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PRODUCTIVITY COMMISSION

**INQUIRY INTO CHILDCARE AND
EARLY CHILDHOOD LEARNING**

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

TRANSCRIPT OF PROCEEDINGS

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DR CRAIK: Good morning ladies and gentlemen, and welcome to the public hearings for the Childcare and Early Childhood Learning Inquiry. My name is Wendy Craik, and I'm the Presiding Commissioner on this Inquiry, and my fellow Commissioner on this Inquiry is Jonathan Coppel.

The purpose of this round of hearings is to facilitate public scrutiny of the Commission's work and 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 held hearings in Perth, Port Macquarie and Sydney and, following this hearing, there will also be hearings in Canberra next week.

We expect to have a final report to government in October this year and, 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 there's a full transcript being taken. We don't take comments from the floor but, at the end of today's proceedings, there will be opportunities for people who wish to do so to make a brief statement, and obviously people are able to submit further advice to us if they chose to do so as a result of things 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 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's any media representatives here today, I'll ask you to get in touch with a staff member here, because we have some general rules applying if you haven't already been in touch with Monika, who's wandering around there.

(Housekeeping matters)

We've got a fairly busy day today so I'd ask you to try to keep your opening remarks reasonably short, because the value for us really is in asking you questions and getting your responses to it. So we might start today's proceedings and our first presenter is Susan Rogan from Rogan Family Care. Now Susan, if I could ask you to start by stating your name and organisation for the record, and then if you'd like to make a brief opening statement we'd be happy to hear from you. Thank you.

MS ROGAN: Thank you. My name is Susan Rogan, I'm the General Manager of Rogan Family Care which is a part of the Interwork Australia Group. I'm here today to respond to three of your recommendations that are focused on the proposal to fund nannies or more in-home childcare.

The first one that interests me is recommendation 12.4, which spoke about the deemed cost of care. I think it's essential that the government and the Commission consider that the same funding model couldn't be used for in-home childcare that is for across the board. The rationale behind that is, if you have one child and one carer, the cost is the same that if you have three children, or very similar, three children and one carer. So to have a cost per child deemed cost simply wouldn't work.

If you have one person looking after one or two children, you have to pay them adequately regardless so you'd be looking at, you know, \$25 an hour or something, so the

funding model would need to be very specific to the sector.

The second thing that I'm interested in is your proposal 8.5, to fund nannies or in-home care. From our perspective of course this is positive, given families' flexibility and choice, which is the one thing that's been spoken about very extensively in the submissions. What concerns me is: what is your proposal to support nannies and to support and monitor the program? PORSE, which is a New Zealand organisation, put a submission in 4.21 which spoke extensively about the success of their model, given that they are very well funded by government, to provide education, care and monitoring.

People working one to one in family homes; if anything need more support and monitoring than people working in group settings. Currently at the moment our government seems to be focused on cutting funding to services, and that's happened with family day care, their operational funding is under threat, and I think that, if we are going to have funding for nannies in family homes, to have a realistic and well funded support model would be the only way that it would succeed.

You spoke in the submission of ACECQA monitoring the delivery of care and, again, it's impractical to consider that ACECQA would be able to monitor individual nannies working in individual homes. They currently have a great workload as it monitors long day care services, and family day care services. So without an interim body between the nanny and the family and the service delivery - you spoke about them meeting the standards - most nannies wouldn't have the capacity to be able to do that.

The third recommendation that I noticed that concerned me somewhat was 8.6, which was a suggestion that when the nanny model became part of approved care, that in-home care would essentially be got rid of, if that's the right word. I think that's concerning in that we currently have - I also deliver in-home care as well as private nanny sector - an excellent model in in-home care. It makes more sense as far as I can see to expand and grow that sector because it focuses also on a different client base.

Families that access in-home care are frequently families that wouldn't have access to home-based care in the circumstances, and they wouldn't have the capacity or the ability to monitor and to support an employment of nannies. We work with many families in in-home care who are in crisis, either for the children or for the families and children at risk. And I think in-home care is a very valuable program in its own right.

DR CRAIK: Okay, thank you, thanks very much for that. Perhaps I'll start with nannies. Am I understanding correctly when you say - well I'll just start at the beginning. What we're proposing is that there be one model for centre-based care, another essentially for care that's based in the homes, so that would pick up family day care and nannies. I guess our view was that the regulations around nannies would be similar to those around family day care, and things that we haven't thought a great deal at this stage about, but will be interested on your views on.

In family day care, as I understand it, you're usually part of a network and there's a coordinator, or coordinators who are responsible for a number of family day carers. I suppose some people have sort of raised this issue for us in respect of nannies and whether nannies should have a similar sort of approach. So I guess from what you are saying you are suggesting that sort of approach, are you?

MS ROGAN: I think it would be essential, and the In-home Care Program is already in place and is there. I suppose it would make more sense to open that program up so that more families can access it. At the moment, in-home care is limited to a certain number of families and we are restricted in the number of places that we can deliver. My concern is that the government is currently – is cutting the service support program money for family day care and I am fearful that that may happen for in-home care in the past. So whether government would look at resourcing this sector adequately, I don't know.

DR CRAIK: I guess our view on the government's reduction of the - you're talking about the community support program - -

MS ROGAN: Yes, funding.

DR CRAIK: - - - for annual funding, sustainability of payments, I'm not quite sure, it's CSP payments.

MS ROGAN: Yes, that is right.

DR CRAIK: Our view was that if there is a coordination cost, that should be reflected in the price of the cost, the cost of the family day care, so on an hourly basis, so that when the deemed cost – under our model, when the deemed cost is calculated, that that would pick up the coordination cost as well. So it would all be built into the price so that the price of family day care would actually reflect both the coordination and the caring as well, so that – yes.

MS ROGAN: I think that that makes a lot of sense. However, in the case of in-home care or nannies, the realistic thing is that one carer, if you look at the cost of it, might cost, I do not know – by the time you pay super and WorkCover and all the on-costs, because we employ our carers, we don't engage them as contractors, you're looking at about \$30 an hour.

So if a coordination cost was added in on top of that, what you would have to be very careful about is not making it assessable to a large number of families, despite the fact that they may get government – the proposed funding that would be available. At the moment, in-home care is only really accessible by families if they have a large number of children. If they perhaps have four children, then it can be done. But, with one child, it is still not particularly cost-effective and that would be a major issue, I think.

DR CRAIK: We would see that the subsidy that applied to family day care would also apply to nannies.

MS ROGAN: Yes.

DR CRAIK: The same argument would apply that, if you had multiple children, then a nanny might be very cost-effective, otherwise it might not be.

MS ROGAN: That's right. But for some families, the inflexibility of, say, family day care or long day care is a major problem. So it would be – but the New Zealand model has a great deal of positives about it, but it is extremely well resourced by government; far better than our current community support funding is.

I can't remember the exact numbers now, but it is – they run brilliant support programs and families can choose to either use a family day care model, a nanny model or long day care. But all of those sectors are well – I mean, I know it is easier, they have got a very small population, but the reality is that that program only works – and I think PORSE in their Submission 421 did provide a number of support documents, and that is why it is very much a best-practice model. And I am fearful that if we do it without adequate resourcing, all of the opposition that a lot of sectors have to in-home childcare would be problematic.

DR CRAIK: All right, thanks.

MR COPPEL: You mentioned that if support was extended to nannies, that the rating system would be impractical to apply for a nanny unless the nanny was supported through some form of nanny service that provided a network of nannies.

Our recommendation makes an extension of support to nannies on the condition that they are part of the national quality framework. I was wondering if you had used them or how that national quality framework could be adapted to support the extension of support to nannies.

MS ROGAN: Currently, in-home care is not under the jurisdiction of ACECQA or the National Quality Framework for that very reason. It has not been tackled as to what you can expect in a family home, how it could be monitored. I think it would be unreasonable to expect a private family and their home-based carer to actually meet those standards without a support unit of some sort behind them.

There are issues for nannies and nanny carers at home, and that includes the resources, the family values, the current situation, you know, the children's needs. I agree, there has to be some monitoring but I think the current NQF would have to be – and ACECQA would have to do some work to come up with a fair and reasonable and equitable way that it could be assessed.

But I doubt that ACECQA – well, I am certain ACECQA could not monitor individual families, that would just be impractical. But if there was a coordinating unit – I mean, at the moment there are entrant standards for in-home care and we ensure that our care is delivered in line with those. So it is not impossible, but I think it would need to be customised to meet the requirements of both in-home care and nannies, yes.

MR COPPEL: Do you have any ideas on how that customisation would take place? How does it work for in-home care?

MS ROGAN: In-home care is not currently under the - you know, the NQF. Most of us do implement the Early Years Learning Framework. But the difficulty we have with in-home care at the moment is that there is no monitoring of standards, and we do not come under any Victorian regulations, so it is very much a self-regulatory framework.

Yes, there are lots of things that could happen, but it would be in case of what is realistic in – to adapt, to simplify, I suppose, and to make it doable for one person. And the majority of nannies would not have the education or the skills to be able to cope with the framework without some support from a support unit. Then it could be done. But I think it is – I know that NICA, the National In-home Childcare Association, has – they are proposing,

I think, that in-home care come under the framework from about 2016-17. But to be frank, it has not really been tackled by government at this stage.

DR CRAIK: We are proposing effectively that in-home care as a category be got rid of and it would just sit under the family – you know, I guess the services that are provided there would sit under family day care or nannies, you know, one or other version of those.

I guess, the question I have is do you have qualification requirements currently for in-home care?

MS ROGAN: No, no. I mean, the majority – I know in my service, we have about – we employ about 100 nannies every week. Half of those work for families that get the in-home care funding, half of them do not. And last time we did a census, 87 per cent of our carers do have at least a Certificate III. I think that is a very positive thing to ask for a Certificate III. I wonder why though we could not look at it the other way, to keep the In-home Care Program but to expand that to include nannies.

In other words, the thing that limits it at the moment is the fact that only certain families can access that program. And if that were broadened out - well it does not matter what you call it really.

DR CRAIK: Indeed, yes.

MS ROGAN: But a lot of the families that we work with in that program would not have the resources as individuals to be able to source that care. But certainly if there were coordination units in the same way that family day care or in-home care has now, that would be a possibility. I do not suppose it matters whether you call it in-home care or nannies, really, it does not matter what you call them. government has been very resistant to the “in” word. They nearly have a nervous breakdown if you talk about nannies, because there is a perception that that is funding wealthy families.

But the reality is now, with the cost of other care and the inflexibility of it, it is actually quite cost-effective for a lot of families that would otherwise use long day care.

DR CRAIK: We had a remarkable number of submissions from families who said, “We’re not particularly well off, but we’re at either shiftwork or hours overlap”, and so they use nannies, yes.

MS ROGAN: Well, even for most families, they work in the city, they live in, I do not know, Box Hill, how can they get home by six o’clock to pick their children up from after-school care or long day care; they just simply can’t. And the inflexibility of other programs is one of the major problems. My concern is that if government do proceed with this, that they do make it an accessible program, and that is going to be, I think, the issue and that certainly has to be well-resourced.

MR COPPEL: You may have seen that in what we are proposing, in terms of funding to the family, we have a rate which is dependent on household income.

MS ROGAN: Yes.

MR COPPEL: It is also dependent on an activity test. It starts at 90 per cent for low household incomes and it drops to 30 per cent at \$300,000 household income. Do you have any views on that proposed support design, particularly at the higher end of household income?

MS ROGAN: No, I don't really. I think it is quite a positive step. At one stage there was talk about funding cutting out, well not through your Commission but there has been things in the press of it cutting out at 150,000 and I don't think families earning 150,000 are necessarily wealthy in today's climate. On the other hand, I suppose what government would need to look at is if they were funding in-home care under that model it would cost them substantially more than it would have cost in a multi-care situation. If you have got 15 or 20 children being cared for by one or two carers in long day care, the cost per child will drop substantially. If you have got 1:1 or 1:2 at home, the family getting back 50 per cent or perhaps 50 per cent as the midline of the cost of care, we have families now that use in-home care 50 hours a week because of the needs of their family. They might be paying 800 or 900 a week.

On the other hand, I suppose in long day care, if you have got four children in long day care, it is going to cost you more or less the same, so it could be – I think in terms of costing they would have to really consider the cost of in-home care very specifically.

DR CRAIK: I think you would only need two children in long day care five days a week to get to rack up \$900.

MS ROGAN: Yes, that is right. The difference is at the moment that most of the families, unless they meet the very strict criteria for the in-home care program, don't get any funding. We do have many families who are not poor but certainly aren't wealthy, but they put a lot of their after-tax income into having their children cared for but I guess that is a common thing across the board.

DR CRAIK: One of the things that we have suggested in the draft report and there has been, you probably would have seen, quite a bit of push-back about it, is an activity test for the parents, so both parents would have to be working at least 24 hours a fortnight. I mean there are some other exemptions like disability support pensioners or carer's payment and who can't work. But effectively, people have either got to be working, studying, training, looking for work to get the subsidy. Do you have a view about that? Simply related to comments about in-home care?

MS ROGAN: There could be situations in which that would be very problematic. We have had situations with in-home care where perhaps a family who are not eligible for the rebate currently, for that very reason, the mother has been able to stay home and care for the children, becomes seriously unwell, perhaps, and isn't able to access certain things like the rebate, I think, rather than just being exemptions for disability, there could be perhaps a crisis situation.

We do some of our in-home care, not a lot of it, but some of it on special childcare benefit currently, and that is for families in crisis. Perhaps there could be an exemption for families at particular times or under particular circumstances. I don't know. I think also that do we negate the necessity – if a woman is able and willing to put her career on hold to care for her children, which is a very valuable contribution to our society, and perhaps be

financially disadvantaged, does she never need a break from those children? Does she never need any support?

I think that is vitally important that – I can even recall when my children were very small a long time ago, desperately needing to have a break. I don't know. I know that you have to have a cut-off point as to what can be done with the money, but perhaps limited access for families, I don't know, eight, ten hours a week or something.

DR CRAIK: Yes, right now is it 24 hours a week, I think?

MS ROGAN: They can get the rebate. It has always been very grey as to when the rebate is applicable. I was once told that it was one hour a week. That is a different matter than the childcare benefit.

DR CRAIK: I think it is 24 hour a week they can get before they have to meet the activity test.

MS ROGAN: Yes, I think that – do we value – I guess it is a completely different question about whether the value of mothering and parenting is important, and I think it is vitally important.

DR CRAIK: We would agree.

MS ROGAN: So to support those families, maybe not under the same guidelines but there could be a limited access to funding for families that don't pass that activity test possibly. Could be a bit utopian, I don't know.

DR CRAIK: Here is the \$64,000 question: if you fund money for them, where do you remove it?

MS ROGAN: I know. I know. But I do think that we do need to value the role of parenting and full-time parenting and not necessarily penalise people who may need some support as well. I don't know.

DR CRAIK: Okay, thanks very much, Susan. That has been really helpful.

