

Childcare and Early Childhood Learning  
Productivity Commission  
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3 February 2014

**By email**

**Re: Submission to Productivity Commission into Childcare and Early Childhood Learning**

Thank you for this opportunity to make a submission into this inquiry. As an almost full time working mother of two young children who both attend child care – I can appreciate the need for more child care centres. I am also the Secretary and on the Board of Directors / Parent Committee of Rozelle Child Care Centre, a not for profit, community run child care centre in Callan Park, Rozelle, NSW, 2039. Please note I am making this submission in my personal capacity.

### **1. Child care and the nation's productivity**

The availability of child care is absolutely paramount to the productivity of Australia. Child care enables work force participation, particularly for women, and it also provides an early learning framework for young children – who are the future of our country's productivity.

As a family, if we did not have access to child care – I would have serious second thoughts about whether I would be working. The cost of a nanny is prohibitive and a nanny is often not as reliable as a child care centre.

### **2. Supportive employer is critical**

I am fortunate to be working in an organisation (which is finance based) that is supportive of women and women with young families. I have had friends who have not have such a supportive environment (e.g. unwillingness to consider part time, flexibility to work from home), and these friends have or will end up resigning. A supportive employer of return to work mothers is critical to ensuring the workforce participation of women, particularly when women account for around half of the tertiary qualifications.

### **3. Child care sector wages**

It is disappointing that the wages paid to child care workers is so low given the importance of their role to productivity. The Federal and State government should be looking to increase these wages, e.g. through the fund that was established by the Labor government but consequently withdrawn by the new Federal Government.

#### 4. Child care rebate

The availability of the child care rebate is critical to the decision of a woman returning to work. It is important that this is not means tested as this would result in a large number of women not returning to work force because childcare is now an unaffordable option. Means testing also does not take into account the higher cost of child care (e.g. in the Sydney CBD). If the child care rebate was means tested and assuming my family was not entitled, I would have serious doubts about whether I would be returning to work.

For example, in Sydney – child care is often \$120 per day (there are plenty of centres which are higher), assuming your child went 4 days a week – this would cost \$25k a year. Assuming no child care rebate, a person would have to earn \$26.5k to simply cover the child care costs. If you had two children at child care, it would cost \$50k resulting in the person having to earn \$67k to cover the child care cost. This is a lot of money to pay towards child care – and would be uneconomic for many families. The child care rebate makes a significant difference as shown in the table below.

	1 Child	2 Children
<b>EXCLUDING REBATE</b>		
Total Annual Cost	\$25k	\$50k
Pre Tax Income To Cover Child Care Cost	\$26.5k	\$67k
<b>INCLUDING REBATE</b>		
Total Annual Cost	\$18k	\$36k
Pre Tax Income To Cover Child Care Cost	\$18k	\$46k
<i>Difference</i>	<i>(\$8.5k)</i>	<i>(\$21k)</i>

#### 5. There is a real role for the Federal and State Government in ensuring GOOD QUALITY child care

It is important that a child care centre should be a safe, nurturing and stimulating environment. The centre should provide an early learning framework, rather than be a “baby sitting” option. A child’s early years are fundamental to their development.

The new regulatory framework supports these outcomes given the education / qualification requirements of carers. However, the current framework of minimum outdoor/ indoor space and minimum toilet facilities does not adequately focus on ensuring positive social outcomes for children. For example, I am currently objecting to a large scale 94 place centre in my area on the basis it is too many children for such a small site. When I looked at the floor plan – the developer had only allocated 1 nappy change facility for 30 children. This is the minimum requirement by law – but the practical realities of having 1 nappy change facility for so many children is that there will be many accidents which will mean that carers are stuck changing children rather than nurturing and educating.

Too often, there are child care centres which are cramming children in to maximise profits rather than focus on beneficial social outcomes. The Federal, State and local governments should work together to achieve a more **quality** focused regulation of child care centre.

## **6. There is a strong role for not for profit child care centres**

Child care businesses are relatively low margin, and like any business the only way profits can be extracted is through:

- Having more and more children at a centre
- Not re-investing in the centre over time
- Minimising the staff cost (e.g. contract labour rather than permanent).

Driving profits should not be at the expense of providing a safe, nurturing and educating environment for children. Personally, I have experienced this at the first daycare centre my daughter attended – and this was a poor social outcome for her and us until we could move to a not for profit community run child care.

A not for profit centre has the ability to ensure that surpluses are reinvested in the centre. There is less pressure on the bottom profit line. The fees charged are also often lower than privately run centres.

Furthermore, there is a strong role for the State and local governments to provide more “peppercorn” lease arrangements to facilitate more not for profit and/or community run child care centres. For example, local governments could require developers as part of their Voluntary Planning Agreements to build child care centres with ownership reverting to the local government for more council run or community run not for profit centres.

## **7. We cannot have another ABC Learning disaster**

Society cannot afford to have another ABC Learning disaster, although the outcome of the Goodstart consortium is a positive development for the sector. Operators should not be seeking to extract money away from the sector. I am disappointed that there are private equity operators in this space – as I do not consider it is an industry which can support private equity returns (20%+). IF these returns are being achieved, they are at the expense of the centre which is not a productive outcome for society.

Please note I am not against private operated child care centres by any measure, rather I am against privately operated centres which are seeking to extract profit without a focus on the children at the centre.

I would be happy to discuss my thoughts with you as I feel very strongly about these issues.

Kind Regards

Jane Park