

NACBCS In Action!

EDITORIAL

Barbara Romeril, National Secretary

Welcome to the Spring 2005 edition of our national newsletter *NACBCS In Action!* In this edition we begin a new series on the reality of the issues facing not-for-profit community owned children's services in the 21st century – over the next few editions we will publish a series of case studies showcasing current challenges and the strategies that communities are using to respond to these challenges. In this edition we present a case study from an autonomous parent run long day care centre in Brisbane, facing the perennial problem of lack of qualified staff and further challenged by viability problems caused by uncontrolled development of commercial child care. The service rightly identifies the best solution – 'Our government needs to fund and oversee the development of new community based childcare centres so that more families have the option of community care.'

We continue our coverage of union claims for improved wages for child care workers around the country. Our regular column on corporate child care covers the troubling interest-free loans on offer from the largest corporate child care chain and tracks the emergence of a new chain.

This edition critiques a number of Federal policy initiatives including the 30% rebate on out-of-pocket child care costs and the Welfare to Work policy.

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NACBCS In Action

is the quarterly publication of the National Association of Community Based Children's Services. If you would like to contribute an article to this publication, please email nacbcsc@cccinc.org.au.

REPORT FROM THE NATIONAL SECRETARIAT

NACBCS continues to support union claims for improved wages and conditions. We are actively supporting several state industrial claims as they proceed. We estimate the increased fees that are needed to pay the improved wages won in Victoria and ACT at \$2 per day in 2005 and another \$2 per day in 2006. We continue to lobby for improvements to CCB to enable parents to afford these increases.

NACBCS is supporting the campaign by the National Council of Single Mothers and their Children and ACOSS to alert government to the dangers inherent in their attempts to force sole parents into the workforce. We are co-operating with NOSHSA to advise government to the difficulties facing outside school hours care services in taking up the additional places in the Budget.

NACBCS will conduct a face-to-face meeting of delegates and other members at the ECA conference in Brisbane in September. We are also planning a national conference in Sydney on 14 and 15 July 2006 – watch this space for more details.

NACBCS has instituted a new system of sub-branches for those states and territories with small populations – we are pleased to announce that we now have a branch or a delegate in every state and territory.

National Children's Services Forum

NACBCS Executive attended the Forum in Canberra in August. We continue to raise our concerns about the 30% rebate on out-of-pocket child care expenses, the staffing crisis, the growth of corporate child care and the need for capital funding to expand not-for-profit community owned children's services. We also tabled the following concerns:

- The need for more occasional care now that many long day care services can no longer offer occasional care in most states – impact on viability of changes to operational subsidy
- In Home Care – barriers to access
- concern re ABC interest free loans for the 30% rebate on out-of-pocket child care costs

NACBCS delegates facilitated an in-depth discussion by the Forum about quality in children's services, as preparation for our participation in the Australian Government's review of national standards.

The lobbying day planned for 15th August 2005 was deferred to 2006 due to competing demands on the time of the politicians. The Forum met with the Minister for

Family and Community Services and will go ahead with a larger lobby day next year to raise concerns about:

- 1) Workforce concerns
- 2) Investment in children re literacy, obesity, protection
- 3) Planning and viability of services
- 4) Impact of the Broadband funding review on professional support and resources. The case studies collected by the national peak bodies to demonstrate the reality of the issues will be taken to the politicians next year.

Families Australia

Prue Warrilow (Deputy National Convenor and Deputy NSW Convenor) represents NACBCS on the board of Families Australia. Families Australia is the peak council of families in Australia and the national voice for the diverse needs of families, young people and children.

Most recently Families Australia has been working on:

- developing ways to consult with its members and families;
- a research paper on a family assistance/well-being handbook;
- family well-being framework.

KEY GOVERNMENT POLICY DEVELOPMENT

30% Rebate

Childcare payment examined

Elizabeth Colman, The Australian, 11 AUG 2005

The Howard Government yesterday agreed to consider changes to its 30per cent childcare rebate to speed up payments to parents, but dismissed proposals put forward by Labor to cut delays.

Assistant Treasurer Mal Brough told parliament that parents would have to wait up to 30 months from the day fees were paid before receiving the benefit promised in the Howard Government's election campaign.

While Mr Brough said eligibility for the rebate could not be worked out before income tax returns were filed, he said the Government would consider 'systems changes' to speed up the process.

"There are a lot of issues around (the rebate) which would involve more than just a quick change, and by all means that may be something that could be looked at," Mr Brough said. "I would never say that the way in which

we are setting out to administer the childcare rebate today will be the last way it is ever touched."

Labor yesterday said the Government was exaggerating the time taken to work out eligibility for the rebate to cut costs involved in the \$1billion scheme, calling on the Government to make the tax offset claimable at the end of each financial year.

Opposition work and family spokeswoman Tanya Plibersek proposed that parents be allowed to work out their own entitlement to the rebate, which allows for a tax offset of up to \$4000 to cover out-of-pocket expenses incurred at 'government-approved' childcare facilities.

Government-approved childcare facilities do not include pre-schools or nannies. Under draft laws introduced in June, parents are not able to claim the rebate until the financial year following the year in fees were paid.

"The Government should go back to the drawing board and come up with a policy which helps parents now, not in 30 months' time," Ms Plibersek said.

Child care inflation shock

Stephanie Peatling, Sydney Morning Herald, August 31, 2005

The cost of child care has escalated under the Howard Government, rising almost every quarter since it was elected nearly a decade ago.

In the past 12 months, the average weekly cost of child care has shot up by 12.4 per cent - five times the rate of other goods and services - according to government figures compiled for the Opposition.

The average weekly fee paid by parents using private long-day-care centres is now \$208, up from \$154 in 1997. For community-run centres, the average weekly cost has jumped from \$162 to \$211.

Although the Government has substantially increased funding for child care, the growth in places has not kept up with demand. This gap will widen next year when single parents move into jobs because of the Government's welfare-to-work program.

"Families' budgets are under extra pressure, with child-care fees as high as \$90 to \$100 a day in capital cities," the Opposition's spokeswoman on child care, Tanya Plibersek, said.

The number of children in child care had risen from 544,700 in 1997 to 752,800 last year.

The Government funds about 600,000 child-care places, almost double the number available in 1996. Barbara Romeril, the executive director of Community Child Care Victoria, said the funding was not reaching the areas that needed it. Compounding this problem was a lack of information about where child-care shortages were most acute.

Since the Government's first term, the price of child care has fallen in only two quarters and risen in every other quarter.

A spokeswoman for the Family Minister, Kay Patterson, said the figures did not factor in money paid to families, including the child-care benefit and the new 30 per cent rebate. She said the failure to include these payments suggested "Labor would take away this support for parents worth on average about \$6000 per child a year". The Government faces difficulties introducing its 30 per cent child-care rebate, a key promise in the election campaign last year.

Parents who use preschools in lieu of child-care centres will not be able to claim the rebate.

There is also the potential for a blow-out in the cost of the rebate after it was revealed the Government did not factor in the number of people who would apply for it as a result of its welfare-to-work program. The rebate, which is capped at \$4000 a year per child, will take up to two years to be paid. This is because although parents will be able to backdate their rebate claims from last July, they will not receive the money until after they file their income tax returns for 2005-06.

Industry groups and the Opposition said the rebate was having an inflationary effect, simply pushing up the cost of existing child-care places.

"The rebate does nothing to address the shortage of child care that exists in most parts of the country," Ms Plibersek said.

Welfare to Work

ACOSS Campaign

The Issue

ACOSS and other community organisations are urging politicians to give disadvantaged Australians a fair chance for work and a better quality of life. The Government is introducing legislation which, after July 2006, would mean many jobless single parents and people with disabilities will be living on lower

unemployment payments and some could lose their payments entirely for eight weeks.

