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Change - Hopefully For The Better

Lynne Wannan, NACBCS National Convenor

Another Federal Budget has again flagged the way forward for children's services in Australia. Federal Budgets always make history, especially when the first for a newly elected government. So what does the 2008 Budget point to in relation to the quality community owned, universally available system of early childhood services NACBCS has fought hard for over the past three decades?

In part it does signal an intention to make early childhood services universal with capital funding for new services and the commitment to universal access for 4 year olds.

The funding for the 260 new services promised during the election was welcomed by NACBCS but the reality will be a slower roll out than we anticipated; only 38 during the next four years. However, it does place the Commonwealth Government back into the funding mix that is critical for establishing not-for-profit community based, multi-purpose facilities. This is welcome - we have heard for too long the view that this was not the role of the Federal Government, in spite of the reality that this was the role only a few decades ago. The remaining hitch is that there has still not been an articulation that this funding will be a long term investment in a sustainable and high quality children's service system. The door - and the risk - is left open for this to go to the precarious commercial system where markets determine longevity as well as quality.

The focus by government on 4 year olds continues to be a problem. It is curious how this age group has become magic when the evidence shows earlier intervention is what is needed. But if we see this as a start, a foundation step towards making sure children who need to access a children's service can get access, then it is OK. The

promise of additional support for aboriginal children, including 10 new centres in the Northern Territory, is a really positive move.

The national early learning framework will be a step forward in advancing the quality of early years' experiences for children and will support the call for a better qualified workforce - we know the two go hand in hand. A constant eye will thus be needed on all the workforce issues as well as affordability for families. NACBCS will continue its advocacy in these areas.

2008 continues the promise of the past few years - we no longer must argue that early childhood services are important. There is still some way to go to achieve the kind of service system we know is good for children, families and communities - recognition of the very different role the community sector plays, raising the status of this sector so staffing ceases to be problematic and tightening up the quality control systems so all children benefit from a really good service. This new government is exploring these issues (though maybe not yet the community sector issue) so there will be change and hopefully for the better.

STOP PRESS

The new Office for Early Childhood Education and Child Care has published information on its website about the process for funding the 260 new early learning and care centres.

You can nominate a location/site for a new centre by 31 July 2008.

If you are in one of the 33 locations promised a new centre during the 2007 election then you can nominate a potential site within that location by 13 June. To be considered the site must be in an area of unmet demand for child care and, where possible, be located on school grounds, TAFE, university or other community sites.

Visit www.oceccc.gov.au and read the Fact Sheet and complete a Registration Form. This information will be used to inform discussions between the Australian Government and state/territory governments.

National Secretariat Report

Barbara Romeril, National Secretary

NACBCS was delighted to see the new Prime Minister taking an excellent idea to his strategic 2020 summit for a universal system of child and family hubs – sounds a lot like the vision that the community children’s services sector has been championing. What a nice change to have a PM leading with this good idea.

But we are not resting on our laurels. The NACBCS Executive has been busy implementing the actions from the strategy plan developed in February while maintaining our contact with the new ALP Government and keeping up the profile of the community children’s services sector in the media.

As debate about quality standards in children’s services heats up, NACBCS had adopted a policy on staff:child ratios and group sizes which is based on the ECA recommendations. We are in the process of finalising a policy on paid parental leave in order to contribute to the current debates about that important question.

We have received a response to our letter the Deputy Prime Minister and Minister for Education Julia Gillard – it was rather non-committal in relation to the community sector but encouraged us to participate in the government’s considerations of strong national quality standards and a new quality rating system to drive continuous improvement.

NACBCS continues to work in collaboration with the LHMU especially in supporting its campaign for improved quality – see inside this newsletter for more details. We also continue our active membership of ACOSS.

The National Children’s Services Forum meets again in late August and will no doubt hear from the Department of Education, Employment and Workplace Relations on how the new policy directions of the ALP Government are being translated into action.

NACBCS Policy

Ratios and Group Sizes

Adopted by NACBCS National Council, 11 April 2008

NACBCS believes that staff-child ratios and group sizes in children’s services should be as follows:

Age	Staff:Child Ratio	Group Size
Birth-12 months	1:3	6
13-24 months	1:4	9
25-35 months	1:5	10
3 years	1:8	16
4 years	1:10	20
5 years	1:10	20

Where there are multi age groups the ratio requirement is for the youngest aged child in the group.

NB Definition of group to be developed

Federal Government

Australia 2020 - Setting our Nation’s Sights for the Future,

Excerpt from Prime Minister Kevin Rudd’s Speech Address to the Sydney Institute Annual Dinner 16.4.08

My vision for Australia in the year 2020 is to create universal, high quality, affordable Parent and Child Centres for all 0-5 year old Australian children.

I believe such centres could offer real, practical assistance to working families under financial pressures struggling with the practical challenges of raising very young children.

This is a proposal I’ll be putting forward to the 2020 Summit.

These Parent and Child Centres will bring together maternal and child health, long day care and preschool into one stop shops for parents with young kids.

