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national association of community based children's services

Working Towards Eradicating Child Poverty in Australia: The Benefits of an Investment in Child Care

The National Association for Community Based Children's Services (NACBCS) is committed to ensuring that the life chances of Australian children are improved through access to high-quality, affordable children's services, which contribute to strong families and communities.

What Research Tells Us

A number of studies describing the impacts of poverty on one in eight Australian children - including ill health, low self-esteem, developmental delay, behaviour problems, social deprivation, isolation, poor relationships and low school achievement - have been well documented¹.

More optimistically, recent research has also shown that investment in high quality, accessible and affordable children's services can assist in lifting families out of poverty and provide the type of stimulation that has been proven to be critical in promoting optimum outcomes for children during the first six years of life.² Childcare services in particular extend community networks that nurture children and strengthen families.³

The provision of high-quality early childhood programs also saves the public money in the longer term through improved education outcomes, reduced rates of crime and incarceration⁴.

Responding to the Needs of Children, Families and Community

For most families in Australia, access to children's services generally depends of where they live, their income and employment status.

¹ The Brotherhood of St Laurence. (2000). *'No Child...'* *Child Poverty in Australia*. Brotherhood of St Laurence. Victoria., and Harding, A., Lloyd, R. & Greenwell, H. (2001). *Financial Disadvantage in Australia 1990 to 2000*. The Smith Family. New South Wales.

² Risman, B.J. *The Causes and Consequences of Children's Poverty*. Quality of Life in North Carolina Vol 23, No 1. NC State University. and The Brotherhood of St Laurence. Op cit.

³ Department of Families. (2002). Queensland Child Care Industry Plan 2002 – 2005, Queensland Government, p. 14

⁴ National Crime Prevention. (1999). Pathways to Prevention: Developmental and early intervention approaches to crime in Australia, National Crime Prevention, Attorney-General's Department: Canberra, pp.41-43 & pp 186-187

In recent years the Government has chosen the market-driven approach to the provision of childcare programs. While this approach has served to increase the number of child care centres available across Australia, it has also resulted in a long list of separate and often competing service types⁵, fragmented across jurisdictions and areas of responsibility and funding. Moreover, the complications associated with 'mixing' and 'matching' child care services in order to meet family needs has been found to "contribute to family stress and result in inequitable access to important educational services for some children"⁶. It would be true to say that children's needs appear to have been subordinated to the level of an "instrument of economic and labour force policies"⁷.

The 'Level Playing Field' and Why the Poor Keep Getting Poorer

Despite the unprecedented growth of children's services in recent years it remains that, in 2003, for many Australian families there is still no choice - child care is either too expensive or simply not available in their area. Geographic pockets of disadvantage have mushroomed in communities where private childcare operators, who currently represent the majority of providers, will not go.⁸ Reasonably, they do not see the returns on their investments being viable. Child Care Benefit does not cover the full fee with the maximum "approved benefit" often being considerably short of the actual fee. Nor does it take into account the additional disadvantage associated with living in deprived neighbourhoods, which may have only minimal service provision, if any⁹.

Indeed, for families in disadvantaged areas it is quite clear that market forces alone will not address their need for accessible, affordable and high quality childcare.

Child Care: A Social Investment

NACBCS believes that specific capital and operational funding to non-profit providers is necessary to provide disadvantaged communities with equitable access to children's services¹⁰. A socially responsive Government would consider an investment of this kind as essential, especially as the positive outcomes of early childhood programs for young children and their families are now understood and illuminated by research¹¹. To this end NACBCS reiterates the OECD's call: The provision of adequate child-care can no longer be seen as a private matter, it has to be seen as a social investment¹².

If all Australian children are going to be able to access the vital developmental and social opportunities that come from quality child care services, the government must guarantee at least two days access to quality child care per week for every child¹³. Furthermore, to ensure that child care is affordable, the government must act to limit the costs of child care to families to a maximum of 15% of net household income, whilst continuing to maintain a system of subsidised care for low income families¹⁴.

⁵ Department of Families. Op. cit

⁶ Ibid. p.30

⁷ Brennan, D. (1994). *The Politics of Australian Child Care*. Cambridge University Press. p. 187.

⁸ National Association of Community Based Children's Services. (2001). *Children, Families and Communities Together: A New Agenda*. NACBCS. Victoria.

⁹ Ibid

¹⁰ Ibid

¹¹ Ibid

¹² OECD. (2000). OECD Ministers' Conference on Best Practice in Tackling Poverty and Social Exclusion London. 9-10 October 2000. TUAC Discussion paper.

¹³ National Association of Community Based Children's Services. (2001). *The NACBCS Vision for Children's Services*. NACBCS. Victoria.

