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**INQUIRY INTO CHILDCARE AND
EARLY CHILDHOOD LEARNING**

DR W CRAIK AM, Presiding Commissioner
MR J COPPEL, Commissioner

TRANSCRIPT OF PROCEEDINGS

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MR COPPEL: I think we can start. Good morning, ladies and gentlemen. Welcome to the public hearings for childcare and early childhood learning. My name is Jonathan Coppel and I am a Commissioner on this inquiry. The Presiding Commissioner, Wendy Craik, is not available this morning, but she will be joining us after lunch. The purpose of this round of hearings is to facilitate public scrutiny of the Commission's work, to get some comments and feedback, particularly to get people on the record which we may draw on in the final report. We've already had hearings in Perth and earlier this week in Port Macquarie. Following this hearing, there will also be hearings in Melbourne and Canberra. We expect to have a final report to government in October this year. Following our delivery of the report, the government has up to 25 parliamentary sitting days to publicly release it.

We like to conduct these hearings in a reasonably informal manner, but I remind participants that there is a full transcript being taken, so we don't take comments from the floor because they won't actually be recorded effectively. But at the end of today's proceedings there will be opportunities for persons who wish to do so to make a brief statement and obviously people are able to submit further advice to us if they choose to do so as a result of things that they hear said today. Participants are not required to take an oath but should of course be truthful in their remarks and participants are welcome to comment on the issues raised by other submissions as well as their own. The transcript will be made available and published on the Commission's website, along with submissions to the inquiry.

If there are media representatives in the room today, there are some general rules that apply and I'd ask you to see one of the staff at the back of the room.

Participants are not required to take an oath but should be truthful in their remarks. Participants are welcome to comment on the issues raised in other submissions. So now I'd like to welcome the first participant today, Kate Hodgekiss. If you could state your full name and who you represent and if you'd like to make a short statement. Thank you.

MS HODGEKISS: Hi, my name is Kate Hodgekiss and I'm just representing myself. I've been in the ECEC sector now for 17 years. I'm an extremely passionate teacher. I started back in 1998, completing the Certificate III in Children's Services in a small private service and I fell in love with early childhood education. So in 2001 I enrolled in Macquarie University to become an early childhood teacher. I worked all through completing my degree and despite offers of promotion I continued to work on the floor with the children for over 14 years. I then went and worked with the Scottish curriculum in Edinburgh before coming back to Australia and finally moving into management positions. I've since been in roles such as the nominated supervisor role, quality assurance regional managing and now I'm currently working as a nominated supervisor in a new service on the Northern Beaches. My experience in management has given me a very good understanding of not only the NQF and supporting legislation, but also the financial side of the sector.

For me, the primary concern of the draft report released by the Productivity Commission is around the delivery of education programs for the nought to three age range and, in conjunction with this, the impact of the diploma and early childhood teacher on the quality of these educational programs. Although recent research has established that brain has plasticity that means learning can occur outside of the sensitive periods of development, it also recognises that those sensitive periods do in fact exist in brain development.

We know that the brain develops at a fantastic rate at the nought to three age range. In fact, we know that it doubles in size in the first year and by three has reached 80 per cent of its adult volume. We know that in these first three years synapses in the brain are formed at a much faster rate than later in life, allowing the child to establish connectivity. Research into the impact of trauma on the brain has also shown the importance of emotional connections and secure attachments to brain development. It's these complexities that establish not only the need for a delivery of a quality curriculum in the nought to three age range but also the significance of a qualification that would build an understanding of these concepts.

That's the science of development in under-threes. But then we're also bombarded with the psychology and theory in our field which informs us of the importance in establishing foundations for learning in the early years. Theorists such as Piaget, Vygotsky, Montessori and, more recently, Malaguzzi have all recognised the significance of quality adult interactions in development in children under three. Piaget discusses the sensory motor stage of development and the importance of making connections with the world through senses in under-tuos. Vygotsky recognised the importance of scaffolding relationships in children's learning, emphasising the significance of the quality of interactions and thus establishing a need for highly-qualified educators with young children.

Obviously the need for a quality curriculum under-threes in itself establishes the need for diploma and early childhood trained qualifications. We know that the Certificate III is an entry-level qualification. It touches on development and pedagogical principles such as the importance of environments. However, the diploma looks more deeply at developmental milestones and those pedagogical principles and practices. It then also touches on more complex concepts like the theory of ECEC and behaviour management. These are essential elements in delivery quality early childhood environments. The early childhood teacher, on the other hand, is taught all of this and more. They're taught to critically think and reflect in a way diplomas and Cert IIIs do not require. It then becomes the responsibility of the ECT to mentor the diploma and the Certificate IIIs helping drive them in professional development.

In my nought to one room I have an excellent diploma-trained teacher and I've been mentoring her for the last five years. It's through my mentoring that Elisa has established a love and interest in theory. You can walk into my nought to one room and Elisa will be sitting there with a box in front of her and in the box are four babies sitting there naked and covered in water paint. When you ask her what she's doing she'll tell you she's helping the babies to establish connections with their world through interactions with their senses and their attachment with her, as per Piaget and Vygotsky's theories. It is her training with the diploma in conjunction with a strong mentoring system with me as an ECT that's allowed her to become the educator she is today; one that is setting her nought to one-year-olds up with the foundations that lead to lifelong learning.

In conclusion, I'd just like to point out a genuine concern if these recommendations were to be implemented; and that is, the possibility that we'd see a whole lot of nought to three services being opened up by providers who wouldn't have to employ anyone qualified above a Certificate III and can still charge the highest fees in the field. This could lead to a more segregated approach to preschool education and possibly with it a regression in our approach to early years and the creating of lifelong learners.

MR COPPEL: Thank you very much. This is an issue that's come up in the earlier hearings and it also came up frequently yesterday. We're aware of much of the evidence that

looks at the early learning of children. But what we haven't been able to conclude decisively is the link between the qualification at the under-three year age and sustained differences later in life. So there is evidence when a child is above three that this is an effect that is identified through high quality of early educators. But for under-three, with the exception of children from disadvantaged backgrounds – there are a number of well-known studies there – we haven't been able to identify that link. We're very interested – you mentioned a number of studies – whether those do address that particular link. You don't have to respond now, but if you provide a submission or send those through to us. But this is an area that we're particularly keen to get further evidence on.

MS HODGEKISS: Certainly. I think if you look in terms of the trauma research in particular, one in four children now experience complex trauma. And complex trauma has a profound effect on brain development. In fact, if you look at the brain of a three-year-old who's suffered from neglect, their brain is about two-thirds of the size of a typical developing child. So I think that the importance of the qualification comes from that sort of knowledge, that sort of training, which just isn't touched on in the Certificate III or really even in the diploma. That knowledge around brain development is really only covered in the early childhood degree, and that's vital in those nought to three age range.

MR COPPEL: The existing requirements for family day care require less than a diploma-qualified educator. Do you have sort of consequences that you draw from your statement that this is something that should apply for other forms of child - - -

MS HODGEKISS: Yes, definitely, I think it should apply across the board, I really do. I think that what we're doing is setting the future of the country up. I think that we're talking about creating lifelong learners that'll contribute to our economy for the rest of the future. So, yes, I think it should be across the board, definitely. I think this is a really, really important significant role that we play as early childhood educators, be it one-on-one as a nanny or in family day care or in a long day care setting, it doesn't matter.

MR COPPEL: Thank you very much.

MS HODGEKISS: Thank you.

MR COPPEL: Our next participant is Michael Tizard and Kathryn Woods from the Crèche and Kindergarten Association. So if you could, when you're seated, state your full name, if you'd like to make a short presentation.

MR TIZARD: Thank you for the opportunity to present to the inquiry. My name is Michael Tizard. I'm the CEO of Crèche and Kindergarten Association Ltd. I've been in the role of CEO at Crèche and Kindergarten for the past 12 months. My qualifications are in social work and I've worked for over 30 years in the areas of child protection, family support, early childhood education and care and disability. I've worked in a range of roles in the not-for-profit sector and the government sector in Victoria, New South Wales and Queensland. More recently, I've also been involved in leading the establishment of integrated child and family centres in Queensland, known as the early years centres. I'll let Kathryn introduce herself and then go over the points we want to cover off on.

MS WOODS: Thanks, Michael. My name is Kathryn Woods, I'm the general manager of children's services at Crèche and Kindergarten Association. I've only been in the job four

weeks. Previously to working at C&K, I was five and a half years in government roles implementing early childhood education and care reforms, including universal access, integrated early childhood services and a lot of indigenous reforms.

MR TIZARD: Thanks, Kathryn. Just to give some background in terms of Crèche and Kindergarten, Crèche and Kindergarten has been delivering high-quality early childhood education and care services for 107 years and is one of the largest providers in Queensland. We operate 30 long day care services, 144 branch kindergartens – branch kindergartens are where C&K holds the licence and is the employer of staff – 187 affiliate kindergartens that are kindergartens that we channel the government funding to those kindergartens and provide support to, five family day care schemes, one inner home care scheme, three limited hours care services and three outside hours school care services.

The key messages that we want to cover off on today is the recommendation about the continuation of universal access funding to preschools and kindergarten programs and the point about removing preschools and kindergartens from the National Quality Framework and regulating those under the state school legislation. We want to comment as well on the qualifications for zero to three-year-olds. We support the early childhood learning subsidy, the ECLS, and simplifying funding. However, we are concerned about the deemed cost of service and we'll comment on that. We're very pleased to see issues raised about supporting disadvantaged and vulnerable families and we believe that investment there will contribute to our communities in the future. And we want to comment on the inclusive and integrated service models that support children at risk and disadvantaged families.

In terms of universal access funding, we were really pleased to see the recommendation about the need for the continuation of the National Partnership Agreement and universal access funding. Queensland is particularly dependent on that funding and in Queensland since 2008 where there was only 29 per cent of eligible aged children enrolled, that's now risen in 2013 to 97.4 per cent. Aboriginal children enrolled in kindergarten programs in the year before school has risen to 78 per cent and it's increased the participation of children from disadvantaged communities to somewhere in the vicinity of 85.5 per cent; so very significant changes and improvements in enrolments of children in formal kindergarten programs.

We are, however, concerned about the recommendation about removing preschools from the NQF and having them regulated under state legislation. Queensland, Victoria and New South Wales in particular have a large number of kindergartens or preschools, depending on the state, that are operated by the not-for-profit sector. They're not administered and managed by schools. We're concerned about the impact of a regulatory framework that regulates kindergarten programs delivered in the long day care programs versus kindergarten programs that are delivered in stand-alone kindergartens that are then regulated under other legislative frameworks. We believe that there's been a lot of work done to achieve consistency in assessment and ratings through the NQF, that that's been a very positive thing, and the parental perception and the perception of quality is linked to the NQF and changing that may impact on perception of quality of programs. Is there anything else on that one?

MS WOODS: I think mostly just about the fact that the NQF has created a comparable system and changing that could create concern or ambiguity again for parents where it's kind of moved past that in the last few years.

MR TIZARD: The previous speaker gave a good overview, I think, of the importance of qualifications in the zero to three-year-old age group and to reinforce a lot of the messages given there. But we believe that higher qualifications are really important in terms of understanding children's learning and leading in children's learning, in understanding child development, in understanding the issues of attachment and being able to form meaningful relationships with the children and parents to support them in their learning. We don't believe that the Cert III qualification is appropriate for zero to three and we'd be aiming for diploma-level qualifications and beyond. C&K has the only independent early childhood curriculum which is approved by the Queensland Studies Authority and it covers children zero to five and it's dependent on higher qualifications to implement across the services.

In terms of deemed cost of support, as I said, we support the ECLS in terms of a simplified system of payments. However, we are concerned about the deemed cost of service being below what is needed to deliver quality programs. We're doing further work to unpack deemed cost of service and what it means for C&K services and certainly we'll prepare more detailed material for our submission. But it's approximately on early estimates about a dollar below what we believe it should be. We recognise the information in the draft report about the difference for costs in terms of younger children versus preschool aged children and have some concerns that the deemed cost arrangements may impact on lower income families. For example, if a lower income family, both parents are required to work, the cost of babies, younger children is more expensive and there are higher out-of-pocket expenses for those families, then they'll be more disadvantaged under the proposed arrangements.

In terms of supporting vulnerable children and families, we believe that's important. The families that are most likely to be impacted are families from culturally and linguistically diverse backgrounds, Aboriginal and Torres Strait Islander families, single-parent families. We're pleased to see that the Commission is asking questions about the activity test and where that should and should not be applied. But we believe an activity test for disadvantaged families will further, I suppose, distract them or take them away from enrolling their children in quality early childhood education and care programs and, as has been mentioned, the research shows that those are the children that benefit most from high-quality programs.

We're interested in understanding more about the disadvantaged communities program, C&K offers and delivers a lot of services in rural and remote communities and we're concerned about the three out of seven years funding for those communities and don't believe in some of the communities that three years would be sufficient to transition families across to mainstream funding arrangements for services. It's particularly the case for Aboriginal and Torres Strait Islander communities and small regional communities.

In terms of inclusive and integrated services to support all children, as I've indicated, I've been involved in leading the establishment of early years centres in Queensland. Having had over 30 years experience in child protection and family support, as I've also mentioned, I believe these models offer some of the best opportunities to deliver good outcomes for children and good outcomes for communities. The sorts of programs are those that integrate early childhood education programs, early childhood health, family support, parenting programs – they're often centre-based, they could be mobile services. They offer a range of soft-entry points for families and so families are easily engaged through universal services that are non-stigmatising. They can be then linked to secondary family support services to

address additional needs like domestic violence, substance abuse, parental mental health issues and offer a one-stop shop for families. Anything else, Kathryn?

MS WOODS: Just a couple of other things. I was really pleased to hear Kate's comments before and we'd certainly echo many of the comments that she said. We had a meeting yesterday with about 30 of our long day care directors and one of them indicated that, in her experience, less skilled workers – so this is in regard to Certificate III for birth to three – will often call on external resources more and support more, which then costs more in terms of additional resources and additional support costs, whereas more skilled educators will also explore other flexible options within existing resources. So that's probably another point in that regard.

Just another point about kindies being managed by schools under the responsibility of a principal. There's a risk in that regard of pushing down the curriculum from schools into the early childhood space and the risk, I guess, of holding the play-based curriculum and the play-based learning framework in place in that context. Queensland has already seen changes in regard to how prep is taught with the introduction of the Australian Curriculum. We're quite keen to maintain the integrity of the play-based learning approach in kindergarten programs.

Two other things. One was in regard to averaging ratios and the impact of that and potential risks in regard to safety and supervision and whether that be averaged over a day or a week. I mean, there could then be consequences in terms of costs. So our educators have certainly expressed concern about risks in regard to averaging ratios and how that may actually play out in a practical everyday sense. Administratively, it could also potentially be quite complex.

The final point to raise, just to add, is about inclusion support. So certainly happy to read that there's a recognised need for ongoing funding, but would probably just add that it needs to be more than just once-off funding, that capability of staff is not the static solution. There are certainly C&K centres that have a large number of children who have additional complex needs and their needs are certainly more than the professional development capability of staff or resources or those kinds of things. Sometimes it is about having extra people in the room to support them as well as the educators as well as other children.

MR TIZARD: Just on that as well, I mean, seeing the numbers of children with additional needs has more than doubled over the last three years for C&K, the out-of-pocket expenses for the organisation for the last financial year was in the vicinity of half a million dollars. That's over and above the funding that's available. In terms of disadvantage, as I travel around to our services, certainly one of the biggest challenges for our educators is dealing with children with challenging behaviours. While there are some of those children with diagnosed causes for those behaviours, many of them come from disadvantaged communities, backgrounds with domestic violence, as I said before, parental mental health, substance abuse issues. So the challenges are very significant and the costs of supporting those children also significant. Linking that back to integrated models that can barely support those children.

MR COPPEL: Thank you very much. Let me begin by making a clarification on the reported deemed costs in the draft report. We've used some numbers for deemed costs for the purposes of modelling, but we're not suggesting that they are the deemed costs. What

we've also identified is that there are issues in how that deemed cost would be calculated. I think you identified that there would be a difference in the deemed cost for under-three-year-olds compared with above-three-year-olds.

MR TIZARD: Yes.

MR COPPEL: We've suggested there that there be a separate deemed cost for that age group and that there would also be some maybe geographic quantification of deemed costs and then differences also in the type of provider. But we're interested in getting perspectives on that and there may be other dimensions in which differences in actual costs may arise across different geographies or different providers. But we're interested in any perspectives on the nature of those differences. The rationale behind the deemed cost approach, or one of the rationales, is to actually provide support to the services for a reasonable amount of early childhood education and care, but not to fund sort of add-ons that may in some cases include things like yoga classes and such. So that's one of the rationales that lies behind it. We're interested in whether you see other issues with the application or the administration of using a deemed cost approach.

MR TIZARD: I suppose it's fairly complex work to try and understand it and then work out what's the best system. So we're still working on that and we'll prepare more information for submission. I mean, we're really keen, as I've said, to make sure that it doesn't disadvantage further low income families. We're certainly concerned about sustainability of services in rural and remote locations and the impact that it might have there, given you won't always have full utilisation of the service. And we recognise that there's other funding approaches that are being recommended to support services in those communities. But in many of those communities, as I said, that funding needs to be longer term than three out of the seven years. That's probably all. In terms of special ECLS, that's another issue as well in terms of disadvantage that I want to touch on, but I don't think it's linked to the question you've just asked me.

MR COPPEL: On this three out of seven, you identified, I think, Aboriginal indigenous people as being one sector of the community where that three out of seven may be difficult to be a period sufficient to transition to mainstream early education and care. Are there other groups or areas in which you think that the three out of seven would be difficult to sustain the viability in terms of a transition?

MR TIZARD: You might have something else to add, Kathryn. But I mean, small rural communities as well where the numbers fluctuate and vary and may not ever reach full utilisation, but it's the only service in town to meet the needs of the children in that community, unless you start looking at other models such as mobile models.

MS WOODS: Many communities in regions and certainly in small towns are impacted by things like drought. So families will pull their children out if they can't afford to pay any top-up amount; so a lot of farmers, for example. So a lot of our services in rural communities are impacted by things like drought. As well as in mining communities there can often be fluctuations in enrolments. Sometimes there's a large cohort of children that comes through in a group. The next year there may be substantially less because of the demographics of the community. There are a range of different factors and they're quite variable across Queensland, not necessarily just the groups of children around Aboriginal and Torres Strait Islander and other cohorts of disadvantaged kids.

MR COPPEL: What this recommendation is trying to do is recognise that there are these fluctuations in demand and that it can be marginally viable one year and not viable another, but at the same time not to sort of continuously prop up an unviable centre, recognising that there may be particular areas where block-based funding will be required. But we don't want to be in a situation where the support is being used to essentially support an unviable establishment. That's why we're interested in getting that sort of feedback on how such a mechanism would function.

MR TIZARD: I suppose that leads me into the comment about the need for a range of flexible models such as mobile models for those communities where a stand-alone hub location may not be the answer for that particular community.

MR COPPEL: You mentioned in relation to kindergarten the importance of the NQF rather than state-based legislation and you mentioned that one of the reasons for that is that there are comparable standards. In our report we've identified that there are actually differences across jurisdictions in terms of those standards. So I'm sort of curious as to why - - -

MR TIZARD: In terms of the NQF and the application of the standards?

MR COPPEL: Yes.

MR TIZARD: I suppose my comment on that would be that we're still in the early stages of implementation of the NQF. Yes, I certainly hear feedback from the field about inconsistency in the way services are assessed and the application of ratings to services. And that's been a concern of staff that have been through the process. But I also do have a sense that it's beginning to settle as people are becoming more used to applying the standards and assessing against the standards. So to shift it at this point in time I think would be premature. Then to have multiple systems across the country I think would be disadvantageous.

MR COPPEL: You mentioned you supported the combination of the childcare benefit and the childcare rebate into a single benefit. Do you have any comments on the actual design that's been proposed for that single benefit, in terms of the initial support rate, the taper - where the taper plateaus out? You mentioned some aspects in relation to the activity test. In terms of the design of the support and the support level, do you have any views on that?

MR TIZARD: I have a couple of comments on that. That's a hard one to answer in some ways because I understand that there's a limited funding envelope, so the idea of means testing on some levels IS reasonable, in terms of families that can accord to pay being able to pay more, but it also does have an impact in terms of being an operator of those services in some of those areas, so we may have a problem with utilisation where higher-income families are paying more and utilisation rates, potentially, could drop. That could be something that we need to manage.

I've commented on support for disadvantaged and lower-income families being really important; so, a system that supports them, I suppose, to have access, really, to low-cost high-quality early childhood education is important from our point of view. I think that's probably about all I can comment on at this point.

MR COPPEL: Thank you very much. Kathryn, thank you. If I can call the next

participant, is Verena Herron. If you would both state your full name and who you represent. Thank you.

MS HERRON: Verena Herron, from the New South Wales and ACT Independent Education Union Branch, representing the federal branch of the union. With me is - - -

MS JAMES: Lisa James, from the Independent Education Union.

MR COPPEL: Would you like to make a short statement?

MS HERRON: Yes, I would. As indicated, I'm presenting today on behalf of the IEU New South Wales/ACT Branch. We represent the interests of early childhood teachers and teachers directors in New South Wales and the ACT. Our members are employed in a cross-section of the early childhood sector, so both in the for-profit and not-for-profit services, and also in early intervention services.

The recommendations that you've made in your draft report and may make in your final report are important to our members for two reasons. The most obvious is because they'll impact on our working conditions. Things such as educator ratios, qualification requirements, time that an early childhood teacher is required on the premises impact on issues such as the stress levels of early childhood teachers working in this sector. The second reason is because our members are passionate about the work that they do. They love being early childhood teachers and they want the best possible education and care for young children. They want accessible, affordable and quality care to be available for all children.

Our members have expressed strong reservations about some of the recommendations or underpinning reasoning of the Commission's draft report and we'd like to talk about one missing recommendation today. However, looking at some of your recommendations, we do not believe that you can separate out education and care. In New South Wales, all children have always had the right to an early childhood teacher within their service, except for those in smaller services. When you provide care to a child, even to a baby, you are helping it learn about the world. Through restricting the early childhood education to the preschool years, you are reducing the educational opportunities available to babies. My colleague here, Lisa James, might like to add a few comments at this stage.

MS JAMES: Brain-development research tells us that between 75 and 90 per cent of brain development occurs before age five but it doesn't occur only between ages three and five, so there's a lot of growth between the birth and three years old. Sensitive brain-development periods for language, peer social skills and emotional control are all at their highest before age three, and differences in words heard per hour vary from 616 for children from families on welfare, up to 2153 for children from professional families. So they found a vocabulary difference in preschool-aged children - vary between 1000 words and 4000 words, depending on your socio-economic status.

Early intervention also often occurs between nought to three. I wanted to give an example of one child that I work with who had been cared for - I was a special-needs teacher, an early childhood teacher before I went to the IEU. One child I worked with, she had been cared for by her grandfather from birth to two and a half, when she came to the service. Her grandfather was from a culturally-diverse background and did not speak English. This child was not able to maintain any form of conversation and she could only repeat things back that

she'd seen on television. She was diagnosed - we told the parents there was a problem - with autism.

After working with her in the centre for one year and addressing family issues, as well as the child's learning and development, that diagnosis was withdrawn and she was given a diagnosis of ADD. One year more at the centre and that diagnosis was taken away and she was diagnosed with expressive and receptive language delay. She was able to start school the following year, in a normal school, in a language-support class. That would never have happened if she had not been picked up at age two and a half by our centre.

MS HERRON: We're particularly also concerned about the recommendation that only Cert III be used for the under threes. We believe that, if it's not a teacher qualification, you must have at least a diploma on the birth to three years, with the ratios maintained as they currently are.

We do not accept the recommendation that services should operate with staffing levels averaged over the week. This will cause industrial disputation within services but, also, why would staffing levels be averaged over the week? We understand that this may be a cost saving to some centres but you need to have the quality staff onboard all the time. In my experience, working with centres frequently, where issues occur is when rooms have been combined, at times, at the end of the day, when they don't have the appropriate staffing levels. We've had industrial disputes about it because our teachers are normally the nominated supervisor of the service, so, therefore, they have the overall responsibility for the service, but, if they are not allowed to maintain a high staffing ratio at all times, there frequently are times when not only the children are in danger but also the staff have issues about the pressures that they're under at the time.

We also don't support the requirement that qualified teachers do not need a practicum for under two. It was a bit unclear - and it was possibly because of the length of your report that I didn't pick it up but I was - - -

MR COPPEL: Sorry, I missed the point.

MS HERRON: The practicum for under two for qualified teachers for under two, we think that is important because there are particular needs for the under twos that need to be addressed and it's important that teachers are aware of it.

Your recommendation 7.4: New South Wales has always had early childhood teachers, required by regulation, in our preschools and long day-care services. These requirements were retained in the NQF because they provide higher-quality education and care. We believe that this must be factored into the deemed cost of care. We would be concerned that the New South Wales requirement for teachers would be lowered to the national average. Our understanding was that the NQF was to improve the quality and because - where it was higher in various parts of the country it was to be maintained. We'd be particularly concerned if there was a lowering of requirement of the qualification required for staff across the services.

Our members are strongly opposed to any removal of preschools from the NQF. It was the first time, I think, that the whole of the childcare sector came together under the NQF, like, they were both - it was always early childhood education and care but it was the first

time that they both had to meet the same requirements in terms of the quality that was delivered.

In New South Wales, our community-based preschools need to be regulated and be part of the quality system that is outside the education system, as they are not part of the formal education system. They like maintaining that difference. I'll come to the pay differential, which is an important aspect of it, but our discussions, particularly with the New South Wales government, has always been that they will not bring the teachers within the formal education system because of the cost to them. That's another issue that needs to be addressed is the wages of staff.

In New South Wales we have always had the same requirements to have teachers in services, whether they be in long day or preschool, with the numbers dependent on the number of places of the service. This has ensured that all children, no matter what age, had access to quality early childhood education and no matter where the setting was.