The Facts

Changes to penalties and payments in the Government's welfare to work package will further disadvantage Australia's 1.5 million jobless people – those who have been left behind by economic growth. The facts are:

- Payment changes announced in the Budget will affect a total of 150,000 (27,500 in Victoria) people who would have been put on pensions under the old rules, as they will be put on lower unemployment payments after July 2006.
- 90,000 (13,500 Victorian) single parents with school age children will have \$20 a week less in payments than single parents on pensions in similar circumstances.
- 60,000 (14,400 Victorian) people with disabilities who are assessed as able to work will have \$40 a week less in payments than people on the Disability Support Pension in similar circumstances.
- Existing recipients (who were granted payments before July 2005) are not directly affected unless they go off payments completely and then reapply under the new rules.
- People who do not fulfil payment activity requirements could have their payments suspended for up to 8 weeks without having the opportunity to explain why they did not meet their requirements with Centrelink beforehand.

The Government is making these changes to payments and penalties with the aim of getting people back into work. The facts are:

- Putting people on lower payments is unlikely to provide them with the resources and skills they need to secure work.
- Single parents and people with disabilities are disadvantaged jobseekers. Parents face child care costs and the need for flexible hours while people with disabilities have high health costs and often face employer discrimination.
- Many people on pensions will be more reluctant to take full time jobs in case they lose them and end up on Newstart Allowance in future which has an effective marginal tax rate of 60 cents in a dollar compared to 40 cents for pensions.
- There are disincentives for people with disabilities and single parents on pensions who try to improve their chances of a job through education. If they go

onto Austudy Payment instead of a pension in future they would be over \$100 per week worse off.

- People who experience the maximum 8-week loss of payments will be unable to meet basic costs such as rent and food, let alone travel and other expenses needed to look for work.
- Many people will not be able to get the help they need to secure a job because employment assistance is not funded at a sufficient level. For example, there are 180,000 jobless single parents with school age children but just 4000 extra places a year in vocational education and training. There are 200,000 very long term unemployed people and just 5000 places in the Wage Assist program to encourage employers to take them on in employment.

The Solutions

ACOSS and other community organisations believe support and practical help to disadvantaged Australians are the key solutions to joblessness. In our experience, this is far more likely to help people than further penalties and payment changes.

The solutions are:

- More places in positive programs aimed to skill-up people with disabilities such as Open Employment.
- More places in vocational education and training programs for single parents.
- Better funded support provided through Job Network. More people should have access to the highest level of Job Network help, Customised Assistance.
- The Job Network fee structure should be adjusted to ensure providers have both the incentives and the resources they need to assist the most disadvantaged job seekers.

Community Action – Support the ACOSS Campaign!

The ACOSS website www.acoss.org.au has an action tool. Enter your postcode and a personalised letter will be sent to your local Federal Member of Parliament. The action tool also has the option of sending letters to your State's Senators.

The action letter asks politicians not to make more Australians live in dire poverty by cutting welfare payments, but instead to invest in better assistance to help jobless people back into the workforce. Be part of the action to put a halt on the legislation and send letters today!

KEEPING AN EYE ON CORPORATE CHILD CARE

Meet Eddy Groves

ABC Radio Queensland - Wednesday, 3 August 2005

Eddy Groves started his business career as a milkman at the age of 19. Today he owns the largest Pauls distribution network in Queensland, the Brisbane Bullets basketball team, and the nation's biggest childcare chain.

Eddy Groves was still very young when his family migrated to Australia from South Africa in 1970. Eddy describes his mother, a teacher, as "very nurturing" and recalls his Army-trained father as a "tough man". Eddy says his father was instrumental in shaping Eddy's business mind and would often explain why a can of cola was dearer and how that was connected to inflation or the value of the dollar. "Instead of bedtime stories... I got business lessons," he laughs.

Eddy grew up in Queensland and attended Padua College in Brisbane. After leaving school he took a job as a bank clerk but found the job uninspiring. "I would sneak a few hours of sleep in the stationery cupboard... because I had the job nailed," he says. Eddy's first business interest at the age of 19 was as a distributor for Pauls milk. Today he owns the largest Pauls distribution network in Queensland.

The Ferrari-driving Groves now has an estimated personal wealth of \$150 million, most of it made from ABC Learning Centres. ABC Learning Centres (no connection to ABC radio) started in 1988. The company listed on the stock exchange with 34 childcare centres in 2001 and expanded with the acquisition of the Peppercorn company in 2004. Today ABC Learning Centres is the largest operator of private childcare businesses in Australia, and the second largest childcare company in the world.

Despite some criticism of the company, Eddy Groves believes his centres are well-equipped and his staff well-qualified. He says ABC's staff turnover is very low which creates consistency of care. Eddy says his staff are paid between \$12-\$27 under award conditions, and that ABC makes money because of its exponential growth. "Because of our size we can keep costs like electricity very low."

The astute businessman is also a basketball and AFL fan. He purchased the once-struggling Brisbane Bullets NBL team and turned around the team's playing and business fortunes. In the 2003/4 season the Bullets went from wooden spooners to make the finals, which is the biggest turnaround in the history of the NBL. But Eddy

prefers to watch the games from his loungeroom. "I only go to maybe two games a year. I'm the one pacing up and down... and throwing up. I do catch the games on Fox," Eddy says.

ABC – Post Merger with Peppercorn

Centres:

- ABC has chosen to focus on 'owned' centres as they are significantly more profitable than 'managed' centres.

Staff:

- Centre staff – the majority have been retained and retrained

National Re-Branding:

- ABC has elected to re-brand all centres acquired through the Peppercorn merger with the recognised 'ABC' brand.
- Centre staff morale – staff want to see the ABC brand

ABC and the 30% Rebate

Hire-purchase scheme on offer for child care

Stephanie Peatling, July 6, 2005

Buy now, pay later. It used to apply to fridges and televisions, but now parents can get child care on hire-purchase.

Australia's biggest chain of private child-care centres, ABC Learning, is offering finance to help parents meet rising fees.

It will lend parents up to \$4000 for each child, equivalent to the maximum value of the Federal Government's 30 per cent child-care rebate.

This rebate will not be paid until after parents have completed tax returns for the 2005-06 financial year, so ABC Learning will stump up the money and give parents until September 2006 to pay it back.

If they fail to do so, interest will be charged on the outstanding amount.

While the first 14 months are interest-free, child-care industry representatives are worried parents may run up debts. It is also concerned the ABC Learning deal is being offered to parents who may be ineligible for the rebate.

"Parents need to understand they may sustain a debt they will not be able to pay," the president of the Childcare Associations of Australia, Anne Clark, said.

ABC Learning estimates up to \$50 million in fees will be deferred under the deal.

A prime-time television advertising campaign is pitching the deal to parents, and ABC Learning child-care centres have been told to promote the offer.

The company's chief executive, Eddy Groves, said parents were paying more for child care because of a decision in the Industrial Relations Commission to increase wages for child-care workers.

That decision covers only people working in Victoria and the ACT; parents with children in ABC Learning centres in Queensland have reported fee rises of between 25 per cent and 45 per cent this year.

Mr Groves said that while the Government's rebate would be calculated on expenses incurred from July 1, 2004, parents would not be able to get it until September 2006. "That means parents face the burden of paying higher fees in the interim, even though the rebate which they are entitled to would have more than covered the amount of the increased fees."

A Government census of child care, released last week, showed that parents using private long-day-care centres paid an average of \$208 a week in 2004, up from \$184 in 2002.

The cost for community-run centres has risen from \$188 to \$211 a week.

The number of children in child care has increased by nearly 30 per cent since 1999, rising from 577,500 in 1999 to 752,800 last year.

Childcare loan plan attacked

Mark Moor, Herald Sun, 22 July 2005

Parents should be wary of a controversial loan scheme offered by ABC Learning Centres childcare, Consumer Affairs Minister Marsha Thomson warned yesterday.

ABC's 'deferred payment plan' offer lets parents borrow up to \$4000 a year for each child under care, then pay the money back when they receive the \$4000 childcare rebate in their tax return.

But if the amount is not repaid by September 30 the lender can charge up to 8 per cent interest on the overdue amount.