The goal of this ambitious proposal would be to offer all parents with 0-5 year olds access to a one stop early childhood centre that provide;

- Maternal and child health services such as baby health checks, baby weighing, feeding advice and vaccinations;
- Long day care including play-based activity for children whose parents are at work or studying;
- Preschool and early learning, including age-appropriate play-based learning provided by a qualified teacher; and
- Play groups and parental support and advice to ensure parents have a place to meet their peers and get access to advice while their children play.

This model would require partnerships between Federal, State and Local Governments as well as existing private and community service providers.

The aim would be to provide most of these services at low cost to parents - however some services on offer (such as long day care services) would be fee-based but with the cost still subsidised by the Government.

Access to these Parent and Child Centres would be universal, but not compulsory, and the quality of service provided would be underpinned by strengthened national quality standards.

Some or all of the services offered in these centres could be supplied by the private sector and would be subject to competition between providers, helping to drive quality up and prices down.

A single service centre model for all 0-5 year olds would offer great benefits to kids, great benefits to parents, and great benefits to the whole community.

Improve the quality of health and education and care services for 0-5’s

- Better quality care that is underpinned by strengthened national quality standards.
- The introduction of more four year trained early childhood

Continued from page 2

education professionals for all young children regardless of age.

- Provision of education, health and other support for children to make sure they are developing both physically and intellectually.
- Improve the level of support for parents
- Providing convenient health, education and care services for working parents.
- Providing age-appropriate services for parents with several kids under 5.
- Providing opportunities for non-working parents to meet, develop peer supports and to access advice while their children play.
- Improved outcomes for the whole community
- Making better use of early childhood resources, reducing duplication, which means more money for frontline services.
- Freeing up capacity to strengthen national quality standards.
- Providing additional support to disadvantaged families to improve the life chances of their children.

An ambitious target for 2020

A little over a century ago, few would have dreamt that today we would have universal and affordable schooling for our children.

We have already set ourselves the goal introducing universal preschool services for all four year olds by 2013.

We should aim to take the next step and create universal Parent and Child Centres for all children aged 0-5 by 2020.

Early childhood reform lies at the intersection of our aspirations for this nation:

- lifting long term productivity and participation through greater investment in education, particularly the early years;
- a commitment to reducing the cost of living pressures on working families; and
- a serious effort to reducing the gaps between children born in disadvantaged families and growing up in disadvantaged communities.

This proposal builds on the extensive research which has already been done on the critical impact of a child's early nurture, care and positive engagement with learning, on every aspect of their later life.

The proposal has not been costed at this stage.

The proposal has been put forward to be debated on its merits.

And I look forward to the inputs of my fellow Summit participants on this and other proposals this coming weekend.



Rudd's Parent & Child Centres must be community owned

NACBCS Media Release

17 April 2008

Kevin Rudd gets it – universal, high quality, affordable Parent and Child centres for all 0-5 year old Australian children is the right idea for the 21st century. But the community must be in control.

Rudd's proposal for the 2020 Summit is very close to what NACBCS has been advocating for decades – it is great to have a federal government that understands what works for children, for families and for communities.

We know that partnerships between Federal, State and Local Governments are the way to bring together maternal and child health, early childhood education and care and family supports.

A universal system of Parent and Child Centres can and should be about strengthening communities rather than market competition. This crucial service system must not be at the whim of the market.

Not-for-profit community ownership of children's services is the proven way to ensure that services are meeting local needs, are flexible and strike the right balance between fees and the level of delivery.

Rudd has an unrealistic belief in the effect of market forces – where is the evidence that involvement of commercial child care and competition between providers helps 'to drive quality up and price down'? The experience of working families in Australia is the exact opposite - allowing the growth of commercial chains has not resulted in higher quality or lower cost services for children and families.

Every dollar of government investment in early childhood must go to quality service provision – there is a real risk when some of the public investment goes to shareholder profits.

Early childhood initiatives to benefit individuals, the community and the economy

Media Release

The Hon Julia Gillard MP

Minister for Education. Minister for Employment and Workplace Relations, Minister for Social Inclusion. Deputy Prime Minister
13 May, 2008

All Australian children will have access to early learning programs in the year before formal schooling, delivered by a university qualified teacher as part of a major new investment in early childhood development, to be fully implemented by 2013.

The Government will invest around \$2.4 billion over the next five years on integrated early childhood initiatives that will provide high quality services for young children and help build a productive, modern economy for Australia's future.

Over the next five years, the Rudd Government will invest \$533.5 million to provide all Australian children, including

Continued from page 4

Indigenous children living in remote communities, with access to affordable early learning programs delivered by a qualified teacher. All children will have access to 15 hours a week of early learning programs for 40 weeks a year in the year before formal schooling.

The Government will provide \$114.5 million over the next four years to establish 38 child care centres, including six autism-specific centres. This measure is the first phase of the Government's commitment to establish 260 child care centres on school sites and community land.

This Budget will also deliver \$22.2 million over four years to develop rigorous new quality national standards for child care and preschool. A new five category quality rating system will be introduced to give parents more information about their child care centre or preschool, and to drive improvement in the quality of child care.

The Rudd Government will invest \$1.6 billion over four years to help working families meet higher costs of living by increasing the Child Care Tax Rebate (CCTR) from 30% to 50% of out of pocket costs and by paying the rebate quarterly. The Government will also increase the CCTR cap from \$4354 to \$7500.