We are concerned about the removal of restrictions of a proportion of preschool children in out-of-school care services. Preschool children have special needs that cannot be met in OHS services, with different ratios and qualification requirements. We can't say how under fives should be placed in out-of-school-hours care.

Pay equity for early childhood teachers must be addressed. In the Commission's EC workforce report of a few years ago, you made a recommendation that something had to be done about the lack of pay parity between early childhood teachers and other teachers. In New South Wales, teachers in early childhood earn approximately 20 per cent less than their colleagues in primary schools or teachers employed within - whether they be employed in public, independent or Catholic schools.

While wages remain low, recruitment and retention of early childhood teachers that are so necessary to the quality of the education and care system is going to be difficult on an ongoing basis. We believe that the Commission should recommend intervention by the government into the workforce issue because other people's, parents', access to the workforce is effectively being subsidised by teachers via their low pay.

I guess the only other comment I'd make is the inability for many services to be other than award-reliant, which I think was noted in your report. I think we probably have more enterprise agreements in this sector than in any other union because we've been ensuring that their wages in New South Wales are at least maintained at their previous level. This week we heard from one of our members whose wages are now going to be reduced as a result of the modern award. Without getting into the technical issues with the modern award, unions involved in the sector - UV and ourselves - have made application that the New South Wales rates of pay be preserved beyond July 2014. Without that - and there are cases still before the Commission, as well as both unions have a pay equity application before the Commission, which probably will not be heard for at least six/eight months, but we believe that it's important that the Commission address the issue of wages in the sector. It is very difficult to bargain. We have many small employers, whether they be community-based or private services, and their ability and their knowledge of the industrial relations system is limited and we frequently are the guiding hand in that for them but that's not a useful tool for us at times.

The other issue that I think should be looked at is - it's the community-based sector that

is prepared to enterprise bargain, it is not the private sector. We do not have one agreement with a private employer. Private employers employ teachers. Our teachers ask for them. However, it is very difficult to bargain in the sector, so we haven't been successful in the private sector. I think it would behove the Commission to actually address something - make some recommendations in terms of wages and conditions of staff in this sector.

Thank you.

MR COPPEL: Thank you. When you mentioned at the outset that there was one missing recommendation, you were referring to this last point?

MS HERRON: Yes.

MR COPPEL: The terms of reference guide our scope. We have looked at the ECEC workforce and there was an earlier report, two years ago, from the Productivity Commission that worked at specifically the ECEC workforce. Do you have any specific ideas in what you think the Commission should be considering in terms of this particular issue?

MS HERRON: I suppose, with that unpacking, the whole thing of - we have no objection to the combining of the two payments to parents in the CCB and CSB, that's not an issue, but maybe it needs to be targeted more; rather than just use it as a workforce-participation tool, it actually be directed more to the child, to ensure that the child has access to a high-quality education. I think that might target it more specifically and I think, particularly if you could target - to centres that employ qualified staff - I think that would be useful. I realise that that's probably a long shot, a very difficult thing to try and target, given that it's directed at workforce participation rather than at the individual child, but I think, if we start reconfiguring that payment so it's actually a payment so that the child had access to quality early child education, that would be part of a step into the right direction.

I think the other thing would be for the government to consider - I think this goes to show my age. Originally, when operational subsidies came in in the long day-care sector, they were directed at wages. In particular, in New South Wales, we had a specific payment that went to maintaining qualified teachers in the long day-care sector, qualified staff. I think governments need to consider something along that line, because it's clear from the evidence that qualified staff are the key evidence factor in ensuring that the children have high-quality education, and it's not just about work participation, it's about the outcomes in the future for children. We have to address that. I realise that your terms of reference are pretty narrow on that factor but I think it would be useful if the Commission could make some comment on that.

MR COPPEL: The two policy objectives in the terms of reference are workforce participation and childhood development, and there are many areas where those two objectives are in line with each other and there are cases where there will be trade-offs.

In terms of the benefit, the combined CCR and CCB, that is a payment to the family of the child, and then that family would nominate a provider and the payment would go directly to the provider, but it would always be a provider that is within the NQF.

MS HERRON: Yes.

MR COPPEL: Do you have any views on how we've proposed the design of that payment? For the standard family, it would be 90 per cent for incomes up to 60,000, and it goes down to 30 per cent and stays flat at 30 per cent for a combined household income of over 300,000.

MS HERRON: I'm not an economist, so my ability to comment on it is probably limited. However, from what I've read, not only in the draft report but also from other submissions, it will have a drastic effect on some services, particularly inner-city services, where the fees are substantially higher because of the cost of living in metropolitan areas. I think some consideration needs to be given to why - when you currently have fees at 160 a day in inner-city Sydney - and it's not necessarily going to be 90 per cent of that because it's - - -

MS JAMES: The deemed cost was about \$70 or something like that.

MS HERRON: Yes. The deemed cost is a national cost, where - you're not looking at the metropolitan cost, I think, or it may be the cost to New South Wales. I have to say that I haven't done enough research on - - -

MS JAMES: I would think the deemed cost would have worked against hiring extra staff for better ratios and also more highly-qualified staff because they earn more. So, it's going to cost the provider more to employ those people and, if there's a low deemed cost of \$70 a day, I believe that's going to prevent people or discourage them from implementing high standards.

MR COPPEL: The question that I asked was really in terms of the design of the taper from 90 per cent, plateauing at 30 per cent. We've been given a broad terms of reference, almost a blank slate but not a blank cheque, so it forces looking for ways in which you manage trade-offs, in terms of where you get your best bang for your buck, so to speak. I put the question to you, do you think, for instance, the taper should be transitioning down to zero at high-income households and that - - -

MS HERRON: I think there needs to be some tapering at what it is - I think the fact that - you've got a finite bucket of money, my understanding is - is that there is no additional money to be applied. The fact that you're now extending it to nannies, for example, even though they might have a Cert III, I think, is going to have an impact. Parents have a choice of what they do with their money but I think that is going to have a huge effect on children's services, and I don't think - I think there's something that the childcare sector needs to do in terms of educating parents about what quality care is.

When a child enters a school, we never actually question the fact that there's a qualified teacher going to be in front of those children. However, in children's services, parents very rarely ask the question. Certainly, I know that we encourage our members to say what their qualifications are, have it upfront, "I am a qualified teacher. I have been to university, the same as the person down the road," or if they're an associate diploma, whatever; they should be there promoting what quality education - so I think there needs to be a role - that people needs to start demanding that qualified staff - I've got a concern when we have nannies with a Cert III, which is at least a step, but very little other regulation around what would occur and what would occur in the home. I think parents frequently - before a child goes to school, doesn't think about the educational opportunities that a quality children's services offers to their child, and I think it's something that we need to educate parents about, that the under-fives - really, it's an opportunity for them to learn and it should be in a quality environment.

MR COPPEL: You did mention a number of issues relating to deemed costs, which came up in the previous participant's remarks. You mentioned particularly major city areas, where those costs can be \$160 a day. If you have a difference within a city, you run the risk of having a deemed cost in one particular area of X dollars and you cross the street and it'll be Y dollars.

MS HERRON: That's right.

MR COPPEL: How then do you make the balance between wanting not to support - use government, taxpayers' funds - to support premium services, add-on services that are separate from a child's early learning and care, but, at the same time, avoid these iniquities that could arise?

MS HERRON: I've seen very few add-on services, I think. In my experience, yes, there would be services that might have more staff - things required by the qualifications - by the - but not by - they certainly - if they're required to have, for example, three teachers, very few of them would have six teachers. I'm not sure what the added-ons are in services. I know, five/six years ago, there was talk about, "You can pick up your hot dinner and take home your dry-cleaning," or whatever it might be, within the service. I actually don't see that happening; I see very few services offering that. So, it's basically - they're offering education and care to children; they're not offering add-ons. The only add-on is really - there might be additional - a small amount of additional staff but not very much of that, as well. Most services now are down to the bare bone of what - "these are the regulations. This is what we're offering".

MR COPPEL: You're saying, those centres that are charging \$160, their costs are higher because they're providing - - -

MS HERRON: Their costs are higher because they're in the metropolitan area, for one thing, so rents are higher. I think rents are higher, the costs are higher, wages' costs might possibly be higher, they may have a higher proportion of older staff, so, therefore, they're paid a higher amount because of the way that the awards work, those sorts of things. I don't think the centres are - I would think that would be why the higher cost - it's not because they're located in a prime location in the metropolitan area.

MR COPPEL: We've actually looked at quite comprehensive data on each centre and the actual range of fees per day is quite large but they're predominantly all within quite a close - the bulk of them are actually quite close to each other. There are a number of cases which do get up to these particular levels, although they do tend to also be offering other sort of premium-type services, like, dance classes and so forth.

MS HERRON: Yes.

MR COPPEL: You mentioned also that you disagreed with the recommendation that related to the NQF applying, if it were to apply over a day or over a week, as opposed to the current arrangements, which are essentially - the requirements need to be, essentially, there, minute-by-minute.

MS HERRON: Yes.

MR COPPEL: You can get a waiver if, for instance, a member of staff falls sick or is on professional leave.

MS HERRON: Yes.

MR COPPEL: I think there has been a bit of misunderstanding on that recommendation and I think it goes along the lines of your concern, being that at the end of the day there are fewer kids, you will just merge classes and meet the requirement that way. What we have in mind here is that there are circumstances where there could be an unplanned absence and that can be quite complicated, then, to manage, and to average over the day doesn't mean that you would sort of just lower the ratio at the end of the day; it would mean that, if you did do that, it would be higher at the beginning of the day or in the middle of the day but, provided you met the qualification requirements through that period, that would give a bit of flexibility to the centre to manage those sorts of events, which do happen. Is that different, then, from - - -

MS HERRON: It is slightly different from what you're proposing, although we have seen, in New South Wales in particular - we were opposed to the non-replacement of teachers for up to 12 weeks that could be - substituted by - I mean, that's nearly half of the school term, say, in a preschool - by someone that's not qualified or an associate diploma. That was a recent regulatory change that occurred in the NQF. We were opposed to that change. I think what we have seen is, particularly in some services, where there are low enrolments on Monday and Friday, they have a tendency not to - to reduce people's hours, to want to have flexibility. I know that, for example, when ABC was originally ABC - it certainly doesn't happen any more but, certainly, they would want total flexibility on people's hours of work, so, "Oh, yes, we have enough children. You come in. Oh, no, there are not enough children here at 10. Away you go home." That has a huge impact on people's expectations of their salaries and incomes and I'd very opposed to anything like that being allowed to happen.

I know that there are certain - the awards themselves, that are affected by the sectors don't allow that but you'll find that people are employing, for example, a teacher and they'll only employ them in the high days of enrolment rather than throughout the week because they're saying, "Oh well, we have 29 children, we don't need a teacher", for example, "in New South Wales on Monday so therefore you're not employed." Whereas, last year it was fine so there's that problem whereas that, I think, creates - also it has an impact then on the quality of the service that's being provided where you have people there for part-time rather than full-time, and this is particularly true of qualified staff where it's important that they oversee and implement the program, where they're the educational leader of the service or the nominated supervisor of the service, they need to have that overall impact and be on the premises and be employed full-time.

MR COPPEL: Thank you.

MS JAMES: From a child's perspective, I would say research has shown that ratios and qualifications are the most important influences on outcomes in the children. Children have allergies; there are children with identified and non-identified additional needs; challenging behaviours. In addition, anything less than a 1:4 ratio for nought to two year olds has been shown to have negative effects on children's development. Children under five need responsive and warm interactions. They need attention and constant supervision. They need assistance with daily tasks like toileting, putting on and off clothes and other daily functions.

In order to maintain supervision of all children and respond to their physical and emotional needs, to encourage their language development and stimulate their thinking, ratios really need to be maintained. I see the ratios as a minimum thing. If centres want to employ additional staff and then if someone went home sick that would be okay because they'd still be maintaining the minimums but if you've set a minimum standard and then you're allowing services to go below that, that's going to have a negative impact on the children.

MR COPPEL: You've raised at the beginning also, some of the work that's looked at childhood brain development and I mentioned in the previous participants that we've looked quite extensively at the work and what we're really trying find a link – is we recognise that it's the brain development, that's not dependent on an early learning centre. It can be brain development in the household.

We're trying to get the link between childhood development in the centre with respect to the qualification requirements, with respect to a sustained difference, vis-à-vis a child that would be, for instance, in a lesser quality environment. So we're really trying to tease out what that evidence is and, as I mentioned, for above three-year-olds, there is some evidence across the general population but for the less than three-year-olds we haven't seen anything that makes that link and it may be because the qualification requirements are relatively recent and they're still being implemented but it's - - -

MS JAMES: Macquarie University yesterday were talking about their research and they said that problems with earlier research was they didn't take into account the quality level of the service and that's why they're ambiguous results and there's also a lack of research into nought to three-year-olds. But I believe their submission will contain information from their own research.

MR COPPEL: Good. Thank you, very much. If I can call the next participant: Vicki Geach. Good morning. So, if you could state your full name and who you represent, and you'd like to make a short statement.

MS GEACH: My name is Vicki Geach and I represent Child and Family Services, Wyong Shire which is a family day care scheme but much more than a family day care scheme, we also provide in-home care and family support programs across our service. I believe that I'm here today as an advocate for family day care. I'm here as an advocate for children and families within our service.

I'm going to start with a quote, which seems a bit unusual, but:

I stand up on my desk to remind myself that we must constantly look at things in a different way. You see, the world looks very different from up here. Don't believe me? Come, see for yourselves."

These words were spoken by the late, great Robin Williams in the movie, "The Dead Poet's Society" and they are a reflection of how I believe we should be considering family day care throughout this draft Productivity Commission report.

We need you to see the family day care from a different perspective. CFSWS believes that findings within this report do not adequately reflect the role that we play in providing

positive outcomes in line with the objectives set out in the report. We're a whole-family service, which provides family day care, in-home care and family support programs. We are partners in parenting in a community which has been nationally recognised as having high levels of unemployment, domestic violence, drug and alcohol addiction, social isolation and poor educational attainment.

We have aligned our argument today with the terms of reference of the report and would like you to consider it in regards to that. So, in relation to Objective 1, supporting workforce participation, we're one of 735 approved family day care providers in Australia. We have over 120 educators and 30 staff. No government support was provided to FDC to implement the EYLF and the NQF in 2012, nor the change in ratios in 2014 which effectively reduced income by 20 per cent.

The government's most recent reform, announced in May this year, leaves most FDC services ineligible for ongoing community support program funding. This directly affects our service in the vicinity of \$400,000 per year and threatens our viability. If our service closes, these women could potentially become a part of the statistics that this report aims to improve and would directly contribute to the nation's unemployment levels by placing over 140 women in competition for jobs. Seven hundred families and over 1400 children would be displaced from their childcare arrangements, and this is a hole that cannot be filled within our community.

In relation to the second objective, which is addressing children's learning and developmental needs, the draft report cites how – and I'm sure this was spoken about by the last people –the relationship between the infant and parents or caregiver shapes the architecture of the brain and it states that:

Long hours in care for children under 12 months and multiple care arrangements can be associated with later behavioural problems and have other negative effects.

We believe that FDC is uniquely placed to form close bonds with children, create nurturing, one-on-one relationships and the home-like environment for these, our most vulnerable children. FDC educators are the same person all day, every day. Educators are able to work closely with families to effectively transition children into school by providing individual programs and one-on-one support. These factors are overlooked in the draft report. Cutting funding to FDC will impede our service's ability to continue to provide this.

In relation to Objective 3, being flexible to suit the needs of families, including children with non-standard work hours and disadvantaged children, this is where we really come to the front. Our educators do much more than educating children. They role-model parenting skills to families and often become mentors and advisors on child development, behaviour, nutrition, child illness, wellbeing and such, to strengthen families.

We have educators who arrive at family homes as early as 4 am to care for children. Some educators take children overnight, on weekends and as late as 11 pm to support commuting families, families who shift-work and families who work irregular shifts. The draft report flags the intention to discontinue in-home care, a model which is already best placed to meet the requirements of families with non-standard working hours and additional support needs.

We support the inclusion of nannies as an approved service type but would propose a regulated model within the existing in-home care model to successfully monitor quality and compliance. Under the recommendations of the draft report, vulnerable families may not be eligible for any type of fee subsidy in ECEC services and, consequently, the outcomes for both the child and parent would never be realised.

The Australian Early Development Index places 10 per cent of Australian children in the developmentally vulnerable category. Wyong, where we sit as a service, has a shocking legacy of having 45 per cent of the children considered developmentally vulnerable. These families would be invisible in the community until the child was required to attend school. Images like those of Tanilla Warrick-Deaves, Ebony and Keisha, Australia's forgotten children, may become a much more common part of our media landscape should these families not be able to access this funding.

Research supports the economic argument that investing in the early years will benefit not only children but all of society in the long run. For every dollar spent on early learning for disadvantaged children, \$17 was saved by the time they were 40.

Better support, flexible, affordable and accessible quality childcare and early learning is the fourth objective. Until the recent announcement of the withdrawal of CSP funding, FDC was providing flexible, affordable and accessible quality childcare under the same compliance framework as all other service types. The effect of these cuts makes the previously preferred option more costly as we and our educators are forced to increase fees and levies to cover losses. In effect, the affordability and accessibility of family day care has been murdered by the cuts in CSP funding.

The Productivity Commission draft report seeks to find solutions for outcomes which family day care is already achieving. It seeks to achieve high quality for our most vulnerable citizens and to support workforce participation. Family day care could be the hero in this report but at the same time is being treated like the villain, or at the very least, the forgotten relation. Why? Because our true value has not been considered and our voice has not been sufficiently heard.

I thank you for hearing our voice today and I can assure you we will no longer stand silently in the background.

MR COPPEL: Thank you. You say that the recommendations in the draft report would cut funding to family day care. Are you referring here then to the discontinuation of in-home care as an example of that or is it the deemed cost?

MS GEACH: That's an example of cutting funding to our service in particular, because we run multiple services. Cutting funding to CSP funding, which I realise isn't a recommendation of the draft report but is written all through it, and also by changing the criteria around CCB and CCR would make many of our families ineligible to be accessing any forms of care.

MR COPPEL: Is that the activity test, in particular, that you're referring to?

MS GEACH: Yes.

MR COPPEL: I mean, the recommendation for discontinuing in-home care is that we see a nanny as essentially an in-home carer so it's just, essentially, it would be merging the two, in a sense.

MS GEACH: Which we would support if it was – our main concern in regards to that is that that won't be – that we want it to be monitored and regulated and nannies to be as compliant as other services are expected to be. That's what we would like. That's what we would be proposing.

MR COPPEL: Okay. And that is the provision of – within that recommendation is the proviso that they would be within the scope of the NQF but that NQF may need to be adjusted in line with that type of service provider. I'm wondering what sort of provisions would you see as being sufficient to meet that concern that you raise in terms of quality and supervision.

MS PERDRIAU: That they are registered and they're an approved provider.

MR COPPEL: I'm asking the - - -

MS PERDRIAU: We're together.

MR COPPEL: You're together.

MS GEACH: Well, in my experience with working as a nanny, there was no need to be compliant; there was no need for any of that. So I think that it needs to be monitored by services who have already got experience in that area who are considered to be high quality from the beginning, who have a proven track record of success in relation to compliance and things like that, so that's the main thing. I've lost my train of thought.

MS PERDRIAU: Well, family day care educators and in-home care educators have to be – are required to be registered with an approved provider so you would have the same expectations, should nannies be included as well.

MR COPPEL: You mention that you also saw in the – well, between the lines in the report that the activity test and the eligibility requirements for children with additional needs would limit those that are disadvantaged. So, we've got a number of specific criteria that we would use to identify children with additional needs. What do you see as being a difficulty with those criteria and how do they then miss the children with additional needs and which sorts of groups of children?

MS GEACH: I'm not referring to children with additional needs. I'm referring to vulnerable children. So, they would be children whose parents would not necessarily be working parents and my understanding, from reading the Productivity Commission report is that, I mean, I know that families who aren't working already don't get CCR, but my understanding in reading that is that it would actually place a greater emphasis on working families to be able to take up childcare places and because everything is going to go up as a result of other changes that have been made in our industry and other industries, those families would not – they basically, I feel, would go underground.

They wouldn't be able to afford to be getting any kind of childcare. So, it's not necessarily children with additional needs. The vulnerable families are the ones that, even though their parents aren't working and they could be looking after their children, the vulnerable families are the ones that we need to be visible in our community, that we need people to be monitoring and they've been traditionally placed in all children's services for that reason so that there is somebody making sure that they are getting what they need. And, like I said, 45 per cent of our population in where we live fall into that category.

MR COPPEL: So, really it's the activity test that you say there.

MS GEACH: Yes.

MR COPPEL: We have, for the government support, Early Childhood Education and Care; we have a means test and the activity test. Do you then think that if there were only a means test that that would be one way of being able to provide support to those families most in need in a way that meets those policy objectives?

MS GEACH: I think the activity test is the problem, yes. A lot of those families aren't working, studying or training and we are trying to get work with those families to get that happening but we've got inter-generational unemployed families and they're the ones that we're trying break that cycle with their children and I think that if it was means tested that would be a better outcome for those families. I'm not saying for all families but definitely for those families.

MS PERDRIAU: And there's a variety of reasons why they're not working. It could be mental health issues, drug and alcohol issues, domestic violence.

MS GEACH: Domestic violence.

MS PERDRIAU: All of those issues. Those parents are not in an emotional state to be looking for work.

MS GEACH: And those children shouldn't be at home with those parents every day.

MS PERDRIAU: Well, that's right.

MS GEACH: Because that's just exacerbating the problem.

MR COPPEL: You represent family day care and we know that family day care, in terms of quality, qualification requirements are different from long day care centres.

MS GEACH: Yes.

MR COPPEL: I was wondering whether you are aware of any sort of evidence which has identified differences between, sort of, the outcomes of kids that are in family day care vis-à-vis long day care, in terms of childhood development, at the time and later on.

MS GEACH: It depends on the quality of any service. That could go across any type of service that the outcomes for children in a high quality or an exceeding service in long day care are going to be better than outcomes for children in different types of services. So, I

think that the key positive outcome in a family day care setting is the relationships that are built and those relationships go on into adulthood and those relationships are supporting an entire family.

I think the benefit of family day care for these vulnerable families is, and it's not a disrespectful statement in relation to other service types, but it's the same person that drops, that picks up or that has the child all day and a family member who comes in, knows that that person knows exactly what that child has been doing all day. That child is going into a home environment. Children with anxiety, autism, all sorts of things that require early intervention, those children are finding that to be a much more comfortable place for them to grow and develop because there's not large numbers and they're being supported more in a one-on-one basis.

I think that's the most positive outcome that for those children is that they grow in their own time and that the families are supported in their parenting and in a way to get early intervention and things like that, by a person who they know well. So, it's not just some person who they feel like doesn't really know them telling them what they should be doing. It's somebody they see every single time they pick up their child, every time they drop them off, it's the same person. And that, I think, is a real benefit and we get that a lot in our service.

MS PERDRIAU: I think that has a domino effect, as well, in that as the parent becomes more confident as their child is in care and develops and they get the other support services that are offered, they are then in a better place then to start looking for work, and to join the workforce.

MR COPPEL: I mean, one of the areas where it's been suggested there's a difference is in terms of the preparedness of the kid in terms of the transition to school where a long day care centre prepares that transition, partly because of the socialisation skills to the larger number of kids. Do you notice any – are you aware of any work that identifies any differences between those two?

MS GEACH: I know that traditionally a lot of families do put their children in family day care from nought to three and then put their children in, what they classify as a preschool, when they're getting closer to school age. From our particular service, we offer add-on things that actually would assist with transition to school for children. We have playgroups which are supported by trained staff so that children can come and have time spent in larger numbers.

We're actually working at the moment on a transition to school model where myself, as the teacher, actually runs a transition to school program with our older children. So, I think that may be seen as something that is lacking and we aren't necessarily given the support from the government that other services are given to implement things but there's definitely ways that we can be working with children in the transition to school and for children who are not quite ready or who are needing additional support, we have the added ability that the educators can actually take that child to the school and get them familiar with that school because we have smaller numbers and we're able to do that.

So they can actually be working more intensively with children to transition them to school. But as far as actual research, no, I'm not aware.

MS PERDRIAU: As far as statistics, I don't have and it would be a good thing to be able to have but there are many educators who are, in fact, diploma trained and do, in fact, run their own transition to school program. As I say, I don't have those statistics but it – that would be a good statistic to be able to put my fingers on but there are a number of educators, increasing number, who are diploma trained.

MR COPPEL: In relation to the calculation of a deemed cost, we've suggested that it would be a different calculation for long day care as opposed to family day care. Do you have any particular reaction to calculation of a specific deemed cost for family day care?

MS GEACH: Do you want to answer to that?

MS PERDRIAU: No, not really.

MR COPPEL: Well, maybe you may – if you have any thoughts on that, you could bring that up in your submission.

MS PERDRIAU: Yes.

MR COPPEL: Thank you very much.

MS GEACH: Thank you.

MR COPPEL: So, we're running a little ahead of schedule. We have a coffee break now of half an hour so if we can reconvene at say 20 past 10. Thank you.

ADJOURNED

[9.54 am]

RESUMED

[10.26 am]

MR COPPEL: I'd now like to invite Forest Childcare Centre and Burns Bay Cottage, Kay Doyle. Good morning. If you could state your full name and who you represent and then if you'd like to make a short statement.

MS DOYLE: My name is Kay Doyle and I've been an early childhood- trained teacher for 45 years. I've been a teacher in infants' school, even principal. I've been a consultant to the Department of Education. I've worked as a teacher in long day care, in preschools, in occasional care and also in out-of-school hours care. I've been a director, a manager and an owner of many centres and I set up a consulting business in early childhood education and care. I've established and run a registered training organisation for doing Certificate IIIs and the Diploma in Childcare Education. Currently, I'm the approved provider of two services in the North Sydney area, a 90 place and a 66 place centre.