"Often families do not even lodge their tax return before then, therefore they won't have received their childcare rebate in time to repay the loan" Ms Thomson said.

"The loan contracts even allow the interest rate to be raised without the family's consent."

An investigation has been launched by Consumer Affairs Victoria.

But ABC operations CEO Eddy Groves said the company's intentions had been misrepresented and denied rates could be lifted without consent.

"The minister clearly does not understand how the ABC deferred payment plan operates," he said.

"Interest will only be charged on a discretionary basis after the repayment cut off date of September 30 to discourage people from abusing the system.

"It is disappointing to see that the minister has been so badly informed.

"There is no truth in the statement that contract allows the interest rate to be raised without the families consent."

Childcare fee hike benefits just two states' staff
Selina Mitchell & Andrew Fraser, The Australian, 25 July 2005

Australia's largest childcare centre chain, ABC Learning, has slugged parents across the nation with an average 8per cent fee hike to fund a pay rise that only applies to staff in Victoria and the ACT.

The company, which runs more than 600 childcare centres, increased fees in some cases by as much as 30per cent on July 1, telling parents childcare workers at the centres would benefit.

But staff in Queensland, NSW, Tasmania, South Australia, Western Australia and the Northern Territory have not yet been granted any pay rises - and they may not be.

Some parents were told of the fee hike on the same day they were offered a \$4000 loan to tide them over until they received the delayed 30per cent childcare rebate from the Government.

The rebate, which can be claimed from July next year, covers out-of-pocket expenses of up to \$4000 per child for eligible families and covers childcare costs incurred from July last year.

Opposition work and family spokeswoman Tanya Plibersek said most childcare workers were still not guaranteed a pay rise. "The fee changes show that the 30per cent rebate was having exactly the inflationary effect Labor predicted," she said.

"If the (fee) increases are due to a wage rise, why not pass on that increase to workers, or just admit you are increasing fees because you can."

ABC chief executive Eddy Groves said the fee rise was a response to a wage rise granted to childcare workers so far only in Victoria and the ACT. "But we expect that to flow through to the other states fairly soon," he said.

"July 1 is always the time that we put fees up. That's the time the federal Government's adjustment to the childcare benefit flows through, and we adjust our fees to take that into account."

Childcare workers in the ACT and Victoria have won a pay rise of between \$64.20 and \$82.50 a week.

The LHMU Child Care Union said wage cases had only just started in the other jurisdictions and it could be a year before any pay rises flowed through to staff.

Union president Helen Creed criticised ABC's fee hike. "You cannot justify increasing fees until you know what the decision on the pay rise is," she said.

Many parents cannot vote with their feet because childcare is in short supply.

Alison, whose children are cared for at a western Sydney ABC Learning centre, said she was told of her 10per cent fee rise on the same day parents were told of the loan scheme.

"I was worried a lot of people that had just been told of the increases would be keen to take up the offer of deferring fees, without understanding that they may not actually be eligible for the 30per cent rebate and get into bad debt," she said.

"I was told by the central office the fee increases were due to workers getting a pay rise. I went into the centre and said, 'Isn't it great you're getting a pay rise', and they said, 'But we're not getting a pay rise'."

Private Child Care and the Financial Market

Bad Report Card

BRW – July 7-13, 2005.

Australia's listed child care providers are struggling with new competitors and falling occupancy rates. By James Thomson.

The dream run of listed child care companies is fading. Stock in Australia's four listed child care providers ABC Learning Centres, Kids Campus, Childs Family Kindergartens and Hutchison's Child Care Services, is down an average of 20% in the past three months. Investors used to love child care companies because Federal Government welfare payments underpinned their revenue, and demand for child care was rising rapidly. Now investors are worried about an oversupply of child care centres, rising costs, falling quality standards and the ability of listed companies to consolidate an extremely fragmented sector.

Even the sector's golden boy, Eddy Groves, the founder and chief executive of the sector's largest business (it has a market capitalisation of \$1.3 billion), has been caught up in the wave of uncertainty sweeping the sector. In September 2004, Groves merged his company with a competing child care company, Peppercorn, in an \$800 million deal that increased the number of centres in ABC's control from 327 to 763. ABC's shares rose steadily after the deal from \$3.60 at the end of the August 2004 to \$5.90 in mid-April.

But in early June, the broking firm Merrill Lynch questioned the progress of the merger and whether ABC could meet its profit forecasts. The stock slumped to \$4.95 on June 15 and was \$5.67 on July 1.

Shares in Kids Campus were at 64.5c on July 1, down from 80c at the end of January, but up 40.2% in the past 12 months. Childs Family Kindergartens listed in April 2005 at 50c a share, but had sunk to 38c by July 1. Hutchison's Child Care Services has been the worst hit. It released a profit warning on March 30, saying occupancy rates had not increased in line with company expectations and profit for 2004-05 would be about \$4 million – below analysts' expectations, but above the previous year's result of \$3.7 million profit. On April 17, Hutchison's chief executive, Craig Napier, and two independent directors resigned. Hutchison's shares have fallen from \$1.75 at the end of January to 82c on July 1.

A research analyst at Burrell Stockbroking, Bruce McLeary, says investors are concerned about the potential effect of wage increases for child care workers. He says: "It remains to be seen whether those costs can

be pushed straight through to the parents, because child care is quite price sensitive.”

Other analysts point to the danger of oversupply as new entrants – particularly property developers searching for more stable earnings sources – continue to enter the market. Earlier this year, the Queensland developer Sunland, established a child care decision, buying two centres and securing sites for 18 more.

One analyst says: “There’s always the risk of oversupply and in certain areas, such as Queensland, there is an argument that it is going to be a problem in the next few years.” ABC, with its diverse spread of centres, should be able to weather pockets of oversupply.

Groves has been tweaking his portfolio of centres since the merger with Peppercorn, selling or closing unprofitable centres (particularly those near ABC centres) to ensure that ABC gets occupancy levels right at its 660 remaining centres. He says occupancy rates are about 90% in most centres and 72% in centres that ABC has held for less than 12 months. Groves is trying to reassure investors that the merger is on track and that 2004-05 profit will meet analysts’ expectations of about \$78 million, up from \$21.4 million in 2003-04. ABN-Amro has a buy recommendation on the stock and a target price of \$6.29.

Hutchison’s chief financial officer and acting chief executive, Geoff Boynton, says the company has spent the past three months restructuring. “We had a lot of work to do and we’ve still got a lot of work to do.” Boynton says conditions are improving. “Occupancies are increasing and we are quite confident about the coming year.”

McLeary says the sector has room to grow, but not at the same rate as before. “It’s going to be more difficult for ABC to grow as quickly as they have in the past. But there’s still a lot of independent child care companies out there and there’s still room for consolidation.”

www.childrenfirst.org.au

McDaycare

Nick Tabakoff, Bulletin, 17/08/2005

Eddy Groves is insatiable. Already his ABC Learning is rolling in profits. Next he wants a global empire, as Nick Tabakoff reports.

They are calling it the McDonald’s of the childcare sector. With 740 outlets across Australia – roughly the

same number as the hamburger chain – ABC Learning is fast becoming as ubiquitous. The billion-dollar group is bringing branding to the once small-time, community-based world of childcare.

Across the country, ABC Learning centres are becoming as recognisable as branches of the golden arches. As with McDonald’s, marketing is unashamedly directed towards kids. There are the bright colours – turquoises, greens, pinks and purples – throughout, carpeted walls and the ever-present ABC bear logos. Staff greet the child on their first visit before they greet the parent.

The group even has its own version of McDonald’s Hamburger University: a federally accredited early childhood teacher’s training college with campuses in Brisbane and Cairns. Its diplomas and certificates are recognised across the childcare sector.

But there is one important distinction. ABC Learning supporters argue that, unlike some of McDonald’s less calorie-controlled menu offerings, children can’t have too much of their treatment. Its staunchest critics disagree, however, suggesting it is damaging childcare standards. They argue it has brought the worst of American-style capitalism to what was once a predominantly non-profit sector.