Other initiatives include:

- \$126.6 million for a National Early Years Workforce Strategy;
- \$32.5 million over five years to roll out the Home Interaction Program to 50 disadvantaged communities across Australia;
- \$23.9 million over four years to extend the Jobs, Education and Training Child Care Fee Assistance to cover two years of approved study;
- \$20.2 million (including existing funding of \$2.8 million) over five years to roll out the Australian Early Development Index (AEDI) nationally; and
- \$2.5 million in 2008-09 for the development of an Early Years Learning Framework.

Together these new investments are aimed at meeting the Government's commitment to creating an affordable, accessible and high quality early childhood platform for all Australian families.

At last – real investment in early childhood services

Federal Budget 2008/09

NACBCS Media Release

13 May 2008

The National Association of Community Based Children's Services (NACBCS) welcomes the first Rudd Budget with its investment in initiatives that will make a real difference to Australia's children:

- \$114.5m capital funding for the first 38 of the promised 260 Children's Centres on school sites and community land:

Lynne Wannan, National Convenor of NACBCS said today '\$3 million per centre is a real investment in the capacity of local communities to build and deliver integrated early childhood education, care, health and welfare services.'

'We call on the Rudd Government to ensure that this funding

goes to not-for-profit providers so every cent of public funds goes to public purposes and none goes to private profit.'

- Investment in an Early Years Learning Framework and rigorous quality standards for child care and preschool:

Ms Wannan said 'This is a real attempt to break down silos and will lay solid foundations for a holistic approach to learning and development for our young children. We urge the Government to consult with the early childhood services sector to make sure these initiatives hit the mark.'

- 15 hours a week of early learning programs in the year before school

NACBCS supports the general idea of universal access to early learning programs but it should start from birth. Ms Wannan urges the government to apply this funding flexibly.

- NACBCS sees the increase in the Child Care Rebate from 30% to 50% of out-of-pocket child care expenses and lifting the maximum rebate from \$4,354 to \$7,500 per child per year as poor policy because it is regressive – it doesn't allow for greater support for low and middle income families who need it most; increasing CCB would better assist families most in need.

Correction to NACBCS Media Release on the Federal Budget

Since Budget night we have been informed that only 60% of the total funding announced in the Budget for 38 new children's centres is for capital construction costs. So our enthusiastic welcome for \$3m capital funding per centre was premature.

The new children's centres will attract an average of \$1.8m capital funding per centre which we know will not cover the full cost of construction in most communities. So these new centres will need to attract funding from other levels of government or go into debt to fund the full construction costs.

The remaining 40% of the announced funding is for 'other' costs including CCB and Child Care Rebate for new child care places in the 38 centres. It will be interesting to see how the total figure was arrived at, as these costs will not start to accrue until after the new facilities are constructed.

We understand that the remaining 222 Early Learning and Care Centres will be progressively rolled-out by end 2014 and delivered as part of the Council of Australian Governments (COAG) National Partnerships arrangements. These arrangements will be developed in the near future and finalised later in 2008. The State and Territory Governments are currently analysing areas of need for child care within their jurisdiction and are expected to provide advice to the Australian Government about the best possible locations for the remaining centres taking into account factors such as opportunities for co-location, community needs and any impact on existing services.

It is good to have the Federal Government back on track providing much needed capital to support the growth of community owned children's service; we look forward to the positive and creative pathways that partnership between federal, state/territory and local governments and community can lead to, as they did in the foundation years of Australia's early childhood services development.

Budget fudged childcare funding

*Stephen Lunn, Social affairs writer
The Australian May 26, 2008*

WAYNE Swan's budget deliberately overstated the amount of money the Government allocated to build 38 childcare centres, childcare advocates say.

The May 13 budget offered an apparently unqualified commitment. "The Government will invest \$115 million over four years to build the first 38 of 260 planned childcare centres in priority areas," it said.

In the days after the budget, childcare groups welcomed the average \$3 million allocation per centre.

But they now feel duped. The \$115million turns out to include not just money for land, bricks and mortar, as first believed, but also the Government's future costs of the childcare benefit and childcare tax rebate for children in the centres once they are up and running.

About 40 per cent of the budget allocation is understood to be for these recurrent costs.

Parliamentary secretary for childcare Maxine McKew yesterday confirmed the budget allocation was not confined to capital expenditure.

"The 2008-09 budget invests \$114.5million over four years to build the first 38 additional early learning and care centres, which will include six autism-specific centres," Ms McKew said in an email to *The Australian*.

"This investment covers both capital and other childcare-related expenditure, such as the Child Care Benefit and Child Care Tax Rebate payments and operational support payments where applicable."

It has left childcare advocates, many of whom have been vociferous in their support for the Government's commitment to childcare, nonplussed.

"It is misleading, to say the least," said Lynne Wannan, convenor of the National Association of Community-based Children's Services. "You feel like it was a dishonest statement made for no real reason, because they are still providing some money for capital costs, just not the amount it first seems.

"Child Care Benefit and Child Care Tax Rebate costs down the track really don't have anything to do with the building of new centres."

Barbara Romeril, executive director of Community Childcare, said she asked the office of Deputy Prime Minister Julia Gillard about the childcare funding, and was told the split was 60 per cent capital costs and 40per cent other costs.

