

Australian election: The Labor government's childcare backdown and the profit system

Tania Baptist, Socialist Equality Party candidate for Gellibrand
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Just weeks before being ousted as prime minister in an unprecedented backroom coup, Kevin Rudd announced that he was junking a 2007 election promise to build 260 childcare centres across the country. New Prime Minister Julia Gillard has made clear that Labor's construction halt, which was imposed at the behest of the private for-profit childcare operators, will be maintained.

While largely ignored by the media, the childcare reversal generated significant opposition among working parents. Rudd's 2007 promise formed part of his appeal to widespread concerns over rising costs of living and deteriorating social infrastructure. He pledged to end the "double drop-off"—where many parents are forced to travel considerable distances in heavy traffic to drop their children at schools and childcare centres in different locations—by building 260 affordable childcare centres on existing school, TAFE, university and community sites.

Nearly three years later, just three such centres are operational. Kate Ellis, the minister for early childhood education, child care and youth, announced in April that only 38 of the 260 promised centres will ever be completed.

In an extraordinary statement, Ellis declared that "an injection of a massive number of new centres would threaten the stability of a market which thousands of Australia families rely on". She stressed that the collapse of the giant private childcare operator ABC Learning in 2008 had "destabilised the child care market", and that as a result the government was obliged to "promote stability in the sector going forward".

The Labor government could not have made more explicit the extent to which the corporations' accumulation of profit now dictates social policy in virtually every area. High quality childcare ought to be a basic right for parents, with publicly funded facilities made freely available to all, and child care workers ought to be well paid and resourced so they can establish stable and nurturing relationships with the young children they care for.

Under the existing system, however, childcare is a multi-billion dollar industry and the profit interests of the corporations take priority ahead of the basic needs of parents and their children. Private operators, which now control 64 percent of the long day

care market, stretch mandated staff-child ratios to their limits, and often force their low- and minimum-wage employees to clean as well as care for children.

The government provides the childcare corporations with more than \$3 billion in annual indirect subsidies via the Child Care Tax Rebate. Labor increased the rebate from 30 percent to 50 percent in July 2008. Now it has acted to ensure that the chronic shortage of childcare places continues indefinitely so as to protect the private operators' revenue base.

Unsurprisingly, industry lobby groups hailed the decision. Childcare Alliance Australia president Gwynn Bridge called it "an extremely sensible decision" saying "it would have been catastrophic for the government to continue with the promise to build."

Successive Labor and Liberal-led governments have deliberately directed childcare funding away from community-based providers in the form of grants, toward the subsidisation of private operators via rebates paid to parents who, through a lack of publicly-provided services, have little choice but to send their children to private centres. The share of childcare services provided by private companies increased from 15 percent in 1991 to 70 percent in 2007 and remains at about this level.

The Labor government's junking of the planned childcare centres confirms a warning issued in the last federal election campaign by the Socialist Equality Party's national secretary, and lead Senate candidate in New South Wales, Nick Beams.

Commenting on the apparent paradox of both major parties promising tens of billions in tax cuts when opinion polls found overwhelming majorities in favour of increased public spending instead, Beams explained: "Far-reaching structural changes, which have seen the penetration of the 'free market' into every area of social life, have spawned powerful interests opposed to any additional public funding of health, education and other social services. Large global corporations, driven by the search for higher and higher profits, have entered areas once considered completely outside the realm of profit-making. This was the result of the privatisation program initiated under the Hawke-Keating Labor governments of 1983-1996 and deepened under Howard."

He continued: “The provision of top quality child care is a basic necessity in today’s society. But any proposal to fund it with government resources would meet with frenzied opposition from powerful business interests whose profits depend on it remaining in private hands” (see: “Why both Labor and Liberal will provide billions for tax cuts, but not for social services”).

The Labor government has attempted to cover over its abject subservience to the private childcare operators by arguing that no new childcare centres are required anyway because there is an oversupply of places. Minister Ellis unveiled two reports, “Child Care Vacancies Quarterly Snapshot” and “State of Child Care in Australia”, which purported to show that 91 percent of providers reported having vacancies.

This only further angered parents, however. The government’s stance flew in the face of parents’ experiences with having their children on waiting lists for months and even years.

One mother wrote on an Internet chat site: “I’m beyond angry and disappointed in the Rudd government for this and other recent policy decisions. I’m in the inner-north of Melbourne, and I was almost forced to give up my job because I was unable to secure child care for my then one year-old daughter, despite putting her name on the waiting list at over 20 centres early in my pregnancy. Through sheer luck, and only because I started calling all of the child care centres in my local area on an almost daily basis, I landed two days a week of care ... Labor have absolutely lost my vote. I feel foolish for having voted for them in the last election, and for actually believing things would be any better than they were under Howard.”

The government’s purported evidence for widespread childcare vacancies was quickly exposed.

Australian Community Children’s Services national convenor, Prue Warrilow, described the government’s data as “superficial” because it is averaged over a week and does not specify the days or hours of availability, nor age groups. Vacancies tend to be more often available on Mondays and Fridays, but rarely otherwise, particularly for children under two. Shortages are particularly acute for this age group, largely due to private childcare operators providing fewer places because of the mandated higher ratio of staff to children. Under-twos generate higher labour costs and less profit than older children.

A recent report, titled “No Vacancy: Finding a childcare place in Federal Melbourne,” further confirmed the childcare shortage. Based on a May 2010 telephone survey of all child care centres (excluding employer provided centres) in the federal electorate of Melbourne, the report indicated that of 53 centres catering for children aged 0-2 years, 72 percent had no vacancies at all, only 6 percent had vacancies every day, while 28 percent had vacancies on some days. Of 56 centres catering for three-year-olds and older, only 11 percent had vacancies every day, while 55 percent had

vacancies on some days.

Childcare shortages were especially acute in the dwindling non-profit part of the industry. None of the 34 community-run centres surveyed in the “No Vacancy” report had vacancies every day, only 12 percent had vacancies on some days, and 82 percent of them had waiting lists. Half of these were for 12 months or more.

Asked about the vacancy rates for different age groups, Ellis said the government was leaving it up to the market to respond. “Childcare centres will shape their business to where the need exists,” she declared.

The domination of the profit interests of the corporations is set to accelerate after the federal election, irrespective of whether Labor or Liberal forms the next government. In her speech at the National Press Club on July 15, Prime Minister Gillard made a point of including child care, together with health and education, as one of the areas left “relatively untouched” by the pro-business economic reforms implemented by the Hawke-Keating Labor governments between 1983 and 1996. She also referred to “competition” in the sector being held back by “jurisdictional red tape”.

The Labor government’s child care about-face underscores the truth, expounded for more than a century by socialists, that social advancement cannot and will not be achieved by reform of the capitalist system, the logic of which results in the subordination of every aspect of social life to the drive for profit. What is required is the revolutionary transformation of society. Only by taking the vast resources of humanity out of the hands of banks and corporations, and placing them under the democratic control of workers, can the basic human needs of the vast majority of the population be met.

Authorised by N. Beams, 307 Macquarie St, Liverpool, NSW 2170



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