Barbara Romeril, secretary for the National Association for Community-Based Children’s Services, comments: “We are deeply concerned about the corporatisation of childcare. The pressure to return profits to shareholders is in direct tension with providing quality childcare.”

It is a charge ABC Learning says couldn’t be further from the truth. Eddy Groves, joint CEO – and the group’s answer to McDonald’s founder Ray Kroc – argues that the profit motive actually contributes to high standards at ABC. “I would never contemplate cutting corners [to make profits],” he says. “I don’t need to do that. If I provide the best standard of childcare, and our centres are at 90% to 100% of capacity, the money will be there anyway.”

There’s no dispute the money has been there for Groves and his loyal investors. ABC Learning has been a star of the stockmarket since its listing in March 2001, its shares lifting 14 times to well above \$5 each. The company was valued at \$25.4m when it floated. Its current market capitalisation is in excess of \$1.35bn.

Groves’ personal fortune has also soared. The most recent *BRW* Rich List valued him at \$230m, up \$55m on the previous year. This has come largely from a rise in the share price following the company’s takeover of its main rival, Peppercorn, in December last year. That saw

Groves crowned the undisputed king of childcare, with about 18% of the market.

Given that he is the leading player in consolidating the industry, there are many opportunities for Groves to expand his fortune and power. A May study by research group IBISWorld shows total sector revenues have risen from \$2.42bn in 1999-2000 to \$3.76bn in 2003-04.

With childcare places still tight in many regions, that revenue is only likely to increase. Additionally, IBISWorld underlines the importance of the sector as an employer with carers rising from 81,000 in 1999-2000 to 84,000 in 2003-04.

It is appropriate that a childcare tycoon enjoys his toys, which include a Ferrari and the Brisbane Bullets NBL basketball team. Groves is a classic rags-to-riches story. He was born in South Africa of Canadian parents and came to Australia as a toddler. After brief stints as a bank teller and trainee accountant, his first significant job came at 19 when he became a milkman. By the time he was 21 he worked three milk runs, 18 hours a day.

Ever the workaholic, he used the deregulation of the Queensland milk industry in the early 1990s to expand. Quantum Food, which he still owns, is now the largest distributor of Pauls milk in Queensland.

However, Groves sought new challenges. In 1988, and at just 22, a licence to offer childcare in the Brisbane suburb of Ashgrove became available for \$120,000. Groves' wife, La Neve, had teaching expertise and was working for Queensland's Department of Education. Groves was keen to move beyond milk: "I was looking for another business that was recession-proof."

The Groves scraped their cash together from the milk businesses and borrowed from friends. Eddy admits that the first year running childcare centres was far from a success. "I was very naive, and had no business plan, no nothing. We wouldn't have had more than a dozen kids in the first year."

But within a year, word of mouth changed his fortunes. Groves filled the 64-place Ashgrove centre in 1989, and it has been "between 95% and 100% full ever since". Soon he was buying more centres.

The timing was impeccable. In 1993, when he owned three centres, the federal government announced a system of rebates for childcare. "At that point, there were very few childcare centres in lower socio-economic areas because people couldn't afford \$100 a week for childcare," he says. "So when the government

announced fee assistance, I thought: 'This is a chance to build centres in areas that couldn't previously afford it'."

He took options to buy properties in such areas, and used them to build a childcare empire. Andrew Perks, an analyst in the sector for Merrill Lynch, says ABC Learning's ability to use the change in government policy enabled it to establish a position of "first mover advantage".

Each centre was given the distinctive ABC Learning makeover and branding. "There is a consistency in the environment," Groves says. Antoinette Le Marchant, CEO of KU Children's Services – one of his largest rivals in the non-profit sector – sees the McDonald's factor in the branding. "I understand from hearing Eddy a couple of times that it's the predictability of the educational offering that's part of the marketing."

However, Romeril observes the growing domination of childcare by Groves and ABC Learning with pessimism. "Childcare in Australia has always had a healthy mix of centres sponsored by councils, parent groups, church groups, universities and TAFE colleges," she says. "But the proportion ABC owns now is not in the interest of the long-term viability of the sector. Families should have a genuine choice between commercial childcare and non-profit childcare."

Despite these concerns, Le Marchant says there are lessons: "[Groves] appears to have touched on something people want: available, recognisable childcare." Perks says the group's occupancy levels of 91%-plus are testament to the quality of its offering: "You wouldn't see occupancy levels as high as they are if parents weren't satisfied."

Le Marchant views Groves' rapid emergence as being in tune with the times. We have seen "the inevitable privatisation of everything", she says. "Hospitals have gone that way, universities are going that way, and eventually schools may go that way. Childcare was one of the last frontiers. Someone very entrepreneurial has shaken long daycare centres by the throat."

Romeril notes: "The non-profit sector is surviving, but it is growing very slowly. Commercial childcare is growing much faster." Indeed, Groves wants to expand ABC Learning's long-daycare centres from the current 660 to as many as 1200 by 2008. Not-for-profit operators cannot hope to match the growth plans of a listed company. Says Le Marchant: "I'd like to be able to go to the market to raise funds – but because we can't make budgets work to make what they're making, we can't go into that marketplace."

Non-profit competitors claim ABC Learning scrimps on staffing and other costs to boost the bottom line. In the 2003-04 financial year, the centres generated fee revenues of \$159.3m from which \$90.4m, or 56.7%, was paid to staff. This compares with upwards of 80% by many operators in the non-profit sector.

Romeril believes that staffing is one cost childcare centres should not save on. "Research has been done that shows a link between spending more on staff and better outcomes for children."

Groves, however, denies his centres have fewer staff than non-profit counterparts. "In the 80% [staff cost] figure, they bring into account all their administrative wages." He saves through economies of scale on telephone, electricity, gas and advertising charges. He also cites the efficiencies brought about by a centralised head office. "For example, I have [the] payroll [function] in head office. That expense is spread across all the centres." Le Marchant keeps an open mind: "If he's managed to become more efficient without compromising standards, well, I'd like to learn from him."

Groves sees advantages in being profit-driven. "The non-profit culture sometimes generates inefficiencies. Some of the centres we've taken over have had three groups of cleaners. They had old stuff in them, and some of that old stuff *needed* three groups of cleaners. The problem is, they don't have the capital to reinvest and that's where the problem lies.

"For me, [spending on renovations] is a capital cost, so I can depreciate it over the life of an asset. Non-profit centres aren't able to do it." On this point, the non-profit sector agrees. Le Marchant comments: "This is a great disadvantage of our sector. We don't have access to capital, and none of the arms of government wants to invest capital in the community sector in childcare. They want to leave it to the private sector."

There is no doubt much of the exponential growth of ABC Learning has been funded by federal government subsidies. Its new 30% childcare rebate, which comes into effect in the current financial year, has offered yet another opportunity for ABC Learning to expand.

The company is moving to boost market share by offering a 14-month, interest-free loan, effectively advancing parents the rebate. Otherwise, they don't get the benefit until completing their 2005-06 tax returns. There has been criticism of the scheme, because people who ultimately prove to be ineligible for the rebate may be left with a debt. When the interest-free period expires, those unable to repay their loan immediately are liable

for interest. Groves, however, is unfazed by the criticism, calling the scheme "very generous".

ABC Learning forecasts a profit of around \$34.5m in 2004-05, rising to a projected \$77.5m in 2005-06 when its merger with Peppercorn takes full effect. Despite the bottom line benefits of eliminating a major competitor, it's clear Groves had little regard for Peppercorn as a rival. When it floated before last year's merger with ABC Learning, its outlets were managed for a set fee of \$35,000 despite being individually owned by small operators. This, says Groves, was not conducive to supplying childcare in the areas it was most needed.

He is scathing of the Peppercorn growth model. "There was no planning to the process," he says. "After the merger, there were a number of centres we had to close down, either because they were badly located or areas had changed." If Peppercorn had continued to grow indiscriminately, "it was headed for disaster in the industry".