Ms Romeril said while it was good the federal Government was again providing capital for childcare centres, greater transparency was needed.

"We are disappointed that our first reading of the budget was incorrect," Ms Romeril said. "We thought \$3 million was just about spot on the money to construct a children's centre in any

community, but a commitment of \$1.8 million will need other partners."

Ms McKew also raised concerns by her statement that the capital cost estimate was "based on average construction costs for a 50-place centre".

Rebecca Bartel said the Government's pre-election policy to cut waiting lists had been to provide an additional 25,000 places in 260 centres, which works out at just under 100 places per centre, not the new figure of 50.

"This is most disturbing, and seems to effectively halve what the Government promised even up to two weeks before the election," Ms Bartel said.

"The first of these children's centres is set to be built in St Kilda in Melbourne, and it may have only 15 new places, but 51 carparks, if the federal, state and local governments' proposal proceeds. It's not exactly what we thought Mr Rudd was talking about when he proposed community 'hubs' during the 2020 Summit as his big idea."

Middle class wins as Labor boosts child-care rebate

*Misha Schubert
The Age, May 3, 2008*

MIDDLE-CLASS families will be the biggest winners from Labor's budget boost to the child-care rebate, netting up to \$2500 annually in extra funds to help with soaring care costs.

They will pocket a bigger increase than both battler households and high-flyers, although poorer working families will gain most after all child-care subsidies are paid, netting more than \$11,000 a year overall....

When the rebate is boosted to cover 50% of out-of-pocket child-care costs — up from 30% — households on \$40,000 with a child in full-time care will pocket an extra \$1200, while high-flyers on \$150,000 will reap nearly \$1650 more each year.

The windfall for those in the middle, families earning \$110,000, will be \$2500. But when all child-care subsidies — the Child Care Benefit and the new Child Care Tax Rebate — are taken into account, taxpayers give the most help to poorer households with child-care bills.

Overall, subsidies rise steadily across the income spectrum from \$6600 for richer households (on \$150,000 or more), up to \$11,000 for families on \$40,000....

Treasurer Wayne Swan said boosting the child-care rebate would help families battling to pay their bills as well as lure more parents back into work.

"We know prices are going up and child care is becoming more expensive, so we want to give mums and dads a hand paying these bills," he said....

Labor boost to child-care rebate misses the mark

Letter to Editor of the Age

*Lynne Wannan, National Convenor
National Association of Community Based Children's Services*

Treasury is finally admitting that the ALP government's plan to increase the Child Care Rebate to 50% of out-of-pocket expenses will benefit middle income families most, high-flyers second and lower income families the least (Age 3/5/08). Does this sound like a government committed to social justice?

Sadly this is not a new revelation – we have warned of the inherently inequitable nature of a flat rate of subsidy for many years. Although Labor's 50% rebate will offer some relief it will not provide most help to those families who are most in need.

As the Age article shows, the combination of Child Care Benefit and the Child Care Rebate provides the most help for poorer households; this is due to the progressive nature of CCB. So why doesn't the government put the Budget dollars to increasing the rate of CCB to offer even greater assistance to families with the greatest need?

NACBCS Supporting ACOSS Conference on Social Inclusion

NACBCS was an active supporter of this year's important ACOSS national conference 'Taking steps for a fairer go for all – social inclusion policies and practiced'; NACBCS presented on the strengths and opportunities in the ALP Government's social inclusion agenda as part of a workshop on early childhood development.

The conference included a number of significant presentations. Dan Finn of the UK presented on the international experience of social inclusion, referring to the 'awkward squad' who point out to governments the unintended consequences of their policies – an apt description of the role that NACBCS often plays. He also spoke of the distinction between 'wide' and 'deep' exclusion and the focus in UK on entrenched exclusion, where poverty intersects with social exclusion. Key learnings about what works include:

- early intervention, both in the early years and at key transition points
- sustained support focussed on prevention
- joined up service delivery so people don't become stuck in support services
- user involvement with people experiencing poverty provides realistic insight
- focus on who and what is doing the excluding

Victorian Premier John Brumby received a round of applause from the national audience when he announced the Stronger Community Organisations Action Plan including the funding of a portable long service leave scheme for the community sector.

Senator Ursula Stephens, Parliamentary Secretary for Social Inclusion spoke about the role of the community services sector in changing attitudes that exclude people; she stated that the new federal government plans to transform the not-for-profit sector over the next 10 years and is working with ACOSS to consult

the sector for a report to go to the soon-to-be formed Australian Social Inclusion Board in September.

Acting Prime Minister Julia Gillard spoke (after a standing ovation) strongly linking the social inclusion agenda to economic prosperity – putting human capital to best possible use and increasing the supply of labour. She mentioned the need for stable and affordable child care and nominated a first priority as establishing a network of early childhood services to provide the universal right to access early learning programs in the year before school including every Indigenous 4 year old in remote communities. She also referred to the role of the community services sector as being leaders, providing advice as well as delivering services.