I have put in a submission to the Productivity Commission and today I'd like to raise three issues and I'll follow up with a report. I'm probably better off at writing than speaking but the three issues I'd like to raise are quality, ratios and the payment subsidy system. Just

before I talk about quality I'd like to say we need reform in the early childhood sector. We have been working towards that for many years and the national quality framework has brought together a lot of that information.

I think for reform to take place we have to look at the needs of the children and I think it's just paramount that we look at what a six month old child can do, what a 12 month old child can do, what an 18 month old child, and so on. We need to look at that. Other considerations such as workforce participation, government subsidies, employment in the sectors should be secondary to the child and I think that's very, very important.

However, if we look at quality, I see quality, as most other people have said, as staff qualifications and ratios and then the environment in which the child will learn. Staff qualifications are the most important thing in a centre. In my two centres I have eight early childhood trained teachers in one and nine in the other. Seven of them are teaching on the floor in one centre and eight in the other. I have two non-teaching directors and I have administering staff that do the fees and administering work.

In each of my nursery rooms I have two early childhood trained teachers in one and in the other I have three early childhood trained teachers with one of them doing their Masters in early childhood education. I also have three diplomas in one and two Certificate IIIs, so there's eight staff caring for 26 nought to two year olds.

In that same centre I have five staff, two ECTs and two diplomas and one Certificate III managing the twos to threes and there's 20 children in that group and then in my three to fives I have 20 children and four staff with two of them with ECTs and two of them as diplomas. So, doesn't matter what room I walk into, there are planned activities for the children, the staff are engaging with the children. The children are learning, the children are free to choose whether they play indoors or outdoors because there are activities set up in both areas and to - that's developing the children's ages (?), they're able to choose, you know, what they learn. The staff are there to observe and plan the activities for the children.

In the other centre, which I have five rooms and I have - because of the need for the nought to threes, I have 16 nought to 18 month old children in one room and there are five carers; two ECTs, two diplomas and one Certificate III. In my 18 month to two-and-a-half year old group, I have 24 children in three groups of eight, each with - there's two ECTs and one diploma with each of the groups and they each have an assistant with them and we have a floater in that room, so the children are able to move around the room and they're in groups.

In the under threes it's really important that you have low staff ratios to engage the children, to develop their individual needs and plan, I can't stress how important it is to have low staff ratios and high quality staff. My Early Childhood trained teachers work as leaders and mentors and they train the rest of the staff and they work as a team. They have staff meetings, they have meetings, you know, with parents where the parents share their concerns and their ideas.

It's a well-run team that operates the service. I just dread the thought - well, I wouldn't do it, but that in having - for nought to threes to have only Certificate IIIs, even though my Certificate III teachers are terrific and could carry the room for a day, that's because they've got a planned program that they've been - they've contributed to and has been implemented by someone with higher qualifications and a greater understanding of the children's needs.

MR COPPEL: Are your centres running above the minimum qualifications?

MS DOYLE: Way over.

MR COPPEL: Way over?

MS DOYLE: I always have done that but I have over 200 children on my waitlist. I have parents that will want to put their children in one day in care rather than – and while they're in care in another centre and wait for a free day to come up so they can transfer their child over. I picked my daughter up from the airport yesterday and one of the parents is a pilot and he asked me what I was doing for the rest of the day and I said I was coming into the Productivity Commission to talk about childcare and he said, "You go give it to them, Kay", because they had to wait to get their child in to the centre.

Now, we picked up their child is autistic or on the autism spectrum and we're now working out a program that can – we can offer to that family and, you know, Sam started in our nursery and that's where we picked up that he had autistic tendencies. You need someone with training to do that and I don't know how to beg or implore you to do it and I don't know the solution except that the government needs to recognise early childhood as a valued profession and they need to look at education starts at birth. It doesn't start when they miraculously turn five or three or four. It starts at birth and it's a progression through their lives.

You set them up in the early childhood sector and you're going to have much better, rounded people. You know, to me it should be an investment in Australia's future. You heard someone say that for every dollar that's spent, \$17 is saved later on and it also - it's through remediation, it's through reduced criminal activity and through higher – lower unemployment. You know it allows the people to be educated, have higher employment status and therefore, it will increase your taxes.

But I think we need to get the early childhood sector right and part of that is the employment and wages that are paid to staff. My daughter did a Bachelor of Education in Early Childhood and when she graduated, if she worked in a primary school she would have got 20,000 a year more than if she worked in a child care centre. That's not fair. They do four years training, exactly the same training to work in a school and yet they come out on 20,000 less.

You know, there are 40,000 trained early childhood teachers out in the community that are working in the offices next door because they can get more money working, you know, as – in a job in an office or an in Aldi store, they get, I think it's \$27-something an hour, and the new wage rate is \$23, 26 or something for a trained teacher.

MR COPPEL: Do you have trouble retaining the- - -

MS DOYLE: No, because I pay my teachers \$36-40 an hour. So, that's why I've got all the trained teachers in my centres because I pay above. But similarly, my expenses, my rent in one centre is 455,000 a year and in another centre it's 420,000. Now, that equates to \$23.33, I think, per child, per day in one centre and \$16.69 per day, per child in another centre. My wages are 1.4 million in one centre and 1.2 million in another centre and they – that equates

to, I think it's \$86.33 or something in one centre and \$75 in the other centre. So, that comes to \$110 a day in one centre, that's spent on rent and wages, and the other centre it's \$93 a day.

So my fees in one centre are \$124 for the nought to twos, \$118 for the twos to threes and \$114 for the three to fives. In the other centre, it's \$115 for the nought to twos, or two-and-a-halves, it's \$108 for the twos to threes and \$96 for the three to fives. Now, I'm not making a profit. I cover my expenses and that's all but I go home at the end of the day and I feel really satisfied in that I believe I've provided a quality program for the all the children in my care and that's what I've been passionate about for 45 years.

MR COPPEL: You mention that you had that quite high daily fees and you mention you had 200 people on the waiting list. Are they predominantly nought to two year olds or three-plus?

MS DOYLE: I think I've got 150 nought to three-year-olds on my waitlist. I've closed my waitlist. I can't, in all conscience, take another name and have the parents sit there and wait for a placement. I had applied to the council to extend my licence but it's two and a-half years down the track and we still haven't got the approval through yet.

MR COPPEL: We have made a recommendation in relation to various sort of planning restrictions that tend to make approvals quite lengthy. I don't know if- -

MS DOYLE: I spent 12 months fighting the council over – they wanted me to remove all the trees down one side of my playground and extend the car park into the playground. This was when I am applying for additional children in what I consider an already small outdoor area, although it exceeds the minimum requirements. I mean, 12 months writing letters, getting arborists to come in looking at – it's crazy what you have to do when all you – you know, I mean.

MR COPPEL: You mentioned at the beginning you had also some comments on the proposed payment and subsidies system. I think we'll end on that?

MS DOYLE: Yes, well when I read the report and I noted that the base rate recommendation was \$7.53 cents per hour I thought, "Goodness, that's not going to work for my families", because that would mean that they'd be paying – instead of getting 90 per cent of the fees, they would be only getting 40 per cent, basically, of the rate so to me it's misrepresentation. I then did a survey from the My Child website of 773 centres in a radius of 25 kilometres from Strathfield, which took in 22 local government areas and it showed that only five of the local government areas had centres that were operating on an – nought to twos, this is – on under \$7.53 an hour and 17 of the local government areas were operating above or the \$7.53.

The average was, it showed – and I'll forward all of these in my submission to you – but the average, I think, was \$9.50 or something, 55, an hour but that doesn't take into consideration the number of centres that are being subsidised. Like, I know Fairfield Council subsidises their child care centres by a million dollars a year and they have low subsidies, like, low – they have peppercorn rents as well. So, their fees were \$95 a day or \$110 a day in – and that's with subsidised rents. So, it's very difficult not being a mathematician or an

economist, to work out what they are but I believe there needs to be, if there's a base rate, it needs to consider the Sydney metropolitan area.

I mean, I know there's centres next door to each other and one will be a pocket where you've got much lower socio-economic, you know, areas where the fees are lower and then the in next suburb they're much higher. I don't know how you're going to solve the problem, I'm just telling what you the problem is.

MR COPPEL: Well, at least if you can identify in your submission or raise these issues because it sounds like you are in a – the biggest factor seems to be the cost of property.

MS DOYLE: Well, it is, yes.

MR COPPEL: Apart from the wages, obviously but the differential- - -

MS DOYLE: Particularly in the Sydney metropolitan area and because, you know, one of my centres is in Lane Cove and the other is out in Frenchs Forest and the rents are extraordinary.

MR COPPEL: You mentioned the rates you charge for different ages and they're quite close together and I imagine the costs for an under two-year-old would be considerably more than of a four-year-old.

MS DOYLE: Well, that's because I – but with my three to five year olds I have two early childhood trained teachers in the room and two diplomas and I have four staff for 20 children. So, I'm operating on ratios of 1:5 simply because I want the staff to be able to plan individual programs for all the children. The children shouldn't be in large groups and be talked at. They need to be observed at what they're up to. You need with higher qualifications that understands child development because how can they interpret an observation if they don't understand child development. You know, they- - -

MR COPPEL: You've got very long waiting lists for the very young kids and - - -

MS DOYLE: Yes, that's because there aren't many early childhood nought to two places in the area. I actually – my nursery in both the centres were under the old regulations and they were both licensed for 30 places but on different days, because I had different numbers of children, I can't fill – I can't move the children through, so they, you know, need to stay in the nursery and be extended until – but because I've got the trained teachers there they can do that.

MR COPPEL: Thank you very much.

MS DOYLE: Thank you.

MR COPPEL: Next participant is the Family Day Care Association of Queensland. If you could state your full name and who you represent, for the record?

MS McNELLIE: My name is Peta McNellie and I'm the executive manager for Family Day care Association Queensland.

MS ROLFE: And my name is Kim Rolfe. I'm the professional learning and training general manager of Family Day Care Association Queensland.

MS McNELLIE: So we're really excited to be here today to be able to share with you perspective from the family day care community in Queensland. We'd like to start with just sharing with you who our organisation is and what we're about. So, the purpose of our organisation is about inspiring wonderful childhoods and we do this work, that work that influences the lives of child and families and their experience in home-based education and care environment. That enriches their lives but not only the children, the family but the community and the workforce that support that and we achieve this through being a member organisation.

So, in Queensland, 90 per cent of the family day care coordination units are members of our organisation and we provide resource development. So, we provide educational materials, professional learning. We also have a registered training organisation that delivers the Certificate III and diploma of Early Childhood Education and Care. We're also an approved provider and we operate 15 family day care services and outside school hours care, in-home care and two inclusion support agencies from Brisbane, as far north as Cooktown and west of Emerald, Kingaroy and Warwick.

Of our members that we represent, there's 500 staff in those services. There's over 3300 educators and over 24,500 children in those services that we represent. So what we'd like to do today is share a story with you to start with. So I suppose I'm harking back to my experience of working in a coordination unit in family day care and an experience that I had with bringing in a family into care and a little boy called Tom who was about 18 months old and he came from a family where there was drug abuse and domestic violence.

Mum was supported through a young-mother's program for young mothers from 15 to 25 that were in disadvantaged communities and that program funded 24 hours, one weekend every month. So, it was really important for the coordinators and their role to ensure that they had appropriately skilled educators to support that family and their needs and to make sure that there was a right match between that family and the educator, otherwise outcomes for both could be quite adverse.

So, it was really important for that educator to role model what another family could look like. So, Tom grew up understanding that a relationship – to see a man treat a woman wasn't just about physical violence. He got to see an educator and her family. He got to go and help dig in the back yard with who he called "Poppy Dave", which was the educator's husband. He got to learn different ways of operating in a family and throughout this time his mother got supported to sort her life out and make decisions that supported her back into the workforce, so going back to study at university.

So, nine years later, unfortunately Poppy Dave had passed away and I happened to go to the funeral and I got to see Tom who, you know, is now 12 years old, heading off to high school. So I got to see mum had gone off to university, completed her degree, now is a professional woman in the workforce. Now that child is not growing up in an environment where he's at risk or he's disadvantaged from his own ability to learn. So, in the early years, unfortunately, he was diagnosed with leukaemia and the educator played a really important role of supporting Tom and his family and mum, who was still developing the tools she needed as a mother to support her own child.

So the educator was very good at supporting the child when he was transitioning to school and working with the teachers in his preschool program as well. So, the educator played a vital role in keeping that family together and supporting that child. So, you might be thinking, “Why would they be coming and telling us that story?”, because there’s millions of those stories in early childhood across this country.

I suppose for us, it acts as a measure when we look at the recommendations from the Productivity Commission report. Will the outcomes or the recommendations enrich his life if that was the case today, or does it disadvantage it? So, we’d really like to highlight the importance of coordination units and link into when we talk about in-home care, whether it be home based, whether it be in the educators home or the child’s own home, and the importance of ensuring that whether we use the term “nanny” or “in-home care” or “family day care”, that that education and care must occur under a regulatory system.

That it’s not appropriate for children who want different types of care to be disadvantaged because it’s seen that a home-based environment may not be able to meet the National Quality Framework requirements. We actually already see, for family day care, that at times when we read some of the ECEC reports that family day care has actually exceeded long day care in getting exceeding ratings in the National Quality Framework. So, we’re all working under one system.

We believe the ethos of the National Quality Framework is about being able to contextualise the space in which the education and care occurs, that it’s not a “one size fits all” and give skilled, qualified and experienced staff the ability to understand the importance of the environment they provide and the policies required and the practice to adapt to the National Quality Framework in that setting and it shouldn’t look the same in any service, whether it’s all long day care, whether it’s metropolitan, regional or remote, that those things should be considered.

We also believe that when we look at qualifications, it’s really important that those recommendations around the zero to three are not upheld, and I understand, I heard you comment earlier around, but in family day care there’s only Certificate III required for educators. However, those educators are supported by a highly skilled and qualified coordination unit staff and in Queensland, I’d just like to share some statistics that, in 2013, Department of Education, Training, Employment Queensland Census, that over 59 per cent of educators in Queensland already held the minimum qualification and 34 per cent were studying towards holding that qualification and 28 per cent of all those educators held a diploma or higher and of those that are higher, 12 per cent were a Bachelor, a three year or four year qualification.

So, we already see in Queensland, educators understanding the importance of that qualification to the environment they provide for children. We also see in coordination units, whilst in Queensland it’s been required to have a diploma for some time, over 50 per cent of coordinators in coordination units in Queensland actually hold a Bachelor qualification or higher. So, we already can identify the importance of those qualifications in influencing the outcomes for those children. So, Kim operates our training organisation. So, I’d just like to Kim to reference around the Certificate III and what we feel that means for family day care.

MS ROLFE: So, the Certificate III, which is a level III in the AQF, talks about Certificate III person, a person gaining a Certificate III having a person who supervises them. There's someone working directly with them that actually helps to monitor, support their provision of understanding what the new – what their practice is and expanding their practice and I think that the ongoing professional learning that happens in that space when you've got another person supporting you who has a higher qualification adds to, I suppose, the outcome, the quality outcomes of not just the child but the learning of the educator that's in that environment.

Family day care, particularly, supports this whole concept or model of professional learning happening in an ongoing way, not just through gaining the Certificate III but in an ongoing way. And so, I think that when we start to talk about the – and I know that this is part of the Commission's report saying they want to include nannies, I suppose we want to say it's such an important facet of having someone who actually supports that nanny in that home environment, who actually has got those higher skills and supports those outcomes for families, for children and for that particular educator in that environment.

MS McNELLIE: We certainly acknowledge that reviewing and reflecting on the system for education and care for families is certainly required because the needs of our community today are very different to what they were 20 years ago and we need consider what the needs of families are about the work. We know that workforce has changed considerably over the years about the hours that people work and acknowledge that that needs to be flexible and, at times, it needs to be in the child's home when a parent's, you know, doing a night shift and a child's in care in the evening.

It's far better for them to be in their own bed than somebody else's. But it's also important that the people that are responsible for those children have the skills and the tools to ensure that they can provide the best outcomes and we know that when people are skilled they make good decisions. They ensure that the environment they are providing is able to extend children's knowledge and learning and we absolutely know that you can't separate education and care; that education and care happens together all of the time. From setting the table and counting the plates, which some people might see as care as setting the table to have lunch, but when we talk about those children counting those plates or talking about the colours, we see education integrated into that approach.

So definitely that language and the naming of what we call our sector is absolutely vital, so we'd really urge that the word "nanny" actually not be used, that we look at an "in-home educator" rather than "nanny", because we see actually, typically, nanny has a historical meaning and is in some way elitist, and we feel that the average family may look at the word "nanny" and go, "There's no way I can afford a nanny." However, we're just creating this amazing environment so that they can have that choice and flexibility.

So we would really encourage that that terminology of "nanny" be removed from any recommendation and we talk about in the child's home, so an "in-home educator" rather than a "nanny", and so that that provides that availability and accessibility for families to see that this could happen in their environment as well. And also, with the name of education and care, for many years, and I'm sure this room is absolutely full of them, have worked really to have recognised that education and care cohabitate, that they're not separate things and when we pull out early learning and childcare, I believe that we lose the work that the sector has tried to create. We know the education and care sector struggles to ensure that we're

recognised for the professionalism that we have. We know the wages don't recognise the work, the education, the knowledge and the skills that people have and when we use terminology that diminishes that we actually impact on our sector and we impact how parents see what are their rights and what they should be expecting for their children.

So I know that my five-minute introduction has led into probably 10 minutes and that's usually the way, but I suppose I just – I'd really like to quickly touch on a couple of things and one is around the deemed fee for family day care. So, there's concern for us, to start with, that it's less than long day care because we actually know statistically that the hourly rate for family day care on average is almost the same as long day care.

I was in a meeting with the Department of Education earlier last month and they gave those same statistics. Also, the other thing that has impacted on family day care is that our current Federal government have decided to change the guidelines for access and community support payment, which our colleagues from Wyong mentioned earlier, and that has a direct impact to the cost of the care for families because the \$400,000, for example, for Wyong, has to be replaced from somewhere and, in most cases, will be passed on to parents. So, I would see our recommendation is that that would be considered in the deemed fee, to support more affordable access for families.

Moving on from that is our concern around access for disadvantaged families. In the time frame that we've had to unpack the Productivity Commission report, is trying to understand if I'm a family and I'm entitled to full subsidy, which is 90 per cent, if the deemed fee is even \$10 less than what the actual fee is, I'm out of pocket \$10 just to start with and then I'm only going to get 90 per cent of that deemed fee. So, if I'm already a low-income earner, how am I going to be able to afford to access that education and care service.

I suppose the other support – the concern the for us is around the special subsidy and children at risk and the reporting to state authorities around, you know, child protection requirements. So, if a child's seen at risk and we're trying to access the additional subsidy that that report has to happen within a week. There's concern that, for many families, if there's a sense that they're being reported to the child safety authorities that they're likely to go underground and sometimes when a service is working with a family that may be at risk, and I'm saying not immediate risk, like, there's no immediate risk to safety, that they can work with that family to support them to access services in their community.

And I feel that this recommendation is building a whole other layer of administration and red tape for services to administer and will actually see services reluctant to support those families because the paperwork that will be required and the administration in engaging with their local state authority - because are they ready for this as well – so we can make a recommendation federally but are our states at the same place as we are and so there's a concern for me that children and families will be further disadvantaged in being able to access those funds.

The other thing is that we highly are against splitting the service type under the National Quality Framework. So, we believe the family day care has been able to demonstrate if it operates under the National Quality Framework the same as outside school hours care, long day care and kindergarten preschools and we recommend that that would continue and the same for where the care happens in the child's own home, that that would be the same except changing that there would be no watering down. It's about making it

contextualised to the environment that it's in and ensuring that we've got skilful staff to be able to achieve that.

MR COPPEL: What do you mean by “the splitting”?

MS McNELLIE: There's a recommendation that we have different types of standards for different service types so we're saying that currently the National Quality Framework, everyone is required to meet those requirements, that that should stay the same and that we wouldn't be asking for different things in different settings.

MR COPPEL: Are there differences between family day care and long day care?

MS McNELLIE: Absolutely, there's differences the way we operate but the way that the quality framework and its standards operate, it's our responsibility as professionals to demonstrate how we're able to meet those. So, similar things can happen in different environments. It doesn't have to be in family day care it looks like this and in long day care it looks like that. It's up to those sectors to demonstrate how do we meet those standards.

MS ROLFE: And very much that's what the National Quality Framework has been, I suppose, advocating the whole way through, it talks about in a family day care service, in a long day care it might look like this. You know, it can be quite different. It's up to the service and the sector to be able to actively articulate what it means for their particular program. So, it allows for that flexibility about location which is really important and the dynamics and the context of that location is a consideration in someone coming in and assessing that and I think that's really important, and for families we start putting all these different ones in. How does a family measure what are the standards? This is all of us sitting in the same framework, all working in the same framework and parents being able to look it and go, “Okay, I can see the service that offers quality care because it's in the same – they've been measured by the same tools”, if you like and I think that's really important for – from the layperson who has no clue about what they're actually looking for in a service.

MS McNELLIE: So, for example, we might have a quality standard on the documenting of children's learning. So, that standard's the same whether you're family day care or in a long day care but the way that happens can be very different because in family day care we have a 1:4 ratio and the knowledge those educators have of those children are at such an intimate level because they are the educator with that child all day, every day, and their ability to recall and record information may be different to someone where they might have 24 children and have many more children going through their environment and they share that education and care with other educators.

Whilst we still meet that standard, we do it in very different ways and the engagement with families are in very different ways as well. So, it's not that the standards need to change, it's that the sector needs to be able to ensure that we have qualified, skilful staff who can engage with that information and demonstrate how they represent those standards in their setting, whether it be family day care in the educator's home, nannying in the child's home or long day care or in a centre-based environment. That's really important.

MS ROLFE: Yes, I think earlier someone mentioned in one of their submissions about this is really early stages. You know, we've only had it in place since 2012, the National Quality Framework and really, we haven't even had some service – I know in Queensland, we've got

a large percentage haven't even been through the system yet so, even making a decision before we even get through it seems like we've given up before we've even given it a go and I think that's really important. We've spent a lot of money and a lot of time. I'm sure everybody in this room has been to consultation, had conversations about this. It is really important for us to give it a go because it was such a collaborative approach to getting where we are now and to give up before we even get it going seems a real – really disappointing for a whole early childhood sector, you know.

MR COPPEL: Can I then ask you, you made some points about nannies or in-home educators and, to repeat, where we're proposing an extension of government support provided they are within the National Quality Framework but appropriate to that particular form of delivery, would you have in mind something akin to family day care?

MS McNELLIE: Well, I suppose our thinking is that our organisation comes from a strength-based capacity building approach and one of the things we always look at is what do we already have in place that's working well? And we already know, as a country, that we have a family day care system that was actually responsible for rolling out the in-home care system in 2000. Typically, most of them sit in family day care services so we've already been able to demonstrate there's a system in place that is a network nationwide, based within communities that has the ability to recruit families, recruit educators, make appropriate matches, do the supporting, the monitoring, the training of those educators and so, for me it seems a little bit crazy to spend money on a whole other system to support that.

I think that we already have something in place and it would be beneficial to the community to use that group to take that forward. It would happen much sooner, I would believe, because you have approved providers who already understand the regulatory and legislative system that we work within and have a commitment to those outcomes for children and finding ways to make that work.

MR COPPEL: So would you see that form of provision of early childhood care and education as something that would be a service that you would be in a position to provide?

MS McNELLIE: Absolutely. Our organisation operates both family day care and in-home care and there certainly are differences. In-home care services, often in communities, on properties and right out in the middle of Australia where there's not much other childcare and the expectation of those educators is aligned with the expectations of educators in family day care, and the expectations for those children, whether it's when they're sleeping overnight, making sure we've got an educator who has the ability to make decisions in emergencies.

Sometimes people have this attitude, "Oh, why should somebody get paid the same if a child is sleeping?" as if, when the child is awake. The reality is there's a level of responsibility and you need people that have the ability to make good decisions because all sorts of things happen at any time of the day for the education and care of children. So, it's really not about what time of the day but it's seen that the skilful people will be able to make informed decisions to ensure the safety and wellbeing and education of those children.

MR COPPEL: In that context you mention in your remarks that the workforce patterns or work patterns have changed over the last 20 years and we've, in our visits to different providers, have asked whether the demand – talking about long day care, typically – outside

of the usual standard hours of service and there have been a number of trials but they've been – well, they're still ongoing in some cases, but the take-up has been limited.

MS McNELLIE: Our organisation is involved in the flexibility trials for family day care and we've got three sites across Queensland and it's to support the nurses and paramedics and I actually think it's been the most successful part of the trial for family day care. I suppose one of the really key findings is that family day care has been offering flexibility forever. It's the sector that provides the overnight care, the weekend care. It's the sector where, in Queensland, where children went to three days a week for preschool and then didn't have care – or short days, where educators were supporting those children to access those programs and collecting children so people could work.

In family day care that's been the typical practice and in-home care has been able to add to those families where that environment wouldn't be able to meet – whether it be they're out in the middle of a property in, you know, central Australia or there's children with disabilities or there's multiple births. So, there's been this great blend of how in-home care supports those families that the family day care environment may not have been able to.

Certainly, we've seen over the years, in my experience in family day care, that as the increasing requirement of an educator has grown, which we absolutely support, the flexibility for educators to provide care in different times for not very much payment of hourly rate has lessened. So, an educator, their requirement to deliver happens 24/7 and the expectation of them has grown so therefore the cost of that care has also grown to meet that need and one of the things I see in the flexibility trial is that parents, if they only need an hour, really only want to pay an hour.

Now, even a nanny is not going to be able to meet that need because there's no nanny that's going to say, "I'm happy to work for an hour today but I might not get any more work for three days." So some families have an expectation is that, "I just have to pay for when I need it." And that's not actually the reality of being able to continue to maintain a quality environment all of the time, and is a requirement that we have quality for our children which you've heard constantly this morning and you're going to continue to hear so I'll step off that platform.

MR COPPEL: You also made a few comments about your concerns the deemed cost and again, you've sort of taken the number that we've used for modelling and say that there's a gap between that and long day care.

MS McNELLIE: Yes.