MS ROGAN: Thank you.

DR CRAIK: Thanks a lot. Our next appearance is from Monash City Council. If you would like to come up and state your name and organisation and make a brief opening statement, we would be very happy to hear from you. Thank you.

MR LOFTUS: My name is Geoff Loftus. I'm the manager of Family and Children's Services with Monash City Council.

MS SEBIRE: Jennifer Sebire, the coordinator of Children's Services Support and Planning at Monash.

MR LOFTUS: Thanks for the opportunity to meet with you today to support our submission. Jennifer and I have both worked in the Early Childhood sector for over 20 years

and Jennifer is a member of the National Alliance of Inclusion Support Agency which is consulted regularly by the government.

Whilst Monash Council is the provider of one long day care service and a family day care service, our submission and presentation today is made as the lead agency for a consortium of four councils in the Eastern Metropolitan Region of Melbourne that works together as an inclusion support agency funded by the Australian Government under the inclusion and professional support program.

The consortium provides inclusion support services through a team of inclusion support facilitators to 133 long day care services, 254 before and after-school hour services, 59 vacation care programs, two in-home care services and nine family day care services. This includes the allocation of short term, flexible support funding and assisting services to apply for the longer term inclusion support subsidy, or the ISS.

Today we wish to focus on enhancements that we believe should be implemented in the provision of inclusion support services to children with additional needs and their families, and, secondly, to improvements that we believe could be made to registered training organisations offering entry level and other early childhood qualifications. That will improve the capacity of early childhood staff to work effectively with children with additional needs within inclusive environments.

This is reflected in the document we have provided to you. We can hand that to you shortly, and in the time remaining for our opening statement we would like to highlight some of these points and welcome the opportunity to elaborate on them during the time allocated for discussion.

In relation to the provision of inclusion support to children with additional needs, we recommend consistent funding criteria for Commonwealth and state programs that fund additional support for services that have children with additional needs enrolled. In Victoria, some children in childcare settings who have been eligible for funding under the IPSP program for the years leading up to their enrolment in the centres state-funded kindergarten program have not been eligible for the state government kindergarten inclusion support subsidy, otherwise known as KISS funding.

Secondly, we support the Commission's recommendation that funding hours for ISS be extended to 100 hours per fortnight but note that, for this to occur, there would need to be a significant increase in overall funding so the number of children supported is not reduced due to lack of funding, otherwise there would have to be more restrictive criteria in the guidelines relating to this funding.

Thirdly, currently no ISS funding is available for children with high medical needs. Services cannot apply for ISS funding when it is linked to supporting a child's medical needs, for example, PEG feeding. IPSP guidelines do not allow for the funding of additional educators to support these children on a one-on-one basis, even if only for short periods of time. As a result, the choices available to parents of these children are restricted.

Fourthly, the guidelines relating to flexible support funding should be amended so children without a diagnosis who present with challenging behaviours or extreme anxieties can be supported through the IPSP in order to facilitate a positive commencement at the

service selected by their parents.

This group would include children suffering from trauma or from vulnerable family situations who don't otherwise qualify for any additional funding to support their experience of early childhood services. In relation to training for entry level qualifications and other early childhood qualifications, we have two points that we want to highlight. The first is that working with children with additional needs is rarely included in the course content of entry level and other early childhood qualifications. As a result, we believe many early childhood educators are poorly equipped to work with children with additional needs. Inclusion support facilitators frequently observe a lack of confidence by all levels of qualified educators when working with children who have additional needs, including educators who have worked in the sector for some time.

We recommend that the sector, including educators and ISAs, should be invited by all RTOs to contribute to the development of inclusion support within courses. This could include ISFs presenting to students during their course and the development of online resources. Secondly, there needs to be greater consistency of assessment practices for students completing entry level and other early childhood qualifications to ensure that all who successfully complete these courses have the capacity to work effectively with children with additional needs. Thank you.

DR CRAIK: Thank you very much. We might start where you finished on the issue of training, children with additional needs, and some training s included in all childcare courses from, I assume you were saying, Certificate III.

MR LOFTUS: Yes.

DR CRAIK: So how would you suggest going about that process, how would that happen? I mean how does something else be included in the syllabus?

MS SEBIRE: One of the things I have done myself is been on a reference group for one of the TAFEs who were putting on a degree, early childhood course now, and in the development of that course I was actually able, of course with other people, to support the inclusion of inclusive practices into each year of the course. So that one year it's inclusion of children with additional needs and another year it's inclusion of children with Aboriginal and Torres Strait Islander backgrounds, or children from aCALD background. So that, you know, was really a worthwhile effort on my part to be part of that group.

Just looking at the online, when you go online to look at courses, I couldn't find one in Certificate III that had working with children with additional needs at all. A couple of the diploma courses had implementation of strategies for working with children with additional needs, but not all, and I couldn't find a degree one. It just seems, when you go into the centres and a new child is coming in, which is what the ISFs, and have a team of ISFs, go into and they're literally are going, "We don't know what to do."

DR CRAIK: Is there an agency responsible for these syllabuses or the content of these syllabuses?

MS SEBIRE: There must be.

DR CRAIK: Or is it different in every state; different everywhere?

MS SEBIRE: Certainly the Cert III courses had all exactly the same, and I suppose from my point of view one of the course content in every one was provide healthy food and drinks, but not working with children with additional needs. So there must be an Australia-wide course content for that, certainly for the Cert IIIs, but for the diploma there was some differences.

DR CRAIK: What about graduates?

MS SEBIRE: We are just finding that they're not - - -

DR CRAIK: They're not as well?

MS SEBIRE: No. I mean for myself when I trained there was a lecture on Down Syndrome and, if I had not gone that day, I would not have had anything, and the hope was that it would improve over years and it really - I'm not sure that it has.

DR CRAIK: Okay. Thanks.

MR COPPEL: You argued in favour of additional funding, I am wondering if you have got any rough estimate or how much additional funding is required for the children with additional needs?

MR LOFTUS: This is in relation to the hundred hours particularly I suppose you're referring to.

MR COPPEL: Yes.

MR LOFTUS: I think it's difficult to judge to know how many children that we would be supporting would require the hundred hours. Obviously what you're talking about is increasing the maximum available hours, but I think the other factor that needs to be taken into account, and it's covered in your draft report, is the adequacy of the current funding to meet the costs of additional staffing, and so I think there are two factors there; one is how much is the rate of funding going to go up to address that gap, and then the extent to which the overall amount would need to increase. I think they're two fairly powerful factors that have to be considered, and I would anticipate we would have to go through a period of transition there, and that would have to be considered by savings broadly across the economy, as you have alluded to in your report.

MR COPPEL: To put it another way, do you have any idea or how many extra kids would need assistance over and above the current level?

MS SEBIRE: In terms of the flexible support funding, is that what you mean, for the vulnerable and children that may have suffered trauma who quite often present with challenging behaviours. Really, I suppose what I would like is a month of funding to get them settled, not to actually have long term funding available to them, but to have some settling in funding so that a service could actually know that there was an additional - or the ratios in that room were higher to actually accommodate those children's needs.

DR CRAIK: So are you talking about an additional person there - - -

MS SEBIRE: Yes.

DR CRAIK: - - - when you say funding for a month?

MS SEBIRE: Yes, for an additional educator, as flexible does under the IPSP program, flexible supports, that commencement time before decisions are made whether children go onto ISS or not. I would really like services to have available to them some funding just literally for a month, but I would like to live in utopia as well.

DR CRAIK: Wouldn't we all. Our models, what we are proposing for additional needs for a lot of it is quite different from what exists now. Do you think the fundamental structure of our model is sensible or not, and feel free to say, and where does it fall down?

MS SEBIRE: I'm worried about some of the services. We have many children go into particular services for - what we've come from in my day was that and what we're at now is that parents have the ability to have their children in mainstream services or in specialist services. Now if they choose to go into mainstream services they have the ability, the children have the ability, to be with their typically developing peers. And that's one of the things that they learn so much from, but also the typically developing peers learn so much from, and you don't see people now walking down the street going, "Look mummy" because they're in their groups together, they're learning from each other. Going back to having the specialist services worries me from that respect, that they may only have developed - not have typically developing peers. So that's one of the issues for me.

DR CRAIK: I guess our model, there's a child-based sort of top up subsidy.

MS SEBIRE: Yes.

DR CRAIK: And some people have suggested - criticised that on the basis that it kind of identifies the child as having some kind of a negative identifier I suppose in relation to the child, and the other area is that if we have a grants program for inclusion support and if it's only twice a year or something then a child may turn up between - - -

MS SEBIRE: Two days later.

DR CRAIK: - - - or may leave once you've got some new piece of equipment or new person and the child for whatever reason leaves after a month or something, so you can't do anything for - - -

MS SEBIRE: And the problem with the equipment of course is that the children grow, and in those early years they grow considerably, so that services would be needing that top-up of equipment which at the moment we can hire to use and then that goes back and the next one can come, so that there's not that expense and it spreads sort of right around Australia really.

The other thing, at the moment children are identified as having additional needs because they are the ones who actually have to - the parent actually has to sign a form that allows inclusion support to be invited in to the services so they are identified in that respect. However, once that identification is done and that service requests support, it becomes built into the capacity of the environment and that is quite often but not always, having an

additional educator which basically reduces the ratio for that room. That is really all it does, they are not allowed to work one-on-one with the children and quite rightly, I think - other than if we seek for those children with high medical needs whose parents are restricted as to where they can place their children; in-home care is the obvious place. Then those children don't get the benefit of the typically developing peers either, so that sort of worries me a bit as well, being in the home with nannies or in-home care.

But the capacity building that happens in the room with the intervention, with an inclusion support facilitator, is great until those educators move on somewhere else and then there's new educators come in and you start building all over again. That's part of the issue that we have in early childhood, is staff turnover because you do, you build and you build and then somebody else comes in and you build and build again.

MR LOFTUS: The other thing that I'll just add to that is, that Monash and the other councils are now a consortium. What previously providers in the program that preceded IPSP the CSRDO Program and I think there the emphasis was more on focusing on the child and the CSRDOs had a lot more interaction with the parents, whereas with the introduction of the IPSP Program, the focus was on the service, obviously the presence of children with additional needs was a source or reason for the funding, but it did change our focus, didn't it.

MS SEBIRE: Yes.

MR LOFTUS: And I think that is what Jennifer is alluding to about supporting or increasing the capacity of the service. And in our dealings with the services and to the extent we deal with families, it's about the additional resources going to the service, it's not totally tied to the child and I think, on reflection, we would see that as having been a positive move.

MS SEBIRE: I think that is probably where we've also noticed the training inadequacies, if you like, or inconsistencies, because we are working with the educators and the environment rather than with the child and the family.

MR COPPELL: In our consultations and in several submissions, we heard that many long day care centres had difficulty opening in areas where there was particular need or flexibility in terms of the hours in which they could be open or in terms of restrictions, in terms of a minimum number of car spaces at a long day care centre and these were attributed to the various planning provisions in local government.

We have a recommendation in the draft report that aims at supporting the best regulatory practices in this area so I am wondering whether you have any comment on that particular recommendation or on those particular issues that have been identified by others in this Inquiry?

MR LOFTUS: Yes, I noted that when I read the report. I mean our area of expertise is certainly not in town planning. I think in our municipalities being middle ring municipalities we don't have the parking issues that would be experienced in more inner suburban areas, but nor do we require substantial a number of car parking spaces onsite with centres that are built in Monash. I think the parking issues can vary considerably between centres, depending on the overall traffic volumes that occur in the streets in which they're located, but it is generally not raised as an issue in my experience in our municipalities.

DR CRAIK: One of your suggestions was it would be good to have consistent funding criteria between the state and Commonwealth; increase the support programs. I think that is an element of Utopia as well.

MS SEBIRE: People in early childhood would like Utopia. Not the one that's just starting on television, mind you. Yes, we have whole groups of children who move through them being funded, being supported, they get into the kinder program, they apply for KISS and may or may not get it.

DR CRAIK: So this is a state program, the KISS program.

MS SEBIRE: Yes, it's the kindergarten inclusion support subsidy. The criteria are different, the hours are different, that they - - -

DR CRAIK: Different from the ISP.

MS SEBIRE: Yes. What can happen is that we can then fund an - we, not me personally, can fund or apply for funding for an additional assisted outside of the kindergarten hours during the day, so if the kindergarten hours are 9 until 3, we can actually support the service from 3 until 5 or prior, 7 until 9 in the morning, or whatever, but we can't support during that funded kinder time.

You might be surprised and you might not, there are many centres who don't actually recognise when their kinder funding is so that makes it fairly difficult for the national inclusion support subsidy provider to know when the child in that room can be funded by us or not. So there are certainly issues there. It would just be nice, wouldn't it, to have the same criteria, but every state would be different. We're very lucky to have funding in Victoria for the children with additional needs and kindergarten; we're lucky to have kindergarten. How fantastic is that. But it just raises issues, and we have so many in the city of Monash; at about 42 long day care centres, at least 40 of them have a funded kindergarten program in them, which is absolutely fantastic, but it just creates those sorts of issues for the children as they move through the centre.

DR CRAIK: One question: on our preschool/kindergarten funding, do you have a view about that?

MS SEBIRE: The 15 hours or the - - -

DR CRAIK: No, the 15 hours, 40 hours a week, but the notion that it's funded per child and that money should go to the service delivering the service?

MS SEBIRE: Yes.

DR CRAIK: A lot of people have objected to the fact that we suggested preschools be at a stand-alone, be regulated under the education legislation as opposed to the NQF. Our rationale for doing that was because, right now in Western Australia and Tasmania they're under the education programs, the Northern Territory are under both; in Queensland I think they're sort of some are under both or about to be, but in New South Wales and Victoria I think they're under the NQF. South Australia - - -

MS SEBIRE: Certainly I personally like them being under the NQF. It's been - - -

DR CRAIK: Most people think that.

MS SEBIRE: I've seen great things happening in the kindergartens that may or may not have happened otherwise. They've been rated for the first time and that's caused them to actually look at themselves, whereas they've been little stand-alone places of do what you like, pretty well, up until now. They've always had regulations - well, they haven't always; when I taught, they didn't. Since they started having regulations, they've had those to - but the assessment and rating they hadn't had. I think that's a fantastic thing; the frameworks are great.

What worries me in Victoria, if they were to go under the Education Department is would they still have the regulations as we know it in terms of staff/child ratios, or would they - it's hard enough in the outside school hours programs that quite a lot of the schools have 1:15 and have single-staff models, and it's really difficult for them to work with the children, who have to leave the room to go to the toilet, and have to do all those sorts of things with a single-staff model. That's what worries me is could that happen in the kindergartens.

The other thing is would they be employed by the Education Department who traditionally don't employ less than qualified audio-trained people, other than there's an additional assistant. So we have a whole army of Cert IIIs in early childhood. Would they be picked up by the Education Department; I don't know. Those are the sorts of things that have worried me about it.

