

# CCNA

## ***CHILD CARE NATIONAL ASSOCIATION***

Presiding Commissioner MacRae  
Productivity Commission  
MELBOURNE AUSTRALIA

2<sup>nd</sup> September 2011

Attention:- Assistant Commissioner Ben McLean

Dear Commissioner,

CCNA commends the Commission upon their 30 June 2011 Draft Report on Early Childhood Development Workforce Study. As CCNA commented on 3<sup>rd</sup> August 2011 there is much history and emotion associated with this policy area. In the second half of 2009 CCNA first alerted the Prime Minister's Office to the COAG policy foundation flaw resulting from incorrect outcomes from a 2006 OECD ECEC report. Australian ECEC was and is proudly already world class and NOT substandard. CCNA previously provided the 2009 ANU Dr Robson report demolishing the OECD report. Today with consideration of actual federal government published reports there are very clear and present danger signs and real consequences from current COAG ECEC policy directions. CCNA is encouraged the Productivity Commission continues to seek viable forward paths for this area. CCNA looks to the future and remains optimistic for Australia's families and children.

### **STAKEHOLDERS**

To CCNA knowledge the December 2009 COAG/DEEWR RIS cost estimates have not been updated. Those estimates advise Australian families will be \$934.5 million (nearly \$1billion) extra out of pocket by 2015. Families are concerned regarding the cost of their ECEC now and today, each day such concerns are only increasing.

By the outcomes to date, CCNA has little confidence in federal ECEC stakeholder groups as all real time indicators are adverse. In particular in these matters, academics (for whom policy failure consequences are negligible to zero) are well over represented and parents for whom consequences are very soon to be life-changing are seriously under represented. While the real principal stakeholders are by far, parents and government, there is very little genuine business or real families representation or even apparent consideration of the simplest of economic realities by government stakeholder groups. Governments must therefore prepare for resultant incomplete outcomes from the clear and present dangers. Thousands of parents wrote to federal Minister Ellis in August 2009 requesting a slowing of COAG ECEC proposals but they were essentially ignored. More recently new ECEC National Law media articles received very large numbers of almost universally negative comments from parents and the community (previously provided).

As a major matter for your final report, it would be wrong and quite misleading to suggest or to believe that most families are have "agreed" to the proposed COAG ECEC National Law changes.

### **NATIONAL ECEC SERVICES UTILIZATIONS**

CCNA is well aware of academic arguments that parents will pay more for quality care. DEEWR's national children's services utilization figures completely destroy that argument. Stakeholder groups appear to have a complete disconnect from today's families' issues and concerns.

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There are a number of federal DEEWR utilization figures available. The most recent report released in July 2011, relates to the last week of March 2011 and indicated a national 74% of places used. Queensland's 70% and WA's 61% March 2011 utilizations require detailed consideration. The last week of March each year would barring public and school holidays, be expected to be the best utilization week for the March quarter. The 74% figure is not a March quarter utilization figure by any means but a single best week from the first quarter 2011 and apparently from only 90% of reporting services. CCNA enquires regarding utilizations the other 10% of apparently non-reporting services from CCMS actual data. The utilization figure for the industry for the full first quarter of the calendar year can be expected to be significantly lower than this 74% quoted figure due to normal school term holidays etc. The next utilization figure covers the first week of December 2010 which is historically the busiest week of the child care year. It is only a 79% utilization for Australian LDC. The last week of September 2010 figure was 73%. The last week of June 2010 was 76%. The third week of March 2010 was 72%. (See 2011 first quarter comments above).

The Productivity Commission official 2010 utilization figure is 64.9%. For a number of reasons, your utilization figure may be more technically relevant than the above figures for March, June, September and December 2010 and March 2011. The Productivity Commission should clarify with DEEWR the full basis for the official 2008, 2009 and 2010 Productivity Commission figures. The PC figures may be for the whole industry for the whole January-March 2010 quarter which is historically the lowest utilization quarter for the year or utilization for the whole industry for the whole year. For a number of reasons, the 79-72% figures above are likely to be a higher than actual weekly figures and higher again than actual quarterly figures. They are only likely to be adequately close to actuals for the specific relevant weeks. In particular, the December 2010 figure would be 'as good as it gets' with utilization normally dropping off in later December each year. Significantly, as business units, services and the staff survive on whole of year service not just on the utilization peaks. The Productivity Commission should have access to federal DEEWR CCMS data to up-to-date current actual utilizations and year-to-date figures.