MR COPPEL: Is that – and you mentioned they are actually more or less the same – is that gap – that calculation we've used is based on the reported fees but it may be that those reported fees don't include the cost of the coordination service that you provide. They would not.

MS McNELLIE: They would not. But I suppose, I was in a meeting with Department of Education a few months ago and Matthew Hardy said that the actual – because I was saying figures around what I thought the average hourly rate was and he corrected me saying that it's almost exactly the same long day care so that's where my facts are from, and also

anecdotal knowledge of what educators are charging in Queensland per hour and on average, I would say, at a minimum \$7 an hour.

MR COPPEL: Do you have an idea of what the cost of providing that sort of support to the educators is?

MS McNELLIE: Absolutely. So, I mean it depends on size of service and the geographical area, but I suppose typically 50 per cent of the cost to operate a service is supported now from community support program and 50 per cent is supported by levies, but, you know, I suppose, I don't have it down to a child figure which would have been really helpful but I'll make sure I put that in my submission.

MS ROLFE: What about an hour figure?

MS McNELLIE: An hour figure?

MR COPPEL: Well, it may be something that you put in your submission.

MS McNELLIE: We'll make sure that's in our submission, yes, because I don't have that off the top of my head.

MR COPPEL: We'd be interested in that information.

MS McNELLIE: Because I suppose that's one of our concerns in regards to rural and remote. Queensland is a large state and has several services in rural and remote and their ability to sustain themselves, particularly in the recommendations that you've made, I haven't spoken about it because I haven't been able to work out what it means, to be honest, around the, you know, three years out of every seven, I actually don't see how that service would survive if that's the case.

In Cooktown, it's a very small town, 2000 population. Family day care service only has about 15 children a day through that service. So, if they were relying on the levies from families to sustain the coordination unit, they would cease to exist and that's certainly been the case with the change to community support payment. There are services in the likes of Weipa, Barcaldine, that are already saying they'll be closing their doors because they can't afford to operate without community support program funding.

MS ROLFE: Can I go back to your question about the hourly rate? This is just a service that I've had a conversation with so, Pine Rivers Family Day Care on the northern side of Brisbane. They charge \$15 a week per child. In order for them to be able to sustain going forward it would double. So, it would cost the parent \$30 a week in addition to what they already pay in their – to the educator. And one other service talked about it being 78 cents per hour difference they'd need to make. So, they'd have to charge an additional 78 cents per hour for every hour of care per child.

MR COPPEL: As a result of- -

MS ROLFE: As a result of losing CSP.

MS McNELLIE: So, you could double that figure, I suppose. Say, \$1.50 an hour it would cost to operate a coordination unit per child.

MR COPPEL: Well, it would be good if you can put those numbers there and I think you've also mentioned, which is again an issue that's been brought up, the children at risk. That's been identified and I think we recognise it as an issue in at least how that's been approached. So, if you could put that down in your submission that would be helpful too. Thank you very much.

MS ROLFE: Thank you.

MS McNELLIE: Thank you.

MR COPPEL: The next participant is Susan Maidment, thank you. If you could state your full name and who you represent?

MS MAIDMENT: Hello, my name is Susan Maidment and I am a mother of two children and also a student. I'm in the middle of a Bachelor of Education degree, that's the from birth to 12 years degree. So the Abbott government, through the Productivity Commission's briefing, is pushing a discourse of economy, affordability and availability and flexibility with regards to early childhood services. What is missing, however, is the focus on quality for the child and the discussion on what is best for children's development, social, emotional, cognitive and physical.

My submission today will address several aspects of draft recommendation 7 and focus on this really important aspect of early childhood education and care. To start with draft recommendation 7.2, which suggests all educators working children aged birth to 36 months are only required to hold at least a Certificate III or equivalent and that the number of children for an ECT employee is assessed on the basis of the children over 36 months. I disagree with this recommendation.

Focussing on care rather than education of children aged birth to 36 months neglects the importance of a child's early years, to their cognitive, social, emotional and physical development and again, it's that separating of education and care, which the previous speaker mentioned and I don't think that you can separate them. There are suggestions that services could promote themselves as high quality providers – this is on page 277 of the report – due to exceeding minimum standards of qualifications and ratios. This implies that those who adhere to new lower minimum standards are offering low quality provision and is low quality good enough for our children? I don't think so.

Diploma qualified and ECTs are required for long term development of quality programs such as training other teachers or other educators in their room and in their centre. It's short sighted to require only Certificate III staff in under 36 months. It doesn't allow for development of a service or/and of the sector in general. There are several – this is regarding information request 7.1, the expected impacts on development of children under 36 months focussing – and by focussing required teachers over 36 months.

There are longitudinal studies that have shown the benefits of quality provision and quality educators; one, in particular, which you're probably aware of, is the Abecedarian US study which focussed on children from six weeks up to kindergarten. They had

individualised curriculum, low turnover of staff, the staff had college degrees. The staff were observing and assessing the children and then basing their practice on those observations and this led to increased and positive interactions with mothers and generally, positive, over the years, benefits. This was mostly for disadvantaged children, which I think have read before that you are looking for information not about disadvantaged children.

Personally, I think every child deserves this kind of quality of care, not just the disadvantaged children and I don't see how you could separate a case of the disadvantaged children get the ECT but the others don't. I don't think that's possible. And they also showed that there was the influence of the school-age only program was not as long standing as the influence as the program from six weeks. Further information, it is said that anecdotes don't make evidence, however, personal experience of families and early childhood education and care services must not be discounted in your quest for understanding the value and importance of employing ECTs and diploma qualified educators for under threes and I'm pleased that these public hearings are able to give a voice to those people who do have experience. It may not be in a quantitative study but it is still important.

I believe that focussing ECTs on children over 36 will have a negative impact on the development of the younger children because diploma qualified and ECTs have a greater in-depth knowledge of social, cognitive, emotional and physical needs of this age group through their training and also how children are likely to develop as they get older. So, they have a broader range of understanding. Diploma qualified and ECTs have a greater knowledge and understanding of the socio-political context of children and their families and need to be available constantly to guide the practice of other staff working with children at this age group.

I think there will be better links with families and communities when you have the diploma and ECT people employed. And again, as before, it's short sighted not to have people who can be leaders and lead the Cert IIIs in getting more qualifications. From personal experience, as working as a casual childcare educator and also for my own children in childcare, I can't stress the benefit of more highly qualified staff in – across the range but particularly in the earlier years.

Draft recommendation 7.3 regarding across the board educator to child ratios and staff qualification requirements, I disagree with this. Staff ratio should remain higher where they are currently higher than national requirements and to reduce these would be a step backwards for these jurisdictions, such as New South Wales. High adult/child ratios are key to maintaining a quality of care and to alter these only seems to be in aid of reducing staffing costs. No benefit will be passed onto the children. I think the more staff you have the better the peer interactions, the better – especially for the younger children, the joint attention that the educator can make with the child to improve their cognitive understanding.

Draft recommendation 7.5, to remove the requirement people with ECT qualifications must have practical experience with children aged birth to 24 months, I disagree. ECTs need to have a breadth of knowledge and practical experience across all ages from birth to five, in order to maintain a leadership position, in order to understand where their children, if they're above three years old, where their children are coming from, where they're likely to come along. This recommendation would water down the ECT qualification.

Even if recommendation 7.2 is adopted, such as removing the need for ECTs or anyone above Cert III, many services would still want to employ ECTs in the nought to 24 age range and this recommendation, 7.5, takes away a necessary practicum component for this age group. Also, with this recommendation, all governments should allow services to temporarily operate with staffing levels below required ratios, so maintaining it across a week or over a day. I'm concerned this could become a way of reducing staff hours to reduce costs among poorer quality services.

Maintaining staffing levels on average suggests that at sometimes there would need to be higher than required ratios to compensate for times of lower than required ratios. That may be a good thing but I don't know how they are going to facilitate that. I think it will just end up in a reduction of ratios. People won't be that, you know, the lower quality services will lose that impetus to keep the required ratios. I don't think it would support staff. I think there would be a lot more paperwork to, you know, to fill out, to say, "Yes, okay, across the week we've kept it as it should be on average." I think that would be just administratively difficult. How would there be checks? I don't agree with that.

The requirement or the suggestion that New South Wales and South Australia should allow three month probationary hiring period with unqualified staff to be included in staff ratios, such as the other jurisdictions have. It's possibly acceptable but I think there would need to be a requirement that a certain very high percentage of staff are qualified to ensure a quality service. Perhaps you could have people unqualified, employed but not in ratio. I'm not too keen on that one either.

Recommendation 7.6 about abolishing excellent rating, I disagree. It removes the incentive for services to aim high and removes the recognition of excellent services. It seems an indication of a minimum standards approach to child – early childhood education and care rather than one of excellence and improvement. Recommendation 7.7 regarding the regulatory authorities providing more details and targeted guidance, particularly with regards educational programming, I disagree with this. The early years learning framework is a document which recognises there are a variety of contexts within which children and families live and services operate.

This recommendation regarding educational programs seems to suggest that educators are not capable of using their own professional judgment in programming. Well qualified childcare professionals will have the required intelligence, experience and background knowledge to determine their own educational programming according to the needs of the children and families in their service and community.

One thing I do agree on is recommendation 7.10 regarding harmonising background checks for ECEC staff and volunteers, I think that would be fine. Thank you.

MR COPPEL: Thank you very much. Can I just take up some of the recommendations and maybe go backwards from the way you presented them.

MS MAIDMENT: Sure.

MR COPPEL: In relation to 7.7 providing guidance on compliance with the ACECQA and the regulatory authorities. In our visits, since this is a relatively new framework, you had many people saying they're not quite sure what the requirements are. They're not saying that

they don't want to meet the requirements but they were asking for better guidance because they were sort of learning from speaking with their peers that some were approaching it this way and others were approaching it another way and that was an issue in terms of what is it exactly that we need to do to be compliant.

MS MAIDMENT: Was that regarding the early years framework or regarding the requirement?

MR COPPEL: It's regarding the early years framework I think, in particular, and the various plans to that need to sort of be part of a provider's services or what lies behind a provider's services. So, I'm just wondering why it is you would see providing guidance to help people comply with this aspect of the NQF?

MS MAIDMENT: I think it's my main disagreement is with regarding more detailed and targeted guidance on the educational programming because you – coming from a student perspective, the EYLF is seen as a great document to guide you but not to be prescriptive. So, you can read into to how it fits your service and I think there is enough guidance in it, and perhaps this goes back to the qualification and the understanding and perhaps because I'm seeing it as it's my first document, I'm not coming from another document where I'm now having to change my tack on, you know, provision.

I think it's all there in that EYLF and it's just up to people to adapt and I think it says that clearly in the EYLF, this is – it's almost like this is your document, do what works for you with this.

MR COPPEL: I think it is and it's not aimed at sort of suggesting that the guidance be prescriptive in any manner, it's really there does seem to be dispersion on how those requirements are best met. So, that was one of the motivations behind that particular recommendation.

MS MAIDMENT: Okay. Perhaps it's the long standing view point of Early Childhood Education and Care as not being a professional sector. That leads me to look at that with a defensive view. So perhaps if it's explained clearly that it's in the best interest and it's not, you know, it's not saying this is how you must educate you children.

MR COPPEL: You also disagree with the recommendation that relates to the actual quality rating themselves and I think this is an area where it's very clear among providers how the system operates but it is not always so clear among the users of the services that you can be in a service or a service can get a "working towards" rating even if they get 57 out – that they miss out on one of the 58 quality elements and there's sort of no other test where, if you got 57 out of 58 you would be considered as "working towards".

We're suggesting that that be looked at and an element of that is whether you have fully meeting all the requirements and then you have something on top of it that requires further effort, which is the excellent standard. But I'm just trying to get at what exactly is it in that recommendation that is the main issue you have; is it the excellent?

MS MAIDMENT: I think my main issue is that it's saying almost as though you get to a certain standard and that's it, you know, you don't need to aim higher, you don't – and I think there will be services out there who meet it, maybe who are exceeding it, but who

aren't excellent just because of their practices and their philosophies, you know, and the things that they are providing. So, people may be happy to sit with "exceeding national quality" standards but I would like to think that many services want to just continue and continually professionally develop and, yes, just improve.

MR COPPEL: But do you think there is an issue in how that – it's the labels that are associated with- - -

MS MAIDMENT: Yes, I think so, and I think the "working towards" as you mentioned working towards, I think perhaps it can all be adjusted slightly. You know, I think that you should keep in "excellent". You should have, I think you should have tiers.

MR COPPEL: And just a final point, which I guess is sort of a fundamental one, you said it's not possible to separate education and care and I guess there are sort of two parts to that. One is the experience in an early learning centre is one which has both dimensions: education and care. But I wonder whether within a day, say, for example, in the morning when the kids are arriving at a long day care centre and before the full group is there or at the end of the day when they're sort of getting ready to go home, whether those periods in the day could be considered as care and when there's the full group it would be education and care.

MS MAIDMENT: No. I disagree. No. Because it's like staying at home, you know, you've got your child is in your house, at home. You can't separate out parts where, you know, they're awake and their sister is asleep and, you know, there's only one of them so it's just care. It's all entwined. I don't think that there is – I don't think that you can make a distinction. Everything that an educator does should be the two together. I mean, that's how they would be, hopefully, would be thinking about the way they structure the classroom, the way, you know, they suggest the children maybe, you know, "We've got this here, I noticed you liked that last week so we've got something else that you might go onto", you know, that's before a group comes in.

Helping them settle in, you might be looking at, you know, some aspects of what they have been learning or doing or exploring that might be a way of, on the care side of it, of settling them in when their parents leave but it's also the education side of it. I don't think you can separate the two. Not even, you know, not – you can't separate it into time but someone says – mentions something, "Oh look, there's a caterpillar, look at all the legs he's got." You can't just stop and say, "Well, the group's not here, we can't talk about that." I don't – sorry, I just don't think you can separate them.

MR COPPEL: Yes, thank you.

MS MAIDMONT: Thank you.

MR COPPEL: The next participant is Kathryn Herbert, and if you could state your full name and who you represent.

MS HERBERT: My full name is Kathryn Clare Herbert and I represent, I think, every single educator in the room. I'm a centre director, nominated supervisor, early childhood educator, the educational leader of our centre. I'm a full-time centre director. I work on the floor with the children as well and I also study full-time. I am 15 weeks away from finishing my Bachelor of Early Childhood Education, fourth year.

As a centre director, I've had the advantage and disadvantage of seeing exactly how much my families need to pay each week in fees, by the childcare benefit and the childcare rebate. So, therefore, how much they actually earn. My centre is located in an area that is part of the Australia Early Development Census, or what used to be Australian Early Development Index. It's classified as vulnerable. How are we, as educators, supposed to meet let alone exceed the national quality standards if we are going to reduce the professional qualification standards and we fail to address the issue of things such as professional wages for educators.

It's a sad day when my sister, who is younger than me, three years after she finished her primary education is actually more paid than what I am as centre director of my centre. This commission is about affordability, accessibility and flexibility but as, pretty much, I think, every single person today has said, "Where is the quality?" We are discussing that families need to access affordability – an affordable, flexible early childhood setting to go back to work.

But what about those children's needs and those children's rights for that quality, early childhood education? Every child in Australia deserves quality. Every family deserves quality. The recommendation that children who are under three, and therefore, the most vulnerable age in early childhood, only require access to Certificate III qualified educators does not support quality early learning. Does this mean an 18 year old with a six month course, or even some training agencies only doing an eight week course, be classified as good enough to lead a nursery room?

Where do the issues like the different pedagogical approaches, the equality, social justice, advocacy, leadership, which are all in those diploma and bachelor courses, come into play when we talk about leading a nursery room or leading a toddler's room? I have four Certificate III educators currently employed in my centre, with all having at least five years minimum of experience in the early childhood profession. These people are a valuable part of my team but the thought that some centres out there, that will have potentially inexperienced, newly qualified Certificate III educators be classified as quality, is both scary and frightening.

I guess the thing is, is that if you closed your eyes at the moment and everyone left the room and you were left with four nought to twos, or eight two to three year old children, and then said, "Oh, you know what, we were over a ration this morning for an hour, I'm going to go and go to the shops and leave you with another four nought to two year olds, or another eight two to threes." So, therefore, technically, you have sixteen toddler aged children, two to three year olds, or eight nursery, aged zero to two, in here. Not only is that dangerous for the children, it's dangerous for your own health and wellbeing. The last thing that I want to see any of my educators do is have to – that doesn't even begin to do education, that is simply crowd control.

I've had my diploma for the past 12 years and, as I've said, I'm currently studying to get my Bachelor of Education Early Childhood Education. I've learnt so much since beginning my training, doing my diploma, as well as my training for my bachelor, and I can honestly say, that without this training and professional development there's no way I could perform my role and responsibilities as centre director to the level that I require to run my own centre well.

Let me give you a summary of our team's week last week and, for confidentiality I haven't included everything. Last week my team helped support a family whose mother had just been diagnosed with brain cancer. I've helped a family with an application for her child to get into high support unit for a primary school when that child goes to school next year. I've helped a family who has come to us from the Department due to the family no longer needing care and the child requiring emergency care. I've provided – I've helped provide three curriculums across our three room centre, providing first aid for children as required, completed observations and planning for 120 children who currently attend our centre, had several parent and educator meetings, organised two upcoming excursions as well as completing an excursion yesterday, which was our Ditto show. Now, Ditto is a child protection show.

This is something that, statistically, one to three females will likely have something happen to them by the time they're 18. One to four males will. Now, if we can't help our children and advocate in social justice for their rights now, by the time they're 18 – and, I mean, even on the news this morning as I was driving up here, I heard about an allegation of a sexual assault – it is really quite scary that those things are such a taboo subject yet, by our educators in our centre advocating for this, our children will hopefully be a lot more supported to say “stop”.

The recommendations to remove the need for qualified - a diploma qualified and an early childhood teacher for children under three are incredibly disappointing. Children and families will not benefit by decreasing the qualification requirements in our birth to three year age group. The first three years of life are a period of incredible growth in all areas of a baby's development. A newborn baby is approximately 25 per cent of an adult weight but by the age of three it has grown dramatically by producing billions of cells and hundreds of trillions of connections, synapses between these cells.

Now, you ask for research or proof. Certain researchers, such as Balbi and Ainsworth, developed what's called “The Social Security” – sorry, “The Circle of Security and the Circle of Repair.” Now, if a child does not feel safe, does not feel love, does not feel secure, does not have those reciprocal relationships, which is actually one of the principles in the Early Years Quality Framework – I'm sorry, Early Years Learning Framework, they can't learn. They can't develop. They can't be educated because at that moment they are literally terrified.

If you do not have that secure base, that secure surrounding, how is a child ever supposed to learn? Ericson, one of his first phrases is the “trust versus mistrust”. If a child is in an environment where they can't be – where they don't have trust, how are they ever supposed to learn? I've had children that have come to our centre in incredibly vulnerable situations where literally, they have hid underneath that table all day when they first started because they were so terrified that if they got out from underneath that table that they were going to get abused, yet again, in their very, very short time.

This is a not a three to fives. Many of these situations are our nought to twos or our two to threes because, as I said, that is the most vulnerable stage. So, I guess I'll leave you with this. If families and educators can help children get to a better start in life and establish healthy patterns for lifelong learning, why isn't the phrase “quality” in the Productivity Commission when discussing qualifications, when educating birth to three year olds. It is all

well and good saying that there needs to be affordability, accessibility and flexibility in there but without quality what type of education are children zero to five actually getting?

MR COPPEL: Thank you, Kathryn. Can I just ask you, since you're running a centre, what happens now if you have someone who falls sick in the afternoon when you're at the edge? Do you apply for a waiver?

MS HERBERT: For example, yesterday one of my staff members had a situation and had to go home. So I said, "Okay, no, that's fine. Give me five minutes." I organised for a casual to come in and then while that casual was coming in I actually was on the floor. I've got my qualifications and it's a great chance for me to role model the best education that we can possibly do but it also meant that she knew she could come to me. She knew that she could come to me in her time of need and her time of crisis and I would support her.

If, say, for example, like, again – and I'd already been in another room because, for whatever reason, someone had to go off on crisis, there was a child needed first aid or something like that and they needed extra help, my cook is also, too, a qualified child care worker – child care educator and so, she can come in on the floor. I also have a floater that works between all rooms doing – helping with observations, helping with programming, helping, even if it's just things such as, okay, washing up the afternoon tea dishes. We can call her in to the rooms.

There is always a way to do it but I see too many centres out there that they already run on bare minimum and that's the scary thing is that they're already on bare minimum. Our previous NCAC had 95 per cent on high quality. You can tell the difference between the raising of that bar, the drawing the line in the sand and saying, "You know what, we're not happy with that", because obviously, if 95 per cent can get high quality then our definition needs to raise, needs to get better and that was what the National Quality Framework has done.

Our centre was one of the first 200 centres to go through and we got "meeting". Well, that's absolutely great because, at that time, there wasn't a lot of information to come out in regards to, okay, what specific and specific elements of what they were after but you know what, that means that my centre can only get better. Because, you know what, I want our children to get – to have the best possible start in their life and that's what quality stands for.

MR COPPEL: Your centre operates above the minimum ratios - - -

MS HERBERT: Well, in my nursery, I have 1:4 ratio, my toddlers have 1:8 and my preschools have 1:10. Never, throughout the entire day, are they ever breaking that ratio. I can't understand that some centres go, "Well, you know what, I just won't put someone on even though I know that they need it at 9 o'clock." Earlier this year our educators said, "Okay, look, we're having a bit of issues. We're finding that the person that's coming in at quarter past 8 is just meeting it." So, what we did we moved them to 8 o'clock so that we knew that we were covering it. That's what a quality centre needs to do.

MR COPPEL: You mentioned that your centre is rated as meeting all the requirements. Are you seeking an excellent rating?

MS HERBERT: Well, to get an excellent rating you need to have first got “exceeding”. I’m waiting for the opportunity to get the rating and assessment again. Generally, it was supposed to be, after two years, when you get your meeting you go through – which is what we’re due now, because we were, as I said, we were one of the first centres to go through. And so, as soon as we get that process, all my educators are absolutely chomping at the bit to make sure that we do get that “exceeding”.

MR COPPEL: Do you have any comments on the actual method in which those grades are given? That’s what we were talking, in the previous session, about hypothetical example where you could get, you know, close to a perfect score but be working towards?

MS HERBERT: Yes, I have known some centres, part of my networking groups, I’ve known other centres that have literally missed it by one element and it is incredibly disheartening when that happens, and that was the same for ours. It was sort of, like, we got “meeting”. We did get a couple of “exceedings”, but because of the requirements it wasn’t the correct ones and I guess the thing is, is that I can understand where you said if you get 57 and not 58. Maybe that’s where something like, after a probationary period of 30 days or 60 days can we look at that again and say, “All okay, I’ve fixed up that particular part.” Then, we need to get our rating and assessment reassessed, which is a possibility as part of ACECQA’s guidelines.

I think the hardest thing is for the first time around, and as one of the lovely educators said before, not every centre, not every family day care, not every service has actually gone for it before so for everyone it’s a new experience and, as I said, going from the NCAC of 95 per cent to now that bar has definitely been raised for every centre. And I think the fact that there was some centres out there that got “high quality” and they did think, “Oh yes, this is fine, it’s the same thing, it’s just called a different thing”, and I think, going through it, it’s kind of a culture shock of going, “Oh, we actually weren’t high quality, not as high quality as what we were first thinking.”

I feel incredibly saddened for the ones that miss it for one or two elements. It is incredibly disappointing and then, I guess, I look at the ones that missed it by 20 and I think, “Okay, you know what, that feedback, you need to use it as a gift that feedback will help you in regards to improving as part of your quality improvement plan.”

MR COPPEL: As I understand it, so we’re talking now about qualification requirements for under three year olds, the requirement is that there be a teacher for at least 20 per cent of the time, so one day a week, on average. So, it’s quite possible that there, since most families will have their kids in a long day care centre two, three days a week, that that would sort of miss that one day a week and I don’t know how, that’s a minimum, so I don’t know how representative that is over?

MS HERBERT: Well, in my centre, I have three early childhood teachers and, as I said, in 15 weeks’ time we will have four. I only actually need two. So, for our centre, we are incredibly overqualified but I think that that’s what we do need. We do need people with a range of ages. It is incredibly scary to walk in to a centre and realise the oldest person is 24 and going, okay, 24, you left school at 17, 18. That’s less – that’s single digits in regards to experience.

Now, I know they won't like it, but I actually have educators that have got more years' experience than my age at my centre, than how old I am at the moment so that shows you just how important that education and experience means. Having a centre where the average age is 21 or 20, sometimes, 19, is incredibly scary. How are you supposed to deal with a child with behaviour management issue, additional needs, a family that's had their mother just been diagnosed with brain cancer, the Department ringing up and saying, "I need emergency care for this child."

We know the fact that as soon as we get those phone calls we know that it's not just the child, there's going to be so many other important matters for that child. Yet, we know that when we take those phone calls it's always a yes. We know that they need it because the fact is if we don't help that child now, we know that we'll be paying for it later because majority of the time children that come from vulnerable families, they're already so far behind the 8 – ball that juvenile justice, gaol, counselling, massive counselling issues, mental health issues. And, as one of other educators spoke this morning, for every \$1 spent on early childhood, \$17 is saved once they're older.

MR COPPEL: You also mentioned that your centre is operating above the minimum requirements. Are you able to charge a higher fee given that you would have higher costs, an equivalent that is really just meeting the minimum requirements? Or do you face resistance from the families?

MS HERBERT: In the last four years we have raised our fees less than what's classified as the national average for an increase. Because we're in Wollongong, so it's a little – it's off the sort of metropolitan, my nursery is 91 per day, my toddlers is 86 and my preschool is 84. So, while it's under the hundred mark and under the 160 mark, it's still a challenge. I still have families that are in incredibly vulnerable situations that can only put their children in one to two days a week because of affordability.