MR LOFTUS: The one thing I would add to that is that the National Quality Framework at the moment allows parents to access information about the rating assessments of different services, and so if you had two types of services parents wouldn't have access necessarily to information about the quality of school-based preschool programs versus non-school based.

DR CRAIK: Yes.

MR LOFTUS: So I think it's important that they have access to some form of information that gives objective comparison between services.

MS SEBIRE: And where would the long day care kinder - - -

DR CRAIK: The state would control the long day care kinder funding but not the actual - you know, the long day care would still stand alone but the program funding would be - yes.

MS SEBIRE: So you are - - -

DR CRAIK: It's still messy.

MS SEBIRE: Yes, we could divide again, or we find in the early childhood - finally we've got some togetherness and, yes, I wouldn't like to see that divide happening again if possible.

DR CRAIK: Well, there's still some - here it's still under education in WA, but yes okay, because everyone has responded like that.

MS SEBIRE: But do they have kindergarten funding in long day care in Western Australia?

DR CRAIK: Not nearly as much I don't think as in the eastern, the three eastern states. The three eastern states are quite different from - there's sort of two basic models, I suppose.

MS SEBIRE: Okay.

MR COPPEL: Do you have any comment on the recommendation relating to out of school hours care? We are suggesting that state and territory governments direct schools to have a responsibility for out of school hours care where viable.

MS SEBIRE: Again, we have a lot in Victoria, which is only what I know about. We have a lot, we have 254 outside school hours programs which are non-vocation care programs in our consortium. There are huge cluster managers of those programs now. The Camp Australia's, the OOSH, Team Holiday - there's a lot of cluster managers of those. Now, many of those started off as being part of the school, outside the school program, but part of the school and the schools have handed them over to the cluster managers as being much easier to deal with, I think. I think part of the problem is that they weren't ever seen as a part of the education system. They were attached to schools, they were running in schools, but they were running in the hall or they were running in that building out the back or somewhere like that - that they were not really attached to the schools.

The schools actually have been happy to hand them over. I think in the City of Monash we've only got about five or six schools who still run their own programs out of 42 primary schools that we have. So it's - yes, it's again problematic. Would they all go to single strap models is what's worrying me because they have that in the school, the fact that after school and before school hours they're the only ones in the buildings, the only ones that are on site, whereas a teacher in a classroom can always get help from the teacher next door. In the outside school hours program there isn't anybody else so it just - that worries me a bit.

MR LOFTUS: We are aware that the large providers of out of school hours care have, you know, their minimum criteria in terms of attendance numbers and I'm sure they'll be giving you submissions on that, but I suspect that could be a factor that could influence the viability of a program in all schools. So I think it's worthy of encouragement, absolutely. Whether it's viable in all schools I think is probably going to be a challenge.

DR CRAIK: Okay, thank you very much.

MS SEBIRE: Thank you.

DR CRAIK: Is that different?

MR LOFTUS: It's just a summary of the preliminary school makings. I will leave those with you.

DR CRAIK: Do you want to - is that an official submission?

MS SEBIRE: No, that will come.

MR LOFTUS: That will come.

DR CRAIK: Okay, if you can leave us with that summary that will be great, thanks very much. And thanks very much for coming. Our next presentation is from Linda Harrison. Linda, could you please state your name and organisation and if you'd like to make a brief presentation we'd be happy to hear from you.

PROFESSOR HARRISON: Thank you. Thank you for the opportunity to speak with you in person. We just spoke on the telephone right at the beginning of your inquiry, and I appreciate the enormous amount of work that you've done. My name is Linda Harrison. I'm a Professor of Early Childhood Education at Charles Sturt University in Bathurst, New South Wales. I've worked for at least 25 years in early childhood education and research, and one of the key areas of my research and practical and professional interest is in children under three, and in the quality of programs that are provided for young children.

I submitted a two or three page document and I'd like to speak to that. My comments today relate particularly to the recommendations relating to relaxing the requirements for educators and centre-based childcare services to be that all educators working with children aged birth to 36 months are only required to hold at least a Certificate III, and that numbers of children for whom an early childhood teacher must be employed is based on children over the age of three rather than under the age of three.

I see this as a providing or presenting a very severe risk for the youngest children in our community. Most of the development, and the speed of the development, of young children happens in those first three years, and particularly in terms of language development that lays the foundation for all sorts of learning that comes at the same time and subsequently. What I have presented then in the document that I have shared with you is the research evidence that shows two very important findings that are inter-related, and I want to speak to each of these and then add a bit of extra information, particularly to the first one.

So I have mentioned that my research from the 1990s investigated the quality of early childhood education. This was using an international measure of observed quality. I was the first to use that with infant toddler settings in Australia, and trained in that. It's a very different measure than using what's called the structural indicators that might lead to good quality, which is education of the care providers, the ratios, the space, the requirements, all of those structural features are there to make a difference to what is happening on the ground, face to face, what's happening for children, the processes of the provision of early childhood programs. So this measure, the early childhood environment rating scales, were developed particularly for that. They require at least two hours of observation in one room and reliability to be established. They're very powerful measures and they have been used internationally for many, many years.

What we now have, based on a number of studies using that measure in Australia, is research that shows that Australia has achieved a higher quality internationally than other countries. This includes the United States, Canada, European countries, the UK and certainly the study that I've referred to there also included Asia and South American studies. So on an average, on a rating scale of 1 to 7 in which 3 is minimum and 5 is good, Australia sits at about a 5. Now, that is an average of many, many different services that have been assessed

and compared to thousands of services that have been assessed around 23 countries it is a higher average. Not a huge difference but it is a higher average. It's a 5 - it's over a 5, just over a 5, as compared to other countries that are under 5 and just under, around 4.

But although the average is an important figure to be aware of, where that average comes from is less clear unless you're able to look at the distribution of scores and that's what I've provided there in those other two graphs. And what I'm showing you there, the left hand graph in each case for the infant toddler ratings and also for the preschool ratings, is a bell curve. A bell curve we all understand is where the average is in the middle, most of the distribution of cases is within 60 per cent of that middle, and at the very bottom you've got very few cases, and at the very top you've got an equal number of few cases.

That's exactly what we see in the distribution of quality in Australian infant toddler and three to five year old centres. A bell curve with most of the services, most of the ratings, sitting between a 4 and a 6, right around the 5 which is good quality. Very few Australian centres score below 3. And that's a very good thing. And that's been happening in Australia now for 20 years. It's gradually got better with the introduction of the QIAS and it's continuing to get better with the new reform agenda that made these kinds of requirements consistent across the whole country. The graphs that you see here are from a study conducted in New South Wales which has had a long history of having a mix of qualifications in long day care centres and no divide between preschool and long day care, which has continued to be the case in some other states.

So in other words, the quality and qualifications, the requirements in centre-based programs in New South Wales, has been the same as for preschool so that under threes have had access to directors and lead teachers with university qualifications.

What I am doing in this data that I am presenting you is showing you what the US picture looks like. The US averages are not all that much lower, they're just under 5. But what you see in the graph is a big lump on the bottom end of the scale. Lots and lots and lots of centres there have got a score not only of 3, which is minimal, but 2 and 1 which are unsatisfactory, which are very, very poor quality care. That's the situation in America. We don't have that now and I'm very, very worried that if these recommendations come in to not require more than a Certificate III qualification in under three settings that our quality will look like the American model. It will become a much larger bump at the bottom. Our quality will drop for under threes. That is a major concern.

One of the things that underpins quality when you measure quality in this way, and the consensus amongst researchers who look at quality, particularly in under three settings, is that what you're looking for here, what is the basis of good quality care, is an environment in which there are responsive, linguistically rich language interactions between children and their educators. Now, a rich, responsive language environment occurs when people understand the developmental needs of the child, when they can provide a language rich environment to children who are not yet speaking, who are communicating in non-verbal ways. And to do that requires a level of education and understanding which is beyond the Certificate III. Typically in New South Wales and the move with the reform agenda has been for there to be a mix of qualifications, a requirement for people with a diploma qualification - that's a two year TAFE qualification - and to be working with educators that have a degree, a three year or four year university degree qualification. That mix of staff ensures that

everybody is on the same page when it comes to understanding what a responsive linguistically rich language environment is and how it varies from one child to the next.

The second part of my paper which builds on this finding that Australia has achieved a higher minimum level of quality and a higher average level of quality is the explanation for the results on the second page which are confirmed by two studies, firstly by a study I was involved in of 150 children in New South Wales - these are both longitudinal studies with a lot of careful measurement of children's development over a number of years - and careful records of the type of care that these children are attending. We know that use of care is very complex. Both of these studies, the first with 150 children in New South Wales, the second based on the longitudinal study of Australian children with 5,000 children around the country, both showed the same thing, that children who attend formal settings before 30 months, that's centre-based care and in some cases family day care, but the proportion in family day care is always much smaller, so we're talking primarily about children who have attended centre based programs in the first 30 months of life do better at school, they are rated higher on their outcomes at school and this is to do with their learning outcomes that they're showing in the first year of school.

Now, this is a very different pattern from what happens in America. In America this boost that comes from education happens typically with preschool education. In Australia we see that this boost is coming from having a high quality experience in the first two and a-half years of life in centre-based programs; it's making a positive difference for children for their learning and for their social development. So, to me, those two pieces of the story are completely complementary. We have higher quality and we have it in the early years when most development is happening rapidly and children need that high quality in the services when they're not at home. As a result of that higher quality, we're seeing better outcomes for children who attended those kinds of programs.

So, it fits together, it's based on strong research and I recommend that this piece of information, this consistent piece of information, is drawn on to reverse and change that recommendation.

DR CRAIK: Thank you, thanks very much, Linda. We had your colleague Jennifer Sumsion last week speak to us in Sydney.

PROFESSOR HARRISON: Yes.

DR CRAIK: There's just a couple of questions. One thing I'm very interested in, everybody extols to us the virtue of European early childcare and education, and a lot of the comments we've had about North America have been comparatively negative, particularly when you compare them with European childcare and education. But if you look at your quality ratings, national quality ratings, in that little graph you've got, in fact Europe comes out worse than North America in terms of quality.

PROFESSOR HARRISON: Exactly right.

DR CRAIK: Which is actually quite interesting given the commentary.

PROFESSOR HARRISON: It is very interesting. And I think you're quite right. The opinions and - are based on approaches that have been in place in Europe for very, very long

- particularly in northern Europe, in the Scandinavian countries. So, Europe - these averages in Europe are much broader than Scandinavia, they would include Spain, Portugal, France, Germany and other countries where quality is lower.

DR CRAIK: Yes.

PROFESSOR HARRISON: So that I think explains the European variations. But people are saying also that because of changes in policy and government funding arrangements - even in Scandinavia quality is dropping, they have very strong parental leave programs so most children don't start long day care centre, or preschools as they call them there, until the age of one and a-half, so you're not seeing very young children as we are here and in America.

The explanation for America is that there's been a huge focus in the last five to 10 years on improving quality in America, so they've had many, many programs at the State level and the Municipal level for quality improvement. And I think if we tracked those American scores over time we would see that they had changed over time. I'm not convinced that the bottom minimal is - has been done away with, I still think there's a very large lump at the bottom. Because American services don't have the excellent subsidies and the QIAS system that we've had here that means that all centres have to meet that requirement, which I will call at a higher minimum than in America.

In America you get very, very poor quality and you get very, very high quality and the distribution varies according to the income of the family. So, the very poor families are often in good quality care because they're eligible for Head Start and those kinds of programs, the very wealthy families are - their children are also in good quality care and you have this curve that looks like a "u". Most of the families who are on middle income is based on what they can afford.

That's another risk I think here with a recommendation that reduces the cost, therefore anyone that wants to have higher quality care is going to have to charge more for it. If they want to have a mix of staff in their under threes room of Cert III and Diploma and university qualified, their fees will have to be higher. Well, who is going to be able to pay for those? so you'll get this - potentially, a bit more like the US pattern in that way as well, which I think the last thing we want to do is emulate the American system. I admire the fact that they have made a huge focus on improving quality; that's tremendous. A lot of that has gone to the pre-k programs, the sort of programs for four and a-half year olds in schools, and adding that to their school programs.

DR CRAIK: Your commentary on the mix, I'll just raise the issue for a centre which has less than 25 children you won't - their requirement for NQF only requires a university-qualified teacher for 25 per cent of the time which could effectively be one day a week. So, for children in long day care for, say, two or three days a week, their chances of the teacher having interaction with the children are relatively small.

PROFESSOR HARRISON: I think it really depends on how directors and management committees want to staff their centre. I mean I spent a lot of time in infant toddler rooms, a lot, and there's not always a qualified teacher there all the time but the staff work as a team with qualified teachers, or with the director who comes in and spends time in that room quite regularly. The directors know all of the children and are therefore able to, in staff planning

sessions, bring their insights and their knowledge into discussions around particular children or particular families who need additional support, or changes that are happening for the child to bring the level of knowledge to interpret some of the things that aren't all that obvious, particularly with an under three where something is happening, but staff who are less well qualified don't have the skills to really articulate or understand what that is, and they draw on the skills of other more qualified staff.

I think also, you know, bringing in links with other professionals who can come in and give professional support and advice, particularly on speech development, you know. One of the challenges I think with language development is knowing when there's a concern and sometimes staff and early childhood educators aren't picking that up early enough, you know. And, again, that's a role for the qualified staff and the links with specialist staff who can provide those kinds of services and advice.

MR COPPEL: In your measures of observed quality, so you've got a ranking one, three, five and seven?

PROFESSOR HARRISON: Yes.

MR COPPEL: What exactly are you measuring with observed quality?

PROFESSOR HARRISON: So, these measures look at about 30 or 40 different items, what's provided, the sort of equipment, but in order to get a higher score it has to be the way that that equipment is used. All of the higher scores look at the interaction and the quality around the teaching and learning that's going on around materials, or around the provision of routine care. So, at a lower level you're talking about safety and providing adequate meals, at a higher level you're talking about conversations that happen around meal time and the kinds of interactions that, as I have described before, are responsive and linguistically rich in those language interactions, supporting children's social interaction with each other, you know, supporting ways of understanding the needs of each other. It picks up those complexities that happen in interaction in a high quality service.

MR COPPEL: When you're looking at these distributions, so you've got the distribution for Australia, to identify what would be, on that scale of 1:7, a long day care centre that is just meeting its National Quality Framework requirements for the - is there a correspondence between those two measures?

PROFESSOR HARRISON: I think that would be a lovely piece of research to do actually because Australia's system, the QIAS system and now the new National Quality Standards system, haven't as yet been matched against one of these international measures and that would be a fascinating study. But all I can say is that looking at those distributions around when we've had QIAS in place, and even before QIAS in New South Wales, we don't get them below three, very rarely below three. So, you're looking at centres that range basically from a four to a six in that scale. I would assume that that's what we would be continuing to see with meeting and exceeding, you know, somewhere around the four to six range.