By comparison, ABC Learning controls both the management and infrastructure except in the Peppercorn centres it has taken over. It also has greater control over budgeting, and in locating centres where there is demand.

Groves argues that his integrated corporate structure has other advantages. The company has its own quality assurance team, which monitors the standard of centres on a quarterly basis. This again raises comparison with the McDonald's model. It is one Groves prefers to downplay: "You can use it in terms of the safety, the hygiene and the health [of our centres]," he says. "But in terms of the education, every area is different. There are areas, for example, where the majority of kids are of Asian origin, and you have to vary your teaching according to different [cultural] needs."

But while Groves is keen to play up the individuality of his centres, it is clear the master plan is never far from his mind. Asked where he wants it to be in 20 years, he indicates no limit to his ambitions. "Global and fully integrated," he says succinctly. Speculation has it that Canada will be the first stop. His idol, he says, is Rupert Murdoch, whose aim he sees as being "the betterment of the world".

Just don't interfere with Groves' mission. The Liquor, Hospitality and Miscellaneous Workers Union started an "Uncle Scrooge" campaign against him over the issue of staff paying for their own uniforms.

So offended was Groves, he launched a defamation action against the union. The dispute appears to have

died down. The union, when contacted by *The Bulletin*, was loath to criticise ABC Learning. Groves is also making conciliatory noises about the relationship. It is clear, however, the scars remain.

"They called me Scrooge, and the last thing I am is Scrooge. Scrooge is depicted as a mean character, but there's not a day that goes by when I'm not donating money to people." Groves has a warning for anyone wanting to take a similar line. "Anytime anyone stands up and says a falsehood about me, or my friends, or my family ... I'll go 'em."

ABC Dispute over Redland Creche may Backfire

Child Care Business Daily News, Tues. June 14, 2005

BRISBANE: A legal battle to halt construction of a community-based creche in southeast Queensland may have backfired on Australia's biggest listed childcare group. A developer decided to give land that was central to the legal dispute to the local council - meaning a creche could still be built there. It marks the culmination of months of legal argument involving ABC Learning Centres, which operates 644 centres across Australia. Developer Petrac had originally set aside land for a one-storey creche, kindergarten or early learning centre catering for up to 75 children. It was to be offered as a community-based operation at the Redland Bay Leisure Life complex, but ABC claimed the area was already well-catered for. In court documents, ABC alleged existing childcare centres in the area were operating "between a range of 9 per cent and 69 per cent of capacity". Petrac business development director Stephen Bowers said the company had removed the creche from its plans as a result of ABC's action. The land would be handed over to Redland Shire Council for community purposes and parkland.

Prosecution sought after boy left at care centre

Child Care Business Daily News, Tues. June 14, 2005

PERTH: The Department for Community Development is seeking to prosecute a childcare centre which left a four-year-old boy alone for more than two hours last month after staff locked up and left him. The department received a report from the childcare licensing unit after the boy was left behind at Armadale Childcare Centre. It has referred the case to the State Solicitor's Office and will seek to prosecute the licensee, Queensland-based Mogill Investments, trading as Kids Campus Australia.

**Visit our updated website
www.childrenfirst.org.au**

Kids Campus

It is interesting to see how Kids Campus, a new player in the corporate childcare game, is attempting to differentiate itself from the other major players, such as ABC Developmental Learning Centres and Hutchison's, by highlighting staff qualifications and educational programming. The following article excerpt was taken from the August 2005 edition of Childcare Australasia.

Kids Campus has become one of Australia's fastest growing childcare operators, now with more than 70 long day centres in Queensland, Victoria and WA. ...Kids Campus has grown extensively throughout Australia, particularly in Victoria...

"Kids Campus is a very professional organisation that concentrates on giving a lot back to the children (in terms of attention and staff interaction). Kids Campus also offers a lot more career opportunities to its staff compared with other, bigger companies. Kids Campus also treats its staff with respect and ensures that there aren't unnecessary job pressures and demands placed on the staff that can turn staff's attention away from the children." Danielle (Kids Campus Centre Director) said.

Although most of the staff are either qualified with a diploma or degree, Kids Campus allows staff to further their careers by offering free, accredited childcare courses through the Kids Campus college...

The family-orientated business expanded extensively after it began focussing on the qualitative difference in early childhood services and implementing educational programs into its centres. ...

Kids Campus was listed on the Australian Stock Exchange in early 2004 and strives to ensure a high level of corporate priority. To date there are 75 Kids Campus Centres throughout Australia with an aim for an additional 13 centres by August this year and 120-160 centres by 2006. ...

The Kids Campus philosophy reiterates its dedication to high standards, by emphasising the "it is to be the best childcare operator in Australia by providing the most advanced education and developmental program for all our children, by providing the best facilities on the market and by providing highly qualified staff and managers in all of its centres".

All Kids Campus staff have completed at least two years in Early Childhood Studies and hold a First Aid Certificate, with CPR techniques updated yearly.

BRANCH REPORTS

Queensland

Here in Queensland the shortage of places for the 0-2years continues. Again, the main reason seems to be the cost and that the private sector tends not to cater for this age group. NACBCS QLD has lobbied against the potential erosion in the requirement for outdoor play areas in CBD based childcare centres and also the changes to regulations in relation to the provision of outdoor play space for the 0-2's.

We have stressed that rather than limiting such areas there is the need to increase the area since this stage in a child's life is the period of most rapid growth in the whole life span.

NACBCS QLD has supported the LHMU on the impending equity and wage case for child care workers. The case is now before the Industrial Commission. Recently NACBCS QLD has attended consultation between Department of Community Services and other Queensland peak child care bodies in relation to the proposed changes in the Building Code centres for new childcare centres being built and those undergoing renovation.

It is encouraging that the department states that this code contains only the minimum standards required and amongst these standard are the extension in outdoor play space along with the provision of natural vegetation. We continue to ensure that the views of community based children's services in Queensland are appropriately represented. We have recently circulated information on The Child Care Workers Appreciation Day to all members and look forward to hearing how other states will celebrate this day.

South Australia

Child Care Food Safety Programmes Steering Committee

The template was trailed in 10 child care centres in March and April. 9 of the 10 Centres submitted an evaluation form. The template has been altered as a result of the evaluation feedback. Overall the template has been improved so that Centres that prepare meals can develop a simple but effective Food Safety programme to reduce food safety risks for children. Food Standard 3.2.1 is likely to be mandated late 2005 or early 2006. Centres will have 2 years to comply. When the standard is mandated the template will be released and supported by information sessions for the sector.

Child Care Reference Group Meeting

- Review of Licensing process – re-focus on relationship – important to focus on the bigger issues rather than petty issues. A formal position will be brought back to the group which also includes health and safety aspects.
- There now needs to be an approved manager in each Centre (previously services could have an approved manager operating over several sites).
- Crimtrac (Centralised Police Check systems) – these will be compulsory.
- Children's Services Act – need to look at a definition of OSHC. Need to change the Act before OSHC regulations are put into place or at the same time. 2006?
- Review of National Standards – mainly funded by Federal Government. Federal Government : 84,300 OSHC places. 6,744 places in SA (if 8%) or 60+ new services. This is linked to Welfare to Work programme – sole parents returning to work when youngest child is 6 years old. There have been 4,443 new OSHC places established in the past year in SA. (All new CCB places). Before school care, after school care and vacation care equates to 3 separate places.
- National Standards Project – funded by Federal Government 80%, State Government 20% - Long Day Care, OSHC and Family Day Care. There are different standards across all Services and the push is for national consistency. We need to focus on the way standards are applied. Regulations – is this the best way to do it?
- Survey – National Children's Services Workforce Project. This has been developed by the Children's Services sub-committee of the Community Services Minister's Advisory Committee.
- State budget - \$4.2m for 10 new pilot Early Childhood Centres – Learning Together – Birth – 3 years – Programmes in disadvantaged communities.
- Early Childhood Services Inquiry – the report will be released at Our Children the Future conference.