So, I do understand why that's an important thing but for some of those families, they're going to be severely affected because they don't actually currently get the childcare rebate and so when you look at those families and thinking, "Okay, well when I add up all the different factors, it might cost them an extra \$10 or \$20. Will they be able to be (sic) afford that?" So, \$10 for one family, that could be their petrol for their car to be able to get them to appointments, get them to the early childhood centre. That could be their fruit and vegetables, it could be their milk and their bread. So, in other words, that \$10 extra, oh sorry, you can't afford breakfast any more.

MR COPPEL: Just as a final question: do you have any sort of views on how we've proposed the design of a combined CCB and CCR?

MS HERBERT: I think, as an initial effect, I think it is a good idea because I do know a lot of families do struggle. "Okay, we've got two different payments, which one can I get, which one can't I get, which one does it affect, oh my goodness." And if you don't actually work for Centrelink it can be quite confusing. But there needs to be – and I'm not an economist so I'm going to leave that one to you, but there needs to be a way to be able to do it and say, "Well, you know what, how much does the family earn? What is the situation? Is there things such as children with additional needs? Is there things such as they've identified as Aboriginal and Torres Strait Islander? Is there issues such as being from a bilingual culture?"

Is there things such as a vulnerable family, such as are they on housing commission? Do they study?

Because the fact is, is that you can be on 30,000 or 40,000 but if the wife is working on 30,000 or 40,000 and there's a stay-at-home dad, technically they don't get childcare rebate. So in this situation will that family affected and have to pay an extra 10, \$20 a day?

MR COPPEL: Thank you very much, Kathryn.

That concludes this morning's session. We're going to break now for lunch and we'll reconvene here at 1. Thank you.

ADJOURNED

[12.02 pm]

RESUMED

[1.10 pm]

MR COPPEL: If you can come to the table, state your full name and your affiliation and if you have a short statement.

MS BIRCH: My name is Martha Birch. I am on the executive committee of the Australian Association of Infant Mental Health and I'm here deputising for the whole committee. We've put in a submission and the points that I'd like to raise after a brief introduction. The Australian Association for Infant Mental Health Incorporated is a national organisation of professionals who work in early childhood health, education and developmental fields. Our aims include to improve professional and public recognition that infancy is a critical period in the psychosocial development, to provide access to the latest research findings and observations on development in infancy and to make submissions to government authorities, organisations and individuals on matters relating to infant health and wellbeing.

Our submission to this inquiry focuses on the needs and wellbeing of infants and children under three years of age and is based on the best available peer-reviewed current research. While the work of the inquiry largely relates to productivity, it also has a very significant impact on the lives of infants at an age when they are most vulnerable to long-term effects from environmental and life experiences. Many of these effects can affect mental health and productivity in the long term.

In response to the draft report, we would like to make the following points: The report in section 5 notes that the greatest impact on outcomes for children comes from the home environment; and this is supported by high-quality research. Childcare, while important to the community, has not been shown to improve educational achievement or wellbeing for children in high-quality studies, except for three longitudinal studies in the US which, as well as providing high-quality care, also involved and worked with parents. This does not happen in most early childhood education and care services in Australia. We therefore recommend that if there is money available from the proposed parental leave scheme, that it be used to extend the time for parental care where parents want this option in order to give infants the best possible start rather than use it for childcare services. We also recommend that support

and encouragement should be given to workplaces to allow a parent to work part-time, at least until the youngest child is three, without detriment to their career.

There is sound evidence that group care is stressful on an ongoing basis for infants under three years of age and it has not yet been ascertained what effects this kind of stress might mean for children's later health. We therefore recommend that government support of in-home schemes such as nannies should be given priority for infants. There is also evidence that poor-quality childcare can be detrimental to the education, health and wellbeing of children. We therefore support recommendations to improve staff-child ratios, staff training and the adherence to ACECQA guidelines for quality early childhood care and education.

Childcare for children aged birth to three should focus on quality care and not be required to include a significant educational component as this has not been proved useful for children under three years of age. We support the recommendation in the report for consideration of integrated high-quality services that include parents for developmentally-vulnerable children. We note that the evidence for the efficacy of these services is for them to be high quality and offer real support to the parents rather than one-stop shop service points. We support the need for free preschool services for all children which currently do not always appear to be available even for 15 hours a week. A successful transition into school is important for children to make the most of their education. We note that the research of differing quality is often generalised to support positions and recommend that the government assess the quality of research before basing programs on it.

Finally, we support the need for high-quality longitudinal randomised research studies in Australia so that the government is afforded the best possible evidence to develop services for families and children. AAIMH understands the government's reasoning about equality for women with the full reimbursement of salaries. But in the interests of children and in the long term interest of the community, it would be better to make the payments smaller and use the available money in the provision of an option for longer parental leave. That's the end of my points.

MR COPPEL: Thank you.

DR CRAIK: Thanks very much. One of the comments you made was that care is stressful for children under three and it's better that they be cared for in a, I suppose, smaller environment, I suppose is what I'm saying, by themselves or smaller number of kids.

MS BIRCH: Yes.

DR CRAIK: Can you give us a reference for that research?

MS BIRCH: I can but I have not got it with me. It would probably be in our actual submission, the reference for that, but I can certainly get an accurate reference to you.

DR CRAIK: That would be good. Your other comment about – and so on the basis of that, you recommend priority for, I suppose, nannies and family day care - - -

MS BIRCH: Smaller staff ratio numbers.

DR CRAIK: Do you know if that research was done in Australia or whether it was overseas?

MS BIRCH: Yes, it has been done in Australia.

DR CRAIK: In relation to paid parental leave, as I understand what you're saying, you're supportive of a paid parental leave scheme extends the time of the actual leave from the current 18 weeks, whatever it is, although even when the Productivity Commission did their report on paid parental leave some years ago the average time women were out of work was 6.7 months. So it's actually quite a bit longer than the 18 weeks. We don't know what it is now and we're trying to find out.

MS BIRCH: I think we're aiming for flexibility.

MR COPPEL: Just on that point, you made a comment on supporting workplace arrangements that weren't detrimental to your career even if you took absences from them. What sort of workplace arrangements do you have in mind that would support that goal?

MS BIRCH: Well, I guess one where a position would be held and only fulfilled temporarily until the mother could return or the father could return or some part-time arrangement where the mother or father could come in and work just a couple of days a week. They're just two options that I've thought of off the top of my head.

MR COPPEL: You would see that as a statutory requirement?

MS BIRCH: I think the flexibility is the main thing. It's been proved that women suffer as a consequence of leaving work to have children and re-entering is very difficult for them and to overcome that they need some flexible arrangement to support them through that.

DR CRAIK: One of the issues you raised is you made reference to ratios and staff training and ACECQA guidelines and high-quality care. What's your view about the qualifications – it's been an issue raised many times about our long day care recommendations about removing the need for diplomas and a university-qualified teacher for under threes. Do you have a view about that?

MS BIRCH: I think we're asking for less educational input in the under-threes. It's more about play and relationships in the under-three age group. So good quality childcare would support good play and good relationships and a higher staff/child ratio would facilitate that as well. I think the need for high qualifications would be more important for children in the three to five year age group. But to have an awareness of child development and the emotional needs of children is important across the lifespan for children.

DR CRAIK: When you say "good quality care", what sort of elements are you thinking about in the quality area?

MS BIRCH: The workers being aware of the attachment needs of the children, being sensitive and attuned and optimally responsive to the children. Obviously they need to have more staff-to-children ratio to maximise that.

DR CRAIK: Thanks.

MR COPPEL: You mentioned in relation to preschool that there are even instances of where children are not receiving the 15 hours. I was wondering whether you can elaborate on that point.

MS BIRCH: I think there's a lack of spaces. I think the cost is prohibitive. I can't say any more than that.

MR COPPEL: The cost, is it in reference to in Sydney or New South Wales?

MS BIRCH: I think it might be generalised for Australia, but I know in Sydney it's very hard to find childcare places, and especially if you're in rental accommodation, if you have to move you tend to move within the area of the childcare. That's the most important thing because you can't find a new space for a child who's, say, three and a half.

DR CRAIK: Your comment about children benefit most from in-home care – so the studies that you're referring to there and you say childcare alone has not been shown to improve educational achievements or wellbeing – which studies were you referring to?

MS BIRCH: I couldn't say offhand. They will be part of our submission.

MR COPPEL: You made a couple of points about evidence-based policy and the need for better research on how policies achieve their goals. Do you have any idea of why that work is lacking?

MS BIRCH: I don't know that it's lacking. I think the research is there, but I think when people are wanting to support a particular program they're skewed towards particular research that might support that program rather than getting a good overview of the situation by doing a broader search for papers.

DR CRAIK: It is a shame that there hasn't been more longitudinal Australian research on the systems and even since we got the NQF in that there hasn't been more research done because, at the end of the day, the government is going to say, "What are we getting for all this?"

MS BIRCH: Yes, that's right.

DR CRAIK: Thanks very much, thanks a lot.

MS BIRCH: Thank you.

MR COPPEL: Welcome. If you could state your full name and your affiliation and then if you care to make a short statement.

MS WARRILOW: Prue Warrilow, I'm the national convener of ACCS, Australian Community Children's Services. Thank you for the opportunity to present to you. We're going to make a more extensive written submission and I'm only going to focus on two areas today. But I did want to highlight that we were very pleased to see the single payment to families diverting funding from the paid parental leave in your report and also your support

for the National Quality Framework with a very strong focus on high-quality education and care being provided to children.

My two areas of interest today are talking to the removal of tax concessions for not-for-profit children's services and also the impact of the proposed funding model on vulnerable children and families. Considering the removal of tax concessions to not-for-profit children's services, ACCS is very firmly of the view that will have a detrimental effect and in fact it will not actually create a level playing field and that these concessions don't give not-for-profit services a competitive advantage. In fact, they're some of the very few financial benefits that are available to not-for-profit services and primarily, obviously, the payroll tax exemption, exemption from income tax and the ability to provide FBT salary packaging.

For-profit services, however, are able to then deduct all of their operating costs and some of the capital around their service provision and, most importantly, they can actually raise finance, both capital and operational money. That's actually precluded under the governance arrangements not-for-profit children's services. So that means it's very difficult for not-for-profit children's services to actually enable capital growth because the government structure actively works around that capacity to raise money.

I wanted to spend a little bit more time considering the payroll tax exemption because I was interested around why that was included. Some preliminary data which we're still gathering – so I can't give you the full range of the source because it's coming from a variety of information – is that approximately 60 per cent of the market is currently not-for-profit services, including preschool. So those people aren't paying payroll tax. Another 30 per cent are for-profit operators that operate very small services that actually fall under the payroll tax threshold. So, again, they're not paying payroll tax. It's only about 10 per cent of for-profit providers that are eligible to pay payroll tax.

That means if you change that requirement, any service is now going to have to pay payroll tax regardless of size. So that means 90 per cent of the market will now have to pay payroll tax, which will be a serious disadvantage to ongoing viability of service provision. Just as an example, Victoria currently has the lowest payroll tax threshold, which is about 550,000 per annum. That means anything below that would be less than about a 45-place centre, depending on the age configuration and the hours of operation. So there's a large number of services that fall below that in terms of operating size.

I'd also say that not-for-profit providers have a very strong focus and a primary interest in engaging with the community. It's an inherent part of the social capital of that community that delivers really significant benefits by those providers when they're working in active partnerships with the families in that community. So that's where I'll leave the tax concessions.

Moving on to considering the impact of the proposed funding model on vulnerable families. ACCS is really concerned that a large group of families are going to be eliminated and in fact disadvantaged. The ECLS is proposed to only be available to families who meet the work activity test. Those with children that have a diagnosed additional need or are known to the child protection system – so seriously disadvantaging many vulnerable families in our community, those that may be experiencing, for example, sudden illness and have to withdraw from the workforce, local circumstances such as floods or bushfires, ongoing mental health issues – and that is becoming an increasing significant issue for many families

– families with intergenerational unemployment and migrant families are just some small examples of people that may be excluded.

The current priority of access guidelines allow services to easily manage demand for work-related and non-work-related education and care. So services can in fact accept children that are not meeting the current work activity test. And also ask them to change days, changes hour and in fact leave the centre if those places are required by people who meet the work activity test. Those families are also only able to access a limited number of hours now and we see that as a really successful way to engage those vulnerable families without disadvantaging the wider group of people who are participating in the paid workforce.

I think there is an issue around perceived abuse of special CCB. But for most the special CCB has been underspent and certainly not ever met its full budgeted target. There are really successful limits around who can access special CCB. So the first 13 weeks is approved by the provider, but thereafter it has to be referred to the department. The amount of special CCB that's available to services is equivalent to only 18 per cent of the previous total spend in the quarter on CCB. So there's a financial limit that can be accessed as well.

I'd suggest thinking about something like managing abuse through adding a requirement for a healthcare card, for example, because then you're actually targeting families that are potentially vulnerable. Because to be eligible for a healthcare card means you have been approved and assessed through Centrelink in terms of multiple disadvantage. We know that more families are attending services that are in this vulnerable capacity. And vulnerability can change from month to month and even day to day. But the biggest concern is compulsion to have to report children to the child protection system. It really undermines the whole-of-government approach towards the National Framework for Protecting Australia's Children. And children's services are actually identified in that framework as a universal access point that's a safe, soft-entry point that's seen to be a trusted service within the community. If providers are being compelled to report a child to Child Protection to enable them to, for example, get the special ECLS, then I think that's actually going to stop families who may be seeing the service as something that could help them out with respite accessing those places for care. So that's where I'd like to leave my statement. Thank you.

DR CRAIK: Thanks, Prue, thanks very much. Do you have any for your services – and I'm talking about the vulnerability and the kids at risk and disadvantaged kids and, I suppose, the ones who miss out – with our activity test those who would miss out – do you have any, from the services that you're connected with, idea of what percentage of - - -

MS WARRILOW: Not off the top of my head.

DR CRAIK: It's really hard to get that number. We can't get it from the government data.

MS WARRILOW: I know that some of the larger not-for-profit children's services providers are actually doing that analysis now so they can provide you with that data.

DR CRAIK: That will be good.

MS WARRILOW: We can certainly put that call out because we're analysing that within our own systems. There would be – look, I can't tell you. I know that you will be getting that data in the written responses.

DR CRAIK: That's fine, that's good. Your suggestion of a healthcare card, if they've already got a healthcare card, do you think that – because we've been asking the criteria that we could think about. Do you think that would meet the majority of the problem?

MS WARRILOW: I think it'll certainly capture those that have financial disadvantage because it's approximately family income of around 42,000. They've had to go through a series of tests through Centrelink. So they're complying with potentially multiple disadvantage. If you look at the profile of people that have healthcare cards and they are in that group that is precarious – they move from vulnerability to at-risk on a regular basis – look, I think it's a good basis point to add in.

DR CRAIK: Thanks. That's a good thought to get a suggestion.

MR COPPEL: You made several points about the not-for-profit status of many childcare providers. Do you have any idea of the size or the value of these tax deductions for the not-for-profit sector? This is an area where we know there are various deductions that can be made but we have no real information on the size and how important they are.

MS WARRILOW: For the for-profit providers?

MR COPPEL: For the not-for-profit providers.

MS WARRILOW: They don't get any tax deductions.

MR COPPEL: I mean in terms of an exemption from fringe benefits tax, for instance, or payroll taxes.

MS WARRILOW: Well, I think you're only looking at 10 per cent of the market. So you'd need to be actually analysing what those people – sorry, the people that are paying 10 per cent of the market now, I think it would be – sorry, I'm just trying to think through how you would actually get that data in a logical way. You'd have to then approach for-profit providers to see what they're actually paying and then match them against a proportion of services of equal size in the not-for-profit sector.

DR CRAIK: Under the charities legislation, which may or may not continue - - -

MS WARRILOW: It may not at the moment, but yes.

DR CRAIK: Do the not-for-profits have to report their tax concessions?

MS WARRILOW: No, they don't.

DR CRAIK: So you wouldn't even get it there.

MS WARRILOW: No. I don't know how you'd actually measure it because you're not actually starting from an equal playing field, because then how do you actually measure all

the tax deductions that a for-profit provider gets? It could be for some services every mobile phone, every tablet, 85 per cent of the car, the home computer becomes a tax deduction and for others they're a bit more rigorous around how they apply exactly what they're using in the service and exactly what they may be using outside the service. And that would be the same for any small business operator. I think there's swings and roundabouts about how people measure their tax deductions.

MR COPPEL: And the restrictions on raising capital for a not-for-profit provider, they are actual legal barriers that - - -

MS WARRILOW: Yes, because there's no – under the Associations Act every individual that participates in a management committee – a board, essentially – has their liability limited, collectively limited, and you can't actually take any action against an individual. So to go to a bank to try and borrow money, there's actually no one person that can then take responsibility for that loan. So it's actually not possible to borrow money very easily. And some of them don't always own their assets. Some do, so they may have a tangible asset to put against that. The old Commonwealth grants program years and years ago that started from Whitlam and went on a bit longer about capital building, the not-for-profit providers didn't ever own those buildings they retained under – we were owned under local governments, for example, a large number of associations that maybe didn't have a relationship with those providers.

MR COPPEL: In the recommendations you pointed out a recommendation that we're proposing to remove deductions for payroll tax and for fringe benefits tax. But we also have a recommendation that says that any savings from those measures should be put back into the ECEC sector. Now, do you have any issues when you look at it from that perspective?

MS WARRILOW: I guess I don't really understand how you would then put them back into the sector because you're proposing funding a capital grants program, for example, is it through redeployment into special ECLS? So I actually don't see – it's not, to me – and maybe I haven't read every single word of the 800 pages – I'm not understanding how you would then redeploy those foregone funds.

MR COPPEL: We're not being specific but we're just saying in terms of those funds that have been saved in a sense through removal of those deductions going back into the funding envelope. We're not being more specific than that.

MS WARRILOW: Yes, okay. I didn't receive the 800 pages.

MR COPPEL: Nine hundred.

MS WARRILOW: I actually don't think that would work successfully because you'd need to change the way that services are allocated. So you'd need to have some kind of high-level government intervention to determine where services are built, which would then change the market significantly. So I actually think that it's of greater detriment for not-for-profit services to lose that capacity to have those tax concessions because it will impact on their viability and will absolutely result in some services closing.

DR CRAIK: Going back to the children at risk, you raised the issue of both families and, I suppose, services not wanting to have the children reported to the child protection authorities.

So in terms of – because we’ve recommended that for at-risk children there’s no activity test, no means test. So they’ll get a hundred per cent of the deemed cost funded/subsidised. So is there any other way to deal with that at-risk kids in a way that’s not a problem with – referring to child protection.

MS WARRILOW: If children are at risk, then there’s already very strong legislative requirements to report children to the child protection system. I am thinking about families or children that may not be yet at that point but are actually vulnerable. So if a parent spent more time with their child, then they may actually then be placed in a position where they actively neglect their child or abuse their child. So I’m not suggesting that those at-risk children should not be reported and not actually be receiving that special ECLS. I’m saying there’s another category of children that may not yet be at that point whose families need active support and who may in fact then be able to move out of being vulnerable to a different kind of family relationship and dynamic.

DR CRAIK: So now are they just supported by the normal subsidies or under the 24 hours -
- -

MS WARRILOW: It would depend on whether the parents were meeting the current work activity test. Some families may move under the special CCB because they become vulnerable through a variety of different circumstances and different family pressures. So there’d be a group of families that move in and out of that special CCB who would be defined as – I well, I would define as vulnerable.

DR CRAIK: Because one of the problems with the special CCB that was advised to us was that it started off with relatively narrow objectives but it ended up being used very widely for a whole range of things that weren’t encompassed in the original intention and concern about trying to constrain the use of it in ways that – not consistent with the original objective.

MS WARRILOW: Where it sits now is that it’s obviously children who are at risk of abuse and neglect, but it also includes financial hardship, which I actually think is a legitimate criteria. I think most service providers are not going to approve special CCB just because someone that turns up and says, “I’ve got these circumstances.” They actually will have a chat to the family to try and determine what’s going on for them. It’s limited to 13 weeks. It’s limited to 18 per cent of the previous quarter’s CCB. So it’s actually not a growing pool at the moment. In fact, it’s still underspent.

So I actually think for providers who are on the ground working with families need to have a bit of discretion. Most people are operating with a high level of integrity. They’re not going to try and rip off the system and I don’t think we should be putting in obligations and requirements because we’ve had a few people abuse the system. Any system is abused. I think most people operate in a legitimate way in identifying those that really genuinely need special CCB. And most families only ever have one period, the first 13 weeks, and they could be out of the circumstances that have created the vulnerability and may go back to regular CCB after that.

MR COPPEL: At the outset you made the comment that you supported the single payment, the combination of CCB and CCL.

MS WARRILOW: Yes.

MR COPPEL: Do you have any views on how we could propose the design of that payment in terms of the eligibility and the rate and the pace at which it reduces with household income?

MS WARRILOW: ACCS is still forming its views around some of those things. We were a bit surprised about how far it went into the upper level. We haven't got a firm view on that. And I don't know whether that's a deliberate attempt to try and enable high-income families to employ nannies and include nannies in that. It's a completely separate point of view that ACCS has around that. We're very pleased that it actually enhances lower-income families access and affordability. The thing that becomes difficult for us is how you then determine an appropriate deemed and reasonable cost across the country when you consider a variety of age groups, different state and territory grandfathering of different requirements around ratios and qualifications, because you're not going to have an equalised system until 2020. So to try and work out a national deemed and reasonable cost is somewhat challenging. So there's a bit of concern around what the gap fee might look like. But aside from that, we're still formulating our views.

MR COPPEL: So that'll be in your submission as well.

MS WARRILOW: Yes, it will.

DR CRAIK: If you have any thoughts about issues like the geographic differences in classes or if there's any consistent way in which prices might vary so you could look at something like – because we've had a bit of a look at the geography issue and it's very difficult.

MS WARRILOW: It's very challenging, yes, and it can change, depending on circumstances. With the floods a couple of years ago food cost went up dramatically and CPI for food costs were about four times higher than regular CPI increases. So the deemed cost would be challenging to manage those kind of fluctuations and make operating costs more difficult.

DR CRAIK: At the moment we're sort of looking at indexing it to wages as it being a sort of major component of the costs, about 60 to 80 per cent it seemed to be. So indexing it to wages and we thought of putting it in – then put in legislation so it's less easy to be modified, the design of it is less easy to be modified.

MS WARRILOW: It would be interesting if you could look at any historical CCB documents because essentially CCB is another deemed cost approach.

DR CRAIK: Nobody can find the original - - -

MS WARRILOW: No, and I'm just trying to think if I can recall anything, but I can't.

DR CRAIK: Nobody can find it. It's lost in the midst of time, I'm afraid. Thanks very much, Prue. Thanks a lot.

MS WARRILOW: Thank you.

DR CRAIK: We look forward to receiving your submission.

MR COPPEL: Brianna Casey and Nesha O’Neil. If you’d still like to state your full name again and your affiliation.

MS O’NEIL: My name is Nesha O’Neil, I’m here on behalf of Childcare New South Wales.

MS CASEY: And my name is Brianna Casey, I’m CEO of Childcare New South Wales.

MR COPPEL: Would you like to make a short statement?

MS O’NEIL: I would. Thank you for your opportunity to present an opening statement and to provide you with information and answers to your questions today. By way of background, I’m the owner of two long day care services in north-western Sydney. My family’s had a long history of involvement in the sector. My grandmother ran one of Sydney’s first privately funded childcare services. My parents have run services throughout my life. Right now my mother, my sister and I are all running services in Sydney’s northwest. My qualification is in early childhood education, as well as postgraduate degrees in psychology and special education, focus my interest in this area. I’ve watched for the past 40 years early childhood education evolve from babysitting the children of women who wanted or needed to work through to the recognition by researchers, economists and government of the importance of early childhood education, both as a short-term economic driver, the long-term social and economic benefits and the myriad of positive outcomes possible for children.

In addition to running my own services, I’m also the president of Childcare New South Wales, and it’s in that capacity that I’m here today. We represent approximately 1100 early childhood education and care services across the state, the majority of which are privately-owned long day care services. Our members are from city and country, high demand and low demand areas and everything in between, running small services, large services, single services, multiple services.

I have the good fortune to be sitting alongside our CEO, Brianna Casey, who currently sits on the early childhood ministerial advisory council. Brianna happens to be one of those three-day-a-week working mums which is referred to so often in this debate. She’s had two children recently go through early learning centres and now sits on the parent committee for her school’s out-of-school-hours service. So she’s in a unique position to provide both the parents perspective for long day care as well as out-of-school-hours, along with the peak body’s perspective on issues that affect our members most acutely.

You’ve got a copy of our submission, so I won’t go in detail. However, there are a number of points that I wanted to make absolutely clear from the outset. I’m here representing people who run privately-financed long day care services. We quite often hear our owners for these services described as “for profit” as distinct to “community”; and I take issue with this. I am, and indeed my services are, an integral part of our community. We employ local educators, we provide an essential service to local families, we source and grow food and supplies from our local community, we take part in community events, raise money for local charities. Our own children attend our services and later work in them, and the children we educate turn around and become educators at our services many years later.

We're every bit as dedicated to our local community as services operated on behalf of local councils, churches or other community groups.

We're absolutely committed to high-quality early childhood education and care and I hope that was made clear in our submission. We know the benefits of investment in early childhood, both immediate and long term, and we know how early intervention can have a long-lasting positive impact on children who could otherwise be at risk of a lifetime of learning difficulties, problems with social interaction or, at worse case, abuse.

The 2009 National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care set in motion historic reforms to governance, regulation and operation of early childhood education and care services across Australia. The rhetoric accompanying these reforms was that they would be (indistinct) increase federal funding. And it hasn't eventuated. We've been forced to make changes to our staffing arrangements from the number of educators to their formal qualifications to our educational programs and our physical environment without financial assistance and, in many cases, with diminished practical assistance as departmental staff have shifted away from industry champions to regulators.