¹⁴ Ibid

Aboriginal and Torres Strait Islander Children

NACBCS recognises the unique experiences, aspirations and challenges of Aboriginal and Torres Strait Islander [A&TSI] children, their families and their communities. The economic and material disadvantage experienced by many non-Aboriginal families is frequently intensified for A&TSI children. A critical part of the experiences of disadvantaged A&TSI children is the separation from their cultural heritage and/or extended family networks.¹⁵

Responses to the kind of entrenched disadvantage experienced by A&TSI children and their families requires special and significant attention. The implementation of the comprehensive package of measures in *the Report of the National Inquiry into the Separation of A&TSI Children from their Families* is an essential first step in addressing these issues.

In addition to the measures outlined in the above report, NACBCS supports the call by the Secretariat of National Aboriginal and Islander Child Care [SNAICC] for the development of a National Policy for A & TSI Children and Families that includes:

“expanding the number and operation of Multi-functional Aboriginal Children’s Services [MACS] and other early childhood services to ensure all Aboriginal and Torres Strait Islander children have access to quality child care and preschool education. An increased emphasis on the early years of life and encouraging Aboriginal and Torres Strait Islander children to know, embrace and take pride in their culture will provide a platform for their successful participation in schooling and the broader community”¹⁶.

While a vastly improved system of children’s services will undoubtedly help all families in Australia, NACBCS cautions that it will only go so far to improve the life chances of children who live in poverty or are victims of the growing disparities in this society. We urge governments to continue to address the social exclusion of families and children as a matter of urgency¹⁷.

The Importance of Community Building

Promoting linkages between local support services and families is vital for the development of appropriate strategies to address some of the less obvious effects of poverty, such as loss of social cohesion and community life¹⁸.

It is argued that effective community structures not only assist individuals to resolve problems but also serve a preventative role. The greater the capacity within each community the more likely individuals and groups are to thrive. Conversely individuals located within communities with low capacity are likely to experience greater needs and have fewer options for sourcing assistance¹⁹.

¹⁵ National Association of Community Based Children’s Services. (2001). *Children, Families and Communities Together: A New Agenda*. NACBCS. Victoria.

¹⁶ SNAICC (2000). *From assimilation to self determination: Issues and priorities for Aboriginal and Torres Strait Islander Children and Families*. SNAICC paper for ACOSS Congress.

¹⁷ National Association of Community Based Children’s Services. (2001). *Children, Families and Communities Together: A New Agenda*. NACBCS. Victoria.

¹⁸ Brotherhood of St Laurence. Op.Cit

¹⁹ National Association of Community Based Children’s Services. (2001). *Children, Families and Communities Together: A New Agenda*. NACBCS. Victoria.

Solutions for meeting the needs of children in disadvantaged areas and communities should come from within the community. It is counterproductive for solutions to be imposed by Government or by the market place. Funds need to be made available for communities to develop appropriate service models to answer their own needs²⁰. To be effective and long-standing, community-building initiatives must be supported by all levels of Government with adequate resources to sustain changes to community leaders and infrastructure.

The Integral Role of Community-Owned Services

The community non-profit sector needs to be supported so that its contribution to the well being of communities can be sustained. Community owned childcare centres have always sought to enhance their services to children by creating social networks and through engagement with local families. These services are embedded within neighbourhoods and involve families in the decision-making about services their children use and depend on. Unlike private-for-profit services, community-owned services attract volunteers thereby providing opportunities for civic participation²¹.

Given the widespread acceptance by governments everywhere of rebuilding social capital and the evidence that social participation enhances health and well being, NACBCS calls on the government to ensure that:

- there is one community owned child care centre run by voluntary committees of management for every 800 children under five years of age
- all childcare centres receiving Government funding be required to build support networks within their community so that families can be connected with the supports that they and their children need²².

Future Directions and the Role of the Australian Government

NACBC believes that just as “it takes a village to rear a child”, so too does the Commonwealth have a continuing role in helping families²³ - particularly those in poverty - to care for their children. This provides the government with an historic opportunity to:

- Place the needs of children at the centre of policy
- Produce a more sustainable children’s services system
- Expand choices for parents as they balance their responsibilities
- Leverage Australia’s investment in children’s services into stronger communities
- Ensure children from disadvantaged families are able to benefit by these strategies²⁴.

In Australia, very poor arrangements exist between the three levels of Government in relation to children’s services. This has resulted in fragmented service provision and limited options for many families. A National Agenda for Children that promoted a bipartisan and cross-jurisdictional arrangement between all levels of Government would create much-improved outcomes for children, families and communities. Investigation of the Canadian model of cooperation between governments would be pertinent and relevant to improving the Australian performance in this area²⁵.

²⁰ Ibid

²¹ Ibid

²² National Association of Community Based Children’s Services. (2001). *The NACBCS Vision for Children’s Services*. NACBCS. Victoria.