Clearly workforce labour demands are directly linked to ECEC service utilizations locally, statewide and nationally. DEEWR must complete and provide demand estimates for each government and Productivity Commission consideration. The Productivity Commission should request that DEEWR officers complete for all Australian governments and COAG, full workforce supply and demand flow charts to reasonably define an achievable NQA/NQF rollout timeline with clear obligations and expectations for each level of government. CCNA gratefully acknowledges the Federal Government initiatives including the \$115million for existing workers, \$53.9million for university places, \$12.4million for HECS HELP, and \$9.2million for RPLing. CCNA suggests though, that **time is required as well as money**. Time is required to pass budgetary allocations, to build colleges and for sufficient students to qualify, etc. Such processes would define an achievable rollout timeline which at this time appears to strongly suggest a much needed further program rollout delay.

Without the above workforce and required care forecasting works completed, CCNA is unable to recommend either a two, a four or a six year delay to COAG ECEC current policy directions.

#### **NATIONAL LAW PENALTIES & NATIONAL INDUSTRY FINANCIAL VIABILITY PRESSURES**

CCNA has also previously suggested the levels of penalties in National Law over time will cause an unnecessary wasting of workforce numbers as staff become aware of those harsh punitive penalties at a time when nationally espoused policy goals require greater workforce numbers. Furthermore, surely general criminal laws would or should cover all such real industry problems like assaults, fraud, etc. so why the legislative unnecessary duplication. That some jurisdictions have or had such unnecessary penalties would not seem to justify such a counter-productive proposition (two wrongs do not make it right). CCNA seeks fully complimentary well rounded ECEC policies.

New federal Child Care Financial Viability legislation has recently been passed by the Australian Senate. CCNA's issue here is that this legislation cannot and will not prevent the industry wide viability issues that CCNA continues to foreshadow. CCNA seeks all assistance to address the not one but two elephants in the room – nationally low utilization and NQA/NQF cost increases.

**PRODUCTIVITY COMMISSION AND WORKFORCE CENSUS REPORTS**

About 30 June 2011, the Productivity Commission released its draft Workforce Report and Minister Garrett released the national 2010 Workforce Census. Both reports confirm exactly what CCNA has been advising for some considerable time.

For example from the PC Report Key Points and Overview:

1. Government timelines for reform appear optimistic.
2. Demand for .. workers will require a significant increase in training. Unless quality is addressed .. the increased spending .. to which governments have committed is likely to be wasted.
3. Cost increases will mainly be shared by governments and parents. (*The real key stakeholders*).
4. Most Australian children meet developmental milestones and are well prepared when they enter primary school. The efforts of parents to give their children a good start in life are supported by ECD services (xxi).
5. The quality of Australian ECD services is generally good by international standards (xxi). (*Refuting OECD and other academic's stances and in defense of the government's NCAC achievements and actual real families' contributions*).
6. Even without the impact of the new policies the ECEC workforce has been growing by around 4 percent per year ... almost doubling in little more than a decade (xxv) (*due to very many existing policies and ongoing market forces*).
7. These qualifications .. will significantly raise the cost of ECEC services. (xxvi)
8. Workforce .. demand is unlikely to be met in the short term. (xxvii)
9. Poor morale (xxvii) (*is completely refuted by the Federal Government's 2011 Workforce Census. See the attached following Census comments*).
10. Labour market pressures will make it difficult for the reform goals to be achieved within specified time periods (xxviii);
11. National variability of training standard outputs; and
12. *CCNA note as a final comment, nobody has yet devised a satisfactory method to remunerate all ECEC workers as teachers with teacher's holidays in a 52 week per year workforce care demand environment.*

There are more considerations in the draft PC Report covered elsewhere herewith.

From the 2010 Workforce Census (copy attached) at least the following is noted with interest:

1. *DEEWR should have access to much more current and year-to-date data from the CCMS system (1.1). Such data needs full re-assessment to confirm all possible policy outcomes.*
2. *NQA/NQF targets a 4 year Bachelor degree but currently only 14% of 69.8% (or less than 10%) of all ECEC staff have just a 3 year degree. (1.2). Table 5.1.2 seems to suggest approximately 7,400 4 year degree staff are working in the ECEC area (about 5% of all staff). On the distribution of the numbers, NSW and Victoria might expect interstate migration loss of existing 4 year degree staff to Queensland.*
3. 88% of all respondents to the Staff Survey agreed they were satisfied with their current job. (1.2)
4. Just over half (51.7%) of respondents were satisfied with their pay and conditions. (1.2)
5. Some two thirds (69.2%) of respondents would recommend a career in the sector to others. (1.2)
6. Most Staff Survey respondents (80.3%) expected to be still employed with the same employer in twelve months. (1.2)
7. Of the balance (19.7%), 23.9% (or 5% total respondents) were planning sector departure for study/travel/or family reasons. (1.2); and
8. *3 to 7 are pretty much identical results to a 2002 Queensland government funded NCVER similar survey.*

**CCNA NEW COMMISSION ALERTS**

Importantly, there are new current industry and parental issues arising that CCNA wishes to alert the Commission to and they are as follows:-

