



Kids Count

Better early childhood
education and care
in Australia

Edited by Elizabeth Hill, Barbara Pocock and Alison Elliott

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Child care: A better policy framework for Australia

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Alison Elliott has contributed to early childhood education over a long period of time in a range of capacities including teacher, researcher and academic. Alison is a long time advocate for targeted early learning and development programs and universal early childhood education provision. She is an active contributor to public and professional debate and comment on children's development and learning, early childhood education, and the wider education sector. Alison is currently Professor and Head of the School of Education at Charles Darwin University. She was previously Director of the Early Childhood Research Program at the Australian Council for Educational Research. She is the long-standing editor of Australia's leading journal for early childhood education professionals, *Every child*.

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Deborah Brennan has published extensively in social and family policy

as well as gender and politics. Her books include *'No fit place for women'? Women in NSW politics, 1856–2006*, *The Politics of Australian Child Care: Philanthropy, Feminism and Beyond* and *Caring for Australia's Children: Political and Industrial Issues in Child Care*. She was the inaugural convenor of the National Association of Community Based Children's Services and a board member of many non-government organisations including ACOSS and Community Child Care. She has served on government advisory bodies including the Commonwealth Ministerial Advisory Council on Children's Services and the NSW Planning Committee on Child Care.

Patricia Apps is Professor of Public Economics, Faculty of Law, University of Sydney, Adjunct Professor, ANU and UTS, 2006 President of the European Society for Population Economics (ESPE), Research Fellow of IZA (Germany) and CHILD (Italy), and a Fellow of the Academy of Social Sciences in Australia. Her research covers a wide range of areas in Public Sector Economics and she is a major contributor to the new literature on the economics of the household. Her work has appeared in leading international journal in economics and specialist journals in the field.

Bettina Cass is Professorial Fellow, Social Policy Research Centre at the University of NSW. She has published research on the gendered nature of family responsibilities for care giving and employment; family tax/benefit systems; social security reform and employment policies in Australia and internationally; ageing and retirement incomes policies – identifying impacts on the distribution of wellbeing throughout the life-course.

Lynne Wannan is a social commentator and policy advocate, having held many positions in government and non government organisations in the social policy field. Lynne is currently National Convenor of the National Association for Community Based Children's Services, Chair of the Victorian Government's Children's Advisory Council, a member of the Federal Government Children's Services Reference Group on Children, Chair of the Victorian Government's Adult, Community and Further Education Board, Commissioner of the Victorian Learning and Employment Skills Commission, a Member of the Victorian Qualifications Authority and Deputy Chair of the grant making organisation Western Chances. Lynne works as a consultant to all levels of government and to the non government sector advising on social policy and community services reform.

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Margaret Sims runs the community work degree programs at Edith Cowan University and teaches in the Children and Family Studies area. Her research interests focus around quality community-based service delivery to children and families, including child care, parenting and family support. Her work was recently included in the documentary 'Life at One' screened on ABC TV in October 2006 and repeated in January 2007.

Joy Goodfellow is an early childhood educator and researcher. She is an Honorary Associate at Macquarie University and holds the position of Vice President of the Board of a large not-for-profit organisation that manages child care centres and associated early intervention programs funded by state and federal governments. Her current research interests are in the impact of the regulatory environment on early childhood teachers' decision making, practitioner research, program evaluation and strengths-based practices within early intervention programs.

Eva Cox has had a long engagement with child care policies, as single parent user in the 1960s, as Women's Electoral Lobby and welfare advocate for more care, as state bureaucrat and as an academic researcher. She is head of the Social Inquiry program at University of Technology, Sydney, and teaches research and policy practice.

Introduction

Elizabeth Hill, Barbara Pocock and Alison Elliott

Australian newspapers often feature stories about child care and its potential benefits or hazards and many parents read them diligently, wondering if they are making the right decisions for their own children. Controversy over how to care for children has also given rise to new books by Australian authors, with some arguing that child care has negative effects on children (Biddulph 2006; Manne 2005). Pointing in the other direction are reports by international organisations that emphasise the positive and often critical impact that high quality early childhood education and care can have on children's current and future development and wellbeing – particularly children from low-income households (OECD 2006; UNESCO 2006). Amid all this debate, however, a growing number and proportion of Australian infants and young children are using diverse forms of child care. This growth reflects changing economic, labour market and social factors, particularly the increasing rate of labour market participation of Australian women in the absence of universal paid parental leave. This makes the provision of a system of good early childhood education and care of pressing importance. In the chapters that follow, we take the demand for child care as a given, and we focus on how it can best be provided with the best outcomes.

The provision of a good childcare system is far from the full picture of supports that Australian citizens and their children need. We recognise that there are very good arguments for discussion of other policies, especially leave arrangements that facilitate familial care. We strongly support the creation of a national system of paid parental leave. International evidence about its effects on child health (see for example *The Economic Journal*, February 2005) and maternal wellbeing is accumulating. We believe a good case exists for a period of at least a year of paid parental leave. To be meaningful for workers who depend upon their own earnings, this must be paid at a living wage level. Given the strong preference in Australia for parental care, a period of one or one and a half years paid parental leave would give many families a practical choice to care for their infants and young children. At present less than half of all working Australian women have access to any paid parental leave and only a small proportion for longer than

a few weeks or months.

This makes early childhood education and care a significant element of social policy in Australia. But it seems that policies around early childhood education and care in Australia are in a muddle, and that the costs of this muddle are very high for some. It is especially high for women who want to work and cannot, for the economy, for households and, in particular, for those who can speak least in their own defence – Australian infants and children, and their carers. It was concern about this muddle and its impact upon those who have least voice in the ‘system’ that led to the development of a research workshop on the issue, and this book.

In July 2006 a group of Australian academics with expertise in child care, work and early childhood met at Sydney University as part of a workshop funded by The Academy of Social Sciences in Australia (ASSA). The workshop was convened by the ‘Work and Family Policy Roundtable’, a group of academics who analyse research and policy about work and family in Australia. The aim was to develop an approach to policy development that would clarify the relationship between early childhood education and care, and children’s health, development and future prospects, as well as respond to the needs of carers and workers.

The workshop brought together 21 Australian and international researchers on early childhood education and care from a range of academic disciplines including economics, sociology, paediatrics and child health, early childhood, political economy, psychology, government and working life. Five experts from the community sector and government also attended¹. Discussion focused around the current research evidence about early childhood education and care in Australia and internationally. Fifteen papers were presented, most of which are brought together in this volume.

The group of experts agreed on the need for a new nationally coordinated, planned approach to an integrated system of early childhood education and care (ECEC). Discussion supported an ECEC system that gives priority to the needs of children and their wellbeing, places the issue of high quality care and education more centrally on the policy agenda, and recognises the pressing need for increased public funding to ensure universal access to early childhood education and care services for all children from birth to school entry. Discussion also recognised the need to locate good ECEC policy alongside other important policy initiatives like paid parental leave and a progressive individual tax system.

The workshop was held at the same time as the Council of Australian Governments was meeting to consider a National Reform Agenda covering, among other areas, Human Capital. The resulting communiqué included Human Capital reforms in four priority areas including:

1 See Appendix 1 for a full list of workshop participants.

Early childhood – with the aim of supporting families in improving childhood development outcomes in the first five years of a child’s life, up to and including school entry

Child care – with the aim of encouraging and supporting workforce participation of parents with dependent children (COAG Communiqué, 14 July 2006, p 6).

Clearly the users of ECEC cross the boundaries of state/federal relations in Australia and are on the policy agendas of all governments.

POLICY PRINCIPLES FOR A NATIONAL SYSTEM OF EARLY CHILDHOOD EDUCATION AND CARE

Workshop participants agreed upon the following set of policy principles for a national system of early childhood education and care.

1. Promote the wellbeing of all children

The primary goal and guiding principle of a national system of early childhood education and care (ECEC) should be the wellbeing of all children.

A system of high quality education and care should emphasise children’s development and wellbeing. This will have measurable positive effects on the health and wellbeing of children in the present and into the future and promote social equity.

2. Early childhood education and care is a public good

A high quality early childhood education and care system is a public good, and so requires significant public investment.

The benefits of high quality early childhood education and care accrue to children and their families, but they also accrue to society more broadly. High quality early childhood education and care that prioritises the needs of children will have a positive impact on women’s participation in employment, gender equity, human capital development and economic growth. This ‘public good’ property of high quality ECEC means that significant, ongoing government investment is required to ensure adequate resources are devoted to it.

3. Universal early childhood education and care

Australian governments should implement a national, universal and integrated early childhood education and care system, particularly for children in the two

years prior to starting school, and up to three years for children from disadvantaged backgrounds.

International evidence about the positive role that early childhood education and care plays in the development and wellbeing of all young children provides a strong case for this. The evidence supports access to at least two years early childhood education for all children under school age, and access from the age of two for children in disadvantaged households. Education and care interventions in the early years have a demonstrated capacity to narrow social inequity and improve the health, educational and economic outcomes of children from disadvantaged backgrounds over the life course. Universal access to a guaranteed option of education and care prior to starting formal schooling will complement the services available to babies and infants under a nationally integrated ECEC system.

4. Rational planning of ECEC system growth

Governments must collaborate to plan a rational expansion of the ECEC system in order to meet the needs of all children equitably, to ensure that service quality is high, and to maintain diversity in provision so parents are given genuine choice.

Private investment decisions, rather than need, increasingly determine the distribution of ECEC services in Australia. Further, increasing rates of corporate provision of ECEC services in Australia, especially long day care, pose a significant challenge to accessible, high quality outcomes for children. A growing body of international and Australian evidence suggests that quality is threatened where the interests of shareholders conflict with the interests of children. Government support should therefore be adjusted to expand public ECEC services, especially those linked to other services and community-capacity-building activities. This needs to be in the context of a rationally planned expansion of provision that includes renewed support for capital grants and/or the provision of land at concessional rates and encourages public services to be built in poorly serviced areas that are integrated with other public services.

5. High quality standards

High quality education and care, especially a high ratio of university or TAFE trained and appropriately qualified staff to children, is the priority issue in ensuring positive outcomes for children.

Increasing international evidence suggests that positive outcomes for children arising from early childhood education and care are directly related to the quality of the environment provided. High quality is a function of staffing ratios, carer and teacher skills and qualifications, and the size of the care group. National quality standards must reflect international best practice. Research supports staff/

child ratios of at least 1 adult to 3 children for infants (1:3); at least one adult to four children for one to two year olds (1:4), and at least one adult to eight children for three to five year olds (1:8). A commitment to high quality care requires implementation of these ratios in all sectors of ECEC. Teachers and other ECEC staff must be appropriately trained and qualified. To be effective, these standards must be linked to a robust regulatory and compliance regime.

6. Good employment practices

High quality care depends upon stable, qualified, appropriately rewarded staff.

Children and parents benefit from long-term care relationships. Stable care relationships, involving the recruitment and retention of skilled teachers and carers, require secure jobs, attractive pay and conditions, and rewards for higher education and training. Wages in the sector remain too low despite recent increases, and many services lack enough skilled teachers and carers. Professional qualifications and wages for carers and teachers must be upgraded. Trained and qualified staff must be rewarded commensurate with other comparable workers. Resources must be made available to allow teachers and other staff adequate time to undertake program design, documentation, reporting and in-service training. Government has a strategic role to play in developing a workforce planning strategy to meet current critical shortages of appropriately qualified ECEC teachers.

7. A robust regulatory system

High quality early childhood education and care requires a robust and integrated system of monitoring and compliance that is based on best practice and which targets structural, process and adult work quality dimensions.

Government regulation can play a critical role in promoting and safeguarding high quality ECEC. Australian research suggests that the current national accreditation system and state regulations have limited capacity to effect high quality ECEC. An effective regulatory framework will promote high structural standards (that is, staff to child ratios, small group sizes, and qualified teachers); standards of excellence in children's experiences while in ECEC services; and best practice adult work experience (for example, job satisfaction, work conditions, staff retention rates). A robust system must be able to identify and enforce sanctions on centres that provide poor quality care, while also actively recognising and supporting ECEC teachers and staff committed to providing high quality education and care. An effective regulatory system will be transparent and subject to ongoing independent review by appropriately qualified reviewers.

8. Affordable and equitable ECEC services

Access to ECEC and good outcomes for children depend upon affordable services.

Evidence suggests that the costs of ECEC are increasing much faster than inflation in Australia. The cost of high quality care makes affordability a significant and ongoing concern for parents and ECEC providers. An investigation into alternative funding methods to ensure affordability and sustain the growth of ECEC provision into the future must be undertaken. COAG is urged, as part of its National Reform Agenda addressing the promotion of Human Capital, to investigate the feasibility of pooling public sector funding for early childhood infrastructure and funding from different jurisdictions and government agencies to create a more affordable, equitable and integrated system of ECEC.

9. Supportive parental leave and tax policies

A high quality ECEC care system requires supportive, complementary policies.

International evidence shows that significant benefit will flow to children and working carers from Australia's adoption of a universal system of paid parental leave that gives parents and primary carers the practical opportunity to take leave from work for at least a year, and preferably up to 18 months. This requires a payment system that confers a living wage during the period of leave, allows it to be combined with other forms of leave (including the opportunity to request to return to work part-time) and allows parents to share leave (and requires fathers to use a portion of it on a 'use it or lose it basis'). The effective and efficient use of parental leave policies requires a progressive individual tax system that does not penalise parents who move between paid work and caring duties or disadvantage dual-income households.

10. Building healthy communities and social networks

Well resourced ECEC centres provide a focal point or 'hub' for multiple community services that support families with young children and strengthen community capacity.

Co-locating ECEC services with other educational and child and parent health clinics and services, facilitates important 'social joins' and strengthens social connections for both children and parents. These settings can be sites for other universal family support services for families with babies and very young children. This will ensure that all adults responsible for the care of young children are able to access the support they need to offer young children the best possible experiences for nurture and learning. ECEC services that link with schooling facilities help to build child and parent communities and create natural bridges for children into formal education and social life. These are cost effective, as well as

transport and time efficient.

These ten *Policy principles for a national system of early childhood education and care* are drawn from the papers delivered at the workshop and presented in this volume. Part 1 asks the question: what defines a high quality system of ECEC? What is necessary, what is possible? In Chapter 1 Barbara Pocock and Elizabeth Hill set out the current Australian context of ECEC policy. They suggest that poor planning and a lack of clear policy goals has delivered a residual care regime in which children's wellbeing and development is not given priority. Weaknesses in the system become clear when evaluating current patterns of use, quality and affordability, and challenges arise in the area of employment, staffing and funding. In Chapter 2 Anita Nyberg presents the Swedish experience of the public provision of ECEC. Nyberg details the development of Swedish childcare policy since the 1960s and how it has changed its focus from supporting employment, to promoting child development and wellbeing through the public provision of child care for all Swedish children, irrespective of the labour market status of their parents. Nyberg suggests that the Swedish experience of increasing supply, while maintaining affordability and quality, might hold some lessons for Australian policy developments. The international context within which Australian policy is formulated is further developed by Deborah Brennan. In Chapter 3 Brennan provides an overview of the domestic and international contexts that frame the development of Australian childcare and early education policy. In particular Brennan argues that there is a lack of synthesis between the child-focused approach to ECEC policy being implemented at the international level, and the Australian Government's adultcentred instrumentalist approach that views ECEC as a labour market support. In Chapter 4 Patricia Apps addresses the problem of gender discrimination embedded in family tax and welfare policy and the absence of a public childcare system. Apps concludes that to overturn these new forms of gender discrimination requires a return to a progressive individual tax system, and a high quality, affordable and publicly provided childcare system.

In Part 2 Bettina Cass and Lynne Wannan consider the goals of a good national system of ECEC. In Chapter 5 Cass takes a child-centred approach to the discussion of childcare goals, introducing the notion of children as *present citizens*, not just *future citizens* with a human capital worth. Cass pays particular attention to the right of all children, particularly children from disadvantaged backgrounds, to have access to early childhood education and care. In Chapter 6 Lynne Wannan develops the idea of child focused 'children's services' further, stressing the importance of a nationwide network of sustainable, quality, community owned, not-for-profit early years children's centres. Wannan argues that such a system would meet the needs of all stakeholders by supporting children's developmental needs, supporting parents' need to work and raise their children, supporting community cohesion and safety, and enhancing the participation of all families in Australia's social and economic life.

Part 3 shifts the focus of analysis to the Australian public and the workers who staff Australia's ECEC services. In Chapter 7 Gabrielle Meagher explores what Australians think about child care. Meagher explores three specific questions: where do Australians stand on working mothers and child care for young children, and how have these views changed over time? What kinds of organisations do Australians think are best to deliver child care? And what kinds of rationales for public subsidies for child care do Australians support? In Chapter 8 Emma Rush reports on a national survey of staff employed in long day childcare centres. The staff survey assessed the quality of the care provided to children in the long day care setting. The findings of the survey suggest that the quality of care and education varies across the long day care sector and that quality is correlated with provider type, raising important questions about the current expansion of provision through large corporate chains.

In Part 4 the critical issue of quality in ECEC services is addressed. In Chapter 9 Frances Press maps the fragmentation of ECEC services in Australia and the decline of public investment. Against this policy backdrop she analyses existing patterns of ECEC quality and the challenges associated with improving the quality of provision. Press argues that impediments to high quality ECEC include the multiple levels of government involved in the sector, the multiple regulatory regimes, quality standards and various curricula. Alison Elliott builds upon some of these arguments in Chapter 10, highlighting the need for consistency across all aspects of the early childhood education and care system, and coherence between education and care in the preschool years. In particular, Elliott argues that a high quality system requires highly trained professional staff, and that a formal system of registration, accreditation, and regulation of the profession will improve professional practice and quality in the sector. In Chapter 11 Margaret Sims concludes the discussion on quality care with a report on her research into changes in cortisol levels in children and caregivers in long day care settings. Sim's study shows that cortisol levels are correlated with childcare quality: abnormally high in children attending centres rated as unsatisfactory, and typically low at the conclusion of a day in high quality centres with well trained staff. Interestingly, cortisol levels in caregivers increased in good quality centres and decreased in unsatisfactory centres, raising concerns about staff health and well-being in good quality centres.

In the final part Joy Goodfellow and Eva Cox discuss the question of who should pay and who should provide ECEC services: employers, consumers, government or the market? In Chapter 12 Goodfellow discusses the influence of free market ideas on the provision of early childhood education and care arguing that the idea of a market does not work for ECEC and that the responsibility for early childhood education and care should lie primarily with government, in collaboration with parents and communities. In Chapter 13 the complex issue of funding is addressed with Cox suggesting that the policy emphasis on parental choice

and market forces has redefined ECEC as a commercial, not community enterprise, and led to the commodification of early childhood education and care. An alternative funding model would see federal funding given to individual centres rather than corporate childcare chains, with funding linked to service contracts that include provisions for quality, budgets, fees etc. In this model, Cox argues early childhood centres become community hubs that promote the wellbeing of children and their carers, build social capital and facilitate healthy social support networks.

We hope the research evidence and discussion presented in this volume will assist social scientists make an ongoing contribution to a more informed, evidence-based discussion of the challenges Australia faces in the ECEC field, and especially make a contribution to the discussion of potential solutions. We also hope that the *Ten policy principles for a national system of early childhood education and care* can help inform Australian governments as they reform early childhood education and care and develop positive outcomes for children and our larger society.

Elizabeth Hill, Barbara Pocock and Alison Elliott
September 2007

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Part 1

Defining a high quality early childhood education and care (ECEC) system

1

The childcare policy challenge in Australia

Barbara Pocock and Elizabeth Hill

INTRODUCTION

This chapter¹ explores the background to childcare policy challenges in Australia. It examines the residual nature of childcare policy, the growing evidence about its vital importance in affecting the life chances of children, existing patterns of use in Australia, questions of quality, affordability, demand and supply and the growing reach of the market. The logic of corporate provision through the market is at odds with the logic of quality care, and better employment standards and a more assertive state are essential to a better Australian system of early childhood care and education. There is also a pressing need for research that links to policy in the Australian context.

THE HAPHAZARD EVOLUTION OF CHILD CARE

Around the world, national care regimes are evolutionary creatures. The powerful tendency in favour of private, familial care solutions in many Western industrialised nations means that care has evolved in a haphazard, rather than planned, way. Care policy is ‘a residual variable’ rather than a thing that is deliberately planned. A recent survey of European care arrangements concludes actual policy is ‘more the result of a complex interplay between established interests and party-political compromises than of explicit and well-focused considerations’ (Bettio & Plantenga 2004, p. 109).

Australia’s regime of care for children certainly has a residual character. It is increasingly commodified with relatively little research on its outcomes. The system suffers because of the lack of clear national goals, systematic collection of evidence to guide action, planning to realise objectives, or evaluation of progress

1 The chapter draws on elements of *The labour market ate my babies: work, children and a sustainable future*, by Barbara Pocock, published by Federation Press, 2006.

towards them. It has instead grown like Topsy: while much Australian child care is of high quality, demand is running ahead of supply, quality is variable and its increasing commercialisation fosters inequality.

While many other aspects of social and public life also have a ‘residual’ rather than a planned character, the character of our childcare ‘system’ increasingly affects both the public and private realms, with international evidence showing that uncontrolled evolution has potentially hazardous outcomes for some of the most undefended members of society – children. The regime for care of infants and preschool children stands in strong contrast with that for Australian children of school age. The current growth in private school education is underpinned by the promise of a place for each Australian child in a national public school, regardless of where they may live and whether they use it. The failure to offer the same for younger children and babies is hard to justify, given the larger life-long ripples that flow from poor care in infancy and the early years.

CHILD CARE: A PUBLIC GOOD OF CRITICAL PUBLIC SIGNIFICANCE

There is now convincing international evidence about the importance of early life experiences to child development, emotional wellbeing and cognitive skills, all of which in turn shape life chances and social mobility. How children are cared for and educated in their infancy and preschool years, whether by parents or others, leaves a deep imprint and long-term social and economic costs (Heckman 2006; Press 2006). While development continues well into adolescence and beyond (and humans are capable of significant recovery and reorientation when things go wrong in the early years), a large body of literature tells us that the early years critically shape longer-term development. What is more, damage done early is expensive to remediate later. Inequality is significantly shaped by early experience, with disadvantage often coming in complex, reinforcing packages where disadvantage at home is deepened by institutional and community deficiencies beyond home.

Many studies confirm this. Margaret McCain and J Fraser Mustard in Canada (1999, 2002), and the US Committee on Integrating the Science of Early Childhood Development (Shonkoff & Phillips 2000) provide extensive reviews of the current science of early childhood development in North America and its long-term implications for individual, social and economic outcomes. Research in many European countries also provides convincing evidence about these links. More recently the OECD has summarised some of this literature, saying: ‘A basic principle is that learning in one life stage begets learning in the next. Investment in the foundation stage of early childhood increases the productivity of the next stage and so on... The early childhood or foundation stage of learning is of major

importance' (OECD 2006, p. 37).

The growing body of international research about markets, parental work, child care and early childhood tells us that many things influence the development of young children, including the innate characteristics of the child, the nature of their caregivers, parents and home, and the early care and education they receive. Home and parenting are very significant in affecting outcomes for children: even where children spend a great deal of time in child care their parents remain the most influential people in their lives and development (Shonkoff & Phillips 2000, p. 206). However, in terms of public policy, parenting and home are much harder to change than early care and preschool education. Interventions based around the latter are more effective ways of improving outcomes. So research suggests that this is where policy effort and interventions should be focused (Waldfogel 2004; Heckman 2006a).

Research about the developing brain, particularly the ways in which genes and the environment interact to affect the brain's maturation, has advanced quickly in recent years. This research tells us that genetic characteristics are less important, and early experience much more important, than was previously thought (McCain & Fraser Mustard 1999, p. 26). It is now evident that early care has 'profound' effects on early development and that genetic endowments are 'expressed' in the context of experience and environment especially in relation to brain development (Shonkoff & Phillips 2000, p. 219). The 'critical phase' for developing cognitive skills of thinking and knowing is in the Years 0–6 (McCain & Fraser Mustard 1999, p. 31, Esping-Anderson 2004). These skills are the foundation for further education and learning, and set a template for future success in learning, earning and social mobility.

CHILD CARE AND INEQUALITY

These early care experiences have important implications for inequality. The quality of non-parental child care and parenting are not unrelated: if all are poor or impoverished, disadvantaged children can be doubly or triply disadvantaged (Meyers, Rosenbaum, Ruhm & Waldfogel 2004; Esping-Anderson 2004). This makes a system of quality child care of vital social importance.

Corporations are increasingly involved in child care. In 2002/03, IBISWorld estimated that market turnover in childcare services in Australia was \$3.6 billion. Over 82 000 employees worked in the sector in 2004, with an additional 12 997 carers providing family day care, and a further 2995 providing voluntary labour in these services (FaCS 2005a, p. 17). Almost 9000 organisations and enterprises offered some form of commodified care in 2004 (FaCS 2005a, p. 7).

And there is rapid growth in various forms of informal care, including some that is free but unsafe, barely supervised and far from developmentally appropri-

ate. At the other end of the spectrum, exclusive private care is purchased by some on a first rung of a commodified ladder that extends from private infant care in exclusive establishments through to private university.

CHILD CARE: WHO NEEDS IT?

At present around three-and-a-half million children under 12 years old in Australia are potentially in need of some form of child care. The employment rate of women with a child under four years old rose from 29 per cent in 1984 to 45 per cent in 2004, largely driving the increased demand for child care (ABS 1984, 2004b) with over 1.5 million children aged 0–12 years using some type of child-care in June 2005 (ABS 2005).

Informal care is the most common form of non-parental child care in Australia but its use is falling while children's participation in formal care is increasing. The most common type of informal care is provided by grandparents, although their share fell a little between 1999 and 2005. In 2005, 23 per cent of Australian children aged 0–11 years used formal care, up from 17 per cent in 1999 (see Table 1.1). The rise in formal care has been especially strong among young children: in 2005, 35.2 per cent of children aged 0–4 years used some formal care (excluding preschool), compared to 23.6 per cent in 1996 (ABS 2005). The proportion of those in informal care fell from 40.1 per cent in 1996 to 38.4 per cent in 2005.

Lone parents are the most likely to make use of child care: 55.6 per cent did so in 2005, compared to 43.8 per cent of couples with children (ABS 2005). A third of them also combined formal and informal care (Cassells et al. 2005; analysing HILDA data for households with children under 14).

The growth in children using centre-based long day child care has continued apace, rising almost 10 per cent between 2002 and 2005. Participation in out-of-school-hours care is also increasing: 227 000 children used this care in 2005, an increase of 56 000 or 33 per cent on 2002 (ABS 2005, p. 43). Overall the number of children in formal child care increased by 18 per cent between 2002 and 2005 and by 58 per cent since 1996. In contrast, the number of children using informal care fell by 7.8 per cent between 1996 and 2005 (ABS 2005, p. 43).

Childcare usage is higher for younger children: 60 per cent of children under five years old used child care in 2005 in the survey reference week, excluding preschool.

In 2005, just over a third of babies less than one year old used child care. Sixty-one per cent and 71 per cent of one and two year olds respectively used child care and 70.6 per cent of three year olds used child care, excluding preschool (ABS 2005, p. 14). Many children experience multiple forms of care, especially as they get older, with around a third of those in some form of care

using multiple forms, mostly a combination of formal and informal care (Qu & Wise 2004, p. 2).

Only a small proportion of children are in care for long extended periods. The median hours in care for children 0–12 years old was 10 hours per week in 2005. Only 13 per cent of children were in care for more than 35 hours a week.

Table 1.1 Percentage of children 0–11 years old in child care in Australia, 1999, 2002, 2005 excluding preschool

Types of care	1999	2002	2005
Percentage of children using formal care			
Before and after school care	5.0	5.5	7.3
Long day care	7.8	9.6	10.4
Family day care	2.8	3.1	3.4
Occasional care	1.5	1.2	1.6
Other formal care	0.5	0.4	0.6
Children who used formal care	17.1	19.3	22.6
Percentage of children using informal care			
Grandparents	21.2	19.1	20.3
Brothers/sisters	2.4	2.3	1.6
Other relatives	7.1	6.7	7.2
Other person	9.4	7.3	6.4
Children who used informal care	37.2	32.9	33.4
Whether used any type of child care			
Children who used formal and/or informal care	47.7	44.6	47.6
Children who used neither formal or informal care	52.3	55.4	52.4

Source: ABS cat. no. 4402.0 June 2005, p. 43.

Note: In surveys prior to 2005, the definition of ‘formal care’ included preschool. To enable comparisons over time, preschool has been excluded from ‘formal care’ in this table.

The availability of accessible, affordable, quality care has lagged behind rising demand in recent years, making child care problematic for many parents. Analysis of HILDA survey data for 2002 shows that 29 per cent of parents with children under school age who had used or thought about using child care had difficulties with child care for a sick child, 27 per cent had difficulties in relation to the cost of care, and around a fifth had problems with getting their centre of choice, find-

ing the hours they needed, finding the right person to care, getting quality care or finding a centre in the right location (Cassells et al. 2005, p 7). In June 2005, parents needed additional formal care for 188 400 children (or 6 per cent) of children aged 0–12 years (ABS 2005, p. 8). This is up from 174 500 in 2002.

QUALITY CHILD CARE AND THE ROLE OF GOVERNMENTS (FEDERAL, STATE, LOCAL)

The Productivity Commission estimated that in 2003–04, total government expenditure on children’s services was \$2.4 billion, three-quarters from the federal government whose contribution to the costs of child care has risen very significantly in recent years (Press 2006, p. 27). However, compared to other OECD countries, Australia spends relatively little on early childhood services (OECD 2002, p. 59). In the 2004 election, the federal government announced a 30 per cent Child Care Tax Rebate (CTTR) with a cap of \$4000. It can be claimed from 2005/06 tax returns. Unfortunately, the rebate is highly regressive, delivering larger benefits to higher-income earners.

A key aspect of child care is its quality. Arrangements relating to quality in Australia are complex. The quality of care in Australia is managed through a National Childcare Accreditation Council which adopts a five-step process of initial registration through to accreditation. State governments also play an important role in licensing centres and setting and monitoring key indicators like staff/child ratios (which in themselves vary from state to state). Long day care centres are assessed against 10 quality areas (relationships with children, respect for children, partnerships with families, staff interactions, planning and evaluation, learning and development, protective care, health, safety, and managing to support quality) and 35 principles (OECD 2002, p. 110).

A key element of quality child care is the ratio of staff to children. In a recent review, Press finds that more often than not, across Australia ‘regulations and existing national standards fail to reflect the staff to child ratios recommended by professional organisations as necessary for good quality centre-based care and education’ (2006, p. 37).

In 2003–04, the National Accreditation Council received 400 phone complaints and 50 written complaints in relation to centres (Australian Broadcasting Corporation 2004b) and the chairperson of the Council reported that nearly 5 per cent of operating centres do not pass accreditation inspections. Once every two-and-a-half years, centres are accredited by means of a self-assessment process, followed by one on-site inspection for which extensive notice is given. If a centre fails accreditation, it has 12 months to meet requirements, before parents are notified. This means that a childcare centre could have serious problems for three years ‘before the watchdog alerts parents’ (Australian Broadcasting Corporation

2004b). The absence of random inspections, lenient inspections and operator collection of validation surveys from staff and parents, have been highlighted as significant problems with accreditation.

By 2002, only a small number of centres had been disqualified from accreditation. Rush reports that in New South Wales in 2005, the Department of Community Services ‘found that 67 centres in Sydney breached their licence conditions but only one was successfully prosecuted’ (Rush 2006a, p. 9; Pryor 2006). As the OECD notes, the test for the Australian accreditation system lies in ‘whether the standards can actually be properly enforced while there remains a waiting list for childcare places’ and parents are ‘desperate to get a place’ (OECD 2002, p. 110; Elliott interviewed for *Background Briefing*, Australian Broadcasting Corporation 2004b). Excess demand places a powerful downward pressure on care standards.

AFFORDABILITY

The cost of child care accounts for a growing proportion of household incomes, as paid formal care substitutes for informal extended family and parental care. It also amounts to a significant government budget item, especially at the federal level. It is estimated that outlays on the Child Care Benefit exceeded \$1.6 billion in 2005–6, while the Child Care Tax Rebate will cost around \$915 million in its first four years of operation from 2005 (McIntosh 2005, p. 1). State governments also make contributions to centres and services, especially to preschools. Nonetheless, Australia remains at the lower end of the OECD in terms of its overall expenditure on early childhood education and care. In 1998, Australia spent 0.3 per cent of GDP on pre-primary education, compared to 0.86 per cent in Denmark, 0.42 in the UK, and 0.36 in the USA. Out of 27 OECD countries, only Turkey and Ireland spent less (OECD 2001, p. 189). A more recent OECD assessment placed Australia 13 out of 14 countries in 2004 in terms of its expenditure on early childhood services: Australia spent less than 0.5 per cent with only Canada spending less out of the group of 14 countries (OECD 2006, p. 105). Italy, Germany, the USA, the UK, Hungary, France, the Netherlands and the Nordic countries all spent more. In 2004, Denmark spent two per cent of GDP on early childhood education and care services. In 1996 the European Commission Network on Childcare recommended that countries invest at least one per cent of GDP in early childcare services. Countries like the UK have heeded this call, and increased their investment fourfold between 1997 and 2007 (OECD 2006, p. 105).

Since July 2000, the Child Care Benefit (CCB) has been payable to offset the costs of care on a sliding scale relative to income. Families with a taxable income of \$30 000 in 2005 receive a weekly Child Care Benefit of \$144, and they can

claim a Child Tax Rebate of \$16.80 a week, taking their total subsidy to \$160.80 with 80 per cent of their childcare costs covered (if they have one child in long day care and the total fees are \$200 a week, which is a low estimate (McIntosh 2005, p. 2). FaCS estimate that the average weekly fee in private long day care centres was \$208 in 2004, up by 13 per cent from \$184 in 2002. It is now much higher in many places and has risen much faster than the general consumer price index.

Despite high levels of public subsidy, and very low wages, the cost of child care has been rising rapidly in Australia. In 2002, 27 per cent of those who had used or thought about using child care reported difficulties with its cost (Cassells et al. 2005, p. 14). Between 1990 and 2004 the cost of child care rose by double the rate of inflation. While the real cost fell after the introduction of the Child Care Benefit in July 2000, steep subsequent rises have wiped out its effect, and in the 12 months to September 2004, the cost of child care rose by over 10 per cent (Cassells et al. 2005, p. 14). Affordability of care has declined rapidly, generating lively debate about the tax treatment of child care.

DEMAND OUTSTRIPS SUPPLY

Long day care is the most common type of formal child care in Australia. This care is centre-based, mostly for children under five, and is provided on a full-time or part-time basis. Alongside private companies, long day care centres are also run by community organisations (which until recently were the dominant providers) and other not-for-profit bodies and some employers.

Table 1.2 Children in formal child care by service type, 2004

	No of children	Per cent of all formal care
Private long day care	269 330	36
Community long day care	113 690	15
(All long day care)	(383 020)	(51)
Family day care	89 300	12
In home care	3 240	<1
Outside school hours care	160 800	21
Vacation care	101 710	14
Other service types	14 700	1
TOTAL	752 750	100

Source: FaCS (2005a), 2004 Census of child care services Summary booklet, p. 13. Weighted data including estimates for non-responding services.

At present, long day care accounts for around half of all formal childcare places for children under 12 years old in Australia, and most formal care for children un-

der five (Table 1.2). It has been growing rapidly, especially in the form of private provision.

The demand for formal child care runs well ahead of supply, with estimates of unmet demand in recent years ranging from 131 700 in 2002 (ABS 2002) to 188 400 in 2005 (ABS 2005, p. 8). The ABS estimate a 2005 national shortfall of 64 400 places in before and after school care, 52 900 in long day care and 40 800 in occasional care (ABS 2005, p. 31).

The federal government has increased the number of some kinds of child care places in recent years by providing, for example, 40 000 new outside-school-hours childcare places and 4000 family day care places in the 2004–05 budget (Commonwealth of Australia 2004). However, these increases fall well short of demand and do not touch the issue of long day care, where the shortfall is very pronounced. This is having a measurable effect on factors like labour market participation, with growing evidence that the lack of child care is inhibiting women's labour market activity.

GOVERNMENT POLICY AND THE GROWING REACH OF THE MARKET

Government policy has critically shaped market opportunities in child care and underwritten the rapidly increasing role (and profits) of private companies (Brennan 1998). Childcare provision has changed dramatically with the 1991 extension of subsidies to private centres. Operational and capital works subsidies for community-based centres provided by the federal Labor government were ended by the Liberal government in 1997, resulting in the closure of many community-managed centres and a decline in the affordability of child care (Baxter 2004). However, the total government contribution has increased dramatically. The expansion of private provision has seen a massive increase in expenditure. As Wannan, of the National Association of Community Based Children's Services Australia, has put it, 'This escalation in expenditure was almost entirely due to uncontrolled commercial development as the growth of community-based services ground to a halt' (2005, p. 5). She concludes that a market-based rather than planned system of provision has 'sent community-based services into decline, ... increased government outlays, ... increased the cost to users while failing to match supply with demand', and does not match supply to other government objectives like women's labour market participation (2005, p. 7 – see also Wannan, this volume).

Private providers now account for just over 70 per cent of all centre-based long day care places in Australia. Their share varies widely by state from 85.6 per cent in Queensland to around a third in Tasmania (see Table 1.3).

Within the short space of two decades, Australia's childcare system has taken

a significant turn to the private market. And not the market of the neoclassical textbook, with many sellers, competitive pricing, perfect information and a ready local supply.

Table 1.3 Proportion of Commonwealth-supported long day care places provided privately, 2004, by state

	Per cent
Queensland	85.6
Western Australia	75.1
New South Wales	69.4
Victoria	66.9
South Australia	48.7
Northern Territory	38.7
ACT	38.0
Tasmania	32.8
AUSTRALIA	71.6

Source: Centrelink Administrative Data as at 27 September 2004.

See Rush 2006, p. 3.

In terms of the dominant type of formal care for children, long day care, the market is dominated by one major commercial operator. Another segment of private child care is provided by independent owner-operated small businesses usually running a single centre (Rush 2006, p. 2).

The market for private long day care is underwritten by a very large taxpayer subsidy, through payments to parents who use formal centre-based care. In this sense, the market has a government guarantee and the industry a direct conduit to the public purse. It is no surprise that this direct line to secure ongoing funding has made the sector a stock market favourite. Further, the childcare market is one in which supply is very uneven geographically, with very variable information about what is being sold, including the quality of the ‘product’. This is far from a ‘normal’ market. Most importantly, this market sells a fragile service: safe, developmentally appropriate care of children. Mistakes in this market – most notably, poor quality care – can have significant life-long effects. While the profits of private sector childcare provision are privatised for shareholders, at least some of its public, potentially negative, effects for children are socialised through taxpayer-funded remediation later in life, and widening inequality.

WHAT IS WRONG WITH THE MARKET AND CORPORATE PROVISION?

Six specific features of child care make it a problematic candidate for private

provision. First, child care is a complex ‘soft product’: its quality and output are difficult to measure, making it ‘hard to monitor activities and performance’, and a less than easy product to regulate. It is very difficult for the consumer to have perfect knowledge about the products in this market (Lundsgaard 2002, p 2). Second, there is considerable potential for ‘creaming’: that is, supplying more profitable services (care for children three to four years old) while leaving more expensive services (care of babies or children with special needs) to the public sector. Third, the pull to deliver shareholder value will quite probably affect the quality of the service – a feature of child care that, as we have seen, is critical to long-term outcomes for children. The logic of the market (cost minimisation and profit maximisation) has particular implications for children’s services. While centres might fear low utilisation rates if they develop a reputation for low-quality care, it is often difficult for parents to judge quality, with indicators hard to come by and difficult to ‘read’. The direct childcare consumer – often a child under five years old – is different from the purchaser of care (a parent or care-giver). The child cannot easily speak about experience, so that the feedback loop from consumer to provider is imperfect and indirect to say the least. Other issues also complicate parental choice. A number of studies suggest that parents tend to overestimate the quality of care relative to objective measures (Press & Woodrow 2005, p, 282). This probably reflects several factors: ‘parents’ lack of knowledge about what to look for, imperfect information about what they are purchasing or an emotional need to view the child care as better than it is’ (Press & Woodrow 2005, p, 282). In a market where supply is short, parental over-optimism is likely to be especially strong.

Fourth, the uneven geographic availability of care options makes choice about care problematic. This contradicts one of the first principles of an efficient market: choice between accessible, multiple suppliers. Recent court battles to restrain the construction of new services in the vicinity of existing ones are testament to the particular ‘lumpy’ character of childcare places and the assertive efforts that existing providers make to protect their corner in very localised markets. This makes *real choice* a practical unreality for parents in many locations.

Fifth, high levels of demand reduce choice in the childcare market. With over 100 000 parents in search of places beyond the number available, and little prospect of a reduction in demand, it is not surprising to find that choice is constrained in the shadow of serious undersupply. In this context, the market fails.

Finally, what happens to children and parents when investors find that their rate of return falls? If capital is relocated, many children, parents, households and workplaces will be affected in ways that are personally very significant, and not without economic costs. As Wannan observes:

Private child care providers’ long-term investment is in real estate. Government fee subsidies have made this possible. But if returns on the capital

investment fall, private operators may turn to other forms of investment. If the for-profit sector collapses, or sells off land and buildings, the children's services system will require enormous rebuilding. Will the government be forced to buy back facilities at hugely inflated prices? Will government be forced to keep raising the level of subsidy to keep private operators afloat? (2005, p. 24).

These characteristics of child care for children under five years old make it a far from ideal candidate for private provision. This is why so many countries adopt public child care systems.

Some of the general difficulties outlined above are already obvious in Australia. For example, there are signs that Australia's private providers are 'creaming' with a tendency to provide more places in cheaper forms of care. Sixteen per cent of children in private long day care centres in 2004 were under two years old, compared to 21 per cent in community centres (FaCS 2005b). Babies are more costly to care for given their higher staff ratios, with five children per carer for children under two, and 10 to one for children four to five years old in most Australian States (OECD 2002, p. 90).

Similarly, community-based centres have higher proportions of special needs children. Children with high needs include those with disabilities, those whose parents have a disability, Aboriginal or Torres Strait Islander children, children of culturally diverse backgrounds, or children at risk (FaCS 2005b). Each of these categories potentially requires higher-cost care and higher staff/child ratios. In 2004, 20 per cent of all children in community-based long day care had special needs, compared to 15 per cent in private centres. The gaps are wide in some states, especially the larger ones: in New South Wales for example, 23 per cent of children in community-based centres were from culturally diverse backgrounds compared to 17 per cent in private centres, and 2 per cent were of Aboriginal or Torres Strait Islander background, compared to 1 per cent in private centres (FaCS 2005b). Children with disabilities made up 2 per cent of children in community-based centres across Australia, compared to 1 per cent in private centres (FaCS 2005b). It also seems that provision of childcare services in remote (and thus more expensive) locations are more likely to be community-based than private: in 2001, 7.8 per cent of employees in community-based long day care centres in Queensland were from remote areas compared to only 1.2 per cent of employees of private long day care centres (Misko 2001, p. 6).

In terms of cost saving and quality of care, there is 'an inexorable tension between obligations to shareholders and obligations to children' (Horin 2003, p 39), and this tension is evident to many observers, including business analysts, childcare experts and centre managers (Australian Broadcasting Corporation 2004a, 2004b). The logic of the market is such that it will drive key indicators like staffing ratios and skill levels (accounting for around 80 per cent of centre costs)

down to mandatory minimum, and encourage careful calculations around the likelihood of their effective enforcement. In such situations, the nature of regulation and the effectiveness of enforcement become critical.