The unfortunate impact of this has been an increased cost for families. It's this increase which impacts the productivity of individual families as well as our nation. Let me make it clear. It's not just privately-funded services who have been forced to raise fees. The not-for-profit sector has raised their fees by a similar percentage as a result of recent reforms. Of most concern is the fact that vulnerable and disadvantaged families are the first to withdraw their children from early childhood education and care when daily fees increase. It's not a matter of choice, it's a matter of pure and simple maths; can my family afford this right now?

It makes me very concerned about the impact of the 24-hour activity test that's proposed. It seems that families who most need the intervention of high-quality early childhood education would be the ones forced to miss out. Whilst supply and demand varies across the state, as president I'm hearing more and more real-life examples of members with enormous waiting lists at one of the spectrum down to members whose occupancy rates are low, particularly in areas built on a single industry where that industry may be experiencing a serious economic downturn, making those services unviable financially. I hear examples of suburbs where there's a glut of services and examples of others where there's the physical space to expand existing services to meet the burgeoning demand, yet local government planning restrictions prevent the expansion from happening. What is clear to us is that planning is an integral part of this discussion, as highlighted in your draft report.

Flexibility is another issue hamstrung by different levels of government. The lack of flexibility offered currently is generally not due to a lack of willingness to provide these services for families, nor is it actually the National Quality Framework. It's mostly a combination of local government restrictions and the industrial landscape we negotiate. We've been working closely with the Small Business Commissioner of New South Wales to address some of these issues and we're keen to see this extend across all regions of Australia and throughout all levels of government.

I know that you've heard from our national president, Gwynn Bridge, of the national concerns and proposed solutions raised by the Australian Childcare Alliance, however, it's important for me to highlight the unique challenges facing services in New South Wales and,

in particular, Sydney, given the large number of services across the Sydney metropolitan area. Median monthly mortgage repayments in Sydney are 120 per cent that of the national average and median weekly rent is almost 130 per cent that of the national average. Sydney is also regularly reported as one of the most expensive cities to live in across the globe. We have a higher proportion of small services than other states which presents challenges in terms of economies of scale and capacity to absorb costs associated with regulatory reforms and other external pressures.

We also have the highest early childhood teacher requirements in the country yet, unlike other jurisdictions, private long day care services in New South Wales are exempt from accessing universal access funding to assist with teacher requirements for children in the year before school. The Federal Government recently reported one in five services are not able to hire an ECT to meet the National Quality Framework requirements due to a chronic skill shortage. There's been a 57 per cent increase in the number of staff waivers in New South Wales in the last 12 months alone and a 25 per cent increase since January this year. And many of our members simply cannot access the teachers needed to meet regulatory requirements.

Our ratio of clients are higher than any other state for three to five years olds and the 2016 ratio requirements are going to have a massive impact on services who may either reduce their numbers and will definitely increase their fees to families. Our economic models are predicted, depending on how a service might manage the changes, a minimum of 20 per cent right up to a 60 per cent increase. This means that a family currently paying say \$75 a day for childcare could be paying up to \$120 a day in just 16 months. And, let's face it, in Sydney care is difficult to find for \$75 a day. This all fails to factor in the increased wages costs that may result from the equal remuneration order application currently before the Fair Work Commission.

These are relevant to the complex concept of a deemed cost of care. I know I'm personally looking for a site for a new service in Sydney and I can tell you it's practically impossible to find a site in a high-demand area of Sydney for less than \$4 million to own and \$350,000 a year to lease. And these costs are factored in to fees to families. So when care in Sydney can cost up to \$200 a day our services across the state require twice as many early childhood teachers and the majority of our staff are paid more highly than their equivalents in other states and our ratios differ from those to other states, how is the deemed cost of care of \$7.53 an hour as a flat rate across the nation going to provide affordable early childhood education?

Qualifications are another issue fraught with both emotion and economic rationalism. Childcare New South Wales is concerned that the training required for a Certificate III in Children Services is just not robust enough or extensive enough to adequately care for babies without direct supervision from more experienced and qualified educators. We see a team of educators with blended qualifications as the best solution.

Caring for children with additional needs has a significant financial impact on any service. The paltry subsidies available, which are only around 60 per cent of the hourly rate of an unqualified staff member, are essentially an insult to those services with the integrity to participate in the program. Early intervention works, behavioural-based intervention in an inclusive environment works and it saves the government an absolute fortune in educational

intervention in primary and secondary schools, and yet we're essentially penalising services who choose to include these exceptional children.

Whilst those challenges may paint a picture of doom and gloom, we are optimistic about the future. We know that your report, the Senate Inquiries took place earlier this year, the current review of the National Quality Framework and the establishment of a ministerial advisory council and the government's commitment to finding workable solutions have the potential to positively change the landscape to advocate funding, regulatory and operational environments capable of delivering quality, affordable and accessible early childhood education and care. However, given your terms of reference limit you and your team to identifying solutions within the current funding parameters and the widely publicised constraints of the federal budget, there's a question that has to be answered: if early childhood education and care services can't absorb the costs associated with ongoing regulatory requirements and Fair Work decisions and families can't afford to pay higher daily fees and the government well has run dry, who pays? I hope, for all our sake, it's not our children. We're happy to take your questions.

MR COPPEL: Thank you. You mentioned a number of points related to issues concerning calculation of a deemed cost. It seems like one in particular – and it came up again this morning – is that Sydney is characterised by very high property prices and land prices and that actually does make a material difference. Do you have any idea then how such an issue could be addressed in a deemed cost framework?

MS O'NEIL: I don't have the magical answer. I know that even - - -

DR CRAIK: Why not?

MS O'NEIL: I know that even by postcode in Sydney it can differ greatly. One of our members has a service that's in the same postcode as – where is she? Sydney southeast. And across postcodes the average price is – sorry, the average income of those families varies greatly. So within the same postcode there are families who are really doing it tough and then within the same postcode down on the water with multimillion dollar mansions and swimming pools. So it can't even go by postcode. I don't know what the answer is, but I know that there is a significantly higher cost of care in Sydney to say regional New South Wales. Even the cost of establishing services in Sydney's northwest, where I am, versus coming closer and closer into town in the inner west, if you can find sites that are big enough, the cost of them is just prohibitive in the end, unless you're lucky enough to have a local council like Sydney City Council who are actively identifying sites and opening them up for services.

MR COPPEL: What we want to avoid is a situation where if you sort of cross the road you can be in a different area and it would be a different rate and that would be seen as making it more complicated but also not necessarily seen as fair.

MS O'NEIL: And I also recognise that there are some services that are providing a premium service where costs escalate above \$200 a day and it doesn't seem fair for all Australian families to be subsidising that kind of – we've got French lessons and things like that as well – that it has to be on a base level of high quality – high quality but something that's reasonable. I don't know the answer to that.

MS CASEY: I think lines on maps are fraught with danger. Wendy and I have had interesting discussions over the years around drought assistance funding where you might look at remoteness scores or you might look at those sorts of situations. At the end of the day, someone is inside the map and someone is outside the map, and it's going to be fraught with danger. But do I think that's going to be problematic? Yes, I do. But do I think a blanket one-size-fits-all across the nation is a better solution? No, I don't.

MR COPPEL: Thank you.

DR CRAIK: If you get any more bright ideas - - -

MS CASEY: You'll be the first to know.

DR CRAIK: - - - we'd be really pleased to hear them, yes.

MR COPPEL: It's especially an issue in a city. Because the same thing comes up in some of the mining towns like Port Hedland. But they're so isolated that - - -

MS O'NEIL: What did they call it? The factor of the 23rd parallel?

MS CASEY: In WA?

MS O'NEIL: Yes, in WA where it's on – like a 23rd parallel, it's out of control because of the cost of living there.

MS CASEY: But one of the things that I think you're touching on when you're looking at some of these remote issues as well around viability and sustainability assistance, my concern is that looking at a three year in seven rule again reminds me of that exceptional circumstances drought assistance, which might be suitable when you're dealing with issues of natural disaster, but I don't think it recognises some of the unique challenges that are facing rural, remote and regional communities. I think it's really important in this debate to recognise that regional services aren't just west of the range, these are small coastal villages along the coastline who have fluctuating populations, be they tree changes, sea changes and everything in between. And they're not going to be characterised by a natural disaster event where communities are coming in and coming out. This could be cyclical over a long-term period of time. So I'm deeply concerned about what that three year in seven rule, for want of a better word, could have on those services and their ongoing viability.

DR CRAIK: I guess you've raised in your notes here a small service based in a regional coastal village.

MS CASEY: And I actually understand he's going to be presenting at your Canberra public hearing. He's got a really good example of what that means firsthand.

DR CRAIK: The issue is – I guess the question is then, should the government keep subsidising something where the child attendance is going to almost a terminal point?

MS CASEY: When there's no other service within the community. I think that's been the unique situation in that community is that he provides the only early childhood education and care service. So not only is he providing a service that provides assistance to families in

terms of work and study and unique challenges but also it's that school preparedness. If those children don't have access to that school preparedness the costs to the community down track are going to be quite substantial.

MS O'NEIL: It's similar in the Northern Territory as well. I know that our counterparts in the Northern Territory are basically saying without funding they essentially can't be in regional towns and then there just isn't a service at all.

DR CRAIK: So the effect is the activity test that would drop his occupancy levels from 91 per cent to 50 per cent, so 40 per cent or something like that of his people wouldn't meet the activity test.

MS CASEY: Correct.

DR CRAIK: And he runs a preschool program in that area.

MS CASEY: He does, and the only preschool program in the community. So for him – he calls them 24-hour families. But they are his bread and butter. These are families who are doing it tough and he's providing a service that no-one else can provide them, and he's deeply concerned about what that would mean. He certainly is very concerned that regional might be perceived as farming communities west of the range. He's really very passionate about communicating the fact that coastal villages are just as uniquely regional as those that we might typically see under that banner.

MR COPPEL: Do you have any sense of – there are two things that are operating there. One is the activity test and the other is the fluctuating populations. Do you have any sense of degree of these fluctuating populations? Is it seasonal in the sense of they may be harvest related?

MS O'NEIL: Generally it tends to be industrial. So a town has opened up, for example, in the Hunter region with mining and then the mines slowly shut down and the families are still there. That's where that kind of tends to wax and wane. And by the same token, when they just open up with all the families rushing in and doing all of that, that can hurt. It's happening up and down the east coast as the Pacific Highway development is kind of moving its giant machine up and down where families are coming and going for 12 months or 18 months and then flicking further down the coast or going further up. So it's not necessarily seasonal like fruit-picking, it's more as industry comes to town.

MS CASEY: I know our counterparts in WA are looking to provide solid evidence for our national body submission, particularly around fly in/fly out communities, some of the mining areas and so on. We'll try to do the same with the Hunter and other hotspots in the state.

DR CRAIK: That'd be good. That'd be helpful. That'd be really helpful. One of the issues you raised was flexibility and suggested that local government restrictions were a real problem and even the industrial landscape. I guess it's the awards. What are the problems with local government and what are the problems in relation to the awards?

MS O'NEIL: Local governments are essentially things like operating hours where you get a DA that will say you can work from this till this, and going back and changing the DA is quite often very difficult and expensive and the government, even then, will say no. "It's a

residential area. No, you can't open beyond these hours." Their concern is the noise of traffic coming and going. And I know that some local councils are prepared to say, "Okay, you can have a reduced number of families beyond those hours," and things like that and they can work with it. But a lot of local councils are just saying, "No, these are restrictions. That's it. Sorry. Thank you very much and bye," which really hurts. And the same thing for Saturdays and Sundays and things like that. The industrial landscape is essentially the wages cost that goes up where it becomes financially unviable on Saturday with penalty loadings and things like that or into the evening with the extensive penalty loadings. So they're there for very good reason. But once you then factor that back in to caring for children with the cost of that, it's – I've done all the sums several times over and it – when we come back to families and say, "Yeah, absolutely, and this is what it's going to cost," they all go, "Whoa, no, that's not going to work for us either." It makes it very difficult.

MS CASEY: I think the issue of supply and demand has been handled quite poorly as well. If we look at parts of Sydney – and we cited examples in our submission – where you can have five or six early childhood education and care services within a three or four kilometre stretch of road – and none of them are full, for obvious reasons – and in the next suburb they can't get care. So there's got to be a more sophisticated way when we have so many agencies involved from a licensing perspective, a local government perspective to get the planning better, because at the moment when you're applying to the regulatory authorities to run an early childhood education and care service they're looking at whether or not you've got the right physical space, you're going to tick the boxes in terms of safety and your programs and everything that you're running from an early childhood education and care perspective. They're not looking at whether or not it's going to tick that box in terms of demographics in the local community. So there's got to be a better way to interact those pieces of data and look at it not only locally but also nationally.

MS O'NEIL: I know, for example, just where I live in Epping they've just done an urban redevelopment thing and they're going to get tens of thousands more people within a two kilometre radius. They haven't factored in any early childhood education and care services into that at all. It's just they went, "Oh well, the developers will figure it out later."

MS CASEY: OOSH is a whole other complexity on top of that. As Nesha mentioned, I'm on the parent committee for our OOSH at school and our council just called a crisis meeting two weeks ago because they've had an enormous amount of high-density residential developments approved in our local council. It just hadn't occurred to them the fact that children would come along with them. So we have OOSHs with two and three hundred families on the waiting list for next year. That's not even factoring in the kindergarten intake for next year. I don't know how we're going to do it. We don't have the space to do it. I know at our OOSH next year we're going to have a waiting list every day of the week for the first time ever. And that's only worsening. I don't know what the solution is other than to look more carefully at strategic planning.

DR CRAIK: What's the problem with principals trying to organise it in schools under our recommendation?

MS O'NEIL: Space. It's pure space. The schools don't have the facilities available. Could do it as much as they can but essentially it comes down to principals saying, "Okay, well, these classrooms are going to be used after hours and we'll have to put all of that away and then start it up again."

MS CASEY: We're actually very fortunate. Our school has a very positive and embracing school principal that is more than happy for OOSH to have the run of the school after hours; the canteen lady not so much. So whilst we can have the run of the school and the children have got a wonderful opportunity for outdoor learning opportunities, provision of the food that is necessary to fuel the bodies of these young growing children is the challenge. So we actually don't have the space within our OOSH facility for the sort of kitchen requirements that we have. We need the school canteen to access that. So there's a few more things that might sound really trivial but they're actually crucial. As a mother of two young boys, I know how much they eat and that's not going to diminish.

MR COPPEL: They eat more when they get older.

MS CASEY: Don't tell me that.

MR COPPEL: You mentioned that in relation to local government planning restrictions that there are limitations on opening hours on a weekend. I don't think we've come across any long day care centre that is open on a weekend. But I don't think it's linked to – or maybe it is – to the planning restrictions. It seems more like that there's no demand for a centre on a weekend.

MS O'NEIL: Look, there was demand in a service operating in Epping because those families were starting to do – with two working parents they were starting to do kind of one parent would do three days and another parent would do three days that went into Saturdays. They were asking for that. When I came back – and I actually got – well, I didn't – I spoke with local council, agreed that we could do a couple of trials and they wouldn't consider that breaking the restrictions. But when I came back and did the sums and said, "Okay, this is what it's going to cost for the staff penalty rates," that didn't work out for them.

DR CRAIK: Did it end up doubling the cost or what?

MS O'NEIL: Pretty much. Because the staff rates increase by – it's not just one and a half, there's the other penalties as well around that and then of course you can't just have one staff member, you've got to have two and then you've got to keep going. It was not quite double but more than one and a half.

MS CASEY: We could provide some - - -

MS O'NEIL: We could do some sums for you.

DR CRAIK: That would be useful, yes.

MS CASEY: That's easy enough.

DR CRAIK: One of the issues you raised is the fact that New South Wales standards for qualifications are higher than the national standards. It's something we've discussed a few times in the inquiry. Our recommendation is that they all be the same. I guess the question is, what's your view about the fact that the rest of Australia subsidises higher standards in New South Wales than elsewhere? And, I guess, the question would be, why should they,

given there's a generally agreed standard, I suppose, is the question. I know you have no control over it.

MS O'NEIL: No, we don't have any control over it. I think if we decide what the national standard is, then the national standard is what we should be working towards. My only concern with that again is that we didn't all start from the same spot and in New South Wales it obviously cost more – or in Sydney – to deliver. So the figures that we can give you that we've got groovy little spreadsheets for show an increase in that change of two to three years olds from 1:8 to 1:5, an increase of 20 to 60 per cent, depending on how the service would manage it if they have the ability to increase the number of children. And obviously local council will say, "No, you can't just throw more kids in there," or, "Move your walls," or things like that. We can give you those stats. That's an alarming figure that in 14 months those people are going to be paying half as much again.

MS CASEY: But I think your question was also about the ECT requirements, the fact that we actually have twice as many, and in certain circumstances four times as many, as the other states, the question for us is going to be, is this going to be a lowest common denominator situation where everyone goes back to what the other states are doing, in which case New South Wales would have to, at an individual service level, decide whether they're going to maintain their current ECT provisions or drop back and then look at those costs accordingly. And again this is where we think the deemed cost has an added layer of complexity, because those services are going to need to consider that as part of the discussion.

DR CRAIK: I guess the question is if there's an agreed national standard – and I know your words of "the lowest common denominator" have been used before.

MS CASEY: I'm sure.

DR CRAIK: But if it's an agreed national standard that this is adequate, it's an agreed national standard and probably to describe it as the lowest common denominator is somewhat
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MS CASEY: I'm not trying to cast aspersions with that language. But I guess I'm trying to find where that bar will now sit. We certainly were very strong in our submission in saying if you're going to have a truly National Quality Framework, well, for goodness sake, let it be national.

DR CRAIK: We recommended that but, at the end of the day, it's – at the moment it's all under state legislation.

MS CASEY: Correct.

DR CRAIK: And they all have to agree.

MS CASEY: They do.

MR COPPEL: I'll just ask a question on – you mentioned there are many centres with long waiting lists and you also mentioned there are many centres which have got many other centres around them and easy access in terms of admission. But is there a difference, depending on the age of the kid?

MS O'NEIL: Yes.

MR COPPEL: Any particular sort of under-three-year-olds or under-two-year-olds vis-à-vis the older kids?

MS O'NEIL: There are two things that, in my experience, affect waiting lists. One is that services limit the number of under-two-year-olds because they're not – I basically lose money on every baby that walks through the door. But we keep the service alive down the track. So there's a shortage of spaces for babies which creates waiting lists there. Then, when you get up to the three to fives, the period just before school, that's when families who may have stayed at home with their children are saying okay, well, now they need to get preschool education or socialisation or, "Now, I'm ready to go back to work." So whatever factor it is, whether it be child education focused or family productivity focused, that's kind of when they hit again.

MR COPPEL: What is it then that's stopping centres providing more places for the under-two-year-olds and relatively less for three, four and five year olds? Because one of the things in listening to the comments of parents is the difficulty is really the younger kids in the centre and often putting them on the waiting list before they're even born. But then later on it's relatively straightforward. So we're trying to figure out what is it that's actually stopping the ability of supply for that particular age group?

MS O'NEIL: It's the cost.

DR CRAIK: Why don't you charge more?

MS O'NEIL: Because of the ratio, because there's more staff required and – because there's more staff required for good reason. The cost of factoring that into each child is a problem. There are services opening up – I know there's one down the road here in Bondi Junction that are just focusing on nought to twos. And they're doing it for a reasonable price. They're about \$140 a day. And it's in Bondi Junction, so it was expensive for them. And they're already full very quickly. So there is the opportunity for that to happen, but it's the cost that has to be passed on to families that is the problem. Ultimately they have to do their sums and say, "If I'm going to go back to work, is that actually going to be financially viable for me at \$140 a day?" There are some very serious sums you have to do around that.

DR CRAIK: Our estimate was the cost of zero to twos was more than double the three to fives. For our deemed cost we're suggesting considering differential deemed cost for different ages; so nought to three and three to five.

MS O'NEIL: Yes. And that's something that's been suggested for many, many years through CCB changing for nought to twos just because of the necessary increase in cost associated with the increase in staff numbers.

MR COPPEL: Thank you.

MS O'NEIL: Thank you.

DR CRAIK: Thanks very much.

MS O'NEIL: We'll get that information to you.

MR COPPEL: I now call on Trish Brown. If you'd like to state your full name, affiliation and provide a short statement; thank you.

MS BROWN: Good afternoon, my name is Trish Brown. I'm the director of UnitingCare Children's Services. I'm here today representing UnitingCare Children's Services in New South Wales. We provide 57 approved services for children in long day care, preschool, outside school hours care, occasional care and integrated child and family centres, and UnitingCare Children's Services is part of the UnitingCare national network, which is one of the largest providers of community services in Australia, including over 150 children's services.

The Productivity Commission has focused on two aspects of early childhood education and care; the education and development of children, and support for parents in paid work. It's really vital that policy settings never lose sight of the first of these objectives, with the emphasis on the quality of the education and care provided. There's been a lot said about providing flexible and affordable childcare placements so families can go into paid work. Any cost-cutting measures to promote affordability need to be carefully weighed up against the benefits of quality learning outcomes for children in their formative, and therefore vulnerable, years.

There is the potential for some unintended consequences alongside some great outcomes from the recommendations in the report. The proposed work study and activity test means that some children in disadvantaged families may miss out on quality early childhood education care when they actually benefit the most. We welcome provisions for specific groups of vulnerable children but we are concerned by the many children who would fall outside these targeted groups who are also vulnerable. If parents find themselves out of work, children should not miss out or drop in and out of quality education and care. It needs to be consistent.

Quality is well-documented through research as being defined by both structural factors such as qualifications, ratios and group size, and process factors such as warm reciprocal relationships and sustained interactions with adults. Leadership and management also influence quality. It's these pillars of what's best for children that the National Quality Framework has identified as assessed. The National Quality Framework has been one of the most significant policy decisions for children. So UnitingCare would like to see it fully retained and the National Quality Standard retained within it.

Around 40 per cent of education and care services nationally have now been assessed and rated. So the hard yards of implementation have been made and all services should be assessed. A full review would only be appropriate at that time. Having preschools included in the new assessment and rating process under the National Quality Standard has raised the bar for preschools which have previously not had an accreditation system. So suggest that preschools would be outside of the National Quality Framework is actually bewildering when they've just made this transition so beautifully.

Of particular contention is the notion that children aged birth to three years of age don't require the expertise of a degree-qualified teacher. Hard wiring of the brain occurs at critical

periods during the first few years of life. Providing intervention at this period of the child's learning and development will result in huge savings to intervention when the child reaches school. Making the most of this window for learning requires highly qualified and skilled educators individualising learning for each child in their care and providing a strong attachment that promotes security and engagement.

A qualified early childhood teacher needs to be accessible and responsible for developing and leading the program for young children's healthy growth and social, emotional and cognitive development. Picture a service with children attending who are suffering trauma, children with a disability such as autism, children with a severe language disorder, children with severe health issues such as asthma, children with mild developmental delay or children exhibiting challenging behaviour. It's actually not an exaggeration that all of these children could be in one service. It's unrealistic to expect an educator with a Certificate III to manage these complex issues. Qualified staff are required to manage the complexities of a child's early learning and care needs and to be able to pick up early signs of a disability or learning delay. These are high-level educational decisions. This is an expert role and the recommendations regarding reducing qualifications required for nought to threes are undermining the professionalism of teachers and the quality we can offer our children. The single subsidy is a sensible recommendation on the proviso that the deemed cost is based on the cost of high-quality service provision. I note this is not the first time you've heard this expressed.

Finally, we are delighted by the focus on integrated child and family centres. They have a collective impact approach. They are particularly effective for vulnerable or disadvantaged communities such as the Aboriginal child and family centres recently established in places such as Gunnedah, Mount Druitt where UnitingCare Children's Services has established the early learning service. The integrated child and family centre model is particularly relevant for rural and disadvantaged areas. So I thank the Productivity Commission for the fine work that you've done and appreciate the opportunity for further comment and consultation through these hearings.

MR COPPEL: Thank you.

DR CRAIK: Could I ask you about the integrated services one? One of the things we've recommended is funding for the sort of integration function. Do you think that's helpful/useful?

MS BROWN: I think it is.

DR CRAIK: Not as helpful as it might be or what?

MS BROWN: I think it is. Again it's hard to nut out exactly what that might mean. The centres to set up, as we know from experience, does cost a lot of money. The benefits are quite widespread but it's still a particular cohort of people even though there's the wider community benefits and the extra services available. So I guess it's how many children can you reach and what other provisions are there for other children who might not attend that but who are still in a disadvantaged or vulnerable sort of category that don't meet the stringent activity test.

DR CRAIK: Leaving that aside for a moment, I know we visited your integrated service at Gunnedah. As I recollect, you, and I think some of the others, were saying you were hoping to move that to kind of the mainstream subsidy arrangements when the grant or block funding or whatever it was expired or stopped.

MS BROWN: Losing the funding obviously impacted on the fees essentially, I suppose. Yes, it has moved to – the fees have had to go up. We've actually handed the service back to the local community now. So we've achieved that goal. I can't even tell you exactly what the fee is right now, but going to visit them soon. So what that meant is that they still required a level of funding in order to – even though they raise the fees but still keep it at a rate that would be affordable and not have those families have to leave. So they're in that kind of interim process now where they've got say about half the funding they had before for another year or so. So it's a bit of a phased-out process. So perhaps that phasing idea is one that – where the sort of thing that you were talking about could be of assistance.

DR CRAIK: Thanks.

MR COPPEL: I was wondering if you've got any comments on how we're proposing the single benefit is structured in terms of the rate of support, the rate at which the support is reduced, depending on family income, whether you have any views on whether it should plateau at 30 per cent or continue down to a lower rate? Have you got any views on how we're proposing the design of that payment?

MS BROWN: Probably fairly broad views. I think that the cost of running a service no matter where it's located you've got a sort of certain chunk of costs that are going to be pretty high like your staff costs and certain operational costs for providing for the children. I think that's one important piece to look at. Then there's a lot of sort of costs that vary like rent and management fees if you're part of a sort of larger organisation, all sorts of other costs and variables, depending whether you're stand-alone or part of a larger network. Then there's I guess – even in that category you'd want to see that the service was not just break even but had some sort of surplus funds. That's, I guess, your sort of baseline that you'd want to make sure the service could cover all of those things. Being in a different geographical area that I heard you talking about before doesn't necessarily impact on that first chunk of cost because you're still going to – you've got a certain level of qualifications of staff. There's going to be a similar cost around that. Even the rent can vary because of historically some community services have had peppercorn rents or other people have had very high rents. So it's not an easy distinction to draw that a service might cost more just because it's in an area where there might be higher rents.

