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In Action

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A Memorable Year

Lynne Wannan, NACBCS National Convenor

What a memorable year this has become. NACBCS strongly welcomes the formal apology from the Australian Government by Prime Minister Kevin Rudd, saying sorry for the harm experienced by aboriginal people as a result of government policies in earlier times. As an organisation focussed on meeting the needs of young children and their families, NACBCS is very aware of the tragic and lifelong impact of separating children from their families. The apology is a step forward and I hope that it means that we can now address the shocking disadvantage so many Australian indigenous people experience today.

As providers of children's services NACBCS members have a responsibility to ensure our services are responsive to every child's needs and thus we have a crucial role to play in helping aboriginal children develop the foundations for successful learning and participation in the community. This will mean having a better understanding of their particular needs, for language support and cultural recognition. For those of you who work with Aboriginal children this will be the special challenge; this is our role in giving the apology real meaning.

The year hopefully will also be memorable because of reform to the delivery of services and supports to Australia's young children. There is the potential for us to see a stronger and more responsive service system supporting all children's development.

Policy for the provision of services to young children will now be influenced by the social inclusion agenda, the early year's agenda and the 'education revolution' as well as the Government's commitment to improving Australia's workforce and thus productivity. The goal for NACBCS for 2008 must be positioning our services within all

these contexts.

Our services and our families will benefit from the new Australian Government's improvements to affordability, growth of services on community land and new approaches to quality assurance. We need to be active in raising the profile of our services and networks to ensure that we see a growth of quality, community owned services that can respond to the needs of all children including those who are frequently excluded. This will be the focus of thinking of the NACBCS strategy planning in early March. We will disseminate ideas about how we can further develop our organisation and support our service system following the strategy planning for further ideas and comments from NACBCS members.

But the ABC Learning Centres crisis has been the big shock for many. It is good that NACBCS can show that it has always questioned the sustainability and viability of the corporate child care business model. The concern the Australian government now must consider, again one we have highlighted for years, is the heavy domination of our sector by one corporate operator and the risk this poses for working Australians. It seems our predictions are being realised and hopefully, the new Federal Government will understand that such a precarious situation cannot be allowed to continue. NACBCS has offered to step in and, through our national membership, assess the viability of ABC centres and provide community management should a crisis eventuate.

We can very proudly claim that we are not a 'cottage industry model' as some commentators assert, but a proven sustainable, efficient and valued model for the delivery of quality children's services in Australia. Our track record shows 30 years of business success - thanks to the great

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work you all do.

2008 needs to be a year of action and positioning so that NACBCS continues to be an innovative resource to early years services, to the Government and to our membership.

Federal Government

Child Care Management System (CCMS)

Karen Morley, NACBCS nominee on Reference Group

The Child Care Management System (CCMS) has moved across to the Department of Education, Employment Workplace Relations (DEEWR) since the federal election.

The Child Care Management System (CCMS) is a national child care computer system which aims to provide accurate information on the child care supply and usage for service providers, Government agencies and families.

The CCMS has commenced its scheduled roll out with both long day care and family day care operating under the CCMS. The feedback from the sector has been encouraging with many commenting on the ease and streamlining of the new system.

As part of the CCMS consultation a reference group was formed during February 2007. NACBCS has two representatives, Vicky Stutterd and Karen Morley. The reference group represents stakeholders from all sectors across Australia. The consultation process has been extremely encouraging allowing all sectors to have a voice in the CCMS process. The reference group has been instrumental in making crucial changes throughout the process.

The role of the CCMS Reference Group included:

- informing ongoing development and implementation work, in particular around the targeted financial assistance, support and information for the sector ;
- providing feedback to the Department on change management strategies, hardware/software provision and data collection/reporting; and
- acting as a conduit for input from the broader child care sector.

The reference group will continue to meet to ensure the process is meeting the needs of the sector and provide a voice to Government bodies in their decision making. So if you would like to provide comment to government on your experience of CCMS, contact the NACBCS delegate from your state/territory who will pass on your comment to the Secretariat.



National Secretariat Report

Barbara Romeril, National Secretary

2008 has burst onto the national child care scene with a bang! NACBCS has been involved in a flurry of communications with the new ALP Government, offering general support for implementation of the election commitments and specific support for the development of 260 new children's centres. We have also made a specific offer to enable to government to ensure continuing provision of child care without putting any more public funds into the struggling corporate chain. The LHMU set up an opportunity for NACBCS to meet with Deputy Prime Minister and Minister for Education Julia Gillard, and we will soon meet with Maxine McKew, Parliamentary Secretary for Early Childhood and Childcare.

NACBCS has been doing a lot of public education through media coverage of the stock market crisis of ABC Learning; it is very pleasing to see other commentators coming out of the woodwork joining us in calling for not-for-profit community owned child care. Perhaps a change of government is allowing new voices to be heard; so NACBCS is not the lone voice.

The NACBCS National Executive has taken the action recommendations from last year's national conference and organised the national strategy meeting in early March to position NACBCS as an effective organisation to represent the community based sector in the new federal policy environment and to ensure that NACBCS is recognised as a contemporary organisation with expertise relevant to government. Delegates will bring a series of proposed actions back to branches for formal agreement – then we can really get going.