CORPORATE STANDARDS

Rush's recent survey of Australian childcare workers confirms the validity of these concerns (see Rush in this volume). Her 2006 study (which included 578 staff from a stratified random sample of childcare centres across Australia) found that childcare staff felt that the quality of care was 'generally quite high' across a range of issues, including adequate time for staff to relate to children individually, the responsiveness of the program to the individual needs of children, the quality of equipment and food (as well as its quantity), staff turnover and staff/child ratios. Community-based long day cares centres and independent private centres (usually run by an owner-operator) were seen as offering similar levels of high quality care. However, persistent and significant negative differences were evident in corporate chains.

On all of the above criteria, corporate chains performed more poorly in the eyes of staff than community and independent private centres. On the key issue of time to develop relationships with children, around half of staff in community-based long day cares centres and independent private centres said they always have time to do this, compared to only a quarter in corporate centres (Rush 2006, p. ix). This difference also extended to equipment, with around two-thirds of those in community-based centres indicating that the variety of activities and equipment in their centres was good – compared to a third in corporate chains. Similarly wide gaps existed around the provision of nutritious food and enough food. Less than half of staff in corporate centres felt that their centre always provided nutritious food (46 per cent), compared to 74 per cent in community-based centres and 73 per cent in independent private centres (Rush 2006, p. 35). On the critical question of staff/child ratios, 40 per cent of staff in community-based centres said their standard ratios were above the legal minimum, compared to only 14 per cent of corporate centre staff (Rush 2006, p. 37).

Most tellingly, 21 per cent of staff in corporate centres said they would not send their own children to the centre they worked in (or one with comparable quality of care), compared to 4 per cent of those who worked in community-based centres, and 6 per cent of those in independent private centres (Rush 2006, p. 50). Rush concludes that 'there are good grounds for believing that the lower quality of care revealed [in corporate centres] is due to the very nature of the corporate enterprise', and its pursuit of a business orientation rather than 'humanist concerns' especially the warm, responsive, personalised care of children (Rush 2006, p. xi).

Concerns about the quality of care in private centres, especially corporate centres, have been publicly raised in Australia (Australian Broadcasting Corporation 2004a, 2004b; Rush 2006) with commentary about standards of care and education, the quality of food and facilities, and pressures from private providers to reduce the level of staffing ratios (Australian Broadcasting Corporation 2004a, 2004b Kirby 2003; Horin 2003). These deserve further systemic study. They are cause for concern, and certainly provide an argument for further research – research which may be difficult to undertake, given the research-averse culture in some large chains. For example, in 2003, one chain’s directors were told by their operations manager to ‘treat a survey sent by a union “the same way you would with junk mail ...”’ (Horin 2003, p. 39). Similarly, Rush points to the company’s ‘discouragement’ of staff publicly raising concerns (2006, p. ix).

EMPLOYMENT AND STAFFING ISSUES IN THE SECTOR

Childcare workers subsidise child care through their very low wages, relative to those paid to other workers with comparable levels of skill doing similar work. Childcare workers in Australia are paid less than waiters, librarians, plant nursery workers and garbage collectors (*The Weekend Australian Financial Review*, 23–28 December 2003). If childcare workers are exercising levels of skill and effort that are close to those of preschool teachers, they are currently subsidising child care costs to the tune of at least 15 per cent. This is an involuntary but significant level of subsidy by a group of low-paid workers who can little afford it. Once again this increase in commodification contributes to a serious and widening labour market inequity, as higher-paid workers and the larger economy benefit from the labour of a poorly-paid, feminised service sector.

Low wages for childcare workers are recognised as a serious problem contributing to high labour turnover and difficulties in attracting and retaining skilled workers. In a 2001 survey of Queensland childcare workers, the majority said they would leave the industry if they could find a better-paid job, and almost half of respondents would not recommend the job to others because of its low pay and status.

The shortage of skilled staff is at a crisis level in many Australian locations, affecting both public and private services. This reflects low pay, a flat career structure with low returns for higher qualifications, low levels of community esteem and high job demands (including unpaid overtime and long hours of work in some services) (ACTU 2004; Misko 2001). This shortage has implications for quality of care. In some states shortages of skilled staff have led to the relaxation of the licensing provisions that underpin quality assurance: where there are not enough qualified staff available, centres are allowed to continue offering services

even where they cannot meet licensing requirements.

CONCLUSION: FORCES FOR CHANGE AND THE ROLE OF RESEARCH

What will it take to achieve a quality, accessible, affordable, equitable childcare system in Australia? And what role can research play in this quest?

Child care is on the political agenda of both major political parties. However, it is being dealt with in a piecemeal and ad hoc manner. While it is an issue that affects many voters and is likely to affect more of them in the years ahead, it has not attracted the kind of concerted policy attention that repetitive political rhetoric about the welfare of children suggests it should.

A decade of ad hoc public policy orientated to families with children has not adequately supported the choice of women to integrate paid work with caring responsibilities (Hill 2006). The assumption of a male-breadwinner model continues to linger within family policies and even the recent shift towards acceptance of the one-and-a-half earner household model only serves to entrench women's position as 'secondary earners'. This means the political campaign for a quality childcare system is circumscribed by the ongoing struggle for gender equality in Australian institutions and policy more generally. We do not live in women-friendly times – in spite of the Treasurer Peter Costello's claims to make Australia the most female friendly country – and the campaign for government support for a high quality childcare system is about both women's equality and child wellbeing and development.

These are difficult issues. American feminist economist, Nancy Folbre argues there are 'high road strategies' for reform in the care sector (Folbre 2005). She argues that the high road to quality care will be defined by strategies that: (1) build links among care sector workers; (2) emphasise the common interests of care providers and care recipients; (3) promote decent wages for care workers; (4) promote unionisation; (5) affirm and strengthen the public sector; and (6) publicise and encourage best practice management.

Folbre's focus on the common interest of childcare workers and 'consumers' – parents and children – in a high quality service is compelling. In a high demand context, Australian parents tend to prioritise concerns with access over quality and sometimes fail to understand the negative relationship between low staff wages, high turnover rates and the quality of the care their children receive. Folbre's call for the development of coalitions between staff and parents is a creative way to campaign to improve the wages and work conditions of early childhood teachers that are so fundamental to quality care. In an increasingly corporatised market place, Folbre's emphasis on the role of the public sector in the provision of quality, affordable and accessible care is also of interest.

There is also a need for research that evaluates experience and provides evidence to inform policy making. Current developments in New Zealand around pay parity for childcare workers with primary school teachers, and the provision of 20 hours per week of free pre-school education, are policy developments that are worth examining in an economy and society not very different from our own. We also need research which examines the impact of different types of services on social networks and community fabric, and the effects of corporate provision through large corporate chains on quality, adequate and appropriately located services, and cost. One thing is clear: social policy research on these issues is very important and a large research agenda exists.

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2

Lessons from the Swedish experience

Anita Nyberg

INTRODUCTION

An important principle in the Swedish welfare model is that all adults – women and men, mothers and fathers – should have the possibility to support themselves through wage work. Public child care constitutes a very important part of the social infrastructure which should make this possible (Bergqvist & Nyberg 2001, 2002). However, an adequate supply of public child care is not enough; it should also be accessible, of high quality and affordable. If not, public child care risks being a marginal phenomenon, a last resort for mothers (parents) who do not have a choice.

The policies laying the foundations of the dual earner model emerged in Sweden in the course of the 1960s and 1970s (Sainsbury 1996, 1999; Bergqvist et al. 1999; Löfström 2004). A new approach to gender equality in both employment and responsibility for children and family became acknowledged in the law and in policies, if not always in practice. However, at the beginning of the 1990s there was a sharp economic downturn. The employment rate fell dramatically and unemployment soared to levels unthinkable since the 1930s.¹ The employment crisis, in turn, produced an accelerating public sector deficit, with revenues plummeting and public expenditures shooting up.² The situation began to improve only as the decade came to an end, but the employment rate is considerably lower today than in 1990, while the unemployment rate is much higher and this is true

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- 1 The unemployment rate (16–64 years) was 1.6 per cent in 1990, 8.2 in 1993, 8.0 in 1997 and 5.3 in 2004. The employment rate was 83 per cent in 1990, 73 in 1993, 71 in 1997 and 76 in 2004. The differences between women and men are rather small (AKU).
 - 2 In 1990 the central government budget showed a surplus of almost 19 billion SEK. In 1993 the deficit amounted to almost 210 billion and in 1994 close to 200 billions SEK. In 1998 there was again a surplus. This time of slightly more than 20 billions SEK (SOU 2000:3, p. 40).

for both women and men. In addition to the economic crisis, there were also other factors that might constitute a challenge to the stability of the traditional Swedish welfare model, the dual earner model and gender equality. First, the Social Democratic Party lost its historically dominant position, which opened the way for neo-liberal ideas on market forces and privatisation. The internationalisation of capital markets and financial transactions, plus Sweden's participation in the European integration project also posed new challenges.

Given the unemployment situation, the financial strains, globalisation, and the spread of neo-liberal ideas, it is reasonable to assume that serious attempts to transform the Swedish welfare state might have been undertaken and the dual earner model might be undermined. The aim of this article is to assess the consequences of the economic crisis on publicly financed child care. What happened to the supply of child care, to the accessibility, affordability and to the quality in public child care between 1990 and 2005? To start with, however, the background in terms of mothers' employment and the expansion of public child care is briefly presented.

MOTHERS' EMPLOYMENT AND THE EXPANSION OF CHILD CARE

In Sweden, child care attracted considerable attention in the 1960s (Nyberg 1995, 2000; Bergqvist & Nyberg 2001). This was due to the increase in mothers' employment and the activities of the feminist movement, which put pressure on the government to provide publicly financed child care (Elgán 2001). The demand for full-time child care was reviewed, bills were introduced into parliament, politicians and authorities were courted. In 1966, public grants to full-time child-care centres doubled to encourage expansion and improve the quality of care. The grants did stimulate expansion, and the number of places for full-time care grew faster than the number of places for part-time care, which meant that policies shifted from support of part-time care and 'at-home mothers' to full-time care and working mothers.

While childcare centres were the most common form of child care, family day care homes were also of considerable importance and a cheaper and easier way to expand child care than to establish day care centres/preschools. The number of children in family day care homes expanded and reached a peak at the end of the 1980s, but has since declined almost every year (Skolverket 1998, pp. 13–14)³.

A contributing factor to the government's positive reaction to the demands

3 Skolverket is the National Agency for Education.

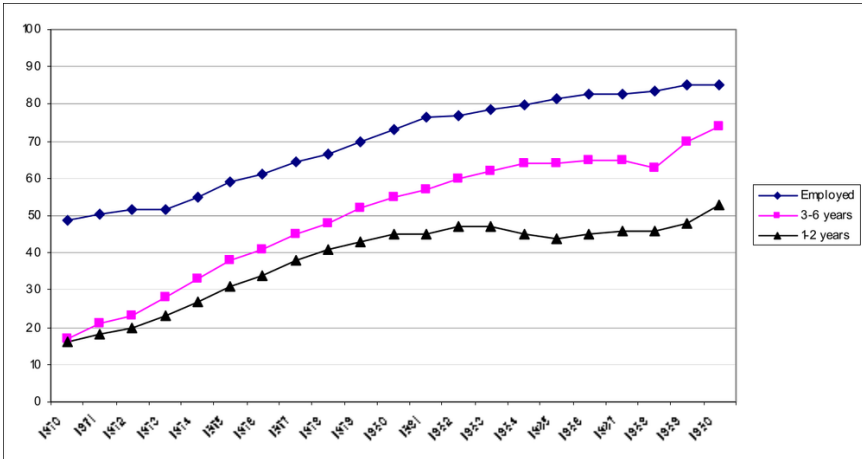
for publicly financed child care was the rather large number of women involved in political decision making, especially concerning social and family policy (Bergqvist 2001). However, it takes time to establish preschools and leisure-time centres, and the shortage of publicly funded child care remained a problem for a long time and parents had to rely on informal child care.

It is often assumed that the rise in mothers' employment in Sweden was more or less the result of an intensive gender equality policy and the expansion of public child care. However, as we can see from Figure 2.1, it would be more correct to describe the order of the development the other way around: mothers entered the labour market first and this created a demand for public child care. In 1970, about half of the mothers with preschool children (0–6 years) were employed, while only 16–17 per cent of the children were enrolled in public child care (see Figure 2.1).

The employment data underestimate the demand for child care since many mothers have more than one child, and there are mothers who study and children with special needs. On the other hand, the data overestimate the degree to which mothers are 'at work', since mothers on parental leave are regarded as being employed. Although publicly funded child care was not well developed, small children did not prevent their mothers from entering the labour market. Instead, child care was to a large extent arranged in the informal market (Nyberg 2000).

Between 1970 and 1990 the rate of employment of mothers with preschool children increased continuously. However, during the 1980s, the increase in the proportion of children in public child care stagnated. One reason for this, besides supply side factors, was the extension of parental leave. Parental leave was introduced in 1974, when it replaced maternity leave, which meant that the principal entitlement to leave following the birth of a child was no longer reserved for the mother, but could also be used by the father. At the beginning of the 1970s, maternity leave, and then parental leave, was set at six months per child. By 1975 the entitlement was lengthened to 7 months, in 1978 to 8 months, and in 1980 to 12 months. By 1990 parental leave had reached 15 months (Nyberg 2004). It was also possible to stretch out the parental allowance days, which meant that children were older when they entered public child care in 1990 than at the beginning of the 1970s. The length of the parental leave does not only affect the youngest children, but also older children as the parent on parental leave also cares for the older siblings of the new-born baby. However, in spite of the expansion of publicly financed child care, demand was still greater than supply in 1990.

Figure 2.1 Employment rate of mothers with children below the age of 7, and proportion of children 1–2 and 3–6 years in public child care between 1970–1990



Source: Mothers' employment – Labor Force Surveys (AKU); Children in public child care – Skolverket 1998, Table 2.

LEGISLATION

From a comparative perspective, the Swedish welfare state is often described as universal, but in practice many social benefits are related to labour market participation. The right to child care has typically been restricted to children whose parents were employed (or studying) or to children with special needs, that is, labour market participation or need have formed the basis for eligibility for public child care.

The expansion in public child care that took place in the 1970s was governed by state grants to the municipalities earmarked for child care. The aim then was to guarantee a uniform public childcare system that offered the same conditions throughout the country. During the 1980s a new philosophy was introduced: 'decentralization' became the word of the day and decision making was transferred from the state to the municipalities. In 1993, therefore, program-specific state grants for child care were replaced by block grants (Bergqvist & Nyberg 2001, 2002).

In 1985 the Swedish Parliament decided that all children aged between 18 months and school age with working or studying parents or children with special needs were to be entitled to a place in public child care by 1991. But the municipalities were only obliged to include the expansion of child care in their

plans, which meant that in reality the growth in the number of places was too slow in relation to demand, as seen in Figure 2.2. Therefore, in January 1995, new legislation came into force specifying the municipalities' obligations to provide preschool activities and child care without unreasonable delay, meaning within three to four months of a parent applying for child care. A place must be offered as close to the child's home as possible and with reasonable consideration being given to the parents' wishes (Skolverket 2003a, p. 13).

Another change in the 1990s came when the non-Socialist parties opened up the way for government subsidies to go to profit-making childcare services. Although the Social Democrats had opposed this, they did not change this decision when they returned to power in 1994. Privately organised (but publicly regulated and financed) child care has become ever more common since then. The proportion of children in privately organised preschools increased from 5 per cent in 1990, to 15 per cent in 2000 and to 17 per cent in 2005 (Skolverket 2006, Table 1.5). However, many children in so-called private preschools are in preschools run by non-profit organisations. This is partly a legacy from the 1980s, when parents set up parent cooperatives – which could already at that time receive subsidies – as a response to the lack of places in public child care. Parent cooperatives are still the most common form of private preschools (44 per cent), but there are also preschools run by companies (22 per cent), employee cooperatives and other organisations. However, if looking at the proportion of children in different forms of preschools, slightly more children were found in company preschools than parental cooperatives in 2005. Privately run leisure-time centres are less common. Fifteen per cent of the leisure-time centres are privately run and 9 per cent of the children attend them (Skolverket 2006, Table 1.15 A).

A step towards universalism in child care was taken in July 2001 when the municipalities were obliged to offer child care to children of unemployed parents for at least 15 hours per week. This obligation was extended to include children of parents on parental leave with another child, starting January 1, 2002. In addition, preschool activities for four and five year olds were introduced on January 1, 2003, consisting of 15 hours of child care per week free of charge.

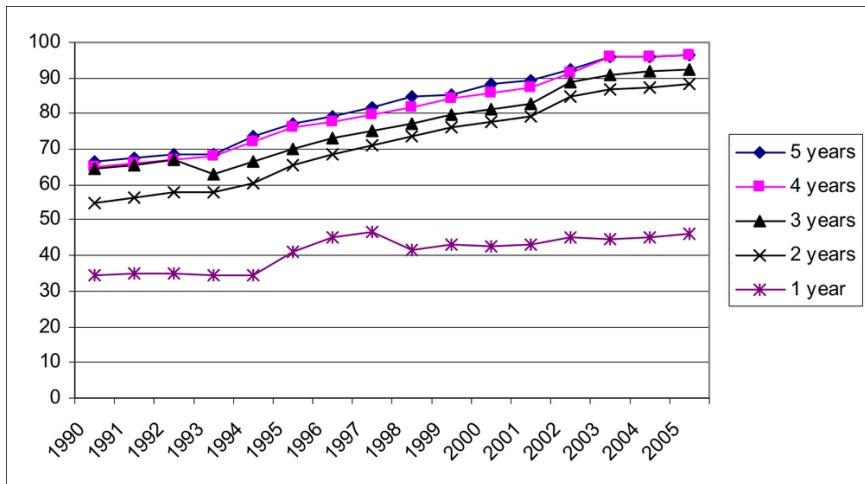
THE SUPPLY OF PUBLIC CHILD CARE

Today almost all children aged one to 12, have the right to public child care. This, however, does not necessarily mean that the supply is large enough to meet the demand. Legislation has to be accompanied by resources to make expansion possible. As demonstrated in Figure 2.1, the supply of child care has hardly ever matched demand, so not all employed or studying parents, who were entitled to public child care, have had access to the child care they needed. Waiting lists have been long and parents have had to make their own childcare arrangements

in the informal sector (Nyberg 2000).

More rigorous legislation coupled with a mini baby boom around 1990 resulted in a substantial increase in the demand for public child care. In spite of the economic crisis, the number of places for children in public child care increased dramatically. Figure 2.2 shows the change in the proportion of children attending public child care in different age groups. As can be seen, the proportion of 2, 3, 4 and 5 year olds increased from 55–65 per cent in 1990 to 89–97 per cent in 2005. Hardly any children below the age of one are in public child care since they are at home with a parent on parental leave. This is also true for a large proportion of the one year olds since parental leave is longer than 12 months, and can be spread out over a longer period of time.

Figure 2.2 Proportion of children aged 1–5 years in public child care (preschool and family day care homes), 1990–2005



Source: 1990–1993 calculated from data on the number of children enrolled and the number of children in each age group in *Statistisk årsbok*; 1994–1999 calculated from *Skolverket 2000a Table 1.4 B and Table 1.10 B*; 2000–2005 calculated from *Skolverket 2006a Table 1:4 and Table 1.11 B*.

A very large proportion of six year olds (not seen in the diagram) were in public child care in 1990. However, during the 1990s, activities for six year olds were integrated into school activities. The preschool class has become a kind of school of its own and virtually all six year olds today are in preschool classes and leisure-time centres. Since 1991 children have been able to start school at the age of six, but few children do so – around 4 per cent in 2000 (*Skolverket 2000c, p. 22*).

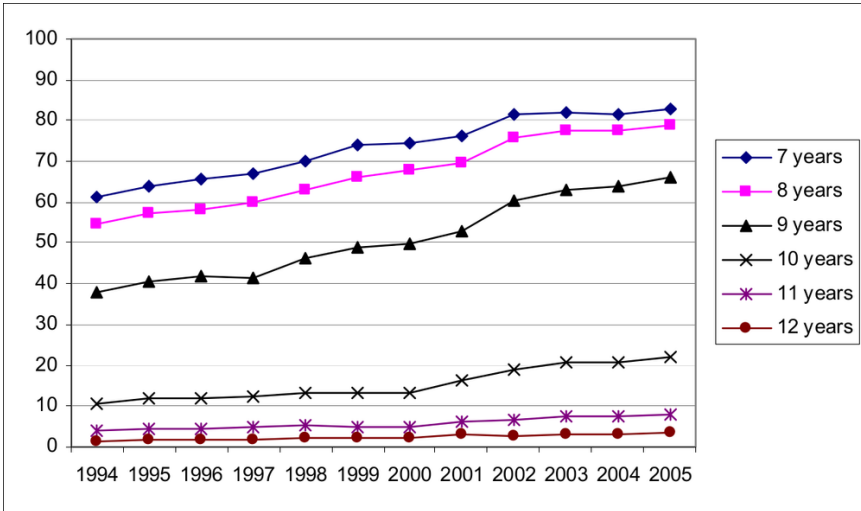
Towards the end of the 1990s, the demand for public child care for children of working or studying parents was more or less met, but there was still an unmet demand. As already mentioned, at the beginning of the 2000s, the right to child care was extended to cover the children of unemployed parents, the children of parents on parental leave and all four and five year olds for at least 15 hours a week. Of children aged between one and five with a parent on parental leave 29 per cent were in preschool in 1999, by 2005 this figure had doubled to 59 per cent (Skolverket 2006b, p. 2). A relatively large share of the children of unemployed parents went to preschool even before the change in legislation in 2001. The municipalities' rules were considerably more generous for these children than for children of parents on parental leave. But unemployed parents have also exercised their new right to a place for their children in preschool. In 1999, 58 per cent of all children between one and five years of age of unemployed parents went to preschool; in 2005 the proportion was 81 per cent.

The municipalities are also obliged to provide a place in public child care for school-aged children without unreasonable delay. This is the case until the child is 12 years old if the parents are working or studying or if the child has a special need. Care is offered before and after the school day and during vacation time. Leisure-time centres are today often in or close to school buildings, which means that parents do not have to arrange transport for the children between the school and the leisure-time centre (Knijn et al. 2005).

The number of children in leisure-time centres has increased considerably since the beginning of the 1990s (see Figure 2.3). The proportion of 7 and 8 year olds has increased from 55 and 61 per cent to 83 and 79 per cent respectively and among the 9 year olds from 38 to 66 per cent. Older children are seldom found in public child care. Also the municipalities have started to accept school children with parents on parental leave and unemployed parents. Many children also have parents who are on long term sick leave (Skolverket 2005c, p. 29).

In the 1970s and 1980s child care usage was influenced by the educational level, ethnicity and civil status of parents: the higher the educational level of parents, the more common it was for their child to be in preschool. Children of parents born outside Sweden and children of cohabiting parents were less likely to be in preschool than children of Swedish parents and single parents. While these differences have now almost disappeared and almost all children are in preschool, some differences still exist. Children of parents with a university education spend about three hours more per week in child care than children whose parents only have a nine-year compulsory school education and they are also more often in child care run by parental cooperatives. Children of parents with lower education are more often found in family day care than children of parents with higher education (Skolverket 2000b).

Figure 2.3 Proportion of children 7–12 years in public child care (leisure-time centres and family day care homes), 1994–2005.



Source: 1994–1999 calculated from Skolverket 2000a Table 1.10 B and Table 1.14 B; 2000–2005 Skolverket 2006a calculated from Table 1.11 B and Table 1.15 B.

Since not all children 7–12 years of age are in public child care, the differences are bigger among children in leisure-time centres. It is much more common that the child is in a leisure-time centre when the parents have higher education and both are born in Sweden, than if the parents have a lower educational level and the parents are immigrants. School children not in public child care are either at home by themselves or together with a parent (Skolverket 2005c, p. 30).

In a study conducted in 2005, parents were asked if they were satisfied with their childcare situation. Ninety three per cent of the parents with children 1–5 years of age were satisfied and 7 per cent were not satisfied with their child care. Of those not satisfied around half (3–4 per cent) said they would rather their child be in preschool, and around one fourth (1–2 per cent) reported they would rather stay home with the child (Skolverket 2006b, p. 36). The result was similar for parents of children in leisure-time centres. Very few children are permanently at home with an ‘athome parent’ – only about 2 per cent.

Given the economic downturn of the early 1990s and the cost cutting and retrenchments that marked the Swedish labour market at that time, we might have expected to see a decline in the supply of public child care. However, as shown above, the proportion of children in preschool and in leisure-time centres grew during the 1990s. This leads us to ask what happened to accessibility, quality and

parent's fees in child care.

ACCESSIBILITY

One aspect of accessibility is how long it takes before a child can get a place in public child care. Since 1995, the municipalities have been obliged to supply a place in child care 'without unreasonable delay', meaning within three to four months. The first year after the legislation 80 per cent of the municipalities could offer a place within that time frame, the corresponding figure in 2005 was 98 per cent. This is the case both in preschools and in leisure-time centres (Skolverket 2005a, pp. 9, 26).

Another aspect is opening hours. To facilitate parents' working life, child care should offer a continuous service covering the whole working day and continuing beyond usual working hours in order to give parents time to get to the childcare centre. Shorter opening hours could force parents to work shorter hours or find informal solutions to complement formal child care. I have only been able to find data on opening hours for three years: 1996–1998 (Skolverket 1999a, Table 1.6). The report shows that a very large proportion of preschools (around 90 per cent) are open 10–12 hours per day. However, it also shows that this share decreased between 1996 and 1998 and that privately run preschools had shorter opening hours than those run by the municipalities. In 2003, 52 per cent of municipalities could also offer night-open childcare centres to the children of parents who work nights (Skolverket 2003b, p. 1). A large proportion of the other municipalities maintain that there is no demand for child care at night.

In 2005, children aged between one and five with employed or studying parents spent on average 32 hours per week in child care, which was the same as in 1999. In the leisure-time centres the children spent 17 hours a week there in 1999 and only 13 hours in 2005. Why the time in the leisure-time centres has become shorter is unknown (Skolverket 2006b, p. 3).

QUALITY IN CHILD CARE

Measuring the quality of child care is no easy task and there is no general agreement as to how this should be done. However, one possible way is by measuring the resources spent on child care on a per full-time child basis. Measured in this way, the cost per child in preschools decreased dramatically in the early 1990s, but then rose again during the latter part of the decade, and since 2002 has been above the 1991 level (Skolverket 2003c, Figure 1 and Figure 3; Skolverket 2005a, p. 29). As far as leisure-time centres are concerned, I have not been able to follow the development of the costs as far back as 1990. However, the cost per child was

about the same between 1995 and 2001 (Skolverket 2003c, Figure 4).

Changes in the funding per child in preschools are also reflected in the child/staff ratio, with a decrease in the funding being reflected in an increase in the number of children per staff. However, while the funding per child now exceeds the 1991 level, this is not reflected in the child/staff ratio. If the child/staff ratio is used as an indicator of quality in preschools, then quality has deteriorated. In 1990 there were 4.2 children per full-time worker and in 2005 the corresponding number was 5.2 (see Table 2.1). The situation has deteriorated more in the leisure-time centres. In 1990 there were 8.3 children per staff, the number had more than doubled to 18.6 children by 2005.

Group size is another indicator of resources and quality. The average number of children per group also increased: in preschools from on average less than 14 children in 1990 to 17 in 2005. In the leisure-time centres the average number of children grew from less than 18 to almost 31 during the same period.

Another dimension of quality is the educational level of childcare staff: a higher level of education is usually taken to mean higher quality, but it also implies higher costs. Up until 1990 childminders made up the largest group of employees in preschools, but today university-trained preschool teachers form the biggest category in the municipality run preschools – 51 per cent in 2005, although in recent years the average educational level has decreased somewhat. In the leisure-time centres, the educational level is higher. In 1990 more than half of the leisure-time centre staff had a pedagogical university education. This proportion increased into the mid-1990s, but has since declined considerably. One reason for this might be the problem of finding employees with a suitable university education. Another might actually be the rise in the proportion of privately run preschools and leisure-centres. The educational level is lower here and also the number of children per staff and groups size is higher in privately run child care than in municipality run places. Parents seem to choose a preschool primarily because it is close to where the child lives, except for parental cooperatives, which the parents choose primarily because they want to have their child in a preschool run by parents (Bergqvist & Nyberg 2001, Table 6).

PARENTS' FEES

One way for municipalities to handle the financial situation in the 1990s was to try to keep costs down by increasing the number of children per staff member and group; another was to increase revenues by raising childcare fees. More and more municipalities also tied the size of the fee to the parents' income: 75 per cent of municipalities at the beginning of the 1990s and 90 per cent towards the end of the decade. In 1990 parents paid 10 per cent of the total gross costs of child care. By 2000 this proportion had increased to 19 per cent, that is, parents were pay-

ing a larger share of the costs. However, in 2002 a maximum childcare fee was introduced by the central government. This meant that a ceiling was set on the fees payable by parents for child care. One important reason for this was to level out the considerable differences in childcare fees between different municipalities; another was to lower the level of the fees and a third was to eliminate the marginal effects of childcare fees on parents' (mothers') income.

Table 2.1 Number of children per full-time staff and per group and the share of staff with a pedagogical university education, 1990–2005

	No. of children per staff		No. of children per group		Share of staff with university education	
	Preschool	Leisure-time centres	Preschool	Leisure-time centres	Preschool	Leisure-time centres
1990	4.2	8.3	13.8	17.8	?	52.0
1995	5.5	11.5	16.7	23.7	54.0	67.6
2000	5.4	17.5	17.5*	29.4**	54.3	60.8
2005	5.2	18.6	17	30.6	51.4	59.2

* 2001, ** 1998

Source: Column 2 – 1990 Skolverket 2003c p. 24, 1995 Skolverket 2000a Table 1.7 A, 2000 and 2005 Skolverket 2006a Table 1.8 A. Column 3 – 1990 Skolverket 1999b p. 10, 1995 Skolverket 2000a Table 1.15 A, 2000 and 2005 Table 1.16 A; Column 4 – 1990 and 1995 Skolverket 2005b p. 23, 2000 Skolverket 2005b Table 7, 2005 Skolverket 2006a Table 1.4 A; Column 5 – 1990 Skolverket 1999b p. 10, 1995 Skolverket 2005b Table 7, 2005 Skolverket 2006a Table 1.15 A; Column 6 – 1995 Skolverket 2000a Table 1.7 B, 2000 and 2005 Skolverket 2006a Table 1.8 A; Column 7 1990 Skolverket 1999b p. 10, 1995 Skolverket 2000a Table 1.15 A, 2000 and 2005 Skolverket 2006A Table 1.16 A

For the municipalities, the introduction of the maximum fee was voluntary. The municipalities that adopted the new system received compensation from the state for loss of income and to ensure childcare quality. In the first year, the maximum fee was implemented by all but two of the 289 municipalities. Today all municipalities apply the maximum fee.

The maximum fee means that the fee in the preschool cannot exceed 3 per cent of the household's taxable income for the first child, 2 per cent for the second child, 1 percent for the third child and nothing for the fourth. There is also an absolute ceiling for the fee. In Table 2.2 the fees in 2005 in preschools and leisure-time centres are shown.

Table 2.2 Fees per month in publicly financed child care (preschools, leisure-time centres, family-day-care homes), 2005

	Per cent of taxable income		Maximum fee SEK/AUD	
	Preschool	Leisure-time centres	Preschool	Leisure-time centres
Child 1	3%	2%	1260/223	840/149
Child 2	2%	1%	849/149	420/74
Child 3	1%	1%	420/74	420/74
Child 4	No fee	No fee		

Source: IFAU 2006 p. 9

Almost 60 per cent of the municipalities have a fee system without any intervals at all, while one quarter have two time intervals, one full-time and one part-time. After the introduction of the maximum fee, almost all families pay lower fees and in 2004 parents paid 8 per cent of the total cost for public child care (Skolverket 2005b, p. 29).

CONCLUSION

A combination of growing employment among mothers, a strong demand from the feminist movement and a relatively large number of women among politicians contributed to the positive reception and support of the demand for publicly financed child care by the government in the 1960s and 1970s. Strong arguments at that time revolved around gender equality and the right for all adults, including mothers, to support themselves.

The 1990s was a critical period for the Swedish welfare model as unemployment increased, budget deficits grew and neo-liberal ideas began to gain influence. In spite of these changes Swedish legislation gave more children the right to a place in publicly financed child care. By 2005 the children of employed and studying parents, children with special needs, children with unemployed parents, children of parents on parental leave, and all four and five year olds were eligible for public child care. Since the 1990s child care, in terms of preschools, has become more or less a universal right in Sweden. This is reflected in attendance statistics with both the number and proportion of children in public child care increasing steadily. The proportion of two to five year olds increased from 55–65 per cent in 1990 to 89–97 per cent in 2005. Also the share of children in leisure-time centres expanded. Parental fees have decreased as a result of the in-

roduction of a maximum fee and parents seem to be satisfied with child care. There has, however, been a decline in the quality of child care since 1990 reflected in the number of children per full-time worker and group size increasing – especially in leisure-time centres. Since the 1990s then, there has been a shift from problems of a shortage in quantity to problems in quality.

Child care has become more diversified in that more children today are found in privately run centres. However, it seems as if the quality in terms of average number of children per staff, group size and the level of the employees' education are lower in privately run child care than in municipality run, probably with the exception of parental cooperatives. Diversity in the way preschools are run has probably increased also among municipality preschools.

The continued expansion of publicly financed child care can be explained by the fact that political commitment to child care has objectives other than furthering women's employment and gender equality, and that the emphasis on the importance of different objectives has changed over time. One important objective of public child care since the 1990s has been the promotion of equality in children's opportunities. This mirrors an increased focus on support for children's development, the education of children and life-long learning. Preschool has become the first step in the education system as a growing number of children have been included in the system which is now seen as an important part of a 'normal' childhood. The terminology has changed from nursery/day care to preschool. In 1996 the responsibility for public child care was transferred from the Ministry of Social Affairs and Health to the Ministry of Education and Science and a special curriculum has been developed for children one to five years of age.

The introduction of the maximum fee is another example of the shift in the public perception of the role of early childhood education and care. Public child care for all children is no longer seen mainly as a question of women's employment but as a necessary investment in human capital in a post-industrial, knowledge-intensive economy. As such, it is important that all children are given the opportunity to use these services since they further equality, not only between the sexes, but also between children of different classes, ethnicities, etc. Child care is today, to a greater degree, seen as education and as children's right rather than as women's (parents') right.

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3

Home and away: the policy context in Australia

Deborah Brennan

The policies that shape early childhood education and care (ECEC) in Australia are formulated within overlapping national and international contexts. Globalisation, the development of international law and the spread of electronic communication technologies all play a role in the rapid diffusion of ideas and practices to the broader policy community surrounding ECEC internationally. In recent decades ECEC has grown as a component of the in-kind service provision of all Western welfare states (Meyers & Gornick 2003). Women's rising labour force participation and government policies mandating 'workfare' rather than 'welfare' are important reasons for this. So, too, are ideas about the significance of the early years for the intellectual, social and emotional development of children. According to the Organisation for Economic Cooperation and Development (OECD), '... the education and care of young children is shifting from the private to the public domain, with much attention to the complementary roles of family and early childhood education and care institutions in young children's early development and learning' (OECD 2000, p. 9). This chapter provides an overview of the domestic ('home') and international ('away') contexts surrounding Australian child care and early education policy. The broad argument is that there is a lack of fit between the emerging international agenda around ECEC which is increasingly child-focused and the Australian Government's adult-centred, instrumentalist approach to ECEC which sees it as a service linked primarily to supporting workforce participation. The chapter begins with an overview of international developments and moves on to discuss the domestic policy framework established by the Coalition government since 1996.

INTERNATIONAL POLICY CONTEXT

The international policy context of Australian ECEC has several elements: the treaties and conventions to which Australia is a signatory; the observation and monitoring of domestic policy by international organisations (sometimes, but not

always, in the context of treaties and conventions) and policy developments in comparable countries. While none of these elements impose direct obligations upon Australia, all of them contribute to the broad context within which Australian policy is shaped and framed.

Australia has ratified two United Nations (UN) conventions that have potential relevance to child care: the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and the Convention on the Rights of the Child (CROC)¹. CEDAW provides an international framework for defining discrimination against women and sets out an agenda for national action to end such discrimination. Among other things, CEDAW calls upon parties to provide supportive services, including childcare facilities, to enable parents to combine their family obligations with paid work and full participation in public life. The inclusion of child care within the CEDAW framework establishes it as ‘an affirmative obligation of government rather than simply another policy option’ (Davis 2005, p. 177). The *Sex Discrimination Act 1984* gives partial effect to Australia’s obligations under CEDAW, but the focus of the Act is on direct discrimination against women in employment and the provision of services. The Act has not been interpreted as having any direct relevance to child care but there is potential for lobby groups to use the convention to push for an expansion of services. Regrettably, the Australian Government has not signed up to the part of CEDAW which calls on member states to provide paid maternity leave (Baird, Brennan & Cutcher 2002).

The Convention on the Rights of the Child is also relevant to Australian childcare policy. This convention requires parties to ‘render appropriate assistance to parents and legal guardians in the performance of their childrearing responsibilities’; it refers specifically to child care as one of these forms of assistance. Countries that have signed CROC are required to submit periodic reports to the UN Committee on the Rights of the Child. The Committee has no coercive powers; it can only ‘observe’ and ‘recommend’ (NCYLC 2002). Nevertheless, the ongoing requirement for the government to report to the International Committee on CROC means that there is at least some international oversight of Australia’s compliance with the provisions of the convention. This provides opportunities for local groups to bring pressure to bear on the government. Since ratification of CROC in 1990, Australia has submitted two reports (Australian Government 1995 and 2003) to the UN Committee on the Rights of the Child. Paralleling these official reports, non-government organisations have produced two ‘shadow’ reports providing alternative accounts of Australia’s compliance with CROC. The Australian Government’s record on child care has been one of

1 The International Covenant on Economic, Social and Cultural Rights is also, arguably, relevant to child care as a human right (see Davis 2005) but its provisions are beyond the scope of this discussion.

the issues of contention in both reports. In their most recent report, the non-government organisations argue that, contrary to the Australian Government's claim, access to good quality care is very limited in many areas, particularly for children under three years of age, and it is prohibitively expensive for low-income households (DCI and NCYLC 2005).

The effect of international treaties in Australia is limited unless specific legislation is enacted to give effect to their provisions; as we have seen, this has occurred (at least partially) in relation to CEDAW, but not CROC. *The Non-Government Report on the Implementation of the United Nations Convention on the Rights of the Child in Australia* (2005) notes in relation to CROC that 'The Australian Government has shown little interest in developing a domestic human rights regime to implement its ... obligations under international law, and has little economic or political incentive to do so in the present circumstances' (DCI & NCYLC 2005, p. xii).

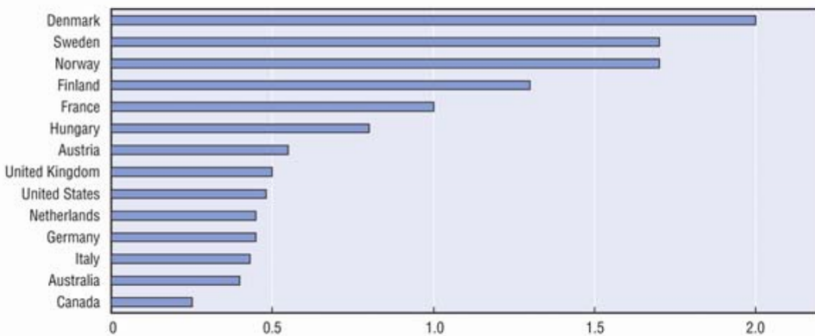
In addition to its UN commitments, Australia has ratified two International Labor Organisation (ILO) Conventions that are relevant to the broad policy area of work and family: ILO Conventions 156 and 165. ILO Convention 156 (Workers with Family Responsibilities) promotes equality of opportunity for workers with responsibilities for family members. Countries that sign the Convention are required to take account of the needs of such workers in community planning and 'to develop or promote community services, public or private, such as child care and family services and facilities'. ILO Convention 165 acts as a set of guidelines spelling out what parties should do in relation to the childcare and family services referred to in ILO 156 (Australian Government 2006). These responsibilities include 'ensuring that services meet the needs and preferences of the community and ensuring that they comply with appropriate standards' (ALRC 1994). The government claims that its responsibilities under ILO 156 are met, at least in part, through the Workplace Relations Act which 'aims to help prevent and eliminate discrimination on a range of bases including family responsibilities' (Australian Government 2006). While no child care initiatives have emerged directly from Australia's ratification of ILO 156 it remains an important contextual element in Australian ECEC policy.

Australia is also linked into international benchmarking and comparison through membership of the OECD. In recent years, the OECD has taken a growing interest in social policy matters including work/family reconciliation and early childhood education and care. In a series of reports entitled *Babies and Bosses*, the social policy division of the OECD has analysed the 'work/family reconciliation' policies of eight countries including Australia (OECD 2001). In addition, the Education Directorate of the OECD has produced two major reviews of ECEC entitled *Starting Strong* (OECD 2000; OECD 2006). The 2006 report showed expenditure on early childhood education and care in Australia to be significantly lower than many comparable countries (Figure 3.1).

The other important element of the international context for early care and education is policy development in comparable countries. While this is not the place for a comprehensive review of international developments in ECEC, several trends are worth noting. Writing about recent developments in family policy in Europe, Mary Daly has identified ‘a move towards granting children autonomous rights’ in relation to ECEC. Several European countries including Finland, Germany and Sweden guarantee each child a place in child care (Daly 2004, p. 139). Such measures place children at the centre of policy making and establish a personal relationship between the child and the state. In practice, of course, such rights are exercised in an indirect fashion, because they are taken up by parents on behalf of children. Nevertheless, framing ECEC services as the right of the child, rather than the parent, represents a considerable step forward in terms of children’s rights. According to Daly, Europe is now witnessing the development of a ‘children’s social policy’ as a result of three trends: increasing recognition of children as agents, growing interest in the wellbeing of children in their own right, and concerns about social sustainability (Daly 2004, p. 139).

Figure 3.1 Public expenditure on ECEC services (0–6 years) in selected OECD countries (%)

Figure 5.3. Public expenditure on ECEC services (0-6 years) in selected OECD countries (%)



Note: This figure is comprised of expenditure estimates, based on replies provided by country authorities to an OECD survey in 2004. The figures provided suggest that Denmark spends 2% of GDP on early childhood services for 0- to 6-year-olds, and Sweden 1.7%. These countries – and Finland – also allocate an additional 0.3% (approximately) to the pre-school class for children 6 to 7 years.

