

# The childcare policy challenge in Australia

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## Introduction

This chapter<sup>1</sup> 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

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<sup>1</sup> 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 appropriate. 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 childcare 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
<b>Percentage of children using formal care</b>			
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
<b>Percentage of children using informal care</b>			
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
<b>Whether used any type of child care</b>			
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, finding 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 (CCTR) 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
<b>TOTAL</b>	<b>752 750</b>	<b>100</b>

*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 under 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

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	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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