Industrial Issues

Strategic Partnership between NACBCS and LHMU

Lynne Wannan, National Convenor

NACBCS continues to work in partnership with the LHMU to help improve the conditions of staff and the general way children's services are provided. We are participating in the LHMU child care policy group and actively supporting the current campaign for improved standards.

Our written agreement sets out that NACBCS and LHMU are working together to advocate for:

- improvements to federal accreditation and the state/territory licensing systems
- improvements to federal funding and planning activities
- improvements to staffing ratios and staff training, and
- the development of models and initiatives to promote the sustainable growth of community sector children's services

As a fundamental principle we have committed to a relationship that respects the right of workers to act and negotiate collectively through the Union. From time to time, misunderstandings can arise between children's services and unions; as part of our agreement the LHMU has agreed to respond to concerns raised by NACBCS in regard to the relationships between the LHMU and community owned children's services.

LHMU and its Allies take Big Steps in Childcare

Paul Davies, National Planning and Development Officer, LHMU

LHMU, the Childcare Union, recognises that to meet its core responsibility of delivering better jobs, careers and higher pay to the childcare workforce, what is needed is wholesale reform of the sector.

That's why the Union has made a priority of building strong working alliances with sector advocates and representative groups like NACBCS.

With the Big Steps in Childcare campaign the LHMU brings together its key allies in NACBCS, Early Childhood Australia and others, to push for the specific reforms required to create the sector we all need.

In this context the federal government's focus on the sector is

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welcome, overdue and challenging. How does the sector find the capacity to deliver 15 hours preschool for all 4 year olds? While the situation varies between states, many thousands of 4 year olds nationally do not have access to preschool programs currently and there is a significant shortfall in the number of appropriately qualified staff available to meet this demand.

Thankfully, the federal government has also recognised this fact and the recent Budget allocates money to help fill the gap. LHMU and its sector partners, including NACBCS, are developing a comprehensive model of workforce reform to address the skills gap, particularly in the long day care sector.

The Big Steps in Childcare campaign, to be launched on 20 June in Sydney by the Deputy Prime Minister Julia Gillard, will point the way to better jobs and careers in childcare and better care and development outcomes for children and families.

The campaign brings together major sector stakeholders, higher education and VET sector representatives, business, government and workers to develop a detailed plan for workforce development. The plan will give all workers a leg up to higher qualifications and better pay and ensure a career path from entry level to tertiary qualified teacher level and beyond. And pay parity for teachers in the sector is a definite component of the plan.

Union organisers will continue to engage the workforce in active discussion about the plan. What will work best for busy workers to help upskill? What kind of system for recognised prior learning will suit the needs of highly experienced staff? How do we ensure that government money is best directed to ensure good careers are created and sustained?

20 June will also see the launch of the Big Steps in Childcare website, which will provide an interactive forum for union members to have influence over the direction of workforce reform. In the meantime www.lhmu.org.au will provide updates on the campaign.

Keeping an Eye on Corporate Child Care

ABC Learning Shares Plunge on Debt Repayment Concerns (Update3)

*Bloomberg.com, February 26, 2008
Simeon Bennett and Laura Cochrane*

Feb. 26 (Bloomberg) -- 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.

ABC Learning has been issued A\$3.4 billion (\$3.2 billion) of loans scheduled to mature by 2010, according to data compiled by Bloomberg, having borrowed to finance a global expansion. The Brisbane-based company today said it's in compliance with debt covenants after yesterday reporting a 42 percent decline in first-half profit.

"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."

Inside the ABC childcare empire and Eddy Groves

*The Courier Mail, March 31, 2008
Liam Walsh*

IT was almost five years ago that childcare mogul Eddy Groves paid \$4 million for a house encompassing river views on a moneyed Surfers Paradise street.

Since then, the four-bedroom house has become somewhat of a nexus for childcare interests.

The links involve Viryan Collins-Rubie, a woman with documented personal ties to Groves. She's also now working for a private business, Childcare Providers, that in 2005 and 2007 cut millions of dollars worth of deals with ABC Learning Centres, where Groves is chief executive.

There are industry rumours Groves and Collins-Rubie have been a couple in recent years. Groves, via an ABC spokesman, declined to comment on this and a range of other issues.

Questions about the two and the companies' dealings go to potential issues of disclosure and connections at the publicly listed ABC.

ABC is the brainchild of Groves and his now-estranged wife, Le Neve.

Back in 1988, they started one centre in Brisbane and were key to assembling an empire of almost 2300 centres across four countries. The Groves separated many years ago but still work together.

Investor faith in ABC has slumped. Shares are off highs of \$8.80 in December 2006 to \$1.31.

Concerns have included questions over related-party transactions and accounting practices.

ABC says its accounts are accurate, dealings with parties are on normal commercial terms and independence checks are conducted.

"(ABC) has always declared all required related party transactions," a spokesman said.

One declared in fiscal 2006 was \$74 million in renovation and maintenance work done by a firm run by Eddy Groves's brother-in-law Frank Zullo.

However, ABC copped flak for deciding against further listing Zullo's maintenance work last year and Groves's small stake in the financial advisory business Austock, which is often used by ABC.

As reported this month, a new connection was struck last June when another company owned by Zullo offered a loan of up to \$10.6 million to independently owned Gold Coast business

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Childcare Providers.