Source: OECD 2006, Figure 5.3

AUSTRALIAN POLICY CONTEXT

Although the international context is an important element framing national care and education policies, domestic policy remains overwhelmingly important in

most countries. This is certainly the case in Australia which is not part of any supra-national organisation (such as the European Union) capable of issuing ‘hard’ directives with which member states are required to comply. So, how does the Australian Government see its role and how has it framed the child care issue? In the lead up to the 1996 election, Liberal leader John Howard assiduously promoted the idea that Labor had neglected the single-income family, and spoke of his determination to swing the balance back in favour of ‘choice’. The year before his election as Prime Minister, Howard released a document outlining the ‘values, directions and policy priorities’ of a Coalition government. In a section entitled ‘Greater Choice and Security for Families’ it stated: ‘A Coalition government will move immediately to reduce the economic pressures on families (especially those with dependent children), to increase the opportunities open to them and to give them more genuine choices about how they live’ (Howard 1995, p. 36). Specific priorities included giving families ‘greater freedom to choose whether one parent cares full-time for their children at home or whether both are in the paid workforce’ and ‘address[ing] Labor’s current discrimination against parents who choose to remain at home to care for their children’ (1995, p. 36). The theme of providing support to families, especially two-parent families with a mother at home, had been a longstanding theme in Howard’s public career and ‘choice’ has been central to the government’s construction of a range of policy issues, including family taxation, child care and maternity leave. The reality of ‘choice’ under the Howard government has been scrutinised by numerous analysts (Apps 2002, 2004; Cass & Brennan 2003; Gittins 2004; Hill 2006). In relation to tax and welfare policies there is broad agreement that, far from increasing choice, the government has put in place strong workforce disincentives for women in low and middle-income families who are outside the social security system. (The situation is quite different from those in receipt of income support payments through Centrelink. Parents in this situation are compelled to seek part-time work regardless of their personal preferences or ‘choices’.)

Interestingly, there is no similarly agreed interpretation of childcare policy. Despite the fears of activists and childcare supporters, expenditure on child care has grown significantly under the Howard government. In the last year of the Keating Labor government approximately \$555 million was allocated to childcare services; in 2005, the figure was \$1.8 billion (FaCS 2006) There has been a corresponding increase in the number of places in federally supported child care and a significant expansion in the number of children with access to formal care. In 2002, 44.5% of 0–4 year olds used some type of formal child care, compared with 36.6% in 1996. And the proportion of children attending long day care has more than doubled in this period, from 13.2% in 1996 to 22.7% in 2002 (ABS 2002). Many criticisms may be levelled at the government’s childcare policy, but failure to expand the long day care sector is not one of them. The critical issue is the *nature* of that expansion: the reliance upon private, for-profit providers, and

the impact of this upon standards and quality within the sector.

THE DEMISE OF COMMUNITY BASED CHILD CARE AND THE RISE OF 'FOR-PROFIT' CARE

From the late 1970s until the early 1990s, Australia developed a unique approach to long day care services. This approach, deeply influenced by the advocacy of feminist organisations and trade unions, involved direct government subsidies to non-profit care, and combined this with community management at the local level. From the early 1990s onwards, however, as governments increasingly adopted neo-liberal strategies to accommodate globalisation and concerns about 'big government', the federal government's policy orientation moved away from the establishment of new services, and towards a demand-side approach – providing assistance to families to help with their child care fees. Women's groups and community childcare organisations strongly opposed this policy direction, arguing that the profit motive in child care was incompatible with high quality service provision. In the lead-up to the 1996 election, the Liberal Party made specific commitments to address 'Labor's child care failure'. These included retaining the operational subsidy for non-profit, community based centres, establishing a national planning framework to guide the development of new services, and extending of the accreditation system to family day care, out of school hours care and occasional care. Just days before the election, David Kemp, the Shadow Minister for Employment, Training and Family Services, wrote to the Australian Early Childhood Association assuring them of the Coalition's 'continuing support for the community-based long day care sector'. To drive home the point, he elaborated, 'we regard the operational subsidy as one of the key supports of that sector. The Coalition has no plans whatever to change the operational subsidy' (Parliament of Australia SCAC 1996).

Despite this commitment, the Coalition government abolished operational subsidies for community based long day care centres in its first budget – the same budget that ushered in the family tax initiative to bolster the incomes of stay-at-home mothers. The message from this early budget was that the 'choice' for parents who wished to access non-profit child care was not as important as the 'choice' to withdraw from the workforce. The budget also contained cuts to childcare assistance, imposition of a means test on the childcare cash rebate and withdrawal of funding for 5500 new centre-based places scheduled to be built over the next few years. These measures paved the way for a radical restructuring of the long day care component of the Australian child care system. The federal government gave strong encouragement to the private sector, allowing it to establish centres wherever it chose (regardless of any planning principles) and extending subsidies to users of the services.

The generous terms on which federal subsidies were extended to the private sector rapidly brought new players in to the market. ABC Learning became incorporated as a public company in 1997 and listed on the stock exchange in 2001, signalling a new phase in the Australian childcare industry. It was followed by Child Care Centres Australia, FutureOne and Peppercorn. Other companies, including Hutchinson's Child Care Services and Childs Family Kindergartens, listed on the stock exchange in 2004 and 2005 respectively. Prospective investors were advised that '[t]here are few other businesses where as much as 75 per cent of gross income is payable monthly in advance to the operator' (Loane 1997, p. 252).

The corporatisation of Australian child care has yielded immense profits for some individuals and companies. ABC Learning recorded a \$38.07 million half-year profit in early 2006 – more than double the \$14.27 million for the same period in the previous year. It forecast a full-year profit of \$88 million on its Australian and New Zealand centres alone, with additional earnings to be derived from its acquisition of the Learning Care Group (LCG) in the USA. LCG is the third largest child-care company in the USA, with 460 centres in 25 US states (Ambler 2006). In 2006, average earnings per centre (before interest and tax) for ABC Learning were projected to be \$180 000 (Fraser 2006). ABC shares have grown in value twenty-fold since the company floated in 2001, taking its capitalisation to \$2.5 billion (Wisenthal 2006). The shift to the private sector has undoubtedly resulted in a rapid expansion of long day care places. However, there are indications of downward pressure on standards and quality. As community child care has declined as a percentage of all federal services, pressures to reduce licensing standards and to abandon the existing system of accreditation in favour of industry self-regulation have intensified. When state regulations have been under review, private childcare lobby groups have intervened. Challenges by corporate providers were made to the Queensland regulations concerning staffing during lunchtime and during breaks (Horin 2003). Corporate providers are, of course, legally obliged to maximise profits for their shareholders. If regulations governing staff qualifications, group sizes, adult/child ratios and basic health, nutrition and safety requirements are seen as barriers to profit, then at least from a business perspective it may be quite appropriate to try to reduce such 'costs' (Teghtsoonian 1993).

INADEQUACIES OF REGULATION AND QUALITY STANDARDS

There are a number of concerns about the role played by major corporations in child care; the major one is the relationship between profit-making and service quality. Private profit-making is not acceptable and is not permitted in the school

education sector (indeed, when one major corporation tried to move into the area of school education, the Queensland Government moved quickly to forestall such a move.)

Recent research conducted by the Australia Institute (Rush 2006) suggests that, based on reports by staff, the poorest quality care is being provided in child care centres that are part of corporate chains. Independent private centres offer a level of care that is similar to community based, non-profit centres. On the critical issue of staff members' own perceptions of their ability to form relationships with children, community-based and independent centres performed significantly better than the corporate chains, with about half the staff from the former two types of care agreeing that they always have time to develop individual relationships, compared to only a quarter at corporate centres (see also Chapter 8).

There is evidence from the survey that corporate centres are cutting costs in order to improve profits. Less than half the staff in corporate care felt that children are supplied with adequate, nutritious food, compared with around three-quarters in the other two types of care. Forty per cent of community-based, non profit services operate with more than the minimum number of legally required staff, compared with fourteen per cent of the corporate chain centres (Rush 2006, p. 8).

PLANNING ISSUES AND GAPS IN SERVICE PROVISION

One of the major issues in the provision of early childhood services is the lack of detailed, consultative planning. Macro level data are available from the Australian Bureau of Statistics, but local level planning is noticeably absent. Rudimentary data are available in respect of outside school hours care, family day care and in-home care, since existing services are asked to record the number of places requested. The Department of Family and Community Services and Indigenous Affairs does not measure unmet demand for long day care. Thus, the one service type in respect of which *no planning* occurs is long day care – the service which accounts for the largest share of the child care budget and the biggest number of child care places. In respect of long day care, the market literally rules. Private providers can establish services wherever they wish and, so long as those services become part of the Quality Improvement and Accreditation System, users of these services will be eligible for Child Care Benefit (CCB).

As might be expected from the substantial growth in services discussed above, there is evidence that demand for additional services is slowing down. ABS Child Care surveys conducted in 1993, 1996, 1999 and 2002 showed a steady decline in the number of children requiring additional (or some) formal care. In 1993, formal care was required for 279 000 children aged 0–4; in 2002,

the corresponding number was 106 400. A similar drop was recorded for children aged 5–11 years. More than 210 000 children in this age group required formal care in 1993, compared with 68 000 in 2002 (ABS 2002, p.18). However, closer scrutiny of these figures shows that the pressure remains on particular forms of care and that the availability of services varies according to geographical location and the age of the child. The main pressure points and areas of under-provision continue to be the outer suburbs of large cities, rural and regional areas and services for children below the age of three (NACBCS 2004).

THE COST OF CHILD CARE

One of the most politically sensitive issues in the current child care debate is the cost of care to parents. The Australian Government provides Child Care Benefit (CCB) to reduce the costs that parents face in using approved care.² Up to 50 hours of CCB is payable if parent(s) meet a work test, and 24 hours CCB is available to other families. The amount of CCB depends upon various factors including family income, the ages of children in care and the number of hours of care required. At the extreme, a family with an income below \$34 300 (including those on income support) may be eligible for up to \$168.50 per week. The CCB tapers down to about \$25 per week for the 10 per cent or so of families with combined incomes over \$108 000. Thus, \$168.50 is the maximum CCB available to a low-income family and \$25 is the maximum for a high income family. However, these levels of subsidy are payable only in respect of children below school age who attend the service for 50 hours per week. In 2005, the median number of hours spent in formal care was 10 (down from 11 in 2002) and less than three per cent of children were in long day care for 50 or more hours per week. The proportion of children from low-income families who attend child care for 50 hours and thus attract the maximum subsidy is likely to be miniscule – particularly since families must pay the difference between CCB and the actual fee charged by the service.

Child Care Benefit is structured to give the highest dollar value to low income families, but families are required to meet the difference between CCB and the actual fee charged by the service, which, in some instances, can be considerable. Childcare fees vary from state to state and between private, for-profit care

2 'Approved care' refers to services approved by the Australian Government to receive CCB on behalf of families. Such services can include long day care, family day care, in home care, outside school hours care and occasional care services. Families can also claim the minimum rate of CCB if their child attends 'registered care'. This can be care provided by grandparents, relatives and friends – so long as they have registered with the Family Assistance Office.

and community based care (see Table 3.1) but the average fee in private long day care in 2004 was \$208, leaving a gap of \$82 per week, on average, for families using full-time child care. Again, however, it must be emphasised that very few families *are* in fact using full time care. Fees and costs are not the same.

Table 3.1 Long day care centres, average weekly fees, 2004

STATE	Private	Community-based	Family day care
	\$	\$	\$
NSW	222	228	195
VIC	204	209	180
QLD	195	186	172
SA	199	197	186
WA	196	194	192
TAS	209	195	200
NT	188	180	181
ACT	229	225	217
Australia	208	211	185

Source: FaCS 2005, Tables 4.1.3, 5.1.3, 6.1.1

During the 2004 election campaign, the government announced an additional measure, the Child Care Tax Rebate (CCTR) to assist working parents with their child care costs. CCTR was presented as a 30 per cent rebate on out-of-pocket child care costs (that is, child care costs minus Child care Tax Benefit). After the election, the Treasurer announced that a cap of \$4000 would be applied and that the CCTR would not be claimable until 2006. In other words, parents would have to wait for up to two years to claim this benefit. The administrative and record-keeping requirements of the CCTR are complex. The CCTR is based on completely different principles to CCB: it is designed to provide the highest benefits to those with high childcare costs – and, since high child care costs are strongly correlated with high incomes, it is clear which families will benefit the most (see Table 3.2). Further, the CCTR is *only* available to offset tax, so low-income families will miss out if the amount for which they are eligible is greater than their tax bill. Partnered women can transfer any unused portion of the rebate to their partners; single mothers have no such option. The CCTR has been criticised from many quarters; it seems plain that it is not intended to address the problem of childcare affordability for those most in need, rather it is a response to

intense lobbying from those who represent families in the highest income bracket.

Table 3.2: Combined impact of CCB and CCTR at differing family income levels

Family ad-justed taxable in-come 0 \$	CCB re-ceived (per week) \$	Out of pocket amount \$	CCTR Re-ceived (per week equiva-lent) \$	Combined CCB and CCTR received (per week equivalent) \$	% of child care costs covered by CCB and CCTR
30 000	144.00	56.00	16.80	160.80	80.4
50 000	112.00	88.00	26.40	138.40	69.2
70 000	73.54	126.46	37.94	111.48	55.7
100 000	24.15	175.85	52.76	76.91	38.5

Source: Parliamentary Library

Note that these are notional, rather than actual, benefits. Families <\$30,000 who would receive \$144 in CCB, only receive this if they had a child in care for 50 hours per week (only 6 per cent of children meet this criterion) and the family was able to meet the difference between CCB and the actual fee charged by the service. The average CCB paid per child in 2003–2004 across all income groups was \$1,401 or \$28 per week.

CONCLUSION

Australian childcare policy operates within a complex web of domestic and international policy contexts. At the international level, Australia has signed up to a number of treaties and conventions which encourage substantial attention to ECEC. An emerging trend in European childcare policy is to see the child (rather than the parent) as the focus of policy. Although Australian policy makers are well-attuned to such international initiatives, they have made little impact on the direction of policy in this country. Despite record expenditure and the highest ever number of children in federally supported services, the sector lacks vision and direction; there are major concerns about quality and affordability and widespread anxiety about the hundreds of millions of dollars now being directed to corporate childcare chains. Australia's reputation as a nation with a system of high quality, non-profit care has been squandered.

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4

The new discrimination and child care

Patricia Apps

INTRODUCTION

Over the last decade a number of countries, notably the USA, the UK and Australia, have introduced new tax and welfare programs, or expanded existing programs, that have the effect of raising tax rates on the income of the second earner in the family. Examples include the earned income tax credit (EITC) program in the USA,¹ the child tax credit (CTC) and working tax credit (WTC) programs in the UK, and the Family Tax Benefit (FTB) system in Australia. Since the second earner is typically the female partner, these programs also have the effect of increasing the net-of-tax gender wage gap. Many of the same countries have poorly developed, high-cost child care sectors, and so reducing the net wage of the second earner can make child care unaffordable from her net earnings. In a recent paper (Apps 2006a), I referred to this phenomenon as the ‘new discrimination’. Unlike the ‘old discrimination’, which took the form of lower gross wage rates and poorer opportunities for women in the labour market, the new discrimination is located in government policy.

This paper investigates the extent to which the second earner in Australian families has become subject to this new discrimination. The analysis compares effective tax rates on primary and second incomes and identifies the changes introduced in the 2006–07 Budget. A key finding of the study is that second earners in families on less than average wages now face the highest average tax rates in the economy. This outcome is identified as a consequence of a series of changes in four key policy instruments used by government to set tax rates on family incomes: the personal income tax schedule, Family Tax Benefits, the Medicare Levy and the low income tax offset.

Changes in these policy instruments under the Howard government have introduced a major restructuring of effective rates on the incomes of married cou-

1 See Ellwood and Liebman (2000) and Eissa and Hoynes (2005) for studies that identify the changes in effective tax rates introduced by these programs.

ples with children. Second earners, at any given level of income, no longer face the same marginal and average tax rates as primary earners, as they would under a progressive individual income tax. Instead they face much higher marginal rates, and therefore much higher average rates, from the first dollar earned, consistent with a system of joint taxation. As a result, a two-earner family working long hours in the market can pay close to the same amount of tax as a single-earner family with the same income and one parent working full-time at home. This is a defining feature of joint taxation.

A central assumption of the argument for joint taxation is that the combined income of parents provides a reliable measure of family living standards and, therefore, that distributional effects can be assessed on the basis of tax burdens as a percentage of family income. A recent example is the OECD's (2006) comparisons of tax burdens as a percentage of the combined gross wage earnings of couples.² This is a mistake. Combined earnings do not provide a reliable measure of living standards unless households with the same gross wage rates and family responsibilities make the same labour supply and domestic work choices. The data show they do not.

Household survey data indicate a very high degree of heterogeneity in the labour supply of married mothers across seemingly identical families. In fact, the distribution tends to be bimodal. In a large proportion of families, the mother works fulltime at home providing child care and related services, and in an almost equally large proportion she works full-time in the market using her income to buy-in substitute services.³ A young family in which both parents work full-time to earn, say \$80 000 per annum, cannot be considered to have the same standard of living as another in which one parent alone can earn \$80 000 in the market while the other works full-time at home.⁴ A tax system that imposes equal burdens on these families is unfair. When the work choices of parents vary in this way, a progressive individual income tax system is required for fairness in the treatment of families with the same standard of living, and of those with varying living standards, that is, for horizontal and vertical equity.

It is also well established that individual taxation is superior to joint taxation for efficiency reasons. Extensive empirical research indicates that the labour supply of married mothers tends to be more responsive to a fall in the net wage than that of prime aged males. The result has a straightforward explanation. After the

2 See Tables III.5c, p.92, III.6c, p.95, and III.7c, p.98.

3 For a life cycle analysis that shows this using Australian data see Apps and Rees (2003).

4 The argument against this proposition implies two key assumptions: that a parent working full-time at home caring for young children is unproductive and her life of leisure is supported by an altruistic hand-out from her husband equal to half his income.

arrival of the first child, home production, in particular home child care, becomes a close substitute for market alternatives. As a result, the labour supply of the parent with the lower wage becomes more highly responsive to a fall in the net wage because it reduces the implicit price of services produced at home relative to the price of the market alternatives. In other words, high effective tax rates on the second earner create a large wedge⁵ between the market and home price of child care,⁶ and can therefore be expected to have a strong negative effect on female labour supply and, in turn, on the tax base and overall efficiency of the economy. This is consistent with the well-established Boskin and Sheshinski (1983) result on the taxation of couples – an individual tax system with lower marginal rates on married women as second earners is required for efficiency.⁷

The chapter is organised as follows. Section 2 uses data for a sample of ‘in-work’ families drawn from the Australian Bureau of Statistics (ABS) 2003–04 Survey of Income and Housing (SIH) to show, first, the extent to which low and average wage families working long hours can be misrepresented as high wage earners according to a welfare ranking defined on household income. Section 3 goes on to identify the distribution of tax burdens across single and two-earner families, and the effective rates that apply to the incomes of primary and second earners, using the same data set. The section also presents results for the changes introduced in the 2006–07 Budget. A concluding comment is contained in Section 4.

HOUSEHOLD INCOME – AN UNFAIR TAX BASE

Household income, with or without an equivalence scale adjustment, is a seriously misleading measure of family living standards because it omits the implicit income from household production. Studies that attempt to assess the distributional impact of a tax reform based on changes in net household income can be shown to imply a model of the family that ignores two empirically important observations: (i) that household production, and especially home child care, becomes a close substitute for bought-in market services after the arrival of the first

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- 5 See Jaumotte (2003) for estimates of the ‘tax wedge’ for OECD countries, calculated as the ratio of the effective tax on the second earner’s income and the tax she would face as a single individual with the same income.
 - 6 As does high-cost, for profit, child care in an imperfect capital market (see Apps and Rees, 2003).
 - 7 The Boskin and Sheshinski analysis is an application of the Ramsey pricing rule: for efficiency, effective tax rates should be related inversely to (compensated) wage/price elasticities. For a more recent empirical analysis which comes to a similar conclusion, see Feldstein and Feenberg (1996).

child, and (ii) that there is a high degree of heterogeneity in the labour supply of married mothers across families with the same earning capacities and demographic characteristics (see Apps & Rees 1999, 2005).

The second observation – heterogeneity in market versus domestic work choices – is central. If families with the same wage rates and demographic characteristics were observed to make the same time allocation decisions, then, all else being equal, household income could be found to be strongly correlated with wage rates, and therefore with living standards. However, with heterogeneity in the labour supply of one parent, this is no longer the case. Moreover, the problem of ‘ranking errors’ becomes especially serious when, as the analysis to follow will show, the profile of primary wage earnings for full-time work is relatively flat across the middle of the distribution and then rises sharply at the top.

The analysis is based on data for a sample of 1945 two-parent families from the ABS 2003–04 SIH survey selected on the criteria that the family is a couple income unit with dependent children and at least one parent is employed and earning above \$15 000 per annum. These criteria exclude very few records. Less than a quarter of one per cent of two-parent families reports both parents as unemployed.⁸ The sample is also limited to families with earnings principally from wages and salaries and with non-negative incomes from earnings, investments and unincorporated enterprises. All incomes reported in this section are indexed to the 2006–07 financial year.

The parent with the higher private income is defined as the ‘primary earner’. Private income, as defined by the ABS (2005), is income from all non-government sources such as wages and salaries, profits, investment income and superannuation. The primary earner is the male partner in 87 per cent of records and therefore in much of the discussion to follow the second earner will be referred to as the female partner.

Table 4.1 reports the incomes and employment status of primary and second earners across a quintile ranking of families defined on primary income.⁹ From the table it can be seen that 93.4 per cent of primary earners are employed full-time and 6.6 per cent are in parttime work, reflecting the fact that there is very little variation in the labour supply of working age males. This contrasts with a high degree of heterogeneity in the labour supply of working age females, as indicated by the widely varying full-time and part-time employment rates within each quintile. Of second earners, only 29.7 per cent are in full-time work and 36.4

8 Of male partners in all two-parent families, 83.6 per cent are in full-time work, 6.7 per cent are in part-time work and 2.5 per cent are unemployed. Of married mothers in the same sample, 27.9 per cent are in full-time employment, 37.6 per cent are in part-time work and 2.3 per cent report being unemployed.

9 Note that asset income is given by the difference between income and earnings and, on average, contributes little to family incomes except in the top quintile.

per cent in part-time work. The remainder – over a third – is not in the workforce.

Table 4.1 Quintile distribution of 'in-work' families by primary income

Quintile	1	2	3	4	5	All
<u>Primary earner</u>						
Primary income \$pa	31 004	43 680	54 445	67 417	120 055	63 447
Primary earnings \$pa	30 739	42 972	53 831	65 677	114 523	61 663
% employed full-time	84.6	94.1	94.0	97.6	96.9	93.4
<u>Second earner</u>						
Second income \$pa	11 736	18 888	21 203	24 701	26 862	20 670
Second earnings \$pa	11 185	17 809	20 560	23 344	22 978	19 159
% employed full time	25.4	34.6	32.2	30.8	25.6	29.7
% employed part time	29.9	34.4	37.4	42.2	38.1	36.4

Note the relatively flat profile of primary income and earnings across quintiles 2 to 4. Within each quintile we can expect considerable variation in the second income, given the variation in employment status. Thus, a ranking defined on household income could well place a two-earner family working long hours for relatively low wages near the top quintile, due to the relatively flat profile of primary earnings across the middle quintiles. To show this more clearly, Table 4.2 presents data means for the incomes and labour supplies of two household groups of equal size, labelled Type 1 and Type 2, defined according to hours worked by the second earner. Type 1 households are those in which the second earner's annual hours are below the median of the sample, and Type 2, those in which her hours are above the median.

Figure 4.1 plots the primary and second hours profiles of the two household types, and Figure 4.2, the corresponding earnings profiles. The figures show graphically the very large gap between the average hours worked by the second earner of each type, and the correspondingly large gap between average second earnings, within each quintile. In contrast to second earners, the average primary earner in both household types works almost the same hours and has similar earnings, reflecting similar gross wage rates, except in the top quintile. It is evident from these profiles that little of the variation in female labour supply can be explained by primary wage rates, other than in the top quintile. Nor can it be explained adequately by demographics. The average number of dependent children

in the Type 1 household is 2.0 and in the Type 2 household, 1.8.

Table 4.2 Quintile distribution by primary income and household type, 2006–07

Quintile	1	2	3	4	5	All
Type 1						
Primary earnings \$pa	30 701	43 254	53 971	66 044	123 004	64 016
Second earnings \$pa	3632	6542	8214	10 821	9755	19 159
Primary market hours pa	2058	2273	2326	2362	2544	2314
Second market hours pa	54	272	289	447	202	253
Type 2						
Primary earnings \$pa	30 779	42 705	53 685	65 258	105 287	59 193
Second earnings \$pa	19047	28494	33340	37655	37404	19159
Primary market hours pa	2132	2233	2269	2386	2508	2303
Second market hours pa	1754	1899	1949	1991	1873	1892

Figure 4.1 Family labour supplies by household type

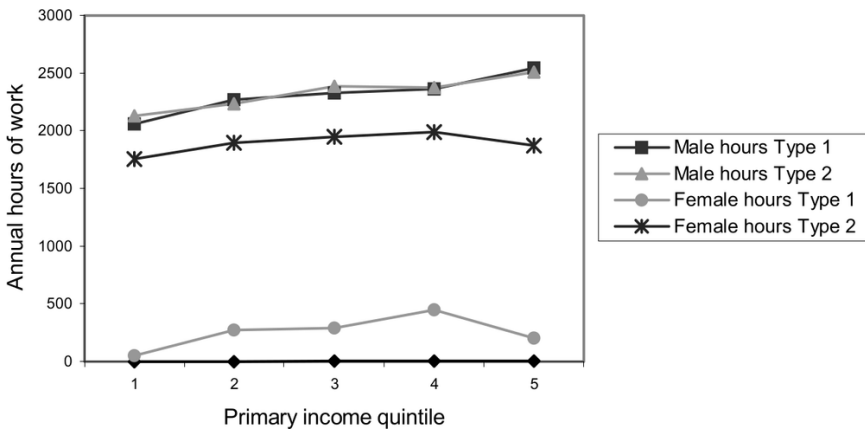
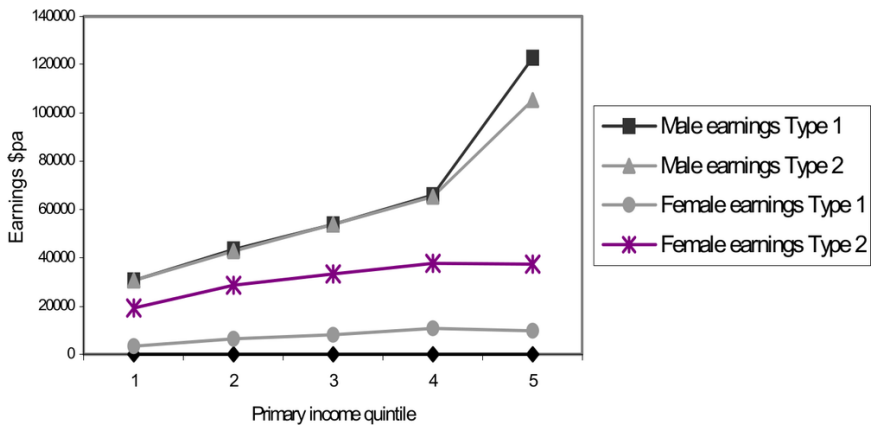


Figure 4.2 Primary and second earnings by household type



We know from time use data that mothers who withdraw from market work after the first child spend long hours providing home child care and related services that they would otherwise need to buy-in, unless they have access to an ‘extended family’ arrangement (see Apps & Rees 2003, 2005). It is therefore essential to take account of home production in a measure of family welfare, in order to avoid the potential for large ranking errors as indicated by Table 4.2. For example, the average joint income of Type 2 families in quintile 2 is close to that of Type 1 families in quintile 4, yet much, if not all, of the net-of-tax second income of a Type 2 family may be spent on bought-in child care. Under these conditions, primary income is likely to be a far more reliable indicator of family living standards.

To highlight further the potential for ranking errors of this kind, Table 4.3 presents the earnings profiles of Type 1 and Type 2 families, for a ranking by household income. The table also reports the quintile distribution of the household types and the hours they work. Over half of the two-earner families in the bottom quintile of primary income are shifted to a higher quintile, and only 30 per cent remain in the bottom two quintiles. It is evident from the earnings and hours profiles that a ranking by household income is driven by the market hours of the second earner, rather than by wage rates, and therefore indirectly by the omission of implicit income from home production in household income as the ranking variable.

Table 4.3 Quintile distribution by household income and household type

Quintile	1	2	3	4	5	All
Household income \$pa	37 057	57 841	74 557	94 332	15 3981	84 117

% type 2	24.4	35.4	52.4	67.4	63.6	50.0
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Type 1

Primary earnings \$pa	35 050	51 837	62 595	73 545	136 289	64 016
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Primary market hours pa	2118	2260	2362	2389	2563	2314
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Second market hours pa	56	226	430	471	286	253
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Type 2

Primary earnings \$pa	29 135	37 866	45 841	58 968	92 885	59 193
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Primary market hours pa	2132	2140	2284	2321	2452	2303
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Second market hours pa	1620	1809	1917	1904	2004	1892
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FAMILY TAX SYSTEM

We now turn to the structure of effective tax rates on the incomes of family members, due to the interaction of personal income tax with the FTB system, the low income tax offset and Medicare Levy. Marginal and average rates on primary and second earnings are computed for the sample of ‘in-work’ families described in the previous section, and reported for a ranking defined on primary income as in Tables 4.1 and 4.2. Results are presented for two financial years, 2005–06 and 2006–07, to show the impact of changes in the 2006–07 Budget on the distribution of the family tax burden between primary and second earners. All incomes are indexed to the relevant financial year.

Table 4.4 reports, in row 1, the amount of tax the representative family in each quintile would pay if the second earner did not go out to work.¹⁰ The figures therefore give estimates of the average amount of tax families would pay on primary earnings and asset income in each quintile, if second earnings were zero. The overall average is \$6648 per annum. The second row of the table reports the resulting average tax rate (ATR) on primary earnings and asset income. For the full sample, the ATR is 10.3 per cent. In other words, if all second earners withdrew from work, the overall average rate of tax on family income would be 10.3 per cent.

The third row of the table shows the tax on the income of the second earner, calculated for each record as the increment in the family’s tax burden due to her

10 All figures are weighted means.

participation in the labour market. The overall average is \$6266 pa. The final row gives the quintile profile of ATRs on second earnings. The overall ATR on the second income is 32.7 per cent, more than three times the ATR on primary earnings and asset income.

Table 4.4 Tax burdens on 'in-work' families, Budget 2006–07

Quintile	1	2	3	4	5	All
<u>All families – zero second earnings</u>						
Tax on income* \$pa	-7401	-1669	2929	8353	30 760	6648
ATR %	-23.6	-3.7	5.3	12.1	24.8	10.3
<u>Second earner</u>						
Tax on second earnings \$pa	3871	6314	6538	7197	7425	6266
ATR on second earnings %	34.6	35.4	31.8	30.8	32.3	32.7

* *Primary earnings and asset income*

These results indicate a very high degree of tax discrimination against the second earner. The average tax paid by the representative family in the sample is \$12 914, the sum of the amount paid as a single-earner family, \$6648, and the tax on second earnings, \$6266. Thus, if all families had only one earner or, equivalently, if all second earners withdrew from work, average tax per family in the sample would fall from \$12 914 pa to \$6648 pa, that is, by 48.5 per cent. This dramatic fall is due to very high effective ATRs on second earnings. ATRs on primary income, and therefore on the incomes of single-earner families, are not only low on average but highly progressive. We have a negative income tax up to the second quintile, with those in quintile 1 receiving a net transfer that averages \$7401 per annum. The ATR rises to 5.3 per cent in quintile 3, and to 24.8 per cent in quintile 5. This progressive taxation of primary incomes contrasts with the treatment of second earnings. Not only are ATRs on second earnings much higher, at over 30 per cent in all quintiles, the highest rate appears in quintile 2.

In an earlier paper I made the same calculation for the 2005–06 financial year using data for a sample of 'in-work' families from the earlier ABS 2002–03 SIH survey (Apps 2006b). The data for the sample of families selected for the present study, with incomes indexed to 2005–06, yield very similar figures. The results are presented in Table 4.5 in the same format as Table 4.4, showing in addition the changes in ATRs that flowed from the tax cuts introduced in the 2006–07 Budget.

The changes in ATRs reveal an especially interesting outcome of the

2006–07 Budget. The average family tax burden is computed as \$14 415 for 2005–06, and found to fall to \$8196 when calculated to exclude second earnings. This implies an effective average tax burden on the second earner of \$6219 per annum, which is 43.4 per cent of the overall average family tax burden. Thus, the changes in the 2006–07 Budget increased the *relative* share of the burden on the second earner, from 43.4 per cent to over 48.5 per cent – a rise of over 5 percentage points.

Table 4.5 Tax burdens on ‘in-work’ families, Budget 2005–06

Quintile	1	2	3	4	5	All
Panel 1						
Tax on income* \$pa	-6303	-92	4176	9560	33596	8196
ATR%	-20.4	-0.0	7.7	14.2	27.7	12.9
2006–07 change in ATR	-3.2	-3.7	-2.4	-2.1	-2.9	-2.6
Panel 2						
Tax on second earnings \$pa	4286	5940	6285	7175	7411	6219
ATR%	39.1	34	31.2	31.4	32.8	33.1
2006–07 change in ATR	-4.5	1.4	0.6	-0.4	-0.6	-0.4

**Primary earnings and asset income*

The higher relative burden on the second earner is a consequence of reducing the absolute burden on the primary earner, from an average of \$8196 to \$6648, while leaving the absolute burden on the second earner almost unchanged. The fall in the tax burden on primary earnings and asset income results in an overall reduction in the ATR on that income of 2.6 percentage points and, within each quintile, a consistent gain of over 2 percentage points. In contrast, the overall change in the ATR on second earnings is close to zero.¹¹ There is a more substantial gain in quintile 1, of 4.5 percentage points, but this is then offset by losses in quintiles 2 and 3. In other words, the tax burden on second earners in these low-income quintiles actually increased in absolute value, due to the 2006–07 Budget changes.

The shift in the overall family tax burden to the second earner was achieved

11 Note that even though the tax on second earnings rose slightly in 2006–07, the increase was not in line with the indexed rise in earnings. This explains the fall in the overall ATR of 0.4 of a percentage point.

by combining personal income tax cuts for high income earners with tax-cuts for average income single-earner families through the expansion of the FTB system and tax cuts for very low income earners through the expansion of the low income tax offset. In the discussion to follow, the specific changes in these policy instruments in the 2006–07 Budget are explained in some detail, to show how they shift the tax burden to the second earner.

Table 4.6, Panel 1, lists the personal income tax rate schedules and thresholds for 2005–06 and 2006–07 financial years. The rise in the \$21 600 threshold to \$25 000 provides a tax cut of \$510 per annum for an individual within the income range of \$25 000 to \$63 000 pa. The shift in the threshold of \$63 000 to \$75 000 for the 30 cents in the dollar rate gives an individual with an income of \$75 000 an additional tax cut of \$1440. For someone on an income of \$150 000, these changes, together with the top threshold and rate changes, provide a total tax cut of \$6200. Thus the personal income tax changes are very generous to the top, give little to the middle, and offer nothing to the bottom.

A tax cut for very low-income earners is provided by increasing the low income tax offset, from \$235 to \$600. The argument for an offset of this kind usually runs as follows. The aim of government is to reduce taxes on low and average income workers. One way of achieving this is to raise the zero-rated threshold to, say, \$10 000. However, the resulting gain of \$600 would go to *all* taxpayers above this threshold, including those on \$150 000. And so, it is typically argued,¹² a more effective use of government revenue is achieved by targeting the tax cut to the preferred low-income group through a tax offset.

Table 4.6 Income tax schedule and low income tax offset

Panel 1 Income tax schedule

2005–06: Taxable income	MTR*	2006–07: Taxable income	MTR
\$0–\$6000	0.00	\$0–\$6000	0.00
\$6001–\$21 600	0.15	\$6001–\$25 000	0.15
\$21 601–\$63 000	0.30	\$25 001–\$75 000	0.30
\$63 001–\$95 000	0.42	\$75 001–\$150 000	0.40
\$95 000 +	0.47	\$150 000 +	0.45

Panel 2 Income tax schedule and low income tax offset

12 The argument, of course, reflects a fundamental misunderstanding of the role of the different policy instruments in setting the tax rate structure, as discussed in section 2 of Apps (2006b).

2005–06: Taxable income	MTR	2006–07 Taxable income	MTR
\$0–\$7567	0.00	\$0–\$10 000	0.00
\$7568–\$21 600	0.15	\$10 001–25 000	0.15
\$21 601–\$27 475	0.34	\$25 001–\$40 000	0.34
\$27 476–\$63 000	0.30	\$40 001–\$75 000	0.30
\$63 001–\$95 000	0.42	\$75001–\$150 000	0.40
\$95 000 +	0.47	\$150 00 +	0.45

**Marginal tax rate*

Limiting the tax cut to those on low incomes is, however, clearly not the concern of the Howard government, given the large tax cuts at the top. To the contrary, the purpose of the offset is to deny those across a wide middle band of the earnings distribution, specifically from \$40 000 to \$63 000, a tax cut of \$600, while simultaneously providing much larger cuts at higher income levels. This is evident from Panel 2 of the table, which lists the effective MTR schedules in the two financial years incorporating the low income tax offset. In effect, the offset raises the MTR on incomes from \$25 000 to \$40 000 to 34 cents in the dollar, thereby introducing a ‘hump’ in the MTR profile across relatively low incomes. The offset is, in fact, an entirely redundant policy instrument. The same rate changes could have been announced simply, and more transparently, as the new MTR schedule shown in Panel 2. This would, of course, clarify the role of the offset as that of limiting to \$510 the personal income tax cut for a parent earning from \$40 000 and \$63 000.

However, not every parent within this income range is denied a more substantial gain. As in previous budgets, single-earner families, and those in which the second earner’s income is more marginal, are compensated through the FTB system. It is only two-earner families with a more equal division of income who are left out in the cold. The increase in the lower income threshold for the withdrawal of FTB Part A from \$34 290 (\$33 361 in 2005–06) to \$40 000 provides a tax cut of \$1142 for each child up to the income level at which this gain is the remaining amount to be withdrawn. For the two-earner family in which the second earner has a more significant workforce attachment, the gain can be entirely lost at relatively low wage levels because FTB Part A is withdrawn on joint income.

The following tables illustrate the impact of the system in 2005–06, and of the changes introduced in the 2006–07 Budget, for the family with three children under 12, including one under 5 years, and with income from earnings only. Table 4.7 first of all lists effective marginal tax rate rates and thresholds for the single-earner family, for the two financial years. The rates are calculated to include

income taxes, the low income tax offset, the Medicare Levy and FTBs Part A and Part B. Since second earnings are zero, the family is eligible for the full amount of FTB Part B, that is, for \$3372.60 in 2005–06 and \$3467.50 in 2006–07.

The MTR profiles in both years exhibits a much stronger ‘hump’ or inverted U-shape, due to the withdrawal of FTB Part A at 20 cents in the dollar from \$33 362 in 2005–06 and \$40 000 in 2006–07, and the withdrawal of the Medicare Levy low income exemption. The second hump in the profiles further along the distribution is due to the withdrawal of the base rate of FTB Part A at 30 cents in the dollar. Since both FTB Part A and the Medicare Levy exemption are withdrawn on joint income, a second earner going out to work within the income range of the first ‘hump’ will face an effective tax rate that includes the withdrawal rates of both. In addition, she will lose an extra 20 cents in the dollar due to the withdrawal of FTB Part B. The end result is an income tax system that very closely approximates one of joint taxation across much of the distribution of family income, but with a difference. Under a conventional joint tax (or income splitting) system, the MTR schedule is typically progressive. Australian families face an inverted U-shaped schedule.

Table 4.7 Effective marginal tax rates schedules for the single earner family

2005–06		2006–07	
Taxable income	MTR	Taxable income	MTR
\$0–\$7567	0.00	\$0–\$10 000	0.00
\$7568–\$21 600	0.15	\$10 001–\$25 000	0.15
\$21 601–\$27 475	0.34	\$25 001–\$35 048	0.34
\$27 476–\$33 361	0.30	\$35 049–\$40 000	0.44
\$33 362–\$34 226	0.50	\$40 001–\$41 232	0.60
\$34 227–\$37 001	0.70	\$41 233–\$75 000	0.515
\$37 002–\$63 000	0.515	\$75 001–\$77 336	0.615
\$63 001–\$69 715	0.635	\$77 337–\$95 631	0.415
\$69 716–\$93 074	0.435	\$95 632–\$113 911	0.715
\$93 075–\$95 000	0.735	\$113 912–\$150 000	0.415
\$95 001–\$110 850	0.785	\$150 000 +	0.465
\$110 850+	0.485		

Because the 2006–07 Budget reduces tax burdens for the average income

single-earner family by raising the threshold for the withdrawal of FTB Part A and lowering the rate of withdrawal for the Medicare Levy exemption, the hump in the MTR profile shifts along the distribution, and is also extended, as shown in Table 4.7. The Budget changes therefore have the effect of bringing more families on average incomes into the net of a system of joint taxation with an inverted U-shaped MTR schedule. The second earner can face especially high effective MTRs and ATRs as she increases her hours of work if the primary earner of the family falls within the income range of the first hump in the MTR profile. Table 4.8 gives, as an example, the MTRs and ATRs on the second earnings of a family in which primary income is \$40 000 pa in both financial years.

In 2005–06 the second earner lost almost half her income at around \$20 000. While the 2006–07 Budget reduced losses for second earners at lower income levels, it raised rates as her income approached that of the primary earner. At \$40 000, for example, the second earner's MTR and ATR are, in fact, higher in 2006–07. When both parents earn \$40 000 per annum, a figure that is well below average earnings, the second earner loses 47.5 per cent of her wages, which is more than she would have lost in the previous year. This is because the 2006–07 Budget changes were designed to exclude the family with more equal partner incomes from a gain from the rise in the FTB Part A lower income threshold to \$40 000, and from a personal tax cut above \$510 for each parent, by completely withdrawing the low income offset at \$40 000. These measures not only have the effect of shifting the share of the family tax burden towards the second earner, they also shift the overall tax burden towards two-earner families in which each parent's income ranges from around \$40 000 to \$63 000. Thus, while the new discrimination impacts directly on the second earner, its indirect effect is upon families in which both parents work full-time to earn similar but relatively low and average wages.

*Table 4.8 Second earner's effective marginal and average tax rates**

2005–06			2006–07		
<u>Second earner's taxable income</u>	<u>MTR</u>	<u>ATR</u>	<u>Second earner's taxable income</u>	<u>MTR</u>	<u>ATR</u>
\$0–\$4088	0.215	0.215	\$0–\$1232	0.30	0.280
\$4089–\$7567	0.415	0.307	\$1233–\$4234	0.215	0.240
\$7568–\$20 951	0.565	0.472	\$4235–\$10 000	0.415	0.341
\$20 952–\$21 000	0.365	0.469	\$10 001–\$21 572	0.565	0.461
\$21 001–\$27 475	0.555	0.487	\$21 573–\$25 000	0.365	0.448

\$27 476–\$29 715	0.515	0.488	\$25 001–\$37 337	0.555	0.483
\$29 716–\$40 000	0.315	0.444	\$37 338–\$40 000	0.355	0.475

* *Primary earner income = \$40 000 pa*

To give an indication of the distributional limitations of the federal government's new tax system in 2006–07, Table 4.9 translates family tax burdens into 'hours worked to pay tax', or the 'hours of work equivalent' of the family's tax, for Type 1 and Type 2 households, by quintiles of primary income. The first row for each type reports the average tax burden on families in each quintile, and the second row, hours worked to pay tax.