The National Children's Services Forum deferred from last November was held in March; we were briefed by the new Department of Education, Employment and Workplace Relations (DEEWR) and met with Maxine McKew, Parliamentary Secretary for Early Childhood and Child Care and discovered:

- Details of the 260 new child care centres will be clarified after the Budget in May
- The government is not commenting on the implications of the stock market crisis of largest corporate child care provider
- The review of QA is now looking at the A to E rating system promised by the ALP as well as increased information to parents and greater consistency with state licencing; there will be stakeholder consultation mid year
- There is no information available about plans for the Inclusion and Professional Support Program and Indigenous Professional Support Units after contracts end in November 2008
- The development of 20 new child care hubs in areas with high indigenous populations is seen as part of implementation of the Indigenous Child Care Plan, growth of MACS (the hubs were referred to as 'Super MACS')
- The provision of a universal pre-school year by qualified teacher will be phased in and the government does not intend to impose one model in all circumstances

We also heard that Maxine McKew is a great fan of 'excellent Rolls Royce small private operators'. NACBCS is meeting with her to ensure she understands the unique role of the community managed sector.

NACBCS 25th Anniversary Publication

Our publication commemorating the 25th Anniversary of the National Association of Community Based Children's Services (NACBCS) is now available online at www.nacbc.org.au

Entitled 'Child Care is a Political Issue', in honour the title of the first NACBCS Conference in 1983, this publication documents the remarkable history of NACBCS, today's reality and the NACBCS vision for the future. The papers from the first NACBCS Conference are also reproduced as a vivid example of NACBCS history.

Contributors include Canadian Economist Gordon Cleveland, NACBCS Convenor Lynne Wannan, Academic and inaugural NACBCS Convenor Professor Deborah Brennan and NACBCS National Secretary Barbara Romeril.

If you would like a hard copy of this exciting publication please contact your State and Territory NACBCS branch (contact details on the back page of NACBCS In Action) who will then put in a bulk order with the Secretariat. There may be a small fee to cover production, postage and handling.

STOP PRESS

NACBCS Strategic Position

Delegates from all state and territory branches met for two days in early March to immediately position NACBCS as an effective organisation to represent the community based sector in the new federal policy environment and to ensure that NACBCS is recognised as a contemporary organisation with expertise relevant to government.

The meeting was highly productive and reached agreement on revised clearly stated values and purpose, a clear and appropriate role, clarity on the key issues we will work on and the strategies we will use to progress these issues.

Branches are now considering some concrete recommendations for change which will enable NACBCS to move forward with confidence; the next edition of this newsletter will report on the outcome of these exciting considerations.

Keeping an Eye on Corporate Child Care

ABC signs corporate childcare agreement with Centrelink

Thursday, 18 January 2008

By Daniel Bragg Shaw Stockbroking A.B.C. Learning Centres Limited (ABS) announced it would provide childcare services at selected centres across Australia for the children of Centrelink staff. Under the agreement with the Australian Federal Government, ABC will provide these services to more than 27,000 staff members of the department.

ABC's chief executive Mr Eddy Groves said the agreement was in line with the Rudd Government's election pledge to improve childcare services across the board.

"This agreement with ABC Learning is further evidence of that commitment," said Mr Groves.

"Because of its size and geographical spread of centres, ABC Learning is uniquely placed to assist organisations with large workforces distributed across the country like Centrelink with the provision of childcare services for its staff."

Mr Groves said such agreements help employers to attract and retain staff by making them an employer of choice.

"Businesses also benefited with increased workforce participation rates and improved return-to-work rates," he said.

The company said that it expects more businesses to provide access to childcare services for their employees, encouraging a greater supply of childcare places to meet demand created by higher participation rates.

A.B.C. already has similar arrangements in place with organisations including the Department of Defence, the Commonwealth Bank, Westpac, ANZ, and Optus.

ABC Learning Shares Plunge on Debt Repayment Concerns

By Simeon Bennett and Laura Cochrane - Bloomberg, Feb. 26

ABC Learning Centres Ltd., the world's biggest publicly traded owner of child-care centres, plunged 50 percent in Sydney trading after a slump in earnings raised concerns it may struggle to repay debt...

"This is not an economically viable business in its current form," said Roger Montgomery, who manages about A\$200 million at Clime Asset Management Ltd. in Sydney. "ABC generates a lower rate of return on the owner's equity than a term deposit. ABC was once a very profitable small business. It's now a less-than-mediocre large business"...

ABC Learning suspends trading

Radio National The World Today - Wednesday, 27 February, 2008
 Reporter: Tanya Nolan

ELEANOR HALL: The founder and CEO of the controversial child care giant, ABC Learning, has moved today to reassure parents that the more than 1,000 child care centres he operates across the country are secure despite his company's financial problems. Eddie Groves watched yesterday as his company's shares plummeted by as much as 70 per cent.... Child Care NSW which represents private child care operators says even if the worst case scenario eventuates, there will be nothing for parents to worry about.

BRUCE MANEFIELD: In the very hypothetical situation that for some reason or other ABC got into some substantial trouble and I say that is highly hypothetical, in most instances like that, if you look at other general cases, most companies like that continue to trade under the directorship of a receiver.

So, on that basis I would expect that the centres would continue to operate and the families continue to be able to receive high quality, you know, learning and parenting programs from ABC...

TANYA NOLAN: Lynne Wannan sees a very different scenario emerging.

The convener of the National Association of Community Child Care Centres which represents 1,100 not-for-profit centres says there's no money to be made in child care provision.

LYNNE WANNAN: When you have to conform with the quality requirements in Australia, our regulations. They're fairly strict and you know, there really isn't a lot of money left over to make millions of dollars or to repay billions of loans which they have.

So I mean I really wonder about the whole business model but on the other side, I guess there is some very valuable property involved in those services and who knows, it could be used for something else or sold off so I guess these are all just the questions that we now have in the absence of really understanding what's going on.

TANYA NOLAN: ABC learning accounts for 20 per cent of the total child care market in Australia and Ms Wannan says if the centres were to shut their doors, there would be an immediate crisis.

LYNNE WANNAN: That would be a monumental crisis. We already have hundreds and hundreds of families who can't access a quality children's service. We do have waiting lists in lots and lots of places and if we lost that quantity of our service system, it would be just a disaster for the Australian economy.