A \$3.5 million advance was specifically earmarked for repaying debt to ABC. There was no conflict of interest and this was “not a matter” for ABC, ABC’s spokesman said, referring questions to Zullo.

Childcare Providers is a small operator with a third-floor office in a cream building a couple of kilometres north of the \$4 million Surfers Paradise house.

Childcare Providers started in April 2005.

In July that year, Eddy Groves had inked his signature to a loan with Childcare Providers’ sole shareholder and director Stan Sheehan.

Company documents name him as owner of Ashmore Constructions, with the Brisbane Bullets basketball team once listing Ashmore as a sponsor which built some “ABC childcare centres”.

ABC’s loan to Childcare Providers of up to \$9 million was to help “the purchase of childcare business” at prices ranging from \$990,000 to \$300,000 for 15 centres.

Two more deals were brokered in March 2007 with ABC, this time bearing the signature of ABC executive director Martin Kemp.

The deals included an advance of up to \$2.6 million to help Childcare Providers buy five ABC centres at prices ranging between \$437,000 and \$603,000 each.

About three months later on June 29, Zullo proffered his own \$10.6 million loan to Childcare Providers – with the \$3.5 million advance specifically designated for repaying ABC debt.

By November, the Sydney Morning Herald reported Childcare Providers was to close a number of NSW centres. 26

It also reported Childcare Providers CEO Collins-Rubie was a friend of Groves and both had co-invested in a jewellery shop.

It can be revealed today the ties go deeper.

Company records show that Collins-Rubie was born in Papua New Guinea and is 45, three years older than Groves. Court documents indicate she once worked at ABC in the late 1990s.

She was also still called CEO this month by staff at Childcare Providers, which has been taken over by Neighbourhood Early Learning Centres (NELC). Company documents indicate this is owned by Zullo.

It’s unclear when her CEO position began, which could be one of several significant factors in determining whether any related party declaration is required.....

Ian Zimmer – executive dean of the business, economics and law faculty at the University of Queensland – said, generally speaking, he believed transactions involving a de facto couple who were CEOs in a financial year could fall under a related party transaction but it depended on individual circumstances of each case.

ABC Learning Centres’ Eddy Groves to pay the price

*Herald Sun, April 23, 2008 12:00am
Kerrie Sinclair*

ABC Learning Centres yesterday finally secured its financial lifeline - but at a cost.

The world’s biggest listed childcare provider yesterday signed a definitive deal with US investment bank Morgan Stanley, which will buy 60 per cent of ABC’s US assets for less than initially planned.

ABC said the lower sale price, as well as costs from a restructuring of its Australian operations, meant a forecast it gave a fortnight ago for fiscal 2008 earnings of 34-36c a share was now way off.

It now expects to report a loss of 17-19c a share.

The world’s largest listed childcare provider said it would “significantly simplify” the Australian operations of the group by unwinding its regional management company structure that would lead to restructuring costs of \$30 million....

Eddy’s counting not simple as ABC

*The Australian April 23, 2008
Martin Collins: John Durie*

ABC Learning’s Eddy Groves has taken giant steps towards restoring some credibility in his empire but the slew of accounting and other changes unveiled yesterday show he has as long way still to travel.

The company is not the ideal model for Prime Minister Kevin Rudd’s one-stop-shop for childhood education.

Once the market gets over the fact that the company - which was to report a profit of at least \$161 million as of April 8 - will now report a loss of at least \$80 million, there is some more digesting to be done....

James Black, chief financial officer since September 2006, has decided to leave, which might raise some questions and a search.

On the good-news front, a quality chairman, in David Ryan, has been appointed to run the board in the place of Sallyanne Atkinson. And some other long-timers - like Austock’s Bill Bessemer and Australian boss Martin Kemp - will step down from the board.

Change is happening for the good but ABC Learning is still on the stable but critical list....



ABC Learning admits defeat in the US, problems continue at home

Crikey, 23 April 2008 Adam Schwab

ABC Learning Centres announced yesterday that it had entered into a definitive agreement to sell 60 percent of its US assets to Morgan Stanley for the reduced price of US\$700 million. At the time the original agreement was announced, ABC proudly stated that the “transaction represents an excellent opportunity for ABC to realise significant value for its US business at a highly attractive price.”

As it turns out, the price wasn't all that attractive, with the final deal valuing the US business at US\$75 million less than what was originally announced (at that time, Groves was fiercely clinging onto his remaining equity stake in ABC. That stake was since sold by Groves' margin lender, Citigroup). Following the sale, ABC will announce a write-off of \$280 million on its ill-fated US assets (rather than a profit, as earlier had been suggested by ABC). \$65 million of that loss was due to unfavourable exchange rate movements.

Not only is ABC admitting defeat in the US, but it has also acknowledged that there are serious problems in its Australian business. ABC noted that Australian earnings would be reduced by delayed centre acquisitions, higher staffing costs, staff rostering problems and poor management. While ABC indicates that there problems are short-term, ABC's Australian businesses are mature and seem to be heading backwards.....

Early ABC critic and possibly Australia's best fund managers, Roger Montgomery of Clime Capital, told the AFR yesterday that “ABC started out as a highly profitable small business and through rapid and overpriced acquisitions it turned into a very large mediocre business. It's been in steady decline and that's because the business has been falling in value for several years now.”