In quintile 3, the average tax burden for the Type 2 household is equivalent to 764 hours of work for the government per year. This is more than the hours worked to pay tax by the average Type 1 household in quintile 5 on a much higher income. The Type 2 household in quintile 2 works an average of 574 hours for the government. This is some 50 per cent higher than the hours reported for a Type 1 household in quintile 4, and is approaching the number of hours worked for the government by the Type 1 household in quintile 5, on a very much higher primary income.

Table 4.9 Hours worked to pay tax, by primary income and household type, 2006–07

Quintile	1	2	3	4	5	All
Type 1						
Total tax \$pa	-6956	43	4412	10991	37 308	9456
Hours worked to pay tax	-	-	155	394	687	-
Type 2						
Total tax \$pa	38	9010	14 720	20 760	39 141	16 545
Hours worked to pay tax pa	-	574	764	925	1177	-

Taxes on second earners and their families at these levels, together with a lack of access to affordable, high quality child care, can be expected to have strong negative effects on female labour supply, not only during the child rearing years but throughout the life cycle (see Shaw 1994). This is evident from lifecycle time allocation profiles for selected OECD countries reported in Apps (2006a).

CONCLUSION

In this chapter I have argued that the Australian family tax system is fundamentally flawed as a result of policy changes that have transformed it from a progressive individual income tax system to one much more closely resembling joint taxation. These policies constitute what I have elsewhere labelled the ‘new discrimination’. The problem lies not in the level of family benefits, but in the effective marginal tax rate schedule created by the withdrawal of benefits on household income and the income of the second earner. The introduction of this new system over successive budgets has shifted the tax burden from single-earner to two-earner couples in a way that is bad for both efficiency and equity.

Policies that raise marginal rates on the second income tax more heavily the partner with the more elastic labour supply, in contradiction of the standard principle for minimising the deadweight efficiency loss from taxation. The resulting tax rate structure seriously inhibits the reallocation of female time from the household to the market during a period of declining fertility and therefore of falling demand for domestic labour.¹³

Imposing high average tax rates on the second income also ignores the fact that of two households with the same total household income, where one has the second earner working entirely in the market, the other entirely in the household, the latter will have a significantly higher standard of living because of its higher level of output of household goods and services.

Large family benefits can be justified as a response to market failure. Children, or their parents as their agents, cannot borrow on capital markets against their future incomes to finance their current consumption and investment in human capital, or obtain cover in insurance markets for the risks they face. In the absence of public support, not by financial transfers but by a publicly funded school system, there would be underinvestment in the next generation. It does not seem to be appreciated that a similar argument applies to child care, a badly neglected sector in Australia. A high quality, affordable, publicly provided child care system would more than repay itself in expanded female labour supply and the likely increase in fertility that would result from making it more feasible for women to combine a career with having children.

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13 For further discussion, and comparisons with the tax systems of the USA, UK and Sweden, see Apps (2006a).

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Part 2

Setting the goals for a national system

5

The goals of a good national system: placing priority on the wellbeing of children

Bettina Cass

TAKING A CHILD WELLBEING PERSPECTIVE ON EARLY CHILDHOOD EDUCATION AND CARE

This chapter takes a child-centred focus on debates about the goals of a good childcare system, and takes as its particular priority the interests and needs of children in low-income and socio-economically disadvantaged families and their right to benefit from participation in mainstream early childhood education and care (ECEC) services of good quality. Two recent influential Australian reports (ACOSS 2006; Press 2006) and the OECD (2001) adopt the term early childhood education and care (ECEC) to refer to formal prior-to-school care and education for infants and young children, covering services such as long day care centres, family day care, registered in-home care and pre-schools (or kindergartens in some jurisdictions) that provide sessional care and education for children one to two years prior to the commencement of school. I would add to this list, out-of-school hours care, of increasing significance as mothers in two parent and sole parent families increase their labour force participation when their children enter school, and as the implementation of welfare-to-work legislation from 1 July 2006 mandates at least 15 hours of paid work or employment-related activity for income support recipients once their youngest child is aged six.

The argument here is predicated on the well-substantiated international literature which demonstrates that good quality early childhood education and care services are of benefit in improving the social/emotional wellbeing, and cognitive development outcomes for all children, particularly for low income and disadvantaged children – an effect which recognises children both as *present citizens* whose wellbeing should be paramount and as *future citizens* with respect to the enhancement of their educational and employment participation, often called their *human capital* (Lister 2004).

The definitions of children as either present and/or future citizens, justifying continuing and increased social investment in family payments and children's services, are not seamless and uncontroversial. Indeed the differentiations are

keenly debated and the foci of what have often been two substantially different perspectives may have different policy implications (although this is not necessarily the case). The focus in the literature on the present wellbeing of children and the ways in which this is linked to future wellbeing is encompassed in the following quotation which is situated in the Australian context:

There are perhaps two ways of considering good childhoods. One way is to consider how children's development can be supported so that their life chances are optimised (rather than reduced). The other is to take seriously the lives of children in the here and now, in order to bring about a deeper understanding of and respect for children. This understanding must be woven into the fabric of our cultural, political and social landscape and be integrated into all relevant policy (*Press 2006, p. 4*).

In the European and UK contexts, commissioned reports concerned with promoting child-centred social investment strategies have argued that if the new welfare state architecture is to intervene in the intergenerational inheritance of socioeconomic disadvantage, manifested in child poverty and social exclusion, then the centrepiece of policy must be a 'social investment strategy directed at children' (Esping-Andersen 2003, Lister 2004).

In articulating one of the key premises of a child-centred investment strategy, Esping-Andersen states:

Life chances are powerfully over-determined by what happens in children's life prior to their first encounter with the school system. It is this that explains why a century of educational reform has failed to diminish the impact of social inheritance; why parents' social status continues unabated to dictate children's educational attainment, income or occupational destination. For both welfare and efficiency reasons, this impact must be weakened... (*Esping-Andersen 2003, p. 142-3, quoted in Lister 2004, p. 159*)

In quoting Esping-Andersen, Ruth Lister (2004) goes on to argue powerfully against the discourse of social investment in children as a form of citizen future-worker instrumentalism. In such discourses, economic ends become the centrepiece of policy. Arguments for investment in the citizen-child of the present are more justifiable, placing the *quality* of their childhood at the centre of the analysis and of policy making. In supporting the policy objective of substantially increased investment in children's early childhood education and care services of good quality, it is of singular importance that the focus on future is accompanied by a concern for the present wellbeing of children, and their opportunities for human self-realisation: a new paradigm of childhood in which children are seen as

‘beings rather than becomings’ (Fawcett et al. 2004 in Lister 2004, p. 172).

In Australia, the politically significant Council of Australian Governments (COAG) report *Human Capital Reform* (2006) advocates policy intervention in early childhood development because of the important long-run consequences for life and learning, setting a target ‘to increase the proportion of children entering school with basic skills for life and learning’ (p.15). While this is undoubtedly an instrumental human capital approach to children’s wellbeing, the COAG report also focuses on children’s life chances, especially for those born into disadvantaged families:

Many children are left behind from the start. Confronting early disadvantage is often more effective than seeking to remedy disadvantage later in life (*COAG 2006, p. 3*).

It could be argued that the economically-imbued human capital approach of the COAG process might become the impetus for translation into policy action with respect to increased investment in child care and early childhood education, fitting within the paradigm of the child as future citizen worker and useful, healthy, law-abiding citizen – as is argued in the influential work of Heckman (2006). It is however crucial to consider what the priorities would be if a child-centred social investment approach were adopted to enhance the material, social, and cultural resources directed to children on the basis of equity and the promotion of a good childhood in the present, and not predominantly on the basis of economic efficiency.

Since the mid 1970s in Australia, child care and early childhood education have increasingly been seen as separate objectives, separate programs subject to different jurisdictional oversight, financing and policy setting (as indeed they largely still are). This was not the vision of feminist and community-based advocacy from the early 1970s which saw the integration of care and early childhood education as a federally-funded, universally available, nationally planned public good, with the objective of promoting children’s wellbeing, gender equity and enabling women’s labour force participation (Brennan 2002). The policy of the Whitlam Labor government in 1974 to establish a national network of flexible, community-based services that would cater to all children regardless of their parents’ workforce status, and in which there was to be no distinction between educating children and caring for them, foundered on the rocks of the early demise of the Whitlam government, and was also compromised by the submission model for community-based allocation of services. However, these initiatives were of great significance for the future development of childcare policy under the Fraser government and the very significant expansion of the program and much increased affordability of services during the period of the Labor governments from 1983–96. Nevertheless, as Brennan (2002, p. 103) notes, by the latter part of the

1980s, the discursive construction of child care and its purposes changed: child care was to be about ‘facilitating labour force participation, enhancing productivity, and assisting the welfare to work transition’. This increasing economic instrumentalism and retreat from a discourse of integrating care and education was exacerbated in the subsequent period from 1996 under the Coalition government with significant increase in support for the commercialisation of child care in terms of its provision and market-driven principles of supply, and retreat from the former central government planned model of direct investment in and regionally-based allocation of services. The current discourses, both official and from advocacy groups, centre on:

- the increased supply of child care places to enhance access, especially in poorly-served locations
- the debate about the equity effects of the two existing tax/benefit methods for making child care more affordable: on the one hand the child care benefit which offsets the costs of child care and has been evaluated as an equitable redistributive measure based on an income-test to determine need; on the other hand, the childcare tax rebate, a measure which cuts across the equity trajectory by providing greater benefit to higher income parents whose childcare costs are highest
- the issue of much better and much more strongly enforced regulation which will promote the quality of services.

Where does this leave the issue of early childhood education? This lies predominantly in the hands of the preschool and kindergarten sector, subject to state/territory planning and control. Nevertheless, there is a growing discourse, political (COAG 2006), medical (Vimpani 2005) and from early childhood experts and advocates (Zubrick et al. 2000) which argues strongly the case for national investment in early childhood. There is now a growing body of evidence that the care/early childhood nexus, in interconnected ways, has a key place in enhancing the wellbeing of children, in particular socially disadvantaged children, as demonstrated well in the UK Evaluation of the Effective Provision of Pre-School Project: Final Report (Sylva et al. 2004). The report *What about the kids? Policy directions for improving the experiences of children in a changing world* (see Press in this volume) focuses on the role of high quality early childhood education and care as a key set of services and resources which indirectly support children’s wellbeing by enabling parents, in particular mothers, to enter or remain in the paid labour force, and thus to escape or evade poverty. I would also add the benefit to children and their parents and to the community of services which enhance gender equity in participation in a range of familial, employment, social and political spheres (HREOC 2005). In addition, *What about the kids?* notes that the benefits of good quality children’s services reach beyond their relationship to the labour market, beyond the *human capital* approach. Good quality children’s

services have been shown to:

- enhance children's concurrent development and development over time
- provide interventions which mediate the impact of particular impediments or risks
- provide a safe and secure environment for children in which they can engage in a range of projects and activities as well as develop relationships with peers
- provide a site for building parental supports and networks.

(Press 2006, p 10).

Evidence which supports these claims is provided in a draft report by Dolby et al. (2005), *An outcome study of the use of children's services as a strategy in child protection*, which cites a range of studies which show that in the case of highly disadvantaged children, usually from families living in poverty, who come within the jurisdiction of child protection authorities, good quality children's services give children the opportunity to develop secure attachments with significant adults outside the home and provide children with safe and stimulating environments (Peisner-Feinberg & Birchinal 1997). This is especially the case for children in difficult life circumstances.

Early child care relationships have been found to influence later teacher-child relationships when children are in primary school. In children's services, children can learn constructive patterns of relating to peers and develop social competence, which can carry forward to school. Research shows that workers in children's services not only monitor children's welfare, but also play an important role in detecting early signs of abuse and neglect...However, the quality of centre-based care can vary substantially and this in turn influences outcomes *(Dolby et al. 2005, p. 1-2)*.

This longitudinal study of administrative data (as noted in the draft report, Dolby et al. 2005) found that the continuing use of children's services protects children at risk from further incidents of harm, assists in maintaining the child within their family and prevents the child being placed in out-of-home care. This is not only of great benefit to the child, but provides significant respite for the parent, usually the mother. Mainstream children's services offer a place of contact and valued information for parents.

ARE CHILDREN IN LOW INCOME FAMILIES MISSING OUT?

Given the wealth of evidence, some of which is cited above, on the effective and

beneficial impacts of child care and early childhood education on the social/emotional/safety and cognitive development of socio-economically disadvantaged children (Sylva et al. 2004) and especially children in state child protection systems in Australia (Fisher et al. 2000), it is instructive to examine some of the Australian evidence on children's participation in formal and informal child care and preschool.

An analysis of some of the tables in ABS *Child Care June 2005* (ABS 2006) indicates that participation in various forms of child care and preschool is skewed towards children in higher income families and families with employed parents. Across all couple families, the proportion of children aged 0–12 using child care was 43.8 per cent: however, for children in families whose weekly income was less than \$600 per week, the proportion of children in child care fell to around 26.6 per cent; rose to 39.2 per cent for children in families with a weekly income of \$800–\$999; to 54.6 per cent for children in families with a weekly income of \$1400–\$1999; and then to 59.0 per cent for children in families with a weekly income of \$2000 or more. This indicates that children in the highest income two parent families were more than twice as likely to participate in child care than were children in lower income families.

Turning to formal care arrangements, in which on average 20.1 per cent of children aged 0–12 participated, (including before and/or after school care, long day care, family day care and occasional care) children in low income families were significantly less likely to be attending, compared with children in higher income families (9.8 per cent in families with a weekly income of \$400–\$599; 25.7 per cent in families with a weekly income of \$1400–\$1999). Of particular interest, children in higher income families also received considerably more informal care, predominantly from grandparents and other relatives, than did children in lower income families (14.9 per cent of children in families with a weekly income less than \$400, compared with 38.0 per cent of children in families with a weekly income of \$1400–\$1999). (ABS 2006, Table 12, p. 26).

Looking at children in one parent families (ABS 2006, Table 13, p. 27), a similar story emerges: whereas 55.6 per cent of children aged 0–12 participated in child care, this proportion rose from 43.0 per cent for children with weekly parental income of less than \$400, to 85.4 per cent of children with weekly parental income of \$1200 or more. And again with respect to usage of formal care services, the proportion increased significantly as income increased, from 18.4 per cent to 34.3 per cent. The use of informal care is skewed for children in one parent families, with children in lower income families considerably less likely than higher income children to receive the care of grandparents and other relatives.

A very similar story is evident in Tables 21 and 22 examining the relationship between employment in two-parent and one-parent families and children's usage of child care. By far the highest usages of child care are recorded for

children in couple families who have an employed father and mother employed full-time, with the proportion falling where the father is employed and the mother employed part-time, falling further where only the father is employed and further still where the father is not employed. Similar trends are evident in the usage of formal and informal care. For children in one parent families, the trend in children's usage of child care services, both formal and informal, is again related to their parent's employment: children of an employed parent are more than twice as likely to use both formal and informal care.

It might reasonably be concluded that it is the employment of parents which triggers the need for formal and informal child care, and which also ensures higher weekly parental income. It might thus be suggested that when child care is not required by parents to support their labour force participation, their children should not be seen as missing out on childcare attendance: child care by other than parents is simply not needed. However, the lack of other social domains of potentially beneficial interactions with a range of peers, carers and the stimulus of play, and the social/emotional/cognitive benefits of child care (as long as the quality is good) is unequally borne by low income children.

In addition to the relationships between parental income, employment and children's childcare attendance, there are other dimensions of unequal access: Aboriginal and Torres Strait Islander children remain significantly under-represented in federally funded child care: while Indigenous children comprise 4.2 per cent of all children aged 0–12, they make up only 1.5 per cent of children aged 0–12 in federally funded child care (ACOSS 2006). Further, whereas children with a disability comprise 8.2 per cent of children under 12, they make up only 2.1 per cent of children in government approved child care (ACOSS 2006).

And it is not only in the sphere of child care that unequal participation is evident. This is also the case with respect to attendance in preschool services, which are increasingly seen as providing vitally important preparation for children's social and cognitive development, enhancing their social participation and capacity to learn and play as a precursor to entry into school. Table 26 (ABS 2006, p. 4) shows first that over the period 1996–2005 the numbers of children attending preschool increased by about 28 per cent (from 200 600 to 257 100): however, over that time, the percentage of all children attending preschool who did not have a parent in their family who was employed fell from 13.6 per cent to 11.6 per cent. This fall in the proportion of all children in preschools who are from jobless families, even as the numbers of children in preschools increased, suggests either that the numbers of children of preschool age whose parents have no employment has decreased, or that preschool services are becoming increasingly utilised by children in families with employed parents. From other evidence (Richardson & Prior 2005), it would be more appropriate to conclude the latter: that one of the key childhood experiences of preschool learning, sociality and inclusion is less available to socio-economically disadvantaged children than would

be considered equitable and desirable. Research is required to explore this vital issue: what are the data on access to preschool as well as child care; is there restricted entry in some states because of issues of affordability? These are vital policy concerns for an early childhood education and care agenda concerned with quality, affordability and equity (ACOSS 2006).

SOME POLICIES OF CRITICAL IMPORTANCE FOR AFFORDABILITY

In this chapter I will address only policies impacting on the affordability of early childhood education and care, as they affect the access of children in low income and disadvantaged families. The most equitable, effective and redistributive policy is the Child Care Benefit, which can be claimed by parents whose children are in registered services or approved services (including predominantly long-day care, family day care, out-of-school hours care and in-home care). Child Care Benefit may also be claimed by parents when care is being provided by relatives, friends or nannies who are registered with the Family Assistance Office. Some services, such as non-government and private preschools are also eligible to become registered through the Family Assistance Office. The salient characteristic of Child Care Benefit is that it is income-tested on parental income and provides maximum benefit, in terms of child care fee subsidy, to lower income families, although since service fees are not capped, there may be significant gap fees to be paid between the actual cost of care and the amount offset by the CCB. The amount of benefit which may be claimed for hours of care is related to the parents' employment and education participation. Up to 50 hours of CCB may be claimed when both parents or the sole parent are in full-time or part-time employment, engaged in voluntary work, looking for work, studying or training, have a disability or care for a child or adult with a disability (FaCSIA, *Child Care Service Handbook 2005–6*, 2006). Following the Federal Budget 2005–6, families who do not meet these work-related criteria may be eligible for up to 24 hours of care per week (an increase on the previous limit of 20 hours per week). It is in this category that many low income parents who are not in employment fall, a category of significant importance because 24 hours of child care per week may provide care for three days or sessional care for five days per week. The remaining issues to be explored include not only access to services in the regions in which low income families are located, but also the level of the gap between the actual fee and the CCB relief, and this may be one of the salient issues in limiting the participation in child care and preschool services of children in low income families.

With regard to children considered at risk of serious abuse or neglect, an application may be made, usually by a relevant authority or caseworker, for Special

Child Care Benefit, which enables an increase for more than 24 hours of attendance in a childcare service which will attract CCB fee subsidy. This may be approved for up to 13 weeks in a financial year, and where the circumstances extend beyond 13 weeks, approval for extension may be sought from the Family Assistance Office. It is evident that this policy is an attempt to coordinate, to some extent, the jurisdictions at national and state/territory levels in the provision of subsidised care for the most disadvantaged children. The potential gap in fees may be covered by relevant state and territory child protection authorities and NGOs, however the issue of the limited time period over which Special Child Care Benefit is provided is one which requires further exploration, having regard to the wellbeing of children. The ACOSS Report (2006) also raises the matter of the affordability of preschool services in each state and territory and calls for overarching national policies to address this – a matter of considerable significance for children in low income families, as noted in the analysis of the ABS data above.

As to the other federal childcare fee related policy, the Child Care Rebate, this tax measure will provide a rebate of up to \$4000 in respect of ‘out-of-pocket’ childcare costs (that is costs after the Child Care Benefit subsidy) to those who receive Child Care Benefit for approved care and are either in paid work, studying or training for the purposes of future employment. In contrast to the CCB, the Child Care Rebate provides greatest benefit to parents with the highest childcare costs, who are most likely to be those on higher incomes (ABS, 2006). Further, as a rebate to offset tax liability, this measure is unlikely to benefit low income parents. Because of the regressive redistributive tendencies of this tax rebate measure, it is most unlikely to alleviate the circumstances of children in lower income families not able to access services because of issues of affordability.

CONCLUSION

A considerable amount of intensive policy deliberation is required to integrate child care and early childhood education priorities, to address accessibility, affordability and quality, and to better coordinate policies at federal and state/territory levels. This is essential if the needs and circumstances of children in all families and especially in low-income families are to be equitably and effectively addressed. In considering development of a national framework for investment in early childhood to benefit all children and in particular socio-economically disadvantaged children, these matters are critical.

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6

Getting the basics right – goals that would deliver a good national children’s services system

Lynne Wannan

INTRODUCTION

Over the past three decades Australia’s children’s services system has been transformed from a predominantly publicly provided and operated community based system to a privatised, commercial market driven system. Today 70 per cent of our childcare services are privately owned and more than 25 per cent of our services are owned by one shareholder company.

The National Association of Community Based Children’s Services (NACBCS) is an advocacy body and has been the principal force behind the retention of community based children’s services in Australia. NACBCS was formed in 1982 following the reporting of a federal government review of Australia’s Children’s Services Programme. This report, which became known as the Spender Report after the review committee’s chair John Spender, was never published but details of its recommendations were leaked. While many recommendations in the report were welcomed, some recommendations were strongly opposed, including recommendations that commercial services be subsidised by the federal government. Around the nation childcare advocates labelled such commercialisation of child care as inappropriate and destined to lead to poorer quality care as profit takers entered the service system and the service system became a market place. NACBCS came into being as the organising vehicle for these advocates and has remained an active advocacy body over the past three decades. It aims to protect a quality children’s services system and has put forward policy initiatives designed to curb the worst that commercialisation has brought to Australia’s children’s services.

One of the frustrations for the community childcare advocates has been that through this period the childcare debate has been relatively marginalised. Apart from calls for measures that would impact regressively on families such as tax deductibility and work-based child care, there has been little interest from the broader community, including women’s groups, in an holistic childcare policy debate about quality, affordability and equity. Getting widespread support for

child care and its role in the broader context of work and life, the economy and children’s welfare has been a challenge for childcare advocates through these decades. The Australian Social Science Academy, bringing together a diverse range of economists, social scientists, academics, researchers and others was a much welcomed initiative, critical to garnering broader support for a good national childcare policy.

This chapter addresses the question of appropriate goals for a good children’s service system from the NACBCS perspective. In writing this I have drawn on the NACBCS history as it provides a picture of the evolution of the policy debate about child care and children’s services in Australia. For those interested in a more comprehensive history of child care in Australia, Deborah Brennan’s *The Politics of Australian Child Care, Philanthropy to Feminism and Beyond* (1998) is recommended.

LOOKING BACK THROUGH HISTORY

It is not that long ago that I wrote a paper entitled ‘The Dismantling of Australia’s Children’s Services System’ (Wannan 1997). It was in 1997 in response to the federal government’s budget which continued the late 1980s policies of the Fraser government, which had effectively eroded the community based childcare sector as the foundation and the driving force for children’s services in Australia. That budget removed \$350 million from the children’s services program, ceased funding for the operations of community based services, transferred funding to parents and put limits on the number of hours for which federal government subsidised care would be provided for both working and non working parents. Such funding policies created uncertainty for childcare providers and fostered the growth of commercial services in an environment of wasteful and destructive competition. There was no policy framework to enable services to develop in areas of need, nor to ensure that they enhanced local community development or drove quality as a core business outcome. This federal government budget fostered the rapid growth of commercial child care and ultimately publicly-listed corporate child care as the dominant player in Australia’s children’s services system; community based care could no longer grow.

For those of us who had fought for years to secure federal government commitment and funding for children’s services this was very bad policy with very poor goals. Fostering commercial child care and funding parents directly to enable choice rather than funding to sustain a quality service system was bad for children, bad for parents, bad for communities and ultimately bad for the Australian economy and society generally.

DELIVERING FOR CHILDREN

For NACBCS, the national peak children's services advocacy organisation, the goals of a good national childcare policy relate to all children, their parents, their communities and the Australian economy and society. A good policy will deliver positive outcomes for all of these stakeholders.

The most fundamental goal for a national children's services policy must be to achieve a nationwide network of sustainable, quality community owned, not-for-profit early years children's centres. Only then will we have a system of services focused on meeting the needs of all stakeholders:

- children's need to develop, learn and enjoy their childhood
- parent's need to work, raise their children and contribute to their community life
- the community's need for a strong, inclusive social fabric with adults, children and community groups well connected and supported
- Australia's need for a strong, vibrant economy in which everyone has the opportunity to live well and to participate.

NACBCS is an organisation whose core business is advocacy for quality children's services. This means we focus in the main on policy. NACBCS believes that the children's services system operates within a broad context, one that relates to family wellbeing, women's opportunities to participate in society and in the paid workforce, health of the economy and the need for strong communities that nurture, protect and support children. This broader context cannot be ignored when developing policy advice; thus NACBCS believes the interests of the nation as a whole are inextricably linked to having a good children's services policy.

NACBCS also uses the term 'children's services' rather than 'child care' because we believe good policy will relate to all children and thus be capable of delivering a range of early childhood services. Historically, Australia's children's services sector has been segmented into a number of silos – child care, preschool or kindergarten, family day care, outside school hours care, mobile care and special services for Aboriginal communities. NACBCS sees itself as having a primary responsibility to ensure all children have access to the service response best suited to their need and believes that the separation of service types, with separate policy frameworks and different funding arrangements, has been a real barrier to progressing best use of available resources for young children and to maximising responsiveness from all services. In this chapter I use the term children's services to encompass the full range of early childhood services.

THE EVOLUTION OF NATIONAL POLICY GOALS

For NACBCS the goals of a good national children’s services policy remain today as they were first developed three decades ago by the children’s services movement and articulated by Community Child Care Victoria (CCC). CCC is the Victorian children’s services peak advocacy organisation and the Victorian branch of NACBCS. It was formed more than 30 years ago and was the principal architect of community based children’s services. The early goals NACBCS called on governments to adopt were:

- the provision of universally accessible services, that is, ensuring that all Australian children eventually have access to the services they need, when, where and for how long they need them
- the fair and equitable distribution of resources, that is, between children, families, services (across Australia) planning and delivery on a local and neighbourhood scale
- the provision of services that are culturally relevant, that is, take account of the needs, values and lifestyles of all the groups in the community the service exists to serve (CCC 1984).

A national policy with these goals would deliver appropriate child care to all families and children in the way that best suits their needs. They are based on the view that children’s services are aimed at meeting the needs of children and their parents while strengthening communities.

In 2000 NACBCS put forward its views about the goals that should drive Australia’s early childhood services in its submission to the federal government’s budget process.

Parents need child care to enable them to take part in the paid workforce, to care for their young children and provide a safe and developmentally nurturing environment and to support them when child rearing responsibilities are difficult. Local communities want services that help build community, break down isolation and provide a focus for developing networks and personal support systems. The nation as a whole wants and needs adults to participate in the paid workforce and needs to build a future of healthy intelligent and contributing people (*Wannan 2000*)

In 2005 as NACBCS convener I was invited to speak in Canada about Australia’s experience with corporate child care. As part of that lecture tour I provided the following as the goals NACBCS saw as appropriate for a quality children’s services system in Australia (*Wannan 2006*):

- foster child development
- support families and create networks of support

- enable women, parents generally to participate in the paid workforce
- build community.

NACBCS has not changed its view in 30 years about the purpose of children's services nor about what the government should be doing. Today our goals are consistent with many who are interested in the building of social capital, capacity building, strengthening community and community engagement. While the language has changed and new debates about community, safety and economic prosperity have emerged, the NACBCS view of how best to nurture Australia's young children and develop their services has remained constant.

CHILDREN'S SERVICES POLICY WORKING FOR CHILDREN

It is important to stress that at the core of any national children's policy must be the achievement of positive outcomes for children. While a children's services policy should achieve many positive outcomes for a range of stakeholders its prime goal and responsibility must be to deliver safe, quality care and foster the positive development of young children. When this does not happen children suffer, parents are stressed and worried and thus the economy suffers in the short and long term.

The importance of delivering good outcomes for children has been heightened recently as much public attention has been given to the importance of the early years of a child's life and the lifelong impact of experiences in this foundation period. The brain research undertaken by Canadian medical researchers, McCain and Mustard (1999) and the Americans, Shonkoff and Phillips (2000) focused attention worldwide on young children's development. Their research showed how much development occurred in the first few years of a child's life and provided a basis for the contention that this can be enhanced by good early years experiences and damaged by poor experiences. Further the research demonstrates that the effects are lifelong and thus of importance to society as a whole.

For many politicians and policy makers, the fact that infants experience rapid development and that this development is influenced by the environment was news! Children's services advocates welcomed this research, not because it was any kind of revelation but because it brought in a range of new advocates for quality early years services – even if the much respected new advocates were predominantly men in suits or white coats. This was very hard for women social activists who have struggled for years to raise the profile of children and the early years services needed for them. Today, finally, politicians are reading papers that make statements like the following:

We know now that development of the brain in the early years of life, par-

ticularly the first three years, sets the base of competency and coping skills for the later stages in life...

Brain development in the period from conception to six years sets a base for learning, behaviour and health over the life cycle... (Mustard & McCain 1999, p. 8)

As Fraser Mustard stated in an interview on the ABC’s Radio National Health Report:

... a very sensitive period of brain development is ... in the first three to six years of life, which means the early years become hugely important in terms of the overall equity in health in the population...not just physical and mental health problems later on, but also in terms of the functional literacy and mathematical skills...researchers believe that it is possible to influence the development of the brain by ensuring children do have positive experiences in the early years. There is plenty of evidence to support good early years parenting as critical for healthy child development but in the absence of this, either due to parental difficulty or parents being in the paid workforce, then the accessibility of quality child care is critical...Early intervention can improve the odds for vulnerable young children (*Interview with Mustard, J Fraser and Norman Swan first broadcast on the “Health Report”, ABC Radio National on 6 November 2000 is reproduced by permission of the Australian Broadcasting Corporation and ABC Online*).

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The importance of this research is that it tells us that what we do with early childhood services really does matter. This research should inform policy relating to all aspects of the delivery of early childhood services. Services which offer children poor experiences, insufficient opportunities for infants to explore, to be stimulated and to ensure that daily play experiences are turned into learnings, are unlikely to be good for children.

CORPORATE CHILD CARE IN AUSTRALIA – DELIVERING QUALITY?

We do know how to make a difference in the quality of early years services. There is much research that shows that staffing is critical: the qualifications, the experience, the ratios and rate of turnover. Similarly, we know group size matters and that the relationships between staff, children and parents impact on the quality of the service. These aspects of a service ensure the delivery of rele-

vant programs, the safety of children, the responsiveness of staff to individual children's needs and their ability to understand children's cultural backgrounds, family dynamics, personal problems or special needs.

Appropriately, Australia's state and territory licensing regulations and the National Quality Assurance System are built on recognition of the importance of these aspects of children's services. Unfortunately, while there is a requirement to deliver according to these criteria, monitoring and enforcement has failed to ensure adherence to even the most basic safety standards in services in Australia.

There is evidence that quality may be declining in the current children's services environment. In Victoria, we now have child care operators still licensed, still open to children after very serious incidents – not one incident but several. These include; a broken arm, an infant being dehydrated, a toddler lost and wandering in the street, another found by a stranger in a lift – in all these cases the staff purported not to even know the problem had occurred. We have had reports of food budgets being cut to levels below those required for adequate nutrition. Staff are also leaving.

A staff member at one child centre gave the following response when asked why she had decided to leave:

I could not ethically and morally as an early childhood teacher, stay in an organisation that I felt was not supporting the fundamentals of children. The bottom line always came to money, not to the child and the child's right. The professionalism of the staff was always down turned by not employing professionals because they cost too much (*Child care companies in the spotlight*, by Emma Alberici first broadcast on the "7:30 Report", 29 March 2004 is reproduced by permission of the Australian Broadcasting Corporation and ABC Online).

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The following comments were reported in the *Sunday Age* about a centre taken over by a large corporate chain:

Money became a preoccupation. The centre previously spent between \$500 and \$700 per week feeding children. The new owners slashed this to \$350 a week, before realising it was not enough for a nutritional diet.¹

A giant childcare company has been prosecuted over embarrassing bungles at one of its branches, including mouse droppings on bed sheets and red back spiders in a storage area that was accessible to children. Other issues included mouse traps on nappy change tables, unlocked cupboards with dangerous cleaning and other items, no smoke detector and confidential records on public display. ... the latest of thirteen

The *Sunday Age* reported that all but two of the original 30 staff left that centre.

Another recent breach of very basic hygiene standards was reported in the *Daily Telegraph* in NSW.

A giant childcare company has been prosecuted over embarrassing bungles at one of its branches, including mouse droppings on bed sheets and red back spiders in a storage area that was accessible to children. Other issues included mouse traps on nappy change tables, unlocked cupboards with dangerous cleaning and other items, no smoke detector and confidential records on public display. ... the latest of thirteen prosecutions in the past two years over matters including inadequate staff numbers, unclean or unsafe premises and being unlicensed.

and in the same newspaper report:

Documents provided by the Department of Community Services (DOCS) show one operator – near Cessnock -- has been in court twice recently on a series of breaches, among its penalties were two lots of 18-month good behaviour bonds.²

Something is amiss when incidents like these keep happening and little is done to halt the growth of the corporate child care model that appears to be linked to the loss of quality in service delivery.

Australia’s children’s service system is changing and becoming more corporatised. In the centre based long day care sector the transformation has been dramatic (see Table 6.1). The percentage of for-profit services has increased significantly, and continues to grow.

Table 6.1 Private vs community based long day care centres

	'91	'97	'02	'04	'05
Private for profit	47%	68%	63%	66%	70%
Community based	53%	32%	37%	34%	30%

Source: AIHW various years

The number of services owned by the for-profit sector is substantial. ABC Learning, the largest, owns approximately 25 per cent of the total Australian provision of long day care places and plans to have over 1200 centres in Australia and New Zealand by the end of the 2006/07 financial year (ASX 2006).

prosecutions in the past two years over matters including inadequate staff numbers, unclean or unsafe premises and being unlicensed.

2 *Killer Spiders at childcare*, Daily Telegraph NSW, September 19, 2005

The goals of corporate companies do not sit well with the goals of a good children’s services policy. As Milton Friedman is quoted as saying; ‘The social responsibility of business is to maximise profit’ (Kay 2004).

For the community sector the purpose is altogether different:

Social purpose businesses are those where the social goal of the organisation takes precedence over others; it is the primary motivation for the business. If the organisation does make a profit there is an expectation that the majority, if not all, will be re-invested back into the business for future expansion and development of its social goal, rather than being retained by individuals (Kendall, Montgomery, Thomson 2005).

Mark Lyons from the University of Technology, Sydney gives the following description of nonprofit organisations:

Non profit organisations not only make a significant contribution to the economy, they are also an essential component of an open and tolerant society and of a democratic political system. They are the product of the willingness of some people to work together for some common good (for themselves – mutuality; or for others – altruism). Their defining characteristics; that they are prevented from distributing profit or net assets to members, ensures this commitment to a wider goal than the enrichment of their members. It defines their behaviour as organisations, and means they behave differently to government agencies and for profit businesses (Lyons 2004).

There are very real differences between social purpose services like community owned children’s services and commercial businesses like the corporate childcare companies dominating Australia’s long day care sector today. The drivers underpinning how they provide services are very different (see Table 6.2).

The goals related to quality care for children are important. Equally important are the systems for monitoring implementation of goals. The systems for regulating and assuring that quality is achieved in Australia’s formal children’s service system seem to be failing our children. The achievement of quality outcomes for children may require a children’s services policy that precludes services whose principle purpose is generating returns for shareholders from being funded and supported, let alone encouraged by government.

Table 6.2 Drivers for alternative systems of children’s services delivery

Not for profit	Corporate
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<ul style="list-style-type: none"> • Primary purpose to deliver child care with engagement of parents • Reinvest surplus into the service • Be the benchmark for the highest standards for quality • Meet best practice requirements for community engagement and participation • Retain public infrastructure for the future • Retain and reward quality childcare workers – experienced and qualified • Maintain best practice child/staff ratios • Inclusive of all children • Support an open spot check inspection regime • Integrate with other early childhood services • Be part of a universal, planned service system 	<ul style="list-style-type: none"> • Primary purpose to generate profit • Return profits to shareholders • Minimise regulations and standards • Meet best practice requirements for efficiency in business operation • Private ownership of property • Minimise inputs • Amalgamate into larger consolidated structures • Use pricing to drive out competition • Use commercial-inconfidence to protect market position • Minimise cost of staffing • Standardise programs and provision • Cater to profitable segments of the market • Restrict inspections and resist spot checks
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A recent research report from the Australia Institute based on interviews with ABC Learning Centres staff found considerable concern from these staff about the quality of the services provided for children and that report concluded that:

Given the results of both the 2005 Australia Institute survey, and the interviews reported in this paper, both an ethical and a risk management perspective suggest that the federal government should consider the wisdom of further expansion of corporate chains in the long day care sector (Rush & Downie 2006).

If the federal government wishes to develop a world class children’s service system then it should adopt as the core goal the provision of high quality, appropriate care and developmental opportunities in settings that are responsive to the diverse needs of Australia’s families provided by services that are not for profit.

CHILDREN’S SERVICES SUPPORTING WOMEN,

ENABLING ECONOMIC GROWTH

There is of course an additional bonus from providing children with genuine opportunities to develop to their full potential – and this is the benefit it brings to the Australian economy. Services that achieve positive developmental outcomes in young children are more likely to ensure that children progress through the education system and gain employment in adult life. This is important for Australia's future economy. For adults of the future this is also important and can help keep them out of poverty and enable a better quality of life. This further underpins the need to make sure early childhood services are high quality.

And we do not have to wait for future benefits – children's services are critical for the economy of today. In 2005 more than 1.5 million children (46 per cent) aged 12 years and under used some form of children's service and one in five participated in a formally funded service (ABS 2005). Women are more likely to be the prime child carer in the family and are entering the paid workforce in large numbers while their children are young. Children's services are fundamentally important in enabling these women to work. A children's services policy must therefore have a goal of supporting parent participation in the paid economy.

The increase over the last couple of decades in participation in the paid labour force by women with children has been dramatic.

The increase in female workforce participation means that most women with family responsibilities are employed: the employment rate for all women increased from 47 per cent in 1980 to 62 per cent in 2001; the employment rate for women in the child rearing age range (25–54 years) in 2001 was 68 per cent (Issues in Society 2005).

The latest Australian Bureau of Statistics data shows the growing trend for women with young children to be in the paid workforce:

- 51.3 per cent of Australian mothers of children aged two years are in the workforce, with this rising to 70 per cent for mothers of three year olds (ABS 2004)
- Between 1983 and 2002, the proportion of families with dependent children who have two parents employed increased from 39.7 to 56.9 per cent (West & Gray, 2004).

As the renowned Canadian early childhood researcher Fraser Mustard puts it:

You are going to have women in the labour force, and that's important for society, you're going to have women with young children. You're going to have two parents working who are dependent on other care givers when they're working and they're going to come home tired and fatigued. ... Then it becomes extremely important to design new systems for support for

this social change (Mustard 2000).

Australia’s economic future requires policy makers to focus on the provision of children’s services. In the highly competitive global economy an industrial nation like Australia will be competing for a skilled workforce as ageing impacts on the population structure. Pru Goward, the Federal Sex Discrimination Commissioner, sees the issue of competing globally for employees as directly related to support for family responsibilities.

[In] the current global job market...high calibre workers with skills in demand can work abroad in just about any country. Last year, Australia’s brain drain saw 40 000 lawyers, scientists, accountants and other professionals leave Australia’s shores to take up positions in other countries where the remuneration and working conditions far surpassed those in Australia...The challenge for Australia’s future is to make it possible for women and all employees to be able to balance work and family commitments (Goward 2003).

Clearly children’s services are essential to the workforce participation of parents and in particular women. A good childcare policy will thus have as a goal facilitation of participation in the paid workforce by parents.

BALANCING INTERESTS

What does such a goal mean for policy development? Will children’s services then be required to respond to work demands or should work demands fit in with what makes children’s services responsive to children’s needs?

The balance between the needs of industry, of workers and of children is an emerging challenge. How does a children’s service remain responsive to children whose parents may work very long hours, including through the night? Should industry be supported so that employees can work long hours, casual hours, irregular hours or days of employment? Or should workers with family responsibilities be protected from such working arrangements in the interests of their children?

One solution to this problem is to develop other government policy responses that impact on work life balance. Paid parental leave is one response. Another is to provide parental benefits that reduce the need for paid work for parents. These are popular responses and can be viewed as part of a continuum of support to parents with young children. But even if we win a comprehensive range of such supports, children’s services will still be needed – these alternative family balance responses will only complement the role of children’s services. Such complementary responses are likely to be short term and unlikely ever to be

funded to a level that would compensate for loss of paid employment. For a range of reasons women will continue to choose to work outside the home before their children reach school age.

Centre based children's services are currently not funded adequately to operate for long hours, into the evenings or overnight. Setting aside the debate of whether this would be good for children anyway, parents needing after hours care must use Family Day Care, the home based service where one adult alone provides care for up to five children. Currently this service type has difficulty recruiting carers, possibly because of low pay or poor conditions.

FOSTERING CHILDREN'S DEVELOPMENT AND BUILDING COMMUNITY

NACBCS also sees the development of strong communities as a key goal of a children's services policy. Children and their parents need to be surrounded by networks that enable them to be part of a supportive community. This can vary; workplaces, schools, neighbourhoods and cultural communities can all provide a relevant focus for family support. NACBCS sees these communities as critical to reducing the risk of abuse and neglect, family violence, and crime more broadly. Community based children's services that are managed by the local community, by their very nature create such support networks in local neighbourhoods through active engagement of families. There is strong evidence that community services such as community owned children's services contribute to the building of social capital and thus stronger communities.

Real community engagement, empowerment and ownership that facilitates the building of 'community', the breaking down of isolation and creates networks between local people and groups is the core business of community based not-for-profit services. This process is now often referred to as building social capital. The importance of social capital is widely recognised as contributing to the development of trust and community participation that is linked to long-term positive health outcomes, happiness and improved mental health, public safety and reduction of crime and vandalism. Short term the linking of local people enables reciprocal support networks to develop and enhances perception of safety in the local area (Klein 2004).

Participation, empowerment, access and sustainability are seen as leading to greater fairness, sustainability and trust. For communities today these are essential outcomes delivered by strong social capital.

A number of studies have demonstrated the benefits derived from social

capital. Robert Putnam, the American political scientist and a key writer on social capital with his books *Making Democracy Work* (1993) and *Bowling Alone* (2000) lists the benefits arising from the creation of social capital as relating to:

- pluralist democracy
- physical health
- happiness and mental health
- public safety, vandalism and crime
- economic performance and efficiency.

A recent literature review undertaken by the Australian Government Department of Family and Community Services looking at communities, social capital and public policy provides the following findings.

- Recent cross-national studies in the USA have confirmed that social capital (defined as trust and voluntary participation in community activities) is causally related to democratic participation
- People with rich social networks appear to suffer less illness and live longer than people with poor networks and joining a community group reduces your risk of dying in the next year by about the same amount as giving up smoking. People with rich social networks are less likely to catch colds. The benefits to children’s health are also clear – social capital is the second best predictor of low birth rate and of child morbidity and mortality
- Overall the evidence on the beneficial effects of social capital for public safety is quite convincing, and has in fact convinced policy makers, police and other influential people in a number of places in Australia, the UK and the USA
- There is little doubt that individuals with high levels of social capital and rich networks benefit economically. Trust and good networks plainly reduce the transaction costs of doing business
- Cross-country comparisons also support the contention that social capital has a positive association with economic growth. Knack and Keefer found a significant association between trust and civic norms and economic growth among 29 market economies (Knack & Keefer 1997 cited in Johnson, Headey & Jensen 2005).

