 40 years worked tirelessly to ensure the rights of Australian women are protected. We lobby politicians, unions, employers, educationalists and others on behalf of women and seek to change attitudes and practices which discriminate against women. WELA is dedicated to creating a society where women's participation and potential are unrestricted, acknowledged and respected and where women and men share equally in society's responsibilities and rewards.

WELA is an active member of the Equality Rights Alliance and Security4Women, two of the funded national alliances, which gives us access to many other national women's groups and the capacity to discuss and debate issues, as well as collaborate on projects and lobbying.

## **Introduction**

WELA has had long term involvement in the development of policies and programs in early childhood services. WELA is concerned with ensuring good policy both from the point of view of the families using the services, or wanting to, and from that of the largely female workforce providing them. We are committed to ensuring there is access to quality services at affordable costs, run by well paid and well qualified staff, with good working conditions.

WELA welcomes this inquiry, as it is clear from the Government's data that existing early childhood services do not meet the needs of the community.

The Productivity Commission Issues Paper reads:

*'Relative to some other OECD member countries, Australia has quite a high reliance on market provision of ECEC. Nevertheless, governments in Australia, in their roles as policy makers, funders, and regulators of the sector, provide considerable support to the operation of the market. Some Australian governments also have a role as providers of services, particularly preschool services.*

*The main rationale for government involvement in ECEC is to enhance learning and development outcomes for children and to generate broader social and economic benefits:<sup>1</sup>*

This quote raises two of the issues that concern WELA in relation to the current inquiry. One is the appropriateness of the current funding model that covers most long day care services and provides the bulk of funding in this area, which is basically a market model. The other is the relative emphasis that the government will put on the benefits of quality care for children versus the objective of increasing (female) labour force participation.

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<sup>1</sup> [http://pc.gov.au/\\_data/assets/pdf\\_file/0016/130462/childcare-issues.pdf](http://pc.gov.au/_data/assets/pdf_file/0016/130462/childcare-issues.pdf), p. 8



WELA believes there must be a sound balance between these two objectives. Services of a low quality, such as nannying, should not take precedence over high quality education and care simply to further workforce participation.

## ***WELA's outstanding concerns regarding Early Childhood Education and Care***

### **Access**

There are still major unsolved issues regarding the accessibility of children's services, meaning children are missing out on needed services, and most primary carers finding problems in accessing the care they need. Accessibility concerns include location, hours available and flexibility. As of 2011, there were 71 328 children still requiring long day care<sup>2</sup>, and it is still high. The data from the recent Productivity Commission Report on Government Services volume B<sup>3</sup> on Child Care Education and Training confirm that there are serious gaps in services, with more than 16% of children unable to access a space in an ECEC centre, and 51% of those parents stating that being unable to find a place stops them from fulfilling work potential.

There are additional gaps for Aboriginal and Torres Strait Islander children, and children with special needs.<sup>4</sup> The specialist services do offer support for Indigenous children, but not necessarily most mainstream services.

The current inquiry has no remit to increase subsidies for services, as such they will continue to become less affordable to low income users. Current fee levels are already high, with daily rates between \$65 and \$180 plus. In most areas there is little real choice as vacancies are often in the wrong areas, on wrong days or for the wrong age groups. The fee relief system is assessed on joint incomes so many women spend most or all their earnings on care. As a result, the costs of care and its quality are serious issues when it comes to participation and choice.

The gaps in availability for children from birth to two, and in inner city areas indicate a need for proactive funding and planning of centres. These issues above suggest the need for alternate models of funding that have the ability to vary the total payments, to agree on costs of the range of local services needed, staff them appropriately and meet diverse community needs. This type of change would allow services to meet complex social needs rather than tailor services to meet a standardised budget.

### **Funding Model**

WELA has significant concerns about the market-model of funding used in the ECEC sector. Despite much evidence of the importance of early learning for children aged zero to six, early childhood education is not granted the universal funding that primary, secondary and tertiary education receives in Australia.