MR COPPEL: I was thinking more in terms of the payment to the family in a context where you've got a limited budget for – we're tried to allocate to families in greater need, greater financial need, but we haven't reduced that entirely as household incomes go up.

MS BROWN: I'm not well-qualified enough to comment on exactly what I think that rate should be. It's more a broad comment that I think low income families do need a high level of support and we have to ensure under this kind of modelling that there's not a great chunk of them who miss out.

DR CRAIK: Do you think it should get to a point where high income families get nothing? I mean, you might not want to answer that.

MS BROWN: I don't know whether they should get nothing. But it's not as important an issue as the other end.

DR CRAIK: Looking at the other end in our activity test, quite a few people obviously have raised with us this issue of those people who would miss out and whether the children are particularly vulnerable and might benefit most actually from being in there. And we've been asking, are there any sort of criteria that could be used to define that. Prue, this afternoon, suggested the recipient of a healthcare card so that all the assessments have already been done. Would that make sense?

MS BROWN: Healthcare card is a fairly – I think that's a reasonable – that's more or less the baseline now I think that's used. Because low income is a fairly good – is how you'd want to define it in many cases because the work test doesn't quite capture that, then I think the healthcare card would be reasonable.

MR COPPEL: We've heard a lot about National Quality Framework. We've heard a little bit about the assessment grading. So this is where you have – or the working towards the needs and so forth. Do you have any views on the recommendation that we change that in a way where the excellent grading would no longer be there but also look at the way in which the labels attached to a quality assessment maybe have more meaning to the families so that you avoid a situation where you may get 57 out of 58 and be considered as working towards? Do you see that as an issue?

MS BROWN: Yes, I do. I think there is quite a lot of confusion about having an overall rating for parents and I think the most important bit is where the different quality areas are rated. From my perspective, I think the excellent rating is also confusing. So my view would be I would not mind if that was dropped. I think it's already adequately covered within the other levels of other standards. I think if we didn't have the overall rating that would be fine too, as long as we maintained all of the elements and quality areas but just rated them within those seven areas.

DR CRAIK: You don't think parents look for an overall rating? I mean, in other areas of endeavour where things are rated it's usually a kind of overall thing people look for. I suppose one concern, I guess, I would have is if you didn't have an overall rating someone externally would dream one up and you'd get this kind of externally imposed style.

MS BROWN: Potentially. It's not a die in the ditch thing for me. All I'm saying is that that is not the critical thing. I think keeping the integrity of all the standards and elements is much more important to me. And maybe review the way that overall rating was actually ascertained perhaps, but not to fiddle with the actual standards themselves.

DR CRAIK: Do you think working towards – quite a few providers have been concerned about the expressing “working towards” when you might get a 57 out of 58. It seems like – it almost suggests you could do better, like exams, you know, you could do better when you take it home to your mum.

MS BROWN: I fully support the terminology. I think that probably if you broke that down it'd be pretty rare that somebody got that from the sort of narrow points that you're talking. In our experience, we've had about 45 per cent of our services go through the system. We've

actually done a mock assessment on all of them ourselves. We've attended on the day. We feel - our ratings are very high, by the way. That's 85 per cent of them are meeting or exceeding (indistinct) those are exceeding. But I guess I'm saying that what we've judged our services where we think they'll be pitched is pretty much on the money with where they are. So therefore, I think that just supports the system and the ratings. If a service does need to raise the bar, well, then - - -

DR CRAIK: It wasn't so much where they – it's the terminology, I suppose. You raised the issue of preschools. You said you'd like to discuss how 15 hours doesn't meet the needs of preschools and how this can be managed.

MS BROWN: I've thought about that since I put the notes in and don't really want to go too far down that track in terms of it being a very New South Wales sort of centric thing and other states have met that in different ways. So probably not a point that I want to labour on just other than to say that the preschool day is a six-hour day. So a 15-hour model is very difficult to implement and doesn't seem to be – the number itself is not so critical to the outcomes as to why we have to stick with that particular number that perhaps we could look at it differently. I had been thinking of sort of perhaps even a range of 12 to 15, but, as I said, I think that's – I'm talking really from a New South Wales-centric voice.

DR CRAIK: Someone did suggest 12 to 15 to us.

MS BROWN: It would make it a lot easier - - -

DR CRAIK: I think it was from New South Wales.

MR COPPEL: Would there be any sort of barrier to implementing – using the 15 hours a week two days one week and three days the following week?

MS BROWN: I just think that's really a hard ask on families, for the sake of the 15.

MR COPPEL: Even if it's a preschool within a long day care centre?

MS BROWN: Again, I just think it just complicates things.

DR CRAIK: I think they do it in Canberra.

MS BROWN: Yes, that's why I sort of thinking perhaps I shouldn't just comment from a New South Wales perspective, because other states have gone a long way down that track. But, nevertheless, it certainly is difficult to implement, I'm sure they would agree.

MR COPPEL: From the perspective of the provider.

MS BROWN: Yes, and the parents, I think, although the option is start making the preschool day longer and there are other options that you can look at of course. There are industrial implications around that as well.

DR CRAIK: Do you have any comments on our top-up subsidy and our inclusion support program proposals and things? And this is for children with additional needs. Do you have any comments on that?

MS BROWN: I think they're all commendable. I think it's a great direction. Again it's just how are the children captured that need to be captured in those. Often a sort of diagnosis of a disability is a pretty high bar. I know in our services we'd have a certain number that have that diagnosis but there'd be twice as many more who had probably quite significant delays or disabilities that are not actually sort of diagnosed, even speech and language and so forth. So I guess there's still a lot of children out there that services assist and they pretty much absorb the additional cost of staff or whatever. I know we do that quite a lot in order to support those families. So is it enough to help encourage services would be one question I would ask is, how is it going to actually ensure that services will have been centralised to do that. Because I think it often comes down to the community not-for-profits who engage a lot with assisting children with additional needs.

DR CRAIK: Is the nature of the programs workable, like the per child top-up subsidy and applying for grants? Is that a kind of sensible approach?

MS BROWN: So that it goes with the child you mean?

DR CRAIK: Yes, the top-up subsidy goes with the child and then on top of that there's the inclusion support.

MS BROWN: It'd be interesting to see how that might fit with NDIS.

DR CRAIK: We don't want it to take over the cost of NDIS.

MS BROWN: No. One of the difficulties with those sorts of applications it's always hard to get the money you need for a particular child at the particular time they're there, because an application process is lengthy and often you might have lost the person that you – so they're just some considerations. But certainly to provide funding and to actually direct funding towards support for those children is a really good thing.

MR COPPEL: That additional top-up would be in our draft report also based on a deemed cost. Do you see additional issues - - -

MS BROWN: I guess that's what I was just sort of referring to, yes.

MR COPPEL: - - - in relation to a deemed cost for that top-up funding? Because it seems to be quite a distinct form of cost that is separate from the early childhood learning subsidy.

MS BROWN: Again I guess it's how is that assessed? Is it on the basis of employing more people or is it in training up your staff or is it getting someone in part-time to assist? It's a whole range of things. Some children with high needs may need an additional person to come in to assist with certain functions for that child or the program may need to be modified or the building may need to be modified. So there's a whole range of things that would need to be taken into consideration. But I guess a deemed cost is still – go towards bringing them – we're catering for those children.

DR CRAIK: Someone raised with us yesterday that one of the problems with the deemed cost per child approach like that is that while it brings extra money and it's kind of focused on the child rather than all the – because they really want a kind of inclusive approach,

whereas if it's per-child funding it kind of singles out the child in a sense rather than have the whole service kind of helping with responding to the issue.

MS BROWN: That is true, because it really is a capacity-building exercise in ensuring all staff understand and are on board with an inclusive approach; that's true. But perhaps that can be taken into consideration in working out the deemed cost.

DR CRAIK: Thanks very much, Trish. Thanks a lot.

MR COPPEL: We're running a little faster than scheduled. Normally we would break here for a tea break. But if Dragan Gasic is in the room, we can go straight to you next, if that's fine with you. Thank you. If you could state your full name and who you represent and then if you'd care to make a short statement.

MR GASIC: My name is Dragan Gasic and I'm appearing for myself as a father of three young boys under preschool age and making some comments in relation to some topics I've been reading about the changes that is proposed to be made to the childcare rebate. If you don't mind me reading it from the statement.

DR CRAIK: No, go for it.

MR GASIC: In the 26 July 2014 edition of The Australian, Natasha Bitu writes in her article "Childcare fees v mum's working future: Why it's no laughing matter" that:

Subsidising wealthy families for childcare is contentious. The Commission says in its draft it is actively exploring the plan to cut off subsidies to families earning more than \$300,000 for inclusion in its final report due in October. Income and wealth have incorrectly become synonymous in Australian culture. While the two concepts often go hand in hand, using terms interchangeably, on the topic of childcare affordability is misleading. Australia's most wealthy individuals don't necessarily draw the highest levels of income. Many politicians and media people confuse taxable income with disposable and in-kind income. While professional athletes, top executives, doctors and lawyers have reputations for high salaries, their obligations can make accumulating wealth very difficult. Many wealthy individuals, on the other hand, have never earned an exceptionally large pay cheque.

I tend to think of income as the amount of money someone receives on a regular basis, while wealth is the length of time that person or a family could maintain their current lifestyle without receiving compensation for performing any additional work. We live in a time where house prices equate to 4.3 times the annual income. Australia has the third-highest house price to income ratio in the world. It's incorrect to assume that families that collectively earn over a particularly prescribed amount before tax are wealthy. If such a family has three or more children all under preschool age, it is more common than not that such a family will live pay cheque to pay cheque.

Living expenses, the large mortgage repayments, payments on the family car, children's day care, maintaining credit card payments, health insurance, life insurance, income protection all add up. Should you live in the least affordable area for childcare in the north Sydney or the Mosman catchment, then the childcare costs, even after rebate, would be in the

order of \$1100 per week for three children. Without the childcare rebate the weekly commitment to care for three children would be in excess of \$2000 per week. That's over \$8000 per month. \$8000 per month would service a \$2 million mortgage comfortably at today's interest rates.

Such an amount is more than a professional mother's yearly salary, even at the full-time net rate. In some years such a family may end up spending even more than they make. If the childcare rebate were to be cut off the mother would have little option other than to resign her position to become a full-time mother. Other parents have indicated to me that although they take no issue with the proposed sliding scale, in theory, given the four-day working week, some would be lucky to see their 30 per cent back anyway. But there should be further subsidy available for subsequent children in day care. The result of not having this is the following: (1) single parents almost universally would be out of pocket in undertaking more than say 20 hours per week work when the childcare rebate maxes out, forcing them into part-time work arrangements at best. (2) For families with two or more children in day care that the woman, both based on traditional roles and also the fact that more likely than not they earn less than men is financially forced to work part-time arrangements as when the current childcare rebate caps out at \$7,500, which covers very little in Sydney with costs generally being at least \$120-plus per day, it is literally unaffordable to remain working full-time hours.

The upshot of the current situation and even more so if further cuts to the childcare rebate were made is that it overwhelmingly marginalises women in the workforce and rather than part-time work arrangements being a choice is required out of financial necessity. This then has the flow-on effects to workforce participation, career prospects, pay parity, etcetera. Cutting off subsidies to families who earn high incomes is unwise and counterintuitive for several reasons. It reduces the incentives for highly-productive people, particularly working professional mothers who spend years in higher education and learning to obtain required skills to enter a profession and then work hard in producing goods and services for the benefit of the community.

It encourages the misallocation of productive resources by encouraging people to find ways to minimise the tax burden rather than to use their labour and savings for the highest and best use. It reduces the mobility of families up and down the income scale and freezes the advantages of those who have substantially inherited and unexplained wealth. Income distribution is often defined by household income as contrasted with individual income. Most low income households consist of single, often young, individuals while most families with more than one income earner are higher income households. There are many households that have net assets of \$1 million or more than there are households that earn more than \$300,000. And many of the high-income households do not have a million dollars in assets.

Now, in terms of points of discussion and how one looks at means testing the childcare rebates, there needs to be a greater emphasis on making adjustments to the income means test to include assets. Income ratio will identify those families with less debt relative to their income and who are better off financially to absorb the loss of the childcare rebate since they will have the extra money to apply towards childcare. There should also be consideration, if it has not already been considered, in providing tax or other economic incentives for organisations to develop and fund their own in-house day care centres or in close proximity to the organisation building where the cost of servicing the day care is factored into the

(inaudible) system with a rotational secondment by the participating mothers who are employed by the organisation to cut costs.

Corporate in-house childcare can extend a corporation's quality standards to the youngest members of the corporate family by empowering working mothers to maximise their productivity while being close to their child. Childcare benefits the employers who sponsor it by improving employee morale, reducing turnover and absenteeism and increasing productivity.

MR COPPEL: Thank you. You're suggesting that – you're not denying that, because there's a limited sum of resources, some form of allocation needs to be - - -

MR GASIC: Some form of allocation needs to be made.

MR COPPEL: And you're suggesting that there be some form of combined sort of income and wealth test or asset test?

MR GASIC: Merely looking at income is misconceived because it doesn't sort of give you the proper picture; it just doesn't. If a young family, professional families who are over a particular limit, one of the parties would have to stop working, in effect.

MR COPPEL: So you're suggesting something which is a combination of an income and an asset test.

MR GASIC: Yes.

MR COPPEL: How practical do you think that would be in terms of being able to introduce something of that sort?

MR GASIC: An idea – and I'm just throwing out ideas at the moment – it could be a number of stages where the process would be involved. For example, step 1 could involve the identification of medium (inaudible) where you're looking at the average family income for what that would be over a period of 12 months and compare it to the average income for a household of the same size in that particular region. The next section would be to look at the disposal income. Certainly allow for living expenses which the government can determine or another body can determine, and that can be deducted from the average income to determine what is referred to as a monthly disposable income, and then have a look at that over a period of say five years. That would represent the income that you'll have available to repay your debts. Then the third stage would be perhaps looking at debt to income comparison.

DR CRAIK: One of the criteria we were using was trying to keep it really – trying to keep the subsidy system simple because the previous one with CCB and CCR and all the forms and trying to understand what you'd be entitled to in terms of the funding from the government was complicated. So I guess one of the things we've tried to do is keep it simple. I guess I'd worry with what you're suggesting – and I can understand where you're coming from – but I'd worry what you're suggesting that we might end up with another very complicated system.

MR GASIC: Anyway, I'm just throwing ideas out there.

DR CRAIK: Worth a thought.

MR GASIC: This is good to be able to debate this.

DR CRAIK: It's good to get the suggestion.

MR GASIC: The parents that I'm speaking to all have similar concerns. To have two or more children under preschool age it's extremely difficult. People tend to think because you're a professional, both parties are professionals – it's ridiculous the amount of money that childcare takes from you.

MR COPPEL: We have access to the Department of Education's administrative data. Looking at the 300,000 household income threshold for a 30 per cent as a cut-off represented – those above 300,000 represented less than 2 per cent of the people receiving a form of government benefit. So it was a very small fraction of that population. You've also got to bear in mind these are families with young children. So they're relatively young. My question is, are you taking exception to the recommendation of capping the rate of subsidy at 30 per cent at 300,000 or is it the method – is it the test - - -

MR GASIC: It's the method, because to sort of assume that because you're at a certain level of income you're wealthy, it presupposes that you can afford it; it's simply not the case. It's simply not the case, particularly in the current climate where servicing a family mortgage and paying the living expenses – there's a presupposition that when you're at that level you're living the dream, you're living in luxury; it's just simply not the case. There's such a misconception about that. A lot of families are living pay cheque to pay cheque. I can understand the difficulties. It is difficult. Somehow I just felt compelled to be here and share my views and share the views of the people that have come and spoken to you. It's not that simple. There's an assumption that because you're on a high wage you're wealthy. It's really expensive to live in Sydney, really, really expensive. I'm just sort of throwing up ideas and perhaps generating some debate by being here. I don't propose to have any answers at all. All I can come to you and just say that it ain't easy.

DR CRAIK: That's good. Thank you.

MR GASIC: The other thing too is it'll just leave some families with no choice except for one of their partners not to work. And that has implications in the home. When your partner isn't happy, and particularly women who work so hard to have a career and not being able to have that, they're not going to be happy wives, they're not going to be happy mothers, they're not going to be happy individuals. And the children see this, they're exposed to that. How do you account for that? How do you put that into an equation that spits out a just result? I don't know the answer.

DR CRAIK: Thanks a lot, Dragan.

MR COPPEL: We'll take a 10-minute break and come back at 3 o'clock. There's tea and coffee served outside.

ADJOURNED

[2.48 pm]

MR COPPEL: Jennifer Sumsion, you don't mind going first? So if you could present your full name, affiliation and then if you'd care to make a short statement. Thank you.

PROFESSOR SUMSION: Thank you very much. I'm Jennifer Sumsion, professor of early childhood education at Charles Sturt University. Thank you very much for the opportunity to come to speak and congratulations on a very thorough report. It's going to be an excellent resource in so many ways. I'd like to speak to two draft recommendations, the first of which is the requirement for educators in centre-based services should be amended by government such that all educators working with children aged birth to 36 months are only required to hold at least a Certificate III or equivalent. I understand there's been a lot of discussion about this.

What I'd like to emphasise is that one of the recommendations of the OECD is a very influential Starting Strong report in 2006 was to base public funding estimates for early childhood education and care on achieving quality pedagogical goals. It's been a very influential report, about 20 member countries, and Australia did not fare well. We've done a lot better since then with a big investment in early childhood. So the draft recommendation that all educators working with children aged birth to 36 months are only required to hold at least a Cert III is not going to achieve high-quality pedagogical goals. The Cert III is heavily weighted towards covering physical health development, welfare and care of children. Only one unit covers aspects of children's learning. So the Cert III provides an introduction to the Early Years Learning Framework, the EYLF, but it's not a strong foundation for interpreting and working towards the complex learning outcomes specified in the EYLF for all children, including infants and toddlers.

The EYLF is held in very high regard internationally. I know this firsthand because in my capacity as co-leader of the national consortium that wrote the EYLF I have given invited keynote addresses about it in several countries. It really is considered a very major achievement and it stands up very well against a curriculum such as the New Zealand Parakai which you cite in your report. One of the reasons that the EYLF is so well regarded is that it reflects the rapidly growing body of Australian and international research. I'd have to say here including two of the Australian Research Council projects that I've led in this area that documents the sophistication of infants' and toddlers' learning and social and emotional interactions with peers and adults in group learning environments.

I guess here I'd just like to wave a book that a colleague and I have recently published in this area, a compilation of international studies that do really highlight the sophistication in infants' lives and how they negotiate their lives, live their lives, in early childhood settings. But there's a lot of other work that does exactly the same thing. It's certainly so much more than care. If educators are to provide high-quality care they really must be able to recognise, respond to and build on this learning and the sophisticated interactions. Although it's very true that warm and nurturing relationships are critical, they're not sufficient.

Reviews of recent research of high-quality provision for under-threes undertaken in New Zealand, UK, Australia and the US make this very clear. Continuity in relationships, for example, is critical, as shown in this research. As you've mentioned in your report, educators

with higher qualifications have lower levels of attrition and are therefore better able to provide that continuity. It's very true that the factors that contribute to high-quality early childhood education and care for under-threes are difficult to disentangle. But reviews again of research have highlighted that changing one requirement, for example, lowering the qualification requirements, which is what the draft recommendation is suggesting, can make a substantial difference. We do urgently need though more Australian research to build a much stronger contextually relevant evidence space because US research in particular does not transfer well to our context; very, very different contexts for under-threes.

I guess a major point I want to make is that Australia will not be able to achieve the full benefit of a very highly regarded framework. And I'm meaning here the Early Years Learning Framework and also the National Quality Framework if educators of children aged under three years have only minimal qualifications. So lowering the qualifications would really be a retrograde step, in my view. It would reinforce the care and education divide that the various OECD Starting Strong reports, the 2006 and the 2012 one, have rightly emphasised are dated and counterproductive divides. In my view, the current qualification requirements must stand and they must provide a basis for working to even higher levels. They're still significantly below New Zealand requirements. Of course that's a country with a significantly lower per-capital GDP than Australia's and yet it has an early childhood system that is lauded internationally, as you've said in your report.

I'd also like to speak briefly to draft recommendation 7.6, which recommends abolishing the excellent rating and having the exceeding national quality standard as the highest achievable rating. I'd like to make a few points here, just briefly. Excellence is recognised and celebrated in all other educational sectors, the school sector, the university sector. It equally needs to be recognised and celebrated in the early childhood sector. I think it's probably fair to say that financial rewards for early childhood professionals for the foreseeable future are probably going to be relatively meagre, so that other forms of professional recognition are really essential if we're going to sustain a highly motivated, high quality workforce.

Again I'd like to just refer very briefly to findings of two of my previous Australian Research Council-funded projects that have highlighted the importance of a regulatory and accreditation system that recognises the highest levels of quality and professional expertise, encourages ongoing professional learning and provides a policy mechanism for lifting the overall quality of the sector through leadership from within the sector rather than through externally imposed demands. So I think that in providing a high level aspirational goal that goes over and beyond the exceeding quality rating – and certainly the exceeding quality rating is an important and high level of quality – but the excellence rating goes further and serves that purpose very well.

Again just firsthand experience, I'm currently supervising a qualitative project which is a complement to a randomised control trial that involves a senior research fellow working as an embedded researcher in the first Victorian centre that has recently been awarded an excellent rating. So at that stage a few weeks ago it was the first Victorian centre. I'm not sure if it's still the only one. And that rating was awarded for exceptional quality in the provision for children who are at risk of abuse. For me, that award and seeing the effect of that in a service in which the stress levels are really extremely high because of the nature of the specialisation of that centre really brought home that the intent of the excellent rating as listed on the ACECQA website – and I'll just refer very briefly to that and paraphrase it – celebrates

excellence, engages families and the community in discussion about quality and what's really important about early childhood that provides an inspirational example of highly-accomplished practice, innovation and creativity, and promotes and reinforces the value of early childhood education and care and of the work of early childhood professionals.

I don't see how as a society we could argue against that. I think that all those things are incredibly important. Having seen firsthand how that works, I think it's something that it's essential that we keep. While I can see that a resourcing issue has slowed down ACECQA in completing all of its assessments, I don't think that it's an argument that's equity-related that suggests that we shouldn't be having the excellent rating. That's because it's criteria-based, it's not comparative. So it doesn't follow to say that we can't start awarding excellent ratings because not all services have been assessed. Services who choose to apply for an excellent rating do so against specified criteria. So they're not competing with other services. If as a nation we want to pursue a system-wide approach to high quality, I don't think we can afford not to have that excellence rating and I don't think we can afford not to have more than minimal qualifications for people working with our youngest children. Thank you.

MR COPPEL: Thank you. Can I ask you a question on the ratings. I think you're right, most people associate excellent with being sort of the top of the performance ladder. The issue seems to be having this two-tiered approach where you sort of go through a rating exercise and you can get to the top of that and then you sort of don't start completely again but in a sense you start again. I'm wondering whether you'd see a system in which you could have an excellent rating but it would be the one grading. So they look at a centre and excellent would be the terminology used for the highest performing centres.

PROFESSOR SUMSION: I don't actually agree with that. Looking back at the previous accreditation system, over time the ratings became concentrated really and it was no longer possible to really be able to differentiate between what was really high quality. There was a flattening. Feedback from the field through the research in which I've been engaged was it was still really important to have something that was aspirational that was over and above a very high level of quality that people could still really aspire to, not with the intent that if people didn't choose to go that extra step and apply for that, that there was any adverse reflection on what was already recognised as a high standard of quality. But it's important to have something to really aspire to for those people who want to go to that really extra level. I think that's so in any educational sector. Really, that's the basis on which the very highest quality of awards are reserved for across educational sectors. Excellent should really mean excellent and that's different from being a very good standard, in my view.

DR CRAIK: Do you think you should have to apply separately for it?

PROFESSOR SUMSION: Yes.

DR CRAIK: It just seems weird to me. You get exceeding and then you have to apply and pay to get excellence. To an outsider it seems kind of odd and not the normal process one goes through. You do an exam, you get merit – at university get a high distinction or a distinction or whatever. And why can't it all be done at the one time?

PROFESSOR SUMSION: One of the exciting things about the excellence rating is that it really recognises that there's a whole diversity of ways in which an early childhood service can be excellent and that really at that standard there's no one way in which excellence can

be achieved. It gives permission to specialise in particular strengths. It gives permission to do something that's different because it might particularly suit the context in which the service is located. It gives permission to really reach for world-leading standard by doing something different, by breaking new ground.

DR CRAIK: Can you give it without even having been assessed?

PROFESSOR SUMSION: No, you have to have met the exceeding level in all areas. So you have to reach a very high base to be in a position to apply. The intent would be that not every centre would wish to apply. Exceeding is still a very, very creditable level. It doesn't reflect badly on any service that has exceeding if it chooses not to go to excellent. Excellent really means world leading.

DR CRAIK: So that means you have to be assessed. So for the two-thirds who haven't been assessed they can't really go for the – I guess that was the issue about the – the concern
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PROFESSOR SUMSION: That's true, they can't. But then that's an issue of resourcing and time, I guess. If we really want to push for a world standard system – and we've made giant strides through the COAG reforms – then I don't think we can put an artificial ceiling on things because there are really pockets – and probably more than pockets – of world-class things happening here in Australia. We really have to encourage and recognise that because that acts as a motivator too and helps lift the whole sector.

MR COPPEL: We've heard repeated times today, yesterday in early hearings opposition to the idea of removing the requirement for diploma or degree qualified teachers in centres for children under three years of age. In our report we also called for the information on what would be the impacts of such a move. I was wondering if you could sort of elaborate on what you would see as being some of the impacts in such a situation.