Commercial corporations cannot achieve this community building; their services do not belong to the community, do not engage with the community as active partners in decision making and are accountable to an external board, distant and uninterested in the local community. A good national children’s services policy will have as key goals the strengthening of family networks and building community.

ACHIEVING A SUSTAINABLE HIGH QUALITY

CHILDREN'S SERVICES SYSTEM THAT'S GOOD FOR CHILDREN

To summarise, the most important goal for a national children's services policy must be to achieve a nationwide network of sustainable, quality community owned, not-for-profit early years children's centres. Only then will we have a system of services focused on meeting the needs of all stakeholders:

- Children's need to develop, learn and enjoy their childhood
- Parent's need to work, raise their children and contribute to their community life
- The community's need for a strong, inclusive social fabric with adults, children and community groups well connected and supported
- Australia's need for a strong, vibrant economy in which everyone has the opportunity to live well and to participate.

NACBCS wants all of this; we have the answers to translate good goals into practice and we are more than happy to share these with everyone – especially governments.

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Part 3

Perceptions of child care

7

Contested, corporatised and confused? Australian attitudes to child care

Gabrielle Meagher
INTRODUCTION

Controversies about child care have been much in the news in Australia in recent times. Some commentators have damned the very existence of child care for very young children, using cortisol studies, among other evidence, to argue that formal care is positively harmful (Manne 2006). Yet despite these rather dire warnings, more and more Australian families are using child care – and finding the system complex, difficult to navigate, and increasingly unaffordable (Anderson 2006; Farouque, 2006; Halliday & Dunn 2006).¹ Meanwhile, the business press reports that Australian-owned ABC Learning has grown to become the world’s largest listed company providing child care (Potts 2006). With around 900 centres, ABC Learning now controls an estimated 20 per cent of all long day care centres in Australia (O’Loughlin 2007). The rapid expansion of this and other corporate providers has reopened debate about what kind of organisations are best suited to providing child care services.

This chapter explores what Australians think about child care, to provide a context for interpreting these media reports and for thinking about policy options. I explore three questions: where do Australians stand on working mothers and child care for young children, and how have these views changed over time? What kinds of organisations do Australians think are best to deliver child care? And what kinds of rationales for public subsidies for child care do Australians support? Understanding what Australians think about child care is useful, because insofar as attitudes are not currently well-understood or irrevocably fixed, there are clear opportunities for political and social actors to lead the childcare policy

1 Even members of the government agree – Liberal MP Jackie Kelly is notorious for calling the system a ‘shambles’ in January 2006 (Morris 2006); National Party Senator Barnaby Joyce has called it ‘convoluted’ and ‘draconian’ and Liberal MP Judi Moylan has called for major reforms to remedy ‘systemic problems’ (Polimeni & Mitchell 2006).

debate in new directions.

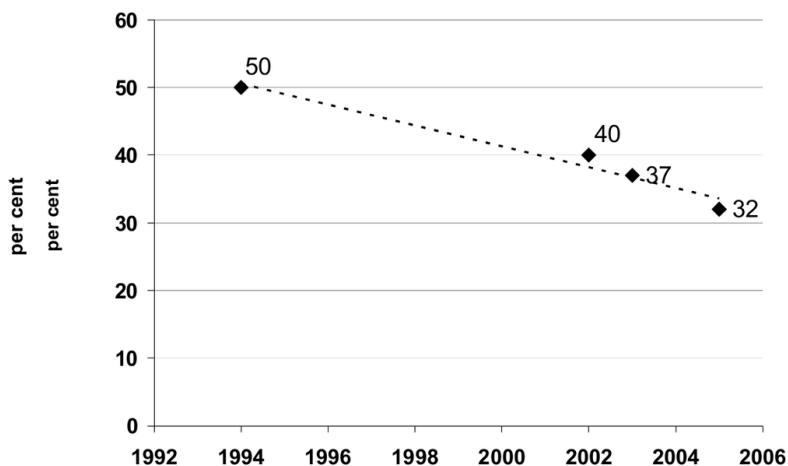
My principal data source is the Australian Survey of Social Attitudes (AuSSA) (Wilson et al., 2006).² AuSSA 2005 included several items measuring attitudes to gender roles, the use and provision of child care, and a new question about rationales for public subsidies for child care. The International Social Survey Program (ISSP) provides supplementary data that enable us to understand attitudes to gender roles and child care over time.

CONTESTED GENDER ROLES: AUSTRALIAN ATTITUDES TO WORKING MOTHERS AND CHILD CARE

Anne Manne's intervention into the childcare debate is also an intervention into the debate about gender roles in Australia. In societies like Australia, formal child care is often framed as a substitute for familial – or, more specifically, maternal – care, rather than as a social service for the benefit of children. In this way, social attitudes to child care are wrapped up with attitudes to relationships and gender roles as much as attitudes to social service provision. Surveys capture the connection between attitudes to child care and gender roles in an item that asks respondents whether they agree or disagree that 'A preschool child is likely to suffer if his or her mother works'. Figure 7.1 shows how Australians have responded to this question over the last decade or so.

2 The Australian Survey of Social Attitudes (AuSSA) is Australia's national social survey. The Survey is fielded biennially and includes International Social Survey Program modules for Australia. The Survey is managed by the ACSPRI Centre for Social Research at the Research School of Social Sciences at the Australian National University, and is overseen by a team of Principal Investigators and advisors from the ANU and several other Australian universities. All fieldwork was conducted by the Australian Social Science Data Archive at ANU. The Survey relies on a random sample of registered voters, stratified by Australian states and territories, and uses a mail-out/mail-back methodology. In 2005, the number of respondents to the two AuSSA questionnaires totalled 3902, and represents a net response rate of 43 per cent. For more information, please refer to the Survey website: <http://aussa.anu.edu.au>.

Figure 7.1: Agree that 'A preschool child is likely to suffer if mother works', Australia, various years, per cent



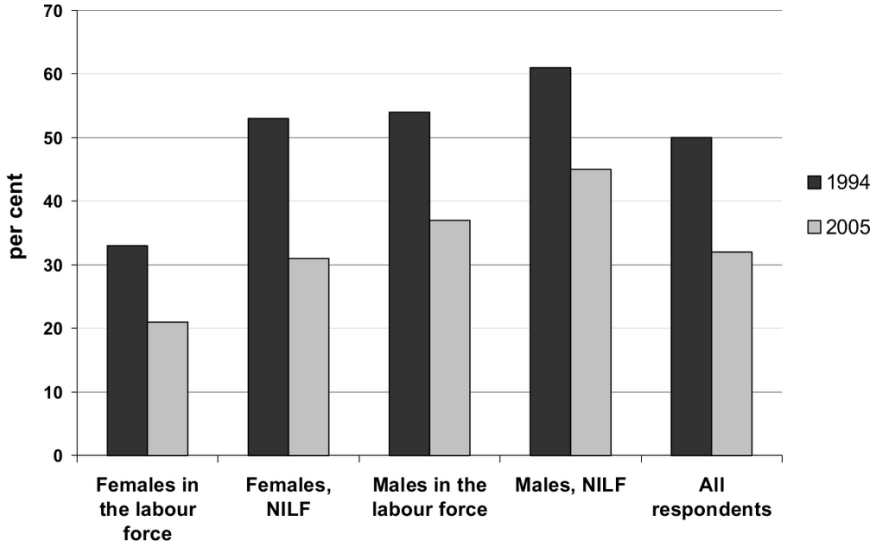
Sources: *International Social Survey Program 1994, 2002*; *Australian Survey of Social Attitudes 2003, 2005*.

The figure shows that general support for stay-at-home mums as the norm (in the strong sense) is clearly falling, and is now a minority view. In 1994, half of all respondents agreed with the statement (50 per cent); by 2005, less than a third do (32 per cent). Alongside the clear trend towards declining agreement with the statement are strong patterns by sex and labour force participation. Figure 7.2 compares responses in 1994 and 2005 and divides respondents by sex and by labour force status. The figure shows that, at both time points, working women were least likely to agree with the statement, while men who were not in the labour force were most likely to agree.

Between 1987 and 2004, the proportion of employed mothers with children under 15 increased from 49 per cent to 57 per cent (Australian Bureau of Statistics 2006, p. 124). Across the shorter period between 1994 and 2004, the number of children in Australian government supported child care services increased 63 per cent (from 396 700 to 646 800) (Australian Institute of Health and Welfare 2005, p. 92). Thus, neither the overall decline in per cent support for the norm of the stay-at-home mum, nor the pattern of attitudes by sex and labour force status are surprising. A recent British study helps explain why. Sue Himmelweit and Maria Sigala (2004) used responses to the same survey question in the British Household Panel Survey to examine what happened over time to the attitudes and behaviour of mothers who agreed with the statement but also worked. They found that 'those in the contradictory position of being in employment though believing that preschool children suffered from their mothers' working were more

likely to change their attitude than their behaviour' (2003, p. 468). Of mothers who agreed with the statement, and had changed either their employment status or their attitude, 46 per cent who had taken a job in the intervening two years had also changed their attitude and no longer agreed with the statement. This is many more than the 29 per cent who had resolved the contradiction between their attitudes and behaviour by giving up employment.

Figure 7.2: Agree that 'A preschool child is likely to suffer if mother works', by sex and labour force status, Australia, 1994 and 2005, per cent



Sources: *International Social Survey Program 1994, 2002*; *Australian Survey of Social Attitudes 2003, 2005*.

AuSSA 2005 also asks a direct question about child care, inviting respondents to say how much they agree or disagree with the statement 'If the care is good, it is fine for children under three years of age to be placed in *full-time* care'. Although making the qualification 'if care is good', this item puts the question rather strongly by specifying full-time care. The Census of Child Care Services (CCCS) does not report hours of attendance at child care by age group in Australia. However, reporting against broader categories helps us gauge the extent of full-time care for very young children. In 2004, the year of the most recently published CCCS, 41 per cent of children in private or community-based long day care or family day care were under three years of age, and 56 per cent of *all* children in these forms of child care attended for fewer than 20 hours a week. If we define 'full-time care' as more than 30 hours per week, then only 20 per cent of children of any age were in care full-time in 2004.³

Table 7.1 shows how Australians responded to this more direct question, with the most frequent response within each group highlighted by a box. Overall, more Australians disagree than agree with the statement; clearly full-time care for very young children is not very widely accepted as 'fine'. Yet that is not to say that there is broad hostility to full-time care for very young children. For most subgroups, the number of people who agree is much the same as the number of people who disagree, while a sizable minority of all subgroups is neutral. Women are significantly more likely than men to agree, and more likely to agree than disagree. This pattern is even more pronounced among those who have received the Child Care Benefit (CCB) in the last five years. In this group, half of all respondents agree with the statement. Perhaps the dynamic that Himmelweit and Sigala identify is at work here, too: those who have actually used child care full-time, or been in contact with others who have, are less likely to think it is undesirable. Just as noteworthy is the relative *lack* of difference in attitudes between respondents from households with children, and the overall respondent population. It seems that the presence of children does not shape attitudes in any direct way: sex and direct contact with the childcare benefit system are much more important.

Table 7.1 Attitudes to full-time care for children under three, Australia, 2005, by sex, education, presence of children and receipt of CCB, per cent

	Agree	Neutral	Disagree	Can't choose	(n=)
All respondents	39	17	43	2	(3807)
Women	43	15	40	1	(2005)
Men	33	19	45	2	(1802)
Bachelor deg. or higher	41	15	42	2	(876)
No university education	38	18	43	2	(2978)

- 3 These figures are calculated from tables 4.2.2, 5.2.2, 6.2.2 and 4.2.3, 5.2.3 and 6.2.3 in the Census of Child Care Services for 2004 (Department of Family and Community Services 2005).

Children present in household	40	15	44	1	(3787)
Received Child Care Benefit in the last 5 yrs	50	13	37	1	(274)

Source: Australian Survey of Social Attitudes 2005.

WHO BEST TO DELIVER CHILD CARE?

In recent years, attitudes to working mothers have ‘softened’ a good deal, and the use of child care has grown significantly, so that the norm of familial care is no longer dominant in Australia. However, there is more to the question of ‘who best to deliver child care?’ than maternal versus formal care, as the media debate about the emergence and growth of corporate childcare providers demonstrates. In Australia’s ‘mixed economy’ of care, formal child care is delivered by several different kinds of organisations, including governments, non-profit community organisations, businesses and non-kin families (in the form of family day care). The structure and evolution of this mixed economy of care is largely policy driven, as governments develop and change the form and conditions of public support for child care. Over the last decade and a half, apart from considerable growth of public funding to child care, there have been two particularly significant changes to policy that have altered the mix in the childcare ‘economy’. First, in 1991 a Labor government extended public subsidies to for-profit childcare providers for the first time, via the extension of fee relief to parents using these services (Brennan 1998, p. 203). Second, in its first budget for the fiscal year 1996–7, the newly elected Coalition government cut operational subsidies to community-based child care centres (Brennan 1998, p. 222), effectively redirecting all federal subsidies to child care through funding to *parents* rather than funding to *centres*.

The combined effect of these measures has been the disproportionate growth of ‘for-profit’ childcare provision, and the movement into the sector of corporate players. In 1991, when fee subsidies were extended to for-profit providers, for-profit centres accounted for less than half of all centre-based long day care places (48 per cent) supported by the Australian Government. By 2004, for-profit centres accounted for nearly three quarters of such places (72 per cent). Overall, 83 per cent of all the subsidised places in centre-based long day care added between 1991 and 2004 were in for-profit centres.⁴ For-profit providers are also moving into family day care and out of school hours care. In 2004 (the most recent year

4 These are my calculations, based on data presented in Table A3.3 in Australian Institute of Health and Welfare (2005).

for which figures are available) just over one in 20 family day care coordination units and around one in 13 out of school hours services were also in private sector ownership (Australian Institute of Health and Welfare, 2005, p. 88). The 2006–7 federal budget removed the cap on places in both family day care and out of school hours services, opening up more opportunities for private operators to move further into these parts of the child care system.

It is not hard to understand why private businesses enter the childcare ‘market’. Providing a heavily subsidised service to a growing client base under a relatively light regulatory regime is an attractive business model. Data on what we might call the ‘bottom line impact’ of government support for child care is not easy to come by. However, available evidence suggests that public spending on child care is driving the profitability of private businesses in the industry. In 1999–2000, for-profit child care providers received more than \$280 million in public funding. This constituted no less than 44 per cent of their combined total income – slightly *more* than the proportion of total income received as public funding by not-for-profit providers (Australian Bureau of Statistics 2001, p. 39). More recently, the *Sydney Morning Herald* reported figures to support the calculation that ABC Learning gained precisely 44 per cent of its total revenue in 2005 from government subsidies (Sydney Morning Herald editorial 2006). However, there are some documented problems with reliance on for-profit provision to meet the growing need for child care in Australia. In Chapter 3 of this volume, Deborah Brennan suggests there is downward pressure on standards, cost-cutting to improve profits, and inadequate planning that leads to maldistribution of services. Elsewhere, Jennifer Sumsion (2006) eloquently outlines the problems, actual and potential, of corporatisation in Australian child care.

Moreover, it is not clear that Australians welcome the emergence to dominance of for-profit provision in child care. AuSSA 2005 asks respondents to say, in general, who they think is best to deliver various social services, including child care.⁵ Table 7.2 shows their responses, with the most frequent response within a group marked by a box. The first line of the table shows that respondents are more likely to prefer *governments* to deliver child care than any other kind of organisation (34 per cent). Businesses are the least preferred organisation – only 16 per cent of respondents think them best to deliver child care. Families and community organisations fall in between at 24 per cent and 19 per cent support, respectively.

Within this broad pattern of responses are some mostly small, but interesting variations between social groups. Table 7.2 also shows that women are slightly more likely than men to prefer governments and families and relatives, while

5 Elsewhere I have examined the disjunction between attitudes to service delivery and actual patterns of ownership in the full range of social services surveyed; see Meagher (2004).

men are slightly more likely than women to prefer community organisations and businesses. Australians with university education are more likely than those without to prefer business provision and community organisations, and less likely to prefer governments and families. Predictably, respondents who identify with the Liberal Party are more likely than ALP identifiers to prefer business and families, and less likely to prefer governments and community organisations. Once again, we see that the presence of children in their households does not seem to distinguish this group of Australians strongly from the overall population. However, respondents who have received Child Care Benefit in the last five years, and so have used some formal child care, do show more distinctive preferences. These Australians are more likely than respondents in general to prefer businesses, and less likely to prefer families and relatives. Nevertheless, as with all groups, government remains the preferred provider within this group by a margin of six percentage points.

The dominant pattern of public preference, then, is at odds with the direction in which the childcare sector is evolving. Taking all respondents who expressed a view,⁶ more than half of all respondents express a preference for non-profit provision, that is, they prefer either governments or community organisations to deliver child care, while a further large minority prefer family provision to either for- or non-profit child care. Even the group most likely to express a preference for businesses, recipients of CCB, are around twice as likely to express a preference for nonprofit provision.

Table 7.2 Attitudes to who best to deliver child care, Australia, 2005, by sex, education, party identification, presence of children and receipt of CCB, per cent

	Governments	Community organisations	Businesses	Families and relatives	Can't choose	(n=)
All respondents	34	19	16	24	7	(1848)
Women	35	18	14	26	7	(938)
Men	33	20	18	23	6	(893)
Bachelor deg. or higher	29	21	23	20	6	(411)
No university education	35	19	14	26	7	(1437)

6 That is, excluding those who selected 'Can't choose'.

Liberal Party identifiers	32	18	19	26	5	(644)
ALP identifiers	39	20	12	24	7	(567)
Children present in household	33	16	18	26	7	(522)
Received Child Care Benefit in the last 5 yrs	32	18	26	17	7	(138)

Source: Australian Survey of Social Attitudes, 2005

IS IT THE ECONOMY, STUPID? RATIONALES FOR PUBLIC SUBSIDIES FOR CHILD CARE

We have seen that Australians were more likely to prefer governments to deliver child care than any other kind of organisation. We have also seen that governments are not major providers of child care – although they *are*, along with parents, major funders of child care. A new item in AuSSA 2005 sought to understand what kinds of rationales for public subsidies to child care do Australians support. The survey asked respondents which of the following is the most important reason why the government should subsidise child care for preschool-aged children. Respondents were asked to choose one response only. The options were:

1. to help the economy by enabling parents to stay in workforce
2. to promote equal opportunities for women and men
3. to provide young children with a variety of experiences
4. can't choose.

The first response taps an 'economic' rationale for government subsidies to child care; the second a 'gender equity' rationale, and the third a 'children's welfare' rationale.

Before we move on to look at how Australians responded to this question, it is worth noting that both the present Coalition government and the Opposition emphasise the economic rationale in their policy statements on child care. Perhaps the most comprehensive policy statement of the Coalition's period in government is the document called *Tax reform: not a new tax, a new tax system*. In this document, the government sets out its plans for rationalising the childcare payments system under the goal of creating 'a system to ensure that all Australians—especially low and moderate income families – have much stronger incentives to work and save' (Costello 1998, p. 44). Practical arrangements reflect this emphasis; subject to relevant income tests, working parents are eligible

for more than twice as many hours of subsidised child care than are parents who are not in the workforce (50 hours per week per child compared to 24 hours) (Family Assistance Office 2006, p. 15). In much the same vein, in 2006, then Leader of the Opposition Kim Beazley introduced the ALP's approach to child care in his speech on that topic as 'tackling ... [a] ... long term challenge: removing the barriers to workforce participation which are holding our economy back' (2006, p. 2).

Table 7.3 shows responses to this question for all (in the first line) and then several subgroups of respondents. Focusing first on all respondents, the rationale most commonly chosen is economic (36 per cent), with the remainder dividing pretty evenly between gender equity (22 per cent), children's welfare (22 per cent) and can't choose (20 per cent). Among the subgroups we see some interesting patterns. Women are more likely than men to choose the gender equity rationale (27 versus 17 per cent). Among respondents with university education, equal proportions choose economic and gender equity rationales (32 per cent), while those without university education strongly prefer the economic to the gender equity rationale (37 versus 20 per cent). Differences between Liberal and ALP identifiers are small, while Green identifiers stand out as the only subgroup strongly preferring a gender equity rationale to all others, at 48 per cent. Once again, the presence of children appears to make virtually no difference to attitudes to government subsidies for child care. However, respondents from households that have received Child Care Benefit within the last five years do have a somewhat different preference structure; they are more likely than the average respondent to prefer the economic and children's welfare rationales, and more likely than all other groups to make a choice at all (that is, these respondents have the lowest rate of 'can't choose' response).

Clearly the proportion of people who respond 'can't choose' on the rationales question is much higher than for other survey items I discuss in this chapter. There are several possible reasons for this high rate. First, it may be that respondents who can't choose do not want to prioritise – they can see the value of more than one rationale, and genuinely can't choose between them. Second, it may be that at least some of the respondents who can't choose reject the idea of public subsidies for child care – we designed this question with a forced choice, and did not offer the option to respond 'the government should not subsidise child care'. However, cross-tabulating this item with 'Who is best suited to deliver child care' revealed that fully 15 per cent of those who responded that governments are best suited could not choose a response on the 'rationales' item, suggesting that opposition to government subsidies altogether at best explains only part of the 'can't choose' response. Third, these respondents may have simply been confused by the question, which is probably cognitively complex, and so harder to understand and choose a response than on other items that rely more on 'gut' reactions (Carmines & Stimson 1980, cited in Berinsky, 2004, p. 10).

Table 7.3 Rationales for public subsidies to child care, Australia, 2005, by sex, education, party identification, presence of children and receipt of CCB, per cent*

	Economic	Gender equity	Children's welfare	Can't choose	(n=)
All respondents	36	22	22	20	(1898)
Women	34	27	21	19	(975)
Men	38	17	22	23	(904)
Bachelor deg. or higher	32	32	19	17	(420)
No university education	37	20	23	21	(1478)
Liberal Party identifiers	37	20	23	20	(653)
ALP identifiers	40	23	21	15	(577)
Green identifiers	16	48	15	21	(105)
Children present in household	37	22	22	20	(527)
Received Child Care Benefit in the last 5 yrs	40	22	26	12	(139)

Source: Australian Survey of Social Attitudes 2005.

* Rounding leads to some minor divergences from sums to 100 across rows.

Despite the high 'can't choose' rate, it is clear that more respondents support the economic than support either of the gender equity and child welfare rationales for public subsidies to child care. It could be argued, then, that the major parties' emphasis on the economic rationale accords with the most widely held view among Australians. However, there is another way of interpreting the findings presented in Table 7.3. This is to point out that a *minority* of respondents overall, and of all the identified subgroups, actually agrees that the most important reason why governments should subsidise child care is to help the economy by enabling parents to stay in the workforce. Indeed, respondents who made a choice at all were at least as likely to choose a non-economic rationale; one aimed at meeting the needs of either women or children. Taken as a whole, three fifths of respondents did not see the economic rationale as most important, suggesting that there are broad constituencies for policies grounded in the principles of gender equity and children's welfare that have long motivated Australian childcare advocates and activists.

CONCLUSIONS

The findings presented in this chapter suggest that there is room for a political contest over the economic structure of the child care sector, and for the kind and level of public investment in it. The major political parties may agree that the private sector is well suited to provide childcare services, but this is not a view widely shared by Australians, a majority of whom prefer non-profit provision. Further, we have seen that a majority of Australians prioritises non-economic rationales for government subsidies to child care, whether child welfare or gender equity. This suggests that the intrinsic, non-economic benefits of child care are important to many Australians, who might form a constituency for increased spending on childcare services to create a universal system that provides both good experiences for children and good working conditions for those employed to care for them. Certainly, further research on the kinds of public support for child care that Australians would find most reasonable and effective would be well worth doing.

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8

Employees' views on quality

Emma Rush

INTRODUCTION

The results from a national survey of almost 600 long day care staff, carried out by the Australia Institute in late 2005, show that in most cases staff believe that the quality of care offered in their centre is quite high.

However, when the results are reported by provider type, consistent patterns become evident. Across a range of aspects of quality care, corporate chain child-care centres appear to provide poorer quality care than community-based and independent private childcare centres.

The staff survey included questions about:

- time to develop relationships with individual children
- programming to accommodate children's individual needs and interests
- the variety of the equipment provided
- the quality and quantity of the food provided
- the staff-to-child ratios
- whether the respondent would send their own child, aged under two, to the centre they were employed at, or one offering comparable quality of care.

WHY SURVEY LONG DAY CARE STAFF?

Long day care is the dominant type of formal care for Australian children aged under five

According to the Australian Bureau of Statistics, in 2005, a total of almost 303 000 Australian children aged under five attended long day care. The proportion of children attending long day care rises by age group. In 2005, long day care centres provided care for:

- 4.5 per cent of babies aged under one

- 21 per cent of one year old children
- almost 30 per cent of two year old children
- almost 38 per cent of three year old children
- almost 28 cent of four year old children (ABS 2006, p. 14).¹

Of all children aged under five, just over 24 per cent attend long day care for some proportion of the week – almost one in every four children (ABS 2006, p. 14).

Most children do not attend long day care full time. In 2004, only 10 per cent of children attended for 40 hours a week or more, and 24 per cent attended for less than 10 hours a week. The remaining 66 per cent attended between 10 and 39 hours per week (FACS 2004, pp. 33, 55).

The trend over time is for an increasing proportion of young children to attend long day care

During the period 1999 to 2005, the proportion of young children attending long day care rose in all of the above age groups, and the total number of children attending rose almost 41 per cent (ABS 2000, p. 12; ABS 2006, p. 14).

As the demand for workforce participation of parents increases due to demographic change, the pressure to place young children in long day care is likely to continue to increase.

The provision of long day care has undergone rapid change in the last five years

Prior to 2001, almost all long day care in Australia was provided by community-based (not-for-profit) or independent private (small owner operator) centres. In the last five years, however, corporate childcare chains have expanded rapidly into long day care provision. Corporate childcare chains are listed on the Australian Stock Exchange (ASX), and as such, are subject to governance structures that legally oblige the directors of the corporation to act in the best interests of the company – which roughly equates to maximising the financial value of the entity.

Two of the corporate childcare chains which have listed on the ASX since 2001 currently operate in Australia. ABC Learning Centres Limited (hereafter referred to as ABC Learning) first incorporated as a public company in 1997, listed on the stock exchange in 2001, and took over its major rival Peppercorn in 2004 (Fraser 2005), another smaller corporate chain, Kids Campus Limited, in March

1 Attendance at preschool instead of long day care is the probable reason for a decline in attendance at long day care from age 3 to age 4. Many 5-year-old children are attending school and are no longer in long day care.

2006 (Fraser 2006), and the remaining large corporate chain, Hutchison's Child Care Services, in October 2006 (ACCC 2006). Childs Family Kindergartens, a small chain, incorporated as a public company in 2002 and then listed on the stock exchange in 2005 (ASIC 2006).²

The federal government does not report on corporate chains as a separate category of childcare centres, but the available information suggests that in early 2006 approximately 57 700 long day care places were provided by the three main corporate chains then operating.³ This was close to 25 per cent of all long day care places in Australia.⁴

2 Note that this paragraph was revised on 12 February 2006 to take into account ABC Learning Centres' completed acquisitions of Kids Campus (17 July 2006) and Hutchison's Child Care Services (31 October 2006). Note that Childs Family Kindergartens operated only 43 child care centres in metropolitan Sydney as at 12 February 2007, compared with the 930 centres owned by ABC Learning Centres across Australia and New Zealand in November 2006 (CFK 2007; Marriner 2006). The rest of the paper remains the same as presented at the ASSA workshop.

3 The number of child care places provided by ABC Learning is not obvious in the literature published by the company. The figure of approximately 20 per cent of the child care market is usually quoted in reference to ABC Learning (e.g. Fraser 2005), which would equate to approximately 46,000 places (using data in AIHW 2005, p. 416). Adding to this figure the approximately 6,100 places provided by Kids Campus (KDS 2006) in 85 centres, the 5,000 places provided by Hutchison's Child Care Services (HCCS 2006) in 81 centres, and the approximately 2,600 places provided by Childs Family Kindergartens (CFK 2006) gives approximately 57,700 places provided by corporate chains.

Note that the Childs Family Kindergartens website states that the company 'owns and operates 37 child care centres in metropolitan Sydney ... and cares for over 4,000 children' (CFK 2006). It is not obvious whether the latter refers to individual children (who may attend part time) or full-time places; if it were the former it would mean that CFK centres average 108 children per centre which is well above the Australia-wide average for private centres of 91 children per centre (FACS 2004, p. 10), and if it were the latter it would mean that CFK centres offer, on average, 108 places per centre, which is well above the averages for Kids Campus and Hutchison's (averages of 71 and 61 places per centre respectively). Assuming that CFK's 37 centres operate with an average capacity of 71 places per centre (comparable with Kids Campus) would give approximately 2,600 places in total.

4 Current figures for total long day care places in Australia are not available. The most recent figures are from Centrelink administrative data as at 27 September 2004, and show 229,603 long day care places available Australia wide (figures provided by the Child Care Branch, Department of Families, Community Services and Indigenous Affairs, 10 March 2006).

Critics say the child care quality accreditation process has serious limitations

The federal government established the National Childcare Accreditation Council (NCAC) in 1993 to administer an accreditation system that aims to continuously improve the quality of child care (NCAC 2006). Although most agree that the accreditation system has improved the quality of care offered to children, it nonetheless has some significant limitations, both structural and procedural.

The national accreditation framework is structurally limited in that it is silent on a number of matters that research tells us are crucial contributors to high quality care. Staff-to-child ratios, which are set by the state and territory governments, are in most cases well below internationally recommended levels. Staff turnover is very high, with around 25 per cent of staff leaving the industry each year, and almost a quarter of long day care staff hold no formal qualifications relevant to child care (AIHW 2005, p. 417). Accreditation cannot reflect any of these concerns.

The process by which accreditation is carried out also suffers from a number of limitations.

Until very recently, the main criticism of the accreditation process was that there were no random inspections or ‘spot-checks’. Centres usually had several months advance warning of accreditation, so it was hardly surprising that most of them put on a good show for the validator on the day. In April 2006, the Federal Minister for Families, Community Services and Indigenous Affairs made a commitment to introduce spot-checks for the quality of care provided by a centre (Farouque 2006). This appears to be a step in the right direction but it may yet falter as a result of other procedural limitations, which appear to continue to apply. These include the fact that centres do not have to pass all 33 principles (of quality care) to be accredited and the fact that a lenient attitude is taken to centres that don’t meet the NCAC requirements.

Persistent media reports about poor quality care

Consistent with the alleged shortcomings of the national accreditation process, ‘horror stories’ about poor quality long day care centres regularly appear in the print media, as well as in radio and television programs.

Long day care staff are a relatively reliable source of information about quality

We could have surveyed parents of children enrolled in long day care, but parents often have only a limited capacity to gauge the standard of care provided at child-

care centres. Even in those cases where parents can spend significant time in the centre in order to assess the quality of care offered, there are a number of other factors that can make it difficult for them. These include:

- staff may change their behaviour in the presence of parents
- parents may not have a centre of high quality for comparison
- parents simply may not be able to admit that they have chosen an inappropriate placement for their child (Goodfellow 2005, p. 60, citing Cost, Quality and Child Outcomes Study Team 1995; Cryer and Burchinal 1997; Dahlberg et al. 1999).

Moreover, in 2004, 76 per cent of long day care staff either held a relevant qualification or were studying for one (AIHW 2005, p. 417). Formal training in child development should assist them to judge what constitutes quality care.

The absence of the voice of long day care staff in the public debate

As far as we know, the 2005 Australia Institute survey was the first national survey of long day care staff focusing specifically on their perceptions of the quality of care offered in their centre.

HOW WAS THE SURVEY CARRIED OUT?

In consultation with childcare experts, and keeping in mind the various state regulations and the national accreditation system which currently govern the provision of child care, we developed a questionnaire for staff working in long day care centres around Australia (see p. 177–180).

Questionnaires were sent to a stratified random sample of 482 long day care centres across Australia (approximately 10 per cent of centres Australia wide). Researchers made follow-up telephone calls to centres surveyed in order to answer any questions from childcare staff about the questionnaire. Valid responses were received from 217 centres (almost 45 per cent of those surveyed and almost five per cent of centres Australia wide).

The 578 valid responses received accounted for approximately one per cent of long day care staff Australia-wide (FACS 2004, pp. 45, 65).⁵ These responses

5 The FACS Child Care Census reports that 29,300 long day care centre staff are employed at the 85 per cent of private long day care centres that responded to the census, so we estimate that a total of 34,470 are employed overall in private long day care centres. The FACS Child Care Census reports that 18,973 long day care centre staff are employed at the 97 per cent of community-based long day care cen-

were tested for sample bias, with the following results. Respondents were highly representative of the total Australian population of long day care workers in terms of geographic distribution (by state). They were adequately representative in terms of centre type (community-based, independent private, or corporate chain) and in terms of qualifications held. However, proportionally respondents had more experience working in long day care centres than did the total population of long day care staff in Australia. That the survey attracted a high proportion of experienced respondents is probably due to the fact that staff who have a long-term commitment to child care as a profession are those who are more likely to complete and return a voluntary questionnaire.

There was also potential for the responses we received to be biased due to the possibility that directors of poor quality centres may have failed to pass the questionnaires on to staff, whether for their own reasons, or because they were told not to do so by managers higher up in the corporate structure. For example, during the follow-up telephone calls made to centres after the questionnaires had been mailed out, a staff member at one corporate chain centre reported to us that staff had been told not to fill out the questionnaires by the corporation's state office. At a couple of other corporate chain centres, staff said that they had asked higher levels of management if they could fill the questionnaires out, and at the time we spoke to them, they were still waiting for a response.

The results of an independent sample of questionnaires sent to Children's Services students at TAFE colleges showed that long day care staff surveyed by this means assessed their centres as providing slightly lower quality of care than those surveyed by direct mail-out to centre directors. This difference may have resulted from directors of poor quality centres failing to pass the questionnaires onto their staff. If anything, then, survey results may underestimate the quality problems in long day care centres.

In our judgement, the results of the 2005 survey provide a reasonably accurate reflection of staff perceptions of the quality of care provided in long day care centres around Australia.

SURVEY RESULTS BY QUESTION

The results of the seven questions most directly related to quality of care are reported below (a full report on the survey is available in Rush 2006). The survey data is presented in table form, for the purposes of detailed comparisons.

Note that the number of respondents changes slightly from question to ques-

tres that responded to the census, so we estimate that a total of 19,374 are employed overall in community-based long day care centres. Our estimate of the total number of staff employed in long day care in Australia is therefore 53,844.

tion because of the 578 valid respondents, some did not answer some questions, and where a respondent ticked in between the available options, their response was coded invalid. The number of respondents reported on in each table is reported as a note to each table, with responses from community-based, independent private and corporate chain centres shown in parentheses. Where applicable, we have tested whether the responses for the corporate chains and independent private centres differ significantly (at the 95 per cent level) from the responses for community-based centres. Where the difference is significant, it is marked with an asterisk (*).

Quotations from respondents are used to illustrate the data (these quotations were drawn from responses to the open-ended questions in the survey). These are identified by centre type and by state in parentheses immediately following the quotation.

At your centre, do you feel there is time to develop individual relationships with the children you care for? Always/Usually/About half the time/Rarely/Never

The results are shown in Table 8.1.

We would expect that in high quality child care, staff would say that they 'always' or 'usually' had time to develop individual relationships with the children they cared for. Individual relationships between carers and the children are extremely important, because they promote secure attachment, reduce children's stress and aid childhood development (NSCDC 2004). Long day care staff recognise the importance of developing these individual relationships.

[I would like] more time for staff to spend with individuals, as well as [children with] special needs... (Corporate chain, NSW).

[I would like] less paperwork, more one-on-one time with children (Independent private, NSW).

The responses to this question about the development of relationships with individual children suggest one of the biggest differences between the different centre types that provide long day care in Australia. A significantly lower proportion of respondents from corporate chains said they 'always' had time to develop individual relationships with the children they cared for than from community-based or independent private centres (25 per cent compared with 54 and 49 per cent respectively).

Table 8.1 Staff have time to develop relationships with individual children, staff perceptions by centre type

Centre type	% of respondents				
	Always	Usually	About half the time	Rarely	Total
Community-based	54	36	8	1	99
Independent private	49	39	11	2	101
Corporate chain	25*	48*	25*	3	101

Percentages may not sum to 100 due to rounding.

** Percentages marked with an asterisk are significantly different at the 95 per cent level from the figure for community-based centres. n = 570 (Community-based 226, Independent private 243, Corporate chain 101)*

At your centre, does the program accommodate children's individual needs and interests? Always/Usually/About half the time/Rarely/Never

The results are shown in Table 8.2.

We would expect that in high quality child care, staff would say that the centre program 'always' or 'usually' accommodates children's individual needs and interests. It is now widely recognised that high quality programs in early childhood include 'child-initiative and involvement' to a significant degree (Bennett 2004, p. 11; see also Shonkoff and Phillips 2000, p. 315; NSCDC 2004, p. 1).

Corporate chain centres had a lower percentage of respondents who said their centre program 'always' accommodated children's individual needs and interests.

No one to one time. Outside 'til 11.00 am then back outdoors at 1.30 pm 'til 5–6 pm. Sad kids but parents are desperate and director glosses everything over (Corporate chain, NSW).

[I would like] less need for group supervision and more expansion of play in small/individual groups (Independent private, Qld).

Table 8.2 Centre program accommodates children's individual needs and interests, staff perceptions by centre type

Centre type	% of respondents				
	Always	Usually	About half the time	Rarely	Total
Community-based	68	29	2	1	100

Independent private	66	28	6	0	100
Corporate chain	54*	37	9*	1	101

Percentages may not sum to 100 due to rounding.

** Percentages marked with an asterisk are significantly different at the 95 per cent level from the figure for community-based centres. n = 570 (Community-based 226, Independent private 243, Corporate chain 101)*

At your centre, how would you describe the variety of the equipment for children? Good/Adequate/Poor

The results are shown in Table 8.3.

We would expect that in high quality child care, staff would say that the variety of equipment provided for the children was 'good', or at least 'adequate'. Such variety is important for staff to be able to deliver a varied and balanced program for the children.

It is often assumed that corporate chain centres bring financial capital to the childcare industry (see for example Romeril 2004, p. 4). We therefore expected that responses to this question would reflect this assumption, and that the data would reveal that corporate chain centres provide better equipment for the children than other centre types. However, only 34 per cent of corporate chain staff said the variety of equipment provided at their centre was 'good', compared with 66 per cent of staff from communitybased centres.

[T]he grounds are dismal, and outside is such a small area (Corporate chain, Qld).

I don't think my centre provides high quality care due to low budget, unqualified staff and poor equipment (Corporate chain, Qld).

Table 8.3 Centre provides a variety of equipment for children, staff perceptions by centre type

Centre type	% of respondents			
	Good	Adequate	Poor	Total
Community-based	66	29	5	100
Independent private	59	35	6	100
Corporate chain	34*	54*	12*	100

Percentages may not sum to 100 due to rounding.

** Percentages marked with an asterisk are significantly different at the 95 per cent level from the figure for community-based centres. n = 567 (Community-based 226, Independent private 239, Corporate chain 102)*

Results for the next two questions (about the quality and quantity of food provided to children) must be interpreted with caution. At some centres, the children bring food from home, and this option was not available on the questionnaire. However, 85 respondents (almost 15 per cent of valid responses) wrote on the questionnaire ‘parents provide food’ or ‘children bring own lunch’. These responses have been removed from the figures given for the next two questions, since they do not reflect anything about the quality of the centre. However, we do not know how many respondents answered with respect to the food provided by parents, but failed to write this on the questionnaire.

At your centre, are the children provided with nutritious food? Always/ Usually/About half the time/Rarely/Never

The results are shown in Table 8.4.

Respondents from corporate chain centres were significantly less likely than independent private and community-based centre respondents to say that their centre always provided nutritious food (46 per cent compared with 73 and 74 per cent respectively). Moreover, 20 per cent of respondents from corporate chains said that nutritious food was only provided ‘about half of the time’, compared with five per cent of independent private centre respondents and four per cent of community-based centre respondents.

[One change I would make is to] provide more ... nutritious meals for the children which are varied, and enough food is offered including alternatives (Independent private, NT).

Table 8.4 Centre provides nutritious food for children, staff perceptions by centre type

Centre type	% of respondents			
	Always	Usually	About half the time	Total
Community-based	74	22	4	100
Independent private	73	22	5	100

Corporate chain	46*	34	20*	100
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Percentages may not sum to 100 due to rounding.

** Percentages marked with an asterisk are significantly different at the 95 per cent level from the figure for community-based centres. n = 488 (Community-based 195, Independent private 211, Corporate chain 82)*

At your centre, are the children provided with enough food? Always/Usually/About half the time/Rarely/Never

The results are shown in Table 8.5.

The responses show a similar pattern to the previous question, with the corporate chains scoring markedly worse. Staff at communitybased centres are much more likely than staff at corporate chain centres to say that children are always provided with enough food (80 per cent as opposed to 54 per cent). At the same time, one in 10 respondents from corporate chains said that children receive enough food only about half the time.

[I would not send my child to the centre I work at due to] lack of food (not enough allocated per child) and untidiness (centre never cleaned properly due to lack of staff) and lack of good quality equipment (Independent private, Qld).

Table 8.5 Centre provides enough food for children, staff perceptions by centre type

Centre type	% of respondents				Total
	Always	Usually	About half the time	Rarely	
Community-based	80	18	2	0	100
Independent private	75	20	4	1	100
Corporate chain	54*	36*	10*	0	100

Percentages may not sum to 100 due to rounding.

** Percentages marked with an asterisk are significantly different at the 95 per cent level from the figure for community-based centres. n = 487 (Community-based 195, Independent private 211, Corporate chain 81)*

Are the staff-to-child ratios at your centre usually ... Below legal

minimum/At legal minimum/Above legal minimum.

The results are shown in Table 8.6.

The responses indicate that centres rarely operate below the legal minimum staff-to-child ratio as their usual practice, and this holds true for all three types of centre. However, as the table shows, community-based and independent private centres are much more likely to operate with more than the legally required number of staff.

Table 8.6 Standard staff-to-child ratios, staff perceptions by centre type

Centre type	% of respondents			Total
	Below legal minimum	At legal minimum	Above legal minimum	
Community-based	4	57	40	101
Independent private	2	62	37	101
Corporate chain	5	81*	14*	100

Percentages may not sum to 100 due to rounding.

** Percentages marked with an asterisk are significantly different at the 95 per cent level from the figure for community-based centres. n = 555 (Community-based 222, Independent private 234, Corporate chain 99)*

If you have or had your own children aged under two, would you be happy to enrol them at the centre where you work or one with comparable quality of care? Why/Why not?

The results are shown in Table 8.7.

We asked this question because if a worker would not place their own young child in a centre of comparable quality to the one where they work, and they specify quality concerns as the reason for this, then this raises serious questions about the overall quality of care offered by the centre.

Overall, the responses indicate that the majority of respondents would be happy to enrol their own child aged under two in the centre where they worked. Indeed, many staff described the overall quality of care at their centre in very positive terms.

The staff are warm and friendly. The aesthetic of the centre is colourful and welcoming and toys are rotated well. Staff work well together (Independent private, ACT).