TANYA NOLAN: And she says the Federal Government would have to intervene.

ABC slump signals time for a rethink

The Age 29 February 2008
 Gabriel Dabscheck, Balaclava

...Kevin Rudd should use this opportunity to utilise the Future Fund to take over the Australian arm of ABC's business, taking a step to free universal pre-school education, which is a real investment in the future of this country.

Child-care giant faces break-up

The Age, February 28, 2008
 Vanessa Burrow

Anxious wait for thousands of parents and staff as ABC Learning tries to sort out financial woes

The company that controls almost a third of Australia's child-care centres, ABC Learning, may be forced to dismantle its international empire following a sudden collapse in investor confidence and its share price.

Tens of thousands of parents who rely on the centres to mind their children, as well as thousands of ABC Learning staff, face an anxious wait as the company tries to sort out its woes.

And high-profile founder Eddy Groves and his wife, Le Neve, appear to have lost control of the empire they built together over the past 18 years, having been forced to sell shares they had borrowed to buy....

Federal Families Minister Jenny Macklin, responding to speculation about the company's future, has hinted that the Rudd Government would not allow its centres to close, saying child-care places had to be protected.

"Families rely on them," Ms Macklin said yesterday. "Without the availability and affordability of child care (parents) are not going to be able to go to work."

But a spokeswoman for Deputy Prime Minister Julia Gillard declined to comment, saying any statement would affect the sharemarket....

Shed No Tears

The Age, 29 February 2008
 Jay Tilley, Brunswick

To be frank, my sympathies are not really extended to ABC Learning Centres after its market crash. Some industries work better privatised, others are more efficient as public or co-operative run child-care centres in Melbourne, I have seen first-hand the stark difference they offer the children in them....

Minimising costs and maximising profits should never be the driving ethos of child-care centres. I won't shed a tear if ABC ends up in liquidation and new business models can be applied to the buildings they occupy.

Canberra Queries Child-Care Giant ABC on Viability

The Age 29 February 2008
 Misha Schubert and Dewi Cooke

Embattled child-care giant ABC Learning has been forced to reassure the Federal Government of its ongoing viability, amid demands of guarantees for the thousands of parents who rely on the essential service.

Officials from the Department of Employment, Education and Workplace Relations have been seeking assurances that ABC centres are not in jeopardy.

Speculation swirled yesterday that ABC could be forced to close some of its centres to emerge from its current woes. Last night the company asked the stock exchange to extend the suspension

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in trading of its shares until the middle of next week while it negotiated with potential buyers for part of its business.

Prue Warrilow, of the National Association of Community-Based Children's Services, said there was a real concern that some centres could be shut.

But ABC spokesman Scott Emerson tried to allay concerns. "The centres themselves are unaffected. They will be remaining open," he said.

Prime Minister Kevin Rudd has pledged to keep a close eye on the company in a bid to provide certainty to parents.

'When it comes to child care, it's a big concern to every working family who have kids looked after by child care,' he said. 'The Government and the relevant authorities are continuing to monitor closely developments.'

In the wake of ABC's problems, experts said yesterday that Australia's child-care centres should be regulated under the same laws at schools, creating a different practical and philosophical approach towards the first years of a child's development.

'In Australia we don't permit profit-making in education, but until the age of five we seem to say that children are fair game for corporations,' University of NSW child-care expert Deborah Brennan said. 'It's because in Australia we still think of services for children under school age as care, and not as education.'

The head of children's services at Melbourne University, Brian Newman, said private child-care operators made an inevitable compromise on quality because no matter how much money they earned, at least some had to flow out again to stakeholders.

'When you move education into that sphere of the markets where it's all about generating profits and hedge funds and all that nonsense, you lose sight of what that purpose is,' he said. Since taking power, the Rudd Government has moved responsibility for child-care services into the Department of Education, from Family and Community Services. In Victoria, regulation falls under the Minister for Children and Early Childhood Development, Maxine Morand....

Reducing kids to numbers

Herald Sun, March 12, 2008
Susie O'Brien

IF the rise and stumble of childcare CEO Eddy Groves has taught us anything, it's that running a successful childcare chain isn't as easy as ABC.

And I, for one, privately felt a sense of justice done when I heard margin calls had robbed Groves and his estranged wife Le Neve of millions and millions of dollars.

That's because I believe there is something morally wrong with a company that is making huge profits out of caring for a bunch of babies.

It must take a certain type of personality to look at a group of kids and wonder how to turn a buck. And that, I think, is the problem.

It seems to me that Groves just got too greedy.

After he and his team established their lucrative structure in Australia -- supported last year by \$400 million in taxpayer

subsidies -- they expanded their childcare empire overseas.

But because they relied on borrowings to fund their expansion, they appear to not have enough left to fall back on when the global economy turned down and their loans were called in.

And this to me is the real issue when childcare centres are operated by boards of directors heading private companies -- what happens if they fall over?

Luckily, Groves has managed to find buyers for the overseas arm of ABC Learning, thus stabilising things after a nervous few weeks for parents.

But what happens next time?

Parents remain vulnerable.

What if Groves hits more financial trouble in the next few years and sells the Aussie wing of the company to an overseas buyer?

What happens when some CEO in Singapore decides the Australian arm of the company isn't making enough money and decides to close it down?

When child care is run at a profit, children aren't children, they are numbers on a balance sheet.

And directors at the top making decisions don't have a legal responsibility to the children, they have a responsibility to maximise shareholder profits any way they reasonably and legally can.

The other problem that has been highlighted in the recent financial fiasco is the extent to which Groves has managed to dominate the childcare market.

Now about one in three childcare centres across Australia is operated by ABC Learning. That's an extraordinary dominance by one company -- and it's a situation the Government never should have allowed to develop.