MR COPPEL: And you mentioned there's research that shows that children that have participated in a childcare environment before 36 months have a distinct difference in terms of their educational outcome later on.

PROFESSOR HARRISON: Yes.

MR COPPEL: Do you have any idea of whether that is sustained or is it a particular period in time later on?

PROFESSOR HARRISON: Well, this particular study is continuing right through up until - the children are now 12. So, there's the - certainly the potential for looking at those kinds of questions. But other research that's looked at how children are when they start school, so the sort of transition studies where you're testing children at the age of four and seeing how they do throughout school, almost always how children perform when they begin school influences how they progress through school. So, children who start less well-off or less well-performing, communicating, less well-performing, less well in terms of literacy and numeracy tend to stay at the bottom level. And it's an unfortunate slope but that is seen over and over again, that where you start influences where you end up. So, children who have a good start at school are, you know, on the right track for continuing to have positive school experiences.

DR CRAIK: It's interesting, your commentary I suppose just on that last one. Some work we saw from Meluish when he came over was showing us how some of these influences seem to favour - there's the influence of school, the impacts of school actually increased in children's outcomes as they got older so that there was a kind of differential fading of some of the preschool or before school.

PROFESSOR HARRISON: And was that referring to American studies or?

DR CRAIK: No, it was - I think they were - well, I can't remember now, I they were mostly British weren't they?

MR COPPEL: UK

DR CRAIK: UK, yes.

PROFESSOR HARRISON: UK, yes, yes. Again, I mean the largest driver of child outcomes are - is the family, the home and the family. What we see in early childhood settings is that there is the opportunity for staff to work very closely with the family and the child, you know, and you have part-time care. There's a connection between family and the childcare service. That connection unfortunately gets less and less when children are at school, parents are not there helping in the classroom, they're not there working with teachers necessarily, so you get a different kind of impact. There's a peer impact, the children who are there, sometimes the neighbourhood of the school, the funding that goes to the school, there's a range of other kinds of things that can affect that sort of longer term trajectory of young children.

Certainly, the analysis can and will be done with the longitudinal study of Australian children, but as far as I'm aware they haven't yet been done with the babies. So, the babies have been followed and this paper I've given you has looked at them at age six to seven. We now need to look at them, you know, at age eight to nine and 10 to 11 when those data are available for analysis, and that will certainly be done and it's a very important question.

DR CRAIK: The comment here from - I think it's from the paper you were involved in that - the issue Jonathon was raising a minute ago, children who attended formal settings before age 13 months, read about school teachers, more outgoing, extroverted and less shy and anxious et cetera, et cetera. The COAG assessment of the value - I think it was COAG - the value of qualifications was very strong on - yes, there was universal agreement about the value of preschool in school readiness but not universal agreement on the value of before preschool.

PROFESSOR HARRISON: Yes, I know that. I don't want my argument to be seen to be detracting from the benefits of preschool. Because we know that there are children in Australia who don't have any formal early childhood program experience until they get to preschool, it's a small number but even so it's very, very important that, you know, those children are included and are able to access high quality preschool programs.

But the children that start earlier - and we have at least 60-odd per cent of children starting childcare programs, not just centre based programs, but by the age of two. So, children are attending childcare, some of it is in centre based programs, some of it is home based programs, many families use a mix of care, they prefer to have a grandparent for part of the time, maybe a neighbour, maybe a nanny, a mix of care, it's the parent's choice. The government's role is to ensure that whatever kind of care those young children are attending is high quality.

Centre-based programs, you know, the bulk of them are there from just before - around the age of two, but there are other types of services that also need to be considered. But these findings are showing that when children start in a centre based program early the plusses and the positive outcomes that they have at that experience carry them through, they continue to have and make the most of positive experiences later on.

DR CRAIK: So, does that mean children are better off in centre based care than they - or some kind of formal care than they are at home with their parents?

PROFESSOR HARRISON: I wouldn't say that.

DR CRAIK: That is a bit - - -

PROFESSOR HARRISON: A bit strong. I wouldn't say that at all.

DR CRAIK: Well, I haven't finished that, but - - -

PROFESSOR HARRISON: I know from many other areas of research I've done that choosing childcare, making decisions around childcare is a very emotional and difficult decision to make. Many people though choose a mix of care, they have some centre based programs and they also have their home based, their own care, parental care, as most Australian families manage on a part-time and a full-time wage. They use informal arrangements and other kinds of things that parents feel comfortable with and feel that their child feels comfortable with. Parents are the people that know the child best, and is a centre going to suit that child, you know.

But children will move into centre based programs, they'll move into long day care centre and then they'll move into preschool centres, there's a sort of continuum of that. It's

not as it used to be many, many, many years ago when all the children were at home until the age of three and then they went to preschool, that pattern really doesn't exist anymore.

DR CRAIK: But would you recommend that it be compulsory?

PROFESSOR HARRISON: Never, no. It's choice, it's parents' choice. What is compulsory, though, is that it's good quality and that all the underpinning requirements ensure as best as possible that it's good quality. Whether it's in a centre where we are more able to perhaps monitor that because there's a mix of staff, in home based programs, nannies, relatives, there's no guarantee that that's going to be high quality unless, you know, there are structures put in place to try and support that. The family day care system has a very good system for ensuring quality and they're part of the NQS. Other systems - if funding is going to go towards licensed childcare providers or nannies, could possibly look at the same sorts of ideas to ensure that because it's - you know, it does make an enormous difference.

I mean can I just share something that I've just come across in the last three days which is based on an analysis of that very large US study, the NICHD study of early child development which is - when it was designed was sort of, you know, the most important study of childcare ever conducted, it's now been surpassed by newer studies. But one of the outcomes from a very, very recent analysis of this is that for children under three, the children who are more developmentally mature, on a test of their sort of communication and maturity levels, attracted a higher level of language interaction from the educators.

So the corollary of that is that less well-developed children with poorer communication in the first two years, toddlers and two year olds, received less language interaction from educators. So, this is a circular thing, in other words a child with poor language attracts less language interaction with a caregiver and as a result has reduced development. We have to think that children bring and elicit things from their caregivers in early childhood. From three year olds up this pattern doesn't happen, and most three year olds are verbal and they'll get attention, they'll get the language, they'll draw out the interaction from caregivers and educators, but under three year old children, that guarantee isn't there.

They actually refer to this as the Matthew effect: to all those who have, more will be given, but from those who have nothing, either what they have will be taken away - it's a real risk, you know. The child who is there who is high functioning will be the interesting child that educators talk with. The child who is quiet, seems to be getting on fine but isn't actually speaking even though he's well over one, is not attracting the language attention. And it takes the level of education that university qualified people have to change that sort of pattern, to make sure that everyone is aware that all children, regardless of their ability in communication need to have this rich language environment around them.

MR COPPEL: Just one final question. I mean we've noted a relative dearth of studies in Australia that look at the impact of early childhood education and care on later-life outcomes, and a lot of the evidence is based on US or European studies but we do have a recommendation in the draft report that calls for establishing a program that provides access to unit-record data for the purposes of undertaking research in this area. I imagine, given your profession, that you would be very much supportive of this recommendation.

PROFESSOR HARRISON: Absolutely, yes.

MR COPPEL: Is the inability to access data a hindrance to research of this nature in Australia?

PROFESSOR HARRISON: This use of unit-record data and large data sets is fairly new in research. In the past, we've all had to put in applications to recruit a sample and collect all of this information in very labour-intensive, very, very expensive ways, and that's what's been done with the LSAC study, although that couldn't afford to go in and observe quality the way that many of the US and European studies have been able to do, but nowadays people are thinking much more about how to utilise the kind of information that's collected anyhow. All of the childcare attendance records are there. Some features of quality are there. The national quality rating-scale system will give you very detailed information about assessment of quality. If those data sets can be brought together, they can be linked with the AEDI data and the first year of school - with children's outcomes in the first year of school.

All of that can be done, really, by cleverly accessing - and, obviously, with parents' permission, to release those sorts of data for analysis. We have the skills in Australia to do that sort of research. There are some centres that are starting to work in that way. NAPLAN data, for example, has been linked in with the LSAC study but NAPLAN could also be linked in with AEDI data, through that sort of data linkage.

It requires government leadership and permissions and parent permissions but, certainly, that sort of work has a place, definitely. It can identify areas of need that need more targeted, specific studies to be looked at as well. It's a nice balance, I think, between the sort of research that's been done in the past, a very labour-intensive research, and that sort of large-scale analytic intensive, I suppose, is what you could call it.

MR COPPEL: Thank you.

DR CRAIK: Linda, I wonder if we can get a copy of your paper that's currently under review. Is that possible? We'd keep it confidential until you told us it was public. I notice that in the notes you gave us you said - - -

PROFESSOR HARRISON: Yes, it is confidential, not shared at all. I could do that, yes.

DR CRAIK: Okay. until you let us know that it was public - at least that gives us a steer on things; it's often quite useful - - -

PROFESSOR HARRISON: Yes, certainly.

DR CRAIK: Thank you very much. That's been great.

PROFESSOR HARRISON: Thank you for your time.

DR CRAIK: I hope you're going to put in a submission.

PROFESSOR HARRISON: Yes, I will.

DR CRAIK: Our next appearance is Daniel Attard. Daniel, when you're comfortable, if you could state your name and your organisation, if you represent one, but I don't think you do, and, if you'd like to, make a brief opening statement.

MR ATTARD: Yes, absolutely. Daniel Attard, representing myself, just here to, basically, present some feedback and concerns I have with some of the aspects of the report.

Firstly, thank you for giving me the opportunity to provide feedback to the report; it is greatly appreciated.

DR CRAIK: Thank you for coming.

MR ATTARD: If I can start from square one, with the original terms of reference, I think the report was all but limited in scope when it looked at all the forms of day-care. The terms of reference nominate all major forms of non-parental care - it went through long day-care, family day-care, et cetera, and I won't name them all - but it didn't actually - whilst it didn't exclude specifically parental care or families providing care to the children themselves, the terms of reference did stipulate that the Productivity Commission was not limited in its scope. Basically, though, it's a bit, I suppose, from a cost-benefit analysis - and also from the social benefits - parental care was, basically, excluded in the cost-benefit framework and much of the draft recommendations in the draft report.

Treasurer Hockey endorsed these terms of reference and there seems to be a bit of self-contradiction in what he actually wants to achieve when it relates to the raising of children, whether it's through parental care or non-parental care. He speaks of that - the terms of reference state that:

The Australian government is committed to establishing a sustainable and affordable childcare system which supports the community, especially parents, choice to participate in work.

That was in November, through the terms of reference, but in May this year he speaks in his budget speech of -

Staying at home should be a parent's choice but there are limits to how much support the taxpayer should give.

So there seems to be not a coherent message - exactly what financial support should be given. In my submission that I provided to the Productivity Commission last week, I provided a scenario of a single-income and a dual-income household and the financial support that they receive in that table. Basically, now, as of 1 July this year, single-income households are restricted - their main source of government supplement, which is the family tax benefit part B, now cuts out at - once the household income reaches \$100,000. Yet, I note, across the four proposed models in the draft report, two of those proposed models have no effective fiscal income ceiling; that is, that the support from government, if those models were to be adopted by government, cut out or they are minimised at \$300, 000 but there's no effective income limit.

I'm struggling to grasp the rationale of why, on one hand, if the government was to adopt one of those models, it says, as a single-income household, your main supplement cuts out at 100,000 but, if you're a dual-income household, you effectively have unlimited income and still receive a substantial amount of assistance from the government, which, according to my

calculations, would be about 28 per cent of out-of-pocket expenses, but I'm happy to be corrected on that.

In the draft report it talks about - that we need to provide some assistance to all families who use approved childcare but it's irrespective of income. To me, it's almost like an oxymoronic statement, and I don't mean that in a derogatory sense. If a household is earning \$300,000, \$400,000, \$500,000, they don't need government assistance. The cost of childcare does not become a consideration in their decision-making process if they're on an income, for example - and, again, it's in the models - if they're on \$300,000, the cost of placing a child in some sort of institutional care or having a nanny or an au pair - the cost is quite negligible, it doesn't come into their decision-making process, unlike having a family on 60,000, 80,000 a year. I don't see the benefit for the government, the taxpayer or the broader community in providing that sort of financial assistance to families on high and very high incomes.

Basically, in a nutshell, that's - just trying to grapple with exactly what the government is trying to achieve with setting one benchmark - for example, in this case, \$100,000 for a single-income family - yet we're looking at models, two of the four models, where, in effect, there is no fiscal ceiling where government assistance cuts off.

Thank you again for giving me the opportunity.

DR CRAIK: Thanks very much, Daniel. Thanks for your comments and thanks for coming in. I guess, in relation to what the government is proposing to do in relation to family tax benefit B, we have absolutely no role in that at all. What the government does is what the government does; it's not something that we have any say in.

Moving to your more general point, the objectives for this study given to us by the government were dual; there was one about - through the lens of the childcare system, the ECEC system, what's the best arrangement of things to get the best outcomes for child development, plus the best outcomes for workforce participation? We had a dual task; so, if parents wanted to work, there were minimal impediments to them working, and, for good child development, what was the best way to go?

With those two objectives - that's the reason that we have the activity test - that's the reason that we chose the activity test that we did, so that both parents, if there were two parents, would need to meet the activity test, unless they qualify under one of the exemptions, or, if it's a single parent, the single parent needs to meet the activity test.

For slightly different reasons, I guess, from yours, a lot of people have certainly raised the issue of the activity test, mostly from the point of view of - there may well be vulnerable or disadvantaged children whose parents would not meet the activity test who would certainly benefit from being in childcare. We've been asking what sort of criteria should we be thinking about in terms of - if that's a very real issue that we need to consider, what criteria should we be thinking about?

I'd have to say, in relation to the issue that you're raising, I guess, what we've said is that the two government has two objectives, one of them is workforce participation, "Let's have a criteria that parents have to be in the workforce if they're to get funding for childcare - - -"

MR ATTARD: Which I fully agree with. I think - if a parent is staying home, I don't believe they should - or they should certainly come second, behind a parent who is within the workforce, to access non-parental care. The draft report - - -

DR CRAIK: Fully-subsidised non-parental care.

MR ATTARD: Yes, subsidised non-parental care. The report has a cost-benefit framework, which it should. I think, definitely, within the scope of - as you can see from the example I provided there, if we're looking at workforce participation, there are two issues I have, especially seeing that we are experiencing rising unemployment and, particularly, exponential growth in youth unemployment, if we - there's a cost benefit for the government, in that it is cheaper on a per-capita basis, to have a household provide childcare in-house, through one parent or shared across both. Obviously, that paradigm changes for a single-parent household. Also, a parent staying home allows an employment opportunity to be opened up for someone who may be on another form of government supplement - in this case, a Newstart allowance - that would enable them to enter the workforce. So, there is that dual-edged benefit.