Western Australia

Carewest continues from strength to strength, with good attendance at meetings and recent workshops for members. Guest speakers at our meetings have become a regular feature with specific areas being targeted. Areas such as Workers Compensation and staff recruitment, succession and continuity plans. A workshop held for our members addressed 'Risk Management', it was delivered to meet the needs of Directors and co-ordinators. Carewest is finding that our endeavours to support and provide current accurate

information to members is rewarding and certainly what members are looking for from Carewest.

A long due overhaul of the West Australian Community Services Act and Community Service (Child Care) Regulations has involved Carewest and kept many busy for the last 6 months. The current regulations will be replaced by three sets of Regulations:

- 1) Child Care Services for children below compulsory school age
- 2) Family Day Care for children below compulsory school age
- 3) Outside School Hours Care for children of primary school age including kindergarten children.

This differentiation and improved detail should help all services in quality delivery. The regulation review is addressing the need for an approved supervisor to be present at a service for all operating hours. Centres are preparing plans to adequately meet this the requirement and choosing staff to take on the role of an approved supervisor. This will be a welcome career development for some staff who are looking for more responsibility and recognition.

Many of our members will be attending the ECA conference in Brisbane, and we are looking forward to networking with you, keep an eye out for us.

Judith Whittle, Carewest, 5th September 2005

New South Wales

There are a myriad of issues being addressed by the NSW Branch of NACBCS, and the branch continues to be extremely active. Areas that NSW are working on include the following.

- Advocating for an increase in State funding to assist our struggling preschools and provide affordable preschool experiences for families. The NSW Commission for Children and Young Persons report that the NSW Government funds preschool and long day care services \$150.90 per child per annum while the national average is \$350.75 per child per annum.
- Hosted a social policy forum evening - the capability of community based early childhood services to build community capacity is unique, where Tracey Bostock, Janet Robinson and Louise Brennan shared their inspirational experiences and thoughts regarding building community capacity.
- Assessing the full implementation of the 2004 NSW Regulations, with the transitional period ending Jan 1, 2006. Many services have expressed concern regarding the increased responsibility for licensees and authorised supervisors.

- Participating on the Ministerial Stakeholder Group working toward the implementation of the 1:4 staff:child ratio for babies. No resolution has been reached yet!
- Held a briefing meeting with Hon Reba Meagher, Minister for Community Services, where many NSW children's services issues were discussed.
- Supporting NSW child care workers to achieve pay equity. The case is currently being heard in the Industrial Commission.
- Addressing the issues surrounding the shortage of early childhood teachers and qualified child care workers.
- Ensuring that the implementation of the National Agenda for Early Childhood remains a priority for the Australian Government.
- Assisting services to implement the Model Health and Safety policies. These 65 policies have been developed by the University of New South Wales, Department of Community Services, NSW Department of Health, in consultation with many organisations working with Children's Services in NSW.
- Establishing partnerships to research, develop and implement a strategy for community owned children's services. This strategy will address the value of building community capacity through service provision, marketing community based services and stabilising and/or growing the community owned sector.
- Managing the development of a successful National NACBCS conference for July 2006

Carol Lymbery, NSW Convenor, September 2005

Illawarra NACBCS

Illawarra NACBCS have been rolling along meeting on a monthly basis. We have enjoyed sharing experiences and keeping up to date with the pre-school affordability issues here in NSW. The Illawarra has many state funded pre-schools of which many are experiencing very low utilisation rates due to high fees. In NSW preschool fees are often higher than long day care.

We are working with our Federal and State members of parliament on a joint website where the community can enter a postcode and an age group into the computer in the Wollongong City Council's website (on the children's services link) and all services in that postcode for that age group will pop up on their screen. All details of the service including daily and weekly fees will appear on the screen for carers to access. What makes this unique

is that our local politicians will have a link on this site that asks people to click on their link if they have any issues with children's services.

NACBCS Illawarra had expressed concern regarding the number of private centres wanting to move into the area and as a result we have included a data base accessible by Council staff only, that has information on utilisation rates, waiting list numbers, etc available for us to use when talking to a developer about the need for child care in any postcode area. This information will also be made available to our politicians when looking at areas of high need and over supply. This project was jointly funded by Wollongong City Council, after discussions held at our NACBCS meeting. The aim of the project is to ensure better planning for services in our area and to continue to forge the already strong relationships we have with our state and federal politicians both through NACBCS and Council.

I would like to take this opportunity to thank those that continue to support our local NACBCS group they are all passionate people who care deeply about the children in their care. The majority of our group are practitioners and I applaud their commitment and willingness to take their commitment to children up a notch and give it a political focus.

Well done everyone.

Tracey Kirk-Downey, Convenor Illawarra NACBCS

Tasmania

Staffing issues were highlighted at a forum organised by the LHMU on the 2nd of July. Speakers included the State Minister for Education, Judy Radich and Phillip Gammage. Three workshops on the day covered funding, recruitment and retention and the implications of the Victorian wages decision. The forum received a great deal of media coverage and the issues raised have received ongoing coverage.

The shortage of qualified workers is resulting in several services implementing above award rates.

The State Government have established a Tasmania Early Years Foundation – a non-profit organisation that will support and promote the development and learning of young children. The Foundation will aim to build expertise and knowledge in relation to the early years in the community, and provide opportunities for Tasmania to benefit from international and national expertise and knowledge base. The Foundation will provide grants to support strategic priorities identified through a whole of government approach to the early years.

Victoria

CCC is delighted that our Chairperson, Lynne Wannan has been appointed to chair the new Victorian Children's Council. The Council will provide expert advice to the Minister for Children and to the Premier on all matters relating to children in Victoria including providing advice on the future directions for reform of children's services.

We now have in this state the capacity to pursue Community Child Care's vision for children's services – integrated, locally owned and controlled services providing education, care and support to young children and support to families, linked in with specialist services for families with additional needs.

Community Child Care continues to do everything in its power to ensure that not-for-profit community owned and managed children's services flourish in Victoria. We are in discussion with key stakeholders in local and state government, churches, schools and communities about how to keep centre based long day care and outside school hours care in community control. And we are exploring some exciting innovative ways of growing the community child care sector through a new organisation to raise capital for child care building projects and/or to take on management of services which are at risk of privatisation.

NACBCS Northern Territory

NACBCS National would like to welcome our newest branch – NACBCS Northern Territory. Irene McCarthy, the Director of Gray Child Care Inc., has been instrumental in the development of this new branch. Even though it is only early days Irene hopes that in the coming months the NACBCS NT branch will start to take shape and provide a voice for community owned children's services in the Northern Territory. If you know of anyone in the Northern Territory who is interested in becoming involved in NACBCS NT please put them in touch with Irene – she would love to hear from them.

Irene McCarthy – Gray Child Care Inc.
Phone: 08 8932 1012
Email: graychildcare@octa4.net.au

NACBCS CASE STUDIES

As you will recall from our last edition, NACBCS was collecting case studies from our members to take to the National Children's Services Forum. Thank you to all of the NACBCS members who contributed. The case studies were so informative, that we have decided to highlight a different case study in future editions of NACBCS In Action. This edition's case study comes

from Yuingi Community Child Care Centre in Queensland. Kim Crisp, the Director, generously shared her story with NACBCS.

The Changing Face of Child Care.... What's going on?

Yuingi Community Childcare Centre is a community based, non profit long day care centre situated in Oxley, Brisbane. We are unique in that we do not have a sponsoring body and are managed autonomously by our Parent Management Committee. Yuingi has been in operation since 1994, and during this time has been witness to many changes within industry. Whilst there is much in the media regarding the nation's 'Childcare Crisis' many fail to look at the factors that are contributing to this.

Oversupply

As a non profit organisation that provides a childcare service to our community, we, as a business struggle with the following:

- In our surrounding area within a 4km radius, there are 8 private long day care centres (3 of which are corporate chains). Over the past two years there has been a surge of centres in the area.
- Our geographical location is such that we are quite isolated. Most private centres are situated on main roads and are positioned in high traffic areas allowing them the benefit of being seen, while Yuingi is based within the grounds of an unused school. Therefore we struggle in maintaining our utilisation simply because we do not have the advertising funds that are available to the corporate chains to make our presence known.