The staff genuinely care for all the children and families equally. They put the children and their beliefs, likes and interests first (Community-based, NSW).

Table 8.7 Responses to 'If you have or had your own children aged under two, would you be happy to enrol them at the centre where you work or one with comparable quality of care', by centre type

Centre type	% of respondents				Total
	Yes	No – quality concerns	No – other reasons	Don't know	
Community-based	80	4	9	7	100
Independent private	75	6	11	8	100
Corporate chain	69*	21*	4	6	100

Percentages may not sum to 100 due to rounding.

** Percentages marked with an asterisk are significantly different at the 95 per cent level from the figure for community-based centres. n = 556 (Community-based 218, Independent private 238, Corporate chain 100)*

However, despite the fact that all respondents worked at accredited centres, a minority said that they would not be happy to enrol their own child aged under two in the centre where they worked, due to quality concerns. This minority was far more significant in corporate chain centres: 21 per cent said they would not send their own child to the centre where they worked, or one with comparable quality of care, because they had concerns about the quality of care provided at their centre, compared with only four and six per cent of community-based and independent private centre respondents respectively.

Those respondents who would not be happy to send their own child to the centre where they worked because they had quality concerns cited a number of different reasons. Some respondents made comments about inadequate state regulations, in particular what they felt were unacceptably low staff-to-child ratios.

As good as it is, in the under 2s the children are managed and the good quality care that I want for my baby is just not possible – but the staff do their best (Community-based, Vic).

I believe under 2 with these ratios is unfair (Corporate chain, NSW).

Other respondents commented on matters that fall more within the responsibility of the national accreditation system. Some felt that routines within the centre, including staff cleaning and paperwork responsibilities, did not allow for adequate time with children.

Not enough time spent with children, staff always cleaning or doing paperwork (Corporate chain, NSW).

Others commented on the lack of resources necessary to provide a good quality program for children.

Not enough resources for children – most toys have been donated or bought by staff (Corporate chain, Qld).

Place dirty, broken resources (Corporate chain, Vic).

Many commented on staffing issues. Such comments implicitly point to the need for government policy to address the undersupply of quality childcare staff, which is directly linked to the extremely high rates at which childcare staff leave the industry: in the three years prior to 2004, approximately 25 per cent of long day care staff left the industry each year (AIHW 2005, p. 100).

High staff turnover, low staff morale, traineeship-trained staff ... (Corporate chain, Vic).

... immaturity and lack of experience of staff (not lack of qualifications) (Community-based, Vic).

Some respondents articulated concerns that appeared to be specific to corporate chains (similar comments were not received for the other centre types).

[C]are ... is adequate, but the child's development is secondary to keeping up appearances ... The director is primarily a money collector and whip cracker ... (Corporate chain, NSW).

[Corporate chain] took over and now it's a money making business and not a family one. Too much paperwork means not enough time spent with children (Corporate chain, Vic).

Others were concerned about the rigidity of the centre routines, in comments that appear to confirm Goodfellow's identification of a 'business orientation' that focuses on 'efficiency and production of measurable outputs' (Goodfellow 2005, p. 54).

... regimented and rigid programs where the children have to fit in with the centre program style whether it suits their personality or not! (Corporate chain, Qld)

[Centre] does not meet emotional needs, [children must] follow centre's routine (Corporate chain, NSW).

IMPORTANCE OF RESULTS

The results from the survey are of concern given that at present approximately 25 per cent of children attending long day care attend a corporate chain centre. Of all Australian children under five, this amounts to approximately six per cent, or about one in every 20 Australian children aged under five.

The trend of corporate chain expansion looks set to continue, with the only apparent limit being the Australian Competition and Consumer Commission (ACCC) requirement that one chain cannot own more than 40 per cent of the centres in a given area. However, it is possible that between them, three different chains could own all of the centres in a given area without contravening this requirement.

WHAT MIGHT BE DONE TO IMPROVE THE QUALITY OF CARE?

The responses of long day care staff to the Australia Institute survey are consistent with the following policy recommendations.

1. IMPROVE STAFF-TO-CHILD RATIOS

In most states in Australia these are below the levels recommended by experts, and a majority of childcare staff surveyed felt they were inadequate to provide quality care.

1A. TAKE STEPS TO MAINTAIN AND INCREASE THE SUPPLY OF QUALIFIED AND EXPERIENCED CHILDCARE STAFF

The issue of raising staff-to-child ratios has sometimes been dismissed on the grounds that in the context of existing childcare staff shortages, to raise staff-to-child ratios would cause a loss of childcare places (Pryor 2006). To minimise this

risk, steps should be taken both to reduce the high numbers of staff leaving the industry (see AIHW 2005, p. 100), and to increase the supply of qualified childcare workers.

Many of the childcare staff we surveyed made plain their views about problems with pay and conditions, despite the fact that none of our questions were specifically directed at these issues. We therefore repeat the recommendation made by the Child Care Workforce Think Tank in 2003 but rejected by the Coalition government: governments must 'address the costs of improving the pay and conditions of the early childhood workforce while ensuring that the cost to families is affordable' (FACS 2003, p. 6).

2. MONITOR THE QUALITY PROVIDED BY DIFFERENT PROVIDER TYPES

The survey results imply a need for the three different types of long day care provider to be reported on separately in government data collection if such reporting is to accurately reflect the diversity of care provided by the industry. At present, the federal government, through FACS, monitors long day care centres as either being 'community based' or 'private for-profit'. Survey results suggest that the current 'private for-profit' category might best be separated into 'corporate chain' and 'independent private' for data collection and reporting purposes.

NCAC is in the ideal position to undertake comparative quality monitoring, but at present, it does not hold information on centre provider types. There is therefore no way for it to report on the relative quality outcomes, as assessed during the accreditation process, of the three different types of provider present in the long day care industry. If NCAC could be given access to the relevant data, it would be a relatively simple matter for them to report on quality provision by provider type as an additional outcome of the accreditation process.

3. FUND THE ESTABLISHMENT OF NEW COMMUNITY-BASED CENTRES

Survey results suggest that further unchecked expansion of corporate chains will risk lowering the overall level of the quality of care at long day care centres in Australia. To avoid this, the federal government could increase funding for the establishment of community-based centres, especially in areas of demonstrated work-related need. This would be consistent with government intentions to promote both the workplace participation of parents and parental choice.



Survey of staff in long day care centres

Dear child care worker,

The Australia Institute is an independent research centre in Canberra. We are doing a national survey of childcare workers, and ***we are keen to hear your views*** on quality of care in Australian long day care centres.

We believe that childcare workers have a unique perspective on the quality of care offered in long day care centres. We would like to know more about what helps you provide quality care and what makes it difficult.

The survey is ***not*** designed to identify what is happening at individual centres. The survey responses will be compiled to present a picture of what's happening across the long day care sector.

We hope the research report will make a significant contribution to debate about the future of children and child care in Australia.

We would be most appreciative if you could spend five minutes completing the short survey overleaf. Please return it to us in the reply paid envelope provided by **Friday 9 December 2005**.

All the information you provide will be treated in the strictest confidence. Only three researchers from the Australia Institute will see the completed questionnaires. No individual worker or child care centre will be identified in the report.

If you have any questions or comments, please do not hesitate to contact Emma Rush, the principal researcher, on (02) 6125 1272 or emma@tai.org.au.

Thank you for your help.

Yours sincerely

A handwritten signature in cursive script that reads 'Clive Hamilton'.

Dr Clive Hamilton
Executive Director
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Quality child care: What does it mean to you?
National survey of staff in long day care centres

Respondent information

All responses to this survey will be treated in the strictest confidence. We ask for your name and a contact phone number just so we can carry out some random checks and make sure the surveys are valid.

Name: _____

Contact ph: _____

1a. Please provide the name and address of the long day care centre you are currently working in

1b. What type of centre is it?
 privately owned..... ⇔ Q. 1c
 community managed..... ⇔ Q. 2
 government managed..... ⇔ Q. 2
 other..... ⇔ Q. 2

1c. If the centre is owned by a corporate child care group, please write which one:

2. What is the title of your current position? (e.g. Centre Director, 2IC, Early Childhood Teacher, Child Care Worker, etc.)

3. What is the highest level of qualification you hold (or are studying for) that is relevant to your work in child care?

no formal qualifications.....
 studying for certificate
 certificate.....
 studying for diploma.....
 diploma.....
 studying for degree.....
 degree.....
 studying for postgraduate qual..
 postgraduate qualification
 other or studying for other (please specify)_____

Survey

This part of the survey is about quality of care.

4. At your centre, do you feel there is time to develop individual relationships with the children you care for?

- always.....
 usually.....
 about half the time.....
 rarely.....
 never.....

5. At your centre, does the program accommodate children's individual needs and interests?

- always.....
 usually.....
 about half the time.....
 rarely.....
 never.....

6. At your centre, how would you describe the variety of the equipment for children?

- good.....
 adequate.....
 poor.....

7. At your centre, are the children provided with nutritious food?

- always.....
 usually.....
 about half the time.....
 rarely.....
 never.....

8. At your centre, are the children provided with enough food?

- always.....
 usually.....
 about half the time.....
 rarely.....
 never.....

9a. Are the staff-to-child ratios at your centre usually:

- below legal minimum.....
 at legal minimum
 above legal minimum

Please continue to next page. Thanks!

CONFIDENTIAL

9b. At your centre, how often, if ever, do the staff-to-child ratios drop below the legal minimum?
 never.....
 once a month.....
 once a week.....
 once a day.....
 more than once a day.....

9c. In your opinion, are the staff-to-child ratios legally required in your State or Territory adequate to provide high quality care for children?
 yes..... ⇒ Q. 10
 no..... ⇒ Q. 9d & 9e
 don't know..... ⇒ Q. 10

9d. If no, please circle the staff-to-child ratio you believe would be adequate to provide high quality care for each of the following age groups.
under 2 years
 1:4 1:3 1:2 other _____
2-3 years
 1:8 1:6 1:4 other _____
3-5 years
 1:14 1:11 1:8 other _____

9e. In your opinion, what aspects of high quality care do children currently miss out on as a result of inadequate staff-to-child ratios?

10. How many primary contact staff are employed at your centre at a time when all the children are present? _____

10a. At your centre, approximately how often does a primary contact staff member resign or leave?
 more than once a month.....
 once every 1-3 months.....
 once every 3-6 months.....
 once every 6-12 months.....
 less than once every 12 months.....
 don't know.....

10b. How would you describe this level of staff turnover, relative to the long day care industry as a whole?
 high.....
 average.....
 low.....
 don't know.....

10c. Do you feel this level of staff turnover affects the quality of care the children receive?
 yes.....
 no.....
 don't know.....

Please comment some more on your answer:

11. In your view, what is *the single most important* factor in providing quality care? (Please tick one)
 well qualified staff.....
 low staff turnover.....
 high staff-to-child ratios.....
 warm staff personality.....
 pleasant physical surrounds.....
 range of activities for children...
 other (please specify) _____

12. What would you change at your centre, if anything, to improve the quality of care provided?

13a. If you have or had your own children aged under two, would you be happy to enrol them at the centre where you work or one with comparable quality of care?
 yes.....
 no.....
 don't know.....

13b. What are the main reasons for your answer?

Please continue to next page. Thanks!

CONFIDENTIAL

14. In which year did you first start working in long day care?

15a. Since you have been working in long day care would you say that overall, the quality of care has:

- improved a lot ⇨ Q. 15b
- improved somewhat..... ⇨ Q. 15b
- stayed the same..... ⇨ Q. 16
- declined somewhat..... ⇨ Q. 15c
- declined a lot..... ⇨ Q. 15c
- don't know..... ⇨ Q. 16

15b. If you think quality has **improved**, please tell us about what you think has helped.

15c. If you think quality has **declined**, please tell us why you think it has.

16. Is there anything else you would like to say about working in long day care or quality of care?

Thank you very much for helping our research

The researchers may hold some focus groups to explore the issues raised in this survey. Would you be interested in taking part in a focus group, or elaborating on your views over the phone?

yes no

If you would like to receive a copy of the final report, please provide an email address.

Please return the completed survey to the Australia Institute in the reply paid envelope:

Child Care Project
The Australia Institute
C/- PO Box 8236
Australian National University ACT 0200

Please return the survey by:
Friday 9 December 2005

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Part 4
The question of quality

9

Public investment, fragmentation and quality early education and care – existing challenges and future op- tions INTRODUCTION

Frances Press

This chapter seeks to outline, critique and challenge Australia's current approach to the provision of education and care services to children and their families. In doing so, the chapter highlights the complexities and fragmentation of the current system so that advocates and policy makers might avoid the temptation to proffer overly simplistic solutions that fail to address the 'real world' contexts that families must negotiate and children are left to experience.

In examining Australia's current approach to the provision of education and care services to children and their families, the chapter draws upon the Organisation for Economic Cooperation and Development's (OECD) Thematic Review of Early Childhood Education and Care (ECEC) including the *Australian Background Report* (Press & Hayes 2000); the OECD *Country Note on Early Childhood Education and Care Policy in Australia* (2001a); and the OECD Comparative Report *Starting Strong: Early childhood education and care* (2001b). The chapter also canvasses a range of other relevant national reports, including the recent policy paper *What about the kids? Policy directions for improving the experiences of infants and young children in a changing world* produced by the author for the Commissions for Children and Young People in NSW and Queensland and the National Investment for the Early Years (NIFTeY) (Press 2006), as well as trends such as the rapid corporatisation of the long day care sector.

The Thematic Review (OECD 2001a) raised a number of fundamental questions about Australia's approach to early childhood education and care which remain outstanding and primarily arise out of the fragmented nature of policy and programs for children and their families. Subsequent to the conclusion of the Thematic Review process in Australia, the early childhood landscape has witnessed the rapid incursion of the corporate sector into the provision of long day care. Arguably, the current policy landscape for Australian early childhood education and care is, on the one hand, too constrained by the weight of history and, on the other, subject to an unprecedented transformation by market forces in a way that

limits deep thinking about what we want to achieve for all children. Current policy discussions are too often constrained by ‘*what is*’ rather than motivated by ‘*what could be*’; policies and practices do not always match rhetoric; and policies are not sufficiently informed by research or led by a vision of what we want for children. Corporatisation and the dominance of a major player have generated a number of new considerations for policy.

A starting point for a reconsideration of current policies and programs are the findings from the Comparative Report of 12 OECD member nations arising out of the Thematic Review. The eight key elements of successful early childhood education and care policy propounded by the OECD in *Starting Strong* are as follows:

- A systemic and integrated approach to policy development and implementation
- A strong and equal partnership with the education system
- A universal approach to access, with particular attention to children in need of special support
- Substantial public investment in services and infrastructure
- A participatory approach to quality improvement and assurance
- Appropriate training and working conditions for staff in all forms of provision
- Systemic attention to monitoring and data collection
- A stable framework and long-term agenda for research and evaluation (OECDb 2001).

It is not the intention here to explicitly evaluate Australia’s provision of early childhood education and care along each of these dimensions. However, the development of a systemic, integrated approach to children’s education and care, as highlighted by the first point, underpins the achievement of the subsequent elements. In providing an overview of the myriad policy fragmentations evident in current policy and provision, this chapter hopes to generate a commitment to holistic reform that will result in a systemic approach to children’s education and care framed around the central aim of supporting children.

Greater cross-disciplinary attention on, and understanding of, the importance of children’s early development, and a contemporary research base that provides a better understanding of the structures and practices that support children and their development in out-of-home settings, should be informing the extent and nature of government intervention. An equally important impetus to ‘get it right’ is that to neglect the insights from research runs the risk of ‘getting it wrong’, exacerbating disadvantage, and perpetuating and facilitating the poor developmental outcomes that erode social cohesion and community wellbeing. A central project in the conceptualisation and implementation of such reform is to envision a new future for the provision of early childhood education and care by asking ‘how it can become an expression of a society that values children?’

WHAT SERVICES MAKE UP THE EARLY CHILDHOOD EDUCATION AND CARE LANDSCAPE?

While much of the public debate centres on child care, there is a burning need to locate child care in the broader context of education and care services for children. Failure to do so means we risk perpetuating the fragmentation that hampers the system at the current time. Formal education and care services are a mixed bunch and comprise regulated and/or accredited government funded children's services such as preschool, long day care, family day care, regulated home-based care, occasional care, in-home care and outside school hours care.

TRENDS IN THE USE OF CHILDREN'S SERVICES

In considering the future direction for child care it is worth noting the following trends in families' use of early childhood services. As children's age increases so too does the use of care, rising from 34 per cent for children under one year, to 88 per cent of children at age four (AIHW 2003, p. 229). However, there are significant variations as to whether children are using informal or formal care. Informal care is predominant for children under one (79 per cent) but its use drops to only 6 per cent of children by the time they are aged four (AIHW 2003, p. 229). In short, for children aged between birth to school age, the use of informal care decreases and the use of formal care increases with age. However, it also appears that the number of children who use *only* formal care is increasing. Between 1993 and 2002, the number of children aged from birth to four years using only formal care increased by 39% while the number of children using *only* informal care fell by 28 per cent (AIHW 2003, p. 229).

While participation in long day care more than doubled between June 1993 and June 2002, preschool participation did not significantly change, though a slight downward trend can be detected in some states and territories. It is pertinent to note who is using preschool and who is missing out. Preschool participation is higher in major cities (58 per cent); for non-Indigenous families (57 per cent) and for families with the highest incomes (65.9 per cent). Not only are high income families 1.4 times more likely to have children who attend preschool than families on the lowest incomes (48.5 per cent), children from a non-English speaking background, children with no employed parents and children who have parents without a post-school qualification are less likely to attend preschool (AIHW 2005, pp. 65–6).

Against the backdrop of a trend towards a greater use of formal care and education options, we see a relatively static use of preschool, with the latter more likely to be used by urban middle class families. For some children, preschool has

been supplanted by formal child care, while many other children have no access to a formal early childhood program in the years before school. Early childhood education and care is highly regarded as an effective strategy to redress the educational disadvantage that many children will encounter upon entering school (Sylva, Meluish, Sammons, Siraj-Blatchford, Taggart & Elliot, 2003); hence the populations of children who are missing out on a good quality early childhood program are of serious concern.

THE EXISTING POLICY LANDSCAPE – COMPLEXITY AND FRAGMENTATION

Early childhood education and care in Australia involves at least two and sometimes three layers of government. Responsibilities are divided between the federal government and state and territory governments, with local government playing a significant role in some (but not all) jurisdictions. Provision of services is reliant upon a mix of government, non-profit and for-profit providers.

The federal government, through the Department of Family, Community Services and Indigenous Affairs (FaCSIA), takes policy responsibility for long day care, family day care, outside school hours care and some occasional care. It administers a fee subsidy to eligible families using approved services (Child Care Benefit), and provides some funding to eligible services for specific purposes. The Minister for FaCSIA appoints the National Childcare Accreditation Council (NCAC) which oversees quality accreditation systems for long day care, family day care and outside school hours care. The Department of Education, Science and Training (DEST) is a major source of funding for Indigenous early childhood programs.

State and territory governments are responsible for preschools and the regulation of early childhood education and care services, with some also providing funding to ECEC services other than preschool. Within each state and territory, responsibility for early childhood education and care may rest with either the portfolios of community services or education or be divided between them. Preschools are often aligned with education portfolios and other early childhood education and care aligned with the portfolios of family, health or community services. However, there is no uniform pattern and significant differences can be discerned in each jurisdiction.

Each state and territory has its own approach to the provision of preschool. Variations can be found in terminology (for example, it may be known as preschool, kindergarten or transition depending upon where you live), the age range of children eligible to attend preschool, hours of operation, patterns of utilisation, availability, cost, relationship to school entry, location and management of programs (Press, Rice & Hayes 2002).

Similarly, each has its own approach to the regulation of children's services and there are significant differences in content and the types of services subject to regulation. Many jurisdictions have also introduced early childhood curricula. Again, there are substantial variations in the age range covered by these documents, the services and staff to which they apply, and philosophical approach.

Early childhood education and care is thus affected by a complex interplay of government policy, involving a number of federal, state and territory ministries. As policy objectives change according to level of government and portfolio, and many early childhood services are accountable to more than one layer of government, services can be subject to different and at times competing objectives. In policy terms early childhood education and care has been associated with labour market intervention; providing family support; providing support and intervention for 'children at risk' and children with additional needs; enhancing children's learning and development; preparing children for school; and community capacity building. The lack of coherence between these objectives and consequent regulatory and funding mechanisms creates a complex and unfocused system for services and families.

Adding to this complexity, there is a mix of private, government and not-for-profit provision across the sector. Most state and territory governments directly administer preschools (Tasmania, South Australia, Western Australia, the Australian Capital Territory and the Northern Territory). In Queensland, New South Wales and Victoria, governments fund non-profit preschool providers. The private sector dominates the provision of long day care services (69.4 per cent) throughout Australia (AIHW 2005); while community-based services and local government are responsible for providing most other formal early childhood education and care settings.

The uneasy positioning of early childhood policy in Australia is perhaps evidenced by the number of reviews to which it has been subject, particularly during the 1990s. From 1993 to 1998 there were six national reviews of early childhood policy.¹ In 2000, all Australian governments participated in the OECD Thematic

1 Australian National Audit Office, No.42 1993-94, *Mind the children*, AGPS 1994; Australia. Law Reform Commission, *Child Care for Kids: Review of legislation administered by Department of Human Services and Health*, Interim Report No. 70, Commonwealth of Australia 1994; Council of Australian Governments, *A Proposed National Framework for Children's Services in Australia*, AGPS, 1995; Senate Employment, Education and Training Reference Committee, *Childhood Matters: the report on the inquiry into early childhood education*, Commonwealth of Australia, July 1996; Australia. Economic Planning Advisory Commission, *Future Child Care Provision in Australia*, AGPS, November 1996; Australia. Parliament. Senate. Community Affairs Reference Committee, *Report on Child Care Funding*, Commonwealth of Australia, December 1998.

Review. In 2001 the Commonwealth's Ministerial Child Care Advisory Council released its report, *Child Care beyond 2001*. Yet arguably, the resulting modifications to policy from all these review processes have often been piecemeal and have not developed as strategic responses to the needs of infants and young children.

The Thematic Review provided the impetus to put together a comprehensive picture of early childhood education and care in Australia that encompassed all levels of government and relevant key portfolio areas. This exercise brought into focus the complex jurisdictional arrangements in the sector. Not surprisingly, fragmentation and lack of coherence were identified as characteristics of the system (Press & Hayes 2000; OECD 2001a). As a result, key recommendations from the *Background Report* focused upon the need for governments to cooperatively work towards building more coherence across the sector (Press & Hayes 2000). The call for greater integration and coherence was echoed by both the *Country Note* (OECD 2001a) and the *Comparative Report* (OECD 2001b). A similar call arose out of the Commonwealth Child Care Advisory Council (CCCAC) Report *Child Care: Beyond 2001* which advocated for greater crossportfolio cooperation, a Ministerial Children's Council to address 'national issues relating to children and children's services' (CCCAC 2001, p. 9) and the development of a National Agenda for Children. While moves towards the latter did emerge with the *draft* National Agenda for Early Childhood in 2003, the agenda was never finalised, and much of the momentum and good will which greeted the government's move in this direction has since dissipated.

PRIVATISATION AND CORPORATISATION – CONFOUNDING THE POLICY MIX

The shift in emphasis towards private sector provision of child care that occurred in the early 1990s has added another layer of complexity to early childhood education and care services. Not only did funding changes successfully stimulate private sector investment in child care, the rhetoric of business and business management replaced that of community service. Child care services (in the non-profit sector as well as the commercial sector) were encouraged to operate as small businesses. Government assistance to non-profit services struggling to survive funding cuts was often focused on providing marketing and budgeting advice. Priorities became financial survival rather than responsiveness to community needs. As direct funding was taken from service providers, many found their capacity to flexibly respond to their communities diminish (see, for instance, Leppert 2000).

The requirements for business viability and the capacity of childcare centres to respond to community needs have, at times, been in competition and this has

been evident in many of the policy debates surrounding early childhood education and care. Private sector domination of long day care has sometimes shifted policy attention away from the question of children's needs to that of business profitability. Elements of the private sector have actively lobbied against policy mechanisms aimed at improving quality for children, because of financial cost. For example, in the review of children's services regulations in NSW, the lowering of staff to child ratios for children less than two years of age was actively opposed by private sector lobby groups (Wood 2003; Cox 2003) despite extensive research to support the benefits to children of having smaller numbers of children to staff (Lally 1994; NICHD 1996).

Intensifying the trend to privatisation has been the rapid corporatisation of the sector. This has been one of the most rapid and potentially far reaching changes in early childhood education in recent years. In one year ABC Learning has gone from providing 17 per cent of long day care centres to an estimated 25 per cent of places (Rush 2006). In 2005–2006 ABC's operating profit after tax was reported at \$81 million (ABC Learning 2006), much of this subsidised by government. As well as directly running centres it has its own staff training college (National Institute of Early Childhood Education) and it offers loans to parents (Peatling 2005). It has been fiercely competitive in terms of gaining and retaining 'market' share and has challenged the power of the state as regulator in the courts (Farouque 2006). The corporatisation of child care represents a concentration of privatisation with the same potential conflicts and tensions between profitability and children's best interests, but with an added dimension. A corporation's primary responsibility to maximise profits for its shareholders will almost inevitably come into conflict with the creation of inclusive, high quality early childhood infrastructure, as the latter is expensive to provide. However, one of the biggest concerns is the potential power of such large corporations making and breaking policy because of their size of market share.

Confounding these issues still further is the lack of planning that has characterised the growth of the childcare sector over the past decade. The expansion of commercial long day care centres has been permitted to occur with little reference to pre-existing supply, or the capacity of the planned service to deliver quality. While some regions are characterised by centres with long waiting lists, others are half empty because of oversupply (Horin 2006).

Such tensions raise a number of important questions. Corporate success is being underpinned by government funding, but is this public money being invested wisely? To what extent can governments expect business to fulfil the range of social policy objectives that are sought from the early childhood sector? Given the size of the commercial sector we need to move towards policy frameworks that will facilitate and sustain good quality services across the board, while at the same time direct significant public investment into infrastructure that aims to ensure universal access to reinvigorated and re-envisioned early childhood services

for children and families.

WHERE TO FROM HERE?

How can Australia move forward? Of fundamental importance is the need to implement systemic reform. To date, the fragmentation of the Australian system of early childhood education and care has worked against a comprehensive re-evaluation of policy across all levels of government.

The OECD *Country Note* described the issue thus in the following observation about the provision of early childhood education and care in Australia:

The ad hoc development of early childhood policy over the years in relation to the needs of parents, the workplace, and the economy, has tended to subsume the interests of children as being synonymous. There are tensions in this, and it is opportune to reflect on current policy priorities from a perspective that places the interests and needs of children to the fore (OECD 2001a p. 37).

Despite the myriad of pilot programs and policy initiatives that have occurred in recent years, individual policy changes at the federal and state/territory level have fallen short of engendering the intergovernmental cooperation and commitment needed to effectively challenge historically constructed frameworks and systematically incorporate an understanding of the service structures and practices that enhance children's learning and development.

In *What about the kids?* (Press 2006) NIFTEY and the Commissions for Children and Young People in NSW and Queensland call for a multi-pronged approach to the development of an integrated and coherent system that recognises and incorporates the nexus between maternity/parental leave and the provision of early childhood education and care. These recommendations build upon the eight key elements of successful ECEC policy set out in the report *Starting Strong* (OECD 2001b), in particular the finding that a comprehensive and universal high quality early childhood education and care sector needs to be a central plank of broader policy reform aimed at supporting children and families. *What about the kids?* argues that future directions for early childhood:

- *be guided by a vision* which engages community commitment to children's wellbeing
- *strive for congruence and alignment* across key policy domains including education, health, work and family, and social welfare
- *develop a cohesive and universal approach* to early childhood which has as its primary focus children's wellbeing.

A SYSTEMS APPROACH STARTS FROM BIRTH

As the use of early childhood education and care has expanded, the research base concerning the impact of early childhood programs upon children's development has also grown and provides insight into the effectiveness of current policies and programs in supporting children's wellbeing and development. Research establishes that good quality programs are associated with positive benefits for children and families in terms of concurrent outcomes and outcomes over time (see for instance NICHD 1999; Peisner-Feinberg & Burchinal 1997; Schweinhart 2003; Sylva et al. 2003). Shonkoff and Phillips (2001) assert that the foundation laid in the early years influences the effectiveness of all subsequent education efforts. Interventions in the first three years have been described as 'especially fruitful' (Council of Economic Advisors, cited in Danziger et al. 2000, p. 4) because successful interventions at this time lay the groundwork for later success. Thus ongoing benefits are cumulative and 'are compounded over time' (Danziger 2000, p.14).

Early childhood education is much more than what happens in the year or two before school. In its Thematic Review, the OECD deliberately uses the term early childhood education and care (ECEC) to indicate an integrated and coherent approach to children's early development and learning (2001b). The emphasis on integration has arisen as a response to a perceived dichotomy between children's care, seemingly exemplified by services such as day care, and children's education, seemingly exemplified by preschool (Wangmann 1995). This dichotomy, which shapes policy development in Australia as well as community perceptions and understandings, is the product of historical policy decisions regarding the purposes and funding of such services. But it does not reflect current knowledge about the needs of children in out of home settings (Wangmann 1995). Gammage draws upon his experience as an early childhood educator, researcher and psychologist to assert that 'we have to recognise that care and education are interwoven to such an extent that it no longer makes sense to see them as anything but thoroughly interdependent' (in Hayden 2000, p. 42). The New South Wales Curriculum Framework for Children's Services states that the interwoven nature of care and education make it 'inappropriate to label some services, or even parts of the day in a program, as educational and others as care' (n.d., p.16). The OECD (2001b) argues that in countries where early childhood policy is based upon a foundational understanding that children are competent learners from birth, divisions between 'care' and 'education' become meaningless. The necessity of promoting the education and care relationship has been underscored by brain research emphasising the importance of nurturing, responsive relationships in children's lives in the early years and these years as a foundational period in children's development and learning (Shonkoff & Phillips 2000; Watson & Moore 2002).

NEGOTIATING THE PATHWAY TO INTEGRATION

While integrating the concepts of care and education through the terminology of ‘education and care’ represents an important symbolic step toward the creation of a coherent sector for children, it does not of itself lead to a shared understanding of, or commitment to, common goals. Currently, the early childhood education and care sector is uneasily positioned between the conceptual and jurisdictional frameworks of education, health and social welfare and there is a gap between a rhetorical commitment to the interrelationship between care and education and the practice of differentiation through policy. The issue of integration is bound up with questions of policy and program alignment and there is no consensus about where policy responsibility should rest. The OECD (2001b) advocates for a strong and equal partnership with the education system, with strong policy linkages with sectors such as health and social welfare. From his work on the OECD Thematic Review, Bennett (2003) offers an optimistic view for the potential of early childhood pedagogy to exert a positive upward influence on the school sector. Other commentators warn against the ‘schoolification’ of early childhood, stating that an overemphasis on narrowly defined academic skills would undermine the potential benefits of integration with the school sector (Cohen et al. 2003).

Many advocates emphasise the need for expanded programs which also address the broader health and welfare of children and their families. For instance, Hertzman (2002) and Halfon et al. (2004) regard early childhood education and care as a potential basis for programs that either integrate, or become an entry point, for health and other social services.

A systemic approach, by definition, necessitates moving beyond a focus upon individual programs and sectors. Moving to a functional integration that primarily focuses upon attending to the needs and interests of children is one of the biggest challenges that face us. Successful systemic reform requires the development of a unifying principle and common understanding of what the system should achieve. The rapporteurs from other nations who visited Australia as part of the Thematic Review were struck by the absence of a strong philosophical underpinning for ECEC in Australia and in the OECD *Country Note* they argued that taking the issue of children’s rights seriously would enable the development of a vision for Australian early childhood education and care which could give ‘structures, policy and practice...a reference point which begins with the child’ (2001a).

The United Nations Convention on the Rights of the Child (UNCROC) states that the primary consideration, in actions concerning children, is *the best interests of the child* (Article 3.1). Surely ‘actions concerning children’ are intrinsic to any childcare and preschool system and their centrality needs to be matched by the content of policy. Although ‘the best interests of the child’ can be at times

a contested concept, children’s rights to rest, leisure and play (article 31.1), and to an education which is directed to ‘the development of the child’s personality, talents and mental and physical abilities to their fullest potential’ (article 29) are tangible touchstones for policy and practice.

Working towards a vision for children requires attending to the values upon which we believe a system of care and education for young children should be based. The achievement of a vision depends upon robust structural support, grounded in an understanding of children’s learning and development. In this chapter I argue that significant reform is required and must be driven by a serious and articulated commitment to children. This is not easily achieved. But we can no longer continue to cobble together bits and pieces of existing programs over a shifting foundation. To ignore the challenge is to squander opportunity.

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10

Improving early childhood quality through standards, accreditation and registration

Alison Elliott

Social practices and community values and issues are always in the process of redefinition and reconstruction. This means that our views on what is appropriate for children's care and education are constantly changing. Nineteenth and 20th century models of early childhood care and education, including regulatory and staffing models are often not appropriate for 21st century children and families.

Recent media and policy focus on child care and early education issues is well overdue. Finally, the volumes of research showing the benefits of strong, rich early childhood programs on children's development and learning have captured community attention. Quality early childhood programs help children reach key developmental milestones and have longer term social and academic benefits for students and families. Now, this knowledge must translate into vision and action for improved quality.

This chapter foreshadows greater regulation in early childhood care and education and proposes a registration scheme for early childhood practitioners, accreditation of early childhood practitioner preparation programs, and a set of standards for professional practice. It highlights the links between quality inputs (environment and staffing) and quality outputs (children's development and learning), and stresses the importance of getting the right staffing mix in early childhood settings. Generally, the concept of regulated pathways to practice is well established. However, while there is wide agreement on the importance of regulatory pathways to professional practice, there is less understanding about how these could benefit the complex and idiosyncratic early childhood sector.

On the international front, accreditation and registration of professionals provide an 'organised means' of assuring and improving quality services for consumers. Psychologists, medical practitioners, nurses, and often teachers, are registered and graduate from accredited courses. Enhanced regulatory frameworks, especially if linked to rewards for increased quality improve practice.

In education broadly, and specifically in early childhood care and education, research shows consistently that quality learning environments are linked to the quality of staff. In turn, staff quality and professionalism are linked to education

and training and to ongoing professional development. Assuring, monitoring and improving quality are difficult tasks in any profession – and nowhere more so than in education and care.

This chapter focuses on several related issues:

- establishing, maintaining and monitoring quality
- professionalism and nomenclature: terminology and perception
- professional standards
- the role and function of accreditation and registration in the early childhood sector.

THE QUALITY LANDSCAPE: ESTABLISHING, MAINTAINING AND MONITORING QUALITY

There is considerable variability in the distribution, range, and quality of early childhood care and education across Australia. While many individual childcare centres and preschool or kindergartens are excellent, there is huge variability in quality and a myriad of legislation, regulation, providers, and funding bodies. There is a growing alarm about quality, accessibility and cost in the early childhood sector and recent references to a childcare ‘shambles’ are not too far off the mark.

Changing family and work patterns have fuelled expansion in the early childhood sector but it has been difficult to assure quality in this growth period, particularly in light of clearer understandings about young children’s developmental and educational needs. Research points to the positive impact of preschool experiences on early development and adjustment to school and on longer term educational and social outcomes, especially for the most vulnerable children and families. Unfortunately, many young children, especially from disadvantaged families, miss out on rich learning experiences at home or in formal early childhood contexts, when brain development is at its most critical. It is at this time that experience helps strengthen neurological development and cognitive functioning and build school readiness (Shore 1997).

There is clear evidence of socio-economically linked achievement gaps in young children’s language, cognitive and social development at school entry (Ainley & Fleming 2003; Centre for Community Child Health 2005). It is also clear that quality early care and education programs can narrow developmental and achievement differences before children begin school. Central to this quality are skilled educators who can plan learning programs based on each child’s social and cognitive needs and on contemporary knowledge about learning and development.

All children need access to early childhood programs that both optimise early learning and development and provide for families’ work-related childcare needs.

To date though, a national approach to seamless provision of quality early education and care is a long way off. There is little agreement on exactly what is needed, which developmental and early learning models and approaches work best and in which contexts, and most critically, how to fund early learning programs for all children.

THE IMPACT OF PRACTITIONER EFFECTIVENESS ON LEARNING OUTCOMES

Research from the school sector emphasises the importance of pedagogical practices and teacher effectiveness on students' academic achievements. It is increasingly acknowledged that educational effectiveness and student engagement and achievement are underpinned by teacher competence, and that quality teachers and quality pedagogy are synonymous (Hayes et al. 2006; Muijs & Reynolds 2001). While *what* students bring to school matters, their learning experiences in the classroom, the ambience or climate of the school and partnerships with families impact most significantly on educational outcomes (Epstein, 2003; Datnow et al. 2003; Grace 2003; Maeroff 1999; Masters 2004; Rowe 2002 2005).

Effective pedagogy and teacher competence require clear understandings of children's cognition and learning within socio-cultural contexts, deep content knowledge, and extensive pedagogical knowledge. Good practitioner knowledge and rich pedagogy are developed through strong, effective initial teacher training and ongoing professional development (Darling-Hammond & Bransford 2005; Hattie 2003, 2005; Kennedy 2001; OECD 2001). Building and sustaining practitioners' professional understandings and skills requires strong initial professional preparation, continuing professional learning, inspirational leadership and sustained dialogue about educational goals and pedagogy (Coleman-Dimon 2000; Harslett et al. 1998 Hayes et al. 2006; Ramsey 2000; Rowe 2005).

There are now clear findings on the impact of effective care and education environments in the 0–5 sector. Staff knowledge of learning, development and pedagogy and the richness of their interactions with children are central to quality experiences and linked to positive cognitive and social-behavioural outcomes. The most important elements are:

- talking with children (questioning, explaining, discussion, responding, plus modelling, demonstrating and guiding)
- a knowledge of child development, cognition and learning processes
- a knowledge of content areas (language, early literacy, early numeracy, and society and environment)
- a knowledge of pedagogy.

Clearly, staffing quality and quality developmental contexts for children go hand

in hand. Rich, stimulating learning environments are dependent on staff child development knowledge and early language and literacy, maths and science knowledge. Importantly, the presence of better qualified staff positively influences the behaviour of other staff (Darling-Hammond 2000; Ingvarson 2002; Sammons et al. 2002, 2003; Siraj-Blatchford et al. 2002).

To date though, frameworks that regulate practitioner credentialing and staffing quality in the 0–5 sector are weak to non-existent. While it is difficult to fully anticipate, articulate, formulate and then enforce comprehensive staff-related regulations, improvements in program quality and outcomes for children will only come about with improvements in staffing. In Australia, as elsewhere, children from more economically vulnerable families and more isolated communities are most likely to have poor programs and poorly qualified staff. Yet, these children need the best programs and the best staff. Recognising that certain communities and children will be more expensive to educate and have fewer resources to contribute is also important in planning for quality enhancement.

CURRENT STAFFING PATTERNS

There is dramatic variation in staffing profiles across the early childhood sector. The standard qualification for teachers of young children in the first years of school is a degree-level teaching qualification. Traditionally, preschools and kindergartens for children in the year or two before school have required ‘kindergarten teachers’ or ‘preschool teachers’ with a diploma or degree in early childhood education. However, a preschool teaching qualification is generally a convention rather than a mandated requirement. There is no clear federal or state based framework regulating qualifications in ‘preschools’ and considerable blurring over terminology, definitions and descriptors of what is a preschool and who is a preschool or kindergarten ‘teacher’.

There are even fewer conventions or agreed understandings about who can and should provide care and education programs in childcare centres. Part of the reason for this variability is lack of agreement about the goals and outcomes of early childhood care and education and little to no consistency in approaches to curricula or programming. This lack of agreement makes it difficult to define and describe the scope and content of practitioners’ work with children, let alone agree on the terminology to define and name practitioners’ roles. Depending on the context, the following terms are used interchangeably to describe and name the same roles: early childhood educators; early childhood teachers; caregivers; early childhood practitioners; childcare workers; childcare practitioners; child-minder; and, early childhood professionals.

Somehow, we have arrived at a point where a ‘teacher’ can be someone with a degree level early childhood teaching qualification, a certificate or diploma in

children's services from the vocational education and training (VET) sector, or no qualification at all. Equally, the designation 'childcare worker' is applied to a qualified early childhood teacher or to an untrained staff member.

Underscoring confusion about terminology is the perception that experience alone is sufficient for awarding the title of 'early childhood teacher' (American Association of Colleges for Teacher Education, 2004). Reflecting this confusion about nomenclature is the still common reference to the late Princess Diana as a 'kindergarten teacher', by virtue of her part-time employment at a London kindergarten. This descriptor persisted despite the Princess having no formal post-school qualifications in early childhood education.

Confusion about titles, roles and qualifications is not confined to the media. Recently, New Zealand Education Minister Trevor Mallard referred to 'unqualified early childhood teachers'. He said that life-experience, warmth, and age should be sufficient to confer qualified teacher status on experienced and competent people already working in early childhood services. It was 'commonsense', he said, to recognise 'the ability of older practitioners' given 'the teacher shortage in the early childhood sector' (2004).

In Australia too, few people outside the early childhood sector recognise the range, mix and complexity of early childhood roles, credentials and certification processes. Clearly, designating an unqualified person, even one with a wealth of parenting and life experience a 'teacher', does little to promote the status of early childhood education or recognition of professionalism. It is hard to imagine a similar situation in psychology, nursing, or medicine. Professions guard titles closely.

DEFINING PROFESSIONALISM IN THE EARLY CHILDHOOD SECTOR

Given the schizophrenic profile of the early childhood sector, especially in staffing patterns and qualifications, there has long been debate about whether those who work in the sector are 'professionals'. The reality is, when assessed against the usual measures of professionalism, most early childhood practitioners are not 'professionals'. There are well established criteria for professionalism (see Table 10.2) and generally, early childhood practitioners don't comply.

A profession is defined by its body of knowledge and its focus on acting first and foremost in the public interest. Professions have several characteristics, but the basics are a well developed body of knowledge, academic accreditation, professional certification, self-governance, and a national governing body. Professionals are required to abide by professional standards and a code of conduct and regulation. Standard setting and monitoring is often controlled by an independent body. The Australian medical registration board or newer teacher

registration boards are examples of these independent bodies.

In the early childhood sector there has long been discussion around the edges of professionalism, but little concerted focus on what it means to be a profession or about professional conduct, and regulation and licensure (Elliott, 2006). This must become more vigorous and focused if quality is to improve across the sector.

The Australian Bureau of Statistics *Australian standard classification of occupations* makes a clear distinction between professional and ‘other’ or non-professional early childhood occupation categories. The *education professionals* category includes pre-primary teachers who work mainly in preschools and kindergartens. ‘Other’ caregivers are termed *intermediate service workers*. Tasks specified for each staff category highlight a clear division on traditional ‘care’ and ‘education’ lines.

The range of qualifications for childcare personnel shown in Table 10.1 provides little evidence of the ‘extensive formal training’ that characterises professionals. As can be seen, only about 10 per cent of staff has a degree level qualification and about 30 per cent have no formal relevant qualification, although many are undertaking training. Encouragingly, there is a slight increase in the proportion of staff with formal qualifications between 2002 and 2004. Only Queensland requires all childcare staff to have a relevant qualification, although this may be a six month VET certificate.