Also, I'm a social researcher by trade, there are a number of issues, such as - and the draft report, to its credit, does allude to this with things such as the positive externalities for parents remaining at home, such as volunteering in the community, their community inclusion in the social cohesion amongst social and school groups. I think that should really be included in the final report about, basically, what a cost per child - what it would be to the taxpayer, to maximise the benefit or - we're looking at about a \$7 billion annual childcare bill, so we're talking a substantial amount of funds. So, what best can the Australian government and the local communities get for that significant amount of expenditure?

DR CRAIK: Thanks.

MR COPPEL: You mentioned that you saw no rationale for the way we've proposed the design of childcare subsidy, which plateaus at 30 per cent for household incomes of 300,000 and above. As Wendy mentioned, there are two policy objectives, workforce participation and the other is childhood development. What partly lies behind this design is that there are broader benefits from childhood participation in non-parental care, broader than what the family receives and, to support that, there's some form of government support. That's the way we've proposed but I'm interested in two things: one is, do you accept that as a way of addressing that particular policy objective or do you see other ways in which that objective could be achieved through a different form of policy design?

MR ATTARD: The first thing is, absolutely, that there are benefits to both parental and non-parental care. I don't think either side has a monopoly on benefits for childhood development. What my concern is that families on incredibly high incomes, alluding to my previous point - in my experience with interviewing clients on low, moderate and high incomes, by far, the fiscal consequences of undertaking a particular action or engaging a particular service are greatly diminished, almost eliminated, for high-income families, purely because they don't have the fiscal constraints that a low and moderate-income households do. I have no objection with government support for low and middle-income earners but - I know this report is not considering - it has alluded to the paid parental leave scheme but, for the same reasons that I have philosophical objections to the framework around the paid parental

leave scheme, there is no fiscal cap on it, so someone can receive a substantial amount of government support when, effectively, it's not needed.

The most important thing isn't the fact that it's not needed; it doesn't alter the behaviour - if a high-income household wishes to enter or re-enter the workforce while the secondary earner - their cost of childcare doesn't really come into the equation because they don't have those fiscal constraints around them. Does that address your question?

MR COPPEL: You mentioned you're a social researcher. Is that something where you've done work?

MR ATTARD: Yes. At the moment I'm undertaking a PhD on the cost of family breakdown and looking at the externalities of that, prevention and early-intervention mechanisms, et cetera. In my work in a Master's of Social Science, I looked at different mechanisms for social inclusion and maximising benefits and outcomes for childhood development. This is very much in my space and this is why I was saying that there is no exclusive method of the best way to raise children; I think parental or non-parental care. A blend of both is what is best for the children but, with government policy and also the terms of reference, the way they're framed, it does very much gear - and, the current way that the subsidies are provided to families, it is very much geared to non-parental care and it's not - as you can see from my submission there, the case study I provided, a single-income family with four children, in that study, receives not a single cent of government welfare; yet, if the secondary income earner goes back to work, not only do they get the second tax-free threshold of, I believe it's, \$18,200 for this financial year, but they receive \$32,000 across the childcare rebate and childcare benefit. So, not only do they have added secondary income, not only do they have the second tax-free threshold but they get \$32,000 of government support.

In principle, I'm not against the government support for a family, absolutely not, but, when you have all those things geared towards one particular aspect of childrearing, I think that almost demonises, in effect, a single-income household.

DR CRAIK: What if the single income of the household is three or four hundred thousand, given your earlier comments, and whether they're subsidised or not doesn't make any difference - - -

MR ATTARD: I take the approach of a household income as a whole, so whether they earn that income across one income or two earners, to me, is irrelevant; household income is household income. For example, my household, with my wife and children, it's not my income that I segregate, it's for the other members of the household. Absolutely, I think there should be the same fiscal cut-off, depending on a household income, not on a primary or secondary - I think that's the most-simple way. I think everyone in the room would agree that the current system is far too complex.

I note the principal recommendation of the draft report is to roll a lot of these benefits into one, which - what I would suggest to that is, including making that available for non-parental care but roll in things such as family tax benefit B and - I think the family tax benefit parts A and B system is fundamentally flawed; they're quite convoluted and quite confusing for the average person out there - they don't understand how it is calculated, what they receive, is it worth it to them to re-enter the workforce.

Again, when we talk about things such as engagement in the workforce, they struggle to find whether or not it's financially worth it for them, and this is - when we look at things like effective marginal tax rates, they struggle to get their head around those sorts of concepts, where, if we had a single payment across all children, whether it's parental or non-parental care, I think it would be much more simplified and the average person out there could grasp it and then make an educated, calculated decision on whether or not it's worth it to remain home, re-enter the workforce part time, full time and leave it - and at the end of the day it should be about freedom of choice. But at the moment I think the government heavily plays favourites towards non-parental care.

DR CRAIK: Yes, you are certainly right about the impact of family tax benefits and other payments affecting marginal tax.

MR ATTARD: Yes. I've noticed that AMP did a report on that approximately four, five weeks ago about effective marginal tax rates, and you have people - this goes back to my point - you have people effectively working for \$3.00 an hour because it's just not - they don't understand exactly what the impacts are of the lost benefits, the cost of travel to work, all those things.

DR CRAIK: Yes, we've done quite a bit of it in our report, yes.

MR ATTARD: Absolutely.

DR CRAIK: Just one comment you did make in here that - you've quoted our report where we said:

165,000 parents on a full-time equivalent with children under 13 could potentially be added to the workforce but are not able to be because they're experiencing difficulties in costs and accessibility of childcare.

You are suggesting that all parents may not wish to re-enter the workforce and that all parents would - that we're wrong in suggesting all parents would re-enter the workforce if it wasn't for the costs and accessibility. We did actually say that the 165,000 was potentially able, because we acknowledged that it's not necessarily that they all may - they may not all re-enter and they may not - you know, even if it wasn't for the costs and accessibility. So I don't think we thought that they necessarily all would enter, but we're just saying from the ABS data and when you break it down that's the group that is potentially most likely to enter the workforce if you've fixed up some of these problems.

MR ATTARD: Thank you for that clarification.

DR CRAIK: That's okay. Can I just ask you from your own social research one of the issues that was raised with us when we putting this report together was should we also consider the second income earner's income - and I know it makes for a very complicated test for a subsidy - but should we be considering the second income earner's income as a kind of first hurdle to jump over and then the family income as well? This was an issue that was raised.

MR ATTARD: Absolutely, and it comes back to my point. I believe that the household's income should be calculated as a whole because then you do get a convoluted system where you have - especially for households that are self-employed where they can almost play with their own income figures to maximise government benefits but that mechanism isn't available to people earning the - to households earning the same collective wealth annually but they don't have those mechanisms available. So it makes the system almost unfair. So absolutely I think we should include the secondary income as a primary hurdle, yes.

DR CRAIK: Okay, thanks.

MR COPPEL: I thought earlier you were saying that the concept of income should be the household income as a single hurdle?

MR ATTARD: Sorry, I think I've misunderstood. No, absolutely it should just be as one hurdle, yes. Sorry, I beg your pardon. Sorry about that.

MR COPPEL: Thank you.

DR CRAIK: I think I'm right. I think we've got your message. Just one other issue, your calculations are pretty right but it's rather that 28 per cent are not out of pocket expenses so much but 28 per cent of deemed costs.

MR ATTARD: The deemed costs, yes. I realised this morning I forgot to stipulate that so I was aware of that. And I think that's actually quite a sensible recommendation in the draft report that it goes on deemed costs, not total costs, because these extras that some of the premium services offer you have the government subsidise, or heavily subsidise these services that aren't necessary to - so I do credit the Commission in distinguishing between deemed costs and actual costs, so thank you.

DR CRAIK: Just one other reason you said it's not clear why a payment of a portion of FTBA should be withheld from families who don't enrol their children in a preschool program. The basis of that was to encourage parents to enrol their children in a preschool program because the preschool was demonstrated to have good outcomes in terms of readiness for school, so that was the basis for that.

MR ATTARD: I do understand that rationale, but again I'm - I think parents should, or have the capacity to have the choice whether or not to, especially for parents who, for example, wish to home school their children or things such as kindergarten places aren't available in their local area. What sort of barriers does that put logistics wise? So like most things I don't think there should be a blanket - it's very hard to have a blanket rule or blunt instrument in doing it, but I do understand the rationale behind the Commission's recommendation for that, so yes.

DR CRAIK: Okay, thanks very much Daniel. You raised some interesting points that will give us some food for thought so thank you, thanks very much.

MR ATTARD: Thank you for the opportunity.

DR CRAIK: Thanks a lot. We might just delay morning tea for a few minutes if people don't mind. Kylie, if you would like to move forward? You were on the list for tomorrow, weren't you?

MS SWAN: Yes, I was.

DR CRAIK: Okay. Thanks very much for coming along and if you could state your name and your organisation and if you would like to make a brief opening statement because we haven't read your - that would be very helpful.

MS SWAN: Yes, my apologies, my apologies, and I will be reading most of it.

DR CRAIK: That's okay.

MS SWAN: My name is Kylie Swan. I am a family day care educator and I'm currently registered as a sole trader with Hobsons Bay City Care. It's all here in Victoria so if you don't mind I'll just read sketches from it.

DR CRAIK: No, that's fine. That's fine.

MS SWAN: I wish to address the Productivity Commission as a parent and educator and a working woman. I'm a family day care educator and I'm proud of what I do, and I'm quite passionate. I have devoted many hours to highlighting the benefits of family day care as it is a - as a premium childcare option. I've taken a dive right out of my comfort zone and written letters to various Ministers about the detrimental effects of the proposed changes to our sector. I've engaged the media in a positive manner to put the word out there that family day care is in jeopardy if at least two things don't occur. The first is that the current guidelines for the community support funding program must not be changed until we've had more time to consider the outcome on existing services. High quality childcare is the result of dedicated educators, support staff and schemes. Without adequate funding something must give, and quality will be compromised.

The key points I want to address here today are that of women participating in the workforce, in the paid workforce, and family day care as a competitive childcare option. Family day care contributes to the workforce participation of women in two ways. The first is allowing mothers to return to paid work by making childcare available to other mothers. The second way women are contributing to the economy, not only that of their family but also the Australian economy, is through the running of a small business.

As a childcare service provider, it should also be noted that all of the resources within our service come from our own income. The introduction of the national regulations means all educators have been required to upskill their qualifications. The commitment to professional development, particularly for those who have not been in the classroom for a long time, and for those for which English is their second language, cannot be overlooked or under-estimated.

What I have gained from being a family day care educator cannot be measured. At the age of five my son was diagnosed with high functioning autism. He has taught me patience beyond belief, however my role as an educator has given me confidence. I'm a valued member of our local community, having looked after at least half the children in the

surrounding streets. I attend the local kindergarten for pickups and drop offs. This provides me with an opportunity to network with other early childhood educators.

My second area for discussion is that a family day care is a competitive childcare option with premium benefits to all parties concerned. We provide quality care in a home environment. The fact is children thrive in nurturing and supportive environments and you will not find better than that of the home of a family day care provider. Parents who have experienced high quality care with an educator often state that family day care is often the preferred childcare option. It offers flexibility, is often more affordable and lifelong bonds are formed between educators and families.

Initial reactions to the introduction of the national regulations were met with some resistance, however many educators have risen to the challenge. We have obtained qualifications, updated and overall professionalised our industry. We are no longer viewed as babysitters. As an industry we have a peak body which represents us, provides insurances and resources to assist us within the industry. Family Day Care Australia delivers a regular industry specific magazine called Jigsaw. This provides up to date information about regulatory requirements, highlights best practices, discusses upcoming events and recognises excellence within our industry by holding the Family Day Care Australia - by holding Excellence in Family Day Care Awards for both schemes and individual educators. Each year they also host a professional development conference to discuss ongoing and upcoming issues that affect its stakeholders.

I feel if funding is based more on standards rather than the location and economic vulnerability, better outcomes will come out and I have popped my recommendations just on the back for you.

DR CRAIK: That's great, thanks very much, Kylie. Now, your first comment about the government's withdrawal of community sustainability and community support funding, the question we've been asking family day care providers is if that funding was withdrawn we would see that the price of family day care, and in fact the deemed cost of family day care, therefore should actually reflect the increased cost of the coordination, the cost represented by putting the cost of that coordination funding activity into the price of family day care. So we did ask someone at one hearing what would that do to the hourly rate of their family day care service.

MS SWAN: For some service - in our service we've just recently struggled with our coordination unit trying to administer an admin levy on us as educators. Currently we have one for families, so they pay a fee every hour for their child's booked care hours. The scheme - - -

DR CRAIK: What sort of fee is that?

MS SWAN: In our scheme it's 52 cents per booked hour, so, if the child is booked for ten hours, it's 52 cents by 10 for that day.

DR CRAIK: For the coordination?

MS SWAN: Yes, then that goes directly and that's to provide funding. I'm really a Council based coordination unit, so the Council are lucky enough - we're lucky enough to receive

some support from them. I guess my query is we can ask the parents for more money because at the end of the day if it's passed on to us we'll pass it on to them. My income is minimal. It's a secondary income. However, you know, there starts to become a line where we're no longer competitive with the childcare centres so they're just going to book - they're just going to look at them and book them and then as a woman I've no longer got a business going, so I'm no longer competitive with the childcare centre. I operate from my own home, pay my own insurances, supply all of the, my own activities and materials and we have to be quite resourceful in that because we just don't have the funding to buy things.

So I think Carla Northam, who is the CEO of Family Day Care Australia, said the ongoing cost with the loss of that funding would be about \$34 per week per child. It doesn't seem significant, but over a year it's nearly \$2,000 or it's \$1,700. So it is significant to the families that we're dealing with. You know, they are traditionally low income earners. Anything is a big deal. You know, raising our own fees is a big deal. We have a lady in our scheme who has three children from the same family, so to raise her fees by even ten cents an hour, which is insignificant - I would see it as insignificant - to her it's not. The impact to that family is huge. She can't do it.

So then to pass on an additional \$34 by three is inconceivable. So those children no longer have that assisted care because they just can't afford it. And it's - you know, we're not from a necessarily low income area. It's a divide. We come from - there's, you know, a wealthy suburb and then there is a low socio-economic so we're in a good mix.

DR CRAIK: I guess we would see that in assessing the reasonable cost and in developing that planning cost model that coordination is an element of the family day care model and therefore there should be a factor for coordination built into that deemed cost, I guess is what we're saying. So even though it's not paid at the top it's built into the deemed cost which is related to the level of subsidy. So that's how we would see that that would be dealt with.

MS SWAN: Yes.

MR COPPEL: I see in your recommendations that you support the extension of government support to include nannies or in-home care.

MS SWAN: Yes.

MR COPPEL: And provided that it's within the national quality framework.

MS SWAN: Yes.