Staffing Issues

We continually struggle to employ and maintain qualified, quality staff. Recruitment drives often prove futile and are costly. Our centre spent over \$8000 in recruitment and advertising alone last year. Childcare staffing agencies in Brisbane do not currently have enough staff to maintain the demands. The conditions and remuneration for childcare staff is inadequate and this has lead to a childcare staff shortage. New legislation in Queensland (Childcare Regulation 2003) requires that all staff have qualifications, yet there has not been a wage increase to encourage staff to do this. While our centre advocates for all childcare workers to be qualified and agrees with the importance of this, we also understand that if there is no incentive to study childcare workers will simply leave the industry. We

have lost 3 wonderful and experienced staff for this reason alone.

Our government needs to fund and oversee the development of new community based childcare centres so that more families have the option of community care.

Monies need to be spent on campaigning for recognition of the importance of community based childcare. Families need to be educated on the differences and are then able to make an informed choice between non profit and profit centres.

RESEARCH & OTHER INFORMATION

2004 Census of Child Care Services

The Department of Family and Community Services recently released the data obtained from the 2004 Census of Child Care Services. This data revealed some interesting figures in relation to child care in Australia, including that there are an estimated 752,000 children attending some form of formal childcare and that there are 82,725 paid child care staff. The Census also revealed that there was 1% in the community-based long day care centres since 2002 – this equates to 15 new community-based services. Below is a snapshot from the 2004 Census of Child Care Services of the private and community-based long day care services in each State and Territory.

Long Day Care Ownership in Australia

Services	Private LDC	Community Based LDC	TOTAL
NSW	1051	494	1545
%	68%	32%	
VIC	435*	299	734
%	59%	41%	
QLD	686	179	865
%	79%	21%	
SA	72	105	177
%	40%	60%	
WA	213	94	307
%	69%	31%	
TAS	19	43	62
%	31%	69%	
NT	13	28	41
%	32%	68%	
ACT	26	55	81
%	32%	68%	
AUST	2515	1297	3812
%	66%	34%	

Source: 2004 FACS Child Care Census – Respondent Services, by Type of Service, for all States and Territories, 2004

UK Sure Start

Barbara Romeril, Lauren Matthews

Sure Start in England is a lighthouse for advocates of government investment in the early years. Naomi Eisenstadt, Director of Sure Start was in Australia recently. Below is a summary of key aspects of one of her presentations.

Sure Start has been going for over 6 years now - its aim is to increase child care provision, improve the health, education and social development of children and to 'support parents as parents and in their aspirations towards employment'.

Initially Sure Start focused on poverty alleviation, health, family support and community governance. In Stage 2 it moved to a focus on elimination of poverty through employment and child care, poor children in non-poor areas and early education rather than health.

Sure Start is now in Stage 3 which focuses on all ages (minus 9 months to 14 years or 16 years for children with disabilities), the offer of universal child care, the development of children's centres and extended schools offering programs outside school hours.

A new government initiative entitled 'Every Child Matters' is addressing issues up to 19 years of age. Control of Sure Start is now devolving to local government to ensure it continues – but there is a fear of loss of community focus.

A key challenge is maintaining engagement of the private and voluntary sectors – the British Prime Minister is keen on contestability by retaining 'plurality of providers' and avoiding universal public provision of children's services.

Major learnings from Sure Start include:

- the importance of all services working with both parents and children
- providing services for everyone but not the same services to everyone
- flexibility at the point of delivery to respond to presenting need
- responses that are community driven and professionally informed i.e. driven by local residents, not local professional – though this is very hard to do

Research by EPPE shows best outcomes are when start with children between 2 and 3 years of age; staff qualifications are directly related to quality; however poor quality group care is better than none.

The evaluation of Sure Start shows:

- inter-agency and inter-disciplinary work is very challenging and depends on individual personalities and goodwill
- community development is very slow
- it is difficult to detect an overall impact from a diversity of local programs
- parental aspirations are more important than parent involvement

Naomi noted a resonance with some state government initiatives in Australia:

- recognition of the critical need for change
- need for a statewide response
- aim for outcomes driven, coherent strategy and service integration

There are some significant differences however; in particular UK is no longer focused on disadvantage – it now focuses on all children with specific interventions for disadvantage.

A 10 year child care strategy launched by Treasury in December 2004 includes:

- choice, access, quality and affordability
- increased maternity leave
- increased work and tax credits for child care
- a guarantee of child care for all parents who want to work 8am to 6pm for 48 weeks of the year
- out of school care as part of school activities (sport, arts, homework clubs etc.)
- a children's centre in every community (2,500 by 2008)
- legislation to ensure the role of local government

The duties of local government include removing the distinction between care and early education, and securing sufficient child care for all working parents. A key goal is blurring of professional boundaries in primary services while maintaining the integrity of professional skills.

In response to a question from NACBCS about research evidence of lower quality in private child care services, Naomi quoted EPPE research which shows higher quality in 'maintained' services than both private and voluntary services – caused by higher staff qualifications; so the UK government is funding private and voluntary services to employ qualified teachers.

Relevance to Australia:

Sure Start is delivering some key demands of NACBCS including:

- a children's centre in every community
- a focus on all children with specific interventions for disadvantage
- a key role for local government in children's services system

However in quoting the Sure Start experience in our advocacy in Australia, we need to beware of differences in language; for example, 'Community governance' has a different meaning in UK – it means bottom up governance by local neighbourhoods excluding local government.

Perhaps NACBCS could consider advocating for some other components of the Sure Start experience - if the Australian Government adopted a guarantee of child care for all parents who want to work 8am to 6pm for 48 weeks of the year this would see a significant increase in availability.

www.everychildmatters.gov.uk & www.surestart.gov.au

Anti-Poverty Week 2005

Poverty affects many Australians. Anti-Poverty Week 2005 is running from the 16-22 of October 2005. The aim of Anti-Poverty Week is to strengthen public understanding of the causes and consequences of poverty and to encourage research, discussion and action to address these issues. Become involved in Anti-Poverty Week activities, or perhaps organise your own activity and raise funds for an organisation working towards eliminating poverty. Visit www.antipovertyweek.org.au for more information.

Some Facts and Figures on Poverty

NATIONAL POVERTY

- The life expectancy of indigenous Australians is 20 years less than for other Australians. It is similar to Bangladesh, yet Australia is ten times richer.
- About a quarter of a million Australian jobseekers have not had substantial work for a year or more. Many have had little or no work for two years.
- More than 10% of the workforce are unemployed or want more work. The number of jobseekers greatly exceeds the number of job vacancies.
- About half a million families have no members in paid work.
- Each night, about 100 homeless families cannot find places in refuges.

INTERNATIONAL POVERTY

- About 2 billion people around the world have incomes of less than US\$2 per day.
- About 2 billion people do not have basic sanitation.
- About one-fifth of all adults are illiterate.
- In some African countries, life expectancy is less than 45 years and falling.
- Trade protection by wealthy countries costs many poor countries more than they receive in overseas aid.
- Australia's overseas aid has fallen to about one-third of the agreed international benchmark.

WAGES

Tasmanian Wage Case

Compromised Care

Anne Mather, The Mercury, 23 July 2005

AT the centre of the state's deepening crisis in child care are the children themselves. As governments sidestep blame for paltry pay rates, ballooning waiting lists and staff shortages, industry experts warn our children's care is being compromised.

"Quality is going down the gurgler," says Lynne Wannan, chairperson of the national Community Childcare Association.

Yet if the quality of child care is under threat, so, too, are the most formative years of children's lives.

"We have to get it right in the early years because they are the foundation years," says Wannan. "They are more important than the first years of schooling."

A wealth of international research highlights the importance of the years from birth to four.

Early childhood expert Philip Gammage says children's malleable minds are programmed before they set foot in a school.