Table 10.1 Child care staff numbers and qualifications in 2002 and 2004

	Community child care 2002	Community child care 2004	Private child care 2002	Private child care 2004
Early childhood teaching	1580 (9%)	1722 (9%)	1803 (7%)	2055 (7%)
Primary Teaching	332 (2%)	308 (2%)	592 (2%)	594 (2%)
Nursing	583 (3%)	495 (3%)	590 (2%)	533 (2%)
Child care 1 year	2020 (11%)	2516 (13%)	3699 (15%)	5654 (19%)
Child care 2 years	4374 (24%)	4642 (25%)	4995 (20%)	5935 (20%)
Child care 3 years	1183 (6%)	1577 (8%)	1950 (8%)	2938 (10%)

Other relevant	1081 (6%)	1264 (7%)	1371 (5%)	1502 (5%)
Undertaking a qualification <i>or</i>	2292 (13%)	2128 (11%)	4608 (18%)	5351 (18%)
no qualification but worked for 3 years	3156 (17%)	3004 (16%)	2852 (11%)	2891 (10%)
Total staff	18 231	18 793	25 105	29 300

Sources: Department of Family and Community Services 2005, 2004 Census of Child Care Services, FACS, Canberra; Department of Family and Community Services 2003a, 2002 Census of Child Care Services, FACS, Canberra.

While it is not easy to access a similar overall staffing profile for preschools and kindergartens, typically all preschool (kindergarten) classes aligned with schools and most community preschools, have one degree qualified early childhood teacher per class. Childcare centres with designated ‘preschool’ or ‘kindergarten’ education programs may also employ a degree qualified early childhood educator and this is mandated in New South Wales for centres with more than 29 places. Whether personnel providing care and education for children below school age require professional, degree level preparation has long been a contentious issue.

WHY THIS STAFFING VARIABILITY?

The reasons for the distinctly different staffing profiles in preschools and child care services relate mainly to the historical ‘care’ and ‘education’ divide. Traditionally, child care was welfare oriented and preschools and kindergartens educationally focused. Policy and perception shifts over the years have seen child ‘care’ move from a welfare to a related labour focus and retain the care orientation. Preschools have remained ‘educationally’ focused and hence their requirements for ‘teachers’. Until ‘care’ and ‘education’ dimensions are integrated both conceptually and practically, the differential ‘care’ and ‘education’ staffing distinctions are likely to remain. Clearly, there are economic reasons for the division, but these are short-sighted in the light of new knowledge about the value of high quality early learning programs on longer term academic and social outcomes for children.

While many people believe young children are at a critical phase of development and require the expert nurturing and guidance of qualified early childhood educators, there is also a widespread perception that early childhood ‘care’ requires warm, kind, motherlike qualities – not specialised professional qualifica-

tions. We've seen over the high demand period of the last decade, that childcare service roll-out has been of prime importance.

Unfortunately, during this expansion period few childcare centres could afford the costs of employing the full complement of professionally qualified early childhood staff suggested by the *National standards for long day care* (1993) and offer an affordable service for families. Rather, they complied with the minimum state-based regulatory staffing requirements filling other positions with 'untrained' personnel. Provision has been all important, often at the expense of quality.

This combination of factors and especially the lack of national or even state requirements for degree level early childhood credentials have made it difficult for universities to justify offering specialist degree level courses and gradually, strong, specialist early childhood courses have been eroded. If recent announcements about universal 'preschool education' are to become a reality, early childhood teacher education capacity in universities will need rebuilding. Further, attracting qualified early childhood educators to remote, regional and disadvantaged communities will require some creative thinking and incentives.

The introduction of the *Quality improvement and accreditation scheme* (QIAS) in 1994 has been instrumental in ensuring minimum quality standards across child care centres during the rapid expansion period, but has focused mainly on inputs or potential inputs. As the early childhood sector settles into a period of greater stability, ensuring that quality is enhanced is of paramount importance, especially in the most disadvantaged communities. Central to ensuring this 'quality' and the developmental and educational significance of children's experiences are effective staff and inspired leadership. Closing the care and education gap is shaping up as a major imperative for the early childhood field and for the wider community.

PROFESSIONAL STANDARDS, REGISTRATION AND ACCREDITATION

During the mid 20th century there were the same concerns about the quality of schooling as there are now about the quality of the early childhood sector. Rapid growth focused on expansion, often at the expense of quality. In an effort to improve overall teacher quality and student outcomes most states implemented stronger quality improvement procedures, including regulated pathways to practice and legislative frameworks for teacher registration and accreditation or similar employer controls. These vary considerably from state to state but generally reflect a combination of inputs and 'standards' approaches. Most recently, they have been guided by a *National framework for professional standards* agreed to by the state ministers of education in 2003. (www.mceetya.edu.au/pdf/

national_framework.pdf)

Typically, teacher (or other professional) registration systems have major developmental, regulatory and advocacy goals. Internationally, and increasingly nationally, registration procedures and the accompanying accreditation of professional education providers are designed to ensure and track quality control. In most jurisdictions, registration or certification and accreditation are closely linked. Teacher education course accreditation is often used as the basis for teacher registration. It verifies that the initial preparation conforms to specific ‘quality standards’ or ‘graduate standards’ set by the approval or accrediting agency. Greatest benefits are likely to accrue if the registration and accreditation agencies operate in partnership and in conjunction with professional education providers to assure program quality and continuing development. At the same time, they must operate independently of professional education or training providers. Relationships that are too close and too collaborative can lack credibility and objectivity. (Ingvarson et al. 2001)

Teacher registration processes are usually underpinned by a set of professional standards. These represent a consensus on professional values and beliefs and describe ‘a vision’ of teaching in terms of pedagogic knowledge and practice. They are statements about what is *valued* in a profession. Ultimately, they rest on professional consensus about definitions of quality learning and development and what educators should know, believe and be able to do (Ingvarson 2002). This consensus is fundamental to standards development and scoping the content of educators’ work (Sykes & Plastrik 1993). Standards can also be measures or specifications about levels of performance or achievement. They can provide a basis for making professional judgements about teachers’ work or level of competence.

Generally, ‘professional standards’ provide a framework for describing an educator’s responsibilities, knowledge and practice, and specifically:

- professional knowledge and understanding
- professional skills and abilities
- professional values and personal commitment.

They are based on evidence about conditions that foster development and purposeful learning. They help delineate what teachers need to know and be able to do to support development and learning in specific areas of the curriculum, or for children with specific educational needs or at specific levels of education. In early childhood education professional standards are used to guide practitioners’ roles in optimising experiences and outcomes for young children and their families.

Once professional standards are developed and agreed by the relevant educational communities, they can then be used:

- as a basis for professional registration
- to improve, analyse and evaluate practice

- to plan for professional development
- to provide a clear public statement about professional conduct and ethics
- to develop, monitor and evaluate pre-employment preparation courses (degrees and diplomas) leading to relevant awards.

STANDARDS, REGISTRATION AND ACCREDITATION FOR THE EARLY CHILDHOOD SECTOR

Early childhood professional standards, registration and accreditation are likely to be useful vehicles for strengthening the early childhood regulatory environment and improving sector quality. As in other areas of community service, such as medicine, teaching, nursing, and psychology, a national professional accreditation and registration framework would provide clear benefits to the sector and to children, parents, the community and governments. It would assist the sector in improving quality inputs and outcomes, especially practitioner credentialing, and programming and pedagogy.

As a starting point, a set of early childhood standards would:

- provide explicit and common national understandings of what practitioners need to know and be able to do to nurture development and learning,
- describe levels of professional practice (from initial to advanced) and ensure provision of initial and ongoing professional development opportunities to achieve these levels
- provide explicit and consistent national understandings on approaches to early childhood practitioner preparation, qualifications and certification
- provide explicit and consistent national understandings for graduate outcomes.

Many early childhood (children's services) courses within the vocational education and training (VET) sector exemplify the lack of rigour and accountability in preparing early childhood practitioners. VET Children's Services courses are nationally consistent. However, there is varying consistency in the way courses are delivered. There are hundreds of registered training organisations (RTOs) that deliver VET courses in children's services. In Queensland alone VET courses are delivered by some 50 or so providers, yet there is little monitoring or assessment of course delivery or of graduate standards or outcomes.

As can be seen in the staffing spread shown in Table 10.1, there is little consistency with the characteristics of a profession listed below (Table 10.2). There is no clearly defined, codified, accessible knowledge base, no rigorous training, no code of practice or content and no registration scheme. There are many early childhood care and education theoretical and knowledge bases, some of which are not well defined, agreed or readily assessable (Elliott, 2006). Early childhood

care and education is a very complex and idiosyncratic area.

Table 10.2 Characteristics of a profession

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- A clearly defined, highly developed, specialised, and theoretical knowledge base
 - Extensive formal training and life-long learning; control of professional learning
 - Certification and admission to practice by licensure
 - A structured induction period
 - On going monitoring and updating of professional skills through formal processes
 - A clear, agreed and public set of standards
 - A code of ethics
 - A disciplinary system for violation of the code of ethics
 - An obligation on members, even in non-professional matters, to conduct themselves in a disciplined and honourable manner
 - The presence of a collegium or national professional body
 - A commitment to public service
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(Darling-Hammond, 1987; Goodlad, 1990a, 1990b; Levine, 1988).

Developing professional standards across the early childhood care and education sector will not be easy. The varying theoretical, historical and cultural traditions, and the close alignment with family and community values, mean it is not always exactly clear what *is* or *should be* expected for children and what *should be* expected of professionals. Clearly though, there must be articulation and agreement of shared values and expectations.

In teaching, bodies such as the teacher registration boards help promote professionalism by providing a context and process within which the tenets of a professions can be developed, tested, and refined, and then be promulgated and self-regulated. Importantly, these bodies act to inspire and galvanise public confidence in the education and qualifications of staff. Professionals are educated in courses that have been prepared, delivered and accredited in the accordance with standards of the profession. According to Goodlad (1990a, 1990b), confidence in qualifications and professional education provides a foundation for public respect and recognition. These are both necessary conditions for building quality and for establishing a profession. To date though, there is no agreement on credentialling, certification and registration in early childhood care and education, no national bodies to develop standards or guide and monitor early childhood preparation and no registration requirement for early childhood practitioners.

POLICY DIRECTIONS

Lack of across-service agreement and explicitness on what is valued and how to monitor learning and educational progress makes it difficult to ascertain the relative impact of service provision on children's development (Elliott, 2006). It is

also difficult to compare across and within childrens' services.

What training and credentialling is most appropriate for a practitioner working with a four year old child in the year before school? An early childhood degree? A diploma? A certificate? Nothing? Nationally, there is little agreement or even discussion. It depends on the state and service type and/or the number of children. Often, the socio-economic status of the childcare centre impacts on staffing profiles, as well—qualified staff are more expensive to employ.

While the early childhood literature is explicit about the close connections between care and education, their separate histories and traditions have resulted in distinct policy, funding and administrative divisions that confuse notions about their purposes and outcomes for children *and* thus whether young children need professional care and education and who is a 'professional'. Recently, consultations around the *National agenda of early childhood* have given some voice, status and credibility to the relationship between the quality of early childhood education and children's wellbeing, especially for the most vulnerable children. Too often though, discussions about quality seem to be administrative and bureaucratic exercises, rather than child-focused.

For the sake of equity, quality and effectiveness issues relating to the links between quality and professionalism must be addressed as a matter of urgency. Educationally significant early childhood services need clear statements of expectations for children's development and learning to be serious about boosting learning and closing the achievement gaps so apparent at the beginning of school. The quality of learning environments and provision is intimately linked to practitioner professionalism. Importantly, the different staffing tracks in child care and preschools must end. These care and education distinctions affect community perception and confidence, industrial awards, working conditions, and ultimately, program quality and outcomes for young children.

An early childhood agenda for the decade ahead must seek to *both* optimise early learning and development *and* provide care during parents' working hours. One well accepted means of increasing quality, status and educational effectiveness of early childhood programs is to better regulate the field through professional standards, accreditation and registration.

There is a clear need to improve quality and effectiveness in early childhood education or we are in danger of further widening the learning gap at school entry. All children, and especially the most vulnerable, must have access to rich, well planned learning experiences provided by qualified early childhood professionals to complement or boost home learning. But unless bipartisan action occurs at the highest levels of government, the twin system of care and education will be prised further apart and many children, especially the most vulnerable, will continue to miss out on early childhood education. Many children will be underserved and many programs will have limited developmental or educational significance.

Without a formal system of regulation and accountability across the early

childhood sector, quality and hence opportunities and outcomes for children will further erode. A regulatory framework providing professional standards, accreditation and registration for early childhood educators needs serious consideration as a means of assuring the developmental and educational significance of early childhood services and closing the socio-economically linked achievement gaps in the first year of school. As a community, we all have responsibility for the social, psychological, physical and intellectual development of the most vulnerable sector of society – young children. Surely, it is important that early childhood care and education practitioners, who are at least as important as teaching, nursing, or medical practitioners, are regulated and registered by a professional body with clear professional standards, ethics, and codes of practice?

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The determinants of quality care: review and research report

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There is consensus around the world that young children must experience high quality services, not only to ensure the best possible future outcomes, but because children have the right to the best possible present (Elliott 2004; Myers 2004; Wylie & Thompson 2003). All children are found to benefit from high quality early childhood programs, but those from disadvantaged backgrounds demonstrate stronger advantages (Myers 2004). The catchphrase ‘the importance of the early years’ has now become a call to arms: it is recognised worldwide that we must provide the best possible services to young children and their families (Stanley, Prior & Richardson 2005). However, there is not universal agreement as to what constitutes best possible early childhood services. Understandings of quality are value-based and change as values change (Childcare Resource and Research Unit 2004). Understandings are also different across cultures, religions, contexts and the person or group making the judgment (Friendly, Doherty & Beach 2006). Myers (2004, p.19) argues that ‘different cultures may expect different kinds of children to emerge from early educational experience and favour different strategies to obtain those goals’. There is not a universal definition of quality: in different times and places different kinds of practices are valued as high quality.

Despite this, within the Western world, professionals assume at least a basic common understanding (see Cryer, 1999 for example). The European Commission Childcare Network attempted to define these commonalities and came up with 40 quality targets (available at www.childcarequality.org). Analysing the literature from a range of European countries, Myers (2004) argues there is consensus around quality components including safety, good hygiene, good nutrition, appropriate opportunities for rest, quality of opportunity across diversity, opportunities for play, opportunities for developing motor, social, cognitive and

language skills, positive interactions with adults, support of emotional development, and the provision of support for positive peer interactions. However, performance indicators identifying how these principles play out in practice differ in different contexts and with different levels of expectations and resources. What is clear is that quality is multidimensional, complex and multi-theoretical (Duigan 2005; Raban, Ure & Wangiganayake 2003). Single indicators of quality are ineffective, as quality outcomes for children are found to relate to a complex interplay of many different factors (Buell & Cassidy 2001).

In this context of complexity and uncertainty, researchers attempt to measure quality, and states attempt to regulate for quality care. Research tools measuring quality tend to focus on particular theoretical approaches to learning, for example the developmentally appropriate practice approach (Walsh & Gardner 2005). At state level, regulations are introduced addressing certain easily measured aspects of care. There is general agreement that where regulations are strict, quality is enhanced and outcomes for children are better (Gallagher, Rooney, & Campbell 1999; Mitchell 2002), so the assumption remains that regulations must be doing some good. O'Kane (2005) agrees, arguing that regulations contribute to enhancing quality practice, but they are not solely responsible as there are a number of other factors coming into play. She argues that it is easier to regulate structural factors than process, and thus it is structural factors that are found in most child-care regulations.

The differentiation between structural and process factors in the quality debate is one that has been recognised for many years (McCrea & Piscitelli 1990; Murray 1986; Phillips 1987). Structural factors are thought to establish a foundation upon which quality processes can occur (Phillips et al. 2000). A range of structural variables have been recognised as contributing to quality. For example group size and adult/child ratios have long been recognised as important (Mitchell 2002; Rayburn 2002). Most countries include these variables in their regulations, although different countries accord them different levels of importance (Cryer et al. 1999). Increases in levels of staff experience are linked to improvements in quality, although van Ijzendoorn et al. (1998) indicate a ceiling effect, where staff who have been in the industry for over 10 years are more restrictive in their practice and offer less stimulation to children. Staff stability is also linked to improvements in quality service delivery (Mitchell 2002).

Staff knowledge, gained through training, is a common structural variable identified in regulations and considered an important contributing factor in quality service delivery. Pre-service training is linked to increasing quality, as is ongoing training and support (Campbell & Milbourne 2005). Staff with higher levels of training are found to engage in warmer and more responsive interactions with children and these lead to improved child outcomes (Connor, Son, Hindman & Morrison 2005). Staff with higher levels of training are less authoritarian, less punishing, more sensitive and demonstrate more positive interaction styles (Ab-

bott & Langston 2005; Arnett 1989; Burchinal Cryer, Clifford & Howes 2002; de Kruif, McWilliam & Ridley 2000). Some research suggests that training beyond high school level is related to improvements in children's social development (Loeb, Fuller, Kagan & Carrol 2004). However, other research suggests that while training improves children's cognitive development it does not impact as positively on socio-emotional outcomes (van Ijzendoorn 1998). Significant improvements in children's outcomes can be found when training is coupled with on-the-job support, such as mentoring (Fiene 2002).

Training gives staff the knowledge and skills to participate in warm, sensitive and responsive interactions with children and it is these interactions and relationships that are important determinants of children's outcomes (Hutchins & Sims 1999; Wylie & Thompson 2003). Interactions and relationships are part of process measures of childcare quality (Mitchell 2002). High quality early childhood practice requires caregivers to engage with children's interests, to be responsive and to stimulate children (Connoret et al. 2005; Kugelmass & Ross-Bernstein 2000; Mitchell 2002; van Ijzendoorn et al. 1998; Zaslow & Tout 2002). Group-related sensitivity is linked with secure attachments between caregivers and children in childcare centres (Ahnert, Pinquart, & Lamb 2006). Sensitive and responsive caregiving is linked with improved cognitive outcomes for children (Loeb et al. 2004). In low quality centres there are less adult-to-child interactions and less child-to-child interactions, limiting learning opportunities for the children concerned (Vernon-Feagans & Manlove 2005). Where interactions are more controlling, children demonstrate less active engagement, again limiting learning opportunities (de Kruif, McWilliam & Ridley 2000). A number of childcare programs recognise the importance of establishing secure relationships with caregivers and operate using a primary caregiver model where children are encouraged to develop positive relationships with particular caregivers, who are then able to work with the children over an extended period of time (Rayburn 2002).

Other process factors also contribute to a high quality childcare service. Working collaboratively as part of a team (caregivers both supporting each other and working with parents) is recognised as an important indicator of a quality service (Landerholm, Gehrie & Hao 2004). Caregivers need to demonstrate a range of skills to ensure they can participate as an effective team member; these include ability to collaborate, work in a team, share decision-making and problem solving, and manage conflict resolution effectively (Kugelmass & Ross-Bernstein 2000).

Working with parents requires recognising the importance of communication. Children's outcomes are enhanced when there is congruence in values and practices between the home and the care environment. Bronfenbrenner called this a strong mesosystem (Bronfenbrenner 1979). Where children come into the care environment from different cultural backgrounds than those of the caregivers

they are particularly at risk and it is important, in a quality service, that these differences are recognised and addressed (Wise & Sanson 2003).

The way the service is auspiced is also found to have an influence on quality. Canadian research consistently demonstrates that for-profit centres consistently demonstrate lower levels of quality than community-based services (Cleveland & Krashinsky 2005). In Canada, this lower quality is linked to the use of more untrained staff in for-profit centres, along with higher staff/child ratios and higher staff turnover rates. These result in poorer performance on quality indicators such as the level of personal care provided for children, use of materials, activities, interactions between staff and children, communication with families and support for staff professional development. It is often argued that such factors do not play such a part in Australia because of regulatory control over staff/child ratios and the number of trained staff. However, a recent study of quality in Australian child care clearly identified lower levels of quality in corporate centres, higher levels of quality in privately owned centres (as distinct from corporate ownership of large numbers of centres), and highest quality in community-based centres (Rush, 2006, see Rush in this volume). Caregivers in community-based centres were found to be more able to develop secure relationships with children, accommodate individual needs, and more likely to offer nutritious foods. Corporate centres were more likely to drop below mandated staff/child ratios whereas community-based centres were more likely to regularly operate at higher than required ratios. Five percent of caregivers in community-based services and 21 percent in corporate centre caregivers said they would not be happy to send their own child (under two years of age) to a centre operating at a similar level of quality as the one in which they were employed. It is argued that the very nature of corporate enterprise makes it impossible to offer the highest levels of care to children, as the business orientation of for-profit enterprise is incompatible with the humanist focus of community-based service delivery.

While it is recognised that many trained caregivers share a common understanding of quality, not all are able to implement that understanding in their practice (Watson 2003). Many issues impact on caregivers' ability to deliver high quality practice. Caregivers' own personal values and beliefs impact on the quality of practice they deliver (Sims 1999, 2003b). Where caregivers receive appropriate support the quality of service delivered improves and thus child outcomes improve (Epstein 1999). Higher salary levels for caregivers are linked to better quality ratings (Myers 2004). Unfortunately in many Western world countries caregivers work in an environment characterised by low wages and poor working conditions (Doherty & Forer 2005). In Australia, for example, in 2003 caregivers working in the state of Victoria received the same level of pay as garbage workers (Sumison 2005). Caregivers are recognised as among the lowest paid workers in Australia, and Australia spends only 0.1 per cent of GDP on early childhood services, one of the lowest expenditures in the world (Elliott

2004; OECD 2006).

The work of caring for children is not valued by the community. In part this is associated with the history of childcare programs, arising out of a social reform movement aimed at controlling the lower classes, preparing lower class children for their appropriate position in life (Brennan 1994; Hutchins & Sims 1999). The status of child care is also deeply linked to patriarchy and the mythology of motherhood: women are supposed to care for children because it is in their nature to do so, and as such, it is not a professional occupation but a natural and inevitable role all women should be able to perform instinctively. Despite decades of feminism many in our society are still strongly influenced by patriarchy. Indeed, caregivers themselves are not immune and as recently as 20 years ago Bell (1988) demonstrated that the majority of caregivers thought parents using child care were selfish to do so, and did not intend to ever put their own children into child care.

In this environment of poor wages, working conditions and minimal value placed on their work, it is very difficult for caregivers to implement high quality practice. They are inadequately trained, paid, and supported. They may have the knowledge, but often lack the material and emotional resources to deliver. Research clearly demonstrates that workers in positions where they have little control over their work, and who feel their work is under-valued, experience increased levels of stress and this impacts not only on their ability to perform, but on their long-term health and wellbeing (Bollini et al. 2004; Kunz-Ebrecht, Kirschbaum & Steptoe 2004).

Worker stress has been examined in a number of studies, using a biomarker (cortisol) as an indicator of stress levels. Men in lower-level positions demonstrate consistently higher cortisol levels, increased heart rate and higher blood pressure than men in executive or more senior positions during the course of their normal daily lives. However, women in more senior positions demonstrated higher levels of cortisol, suggesting that they experienced more stress (and presumably stress-related illnesses) than women in less responsible positions (Step-toe 2003b). Steptoe also reports that blood pressure in workers in lower status positions takes longer to return to baseline levels after a stressful event (Step-toe 2003a). To date, caregivers working with children in their early years, (years that are crucial in shaping outcomes for children and society as a whole) have not been targeted in this research. This chapter reports preliminary results on a project that examines the stress levels caregivers experience in their normal daily work, and links that to the quality of the services they offer young children. This is part of a larger study of children's cortisol levels in child care and how these relate to the quality of the childcare program (see Sims, Guilfoyle & Parry 2005, 2006a, 2006b)

The project examined the relationship between caregiver stress (cortisol) levels, children's stress (cortisol) levels, a range of structural caregiver variables and

childcare quality as measured by process variables.

METHODS

Sample

Caregivers in 16 childcare centres around Perth were approached to participate in the study. All children attending each centre for at least three days a week were approached to participate. To date, 42 babies (0–2 years of age), 67 toddlers (2–3 years) and 117 kindy children (3–5 years) have been involved. Caregivers were asked to provide information about their work with the children. They were given the option of extending their involvement to a personal level whereby additional data was collected as described below. This chapter reports on data from the 41 caregivers to date who have done so.

Cortisol

Cortisol is becoming a popular research tool because it provides a measure of the immediate impact of the environment on the body (Gunnar & Cheatham 2003). In a stressful situation, the body reacts by increasing cortisol which functions to provide additional energy to cope with the stressor. When stress is present chronically the body becomes programmed to maintain high or low levels of cortisol over much or all of the day. It is thought that constant high levels of cortisol are linked to an active coping response and constant low levels to a passive coping style (Gunnar & Vazquez 2001) but it is not yet clear how these different pathways are established. It is clear from a range of both human and animal research that chronically high or low levels of cortisol (hypo- or hypercortisolism) are linked to a range of undesirable outcomes. Children exposed to chronic stress in the early years of life develop atypical stress responses that increase their lifelong risk for hypertensive illnesses (heart attacks and strokes) and memory problems (Abercrombie et al. 2003), severe rheumatoid arthritis, chronic fatigue syndrome and impaired immune responsivity (Padgett & Glaser 2003), depression and post traumatic stress disorder (Young & Breslau 2004) and a range of social-emotional (Luecken & Lemery 2004) and behavioural (Adam 2003) problems.

Given, therefore, that it is important children develop ‘normal’ cortisol responsivity, it is possible to define a high quality environment as one in which children’s stress levels are low (Sims, Guilfoyle & Parry 2005). Cortisol measures give researchers the opportunity to identify quality in an environment without having to address the values issues surrounding different understandings of, and beliefs about, what constitutes quality. Quality becomes that which operates to minimise children’s stress levels, in this case as measured by salivary

cortisol.

Saliva is commonly used in research as a vehicle to measure cortisol levels as it is non-invasive and easy to collect, store and transport. It does not decay quickly and does not need special treatment (Gunnar & White 2001). Saliva samples in this study were taken following the method outlined in Gunnar and White (2001) and described in Sims, Guilfoyle and Parry (2006b). Saliva was collected before morning and afternoon tea from the primary (trained) caregiver and for each child in the group. The afternoon *cortisol scores of each caregiver* were averaged then subtracted from the averaged morning scores to identify the average increase in cortisol for each caregiver. Morning and afternoon *children's cortisol scores* were averaged across the children in the group led by each caregiver. These averaged afternoon cortisol scores then were subtracted from the averaged morning cortisol scores to identify the children's average change in cortisol per group.

CHILDCARE QUALITY

Fourteen of the principles identified in the national Quality Improvement and Accreditation System (QIAS) (National Childcare Accreditation Council 2001a, 2001b) were selected to represent quality of each child's experience in the room in the childcare centre they attended. We purposively selected centres to cover the full range of quality experiences (from unsatisfactory to high quality), and our sample therefore has a higher proportion of unsatisfactory groups than is the case for the childcare industry nationally, so we do not claim that the centres in this study are representative of Australian child care as a whole (see Sims, Guilfoyle, & Parry 2006b for further explanation). Observations were taken in each room of the centre and rated according to the scale identified in QIAS (National Childcare Accreditation Council 2001b). A quarter of the observations were sent to a nationally trained validator to check for accuracy of rating. Concordance was 100 per cent. Scores across QIAS principles were totalled into an overall score (range =14–42; median 20). For ANOVA (analysis of variance) analysis, the total scores were subject to a median split technique classifying centres into low quality and high quality centres.

DATA ANALYSIS AND RESULTS (1)

Cortisol patterns of caregiver and children within low quality and high quality centres

While the trends identified in the data failed to reach significance based on the

current sample sizes, they are clear in their direction. Ongoing data collection will provide the additional sample which may enable demonstration of significance. Cortisol increases for staff in high quality centres are greater (mean increase = 2.52) than their counterparts in low quality centres (mean increase = 2.12). In other words as the day progresses, caregivers in high quality centres demonstrate greater increases in cortisol than caregivers in low quality centres. However within those same centres, children's cortisol is lower in high quality centres (mean increase = 0.12) relative to the cortisol increases in low quality centres (mean increase = 1.32). Thus in high quality centres, caregivers are getting more stressed as the day progresses but children are getting less stressed. In low quality centres it is the children who are getting more stressed as the day progresses and the caregivers who are getting less stressed. Perhaps the stress of maintaining a high quality environment elevates the cortisol of workers; however this is well invested effort as the children within those centres benefit from reduced cortisol levels in the afternoon when compared to their low quality centre peers.

DATA ANALYSIS AND RESULTS (2)

Caregiver variables and their impact on caregiver's cortisol, children's cortisol and QIAS scores

We performed a series of unconditional multiple linear regressions, separately for personal caregiver variables, caregiver ratings of relationships and environment within the centre, and centre characteristics. The only caregiver variables that showed a significant relationship with their cortisol levels were the number of trained staff in the room, and the numbers of children with disabilities and children from culturally and linguistically different (CALD) backgrounds in the room. Older caregivers tended to have higher stress levels, and caregiver stress levels are also higher when there is more than one trained caregiver in a room. Adding children with disabilities to the group also increases caregiver stress but adding children from CALD has the opposite effect.

The analyses investigating caregiver variables and their relationship to children's cortisol levels found three significant results: for caregiver experience, number of hours worked by the caregiver each week and the number of trained staff in the room. Children were less stressed when their trained caregiver had more experience in child care (not necessarily at this particular centre) and there were more trained staff available to them. However, caregivers' increased hours of work per week increased children's stress levels.

The analyses investigating the relationship between caregiver characteristics and the quality of the service they were delivering (as measured by the QIAS score) demonstrated significance on three variables: the length of time the care-

giver had worked at this particular centre, the adult/child ratio in the room and the number of children from CALD backgrounds in the room. The longer caregivers had been employed at the one centre the more likely they were to offer programs that rated highly on the QIAS. Better adult/child ratios also improved performance on the QIAS as did increasing numbers of children from CALD.

DISCUSSION

Structural factors linked to childcare quality are controlled by legislation in Australia (albeit at state level) and because of this it is assumed that the variation we see in these elements is minimal and therefore not thought to contribute significantly to quality differentials in Australian centres. However, recent research by Rush (2006) and previous research by Sims and colleagues (Sims, 2002, 2003a; Sims, Hutchins & Dimovich 2002) does suggest that there exists considerable variation in these variables, despite the intent of the legislation in setting minimum standards. In this study there were some structural features of the childcare environment that still influenced quality. In particular, the number of trained staff in each particular group appeared to contribute to increases in caregiver stress levels but decreases in children's stress (and by implication improvements in children's long-term outcomes). A better staff/child ratio was identified as linked to better QIAS ratings and this is supported by the recent research released by Rush (2006, and in this volume).

Inclusion of children with different needs is often thought to be particularly stressful for caregivers. In this study, caregivers had higher stress levels if they had higher numbers of children with disabilities in their care, however, inclusion of children from CALD was associated with lower stress levels and better performance on the QIAS. It is possible that there is something about delivering a program for children from CALD that encourages caregivers to think about quality practice, reflect on their own practice, and thus become better caregivers. Observing and reflecting on their own practice may help them feel better about the service they are delivering and thus lower their stress levels. Alternatively, it may be that the inclusion support provided for children from CALD backgrounds is particularly effective in improving practice and this increases caregiver confidence and lowers stress levels.

The more experience caregivers have in child care and the longer their employment in a particular centre, the more likely caregivers were to deliver better quality care (as measured by lower children's stress levels and QIAS scores). Older caregivers (presumably more likely to have been in the industry longer and to have more experience) were more likely to be stressed. Despite their higher stress levels, highly stressed caregivers were delivering better quality care.

In the long term we know that more stressed workers are more likely to burn

out or to leave the industry. This preliminary study suggests that the childcare profession in Australia is relying on a stressed workforce to maintain quality standards. We know that the childcare environment is one where caregivers are not supported, not paid well and their work is undervalued. The high staff turnover rates evidenced in the childcare industry today suggest that this is not a good formula for long-term growth and development.

We need to prioritise a re-positioning of the childcare profession to improve worker status. Improvements in status can then be supported by improvements in training of workers, and improvements in pay and conditions. When these changes are in place we can expect significant improvements in child outcomes, impacting on the future of Australia's workforce and citizenry. Without these changes we seem poised for a decline into chaos, declining standards and increasing pressure on parental care to the detriment of children, the workforce and society in general.

The childcare system of the future needs to be able to deliver quality service to *all* children and families. In shaping this we ought to be influenced by what has gone before, in particular the community-based movement of the Hawke government in the 1980s and the espoused intentions of the women's movement at that time. We also need to consider the research from around the world that demonstrates support delivered to parents makes them feel effective and competent and makes a difference to child outcomes.

We require a society that recognises the importance of the early years, respects and values the role of parents and others who are key people in the lives of young children, and provides the necessary support so that every young child gets the best quality care in whatever environment that child happens to participate. Where a parent chooses to stay home with the child there ought to be state funded support to ensure that the parent is supported to deliver the highest possible quality care. If the parent chooses to return to work that support ought to be offered to the alternative caregiver(s) whether that be an unpaid family member or friend or a paid caregiver in a formal care setting.

Child care should be defined to include the full range of services from supporting parents in the home to providing out-of-home alternative care in a group setting. In my view, child care ought to be government funded but delivered by local agencies that have the best knowledge of local needs. Childcare centres are part of this spectrum of family support, and should be sufficiently flexible to offer care that reaches beyond simply accepting a child in the morning and returning that child to parents at the end of the day.

In this system, staff in childcare centres ought to function as extended family members, providing advice and support, modelling child rearing strategies, and offering parents opportunities to make contact with other parents who live locally in order to develop their own informal support networks. In this way, childcare centres can offer opportunities for building on community strengths by offering

appropriate opportunities for parent education, and parent advocacy. Childcare centres in this way operate as a community hub. We know that parents are much more likely to direct their energy and effort into issues relating to the wellbeing of their children, and a high quality childcare centre can capitalise on that to build community strength and capacity.

In order for this to be possible, funding for support must be budget-based so that each local agency can best determine the range of support services required in their community and contract to deliver these services. In this vision, centres need to be accountable to their local area and will have a contract to deliver needs-based services relevant to their local community. These can be evaluated on their effectiveness against their local targets. Services will look very different from one area to another as each is developed in response to local need and is sufficiently flexible to change as local need changes. Thus child care in its broadest sense becomes a holistic community response to supporting young children and their families, and childcare centres play a role in providing alternative care when this is an identified community need.

Staff working in child care in this broadest sense need not only to have child-centred expertise but must also have expertise in working with parents, community development, empowerment and an understanding of strengths-based practice. Staff must be highly valued and their conditions of employment must reflect the high value placed on their work. In an ideal context, staff will remain in their positions for considerable periods of time and thus develop an in-depth understanding of the community in which they work, develop strong relationships with community members and effective networks with others working in the community. Such relationships and networks must be valued as a core component of their work in the community.

In this vision, child care is about empowering parents and communities to ensure that every child has the best possible experiences in his/her early years of life.

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Part 5

Who should pay? Who should provide?

12

Childcare provision: Whose responsibility? Who pays?

Joy Goodfellow

INTRODUCTION

Recent debates about the provision of child care for children of below school age have focused on issues relating to children, to families, to social capital building and to financial return on investment. The first of these is concerned with providing for children's growth and development and focuses on the enhancement of skills and experiences conducive to furthering children's capacity as learners. Early learning provides a critical underpinning for subsequent social and academic success (Shonkoff & Phillips 2000). For example, the Longitudinal Study of Australian Children (LSAC), identified that 4–5 years olds who had not participated in educational programs prior to school were performing less well on measures of early literacy and numeracy (Harrison & Ungerer 2005).

Issues around social capital building recognise that a focus on the early years, particularly for socially disadvantaged families, subsequently reaps long-term benefits in terms of improvement in educational outcomes, increased economic self-sufficiency, crime reduction and improvement in family relationships and health (Bruner 2004; Karoly et al. 1998, Lynch 2004; Schweinhart 2005). Family circumstances include those associated with social disadvantage, child protection and disability. Martin (2003) identified that the childcare system in Australia returned over \$1.86 per dollar spent to the government's 'bottom line' through increased taxation revenue and reduced social assistance outlays. Martin also recognised the potential for such investment to have a ripple effect through society and, consequently, to facilitate social capital building. The Australian Government's Stronger Families and Communities Strategy and the NSW Department of Community Services Early Intervention Program have both welfare and social reform agendas but little attention has truly been given to financial and social return on investment.

Child care exists within social justice and political contexts and targets availability as well as access to early childhood services for some disadvantaged families. Childcare provision is also linked to supporting women who wish to en-

ter/re-enter the workforce and so alleviates a shortfall in the labour force. The workforce agenda spans productivity issues as well as equity and affordability with respect to ensuring that childcare services are universally available regardless of ethnicity, disability, income or regionality. Secondary to this are issues relating to women's rights.

An accelerated growth within the corporate childcare sector has increased the availability of long day care places but it comes at a cost. For example, *ABC Learning* in the 2004/2005 financial year profit exceeded \$50 million (ABC Learning, 2005a). This included a contribution of approximately \$206 million from Commonwealth Child Care Benefits (Horin, 2006).

In addressing the multitude of issues surrounding childcare provision, Press and Woodrow (2005) identified three constructions of early childhood education and care – understandings about care responsibilities, the benefits of early intervention and remediation and, early childhood as a social and economic investment. At the heart of these constructions, are two key questions – who should be responsible for providing child care and who should pay? The perspectives taken in response to these questions reflect humanistic, social welfare, economic and moral/ethical traditions.

A humanistic perspective encompasses concerns for children's development, social welfare, and the resultant social and financial cost in terms of child protection and family dysfunction. Economic perspectives focus more on returns on investment. Moral/ethical issues reflect matters of citizenship and the responsibility governments have towards individuals and to the public as a whole (Sumsion 2006; Stroick & Jensen 1999). A government agenda for child care needs to take a holistic and informed view of children's services, as well as consider how policy changes can affect the ways in which parents balance family/work options, participate in training and in the labour force. Further to this, efforts to address child care need to be recognised within the context of there being a 'new social risk' (Jenson & Saint-Martin 2006, p. 429) associated with changing family formation, the availability and cost of carers, and the potential for there to be a changing value placed on caring itself.

In this chapter, I first provide a brief sketch of what we know about human development and social capital building within the context of childcare provision. I then construct child care as a marketplace in order to reflect the current debates about childcare provision and contemplate what this might mean from a parent or consumer perspective. Finally, I use these understandings to identify possibilities with respect to who should provide and who should pay for the out-of-home care of young children who are of below school age.

KNOWLEDGE THAT INFORMS DECISION MAKING ABOUT CHILDCARE PROVISION

Research, theory, policy development and commentary form the basis for discussion, review and decision making. The evidence concerning children and human development, social capital building, quality child care and access/affordability is substantive. The following provides a snapshot of such evidence.

Children and human development

- We know from brain research that the early childhood years are an important time in life where the foundations for later development and learning are established (Shonkoff & Phillips 2000)
- We know that early intervention programs can enhance children's learning particularly where those programs include children from families who may not otherwise be able to afford child care (Goodfellow et al. 2004).

Families and social capital

- We know that there are increasing numbers of women who are participating in the workforce and are seeking child care (ABS 2006, 2005, 2003)
- We know that the number of children living in one parent families has increased from 15 per cent in 1992 to 20 per cent in 2003 (AIHW 2005; ABS 2003)
- We know that affordability of child care is an issue and that childcare costs continue to increase (AIHW 2006; NATSEM 2006).

Quality child care

- We know that, while regulation has its place, staff are the key to quality child care (Cleveland & Krashinsky 2005; Fenech, Sumsion & Goodfellow 2006; Ghazvini & Mullis 2002; Phillips et al. 2000)
- We know that the qualities and remuneration of childcare staff make a difference and that staff require specialist professional and practical knowledge (Moss 2004; National Scientific Council on the Developing Child 2004; Shonkoff & Phillips 2000).

Access and affordability

- We know that over 800 000 or 46 per cent of Australian children 0–5 years access some form of child care (excluding preschool) on a regular basis (ABS 2006)

- We know that the high cost of child care is largely related to staff salaries (as identified in annual reports of KU Children's Services 2005; SDN 2005; ABC Learning 2005a)
- We know that there are issues concerning affordability, availability and choice particularly in rural communities (ABS 2005; AIHW 2006; Commonwealth Child Care Advisory Council 2001).

THE CHILDCARE MARKETPLACE

Given the demand for child care, the benefits of high quality care and the changing face of childcare provision in Australia during recent years, it is timely to reconsider childcare directions in this country. This issue has received considerable media attention since 2001 when ABC Learning Centres Limited became the first childcare corporation listed on the Australian Stock Exchange (Australian Stock Exchange 2006). Prior to the intended acquisition of Hutchison's Child Care Services announced on 7 July 2006 (*The Age* 2006) the company held around 20 per cent of the available 229 603 federally-supported long day care places (ABC 2005b; Rush & Downie 2006, p. 43). This recent acquisition adds 83 centres or 6521 places to ABC Learning Centre's ownership portfolio.

I find it helpful to use the metaphor of child care as a marketplace when attempting to conceptualise the forces that currently play on childcare provision in this country. This metaphor is analogous with the business world and a free market economy in which:

- 'producers' develop and sell childcare places
- 'products' are 'places' that accommodate children
- 'consumers' are parents who buy places
- advertising occurs through specialised glossy magazines and TV commercials (with jingles) that promote childcare 'goods' and services
- discounting occurs through offering 'loyalty' cards and advertising 'two weeks free child care'
- marketing strategies such as area letterbox drops are used
- entry/exit identity swipe cards are promoted as a security measure (Hudson 2006)
- childcare workers are perceived as technicians who adopt prescribed practices or generic curricula designed to produce predetermined and normative outcomes (Moss 2004, p. 21).

In other words, child care and children become commodified.

THE COMMODIFICATION OF CARE

Commodification reflects a view that care is treated like any other commodity where cost, price, availability and distribution are left to the working of a free-market economy. That is, when perceived as a commodity, children become objectified and child care becomes a responsibility that is met through the 'child-care marketplace' (Moss 2006, p.72). As in health care, the belief that underpins this view is that a quality product should emerge as a result of providers competing with each other on quality, price and satisfaction (Pellegrino 1999). This is an interesting concept when applied to child care because it reflects concerns about the quantifiable aspects of child care such as affordability, availability, choice and distribution rather than focusing on the child's early learning experiences.

MARKET CHOICES

A market oriented view is one of seeing parents as consumers and children as products that are boxed into the service types that may or may not be currently available within the marketplace. While regulation and accreditation may act as quality controls, limitations occur because of lack of availability and affordability. This is the rhetoric of quality child care.

In Australia, childcare services may be provided through the corporate/for-profit, business, local government or community sector. Parents, as purchasers or consumers, may make assumptions about the quality of the service in the knowledge that the service is regulated and accredited. When they have a choice, parents make decisions as to the extent to which a service best meets their needs.

Most often, parents choose a service because of convenience but also on appearance and safety. Quality in terms of what parents value and recommendations through 'word-of-mouth' also play a role in parents' decision making (ABS 2006). From a humanistic perspective, the personal and emotional qualities associated with caring make child care a peculiar kind of market that sets it apart from other markets. However, while this aspect of child care takes account of how the child experiences care, it is difficult for parents, as purchasers of child care, to assess these qualities.