- A. An examination of a number of current community sector Annual Reports indicate poor financial performance and financial losses and likely continuing poor performance in 2011 even before 2012 NQA/NQF changes commence. CCNA has sought CPA advice upon these reports. CCNA alerted parties to these prospects in earlier in 2011. Hard evidence is becoming available. CCNA anticipate worse is to follow industry wide, community based and private operations, and across all care types;
- B. Alarming federal DEEWR CCMS software changes and glitches are very likely to actually precipitate financial collapses and may have already resulted in some services having financial difficulties and being unable to pay staff on time. DEEWR CCMS soothing words to services do not pay staff, taxes and the bills generally. Only actual payment receipt 'in the bank' matters. Whether there be Centrelink, FaHCSIA or DEEWR problems is to the service irrelevant. There are also adequate signs available that the services private software is not generally at fault. CCNA would strongly recommend to all that no further federal CCMS government software specification changes be authorized or occur until the existing CCMS government software is robustly stable. New federal DEEWR changes have been proposed again to commence in September 2011. At this time federal DEEWR changes ought be limited to those absolutely essential while NQA/NQF service matters roll through all systems;
- C. A major subset of the federal DEEWR CCMS software rollout service payment difficulties is that since July 2011 parents are already concerned regarding 'care costs'. Parents budget intently week to week and DEEWR CCMS rollout payment/processing difficulties are immediately apparent to each and every family in their childcare service account. Some parents are already angry due to this issue. These variations are further spooking families away from formal ECEC services which will compound point B above by reducing service utilization.

**ECEC POLICY PRECEDENTS**

CCNA has been round through many ECEC policy cycles and advises you of two very pertinent ECEC policy precedents to current COAG ECEC policy:-

- I. On foot major government ECEC policies have been changed before and by a federal Labor Government. In 1993 the then Labor Minister Peter Staples was throughout 1993 implementing a major policy called the "12 Hour Policy". While very few departmental officers from the former DEEWR department remain today, those that do should recall the 1993 massive policy departmental rollout that the 12 Hour Policy could commence on 1 January 1994. On 23 December 1993, Minister Staples cancelled the lot. Enormous amounts of shredding occurred. Many hardworking departmental officers were upset. To our recollection nobody else murmured and the policy was lost to oblivion without any fanfare.
- II. Also in 1993 the National Childcare Accreditation Council commenced activities. At that time predecessors of CCNA raised concerns regarding implementation costs. In 1993 and through to 1995 industry utilization was around 100%. By 1996-7 parent's rejection of the predicted cost increases pushed utilizations down to 30-40% in many services and many services were liquidated around that time. General industry recovery took till 2000 as a result of relief from a subsequent ECEC federal policy. The principal difference however from then till today is that today utilization is already poor with one quarter to one third of child places empty already.

## **QUALITY AND EARLY CHILDHOOD DEVELOPMENT**

For the record again, CCNA unequivocally confirms it's support for quality affordable accessible ECEC services for Australian families and their children. As perhaps an example for a similar parallel concept, CCNA would rather support government funded basic 5 star safety ANCAP cars for all Australian families and their children rather than Rolls Royces. CCNA knows neither Australian families nor governments could/should afford the latter.

Over the last few years, many current academics have justified their purportedly 'new' ECEC theories and demands on their new 'brain development' papers and theses. But then as most should know, there is nothing much new under the sun. For hundreds of thousands of years parents without qualifications (including non-humans) have taught their young everything they needed to know for simple survival, development and life. Furthermore, the saying '*Give me the child and I will mold the man*' can apparently be traced all the way back to Jesuits around the year 1600.

Nobody would likely disagree with the importance of learning in the first years of life, but by far most is learnt by children from each child's parents. The Productivity Commission even refers to such developmental experiences. It seems somewhat presumptuous, demeaning, insulting and big brother to suggest a higher learning importance from ECEC staff. This is not to demean that learnt in ECEC settings and even there a recognition of learning goes back a fair way. Specifically, Robert Fulghum's "All I Ever Needed to Know I Learnt in Kindergarten" perhaps succinctly said it all around quarter of a century ago.

We should all strive to get the balance for families and children right.

CCNA looks forward to optimal achievement of COAG ECEC policy and is available to positively assist.

Kind regards

Chris Buck – National President

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CCNA Objectives include:

- providing support to early childhood services;
- providing assistance to improve standards of the care;
- enhancing members knowledge of early childhood;
- assisting and representing members to government and the media;
- representing members to other organizations;
- promoting positive interchanges between members and their staff;
- providing quality assurance of early childhood services;
- producing strategic plans applicable to early childhood services for government;
- advising members on training, legal, industrial, staffing, insurance, superannuation, financial, health and safety, equipment, materials, standards, and facilities developments;
- supporting members; and
- supporting quality child care for all Australian children.