PROFESSOR SUMSION: I think the thing that would suffer most is the quality of the intellectual stimulation of the children. I think that there would be less – I think the quality in terms and the effects on language, communication – a really sensitive response to really quite complex engagements that children have with each other, being able to read what's happening and then being able to respond in a way that's really going to extend those children. So in terms of children's development in a number of crucial areas, but particularly intellectual, social, emotional or communication, I think that there would be real worries there. A group context is different from a family day care context. It's much more complex in a centre context because the ratios might be the same but the number of children is greater and there's much more variation throughout the day. It's got the potential to be an inherently more stressful situation in a centre because of the various movements that happen throughout the day as the groups of children move in and out. But the very young children in that context really do need people working with them so they're able to help them negotiate that very complex sort of day. And that takes a deeper understanding of children's learning, of children's responses. I don't think that we would be arguing at this stage but that it's something that, I think, we need to look towards in the future, to have the associate diploma as the minimal qualification for all staff. That's basically what's happening in New Zealand. We need to - - -

DR CRAIK: Is that higher or lower than a diploma?

PROFESSOR SUMSION: I'm sorry, a diploma and then moving towards the degree. So New Zealand is moving increasingly towards a degree qualification. We're still behind. It's the depth of understanding that comes from the learning that's involved in the higher level qualifications. I guess the sort of learning becomes more and more sophisticated, obviously, as the qualifications increase.

MR COPPEL: Those impacts that you've described, are they ones that would persist through the life of the kid or is it something that - - -

PROFESSOR SUMSION: Well, certainly the brain research but also other research really does highlight how much happens in the first three years. So it's very much a platform for what happens next. So particularly for children who come from disadvantaged backgrounds, however they're defined, if they don't have the opportunity to work with more than minimally qualified educators in those three years it's actually going to further reinforce the disadvantage that they have. So we're setting up a very unequal or exacerbating what is an unequal sort of playing field in terms of how children start off anyway. I think it really does have ongoing implications because children who have a lower-quality experience in early childhood settings aged under three are going to be disadvantaged as they move into the three to five setting and we know that that then has implications for their transition to school, which then has implications for higher years of school.

DR CRAIK: But there is no long-term research yet that shows for non-disadvantaged children the implications of the nature of their early childcare, or not that we're aware of.

PROFESSOR SUMSION: No. Certainly most of the research has been with children from less advantaged areas. However, I guess I'd have to say we don't ask this question in the school sector. We're talking about a very important sector here. I think we should feel as a society we can make the same sort of assumptions around the early childhood sector in terms of needing to provide a pretty good quality baseline for children before school, just as we assume we have to do in the school sector.

DR CRAIK: Some of the work that we saw from, I think it was, Meluish when he was out here and was showing some analysis – and I can't remember the precise details – but it did show – he looked at some ages beyond sort of before-school ages and the relative contributions of factors like childcare, mothers, literacy, a raft of things. But what was really quite striking was as the children got older some of these early factors declined in importance. So I guess it's – they had the sort of differential endurance, I suppose, in terms of the ultimate cognitive and - - -

PROFESSOR SUMSION: And I would say that other factors also then start to become influential. So what happens at other stages in a child's life are then going to come into play. But for children to enter the first years of school really well-equipped for the challenges that come with early years at school and beyond is just incredibly important and we really owe that to all of our children.

DR CRAIK: What do we say to the crusty old politicians who say, "Didn't happen in my day"?

PROFESSOR SUMSION: This is about looking to the future. There's a lot of research that shows that a really robust investment in early childhood education and care is one of the best investments that a country can make. I mean, Heckman – I know he's been quoted a lot to you – he says that.

DR CRAIK: But his work was – he was mostly disadvantaged kids in terms of that investment.

PROFESSOR SUMSION: Yes, he was, but then there's lots of evidence, if I look to the school system, that, if you have good investment across the board, a good standard of investment, in public provision of education, that's going to assist educational achievements. Look at Finland, for example, which was so often cited in terms of PISA, rightfully; what's often not cited about how well Finland does is that it invests really well in its public infrastructure. There are very few private schools in Finland, teachers are well-regarded and well-qualified. I know that that's a different set of research but it's the same principle, and, increasingly, we're able to link now - and it will happen more and more and I think we will get good Australian data as we link the ACECQA databases with the NAPLAN databases - then we'll be able to show more and more - we'll be able to get more robust evidence, I think.

DR CRAIK: Okay. Thank you.

MR COPPEL: You made a comment at the beginning that the US is a different context, and a lot of the work that's being done in this area is US work. Is that undermining how we can interpret that work or is it just something to be mindful of? I'm wondering what sort of context differences you have in mind.

PROFESSOR SUMSION: Generally speaking, the quality, as measured by qualifications and ratios and just narrow sort of state-level - it's generally a much lower standard in the US - not uniformly lower but generally much lower; so it's really important, I think, to take account of the research in other countries as well. When you take a cumulative look at that research, as those reviews that I mentioned show, it's a pretty robust body of evidence, across a number of countries, that shows that it's really important to invest.

Another reason, I think, why it's really important to invest in a high quality for everybody is that, if you have centres where there are children from a mix of types of backgrounds, there's the opportunity for the children and the parents to mix with people from a range of backgrounds. Again, that's a really important thing for our society.

DR CRAIK: Thank you. Thanks very much, Jennifer, that's great.

PROFESSOR SUMSION: Thank you.

DR CRAIK: Can you give us a reference to your book; I don't think we've seen it, especially if it's just published?

PROFESSOR SUMSION: Yes. Sure. I'll send it to you.

DR CRAIK: No, we're not asking for a free copy. We just want a reference, thanks.

MR COPPEL: Is Duncan Taylor or Deborah Neilsen here? They should be here, although it is spot on 3.30. While we're waiting - we normally end by asking if, for the record, there's anyone in the room who would also like to appear before the Commission today. If you could come to the table and state your full name and affiliation.

MS AIOSSA: Thank you very much for allowing me - I didn't put my name down - I wasn't quite sure what coming up here and putting in a submission was all about, so I wasn't game to put my name down. My name is Maria Aiossa. I'm a director of a 60-place centre in north-western Sydney. I'm an early childhood educator, have been one for the last 30 years, and have also run and directed centres for that 30 years. First, may I just say that I think it's great that the Productivity Commission - it is time that - in my years of working there, it's time that childcare really had a revamp.

I only sort of have a basic question that I wish to say - I've been sitting here all day, listening to everybody talking about funding cuts and how parents are going to be worse off and - which I think is (indistinct) but my parents have never got childcare rebates, so, not only are they not going to have to pay more but they have always paid 100 per cent. We're a private preschool. We fall in the gap between federals and states, so that we don't get anything as far as the state - with preschools, we don't get anything with the federals because we don't open school holidays.

I have written to the ministers, various ministers, over the years, saying I have 150 parents that come to me and, obviously, we're offering something that they want, as far as care, because they're coming there, knowing full well that they're not getting any childcare benefits. The Productivity Commission talks a lot about flexibility, affordability and quality of childcare. I know that, if you went to the schools in my area, we would be classified as one of the top of childcare, and we have flexibility because the parents choose to come - they don't want long day-care; they want preschool - and we have affordability; we're one of the cheapest - we charge \$58 a day. We offer all three of those and, yet, all the government departments say, "Yes, but your parents are not eligible." What I'm saying is that I'm hoping that the Productivity Commission will look at that.

Childcare - they talk about 15 hours a week. My parents don't get any hours a week. How is that fair, or seen to be fair, I don't know because it's, like, "Hello," these 150 parents that choose to come to my centre are not using - I mean, preschool - we offer preschool. That's what they talk about. They don't say "15 hours of long day-care", they say "15 hours of preschool", that every child four years and up should be able to get.

Over the years, I have, off my own bat, put on extra teachers when we've had children with special disabilities and paid for it, extra, because we don't get support teachers. I've had parents that have been sick and a child, last year, that I have not charged at all for the whole year - there was a child that had leukaemia - that I've paid off my own bat because I felt - when I rang and said, "This parent needs some sort of benefits," the answer was, "Well, he'll have to go to the long day-care down the road or go to a centre that's" - a family that's struggling with a sick child and everything else and - suddenly say - the child has been there for two years - "well, no, take him out. Take him to the centre down the road" because that's where they'll get the benefit. They won't get it. Why? Because we don't operate 48 weeks of the year; nothing else.

I have more than my ratio of early childhood teachers and diploma-trained - we meet

everything else - we haven't been assessed yet but we meet all the criteria. The only thing is that we don't open six weeks of the year.

My question, then - I would like to say, when you're looking at this - is, how is the quality of care that my centre offers going to be better, whether I open six weeks or don't open six weeks - and, if opening an extra six weeks is for the benefit of the children, well, then, excuse me, why aren't the schools opening 48 weeks? Parents come to me because they don't want long day-care, they want preschool, but choosing that - they're not eligible. I'm just wanting to put on the record that, when you're looking at flexibility, affordability and quality childcare, that should be taken into account. They get nothing.

I've brought it up with ministers, I've had ministers come out there and they all agree but that's as far as they go; they all agree. Nothing is ever done about it. "Yes, we can see your point," but that's about as far as it goes. If you're talking about fairness, I think every parent - and I agree that the subsidies should be one - but I think it should be to parents - you know, left up to parents. If they choose to come to a centre that offers all three - I mean, if they go to the community centre down the road, while they don't get the benefits, they get the \$120 million that the federal government last year gave in partnership to the state to distribute among preschools, but we don't get any of that because we're private.

MR COPPEL: If you opened 48 weeks in the year, instead of 46 weeks in the year, you would be - - -

MS AIOSSA: No, 42; we open 42.

MR COPPEL: You're open 42, but, if you opened a longer number of weeks, that makes you eligible?

MS AIOSSA: Yes. Various departments have said to us, "Well, you can get it. Just open your hours," and my question is - I've been doing it for 30 years. I do not think that is in the best - the best thing for my children. When you go to long day-care, it changes the whole dynamic of what you're offering. As far as I'm concerned, we are offered a better-quality care because we are only six hours a day - we're seven now because we offer optional drop-off. It just changes the whole dynamic.

DR CRAIK: I think, under our recommendations, you'd actually be okay, if they accept them.

MS AIOSSA: That's why, when I heard that - that's why I wanted to put it on record, because, if it does, as far as I'm concerned - 30 years of being in the industry, I think it is about time that it was looked at as - say - fair is fair, and what does a centre's operation have to do with the quality of care that you're offering? I never could see - - -

MR COPPEL: Your hours of operation.

MS AIOSSA: Yes, the hours of - I can't see how hours of operation equal quality care.

DR CRAIK: One of our recommendations is that restrictions on maximum and minimum operating hours should be removed.

MS AIOSSA: I hope so. That's why I thank you for letting me put it forward, because, yes, I'm hoping - I know it's going to be there and I'm hoping that it does.

DR CRAIK: It's in the lap of the gods, yes.

MS AIOSSA: Thank you.

MR COPPEL: Thank you.

DR CRAIK: Thanks very much.

MR COPPEL: The last participants of today's hearing are Duncan Taylor and Deborah Nielsen. If you could take a seat, state your full name and affiliation and if you'd care to give a short statement.

MR TAYLOR: Yes.

MR COPPEL: Thank you.

MR TAYLOR: My name is Duncan Taylor. I'm the President of the Isolated Children's Parents' Association of New South Wales.

The Isolated Children's Parents' Association of New South Wales is a voluntary body that works for equity and access to education for families in rural and remote areas. It is an organisation with a considerable task, as the centre for evaluation and statistics in New South Wales recently found that the Australian disparity in educational outcomes between city and country is worse than the OECD average; in fact, nearly twice as bad as countries which may be considered comparable, such as Canada. Further, the OECD publication, "Education at a Glance 2013, notes that:

Four-year-old participation in early childhood education is low in Australia compared to other OECD countries, rating it 30th of 36 countries.

This is no time for complacency in Australia and particularly in regional Australia, when considering our educational policies. It is with some surprise, then, when we read the Productivity Commission's conclusion on page 539 that children in rural and remote areas are currently well-served by state and territory preschool programs.

Despite targets under the universal access guarantee that all children have access to 15 hours per week of preschool and targets of 95 per cent enrolments under the national partnership agreement, the Australian Bureau of Statistics Publication "Preschool 2013" indicates that, even if the rural children that are actually attending preschool in New South Wales - only 47 per cent are doing so for 15 hours. This is no near miss of the target; we aren't even achieving half the targeted rate. There was no increase in this rate of participation between 2012 and 2013.

It is difficult, then, to see how children in rural and remote areas are being sufficiently well-served by government policy. In fact, in our view, the New South Wales government, by scaling fees, with the maximum payment for children attending for 15 hours per week, is entrenching disadvantage. Metropolitan services that have greater proportions of children

attending for 15 hours are getting greater funding under the model, while rural services who have lower rates attending for 15 hours are missing out. This funding model has been designed in the shadow of the federal partnership targets and incentives.

The cost of attending a service is not just the fees levied by the preschool; it is these fees plus the cost of travel, plus the associated cost of time off work for the parent or carer. These additional costs are far greater in rural than metropolitan areas, which may explain why, while the Productivity Commission is correct to suggest participation rates of city and rural may be similar, as far as numbers of children attending services, the rates are significantly different when account is taken of the amount of hours for which those children attend. Policies which reduce the costs of travel and associated lost work time, as suggested in our submission, may help close this gap and intensity of participation.

MS NEILSEN: Good afternoon. My name is Deborah Neilsen, and I'm part of New South Wales' ICPA state council. I am also a teacher and I have taught in an area of New South Wales which is considered remote and very remote. In this area, which is about a quarter of the state of New South Wales, bordered by Brewarrina, Cobar, Ivanhoe, Broken Hill, and then back along the South Australian border and Queensland border, there is no preschooling. There are six preschools in the local towns. There are no buses, no private-vehicle conveyance and very few bitumen roads. So, as Duncan has mentioned, there's terrific onus on families for children to actually access preschool. Childcare is provided by in-home childcare benefits to parents who once again have the wherewithal to access it, they have to provide accommodation and a top-up of the benefit in finance.

We have to make sure that the right moneys are hitting the bottom of the right bucket. We've been a society living amongst welfare for far too long.

Our distances are vast, as Ms Craik would know. What happens is that people who are the ones who are going to fight for their children's education usually begin to leave when the children are five or six. In the 130 ks from where I live, the station I live in, to Wanari(?), which is a small settlement, in the last 25 years - there were nine families 25 years ago and now there are two. 2014 village school enrolments in this area I'm speaking about are below 10 in each school.

More worryingly than the families I've spoken about are the potential clients for the early childhood and learning subsidies. These families have no access because their families cannot arrange for them to go to town to do those things; to go to preschool or access childcare. My dream for them is a three-pronged thing, but, leaving the second two aside, preschool - as I said, I've taught out there for 30 years. Preschool is absolutely and categorically essential. As the Commission has already recognised, to promote efficient provision of services, we have to remove barriers.

New South Wales ICPA suggests that many services catering to remote communities with accompanying low socio-economic status will not be able to transition to child-based funding models, and we also have concerns for the three-and-five-year viability assistance program, simply because there are just not the people; there are certainly not the children.

What are these children to do? Is everyone to move away? Or perhaps we can look at a lateral idea. There is an unrecognised school workforce in the bush, and this is my soapbox; women - men too but, in the majority, women - who have successfully taught their own

children through their years of distance education. I don't have time now to outline what their duties are but I did it for 15 years and it was much harder than teaching in a classroom. They are already in the education mind-set.

Currently there exists, in very general terms, a two-tiered bush society. The pastoral families tend to be educated and many households now have a tertiary-trained member. This is an example of the success of policy-directed investment. 40 years ago the AIC was initiated and, as a consequence, bush people - the ones that have to go away to boarding school in order to access high school - tend to be better educated, so it's not hard to imagine these folks upskilling to National Quality Framework standards.

In very general terms, alongside these people we have long-term generationally workforce non-participants. Currently there's very little contact between the two groups. In many cases, indigenous mothers are not even attending the nought-to-five playgroup sessions which are run by mobile, as the gap widens socially. These are people whose grandmothers knew each other well.

Every child you teach you care about, so it could only be positive to have locals trained and caring for another's children. I can see early childhood teaching in a remote village, for a local person, a way forward, with the right personnel in charge - the way forward to social change, just by the fact that the mothers of the pre-schoolers would be in the school more often. It will be slow, it will be a crab-like process, but we cannot continue, as recognised by your Commission, to use the public purse without long-term real gain.

Perhaps jobs, education and training childcare fee assistance will be the benefit that could be used the most. If mothers had access to preschool and childcare, they may then undertake training.

As we all know, self-esteem is a major inhibitor to workforce participation. Currently we have, out on the stations, women bouncing around on motorbikes, working with their husbands. These are women who have done the academic-skill task of teaching their own children at home, and then, in the villages, we have the welfare recipients, speaking in very general terms, so couldn't we marry these two together?

School infrastructure is the best it's been in decades, remembering I've taught out there for 30-odd years, and could easily cater for another learning group. Most schools even have a second dwelling

Another potential group that would be interested in coming out and being early childhood teachers in remote and very remote regions are young people who could perhaps be attracted by the fact that they didn't have to undergo a contract in order to get the points system, which is the case now with teachers who come out as teaching principals to small schools.

The costs would then be the establishment of a resource bank for a preschool, which would be in the local school, there will be the training of locals upskilling and their employment, the ongoing review of the teacher, which is the most important part. I don't think it needs to be more complicated than that but the sticking point is that there are very few children, the numbers are lumpy but doesn't every child, even if he or she is the only child, deserve a preschool education?

Thank you.

DR CRAIK: Thanks. I was actually going to ask you, what's the minimum number of preschool students where you could do this because, if it was all going to be taxpayer-subsidised for one child, it would seem a very high cost for one child, relative to the level of subsidisation of other children around the country.

MS NEILSEN: Yes, you're right, there would be a high cost but we're factoring in the alternative scenario, which is the scenario currently. The year-three NAPLAN is a child who is perhaps reading but not comprehending and, by year five - there's no need to go through the statistics. We need preschool children and, if we don't have it - they are the welfare recipients, they are the ones who tend to have dysfunctional and haphazard starts in the workforce. I'm simply not clever enough to do the maths but I think that, if you look at both sides of the balance, scales, it is very expensive but it is probably not worse than the future.

DR CRAIK: What about mobile preschools?

MS NEILSEN: We don't have mobile preschools. We have mobiles which run nought-to-five sessions. They're playgroup sessions, which in no way could be considered formal pre-schooling there, for three hours a fortnight.

DR CRAIK: That's not very much.

MS NEILSEN: We have no access to preschools, in a quarter of New South Wales.

DR CRAIK: Has the New South Wales government ever looked at providing mobile preschools?

MS NEILSEN: I think, in Duncan's area, they do.

MR TAYLOR: Yes. The New South Wales government provides mobile preschools in some areas but, out in the areas we're talking about, they're largely budget-based-funded services, so, actually funded largely by the federal government - - -

DR CRAIK: This is for the mobile preschools, you're talking about?

MR TAYLOR: No, this is for the mobile playgroups which are out in Western New South Wales.

DR CRAIK: Okay.

MR TAYLOR: The mobile preschools tend to be more regional areas. For instance, down in the Monaro, there's a mobile preschool.

DR CRAIK: Would a mobile preschool work out there, out west?

MR TAYLOR: There are enormous distances to cover. I think, as Deborah alluded to before and also the Productivity Commission has suggested, that there'd be benefits in running preschools out of the schools out there because, as I understand it, the early

childhood teachers can actually assist with teaching stage 1 in the schools as well. It's a matter of sharing infrastructure and resources and not just the physical buildings but actually the teaching resources too, because the early childhood teachers could be assisting the schools. Also, they may not need to be restricted to one location; they can be teaching at different locations as well.

DR CRAIK: Queensland, as I understand it, has a thing called eKindy or something, where it's done over the Internet. Apparently it's for rural and regional areas in Queensland and apparently that's quite successful. I don't know enough of the details about it but that might be - - -

MR TAYLOR: New South Wales has distance education preschool too. There are four classes, two run out of Dubbo, two run out of Broken Hill, places for about 72 children, and that certainly, I think, is better than nothing but there's the whole social development of the child, too, that's not catered for out of that service.

MS NEILSEN: If I could add a comment here, my children did that and it was a wonderful system but it requires a very committed supervisor and, these children that I'm talking about in particular, that's just what they don't have.

DR CRAIK: Okay. Thanks. Interesting idea anyway.

MR COPPEL: You made the point that the three-and-seven-year viability funding wouldn't work. I'm wondering whether you see that not working because of the fluctuating population or simply the low level of population that makes it economically unviable?

MS NEILSEN: I think it's a bit like rain; we can't be sure, you can't be sure. There might be a year where there are four kids and there might be four years where there's one later on. I didn't, probably, make it clear enough but what I probably was trying to suggest was an instant add-water preschool could collapse and reinvigorate when needed, not that it would be kept going to catch a child that might come past.

MR TAYLOR: Another comment I'd like to make about viability funding, firstly, I guess the viability funding depends a bit on how the deemed-cost subsidy looks because mobile services - the mobile service up at Paroo covers an area larger than the size of Tasmania, so its cost structure is going to look very different to even other mobiles in New South Wales, and it depends on the final recommendations about deemed cost and how that will look and how that caters to a specific service, because, if it's based on a benchmark, then there will be services that probably need viability funding just because their cost structure is a different look to the benchmark cost structure.

The other thing I would add to is that one ingredient of volatility of numbers in preschools is in drought, where service providers in country towns, rural service providers, in particular, move in and out of the town; it's seasonal. If we were to take the drought in Northern New South Wales and Central Queensland at the moment as a benchmark - I know the drought's been carrying on now for two years and the forecasts are that it will be a number of years before the businesses that are involved in that drought return to profitability. So, to talk about - I think, at the moment in Northern New South Wales and Queensland, it'll be more than three years between when the service providers leave town and when there's a full contingent of service provision back in the town. So, it may be that these areas have

greater than three years impacted by a seasonal factor like drought.

MR COPPEL: Can I just come back to a point you made earlier about possibility for preschools being located in the existing school establishments? Is there anything that stops that from happening now?

MR TAYLOR: New South Wales policies - they've picked out about eight communities around New South Wales where they've installed what they call the connected communities' policy for schooling, and part of that policy is that they encourage preschools to run as an adjunct to the school in those areas. That's in towns like Burke and Brewarrina and Walgett; about eight communities, I think it would be, in New South Wales. We've asked the New South Wales government to extend that program over further areas but I guess at this stage that - perhaps they're feeling their way, I'm not sure, but the only encouragement in New South Wales is to run those services out of those eight towns.

The other impediment which I'd add to services establishing out of local schools is that, from what I understand, some of the schools aren't compliant with the National Quality Framework; so, a barrier to preschools starting up in those schools has actually been that preschools have been under the National Quality Framework but I understand that there are recommendations by the Productivity Commission on that particular point.

DR CRAIK: They're not popular, those particular recommendations.

MS NEILSEN: I find that quite extraordinary because, since we've had - all the schools I'm speaking about have all got a new building for the period and I can't imagine what's not compliant.

DR CRAIK: I think some of the school halls, as we've been told, don't have kitchens and things like that, and some of them aren't heated or air-conditioned.

MS NEILSEN: I've not heard of any school that's not pretty tickety-boo nowadays.

DR CRAIK: Okay. One of the things that you suggest is that the universal access guarantee in terms of 15 hours of preschool - 15 hours is not very useful but you're suggesting that it would be better if it were, say, 12 or 18 hours, or 12 to 18 hours, or have a grand total over two years or something for the total that, say, metropolitan kids would get in one year, so it could be distributed to fit the environment.

MR TAYLOR: That's right. A number of rural services are saying to us that parents who have to travel large distances to come into the service are unwilling to do it for half-days or to do it outside the normal six-hour school day. I can imagine that it could fit within a school day if you had two days one week and three days the next, so you were getting an average of 15 hours over a fortnightly period, but services say to us that a lot of parents are enrolling their children for 12 hours a week rather than 15 because it fits in with their school days. I am yet to see any evidence base as to why the 15 hours itself has been picked out as the time, and it does seem to us in the rural area, where people are travelling large distances, that it makes sense to actually have a multiple that fits nicely with school days, so that parents are only having to travel two days a week or three days a week but not two and a half days a week, where the half-day is a fairly irregular period for a person who's travelling a long distance.

DR CRAIK: Makes a lot of sense

MR TAYLOR: The other thing is to allow them to pick those extra hours up with three-year-olds, so that they're still achieving the 600 hours but spread over two years. If we don't do something like that, my understanding from the services is simply that rural children are not going to get the 600 hours in one year.

DR CRAIK: Okay. Just one more question. The bus: who funds the bus?

MR TAYLOR: At the moment the school buses are funded by the state government, so that, in New South Wales at least, there's free school-bus travel for children travelling into towns. Interestingly enough, I think a lot of parents, if they had the choice, would actually be willing to pay the cost of a pre-schooler travelling in on the school bus, just so that they didn't have to travel themselves. It would still be a lot cheaper if this was at no cost to the state government but simply on small, rural school buses where the right standard of care can be practised - parents would, I think, pay for the service, if need be, so that it wasn't even a cost to the state government.

DR CRAIK: Okay.

MS NEILSEN: Could I just add that, in the area I'm talking about, the buses may go, at the most, 10 or 20 ks out of town to collect children? Some people's service town might be 300 ks, so we consider, really, there are no buses in our situation.

DR CRAIK: Okay.

MR TAYLOR: This might be more a solution in regional areas than very remote areas, to have pre-schoolers on a rural school bus.

DR CRAIK: Yes. Okay. Thank you.

MR COPPEL: Thanks very much.

DR CRAIK: Thanks very much; thanks for coming.

MR COPPEL: Ladies and gentlemen, that concludes the scheduled proceedings for today. For the record, is there anyone else here today that would like to appear before the Commission briefly? Thank you. I adjourn these proceedings. The Commission will resume in Melbourne on Monday, 18 August.

ADJOURNED

[4.04 pm]