UNIQUENESS OF THE CHILDCARE MARKET

The childcare market has the following unique aspects:

- Consumers require services that are complex and have social, moral and emotional components
- Consumers are willing to pay for 'emotional engagement' (Vincent & Ball

2001, p.565) found in effective relationships within what Vincent & Ball describe as ‘theatres of emotion’ (p. 643). Parents have to trust the childcare provider because they are not in a position to experience what life is like for their child on a daily basis within the childcare setting

- There is a lack of ‘consumer sovereignty’ in that parents may have insufficient information about the service to enable them to make a fully informed choice. Indeed, they may well be a ‘captive market’ (Vincent & Ball 2001, p. 566)
- Child care is a highly gendered market where women are often emotionally challenged in their decision to even use child care (Ball & Vincent 2005).
- It is a segmented market because of the different types of services and their management structure/ownership.
- It is a ‘fragmented’ market where there is division of responsibility between different levels of government (COAG 2006, p. 29)
- It is an ‘imperfect’ market (Sumsion 2006, p.102) because it is not equitable in terms of supply and demand. Parents often do not have a choice
- The childcare system is ‘redistributive’ (Gormley 2000, p. 57). In Australia we have a federal system that holds power over the funding of childcare services (other than preschool) through the provision of subsidies such as a 30 per cent Child Care Rebate, a Maternity Payment (that increased from \$3166 to \$4000 in July 2006), Family Tax Benefits and Child Care Benefits (DFACSIA 2006). The Australian Government also provides childcare assistance to disadvantaged families through its Stronger Families and Communities Strategy and supports women in entering the workforce by providing priority of access to long day care centres (FACS 2004; DFACS 2005). The states are responsible for regulating and licensing such services.

The uniqueness of the childcare market and the difficulties parents have in making informed choice makes it difficult for parents (as consumers) to exert pressure on the market to either deliver or improve quality (Press & Woodrow 2005). However, as alluded to earlier, child care is more than the provision of places. There are societal and moral/ethical issues associated with out-of-home childcare provision that go beyond individuals and families. As Waterman (2003) claims, neither state nor the market can perform the nurturing function required in high quality caring.

FREEING UP THE MARKET

The Australian Government freed up the childcare market in 2000 when it moved from paying centre subsidies, to the provision of a Child Care Benefit payable to parents (AIHW 2006; DFACS 2005). This led to a significant increase in the number of childcare places and particularly those provided by the corporate sector. Along with opening up the market, a continuous quality control and im-

provement system was introduced through the establishment of the National Childcare Accreditation Council and accreditation was linked to the payment of Child Care Benefits (Taylor 2005).

REGULATION AS QUALITY CONTROL

Both national accreditation and state regulation attempt to ensure that services meet those standards of care required for the safety and wellbeing of children. Standards with respect to the ‘care’ of children are upheld through the Quality Improvement and Accreditation System (QIAS). The agenda underpinning this system is somewhat different from the state-based enforcement of regulation that is concerned with minimum standards that support children’s health and safety. Regulatory processes are also concerned with ensuring that children in care are meaningfully engaged in positive interactions and experiences that are relevant to their interests and needs (NCAC 2005; Taylor 2005). However, it is interesting to consider the extent to which the childcare regulations are *provider focused*, *child focused* and/or *facility focused* because of the potential for gaps in quality control.

A *provider focus* is oriented towards having a highly skilled and stable childcare workforce. A *child focus* orients provision towards child protection and nurturance where relationships are valued and seen to be critical to supporting children’s cognitive and social development. A *facility focus* is one where regulation is preoccupied with what we commonly know as the measurable and ‘structural’ variables of quality (for example, staff/child ratios; group size). The provider focus appears to be less well catered for within the current regulatory environment.

WHO SHOULD PROVIDE?

Staff are the key to determining those practices that have good outcomes for children and parents (Cleveland & Krashinsky 2005; Moss 2004, NICHD 2002). Integrated, universal and strengths-based child and family centres require staff that have a particular mix of skills and attributes as well as professional knowledge. Staff are responsible for making professional judgments, for addressing individual child needs and family circumstances and, for engaging in and managing relationships. Effective communication and interpersonal skills are critical (Cleveland & Krashinsky 2005; Friendly, Doherty & Beach 2005).

Bruner (2004) argues that relationships and practices not curricula are key to achieving success. Therefore, the early childhood workforce needs to have the capability to engage in such relationships. As community members, staff have a civic responsibility to be responsive to the community and develop educational

and early learning contexts to support the development of the future citizens of this country. The balance of staff's responsibility and accountability to their employers has the potential to impact on cost and, therefore, consideration of who should pay.

When child care is viewed as a public good, government has a national responsibility to not only plan for a mix of appropriate services but to ensure that they operate at the highest standard possible. Therefore, government needs to make a significant direct contribution to the funding of those services and target those aspects of service provision that create and sustain high quality. Some research has demonstrated that community based services are more inclined to provide higher quality child care than the private/corporate sector as private/corporate services have added responsibility to shareholders/owners (Cleveland & Krashinsky 2005; Doherty, Friendly & Forer 2002). Other research has shown that it is not who owns/manages the service that makes the difference but how the service is operated in accordance with dimensions of quality such as staff qualifications/experience, the stability of staff and the staff work environment and conditions (NICHD 2002). Where there is a high turnover of staff, staff that have minimum qualifications, or staff are readily transferred across services then relationships between staff, and between staff and child/parents, are negatively challenged.

PRINCIPLES UNDERLYING CHILDCARE PROVISION

In the 2003 Australian Survey of Social Attitudes (cited in Meagher 2004) just over 2000 people responded to a question about who is best suited to delivering human services. With respect to child care, one third of respondents identified government. The other two thirds were almost equally distributed between private business and families/relatives. This is an interesting perspective when one considers that 69.4 per cent of government supported long day care centres are provided by the private-for-profit sector with twice as many children attending private long day care services (34 per cent) to those attending community based long day care (16 per cent) (DFACS 2005).

The literature suggests that childcare provision:

- should address the needs of consumers and not be to the detriment of the child – that is, health, safety and educational issues and, therefore, regulation
- should be sufficiently flexible to cater for diverse needs across communities should have an overall responsibility in relation to citizenship (Michel 2006; Williams 2001)
- needs to be socially responsible where spill-overs to society are concerned and particularly in relation to social welfare support and disadvantaged families

(Preston 1993)

- should be affordable so enabling adults to balance work and family as well as providing higher quality children's services in which children have opportunities to learn and develop (AIHW 2006)
- needs to take into account the fact that higher quality is dependant upon high quality staff. High quality staffing requires either higher parent fees or subsidisation by government.

If child care is to provide more than custodial care then ways need to be found to link service provision with higher quality staffing. One strategy is to support the engagement of high quality staff through the professional registration of teachers and direct payment, by government, to services that hire such teachers.

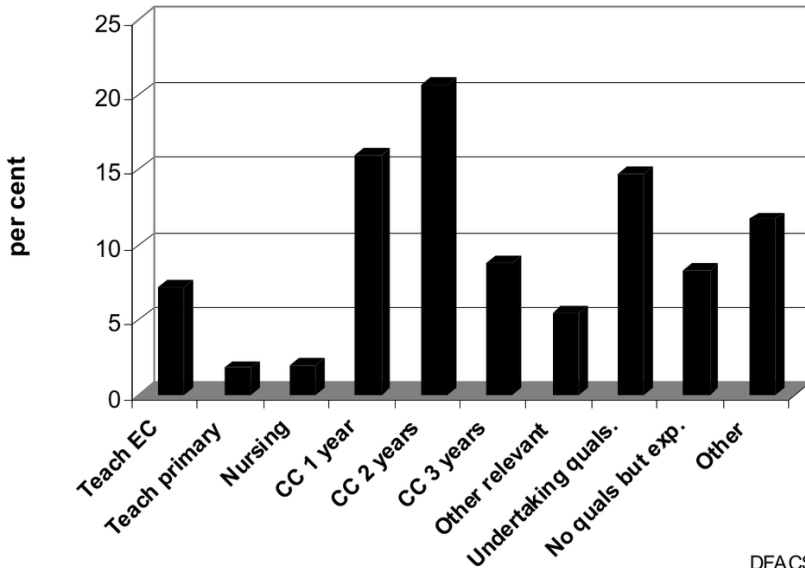
THE CASE FOR HIGHLY QUALIFIED STAFF

If we place a value on what happens to children in child care then subsidised care is required because of the high cost of qualified staff. The research literature has identified that staff qualities, staffing and staff working conditions contribute to quality services (see for example, Doherty, Friendly & Forer 2002). Factors such as staff qualifications and experience, capacity to develop warm and enduring relationships with children and the stability of staffing reflect the essential but hidden costs of child care. Neither accreditation as it now exists (and the processes associated with it) nor state regulation can adequately address the processes and relationships that need to occur between children, staff and parents without reliance on the capabilities of staff and the stability of staffing. These dimensions of staffing are currently the responsibility of the auspicing organisation and can result in considerable diversity (Sundell 2000).

Australia needs to adopt measures to ensure that quality staff is available and utilised. For this to occur, staff appointment and remuneration needs to be tied to government funding. Currently, the greatest proportion of staff in long day care centres in Australia are those that hold a two-year childcare qualification. The proportion of university qualified teachers employed in long day care services is low yet young children benefit greatly from highly qualified staff (Shonkoff & Phillips 2000).

The following figure suggests that there is a disparity between the engagement of highly qualified staff and those with lesser qualifications.

Figure 12.1 Qualifications of staff employed in long day care services – 2004
(N=51,105)



DFACS, 2005

Source: DFACS 2005

The data in Figure 12.1 was collected by the Department of Family and Community Services in their 2004 Child Care Census (DFACS 2005). The overall response rate to the census was 88 per cent and the figures in the graph indicate percentages of the total number of staff. Some staff held more than one qualification. The Child Care Census indicated that there were 446 471 long day care services with 61 per cent of these services classed as private long day care services. The data also indicated that the community sector employed a higher proportion of staff with ‘teaching’ qualifications and two-year diploma staff than the private sector whereas the private sector employed a greater proportion of staff with a one-year childcare qualification and those undertaking qualifications. The private sector had a higher percentage of staff with three-year childcare qualifications than did the community sector.

The age profile of childcare workers was strongly skewed to the younger age group with almost one third aged in the 15 to 24 year age group (Australian National Training Authority 2005) suggesting that workers are more likely to be young and inexperienced.

WHO SHOULD PAY?

Consumers pay either directly or indirectly for services. With respect to child care, parents/families pay fees. Currently, these may be subsidised by government through taxation rebates and the Child Care Benefit.

Government

Inequalities in the provision and distribution of childcare services are not the concerns of a free market. One inequality is that access to early childhood services is lower where families are jobless or parents do not have a post-school qualification. Access may also be difficult in rural/remote regions, where children are from Indigenous families or where children come from families who have diverse cultural and linguistic backgrounds (AIHW 2005). Such inequities could more readily be addressed through national rather than individual state support. Since the early years provide a foundation for human development, then on the basis of equity and access issues, provision needs to be made at a national level in order to ensure that all children of below school age have access to high quality early education and care services. A free-choice market economy is unable to exist where there is little flexibility or choice in circumstances where services are 'thinly' provided (Cleveland & Krashinsky 2005).

Improvements in early childhood development and learning outcomes require support through a national collaborative approach. The COAG (Council of Australian Governments) National Reform Initiative Working Group in its report to the February 2006 COAG meeting acknowledged the importance of 'high-quality early educational programs' and the contribution that provision of quality child care can make to the nation's economic prosperity. This report identified that 'Australia's investment in early childhood development before school entry remains low by international standards' (COAG 2006, p. 29).

In Australia, different tiers of government and private providers deliver different services for different purposes in an ad hoc way. This is in stark contrast to what has happened in New Zealand where there is an integrated approach to each of three key aspects of service provision – staffing, the curriculum and funding (New Zealand Ministry of Education 2002). In their *10-year Strategic Plan for Early Childhood Education* the New Zealand Ministry of Education identified five key goals that are supportive of both children and parents through a comprehensive network of integrated service strategies. These goals target:

- funding and support for a regulated system
- support for community-based early childhood services
- professional registration of teachers
- cooperation and collaboration between early childhood, health and social services in conjunction with parents

- greater involvement of government particularly in areas of disadvantage (New Zealand Ministry of Education 2002, pp. 2–3).

The New Zealand government has taken significant responsibility for the delivery, maintenance and quality control of childcare services within that country.

Subsidised care

Subsidised child care, particularly in the form of fee relief, already exists. An alternative is to subsidise staff salaries. The aim would be to ensure that staff are of the highest calibre. Staff also need to be adequately remunerated for their professional work thus encouraging greater stability in staffing and attractiveness for staff to work in areas of high demand.

Parents to pay

While parents may pay a fee based on need (because of government priorities whether to do with employment or family circumstances such as disadvantage) they should also have a choice. They may choose to pay more for services that reflect their priorities, needs and family values.

POSSIBILITIES: A MARKETPLACE OF VALUES

Parents seek flexibility in their choice of child care. Strategic measures need to be used to provide the evidence upon which parents make child care decisions in order to ensure accessibility and availability of services. While decisions about who should provide and who should pay may be evidence-based, they are also values driven. The discussion around choice and availability of child care is underpinned by what I loosely describe as a ‘marketplace of values’.

Erwin (1996, p. 201) describes values as ‘a set of beliefs that guide actions’. The values that underpin child care provision include universal, affordable, regulated, accessible, integrated/coordinated, the necessity to be of high quality and accessibility to diverse populations. There is also the question of who holds such values (child care producers, consumers and/or government) and for whom?

While it is difficult to provide a linear approach to child care provision, government (in collaboration with those who are best informed about child care practices) needs to take a collective social and civic responsibility for the provision of early child and family services. In doing so, it may be possible to redistribute responsibility across policy development and implementation, funding, service provision and the monitoring/evaluation of the impact of those services (both individually and nationally) as well as socially and economically. Given the issues that I have raised in this chapter, the matrix of responsibilities and enabling

conditions displayed in Figure 12.2 (see page 262) outlines a beginning framework for such planning.

The matrix (adapted from Stroick & Jenson, 1999) provides an opportunity to address goals that reflect evidence-based understandings about children, social capital building and service standards alongside enabling conditions that support strategies designed to facilitate goal direction. The matrix also identifies government as having a strong social and moral responsibility to ensure universal, equitable and affordable early childhood services.

The matrix is organised according to two key areas that underpin child care provision – societal investment (as applied to citizenship, social responsibility and universality), and service standards. Citizenship and social responsibilities encompass:

- parental support and respite – facilitating the development of parenting skills, access to employment and alleviation of disadvantage;
- social capital building – providing equity of access and community strengthening through leadership of early childhood staff within early childhood service hubs;
- investment in the child and family – through the provision of high quality services that address children’s wellbeing and learning;
- economic investment – that recognises the long-term impact of investment in the early years as being critical to human development and social capital building.

A number of enabling conditions support these responsibilities and standards. These conditions identify, contribute to and support the responsibilities and service standards. They are:

- work related parental benefits
- individual family/parenting benefits
- integrated, coordinated and regulated family friendly child care services
- staff accreditation
- provision for the maintenance of minimum standards
- equity of access and provision for early identification and intervention.

Further to this, the matrix recognises that the enabling conditions may be either an individual or a shared responsibility across governments and may have different outcomes for the child, for families and for governments.

The provision of services, while a government responsibility within a national framework, must be reflective of each local community. Professionally determined standards that include registered teachers and provision for their ongoing professional development, provide a basis upon which key accountabilities to children, families and funding authorities (i.e. government), are addressed.

CONSIDERATIONS

In this chapter, I have considered the contexts that can contribute to decisions about who should provide and who should pay for child care in Australia. The considerations include children's wellbeing, changing composition of families, the participation of women in the workforce and understanding about social and economic returns on investment in child care.

Changing views of children and their capabilities and capacities to learn have more recently permeated our understandings of young children as learners. We need to move from what Moss (2006, p.73) describes as a 'child care' to a 'pedagogical' discourse in the provision of early childhood services. A pedagogical discourse is exemplified in the Reggio Schools (Malaguzzi, cited in Moss 2006, p.73) where the image of the child is respectful of children as individuals who are strong, competent and active and who engage in a community of relationships.

If the focus is on 'pedagogy' rather than 'care' then the view is one of children who have a right to access spaces or environments where they have opportunities to develop those life enhancing capabilities that form the foundation for future learning. Care is not ignored but considered to be integral to service provision. Being integral means that it is the responsibility of early childhood professionals to engage in those relationships that are indicative of caring. Often this is only possible where there are experienced staff who are able to form relationships over time with children and families.

Figure 12.2: Matrix of key accountabilities and enabling conditions for universal child care service provision

	Social and economic investment responsibilities				Service standards	
	Parental support and respite	Social capital building	Investment in the child and family	Economic investment	Service provision inc. curriculum and staffing	Ongoing monitoring / evaluation
Enabling conditions (supported directly or indirectly by government)						
Work related parental benefits inc. sick leave, job protection and leave for 'caring' **	✓	✓	✓			
Parenting benefits inc. family tax benefit **	✓		✓			
Integrated, coordinated and regulated child/family learning and resource/support centres *	✓	✓	✓	✓	✓	✓
Staff standards and accreditation *			✓	✓	✓	✓
Standards relating to early education, health and safety *			✓	✓	✓	✓
Access to high quality programs for child well-being and development inc. school readiness and early detection *** ** *	✓	✓	✓	✓	✓	✓

Key: * Australian government subsidised - direct (to services to support staffing) ** Australian government subsidised - indirect (establishment of standards; provision of family benefits) *** Individual families (payment of fees)

Figure 12.2: Matrix of key accountabilities and enabling conditions for universal child

care service provision

	Social and economic investment responsibilities				Service standards	
	Parental support and respite	Social capital building	Investment in the child and family	Economic investment	Service provision inc. curriculum and staffing	Ongoing monitoring / evaluation
Work related parental benefits inc. sick leave, job protection and leave for 'caring' **	✓	✓	✓			
Parenting benefits inc. family tax benefit **	✓		✓			
Integrated, coordinated and regulated child/family learning and resource/support centres *	✓	✓	✓	✓	✓	✓
Staff standards and accreditation *			✓	✓	✓	✓
Standards relating to early education, health			✓	✓	✓	✓

and safety *						
Access to high quality programs for child well-being and development inc. school readiness and early detection *** ** *	✓	✓	✓	✓	✓	✓

Key: Who pays’?

* Australian government subsidised - direct (to services to support staffing)

** Australian government subsidised - indirect(establishment of standards; provision of family benefits)

*** Individual families (payment of fees)

From a child oriented perspective, care and education become synonymous. From a social perspective, where care is considered as work, employment conditions such as maternity/paternity leave would acknowledge parents’ responsibility for their children. Parents would then not be disadvantaged in their workplace by taking family leave. Such a view of care would also value the work undertaken by childcare professionals.

I have argued elsewhere (Goodfellow 2005) that citizenship and social responsibility lie heavily with government. However, this should not be to the detriment of social capital building, parental responsibility and parental decision making. These considerations open up the possibility of both a division of responsibility and a possible policy mix to support the provision of child care. This may be managed through cooperative efforts across federal, state and local governments in collaboration with key stakeholders including parents. Common social and economic elements also need to be comprehensively addressed. These include the delivery of children’s services that pay attention to:

- parent and family circumstances including poverty and support for parents
- children’s development and wellbeing
- social capital building with a focus on human capital
- adequacy of service provision including staffing and curriculum
- monitoring and evaluation of services including establishment of standards

and regulation.

If we support the notion of caring as being both ‘work’ and a social right of citizenship as well as the nurturing of young children’s development then responsibility for overseeing actions that support this position needs to be taken seriously by those who have authority to do so. The matrix of social responsibility identifies elements for discussion and debate as we consider new social risks, new understandings about the importance of the early years in human development and an ‘investing-in-children paradigm’ (Jenson, 2004, p.171). Responsibility for children’s wellbeing is no longer solely a family responsibility but is shared within a broader community context. Should reduction of efforts devoted to family and community capacity building become evident then Folbre (2005) warns of the dire consequences for ‘the state’ of what she describes as ‘social chilling’.

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13

Funding children's services

Eva Cox

It is now over 30 years since the original federal Child Care Act was passed in the dying days of the McMahon Liberal government but funding and policy issues are still confused and contested. Many more child care places exist and more funding is provided, but Australia still lacks an integrated national childcare system that recognises the importance of the early years, and the need for effective national policy for both early childhood care and education. Most of the problems are depressingly familiar, after my thirty-plus years of involvement in this policy area, but there are some worrying newer aspects.

In the three-plus decades of public debate on funding and providing such services, there have been major shifts in political frameworks and priorities. These affect supply, quality and affordability, so our questions and answers need to be reframed in current cultural social and political frameworks. The changing demographic patterns, such as falling birth rates, delayed childbearing, increased female education and workforce participation, affect demand questions. The shifts in political frameworks will affect supply and funding.

Universal publicly funded child care was one of the key feminist issues we raised in the seventies, as more women were moving into paid work. Our hoped-for national program of quality affordable care ran up against the arguments about whether women should be encouraged to be in paid work and pressure to retain the separation between education and care. Before this divide could be resolved, the arguments were overtaken by the 1980s change of political directions to neo-liberalism which diminished the role of the state. Child care was expanded but in a framework which shifted collective risks from the individual by shifting from public services to market forces. Commercial child care was funded by 1990 and the expansion of market providers was encouraged by policy changes after 1996.

Overlapping with these changes in the mid 1990s were other, often contradictory, ideological shifts away from the 1980s emphasis on encouraging self provision and private providers. This move signalled the ascendancy of neo-conservatism, indicated by the move away from smaller deregulated governments to increasing size, centralised controls and complex demands for accountability by

bureaucratic requirements. The new political masters used this increase in interventions to promote moral agendas and neo-conservative views. The changes are most evident in the social policy areas where government funding was to be directed at promoting conservative social positions.

SHIFTING ASSUMPTIONS ABOUT RESPONSIBILITIES IN CARE

The original neo-liberal changes in ideological directions have left their mark on social and political debates by diminishing the demands for collective solutions to problems such as child care. This has resulted in policy changes which have emphasised that parents were customers who were responsible for purchasing private and individual provisions. Risks pushed back onto individuals translate into taking responsibilities for the 'choices' they make. Young women today see having children as a lifestyle choice, so deciding on what is best for the child and self is often surrounded by extreme anxieties about making the right decisions. The mantra of choice imposes on them alone the need to solve the apparent and actual tensions between career and carer roles. An interesting paradox is that having more women in senior positions seems to require their implementing more macho workplaces, because of failures to influence more family-friendly workplace cultures.

Another effect of these shifts may be expressed as an individual's need for evident success, which may be responsible for creating intensifications of effort in either, or sometimes both, paid jobs and parenting roles. Hours of work have increased, as have pressures on parents to buy expensive goods and services, creating increasing perceptions of the difficulties of combining work and family time.

Men are still rarely expected to make these choices but there are a few more taking on the primary carer roles. When parents are confronted with mixed messages and short supply in care services, it exacerbates their confusion rather than helping them sort out needed networks of support services. Their searches to find information and compatible care often raise high anxieties about the quality of care, the costs or their ability to find what they need at appropriate times. These changes are part of the reason why parents do not form an angry lobby about childcare issues but accept the problems as personal albeit often devastating.

THE POLICY MESS

Childcare funding policies in Australia tangle old fashioned gendered assumptions about parental rights with inappropriate relics of the neo-liberal frames from

the last two decades of public policy making. Despite a century plus of public interventions into parenting, such as compulsory education, governments still often fail to recognise the public needs of children below school age. This stance ignores both research showing high early development needs and the increasing workforce participation rates of mothers with young children and related needs for care. There is widespread lip service to the data on early learning but little attempt to tackle the complexities of policy and funding which result in care shortages, quality questions and lack of access for many who need it most.

These policy holes in the early care areas are often excused by the Liberal government's claims that parents are responsible for making the choices that become the driver for providing services. This stance assumes the market will provide rather than creating difficulties because of its failure to respond to demand, which puts young children at risk of the effects of inadequate and inappropriate mixes of market forces and government 'guided' choices.

To understand the current mess, it is interesting to look at how the model of child care funding has changed. It started in 1972 with a policy that childcare funding should guarantee quality care in services by paying the salaries of qualified teachers¹ in childcare centres. This policy was replaced a few years later by a mix of part funding of approved centre budgets with parental fee relief, with both paid to the centre. These subsidy schemes were only available to not-for-profit centres, together with capital grants, but this was changed by Labor in 1990 to allow parents to claim the fee relief component if they used commercial centres. Most of these were small locally based businesses but the change allowed a later move from community based services to businesses as the basis for care services.

The 1996 abolition of the operational subsidy to not-for-profit centres meant that fee rebates, targeted now at parents, became the primary mode of subsidising care. This move basically abolished the relationship between the government (federal) and the centres, creating in effect a de facto parental voucher system, but paid after care is found. Another major shift was the abolition of government capital payments which had been available for decades to both plan for expansion of services and enable not-for-profit groups to build the needed centres in appropriate locations. The combination of these meant that there was no ongoing relationship between funder and provider, just between individual purchasers and increasingly corporate providers. This meant that there was now no control over expansion as capital was only available from the private sector and decisions were shifted to investors not government or local communities.

These series of changes shifted any control over the centres from the funding body to the individual 'customers' who had little power over either the costs or distribution. Centres were often provided in areas with low land costs, sometimes

1 Phillip Lynch's, *Child Care Act 1972*

competing with existing community based services which the chains hoped to drive out of business². The current open-ended funding of parents has no planning controls as users of any accredited centre are eligible. Rising fee costs reflect market pressures rather than any improved wages or care services. Capital and shareholder pressures from private entrepreneurs means that centres needed to provide both profits and high returns on capital.

Dealing with increases in government funded parental rebates just feeds into incentives to further raise fees, so gap fees may remain high. Tight cost controls over staffing and other costs means that chain services meet commercial priorities, not the community or user needs beyond what is required to sell a place in a commercial service provider model.

Some responsibility for this shift to markets can be traced back to some parts of our lobbying and policy tactics in the early 1980s. The justifications for public funding of any services had shifted from community needs to economic requirements. These shifting ideologies led some childcare advocates, myself included³, to change our rhetoric and demands for funding from the social needs of children to the economic servicing of parents on the basis of their workforce participation. We were responding to the dominance of neo-liberal policy making, so we had to convince governments that child care was an economic service, not just some fluffy, social/communal replacement for what had once been a more collective model of child rearing.

This economic-based model worked well in terms of policy, as there was a considerable expansion of public funding for care in the 1980s, both capital and recurrent, but it also resulted in the focus shifting from services as community based to a model that could be, and later was, commercialised. For some reason, this shift has been almost unquestioned until recently with the rise of chains. Where these do occur, they relate more to ideological arguments about profit making and its possible ill effects on quality, than on the rights of children and parents to systems of publicly run community based services.

While spending has risen, controls over services have lessened as funders no longer required justifications of new services or the budgets of existing ones. This change raises issues about the responsibilities of public funders of services to particularly vulnerable groups.⁴ This contrasts with the debates about allocat-

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- 2 Campbelltown LGA has excessive numbers of places with the local government ones being half empty as the newer centres aggressively recruit parents, but Marrickville has a long waiting list. So 'market' needs do not seem to generate centres where the capital costs are substantial.
 - 3 As NCOSS Director in 1979 I produced a lobbying report on needs based child care, and as Policy Researcher for the shadow ALP Minister prepared the policy for the incoming Hawke government. In 1984, I was in charge of NSW Child Care in the state department so I am familiar with the ethos and negotiations.

ing beds, accrediting and funding aged care and appropriate roles for commercial providers. Making child care a product for sale has created gross inequities through lack of planning, and badly distributed and often overpriced services, as well as questions about quality.

Markets distribute on ability to pay, not equity, and have no morals or concerns about those with lesser capacities to pay. Centres which need to reduce gap fees to meet the local lower income 'market' may often do so by employing cheaper staff with lesser qualifications and experience. Families will limit their hours, or fail to use, services on the basis of costs, not on children's needs. In addition, the growth of major chains means less and less reflection of local needs and a one size fits all bureaucratic system, as well as uncontrolled cost cuts and fee rises to increase profits.

The Australia Institute study of child care (Rush 2006), and in particular their findings on the economies of scale operations of ABC Learning Centres, suggest that this form of centralised control will further undermine locality based services as part of networks of care. The process of change from the universalist-community 1970s expectations to new market models, could be seen as a natural evolution but that term would suggest the later model is an improvement, which it is not.

The removal of the direct funding of centres via operational subsidies post 1996 started the fee spiral and the increase of commercial interest. A recent report from NATSEM (Cassells et al. 2005) shows that fees rose 10.3 per cent from 2003 to 2004⁵ and substantially more over the period of the Liberal government's changes. While these changes have saved governments the costs of capital, the costs to parents have risen substantially and led to poor allocation of capital in many areas.

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- 4 The needs of children are widely canvassed and well summarised in K Press, *What about the kids? Policy directions for improving the experiences of infants and young children in a changing world*. It details demographic changes and other aspects of risk for children, summarises research and offers critiques of policy needs. As such this paper does not repeat the excellent content but seeks to add funding proposals which are missing and some more feminist analyses of the barriers.
 - 5 This figure is from *Affordability and Availability in Australia: what the HILDA Survey tells us* Rebecca Cassells, Justine McNamara, Rachel Lloyd and Ann Harding. Paper presented at the 9th Australian Institute of Family Studies Conference, Melbourne 10 February 2005. Figure 9 in this paper illustrates how the introduction of the Child Care Cash Rebate on 1 July 1994 is marked by a slight decrease in prices at this point in time. Prices then rise by around 42 per cent from December 1994 to June 2000, followed by a sharp decrease after the introduction of the new Child Care Benefit in July 2000. The price of child care experiences a fall of over 21 per cent from July 2000 to September 2001. Prices then start to climb steeply from this point onwards.

A NEO-CONSERVATIVE MOUSETRAP?

The neo-liberal models in this area are based on two basic assumptions: that markets are the best distributors of services and that informed rational 'customer' choices would ensure quality. Where customers lack resources to purchase, the role of the state is to fund the customer, so they can purchase the service. This model is driven by assumptions of informed rational self interest, autonomously determined, and defending one's own best interests. Policies in this category can be via vouchers or, more commonly in Australia, by offering subsidies or rebates directly to users to defray part of the costs. This mode of operating limits the contact or contract possibilities between service and funding body, but may rely on some form of accreditation or quality assurance. It is supported by those who promote little or no role for the state (Vern Hughes 2006).

Interestingly, the federal government itself does not use this funding model in many other areas of service because it doesn't work in situations of vulnerability and scarce services. Person-based subsidies too easily become cash flows for services which can raise their costs to the maximum the customer can afford, particularly when the service is in short supply, as happened in nursing homes some years ago. The contrast here between childcare centres and nursing homes is interesting as the latter are both relatively heavily regulated and monitored and offer a controlled model of funding services to people.

There are many other services such as those for newly arrived immigrants, the unemployed and families at risk which reflect an alternative funding model that is the product of more recent ideological conversion of markets by neo-conservative drivers. The shift is to a purchase of services contract model that no longer funds organisations to offer *their* services, but contracts to 'buy' very clearly specified services from NGOs and businesses, often defining in fine detail how the federal government expects 'best practice' to operate.

This Taylorisation reduces services to assembly line components and creates other problems as its defined reportable outputs means the growth of one size fits all models. This creates two types of problems: one is that such contracts may fail to recognise provider expertise, diverse needs and other differences that services require to meet client needs. The other problem is that the bureaucratic funding bodies may be predisposed to select as contractors large bureaucratic agencies that have similar cultures to their own which may be either large corporate chains like ABC Learning Centres or the larger charities like Mission Australia that follow corporate administrative models.

These agencies are then tied to a centrally devised government-knows-best model of what is assumed that people need. Underpinning such service contracts are assumptions that such agencies have to be policed to deliver adequately on public money. This model contrasts with the lack of control of the child care example above so the spectrum goes from overvaluing the power of consumers

to lack of trust in everyone! Neither extreme seems to understand the need for funding policies to be based on mutual respect of expertise, recognition of diverse consumer based needs or judicious mixes of accountability and trust. In both cases, there are increasing possibilities for commercial operators but very different assumptions about policing them.

These models of funding make interesting contrasts on the criteria of trust and accountability. In the case of childcare funding, the parent is assumed to be an adequate arbiter of quality with the support of relatively limited state regulations and a not too demanding accreditation system. In the latter directed funding model, the federal government appears to trust no one but their own contract enforcement models. Neither type of funding encourages the development of relationships, social networks and the types of connections that are built through trust which can lead to the development of social capital communalities that create resilience and increase capacities for good parenting and care.

THE LOGIC OF MIXING AUTONOMY AND CONTROL

I am proposing a funding system which draws some aspects from both the above models but starts from the assumption that the child is the focal point of the services on offer. Parents are the primary carers and should have the capacities to choose those services they feel best meet their children's and own needs, and influence how they are run. However, they cannot be assumed to have the skills and know how to negotiate price and access in an open, sparse 'market'. Parents lack the 'perfect knowledge' and resources to bargain for optimum outcomes so they need to have more assistance through government guarantees of both financial accessibility and quality of care. At the same time, services need to be given the capacity to use both the skills of staff and user inputs to craft appropriate services to meet diverse and local needs, so centralised controls must be limited.

The main change I am recommending is that a substantial part of federal government funding would be switched to funding a proportion of the costs of individual centres, not chains. These centres would be required to sign service contracts including an agreed budget, quality related staffing ratios and an agreed fee structure. This type of change would result in flattening the 'playing field' by limiting the ability of centres to charge excessive fees and requiring acceptable standards of staffing that related to their population mix. Other items could include requirements for parental/community advisory committees for each centre and centre obligations to be part of local interagency groups. This policy assumes that governments, in return for directly funding 30 per cent of the costs of care, can require centres to both comply with certain requirements in terms of services offered and to peg fees at an acceptable level. This would mean more equitable

fees and spending on appropriately qualified staff. Centres will no longer be able to set their own fees, but would be required like nursing homes to have caps on fees where a subsidy is received.

The funding would have two parts: a proportion of an agreed budget goes to the centre as a core subsidy with a top up that is related to specific parental incomes to make their care affordable. This recognises differing costs for centres to ensure staff quality and numbers to deal with difficult children, poverty issues, or the higher costs of care for toddlers and children with disabilities. The approved budget should also allow for a return on capital, where this is not publicly provided, and an agreed profit margin.

This model would re-establish direct relationships between centres and the funding body, with the contract acting as a form of cost control over the rest of the sector. Reversing the focus on markets and recognising that public subsidies of services require different forms of accountability may mean children get the services they need during their major learning period.

WHY ONLY CENTRES?

I am focusing on centre-based care services because these should be the core of the formal services offered and should be the access point for home based and parental support services. The reasons that child care is required are complex and most families make a range of informal and formal relationships through these arrangements. Centres can play a broader role in ensuring that children are embedded in familiar networks of adults and other children. Parents need access to formally available services as back up for informal networks to cover time demands when children need more stability and skills. Centre based services can, like schools, become central to the lives of children and their families.

Centres should offer more than services based on the time within the centre, such as access to skill sharing and links with other parents and centre staff so that positive and creative relationships can be formed. While parents should have the right to just drop off and pick up children from care services, effective services need to involve the whole family in seeing the centre as integral to their lives. It should develop links that can encompass services such as Family Day Care and outreach services that make for communities of common interest between all those concerned with the children's care.

IS THIS MODEL OF FUNDING A PROBLEM?

Some current advocates for care have seen this proposal as retrograde or too alien to present funding models. My view is that we need to learn from what

worked and to recognise that the neo-liberal model is passé and the proposal fits with some aspects of the shifts in frameworks that are taking place. The use by neoconservatives of the rhetoric of choice, underpinning the present policy settings, is deeply gendered. By defining the use of child care as parental choice driven, it becomes pressure on vulnerable women to conform with ‘tradition’ that is, assumptions of particularities of the virtues of staying with children and solo mother-child bonding. It is often those who have real choices about returning to paid work who can and do make free choices about paid and unpaid work unaffected by powerful expectations of good mothering. For many others, it is still difficult for them to say, or even think, that they actually want time away from a young child. The popular promotion of writers such as Manne (2006) and Bid-dulph (2006) indicate continuing levels of antagonism to ‘institutionalising’ child care and mothers taking time away from young children.

These ambivalences are still evident in most public policy makers and inhibit the capacity to have a proper debate about the need for more public provision of early childhood services, except where children are seen to be at risk. This viewpoint can reinforce individuated child rearing as the best lifestyle choice, which removes the option of discussing the possibilities of collective care. This assumption sits relatively comfortably with the new conservative debates on parenting and care, making it easier to understand why policies that promote publicly funded communal care are not part of the public policy vocabulary, despite the higher workforce participation of mothers with children aged 0–4 years.

The current policies in the Australian context mean increasing inequalities among young children. Those parents with resources have chosen to, and been able to, engage outside resources to ensure that their children receive early group involvement and learning. Children with less resourced families were less likely to use forms of care, unless they were targeted as disadvantaged. Even though the growth of child care services in the 1980s and 1990s promoted wider use, recent increases in fees means this has now become an unaffordable option for many families⁶.

The studies often quoted that indicate possible problems with use of care services ignore local evidence that young children do not spend long periods in centre type care, as their primary carer is generally working part time and/or use other informal family based care. The baby in 50-plus hours of centre care per week⁷ is neither the norm nor common. As statistics show, 80 per cent of children in day care use it for less than 30 hours per week, 47 per cent use it for less than 10 hours. Only 9 per cent of primary carers are working full time and most

6 Recent surveys including Australian Bureau of Statistics 2006, *Child Care, Australia*, cat. no. 4402.0, ABS, Canberra, see many parents quoting costs as a barrier or limit on use of care

7 Many overseas studies use this time usage as a yardstick

use family care options. Only 7 per cent of children under one are in formal care and overall only 7 per cent of children use formal care for more than 35 hours per week (ABS 2005).

Many of the scaremongers fail to acknowledge that children are parented for most of the time when young. They also ignore the difficulties that may occur in some families because of the lack of other resources to make parenting easier, for example, paid maternity leave and the right to work part time. However, just making employers more accepting of parental flexibility needs will not solve the problems of their finding care for the times that they are actually still in the workplace.

Despite many research reports, academic papers and media discussion of the problems and need for change, there seems to be blockages that prevent concerted lobbying for particular solutions. How far is this inaction the result of ambivalences in this area and fear of offending the holders of more traditional viewpoints? Is this an example of what Jennifer Sumsion sees as 'Bauman's collective impotence that stops policy action'?⁸ Her article, and many others, outlines the policy issues very clearly but there is a need to do more by both challenging the market models and offering alternative funding that would both increase care and make the sector a less attractive source of profits. This has been my task in the hope of urging us to find agreement on specifics and then work out how to lobby effectively for the needed changes.

ACTUAL PROPOSALS

Formal childcare services need to offer parents and children access to skilled and valued staff, resources, space, and flexibility. We need to ensure that there is easy access to these services at affordable prices. Parents and children using a good centre do more than use the services; they become part of a community, making links with other adults and children that may also become part of their lives outside the centre. The costs they are asked to meet must be affordable and cover the use of the optimum hours. Access must be within a reasonable timeframe from the time of seeking the service.

Funding formulae for centres must be able to solve the following problems with the current system:

1. The childcare rebate bears no relationship to actual childcare costs in particular centres or particular mixes of services, so once fees exceed the maximum

8 J. Sumsion 2006, *From Whitlam to economic rationalism and beyond*, AECA, http://www.earlychildhoodaustralia.org.au/australian_journal_of_early_childhood/ajec_index_abstracts/whitlam_to_economic_rationalism.html.

- subsidy, the ‘gap’ fee must be met by the parent.
2. This one-size-fits-all formula makes no allowance for the differences in the costs of providing care for babies and children, or developmental needs that require more experienced/trained staff to assist children who need professional interventions.
 3. Centres, particularly in low income areas, may cut costs as much as possible to limit the gap fees by using less experienced, less qualified people which may disadvantage those children who often have needs for a higher level of expertise.
 4. The prevalence of chain commercial centres, which need to make a profit, offers cost contained models that may not allow time for, or encourage, development of social and community links.
 5. While there are some conditions placed on eligibility for fee relief, standards remain at state based minimal not optimum standards, except for a federal accreditation system which has no effective monitoring and some flaws.
 6. Additional payments to parents such as the tax rebate or other possible tax measures and subsidies will again allow centres to raise their fees.
 7. Demand in this area does not seem to stimulate supply as land costs etc. are used as a base for investment by commercial operators rather than local needs.
 8. Staff wage rises are badly needed to contain turnover and ensure quality but are not taken into account in the funding, setting up tensions between parents and providers.
 9. State funded centres such as those in NSW are underfunded and chaotic and need urgent reviews on both funding and needs for support and supervision.

PROPOSED SOLUTIONS

The following proposals differ from most of the current floated proposals because they focus on directly funding centres on the basis of an agreed contract so that both quality and fees can be controlled. These contracts that allow flexibility to meet specific centre based needs would be contingent on the centres being accredited and being in areas where there is demand for centres.

- Each centre should be required to submit a budget and fee schedule. If approved, it should be then funded to a certain proportion of the costs, say 30 per cent, as a basic subsidy to allow for the fee levels below.
- Funding submissions by the centre should articulate what staffing levels they require to meet children’s needs for experience and qualifications in care settings.
- Centres should generally be expected to stick to their budgets for the agreed services. Where parents raise additional money for additional services, these

- must not be raised by compulsory levies or pressured additional payments.
- Centres should submit their budget on a break even level, with a margin of 5 per cent profit on capital investment to cover development of services or profit. Centres which are privately funded will get reasonable 'rent' on capital resources used.
 - Centres should acquit their budgets annually, show what has been collected and spent and adjustments made for underspending or legitimate overspending.
 - Capital grants must be made available through a joint federal/state agreement for new community centres and upgrading old ones, possibly 50/50 for buildings with the state offering land parcels (see 1980s model).
 - All centres would be required to have a parental/community committee to make decisions on staffing, activities and programs.
 - All centres should be required to make links with local communities and related services as a condition of funding.
 - Family day care should be linked to centres so they can both gain support and become part of service choices for meeting children's needs.
 - Out of school care should also keep links with centres and be funded in ways which allow flexibility and optimum centre usage. Services should receive a grant for operations on similar lines to the early childhood centres.
 - These centres would also submit a budget and estimate the fees to be charged and be able to adjust the funding according to a formula which limits the maximum fee to for example, \$12 per day maximum with minimum of \$1.
 - All service should be funded for specialist and high skilled staff to ensure that children are able to access particular types of activities that enhance their social and physical competencies.

Services run for shorter hours, that is, the classic preschools, should receive subsidies for fee relief matching those in long day care centres where these are required in designated areas of disadvantage and there is no universally available state funded preschool. In return for such funding, these should (and some do) offer more flexible and extended hours to meet parental needs and child needs. These services should be sufficiently accessible to be able to meet the time requirements and financial limits of both those in and out of paid work.

Other types of services, such as home based care for sick children should be associated with centre based services so children can be allocated to services that best meet their needs, as well as those of their parents. This would also allow for use of multiple services to meet needs like shift work, for example, family day care plus centre based care.

FEE RELIEF

- A top up income tested additional subsidy will be offered to lower income parents to reduce their costs.
- The formula to be developed should set a maximum gap fee for parents, for example at 8 per cent of the minimum wage (about \$38 per day), and additional subsidies on the basis of parental income can be claimed either by parent or centre with a minimum fee of \$5 per day.

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