"We've got all the evidence we need now that after four your brain is cooked," says Professor Gammage. Children, he says, are "our scarcest resource . . . if you can get it right with children, you can get it right with the world".

South Australia-based Gammage is a renowned expert in the field, having worked in 20 countries and been involved in an OECD survey of early childhood and care.

The early years, he says, directly shape children's physical, emotional and mental well-being; science has shown that the very wiring of a child's brain is determined between birth and four years. For this reason, he says, governments need to invest in children's early years as an investment in society's future.

The South Australian Government recently commissioned a report into the benefits of early childhood services, called "The Virtual Village: Raising A Child in the New Millennium". It says two themes emerge from the international literature:

"One: the early learning that occurs in early childhood is

particularly crucial during the first three or four years after birth, affecting the very architecture of the brain and our disposition to think and act, so building lifelong habits of mind.

"Two: attachment and consistent warm, loving behaviour provide the best prevention of dysfunctionality in adulthood."

The report says the long-term benefits of quality early childhood programs are: higher levels of verbal, mathematical and intellectual achievement, greater success at school, higher employment and earnings, better health, less welfare dependency, lower rates of crime, greater government revenues and lower government expenditure.

Gammage says the importance of the early years cannot be overstated and that the most important factor in these crucial years is "attachment" -- a child's bond with loving and nurturing care-givers, whether in the home or a childcare environment.

"Consistent, predictable attachment leads to children who are confident, with a high locus of control and high responsibility," he says.

In a childcare setting, attachment requires quality staff and healthy staff retention rates.

"Quality outcomes come from quality staff," says Gammage. "You need to retain staff and train them."

However, experts in the childcare industry and the union supporting childcare professionals say staffing is the biggest crisis facing this sector.

Unions Tasmania senior vice-president David O'Byrne says the state's childcare industry is being held together by the goodwill of carers "but how long can you just rely on people's commitment and passion to hold the sector together?"

Staff are paid appallingly, he says, despite growing pressure to obtain tertiary qualifications. Under the award, a full-time, untrained junior earns as little as \$18,000 a year, while a senior qualified childcare worker earns about \$30,000. The poor pay is leading to a shortage of qualified carers, which puts more pressure on the dedicated few keeping the system running.

"They are professionals. What they do is a professional job and they need to be recognised for it," says O'Byrne. "Child care now forms an integral part of early childhood education and development -- it's no longer just a place for care."

Judy Radich, national president of Early Childhood Australia, says high staff turnover can compromise children's attachment, and quality relationships are integral to quality child care:

"It's not about the flashiest equipment or best building -- it's about children seeing the same faces."

She warns staff shortages in the industry -- due to poor pay, working conditions and status -- are compromising those relationships.

Earlier this month, the industry in Tasmania held a crisis meeting to tackle the issue, at which Paula Wreidt spoke in her capacity as both Education Minister and as "a parent of two little ones who have accessed child care over the past five years".

Wreidt noted that quality child care needed quality staff who were also well remunerated.

"Herein begins the vicious cycle," she said. "At a time of staffing shortages, how do we encourage new people to enter the industry when they could earn twice as much doing less exhausting, less important and less challenging work elsewhere? Why study at TAFE for two, three or four years when you can rock up to your local call centre and earn \$15,000 a year more, with no compulsory qualifications whatsoever?"

She blamed the Federal Government for not investing enough in child care, a sentiment shared by Gammage.

"The Federal Government is out of step with much of the research in the OECD -- we're hundreds of years out of date on this," he says.

In an OECD report from 2001, "Review of Early Childhood Education and Care Policy", Australia is ranked third last of 28 countries for expenditure on pre-primary education.

Lynne Wannan says the younger years are now at the forefront of government policy around the world but Australia is lagging in both policies and investment.

She and others in the sector are calling on the Australian Government to begin investing more in child care or suffer the consequences:

"We should be investing in these early years even more than the years that follow. Governments should view child care as essential infrastructure -- like health and education."

The Federal Government expects childcare centres to operate, unlike schools, as providers in a free market.

Direct federal funding to the centres is limited, with government money directed instead to families as rebates and tax concessions.

According to the office of Family and Community Services Minister Kay Patterson, the Government's role is in helping families with affordability -- staffing is not a Federal Government issue and wages should be addressed at a state level . . .

Meanwhile, the State Government says responsibility for a well-paid childcare workforce rests with the Federal Government . . .

Beneath the finger-pointing, and at the centre of the crisis, are our children: little hearts and minds being formed in the middle of a storm -- for better or for worse.

NSW Wage Case

Childcare bosses want to slash penalty rates in IRC

SYDNEY: Childcare workers could be forced to work 16-hour shifts without penalty pay, have their allowances stripped and required to perform other duties without overtime pay, under a proposal by private sector bosses.

In a submission to the NSW Industrial Relations Commission, lobby group Employers First has called for a drastic reduction in childcare workers' pay and conditions. The workers have applied to the IRC to increase their basic wage from \$507 to \$685 and bring their pay rates in line with similar professions. But bosses have counter-attacked, seeking to cut overtime and penalty rates, remove allowances, allow more fixed-term contracts and cap sick leave.

Employers First has called for measures to allow casual child carers to work more than one shift in a single day without being paid penalty rates for the second shift. Workers could also be required to work up to two hours extra each day or come to the workplace for meetings or other work without receiving overtime pay. Employers First also wants allowances for first aid and other qualifications, uniform laundry and broken shifts to be "deleted" from the award.

Child Care Workers Deserve More

Media Statement - Tanya Plibersek, 17 August 2005

Labor supports a wage rise for NSW child care workers. The case comes before arguments starting today in the NSW Industrial Relations Commission.

Child care workers in NSW are underpaid. The basic wage of \$507 (gross) for full time work is not enough to buy a house or raise a family in Sydney. It is less than the vast majority of Australian workers are paid.

The Howard Government's deafening silence on wage claims made by child workers in NSW, and recently in Victoria and ACT, is unacceptable and incompetent.

Childcare workers are underpaid. The work they do is vital. They care for children, which allows parents to participate in the paid workforce, and thus make a major contribution towards economic growth.

Not only do child care workers *deserve* a pay rise, they *need* a pay rise so the critical shortage of child care workers can be remedied.

Even the Government agency responsible for drafting the legislation to reduce worker's rights concedes there is a **state wide shortage of child care workers shortage in every state.**

After 9 long years, the Howard Government is ignoring severe shortages of child care workers, which many reports have found is caused largely by poor wages.

The Government is content for corporations to make exponential profits from child care centres, but for child care workers to be poorly paid, and parents to miss out on child care as a consequence.



NACBCS NATIONAL CONFERENCE

14th & 15th July 2006
Wollongong University

- Debates
- Practitioners Panels
- Keynote Speakers
- Workshops

**WATCH THIS SPACE
FOR MORE DETAILS!**

NATIONAL ASSOCIATION OF COMMUNITY BASED CHILDREN'S SERVICES**ABOUT NACBCS**

The objective of NACBCS is to advocate and assist the development of community owned children's services providing good quality care, to initiate public action to promote and defend community owned children's services throughout Australia and to act on behalf of community owned children's services in relation to governments and other bodies.

NACBCS is the peak representative body for all Australian community owned children's services including Long Day Care and Out of School Hours Care services. NACBCS is an unincorporated association, which operates as a non-profit organisation. The Association is democratic in structure and relies on participatory and inclusive processes to achieve our goals.

Each state and territory has a NACBCS Branch, which brings together individuals and organisations at a regional level to work toward achieving our goals. Each Branch nominates delegates to the National Executive, which in turn nominates Office Bearers.

Community Child Care Victoria manages the National Secretariat function for the Association from its offices in Melbourne. To facilitate the maintenance of strong working relationships NACBCS holds two national meetings a year for the executive and interested members. Other discussion and communication occurs through electronic processes.

For information about our national activities contact the NACBCS Secretariat on e-mail: recept@cccinc.org.au

There is no individual membership of NACBCS at the national level. To join NACBCS, contact the branch in your state or territory.

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