MR COPPEL: I don't think you were here earlier this morning, but the first participant made some remarks that doing such a - extending such a framework to in-home services, nanny services, would be practically - very difficult to do because they're individual services and are scattered across homes. I'm wondering whether you would see difficulties in extending government support to nannies, and within the National Quality Framework or some form of the National Quality Framework?

MS SWAN: I think it's a huge system to deal with, it's a big ask and it would take some time. I think you'll have many slips before it's actually rolled out. I think in the long-term, you know, and I'm talking five years, it's something that I can see as an added value to our

industry. I'm just concerned that the rollout would be too quick in a rush to provide what we're deeming at the moment as the "in thing" in home nannies. We had them in home services program, it's just the criteria is so limited in its scope, most people can't access it. So, if we looked at that model and used that to extent it that would be more feasible, otherwise we're reinventing the wheel.

I personally don't want to just be able to go in to anyone's home, we are safety checked quite rigorously in our homes with - we conduct safety checks, you know. How do we translate that when we're going - if I'm an in-home nanny, going in to somebody else's home, you know, the chemical cupboards aren't locked, you know, how do we as nannies, we're there to provide one service, we can't be policing that as well. And I think it's - I'm glad it's not my job. I think there's value in it but I think there's a lot of work to be done with that.

I would be looking at the current system and some refinement. Family day care is essentially, you know, a great service where, you know, we're the gap between long day care and more formal education, we meet a significant gap, you know, traditionally, for under twos. It's really hard to get places at long day care centres, however most of - you know, for us, we do have a lot of under two children, we can fill that gap, and the transition from home to formal education is seamless because, you know, they're in another home-like environment. But as for nannies, I think it's filled with a lot of minefields.

DR CRAIK: So what's the sort of ratio of under twos to over twos in family day care?

MS SWAN: I couldn't tell you specifically. I know in the last couple of years there's clearly been a baby boom and a lot of the children in our particular service are under two. So, we're now having a case where - because of the change in the RTA laws with child seats in cars, we can't have educators attend play group because they can't physically transport the children because they don't have the requirements in their cars. So, clearly, there's been a huge boom. I know one of our educators used to have all three and four year olds; all under twos now.

DR CRAIK: And do you charge the same for under twos or under threes?

MS SWAN: Yes. Yes, it's a standard fee.

DR CRAIK: Yes. Even though it costs more to look after them?

MS SWAN: It doesn't - for my personally it doesn't cost me more, it is just a lot more work involved with routines and sleep, and it's a lot more labour intensive. However, have you ever spent a day with a four year old? I mean I've got a four year old at home, she doesn't stop.

DR CRAIK: So you like it when they sleep?

MS SWAN: They're different, they're completely different. And it does depend on preference, you know, we do have some educators who would prefer to work with one age group, some that prefer to work with under twos. I prefer a mix, I think family day care is a nice blend, it replicates what families are.

DR CRAIK: I think that's been really helpful. Thanks very much, Kylie, thanks for coming in.

MS SWAN: Thank you for fitting me in, thanks.

DR CRAIK: No, that's fine, thanks very much. We'll now take a break for morning tea and we will come back at quarter past 11. Thank you.

ADJOURNED

[11.04 am]

RESUMED

[11.19 am]

DR CRAIK: Okay, we might get going again. Our next participant is Early Learning Australia. If you two, when you're ready, could say your name and your organisation, and if you'd like to make brief opening statement we'd be happy to hear from you. Thank you.

MR LUCAS: Thank you very much. I'm Shane Lucas and I'm the CEO of Early Learning Association Australia.

MS GEURTS: And I'm Jo Geurts and I'm the President of Early Learning Association Australia.

MR LUCAS: So, thank you very much. On behalf of the ELAA board and members, we very much welcome the opportunity to appear today. And we'd like to congratulate the Commission on the breadth and depth and rigor of the draft report. The report obviously makes many recommendations, some we support, some we do not support; others which we believe raise significant questions as to how they would be implemented by governments in the service system and how they'd be experienced by children and families. With this statement I propose to address three priority issues of concern to other members, and then flag three others that we'd hope to have some discussion with during the Q and A.

Let me start by restating a core view. High quality early learning enriches the development and wellbeing of all children and is of particular benefit for disadvantaged children and families. This to us is not just an opinion based on conjecture or an article of faith, it's a view informed by our members' experience in delivering high quality early learning and the positive outcomes for children in our members' care.

Importantly, it's also a view informed by the evidence base highlighted in our submission to the inquiry that demonstrates how important early experiences are for a child's life-lasting social and economic wellbeing. We understand the Commission has had the opportunity to hear from many leading experts in early childhood development, Professor Frank Oberklaid, Collette Taylor, Charles Pascal, Tim Moore and others, and we wish to put on record our support of their work and the conclusions they draw from it.

As a consequence, we also support the Commission's endeavours to identify ways to ensure that families have access to affordable education and care that is available where and when it is required. Affordable and quality early education and care provides parents with the confidence to return to work, knowing their children are getting their best possible start in life.

Let me then turn to two other priority issues quickly. Ensuring the Commonwealth contribution to universal access funding, 15 hours, continues beyond 2014, and importantly that the funding is provided directly for early childhood education in a transparent fashion. In our view, this inquiry provides a critical opportunity for governments, and for the community as a whole, to consider where childcare and early learning sits in the Australian policy landscape and the funding options that best support that policy.

We have therefore looked closely at those aspects of the draft report that sit at the intersection of Commonwealth/State relations in early childhood education and care. The National Partnership Agreement that delivers universal access, and the National Quality Framework that was developed and agreed by all jurisdictions through COAG.

The commission has recommended that the Australian government should continue to provide per child payments to the States and Territories for universal access to a preschool program of 15 hours per week for 40 weeks per year. We very much welcome this recommendation but we are concerned by the implications of the Commission's further advice that the Australian government should negotiate with State and Territory governments to incorporate that funding for preschool into the funding for schools, and we encourage - or the Commission encourages extension of school services to include preschool.

We are concerned about this proposal because we think in practical terms it might allow the Commonwealth, over time, to remove itself from providing direct funding support to preschools. This approach could also leave the community unable to identify the public moneys intended for preschool and enable to hold any level of government to account should those moneys not flow to preschools.

It sometimes seems inherent in the Federal system that the tears of government, regardless of political persuasion, haggle over the proportion of Commonwealth taxation revenue provided to States to meet their service delivery obligations. Where the disbursement of Commonwealth revenue is not transparent and the policy framework for implementation by States is not mutually agreed, the experience of the community and of the sector is that Commonwealth and States bargain and blame and lose sight of the outcomes sought. This is as true for preschools as it is for hospitals, roads, public housing, public transport and the compulsory education sector.

While we therefore support the recommendation that the Commonwealth should continue to fund 15 hours of preschool, we want that contribution to be made through a transparent funding instrument such as the National Partnership. We do not want Commonwealth money to be incorporated into a global schools' bucket from which it may, over time, evaporate or leak. Secondly, keeping kindergartens and preschools within the NQF; again, we welcome the very positive commentary in the draft report regarding the importance of quality in early learning and care that we would sound a note of caution as to the practical implications of the recommendation to identify elements and standards of the NQS that can be removed or altered while maintaining quality outcomes for children.

While we very much support efforts to improve the NQS and to reflect on where practice and process could better align, the implementation of the NQS has been critical to the delivery and maintenance of quality. Moreover, it has been the practical experience of the majority of our members, that for all the initial anxiety around implementation of the

National Quality Framework, the so-called red-tape burden has been significantly overstated and the positive outcomes for children have been tangible.

We're also concerned by the proposal that dedicated preschools should be removed from the scope of the NQF and regulated by state and territory governments under their relevant education legislation. The quality standards, as the Commission says, should broadly align with those in the NQF. With respect, it simply does not seem logical to support a national conception of quality, even to suggest the quality requirements be extended to nannies, and then to excise preschools. When coupled with the possibility that the Commonwealth could, over time, remove itself from a funding role in preschool, the proposal to return full regulatory responsibility for preschools to states and territories, making participation rates, teacher ratios and quality state-only issues, we believe, could create an even more stratified early learning sector from jurisdiction to jurisdiction than we currently experience.

One of the acknowledged benefits of the National Reform Agenda has been to unite - almost unite - all contrasting jurisdictional preschool systems around at least one tangible thing, being quality, in whatever setting early learning and care is delivered, parents and families can understand what quality is, how it should be delivered and how it will be measured. We believe a return for preschools to a state-and-territory-only regulatory system is a retrograde step for children and families.

The other issues we'd briefly like to discuss today:

Qualification and ratio requirements for teachers of nought to three-year-olds. We believe these should be maintained, due the benefits for child development;

Fringe benefits tax and payroll tax exemptions for not-for-profits. In our members' experience, these should be maintained in the interests of both service viability and, potentially, affordability for families; and, lastly,

A broad concept, ensuring that no disadvantaged or vulnerable children in families are worse off through this process, because, I think, while the report's proposals in this space are mostly very positive, we have particular concerns about the proposal to increase the work-study activity test to 24 hours per fortnight.

Thank you very much.

DR CRAIK: Thanks very much, Shane. Thanks very much for coming along today and for your comments. Firstly, in relation to kindergartens and preschools within the NQF, I suppose, given, right now, that preschools in Western Australia and Tasmania are currently under state-education legislation and not NQF, even though less than - WA, I know they're aligned; I'm just not sure about Tasmania - standards are aligned. In the Northern Territory, preschools are covered by both NQF and state territory legislation, and there are some issues in Queensland, I know, because we had some submissions about those. Our issue about trying to have them under one legislative framework, that was to avoid duplication, avoid splitting - it was actually trying to have them under one framework.

I guess our idea of, ultimately, the Commonwealth negotiating with the states so that the funding for preschools was incorporated in schools' funding was because preschool is seen as a kind of transition to school, education and the whole importance of having a single

organisation deciding that in the long-term negotiations between the Commonwealth and state, and trying to move towards a simpler system longer-term. There are still inconsistencies, I agree, and some might say, and some have said, “Well, why should after-hours school care be under the NQF if the preschools are under state legislation?” So, yes, whichever way you cut it, I think there are going to be some kind of anomalies.

What we were trying to do was make some standardised - reduce duplication of legislation and regulation and try to standardise things. If someone else has got a better of doing it, we'd be more than happy to hear it.

MR LUCAS: I can solve Commonwealth-state relations for you in a moment, I'm sure.

DR CRAIK: You've got five minutes.

MR LUCAS: I've got five minutes.

DR CRAIK: You should be right.

MR LUCAS: It could only reflect, I assume, the difficult process of COAG in getting nine jurisdictions to actually come up with not just an agreed framework but, then, an agreed implementation program. I think, as with many aspects of our current circumstances in our sector, we are in an evolutionary process here and I think the fact that we still do have a few states and territories doing slightly different things in the way they regulate the area - to me, the solution is not to say, “Well, yes, it's all been too difficult. Let's just let those individual states and jurisdictions do it themselves.” I think we actually need to reengage in a national process here and actually try and come up with what we do believe is a genuinely national approach to quality. I guess, from the Commonwealth perspective, if they can use funding to try and, you know, speaking in the vernacular, belt a few states over the head to get them inside that framework, then, they should probably do that.

DR CRAIK: I think WA would say that it's meet the framework and, I suppose, they would also say that, per child, they receive much less funding now than other states for their preschool programs.

MR LUCAS: I'll also pick up a point you made there around the transition. From our perspective, what we're talking about here is a continuum of early learning and care that goes from nought to 100, effectively, but, certainly, in our space, goes from roughly nought to eight, so we don't really see the segments, perhaps, in quite the same way as governments see the segments of the sector from a policy or funding perspective.

DR CRAIK: I suppose they're funded in a segmented process.

MR LUCAS: That's an historical issue which, I guess, we think is an opportunity to try and reflect on and see whether there are ways we can do it better, rather than, potentially, trying to resolve a difficult problem by actually putting that segment in concrete.

DR CRAIK: If you've got a better suggestion, we'd be more than happy to hear it, to make more streamlining.

MS GEURTS: I think, from my perspective, as a service provider, and we've got 24

services, that we have seen - - -

DR CRAIK: Preschool services.

MS GEURTS: Preschool services, yes. I think we have seen that there's now a culture of continuous improvement, which has been embedded into our educators' practice, that that wasn't there before and that there is now a benchmark for quality and all educators are able to discuss what those benchmarks are and be part of that. In the past, when I was president of the preschool, I was responsible for the quality assessment of the service, which was extremely difficult. I had a teacher that wasn't always favoured with all parents, was seen to not interact extremely well sometimes with the children but, as a parent filling out the booklet, I couldn't say that, I couldn't put that in there and say, "Look, we need to improve in this area." I think what we've got now is really good and I'd hate to see us go back because it's really working well and there's been a huge investment, in time and effort, from the educators and the service providers, to get us to where we are, which is, I think, a very consistent standard of quality.

MR COPPEL: If I could pick up the comments you made on the recommendations that relate to the not-for-profit sector, that's the removal of fringe benefits tax and payroll tax concessions, which are recommendations that were borrowed from an earlier PC Inquiry into the not-for-profit sector, in the design of those recommendations, we have suggested that the value of those concessions be returned to the sector in terms of direct funding, to make that more transparent, but we were unable to get a sense of what is the value of these concessions? I'd be interested if you have any sense of how these concessions bear on your particular activity.

MS GEURTS: Sure. We did a calculation for our 24 services and we have approximately 80 permanent staff, so it would be 174,000-plus per year - that would be for payroll tax. We don't have fringe benefits taxes as an issue for us because our workers, unfortunately, don't get fringe benefits from us; they get the minimum wage and conditions. That would be really significant and that cost would have to be passed on, of course, to parents, in terms of fees, we believe.

MR LUCAS: I guess what you're suggesting is that - if the financial impacts of the removal of those exemptions were able to be quantified and the moneys, effectively, returned to services through another revenue stream, that would be a very different conversation, I suspect. What totally underpins our concern is that anything that's going to affect viability of services - and, certainly, for some of the smaller services, you can be talking quite small per annum quanta that will have a significant impact on that service's ongoing capacity. It's really a question of - if what's being sought is to simply remove something and then replace it elsewhere, that's a different financial conversation. I'd still argue, without going into the - the Henry Review has these recommendations too, I think.

I'm not quite sure what we're seeking to achieve in the context of a so-called level playing field. Not-for-profits are in the business for completely different reasons than for-profit organisations, so I guess, almost philosophically, I'm not quite sure what we're trying to achieve by giving those organisations a so-called equal or level playing field.

MR COPPEL: The draft report did try and look at that particular issue, and there is some evidence that those sort of stated goals - in actual practice, there's a bit of a mismatch

between those but that may reflect different participants in the not-for-profit sector. I'm not suggesting that that's the case.

MR LUCAS: I had a conversation with one private provider, who I think suggests that, even in their particular service, because of the structure of the services, they're not necessarily paying payroll tax because of the number of employees and they don't provide FBT to their staff either. So, arguably, if you wanted to have a level playing field, you should possibly give everyone an exemption. I'm not quite sure how much is actually being recouped by the taxation system at the moment anyway.