The result has hit home at board level, with Chairwoman, Sallyanne Atkinson, Australian operations boss Martin Kemp and non-executive director Bill Bessemer all announcing their retirements. Kemp and Atkinson's roles left them with no choice but to resign, while Bessemer's links with advisor, Austock, placed him in an untenable position. CFO James Black has also departed from the company.

That leaves ABC with a grand total of four directors -- including Eddy Groves (who is responsible for the mess and owns virtually no ABC shares), Le Neve Groves, former Howard minister Larry Anthony and chairman, David Ryan.

ABC fights to win back faith

Kerrie Sinclair, The Herald Sun April 24, 2008

ABC Learning Centres shares slumped yesterday as analysts hacked into 2008 and 2009 profit forecasts and said it had heavy work to restore investor faith and interest.

Its shares staged a 46 per cent relief rally on Tuesday after it sealed a crucial debt-reducing deal, took a broom to its management line-up and vowed to lift governance standards and slash growth

plans amid credit market turmoil.

But shares in the world's largest listed childcare group yesterday lost 24 per cent or 47c to close at \$1.51 in heavy volume and defying the broader market's strong rise.

Most immediately crucial of Tuesday's developments was Morgan Stanley agreeing to terms to buy 60 per cent of ABC's US assets for a lower than planned value.

Investors had feared the US bank might walk away, leaving ABC in danger of drowning in debt swollen by rapid overseas growth.

Childcare king admits he took his eye off the ball

Eddie's slippage

*Herald Sun, April 28, 2008
Liam Walsh*

ABC Learning Centres' revelations of problems at its Australian childcare facilities come despite the company just months ago insisting the business had been performing “in line” with expectations.

In last week's presentation of a forecast full-year loss of up to \$89 million (including \$280 million in book losses on the sale of some US assets), ABC listed problems including sub-optimal management of Australian and New Zealand occupancy levels and wages inefficiency due to sub-optimal roster management.

ABC chief executive officer Eddy Groves yesterday also told Inside Business that the slippage had occurred while he had been focusing on the operations of the US arm.

Cost increases occurred locally, he said.

“We did not manage that properly and we had some margin slippage,” he said.

But Mr Groves said he would embed himself in local operations and it would not be a huge effort to put the business back on track.

Code Blue for Child Care

Keep multinationals away from child care, expert advises

Child Care Advocacy Association of Canada May 7, 2008

123 Busy Beavers is actively purchasing child care centres in Canada. This company is closely linked to two multinationals that dominate corporate child care provision worldwide—ABC Learning Centres of Australia and 123 Global. ABC Learning Centres is now in a financial free fall that could force the sale of centres around the world.

Canada's governments should beware of big box child care companies setting up shop in several provinces. “The functioning of markets and children's needs for high quality education and

Continued from page 9

care are not compatible,” says Professor Deborah Brennan, an expert on the corporate takeover of the sector in Australia.

Brennan had a very successful two-week cross-Canada speaking tour to share the lessons about corporate control of child care. Brennan a professor of Social Policy at the University of New South Wales, Australia has published widely on child care policy.

Read the lessons Brennan provides for Canada and also watch the webcast with guest speakers Dr. Deb Brennan and Adrienne Montani, Consequences of Corporatization and Marketization of Child Care by clicking onto: <http://www.workingtv.com/cccabc-9apr08-agm.html>.

http://www.buildchildcare.ca/News/Keep_multinationals_

Branch Reports

New South Wales

The NACBCS NSW AGM was held on Monday the 19th May.

Identifying it as a year of change, the NSW Convenor, Carol Lymbery spoke at the AGM of the internal changes that NACBCS NSW has undergone. Changes such as the introduction of well attended quarterly meetings, the proposed name change of the organisation and the dramatic increase in our membership numbers. Externally she identified that the new Australian Government means more possibilities for the community sector and new possibilities for early care and education of children.

Current advocacy issues for NACBCS NSW include the roll out of 260 new centres, 15 hours universal preschool, Workforce issues, National curriculum, 1:4 ratios, preschool investment and reform plan and the ongoing issue of accreditation.

Carol identified NACBCS NSW's hopes around these issues – that there will be a commitment to the new centres being community managed, that the commitment by 2013 to universal access to 15 hours early childhood education led by 4 year trained teachers will mean that NSW children will no longer be those receiving the lowest level of funding in Australia and that the workforce measures will mean more trained staff available for NSW services, especially rural and remote ones.

The 1:4 Make It Law campaign has continued through the year. NACBCS NSW donated over \$3000 to the campaign to help engage a PR firm for the campaign. Carol thanked our campaign partners who also generously donated funds, time and expertise to the campaign, as well as those members who campaign in their service, provide us with feedback and those who attended the rally and launch. NACBCS NSW formally adopted the ECA recommended ratios in line with National NACBCS position.

The Preschool Investment and Reform Plan process continues to chug along. Services are receiving Funding Agreements with funding allocations the same as those prior to allocation of viability funding. New allocations will be released soon and based upon actual attendance at services. No service will receive less than previous annual allocations. Business planning support is now completed and there are resources on the DoCS website from

this process. 10,500 new preschool places are to be allocated. Changes to the SCAN are going to occur, but the exact detail is still under discussion.