²³ National Association of Community Based Children’s Services. (2001). *Children, Families and Communities Together: A New Agenda*. NACBCS. Victoria.

²⁴ National Association of Community Based Children’s Services. (2001). *Children, Families and Communities Together: A New Agenda*. NACBCS. Victoria.

²⁵ Ibid

RECOMMENDATIONS

- ***Governments, in collaboration with the non-government sector, create specific capital and operational funding programs available to non-profit providers, targeted at communities of disadvantage, to access good quality children's services designed to contribute to the developmental needs of that community***
- ***All children to have access to a minimum of two days quality child care per week***
- ***Funding levels to be not less than 1% of GDP and protected by legislation***
- ***The costs of child care must not exceed 15% of net household income***
- ***That there be one community owned child care centre for every community of 800 children under five years of age***
- ***All child care centres receiving Government funding must be required to build support networks in their community***
- ***Co-ordination between all programs for children and families implemented at a national level***
- ***The Federal Government fund the establishment of community building initiatives incorporating the resources necessary for integration, planning and community building at local levels***
- ***All three levels of Government prioritise funding, coordination and development of children's services as a fundamental building block of well functioning communities***
- ***The Federal Government to provide funds to enable communities to establish new services where these needs are identified.***
- ***The number and operational capacity of Multifunctional Aboriginal Services and other early childhood services for ATSI children be expanded***

Child Carers: The Working Poor

The Impact of Poor Remuneration and Working Conditions

Continuity of service and good quality staff is universally recognised as critical to the provision of quality children’s services²⁶. Increasingly evidence is showing that for children the ability to form an attachment to their caregiver has a significant effect on a child’s wellbeing²⁷ and development. However, there is Australia-wide concern that poverty wages and conditions of work are driving many employees away from the childcare sector.

In 1998 the Senate Community Affairs Committee Inquiry into Child Care Funding found that “child care workers are amongst the lowest paid workers in the country given the nature and responsibility of their work”²⁸. Today childcare workers continue to be paid less than some unskilled occupations such as sales assistants and mail sorting clerks, with the income of some childcare workers falling below the poverty line.

	MEDIAN WEEKLY EARNINGS (FULL-TIME) BEFORE TAX*	POVERTY LINE (AFTER TAX) SINGLE PERSON PLUS TWO DEPENDENT CHILDREN**	POVERTY LINE (AFTER TAX) COUPLE PLUS TWO DEPENDENT CHILDREN**
Child Care Worker	<\$510		
Sales Assistant	\$510-\$559	\$456.07	\$551.27
Mail Sorting Clerks	\$651-\$700		
Kindergarten & Preschool Teachers	\$651-\$700		

* Source: Department of Employment & Workplace Relations *Job Outlook June 2002*

** Source: Melbourne Institute of Applied Economic and Social Research *Poverty Lines: Australia June Quarter 2002*

In 2001, the Commonwealth Child Care Advisory Council reported that “the status and standing of the child care profession resonated out of Council’s research as *the* single critical issue in need of urgent change.”²⁹ Similarly the Queensland Child Care Industry Plan 2002-2005 states “There is widespread concern about the state of child care workforce. Staff turnover is reported to be high and morale and status low”.³⁰

²⁶ Auditor-General of Victoria. (1998). *Child Care and Kindergartens: Caring about quality*, Special Report No. 55. Victorian Auditor-General’s Office. Victorian Government Printer. p.49.

²⁷ Shonkoff, J.P. & Phillips, D.A. (Eds). (2000). *From Neurons to Neighbourhoods: The Science of Early Childhood Development*. Committee on Integrating the Science of Early Childhood Development. Board on Children, Youth & Families. The National Academy of Sciences.

²⁸ Parliament of Australia. (1998) .*Senate Community Affairs Committee Report of the Inquiry into Child Care Funding*. http://www.aph.gov.au/senate/committee/clac_ctte/chilcare2/ccarech6.htm. p15, Chapter 6.

²⁹ Commonwealth Child Care Advisory Council. (2001). *Child Care: Beyond 2001*. Status and Standing of Children and Child Care Discussion Paper. p.6

³⁰ Department of Families. *Op Cit*. p.28

Across the children's services sector there is widespread acknowledgement of the lack of incentive to take up work in childcare services once workers have completed professional qualifications and training³¹. Anecdotal evidence from Queensland for example suggests that poor wages and conditions of employment within the child care sector are significant factors associated with the regular loss of qualified early childhood teachers from child care services to the kindergarten and preschool sector, where remuneration levels and working conditions are often found to be more favourable.

Currently, only 50.6% of all jobs within the childcare sector are available on a full-time basis³² - effectively reducing the opportunity for many childcare workers to earn a sustainable level of income within their profession. Moreover, it has been predicted that up to 84% of vacancies for childcare workers within the next five years will arise from people leaving the sector³³.