Adequate funding of the community sector, allowing councils and co-ops to provide an alternative in areas where there is a monopoly of private providers, would go some way to redressing the balance.

This still leaves the question of why the last government allowed a company to set up a business model that so heavily relied on taxpayer subsidies, but is still a corporate entity at the whim of the market.

It would be interesting to ask former minister for children and youth affairs Larry Anthony.

Since quitting Parliament, Anthony has taken up a role as a non-executive director of the company.

I know there are many happy ABC parents and children who are cared for by dedicated, loving staff.

But that doesn't change the structure of the system, which is fundamentally flawed.

It's up to the Rudd Government to act to protect "working families" by learning their ABCs.

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Child care: not as easy as ABC

The Age – Opinion – 29/02/08
 Deborah Brennan

The Crisis facing ABC Learning raises questions about whether profit-oriented child-care services are in the best interests of families, writes Deborah Brennan

The drama surrounding child-care group ABC Learning suggests it's time to rethink aspects of Australia's approach to the provision of early childhood education and care. At the very least, the anxiety generated by the collapse of the company's share price should make policy makers and politicians reflect upon the consequences of Australia's heavy reliance upon a single provider. At an international symposium held at the University of NSW last week, visitors from the US, the UK, Sweden and Canada expressed amazement at the structure of the Australian child-care market and especially the dominant position of ABC Learning.

ABC's founder and chief executive Eddy Groves (named Australia's richest man under 40 in 2006) has claimed in the past to own at least 30% of the Australian long-day-care market. Given ABC's program of acquisitions and construction in the last couple of years, that figure is likely to be higher now.

No other country allows one company to dominate child care in this way. In the UK, where ABC is also the largest provider, it owns only about 2% of the centres. In the US, where it is the second largest provider it has only 2-3% of all places. In many European countries, the government provides child care as a community service and profit-making is not permitted. Australian families are uniquely exposed to the fortunes of a single corporation.

Australian child care has undergone considerable change in recent years. Until the 1990s, most child care was provided by non-profit, community-based organisations. This changed in the early 1990s when the Australian government stopped paying operational subsidies to non-profit care services, and placed the money in the hands of parents to spend in the marketplace. The belief was that places would spring up where they were needed and parents could choose the type of care they preferred.

Today, we have a mixed pattern of provision in which private providers play a crucial role. Private, for-profit, child care is now widely accepted as part of the landscape. Private businesses deliver about 70% of the long-day-care services in Australia.

It is not the existence of private child care that causes disquiet among child-care policy analysts and child development experts, but rather the dominance of a single corporate player. In recent years, more and more individually owned services have been bought by ABC Learning and the share of the market run by small owner-operators has declined.

Why does this matter? First, many families value the ability to choose between providers of different types. By introducing subsidies that parents can use to buy child care from any approved provider, governments intended to increase diversity and choice for parents.

But the reality for many parents is that their options have been reduced. Many small owner-operators have sold out to ABC or to one of the corporate chains that ABC has now absorbed. Community-based child care, highly valued by many families, has

been marginalised in many parts of Australia and barely exists in some communities.

Community Child Care Victoria has worked hard to establish new non-profit centres in Victoria, but demand for these services exceeds supply. The market cannot deliver this type of service, yet it is precisely what many parents want.

Second, the interests of shareholders and the interests of children are likely to conflict. Shareholders seek high returns on their investment while children require high-quality care that is expensive to deliver.

Australia's regulations are well below the levels suggested by international research and early childhood educators have lobbied hard to strengthen regulations governing group sizes and staff qualifications. Their efforts have been resisted by powerful private providers. Would any government be willing to strengthen child-care regulations if threatened with the prospect of corporate flight?

Thirdly, corporate dominance may make it harder for governments to achieve some of their goals. Labor's concern about high child-care costs is a good example. During the election campaign, Labor made a commitment to raise the child-care tax rebate of out-of-pocket expenses (that is the amount paid by parents taking into account child-care benefit). This is a gift to for-profit child-care services. They will be able to lift their prices knowing that the taxpayer will be footing the bill for at least half the cost of any increase.

While an increase in the tax rebate may ease the costs faced by parents in the short term, inevitably the additional subsidies will be absorbed into higher prices and the spiral will continue.

The Government should urgently explore alternative subsidy structures that would enable it to keep a lid on costs, rather than endlessly chasing after higher prices with taxpayer dollars.

The Rudd Government has flagged early childhood education and care as central to its social and economic agenda. This is a great moment to reassess the policies inherited by the previous government.

Labor has the opportunity to create genuine choice for parents to ensure that there is a diversity in the types of provision available and to create a policy environment in which Australian families and their children do not find themselves at the mercy of the sharemarket.

Former Howard minister shares in the pain

The Sunday Age – March 2, 2008
 Jason Koutsoukis

The crisis affecting ABC Learning Centres has spread to John Howard's former minister for children, Larry Anthony.

Mr Anthony, who was appointed to the ABC Learning board of directors shortly after he lost his seat at the 2004 federal election, has a significant stake in the company.

- As of June 2007, Mr Anthony owned 117,337 fully paid shares in ABC Learning, which were valued last year at \$898,801 when ABC Learning shares reached a peak of

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\$7.66.

- When the shares were suspended last week at \$2.14, Mr Anthony's stake had dropped to \$251,101.

While Mr Anthony is a non-executive director of ABC Learning, he has used his former ministerial experience to provide advice to the child-care giant. In 2006 an entity known as Larry Anthony and Associates P/L was paid \$110,000 for consulting services. In the same year he also collected \$40,000 in director's fees and \$5,000 in superannuation. In 2007 Larry Anthony and Associates received \$125,000 in consulting fees, plus \$60,000 in director's fees and \$5,000 in superannuation.

