

Australian government rescinds childcare and aged care pay rises

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The Liberal-National Coalition government of Prime Minister Tony Abbott this week scrapped a \$300 million fund for providing meagre wage increases for childcare workers and a \$1.1 billion fund for similar wage rises for aged care workers. The decision will ensure that these workers, who provide critically important services in modern society, remain among the worst-paid and most exploited sections of the working class.

The previous Labor government established the Early Years Quality Fund (EYQF) in March. The limited fund did nothing to resolve low wages in the childcare sector. Only 30 percent of long day care workers were eligible for a pay rise: those with either a Certificate III TAFE qualification in early childhood care—whose wage was to rise by \$3 to just \$22 per hour—and those qualified as early-childhood teachers, whose pay was to increase by \$6 per hour.

Moreover, the \$300 million would have covered pay rises for only two years. After that, either wages would have to be reduced or the centres would have to cut costs and/or increase fees. Childcare operators said they would have increased fees by up to 10 percent.

Before the September federal election, the then Liberal-National opposition promised to honour contracts that were already signed with childcare providers for a share of the EYQF, amounting to \$62.5 million of the \$300 million. Abbott said that any offers made to providers still working toward meeting requirements for gaining funding would be revoked. Now, however, the government has moved to junk the entire scheme.

Assistant Minister for Education Sussan Ley announced to parliament last Tuesday that the EYQF was being abolished. While the government is legally unable to retract the \$62.5 million in funding already

distributed, Ley called on childcare centres to “do the right thing” and voluntarily return the money. “Of course I feel for workers who might have expected a pay rise, but who led them to expect that pay rise?” she declared.

The government said it would set aside the EYQF funds for professional development programs for childcare centres. Ley claimed this would spread public funds more “fairly” between the country’s different childcare operators.

This was a transparent attempt to concoct a public rationale for the government’s attack on the workforce. The government appears to be immediately motivated to boost private child care operators’ profits, while undermining the United Voice trade union, which covers many childcare workers. Under the terms of the former Labor government’s fund, providers applying for funding had to first sign enterprise bargaining agreements (EBAs) covering their workforce. This opened the door to United Voice, which has enforced the poor wages and conditions in the past, to expand its influence in the childcare sector.

More broadly, however, the Abbott government is seizing on another opportunity to demonstrate to the corporate elite its determination to drive down the wages and living standards of all working people.

Tuesday’s announcement on childcare workers was followed two days later by the government reallocating the \$1.1 billion Aged Care Workforce Compact that was set aside for a small wage rise for up to 350,000 workers in the rapidly growing sector, including nurses, carers, administration staff and clinicians.

The previous Labor government announced the fund last March. While boasting of improving the salaries of aged care workers, Labor left the sector grossly underfunded, with the money for the \$1.1 billion fund

reallocated from previously announced aged care programs. Like the fund for childcare workers, the package was allocated to aged care homes employing staff covered by EBAs. The fund was grossly inadequate—it provided for a 1 percent annual wage rise in addition to any minimum wage increase or other wage rise negotiated through EBAs.

The policies of both the Labor Party and Liberal-National Coalition are aimed at further opening up both the childcare and aged care sectors to private corporations, shifting toward an entirely “user pays” system in which working class families will be hard hit. After becoming Labor’s prime minister in 2010, Julia Gillard delivered a major speech on economic policy that listed childcare and aged care, together with education and healthcare, as sectors that her government intended to open up to the profit system.

In childcare, billions of dollars in public funds are funnelled to the private operators every year through the Child Care Tax Rebate scheme. Indirect government subsidies to the industry have increased from \$1.7 billion in 2004-2005 to \$5.2 billion this financial year. Rather than providing community-based centres, the rebate scheme provides funding directly to parents who, due to a lack of publicly-provided services, are forced to take their children to private operators.

As a result, private operators stretch mandatory requirements for staff-to-child ratios and impose the most exploitative conditions on the workforce. According to the United Voice union, more than 180 childcare workers leave the profession every week.

Many ordinary families with childcare and aged care responsibilities are under enormous financial stress. Childcare fees have risen by an average of 7 percent each year over the past decade, far above the inflation rate.

A recent Productivity Commission report revealed that placing a single child in long day care costs parents an average of 9 percent of their disposable income, after government rebates have been accounted for. Despite government claims that the rebate system assists the poorest households, those with just \$35,000 of disposable income still spend approximately the same percentage of their income on daycare as households with \$150,000 of disposable income.

United Voice, which covers both childcare and aged

care workers, responded to the Abbott government’s announcement by making clear it will do nothing to defend the interests of its members. United Voice is channelling the widespread opposition to the exploitative conditions in these industries into legal challenges before the Fair Work Commission, the industrial relations tribunal set up by the Labor government, only seeking to keep the promised small wage rises.

Far from being a neutral arbiter as the unions maintain, the Fair Work Commission has been—with the collaboration of the trade unions—a central enforcer of the deepening assault on the jobs and conditions of the working class.



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