The National NACBCS Conference was held in Melbourne in November 2007 with representation from every State and Territory. The Conference was timely, - the two major parties, the Labor Party and the Liberal Party, presented their policies to the broad membership prior to election. The real conference highlight for many was seeing CCCC's chair Bernadette Dunn acting like a baby complete with raised cortisol levels and dummy spits.

The Illawarra and Shoalhaven branches continue to successfully advocate for children, families and community based services ;these are auspiced through Wollongong Council, The Illawarra branch has offered to trial national accreditation scheme for community based services.

Prue Warrilow, the deputy national convenor of NACBCS and a NSW Branch member addressed the meeting about her role in the organisation. Over the past 12 months has spent 245.25 hours (6.45 weeks) on National NACBCS work. This included representation on the Board of Families Australia, QA National Advisory Group, Families Week Ambassador, National LHMU high level policy group.

Prue also reported on the March National NACBCS Strategic Planning meeting. NSW Branch accepted the proposed name change for our organisation after a Yahoo group email vote. Prue was formally thanked by the meeting for all her work over the past year.

Carol identified the major work that will occur over the coming twelve months – a strong focus on the implementation of strategic direction from national planning day, continuing strong communication throughout NSW, implementation of communication strategy for new name and working with the Federal Government to ensure new measures value community based services.

Financially, NSW NACBS is pleased to report that over the last twelve months NACBCS NSW has maintained a positive bank balance, has met all financial commitments and cleared all liabilities. In 2007 we repaid an outstanding loan from CCCC NSW, paid the National membership fees and contributed \$3,900 to the 1:4 campaign.

Elections were held for committee positions and the following people were elected:

- NSW Convenor – Carol Lymbery
- Representative to National Organisation – Prue Warrilow
- Deputy NSW Convenor – Gerard Moon
- Secretary – Tracey Kirk Downey
- Trish Brown will be appointed as treasurer at the next regular NACBCS meeting.

June McLoughlin from NCAC addressed the AGM and spoke about a wide range of accreditation issues. She urged NACBCS NSW to start outlining our big picture dreams of accreditation to Canberra.

The AGM was very well attended and we hope to see this attendance grow even more at our regular meetings throughout the year.

Queensland

Jane Carter

The Queensland Branch of NACBCS has recently had the AGM and support for the important work of supporting the Community Based Children's Services in Queensland was at the front of all our minds. It is always difficult to find the time to support services when members also work all day but we were encouraged to see that we now have committee members representing a broad range of services, not just Long Day Care. We have representatives that work in Family Day Care and Occasional Care as well as Limited Hours Care.

NACBCS has recently been asked to send a representative to the Queensland Children's Services Alliance which is a group of representatives from all the Peak Bodies in Queensland - this Alliance will have access to government representatives as well as other stakeholders in children's services. The first meeting attended by NACBCS had talks with State Government Representatives about future planning for children and it was encouraging to hear that these discussions will be ongoing. Ongoing issues of interest covered by the Alliance, amongst many others, will include workforce recruitment and retention issues as well as marketing the professionalism of the sector. The representative will be reporting back at each meeting of the NACBCS Committee and the minutes of these meetings will continue to go out to all members.

We here in Queensland are keen to continue to be involved in anything that will reflect on the quality of care for children, so will continue to fight for the importance of putting children first, not profits.

Victoria

Barbara Romeril, CCC Executive Director

The 2008 Victorian State Budget made a start on meeting Community Child Care's demands for funding to enable services to meet new regulatory standards to come in 2009 - small capital grants will be available to services that have never had to meet regulatory standards before, which is an important recognition that good standards cost.

The State Budget also brought some good initiatives in formally linking vulnerable children into universal services and some capital investment in refurbishing early childhood services on school sites. CCC is calling on the government to ensure that all of these funds go to not-for-profit community owned services.

The review of regulations is progressing, with consultations on key questions such as staff:child ratios, minimum staff qualifications, single staff models of Outside School Hours Care, programming in Family Day Care and standards in limited hours care. The new Department of Education and Early Childhood Development has also involved us in several consultations about the proposed Blueprint for Early Childhood Development and School Reform. It is exciting to see the new Department tackle the challenging task of bringing together the very different culture of schools with the culture of early childhood services.

The Victorian Government has also released its Action Plan

for Strengthening Community Organisations. CCC is working to ensure involvement of child care services in the proposed Portability of Long Service Leave initiative of the Plan.

And last but not least, the Victorian Government continues to directly address disadvantage through its A Fairer Victoria policy; in 2008 the policy is called 'Strong People, Strong Communities' and it includes further improvements to children's services, expanding Maternal and Child Health, home learning, refurbishing early childhood services, additional Early Childhood Intervention places and Kindergarten Inclusion Support Service subsidies and the minor capital grants for OSHC and FDC.

We recently held an intensive workshop to analyse the problem of the on-going staffing crisis in children's services and generate some realistic strategies to fix the problem. We continue to pursue expansion of the community children's services sector at every opportunity - and now we have some supportive government policies to help with this important work.

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>

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.

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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.