ABC learning its lesson the hard way

The Sunday Age March 2 2008
James Kirby

...Groves once made loads of money for thousands of shareholders. In adjusted terms (allowing for a stock split) the stock went from \$2 to a peak of \$35. But he never made real money. The group is still burning cash. The hedge fund "rush" on ABC Learning this week decimated the Groves holding. Before it started, Groves and his wife were worth \$330 million – now he's worth about \$35 million. It seems Groves simply has no sense of when to stop. This is obvious in the pace at which he grew the business. Not content with the utter domination of Australian child-care, he rushed into the US and doubled the size of the business – gearing up in a market just about to undergo a credit crunch.

But there had been early signs of hubris – suing the child-care union for defamation in 2006 was stupid. Groves wanted his staff to pay for their own uniforms. It was the fight he could not win when child care workers are mostly young women earning \$14 an hour.

But the ultimate sign of that hubris came a few days ago when Groves blithely told a reporter that the hedge funds would not trouble him because the weakness in the stock – falling gently at the time – was miles away from causing him trouble. Hedge funds are complex but they're not rocket science. Groves publicly signalled there was a point at which the funds could trouble him. In this highly reactive market where hedge funds are surely reaching a peak of their powers – the squeeze was on and it worked.

Can Groves survive? Big shareholders were buying just before the stock was suspended. Each centre will continue to operate, Groves will rebuild – these guys don't give up. But will this workaholic have the heart to do it all over again at ABC Learning – I don't think the technocrats who will now grab the business could handle him.

Channel 10 – 9.00 am Show Interview

5 March 2008

Interviewee: Lynne Wannan

Interviewers: David & Kim

Kim: ABC Childcare Fallen Mogul, Eddie Groves, is learning the hard way that the business of child care is not child's play.

David: While the founder of ABC Learning fights to save his business, perhaps luring overseas players into the local scene, community childcare operators are warning about the long term future of the Australian Industry. Lynne Wannan from the National Association of Community Childcare Services, they could do with

a shorter title, believes our Early Childcare System is now at risk. Good morning Lynne.

Lynne: Good morning. We do call ourselves NAC Backs.

David: NAC Backs?

Lynne: A lot shorter.

David : There we go. Community Childcare Centres, you have been warning about this, you've had concerns about this for some time?

Lynne: We have.

David: Why? What's wrong with the Corporate Childcare System?

Lynne: We always believed that there's not enough money in the delivery of a quality children's services to have anything left over for shareholders, so if you have to give money to your shareholders, which ABC has to do, then you're taking money away from what could be improvements to the service, and we need quality staff, we need buildings to be refurbished, we need good ratios of staff to children, and it's always been curious to us how you can actually take something extra out and give it to shareholders and still provide a quality service.

David: So, that's a big statement I find from you that there is no money in childcare?

Lynne: There's enough for you to deliver a really good service and you need a surplus, because you do have to be able to reinvest in the building, purchase new equipment, we have very, very stringent regulations about staff ratios and qualifications of staff and you want to be improving that and making sure that you have qualified people who work there, so you need a surplus, you need that surplus to keep your service operating into the future.

Kim: Lynne, is early childhood development being taken seriously enough in Australia?

Lynne I think it finally is, it's been a long, long time, but now this current government is saying there's an education revolution, you've heard the Prime Minister.

David: The 'KEVOLUTION'.

Lynne: Yes, but in part of that education agenda, they are looking at the early childhood component and they are finally saying, we need the foundations right for our young children.

Kim: Okay, well are the foundations right when a third of the centres are privately owned.

Lynne: Well I'd have to say that it's not, and that what that's done is exactly the situation we have now where we don't have a sustainable system that we can rely on. I don't think we should ever have allowed any one operator to control that much of our system because if something goes wrong, what are those thousands of families going to do, what if the doors did close?

Kim: Hmm.

David: The 'Kevolution' has promised to increase the child care rebate to 50%. That surely is going to be attractive to business to independent and for profit operators, isn't it?

Kim: What that will do is make it – I mean there's two issues to that – either you could increase your fees, which might be a bit

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publicly problematic – or families will pay less, and the idea was to make the service more affordable to parents, not to enable an operator just to get more money out of a system, but, you know, these are businesses so if they can see more money coming into it, as you're suggesting, then you'd expect they probably will increase their fees and try and take a share of that. It's interesting, the discussion about, the discussion that we're having, because ordinarily you would think that if things are privatised, then it's going to ...

David: Competition.

Kim: Yes, that with competition, the services will get better, but that doesn't seem to be the case.

Lynne: No, we still don't have demand equalling supply and that's a straight economic problem.

David: There's greater demand.

Lynne: There's still greater demand than there is supply in lots of parts of Australia and some areas where, in fact, ABC has been the dominant provider, so there really hasn't been competition between different operators.

Kim: Well, that's right. I think they've got 1,100 centres in Australia and given they're going through this financial drama at the moment, what happens if they're forced to sell all or some of those centres, what then happens to people who've got their children in those centres.

Lynne: I doubt very much that the Federal Government would allow the doors to close and certainly there are options and the organisation I represent would say to the government, this is your opportunity to actually get the system right, purchase the services. A lot of the services are not full, you know, that's one of the issues that's been a bit interesting about the ABC Network. Some of the services have very few children in them so you wouldn't want to buy them all. You'd want to have a look at them and see which ones were actually worth buying, where there was demand and then my organisation, which is basically a network of community based providers throughout Australia, and we have about 1,300 members, we have offered to manage the services on behalf of the government in a partnership way, we could do that, we have community management committees that could manage a second centre.

Kim: Explain community management systems to me.