MR COPPEL: There was one comment made that the for-profit sector has the ability to raise capital, whereas the not-for-profit sector has to basically get capital from retained profits, and that this was the difference between the two sectors. I'm interested in the extent of that being an obstacle or a barrier to the provision of additional services.

MR LUCAS: I think you're going to be hearing from a range of other large providers. I would suspect that, in the not-for-profit space within Victoria, particularly with the larger cluster managers, there is potentially the capacity to borrow and actually raise capital in other ways because they're of a size and scope that they can do that. I would certainly say, for our smaller independent stand-alone kindergarten members, for capital, they are entirely going to be reliant on what they can actually build up in their reserves and/or what they can acquire from the state, local and, potentially, philanthropic sources. That's certainly the way at the moment that they do it.

One of our members, I think, has spent around about \$455,000 on a new capital investment to deliver 15 hours. They got a \$300,000 grant from the state government and they raised 155,000 through fundraising. That is the way, fundamentally, that small services need to do that.

MR COPPEL: Just one final thing: you mentioned that it would impact to the tune of 174,000. As a relative order of magnitude, what does that correspond to in terms of that fraction of costs, overall costs, or fraction of revenue? Do you have an idea?

MS GEURTS: That's a good question.

MR LUCAS: I can give you a quick calculator, if you like.

MS GEURTS: We've got approximately - - -

DR CRAIK: If you put it in a submission, that would be useful, if you can.

MS GEURTS: Yes. Sure.

DR CRAIK: We don't want to put you on the spot to do a sum that is quite difficult.

MR LUCAS: You've got financials in your head, instantaneously, haven't you?

MS GEURTS: I could probably give you a very broad sense, that we probably have income of around 8 million; so, 174,000.

MR COPPEL: Small fraction. Thank you.

DR CRAIK: One of the issues, I think, Shane, you're raising, really is the activity test. We had two objectives in the Inquiry, one was workforce participation and the other one was child development, so the activity test was based on workforce participation. I guess the question becomes, if there are vulnerable children or disadvantaged children who might otherwise benefit who would miss out, are there any criteria that your groups can think of that might make sure that they don't miss out? You don't have to answer it in full now but we would certainly be interested.

MR LUCAS: We'll take that on notice. I guess one of the other issues that we'd - we've said this, I guess, from our first meetings back in December, that we've always sought to view the workforce participation and productivity discussion in this space through a more child-focused lens than an adult-focused lens, and our concern always has been a little bit that we're focusing on trying to create structures that will free up adults to return to work. I think, possibly the brutal reality is that we'd also be freeing up a range of adults to go back into low and, potentially, middle-income roles, which may not necessarily, in our view, increase productivity significantly. I know PWC is doing a bit of work on trying to assess what would be the actual GDP increase out of releasing the 140,000 or so adults back into the workforce two/three days a week, into largely lower/middle-income jobs, what would be the potential GDP increase from actually having a much more educated cohort of children flowing through the economy over the next generations?

We're certainly of the view that the two issues have to be balanced but that the productivity gains from having a more educated group of children, where the research demonstrates that they will have better economic and social experiences over their life - whilst that can be a little harder to quantify in a longitudinal way, we think that that potentially is where the greater productivity gain is to be had. We're certainly very happy in our submission to have a look at some issues.

DR CRAIK: That would be good.

MR LUCAS: When we read that, I guess, and talking to a few members - the traditional single-parent family, potentially, where there's a great difficulty of those persons getting - to satisfying that 24-hour test and we'd never like a circumstance where it's actually, effectively, the child that's going to reap the so-called punishment of that problem, rather than necessarily finding ways to get that adult into some different circumstances.

DR CRAIK: That's great. We'd be interested in anything you have there and we'd be interested in seeing the PWC modelling when it emerges. Certainly, in our modelling, we looked at GDP impacts, they were pretty small and we acknowledge that, and we certainly didn't look at things like the value to the economy of improved child development and things.

I guess one of the things that someone has said to us recently is that, in the long term, what will be really important is if some of these parents actually get into work now, it won't necessarily be the productivity that those parents generate but the fact that they're in work will mean that the jobs that their children get down the track will actually be quite different. Again, it's one of those things that's very difficult to quantify and look ahead - - -

MR LUCAS: Yes.

DR CRAIK: Yes. I think that's fine. Thank you very much for coming along and presenting those remarks, and we'll look forward to your submission.

MR COPPEL: Thank you, very much.

DR CRAIK: Our next presenter is Babette Francis from the Endeavour Forum. If you could state your names and organisation for the record, please, and, if you'd like to make a brief opening statement, we'd be happy to hear from you. Thank you.

MS FRANCIS: Thank you. Can you speak up a bit? I'm having a bit of difficulty hearing you.

DR CRAIK: Sorry.

MS FRANCIS: Thank you.

DR CRAIK: If you say who you are and your organisation and, if you'd like to, make a brief opening statement.

MS FRANCIS: I'm Babette Francis and the organisation is Endeavour Forum Incorporated.

MS BOURNE: Angela Bourne.

DR CRAIK: Same organisation?

MS BOURNE: Yes.

DR CRAIK: If you'd like to make a brief opening statement, we'd be happy to hear from you.

MS FRANCIS: Thank you. We challenge the meaning of "productivity" as in your terms of reference. Why is it only paid work that is considered productive? We are constantly told by economists that we have an ageing population, there are too few workers to support the retired and elderly, and that the pension age has to be raised. Why is there no recognition of those mothers who have large families? I would like to tender into evidence photographs of some of our members' families. I have eight children and 20 grandchildren. Our Victorian coordinator has seven children; one of her daughters has 12, another has seven. Our editor has nine children. These family photographs are tendered into evidence and you're welcome to publish them without identification details.

All these mothers and fathers do a heroic job in raising future taxpayers but they're constantly insulted by being ignored by the Productivity Commission, as if they're contributing nothing to the wellbeing and prosperity of the nation.

Why are full-time homemakers regarded as non-working? The distinction should be not between working and non-working mothers but between paid and unpaid work. We tender into evidence an article about Japan's GDP, which is contracting sharply. Japan's economy has been static for years; we believe this is because of a decline in population. There is a

limit to the numbers of cars, fridges or TV sets that an individual or a couple with only one or no children can buy. Australia's birth rate is well below replacement level and there should be policies to recognise and value those families who have more than 1.8 children.

There is gross discrimination against such families when the mother chooses to stay out of the paid workforce to care for her children. She does not get childcare subsidies or paid parental leave. Some of these mothers are coerced, out of sheer economic necessity, into taking part-time jobs over the weekend or at night, when their husbands are home to care for the children. This is particularly absurd, as it deprives unemployed young people of jobs.

Recent reports indicate that unemployment in Australia is rising, while it is declining in other English-speaking countries. We used to have the second-lowest unemployment rate; now we have the second-highest. I tender into evidence an article by Adam Creighton in this weekend's Australian. Why all the frenetic energy by the current government to entice mothers into the public workforce, they already have a job to do in raising the next generation, when there are so many unemployed young people?

We tender in evidence an article about qualified women walking away from engineering jobs. This makes a mockery of all the efforts and expenditure made by the government, and so for progressive companies to get women into non-traditional jobs. We are opposed to such affirmative action, the government should be gender neutral about employment, and if anything give priority to young people who want to be engineers rather than focus on women.

We recommend that the government and taxation systems should be neutral in regard to mother's decisions whether to work in paid employment or not. All parents need babysitting or childcare from time to time, there needs to be a universal childcare subsidy, and let parents decide whether to use it for formal childcare or childcare by nannies or grandparents or the university student who lives next door.

We believe long day care can be harmful to young infants and we tender in evidence an article by Bill Nierenberg which reports an Australian national university study which showed that children who spend more than 21 hours a day in formal day care are at greater risk of performing below average in maths, literacy and overall academic achievement, and have more trouble adjusting to school later on. This makes commonsense, why on earth would a toddler be better being cared for by a stranger than by a loving parent.

We would like to emphasise the health benefits of preschool children being cared for at home. They have fewer respiratory and gastrointestinal infections, and the World Health Organisation recommends breast feeding for two years or more if the infant will nurse. This has benefits not only for the baby but also the mother, and is virtually impossible if the mother is separated from her infant or toddler.

In conclusion, we recommend that childcare funding be applicable regardless of the mother's workforce status, or by whom the childcare is provided. In the Terms of Reference it is stated that the Australian government supports workforce participation, particularly for women. Why particularly for women? We would hope the emphasis would be on workforce participation by young people who are demoralised by not having anything meaningful to do, while mothers have more than enough to do.

Again, in the scope of the inquiry, it is stated that the product of the Commission should make recommendations on increased participation in the workforce, particularly for women. Why the focus on women, that is mothers, when the unemployment rate for young people is so high? From an economic perspective, productivity comes also from savings and investment but only from paid workforce participation.

We recommend that the product of the Commission acknowledge that the work done by women in the home, particularly in caring for their children, is also work, albeit unpaid. It should also be recognised because it makes an essential contribution to the wellbeing and prosperity of the nation.

A simple policy which would avoid churning costs would be for a childcare allowance to be paid to all mothers, maybe as part of their taxable income, as necessary for budgetary consideration. There is never going to be enough childcare that is satisfactory to all people. We recommend a Norwegian system of paying mothers who do not use formal childcare but look after their own children. Thank you.

DR CRAIK: Thank you. Thanks very much for that. I guess a starting point is that our inquiry had two objectives given to us by the government, and one was looking at child development and looking at workforce participation, particularly that of mothers through the lens of the childcare system. So, they were the objectives we were given, so while we're free to look at things that are relevant to that, I think straying off into saying, well, we're not going to look at mothers, we're going to look at young people in relation to workforce participation, would have been seen - would be seen by the government perhaps as straying well outside our remit I think.

I guess that brings me to the point about providing all mothers with a subsidy regardless of whether they're in the paid workforce or the unpaid workforce. Because one of our objectives was to increase - or to facilitate workforce participation I should say, so that if parents wanted to work, they could, with a minimum number of impediments. That's the reason that we have an activity test which excludes those parents who aren't in the paid workforce. So, that's the basis of where we got to.

Your suggestion that we have a government subsidy that goes to all mothers, regardless of whether they're in the paid workforce or not the paid workforce, and they could use it even for the babysitter next door, I think where governments are subsidising things they want to be sure that there's a certain quality that's - quality that's met for care because it is tax payers funding. And so if you did have that sort of system there would need to be some kind of quality standards right across the board.

MS FRANCIS: Well, they could check up on grandmothers or the university students. Nothing wrong with grandmothers, I've provided a lot of baby care and babysitting in my time for my 20 grandchildren. I know that you are restricted by your Terms of Reference, but it is so demoralising to mothers who care for their own children, I think this is still the majority of mothers in Australia. When the workers - the distinction is between working and non-working instead of paid and unpaid work and you're really destroying the morale of full-time homemakers which possibly was not your intention, but that's what is happening and that's not good.

DR CRAIK: No, I don't think that - - -

MS FRANCIS: At least in your documents if you'd make that distinction, we're talking about paid and unpaid work, not working and non-working mothers. I don't know of a non-working mother.

DR CRAIK: No, I accept your point. We did have some discussion about the value of unpaid care actually in the report, and I know it's in a fairly late chapter in the report but there is quite a discussion about the value of unpaid care, but it's a very difficult thing to actually value and to put a dollar value on. But there is a quite a discussion about it later in the report.

MS FRANCIS: And the other thing is that you're not taking into account large families. You've got - the Australian average is 1.7 and 1.8 but that's made up of about 25 per cent of mothers who don't have any - women who don't have any children and then others who have one, but there's also quite a large section who have three or more, and our organisation to some extent represents those. Because they value children, they think that's their important role in life, and they're making an enormous contribution in keeping up the birth rate for Australia because otherwise we'd be in the - if it wasn't for immigration we'd be in the situation of Japan with a rapidly declining population, which isn't good for the economy.

There should be something in your Terms of Reference or even a minority report to the government about recognising large families, you know, three plus or three and over. It's really very difficult for a mother who has three children to be in the paid workforce full-time or even to be career based, and a lot of them in fact leave their jobs when have a third child and that's a very - the third child is a very important contribution to the birth rate in Australia, the whole economic system.

Because at the moment you're penalising the elderly and the retired and saying we haven't got enough money to pay your pensions, you've got to raise the pension age or whatever, and that's because there are too few workers coming up. Now, who is producing those workers? It's the mothers of large families.

MR COPPEL: If you look at - - -

MS FRANCIS: My colleague is also a home-schooling mother, this is another group you have not considered, mothers who don't use the formal education system but home school their children. And so that's - it's at least a reduction of costs to the government because they're not, you know, using State education resources.

DR CRAIK: Facilities.

MR COPPEL: We did look at policy and frameworks in different countries of similar standing to Australia and - - -

MS FRANCIS: I'm sorry, could you speak up a bit?

MR COPPEL: I said we did look at a number of the policy frameworks that were in place in other countries in terms of early childhood education.

MS FRANCIS: Yes. Well, there is the Norwegian system I have mentioned which pays mothers who don't use formal childcare. In Sweden there is also a payment to mothers who

don't use formal childcare but it's not as satisfactory - I've been told by my colleague in Sweden that it's not as high as the Norwegian system, it doesn't pay as much. But at least they get something, the ones who don't want to use formal childcare.

Really, the government should be neutral about women's choices. Why not make a childcare allowance to all mothers, make it means tested or taxable if you have to, but give the mothers a choice. There's never going to be enough formal childcare to satisfy the range of needs, the out of hours work, the flexibility of - mothers go sometimes in and out of the workforce, they have a couple of children and they go into the workforce, then they may have another child and they go out again. It's got to be much more flexible, there's got to be a reduction in churning costs, you know, the whole system of maintaining a childcare accreditation agency and all the supervision and so on, you know.

We managed to raise satisfactory children a couple of generations ago without all this. What's happened now is that everyone has to have a certificate, you know, that a grandmother who has raised her own children successfully is not fit to care for her grandchildren? This is ridiculous, you know, and she adds the ingredient of love for those children which is very important to an infant, you know. So many children become maybe dysfunctional in later life because of the absence of a father, and then they're - you are coercing single mothers also into the paid workforce, so they would have the absence of a mother as well, you know.

This is ridiculous, you've got to think of the welfare of a long-term picture of this, not just the immediate solution to getting women into the workforce. This is particularly iniquitous at the moment when all the status coming out about young people being unemployed and that they have to put in 20 applications for work every week to get the dole and so on. You're making hurdles for them and causing women who would prefer to be out of the paid workforce, at least while their children are at preschool.