Emerging Trends in the Oppression of Australia's Child Carers

While seeking better pay and status for those who care for young children challenges basic assumptions in our society about the importance of caregiving work³⁴, a concerning trend is emerging whereby some children's services employers are actively challenging the right of child carers' entitlement to even basic wage increases. An example of such oppression of workers occurred in 2002, when a number of childcare employers appealed to the NSW Industrial Relations Commission, opposing the payment of an \$18 living wage increase to child carers in that State³⁵.

In other Australian States some children's services employers have embarked on public scare-mongering campaigns in which they claim that higher wages for child care workers will mean higher child care fees for families. Ironically, at the same time, some corporatised childcare chains have reportedly been making millions of dollars for investors by floating their companies on the stock exchange³⁶ - capitalising upon the efforts of many child care employees whose wages and conditions of employment clearly do not reflect the complexity and importance of their work.

Achieving Worthy Wages

Recent research proves a clear link between pay, conditions and qualifications of staff and the quality of care offered to children and families³⁷. This suggests that an immediate redistribution of resources is imperative if the government is serious about ensuring that Australia's children get the best possible chances in the first five years of life.

³¹ Ibid

³² Department of Employment and Workplace Relations. (2002). *Job Outlook 2002*. www.workplace.gov.au

³³ NCVER. (2002). Unpublished research into employment patterns and trends within the children's services sector in Queensland

³⁴ Whitebook, M & Eichberg, A. (2002). *Finding a Better Way: Defining and Assessing Public Policies to Improve Child Care Workforce Compensation*. Centre for the Child Care Workforce. www.ccw.org

³⁵ LHMU, in *Union Strikes out at Big Investors Paying Poor Wages*. Broadside November 2002. Community Child Care Co-operative. NSW

³⁶ Ibid

³⁷ See Centre for Families, Work and Well-Being. (2000). *You bet I care! Caring and Learning Environments: Quality in Child Care Centres Across Canada*. University of Guelph. Ontario; Centre for Community Child Health. (2000). *A Review of the Early Childhood Literature*. Commonwealth of Australia. Department of Family and Community Services.; and, G. Russell & L. Bowman. (2000). *Work and Family: Current Thinking, Research and Practice*. Macquarie Research Ltd. For Department of Family and Community Services.

To this end, much may be learnt from the experience of the United States and Canada where, in recent years, there has been considerable focus on formulating public policies to improve 'child care workforce compensation', in tandem with initiatives to promote more accessible, high-quality child care services for families³⁸. These have included, for example:

- the use of tobacco tax revenues to provide wage supplements and retention grants for child care workers based on their level of education and tenure
- the provision of health care insurance for low wage employees in child care centres
- loan assumption and scholarship programs which award funds to cover the costs of higher education or training for child care workers - some federally funded schemes also provide for 'forgiveness' of a portion of the loan for each subsequent full-time period of employment in programs serving children of low income families
- targeted reimbursement rates linked to quality standards such as accreditation.

Future Directions and the Role of the Australian Government

Given the current staffing crisis in the child care sector, NACBACS calls on the government to provide appropriate funding that will provide for an increase in the wages of child care workers to reflect the importance of their work in providing care, education and support for improved family well-being.

NACBCS believes that a wage subsidy system together with increased wages that recognise the skill level and responsibilities of these workers would assist in eradicating the poverty wages and conditions of the child care workforce and also contribute to raising the quality of childcare³⁹. Canadian research has shown that this approach has a more "direct and significant impact on child care quality than either increasing fee subsidy rates or providing tax credits or deductions to parents who use child care"⁴⁰.

A successful wage subsidy system would be measured against achieving improvements in the status and retention of children's services staff and the concomitant increase in the quality of care delivered. The wage subsidy would need to be granted to areas where services were experiencing demonstrable labour market pressures and be used solely to raise the existing benchmark for salaries and conditions⁴¹.

RECOMMENDATIONS

- ***The introduction of a wage subsidy as one plank of a system of attractive wages and conditions that recognises the skill level and responsibilities of children's services workers***
- ***Formulation of a plan for the industry in partnership with the sector and all levels of government, tertiary institutions and other training providers in order to improve wages, conditions and career structures***
- ***That at least one tenth of a child carer's working week be allocated for non-contact preparation purposes, training and professional development***

³⁸ Whitebook & Eichberg. Op,Cit.

³⁹ National Association of Community Based Children's Services. (2001). *Children, Families and Communities Together: A New Agenda*. NACBCS. Victoria.

⁴⁰ Centre for Families, Work and Well-Being. (2000). Op. cit.. p. 85

⁴¹ National Association of Community Based Children's Services. (2001). *Children, Families and Communities Together: A New Agenda*. NACBCS. Victoria.