Lynne: They're basically publicly owned services, they're usually on public land, they could be run and owned by local government and they have parents who are on the management committees who influence what you do with the operation of that service. So when you make your surplus, it's the parents who say 'yes, we want another piece of outdoor equipment'.

Kim: And this is what they do at the kinda where my kids have been, or are still going, is whenever there's a surplus, they say, 'what can we buy our kids?'

Lynne: Yes, or you know, should we increase the ratio of staff or something like that.

Kim: Exactly.

David: But there will be plenty of mothers watching right now that will say, the community service provides doesn't necessarily suit me in the hours that they can offer, and this is the point, this is why private operation came into it, because they've gone into

those areas where there has been the demand.

Lynne: No, there's no difference, and the commercial services are not open for longer hours.

David: You sure?

Lynne: Oh yes, I'm positive about that. I mean, in fact, if you were operating a business you might even open for fewer hours because the reality is, that you don't have many parents who want, it may sound odd to you, but not many parents need child care really after 6 o'clock, you know 5 o'clock – 6 o'clock.

Kim: I think the point David was trying to make though is that the kinder hours, you know, for instance.

Lynne: The kindergarten program is quite different to a long day care program.

Kim: Yes, that's right.

Lynne: And if you compare a community long day care and a commercial long day care, same hours.

David: Alright.

Kim: But of course with community based care, they don't always have the long day care associated with it do they, which is why the other childcare centres have come along.

Lynne: Yes, sometimes, that is the case. In Victoria we now have State Government funding for that kindergarten program can go into a long day care service, so we've really got ...

Kim: And that's really worked beautifully.

Lynne: It's a terrific way to go.

Kim: Yes.

Lynne: It's the way we should go because then parents have confidence that wherever their child is, they're going to get a good quality program for the age of the child, something that's appropriate.....

Kim: Lynne what is it important for parents to get involved in their community childcare centres, you know, to be on the committees?

Lynne: Yes, on the management committee, one of the things that we know about what makes an early childhood service high quality is engagement of families, and there's research that shows that, and it's probably because parents then are able to shape the service around their own particular community needs and children's needs, they develop a relationship with the staff and all of that just makes for I guess a more friendly family orientated kind of environment. I think sometimes too the children even feel more confident in the service when they know that their parents are part of it.

Kim: Yes.

Lynne: And can come and go as they want to, but we know it does contribute to a better outcome in terms of quality.

Kim: Yes, and it's also great for the parents to get involved with each other as well, I mean it forges life long friendships.

David: And of course, the immediate community.

Lynne: It does, and one of the things that community based

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children's service movement says is, we're not just about straight delivering a service to children but we are about making sure that we get strong communities and connect to people and basically, build our communities.

Kim: Yes that's right and help families.

Lynne: Yes, find each other.

Kim: Yes, it's great work that you, thank you so much

David: Yes, there's plenty to ponder isn't there?

Lynne: There is, and a lot of questions that I guess we'll start to see some answers to but there is a lot of questions to ask.

David: Thanks for your time Lynne.

Lynne: Thank you.

Flash suit, but Eddy's been stripped

*The Weekend Australian, March 08, 2008
Glenda Korporaal and Kevin Meade*

EDDY Groves left Australia for the US last Friday dressed in a garish shirt, carrying hopes of saving his ABC Learning Centres empire from oblivion.

He arrived back yesterday morning, dressed in a flash suit, carrying Louis Vuitton luggage.

Somewhere on his travels, however, he'd lost control of his company and, with it, tens of millions of dollars.

The paltry 3186 shares he still held in ABC last night wouldn't even cover the business and first-class tickets that ferried him on his rescue mission across the Pacific.

Mr Groves used his US trip to seal a \$750million deal to sell 60 per cent of the company's US childcare centres to Morgan Stanley Private Equity, giving the company valuable cash and breathing space to see off its anxious bankers.

But ABC revealed last night that, while he was away, margin lenders had cleaned out most of his stake in a company he started with a single centre in Brisbane in 1988.

Mr Groves, who was forced by his margin lender to sell eight million of his shares last week, was yesterday compelled to dump a further 12 million at \$2.14 each.

His wife and fellow director Le Neve Groves also sold off her entire stake of six million shares at \$2.21 each, while the childcare giant's Australian head, Martin Kemp, sold 2.7 million shares at \$2.02 each. Both were also ordered to sell shares last week as the plunging ABC share price triggered margin calls.

Just over a week ago, Mr Groves and his estranged wife held shares representing just over 8 per cent of the company. Ms Groves still controls 13,000 ordinary shares as a trustee for family interests but their combined shareholdings are dwarfed by the 14 per cent stakes held by the Singapore Government's Temasek and US investment bank Lazard Asset Management.

Mr Groves's 3186 shares were worth just \$4683 at yesterday's emaciated closing price of \$1.47 -- a far cry from his estimated

fortune of \$295million in May last year.

Mr Groves, who borrowed money to buy more shares when they were trading at more than \$7 last year, said last night he was "hugely disappointed but I am also determined". "I remain absolutely committed to this company," he said.

ABC shares collapsed after they were hit with a wave of selling by investors after a disappointing half-year profit report last month. The result fuelled concerns ABC had expanded too quickly, taking on too much debt as it grew to 2300 centres across Australia, the US, Britain and New Zealand.....

Father sues ABC for 'failing to support' boy

*The Sunday Age, March 16, 2008
Deborah Gough*

A SEVERELY disabled Melbourne boy is suing ABC Learning for failing to provide him with adequate support while in its care, despite receiving additional Federal Government funding to do so.

The boy's father believes his son was entitled to one-to-one care. Even though an additional carer was employed with funds secured by the family through a rigorous process, none of his carers were trained to meet his specific needs. The additional carer was often helping other children at the centre or performing menial duties such as cleaning.