The current market-model of ECEC clearly does not meet the needs of Australian women and their children. The increasing proportion of commercial and corporate providers raises questions about

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<sup>2</sup> 4402.0 -Childhood Education and Care, Australia, June 2011

<sup>3</sup> <http://www.pc.gov.au/gsp/rogs>

<sup>4</sup> PWC, Early Childhood Development Workforce Research report, p. XXII



service roles. Early childhood facilities should be integrated into wider community service networks with an ethos that encourages co-operative rather than competitive functioning, capacity and trust.

Due to the influx of commercial services in the sector, policies must be changed to put more power in the government's hands to purchase the services it needs. This is the only way that social, economic and community needs can be met at reasonable costs.

### **Rebate system**

The two primary funding mechanisms for the ECEC sector are in the form of rebates to parents; the Child Care Benefit (means-tested) and the Child Care Rebate (not means-tested). The funding system does not reflect differential costs of services and assumes that funding fee relief for parents will create a market responsive to their needs. However, demand so outstrips supply – especially in city centres – that few parents have choices that allow for any meaningful pressure on providers.

Additionally, as the funding is a standard subsidy, per hour per child, up to a full day; there is no incentive to provide places for younger children who require higher staffing levels or to locate services in high cost areas. Fees range from \$65 per day to \$180 plus, with no mechanism to contain fees.

### **Wages**

There is a critical need to increase wages for both the certificate, and bachelor, trained educators in the sector. The highly feminised nature, and historically low union density, of the early childhood workforce has allowed wages to stay low despite the increasingly professionalised nature of the workforce.

By failing to invest in the wages of early childhood educators, the Government is actively undervaluing the nature of early education. As with primary, secondary and tertiary education, the responsibility to pay professional wages rests with the Government.



### **Recommendations**

The following proposals for reforms needed start with major changes to the funding model that ensures the government, as funding source, has the power to require the provider to offer the appropriate range of services that meet the expressed needs of families and children as well as the policy needs of the government. The evidence of current user and non user discontent shows the market-model has not been effective in addressing the needs of children and parents for more flexible service models. Supposed competition has not resulted in adequate services, flexibility, cost controls or other benefits. Therefore WELA proposes some basic system changes.

1. Recognise the importance of early childhood services as part of wider community services systems, rather than just a private industry, and ensure they offer both children and families support. All centres should be required to have a parental/community committee to input on staffing, activities and programs, and make links with local communities and related services as a condition of funding.
2. Children's centres should be integrated into wider community service networks with an ethos that encourages co-operative, rather than competitive functioning, capacity and trust.
3. The funding of children's services needs to be changed so there are direct negotiations possible between the funder and provider. WELA suggests the transfer of the Child Care Rebate to offer a basic operational subsidy to each approved service to fund a proportion of a budget which sets fees, hours of operation, location and types of places available.
4. The establishment of a specific early childhood education and care funding and planning system that is based on a planning, needs based model that establishes locations and sets up budgets that reflect local needs. Such needs would include location, capacity, span of ages provided for, staffing, pay rates and other necessary budget items, including return of capital invested and agreed profit margin. Offer possible capital and loans for hard-to-service areas.
5. The funding agreements would be based on the establishment of a specific early childhood education and care funding system that indicates where and what services are required to reflect local needs. Such needs would include location, capacity, span of ages provided for, staffing, pay rates and other necessary budget items (including return of capital invested and agreed profit margin). It should also offer possible capital and loans for hard-to-service areas.
6. Establish and extend the Budget Based model of funding children and family services as an alternate model to the current child-based funding. This would allow services that offer non standard hours, additional support services, and other variations on the mainstream model to be funded as part of an existing model, which fund most Indigenous services. The direct funding contract can accommodate considerable variations in an agreed budget to meet particular needs that are currently not being met. This would reduce the calls for nanny/private care services to cover flexible hours care.



7. Expand and fund appropriately a good network of Out of School Hours services by also negotiating with the States regarding use of buildings and existing spaces more effectively.
8. Wage increases in the Children's Services Award are needed to recognise the increasingly professionalised nature of the work, and taking into account the biases built into the highly feminised staffing of the sector.
9. Mandate all ECEC services to undertake cultural awareness and cultural safety courses that ensure that there are higher attendances by Indigenous children and recognise our debt to Indigenous cultures, as well as the diversity within our communities.