The case is believed to be the first in Victoria where a child-care centre has faced action over the quality of care for a disabled child.

The boy's father is bringing the case after the boy spent six months at a southern suburban ABC centre where the father says he was poorly treated and discriminated against. The father alleges ABC did not train its staff to communicate with his son. He also alleges ABC failed to use programs that would help the boy and did not fit his foot orthotics properly.

The statement of claim in the Federal Court, in Melbourne, alleges that ABC Learning received funding for a trained carer to help the boy, then aged 4. It alleges that neither the aide supplied nor any other carer working with the boy was adequately trained to meet his specific needs.

"I felt it was a great opportunity which was lost for my son to socialise with other children, but in the end the children knew more about signing (language) than any of the carers in the room because I taught them," the father said.

ABC Learning spokesman Scott Emmerson said the child-care giant would defend the case. "We have done what was required and sought the specialist advice of two outside organisations with expertise in this field," he said.

He said the father had disagreed with the course of action for the boy, which was at odds with ABC Learning's specialist advice.

The father's complaint is a common one. Both Parents Victoria and the Association for Children with a Disability report escalating complaints about the care of children with a disability.....

Groves to sell Brisbane Bullets

The Age, March 14, 2008

The Brisbane Bullets are up for sale after Eddy Groves announced he was ending his ownership of the 2006-07 NBL champions... Groves made the announcement via a media release on Friday after a private meeting with the players Thursday night.

After nine years of ownership, he said his business interests with his ABC Learning Centre child care empire had forced him to relinquish the Bullets.

“The Brisbane Bullets has been a significant part of my life for almost a decade and has given me some incredible experiences,” Groves said.

“Owning a professional basketball team presents you with all the drama that only professional sport can conjure up - ups, downs, and amazing times.”

Groves called the players together to explain his financial situation and his reasons for selling the team...

Groves will honour outstanding player payments for the season just completed...

Branch Reports

ACT

Kerry Fitzroy

The ACT Branch recently formed in 2007 and we are in the early stages of developing the branch, attracting interest and membership, and establishing our position in the ACT as a peak body for community children’s services. Our goal for 2008 for our branch is to strengthen in all areas I mentioned before in regards to membership, profile and presence in the ACT.

We have been actively participating in issues impacting and effecting children and children’s services in the ACT with NACBCS replying to a draft proposal from the Office of Childrens Services and Policy Unit about Licensing Out of School Hours Care Service’s to include preschool age children. Other forums and working parties NACBCS participates in is the Children’s Services Workforce Sub committee, ACT Childrens Services Awards Committee and Childrens Services Forum Meetings with the ACT Minister for Children and Young People.



New South Wales

New Government

NACBCS NSW is overjoyed at the election of a new Australian Government. Many of Labor’s promises for children and children’s services fit perfectly with NACBCS policy. We look forward to working with the Federal Government in implementing their policies over coming months. We are especially keen to ensure the 260 new centres are community owned, managed and not for profit. We are also very pleased that the Prime Minister Kevin Rudd has made a commitment to examine contracts between not for profit service providers and government with a view to removing clauses that constrain the community sector’s right to advocate and participate actively in public debate. Hopefully this means that some of the sector’s funded organisations can now stand along side NACBCS noisily advocating for children in this country.

Sorry

NACBCS NSW was very pleased that the new Federal Government made good its promise to apologise to the Stolen Generations. We were also exceptionally pleased that the Prime Minister recognised the important of early education and care in his commitment to ensure that “over the next five years every Indigenous four-year-old in a remote Aboriginal community will be enrolled and attending a proper early childhood education centre or opportunity.”

National Conference

Congratulations to all organisers of the National Conference, especially Lauren Matthews. All NSW delegates found the conference inspiring and entertaining! NACBCS NSW was very sad to hear of Lauren’s departure but are looking forward to working with her replacement, Rhiannon Williams.

Preschool Investment and Reform Plan (PIRP)

Concern was raised at our last meeting that delays in decision making and cancellations of meetings of the Preschool Investment and Reform Plan working group will mean preschools will not know of their funding status for this year and of next roll out of funds. NACBCS wrote a letter to the Minister Kevin Greene raising concerns.

CSA Review

Our branch discussed changes to Children’s Services Advisors positions and the impact of this on the sector including sector concerns with regard to perceived loss of ability to gain advice from individual CSAs. We decided to raise this issue formally in Children’s Services Forum.

NACBCS Advocacy

Our Branch decided that each major advocacy issue would have a committee responsible for it with one key NACBCS spokesperson. These are as follows:

- Preschool Funding: Carol Lymbery
- Accreditation: Renate Gebhardt-Jones
- 1:4 Ratios: Anthony Semann
- External Bodies report back: Tracey Kirk-Downey
- CSA Review: Louise Brennan
- Federal Election: Gerard Moon

1:4 ratios issue

NACBCS decided to donate \$3,000 to the campaign. The

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campaign is about to restart in earnest for 2008. Many NACBCS members attended a talk by Margaret Sims, (of cortisol research fame) in Sydney in January and found it renewed our commitment to advocate in this area.

NACBCS AGM

By the time readers of NACBCS in Action read this the NSW Branch will have had our AGM for 2008.

Victoria

Barbara Romeril, Executive Director Community Child Care

CCC celebrated the historic apology to the Stolen Generations by the Australian Parliament by hanging the Aboriginal flag proudly in our front window. We published our formal apology more than 10 years ago and we are delighted that the Australian Parliament has finally followed suit. We were also pleased to co-sign with VCOSS and 40 other community organisations the lead letter to the Age newspaper on the day of the Parliamentary apology hailing the apology as an important step towards achieving greater equity.

The new Department of Education and Early Childhood Development has agreed to set up an on-going advisory group so that the wisdom of the early childhood services sector will inform policy and programs in the new department. In the meantime the Victorian Government has started to implement its early years initiatives promised in 'Victoria's Plan to Improve Outcomes in Early Childhood' including development of an early learning framework for children from birth to age 8 years; this has the potential to finally break down the artificial distinctions between education and care.

Unfortunately all of this activity at DEECD is accompanied by a decision to defer the new Children's Services Regulations to 2009 thus delaying any improvements in minimum standards like child:staff ratios or mandatory qualifications. And even more worrying is we will see another year without any regulations at all for Outside School Hours Care and Family Day Care.

Don't forget that all NACBCS members are entitled to a 15% discount on all purchases from Educational Experience. For every purchase by a NACBCS member, 2% of the value of the sale will be given to NACBCS.

Phone your order through to Free Call 1800-025 270 or online at <http://www.edex.com.au/products/index.cfm?action=order>

Western Australia

Carewest WA

The first meeting for 2008 was held on 19 February beginning with a Special Meeting to amend the Constitution and change the eligibility for individuals and organisations to apply for membership to individual children's services.

The Executive Committee met with the Professional Support Co-ordinator to discuss support and the availability of funding for the development of resources and promotional/marketing strategies for the community sector. They have agreed to provide us with some initial funding to explore the options. Some of the activities already begun are the development of a website, updating our logo and maintaining regular contact with managers of services to ascertain areas of need for support and training. PSCWA has also agreed to provide professional development at each general meeting, now held bi-monthly.

The newly appointed ECA Chairperson in WA, Marcelle Psaltis-Saratsis, has requested a meeting with Carewest to begin conversations regarding the position of Early Childhood Services and the many issues involved in the delivery of services in this State. We have welcomed this request and Marcelle will be invited to a general meeting in the very near future.

Regulations / Licensing: The Child Care Consultative Review Committee has now completed the evaluation process of all submissions and the list of Recommendations has now been sent to Minister, Sue Ellery, for her consideration. The Committee will reconvene once the Minister returns the document with her decisions and comments.

NIFTeY (WA): The WA Coordinating Council for Early Childhood formed at the end of 2007, was successful in its grant application to Lotterywest and a Project Consultant has been appointed. The Smith Family has taken on the role of managing the grant funds.

Last week Dr Fraser Mustard was in Perth and the Council was successful in holding an Industry Breakfast, sponsored by Rio Tinto. Members of the Council and the Coordinating Committee of NIFTeY (WA), held a meeting with Dr Mustard to discuss the formation of the new Council and to seek his advice, suggestions and ideas on the direction in which we should be progressing.

Negotiations to reconnect with the Roots of Empathy program of Canada have again stalled and the Coordinating Council will be discussing its next plan of action at its next meeting.

CSIDC: The Children's Services Industry Development Council has appointed a new Chairperson, Ralph Southall. This group is an excellent source of information from the Union, PSCWA, and TAFE. TAFE and CSSU are providing support to this committee.

WACOSS: A National Reform Agenda Sector Briefing was presented on 21 February. WACOSS has called for abstracts for a conference titled "Communities at Work: A Showcase of Stars" to be held on 1&2 May 2008

Face to Face Meeting: Carewest is supporting its 2 delegates to attend the National Strategic Planning meeting in Sydney, which is a welcome opportunity for us to contribute to and participate in the work done by our Eastern state counterparts, and assist us to not feel so isolated.

ABOUT NACBCS

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

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

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

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

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

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

How to contact NACBCS

State and Territory Branches:

AUSTRALIAN CAPITAL TERRITORY

Kerry Fitzroy kerry.f@adfact.org and childdir@adfact.org

NEW SOUTH WALES

Prue Warrilow p.warrilow@familiesatwork.com
 Carol Lymbery carollymbery@cccncsw.org.au

NORTHERN TERRITORY

Irene McCarthy grayccc@bigpond.net.au

QUEENSLAND

Frances Sneddon fs.csmsq@gmail.com
 Julie Pearce ecmanager@qld.lca.org.au

SOUTH AUSTRALIA

Deb Chernoff deb@econ-outlook.com.au
 Robyn Geisler lurra.childcare@internode.on.net

TASMANIA

Susan Nolan oceanview@bbchildcare.org
 Tracy Bradley tbradley@warwyn.tas.gov.au

VICTORIA

Lynne Wannan lynne.wannan@bigpond.com
 Barbara Romeril bromeril@cccinc.org.au

WESTERN AUSTRALIA

Josique Lynch joonccc@iinet.net.au
 Kathy Holt cobccsilv@iinet.net.au

Want to build strong, positive relationships with your families and support their parenting?

Early Childhood Australia is offering, in conjunction with NACBCS, a special deal on the Everyday Learning Series, where part of the purchase price is returned to NACBCS.

Early Childhood Australia also knows that parents want information that is up to date, dependable, credible and easy to read. Early Childhood Australia’s Everyday Learning Series was developed by early childhood experts specifically to meet these needs. Each year the four books in the series cover topics of real interest to parents such as: brothers and sisters, making friends, maths, imagination and talking.

Having strong relationships with our families is crucial to the quality of a childcare service and to its success. Supporting parents in their parenting is an essential part of that relationship.

‘The majority of parents are concerned about the level of confidence in their parenting and the community pressure to get parenting right.’ Australian Childhood Foundation.

To find out more information about the Everyday Learning Series, or to obtain a subscription for your families visit: http://www.earlychildhoodaustralia.org.au/everyday_learning_series/special_offer_for_services.html.

When ordering the Everyday Learning Services please make sure that you alert Early Childhood Australia that you are a member of NACBCS. For every purchase, 2% of the value of the sale will be given to NACBCS.