MR COPPEL: My only comment was that when we did look at these other systems that a number of countries have as an objective for early childhood education and care support raising the fertility rate. It isn't the case in Australia but it's certainly the primary policy goal in the case of Japan, although the relationship between those two is not very clear-cut. The other comment I would make is that one of the reasons why we're being quite sort of careful in our report in terms of what the impact of the measures we're proposing on GDP would be is that we do recognise that GDP is only a measure of market output and it doesn't pick up the value of unpaid work. But in the commentary in the relevant part of the report we do give recognition to - - -

MS FRANCIS: Yes. Maybe that should be taken into consideration. But the actual contribution - I'm not just thinking of the cooking and the meals and so on. I'm thinking of the actual production of people. The members of my organisation are the ones who are having the children, the workers of the next generation, and are constantly insulted by implying that we don't work, that what we do is of no value and that we've got to go and do something somewhere else when we're producing the workers of the next generation. You're going to have nobody - it'll be like Japan with a declining population and static GDP because there aren't any people. There are childcare centres and schools that are closing down in Japan because there are no babies.

DR CRAIK: That doesn't seem to be happening here in Australia. We seem to have quite a bit more demand than able to meet.

MS FRANCIS: That's because of the structure of the whole economic system where a lot of women are being coerced into the workforce because we don't have income sharing between spouses. They can't survive or buy a house on one income. The whole economic system, the taxation system is skewed against the single-income family and that's what's forcing women into the paid workforce. But the other issues I read in today's Australian – I had time to read this – about mothers who are not in the paid workforce can use childcare for three days a week.

DR CRAIK: They can currently.

MS FRANCIS: Apparently. I wasn't aware of this until I read that. But they're using it for shopping and hairdressing and some of it using it for genuine need like doctors' appointments or dental appointments. But that would be much better if they were given a childcare allowance and maybe could afford to get a babysitter in the home while they did the doctor or the dentist instead of using a whole day at a formal childcare centre for their child. It should be made flexible. There should be choice in this. Flexibility reduces costs all around for the parents, for the government, for the whole childcare system.

DR CRAIK: I think governments feel that if they hand out money there needs to be a standard to which the recipients – there has to be some sort of standard that they're paying for.

MS FRANCIS: I really think that the whole accreditation process is also much too unwieldy. A grandmother who doesn't have a police record is ipso facto capable of caring for children. This is ridiculous that a grandmother is not certified, but a childcare worker, a 20-year-old who's never had her own children is sort of – because she's got a university degree knows how to comfort a baby, it's ridiculous. A grandmother who's had several children of her own and has breastfed children, she knows how to soothe a baby. And that's what a baby needs. It needs continuity of care. The other thing is we're not even considering the plight of the children in childcare centres, especially with young workers. There's a big staff turnover. So the children, they get attached to one carer and then a carer disappears. This shatters the confidence of the child that there isn't that one loving person. Children desperately need this for the first few years of their life. They're so vulnerable they can't do anything. They can't cook for themselves or anything. When their carer changes, that has a harmful effect on the child on its morale. That Australian National University study showed this, that more than 21 hours a day – because there are many studies like that from overseas, but I just quoted that one because it's recent and it's Australian.

DR CRAIK: Do you have any comments about home schooling in relation to below school aged children?

MS BOURNE: Firstly, that home educating is obviously completely legal in Victoria and in Australia. Not everyone knows that. And of course it is a choice. But I feel as a home-educating parent and being mindful that we are saving taxpayer's money as per capita funding for two children – I have two children – that's already quite a substantial saving whilst my partner contributes to the – through our family tax that we pay. So purely on a sort of a social – from a social justice platform to not be penalised financially for home-educating

children at whatever age and I'm just not sure – and on a personal level, if I – I mean, I'm university educated and of course that has cost and I did work before I had children and now I'm not working, so I'm not contributing to the paid workforce. However, I think the care that I'm providing my own children is certainly not substandard. I'd love for someone to come and accredit me and run testing on my children and show the different outcomes. But I think what I'm doing is quite productive in the sense that I think my children will go on to become quite well-adjusted, hopefully, or no less productive or no less socially maladjusted had they been in a formal institution. I think it would be fair for us as a family unit to have some sort of tax break.

DR CRAIK: Where is the money going to come from for all of this, taxpayers?

MS BOURNE: Our own money, I suppose, as we pay tax. I mean, if I went into a public service job, where is that money coming from? So I can do that, go back to my public service job or I can stay at home and – I suppose I'm just asking for crumbs, that's all. Not even that, because it's a choice that we make. So I'm prepared with the consequences of the choice, the ramifications of that. But more just I suppose an acknowledgement that I'm not on welfare and sitting around playing Minecraft with my children or whatever. But I think, certainly I would welcome even more stringent – as part of the home-education registration process probably more stringent conditions or more robust sort of - - -

DR CRAIK: Does the registration start when the children start sort of - - -

MS BOURNE: It's from six years on. And it varies state to state.

DR CRAIK: It's basically when they start school in whatever that is, in which state.

MS BOURNE: Yes. That's what's in Victoria.

MS FRANCIS: We also resent the implication that if you don't put your child in long care they're not getting an educational advantage. My children, most of them were able to identify the letters of the alphabet by the time they were 18 or 20 months old because I read to them a lot. A is for apple, B is for baby, that sort of stuff. All my children have double university degrees. None of them were in day care. And none of them were mostly in preschool. They went straight to school at around about five years of age. So this is not essential for the intellectual development of the child. It's how much time the mother devotes to the children in talking to them and so on. This conversation is so important. They've even now also found that babies can hear in the womb and they remember nursery rhymes or things or songs from in utero. So the conversation the mother has with the children, even when she's cooking in the kitchen and the child is playing with saucepans on the floor near her, that's so important and it's real-life experience where you're interacting with your child. And you can't get that in a formal day care centre. That's what I believe. I'm not restricting the choice of the women. I'm just saying be financially just, give us that choice of the financial choice. A husband's tax pays for all this in single-income families, the child accreditation agency, the childcare subsidies, everything else that goes with it and we're just discriminated and regarded as not working, out of the workforce. It's unpaid work.

DR CRAIK: We acknowledge that. Thanks very much for coming along.

MS FRANCIS: Thank you. Now, can I give these things in evidence?

DR CRAIK: Sure, yes. If you want to give them to Monika who's at the door down there, that would be great. Thanks very much. Thanks a lot.

MS BOURNE: Thank you.

DR CRAIK: Now, our next appearance is from Bestchance, Kevin Feeney. When you're ready, if you'd like to state your name and organisation and if you'd like to make a brief opening statement, we'd be happy to hear from you.

MR FEENEY: Thank you very much and thank you for your time. I'll just get Chris to introduce herself obviously because she's not on the list.

MS THOMPSON: I'm Chris Thompson, I'm the general manager of the early years programs at Bestchance.

MR FEENEY: My name is Kevin Feeney, I'm the chief executive from Bestchance. Just a brief overview about Bestchance itself, we've been providing services since 1895. We currently provide long day care and occasional care – two long day care, three occasional care – 62 kindergartens, family day care, early childhood intervention, parent and child services, emergency relief. We're also a registered training organisation providing training services to the sector. We also have a special school for children who have been expelled from primary schools. So we often see the failures of not only the educations but also the preschool education services. We have a, I think, unique perspective of a lot of the issues facing the sector and therefore we've focused our presentation on supporting families to create a home environment that supports childcare and learning.

When we do so, we are focusing on, in this particular case study that we're going through, the family-centred practice, promoting parenting skills that address their particular needs at that time. The case study that we're talking about is a family with three young children. They're a strong and resilient family. The mother worked prior to a third child on a part-time basis and the father was the primary income provider. He works in a sector where redundancy is not unusual. He's been made redundant twice during the period that this family has been receiving services from Bestchance. On each time of course there's been a lag between the time that he was made redundant and the next job. That has created significant financial hardships for this family.

The response of the family has been to try to live within their means by reducing the days that the children come to day care. But still the debts accrued. Bestchance supported them providing counselling but we also wrote off significant debts. So one of the things we'd like to weave through this is about the payroll tax, where does that money go to? Well, it goes to things like supporting these families and providing that counselling support of which only approximately half of it is funded and the rest is funded by the organisation.

We took this step to write off the debt because the children and mother were receiving significant benefits from their attendance in childcare and any disruption to this service would be not in the best interests of the children, both socially and emotionally. The mother fell pregnant a third time and continued to work for a time but her health was such that she was unable to continue. As a result, she took on the full-time care of her two children. We

again provided counselling support for coping and stress management skills. The child itself then faced health problems after birth and the mother had to live with the child at the hospital. The father was in employment, but the family continued to struggle financially. As a result, whilst we were able to give them ongoing support, we applied for and were successful in getting the special childcare benefit. And this is an important contribution to this family being able to manage their life when their needs fluctuate so broadly that if these sort of benefits were not available it would exacerbate the situation materially.

The parents have made significant progress in adjusting to the child's condition and the three children are progressing well and the mother has been able to return to work. So that's an important outcome. The mother was in a position to return to work very quickly. This is a fairly typical and strong family and yet they still had trouble coping in times of unexpected hardship. Without this support the family would not have been able to cope. The family was assisted to manage in times of hardship because of the flexibility of Bestchance in wiping off the debt and because of special childcare benefits. We feel that special childcare benefits that are well targeted and available are an important addendum to assisting these families at times of greatest needs to make certain that care is consistent, regardless of their financial or work position. This creates the opportunity for the child to work in a calm environment removed from the stresses that the family themselves are facing.

It is important that such funding is continued to ensure that the productivity of the family is not exacerbated by removing funds at the very time of greatest need. Bestchance's own approach with working with children and family is to provide an integrated and inclusive service which costs significantly more than we are funded for. For example, our estimation is that this cost some \$1000 per family per year. In our situation that's \$350,000, of which half of it is funded, the rest is provided by our own funding.

This is an important and unrecognised contribution that not-for-profits make to the families and to the community. Therefore, we would pick up the issue that has been spoken previously about payroll tax. The impact of removing payroll tax may well be that we may not be able to write off a debt in the future, we may not be able to provide an integrated and inclusive support to the level of community needs. So for our organisation such a funding would impact us by approximately \$420,000. Our organisation doesn't generate significant surpluses, therefore, it is not in a position to absorb significant fluctuations to funding, both at the universal deemed level, as well as more targeted expenditure. Thank you.

DR CRAIK: Thanks very much. Could you just repeat those numbers you gave at the end of your talk about a thousand dollars costs something per family.

MR FEENEY: We estimate that the total cost of providing an integrated service is some \$1000 per family per year. So that, for us, is \$350,000 of which we do receive some funding, but only approximately 50 per cent of that is funded.

DR CRAIK: From grants from government?

MR FEENEY: Grants from government. So the rest of it will either be funded from surpluses that we may be able to generate, which is one of the impacts we're talking about, as well as philanthropic and donations. Margins are very slim for not-for-profits. So any sort of impact, any sort of uncertainty creates a disproportionate impact on families.

DR CRAIK: So when you talk about that integrated services you really run something that has a bit of an integrated service model by the sounds of things rather than just a childcare – not just a childcare but - - -

MR FEENEY: Yes, and I think that's why I went through the services we provide. It's far more than just childcare.

DR CRAIK: Under our proposal there would be funding for the integration component of the integrated service as well as, obviously, the childcare subsidies as they're recommended. Does that make sense to you?

MS THOMPSON: Integrated services cost more money to run than your standard day care service. So, yes, we are very interested in the sort of model that you're putting up because that's best practice for families is to have everything in the one spot. So a family can come to any door at Bestchance and get into the service that they need. The family that we're talking about here is just your ordinary family. And we chose to select an ordinary family to present to you because they're not generational equality, they're not disadvantaged. It's not a single mum who can't cope, et cetera. They're just an ordinary family who found themselves in temporary financial and emotional stress. Without all those other supports that mum may not have actually got through that space. So that integrated model works much better for all families who are disadvantaged. A lot of families are disadvantaged at different times for different reasons.

DR CRAIK: I guess what we've proposed is that there be some kind of funding for the service or the glue that holds it together.

MS THOMPSON: Yes, and I think that makes sense, because if you have a look at the systems we run, the time it takes to discuss families, talk to families, find supports, if we don't that support we need to go out and find the support for them. That sort of stuff takes time, takes money and currently is unfunded.

DR CRAIK: You don't have to do it now, but in submission would it be possible to give us an indication of how much and as a percentage of all the services that you fund that sort of integration function?

MS THOMPSON: Yes.

MR FEENEY: And we've tried to give you a brief flavour of that today. But the cost of not getting the funding right whilst removing other benefits that not-for-profit may have, it's that double impact at the same time. If government doesn't get both right or gets one of them significantly wrong, it's these families that'll pay and then it's going to be government will pick up that tab later. It will come into social service, it will come into other areas. The problems will be far greater later on.

MR COPPEL: Do you have any sense of how big that particular group is?

MR FEENEY: I suppose we're not a typical – because we deal – because of the nature of our service, we do deal with far more higher needs. We have how many high-needs children in our long day care centre compared to average?

MS THOMPSON: About 30 to 35 per cent of the children in our long day care centre have got additional needs of some sort.

DR CRAIK: Is that because of your geography or what?

MS THOMPSON: No, that's because we're good at what we do.

MR FEENEY: Because we're an integrated and inclusive service, we attract – they're going to get a better outcome with us so that this is where they'll come to.

MS THOMPSON: The integration model that we've got – because we've got an early childhood intervention team who works in our childcare centre, we attract a higher number of children with additional needs. And we have parent counselling. So families get referred in to us from Child Protection, Child FIRST, other service providers.

MR FEENEY: In some ways that can be addressed. But it's for families that we've spoken about today which don't have a diagnosed need or there's a lag between the presentation of the issue, us having to deal with it and then it being funded. So all of these things cumulatively impact on our ability to support these families.

MR COPPEL: What sort of criteria do you use to identify kids with additional needs or families with additional needs?

MS THOMPSON: The parents identify that themselves or the agency that refers them in does. But we work with the parent. So an agency might refer them in and say, "X, Y and Z." We actually work with the parent to see that. We have a key worker model so that every family who's got an additional need has a single point of contact. So we have a different training approach to our staff than long day care.

MR COPPEL: Is it based on some sort of assessment of income or temporary loss of income?

MS THOMPSON: No. It's about the child and the family, and income is one of those things and only one of those things. One of the other things I'd just like to talk about very quickly is you were talking about your deemed cost for children with additional needs and you're talking about diagnosed additional needs. There is a period of time before the child is diagnosed that is extremely stressful for families. It can actually take some families up to 12 to 18 months to get to the idea of having an assessment and having a diagnosis made. In that period of time we've got our care workers working with children with maybe severe autism and the parent can't quite get that diagnosis. I think there needs to be some flexibility about some funding for families and for us who's working with those families to get them to a point of diagnosis. So I think just saying at point of diagnosis that funding kicks in could be quite detrimental to families and detrimental to the workers who are working with those children.

DR CRAIK: What we've proposed in terms of inclusion support funding where services apply for sort of grants to train staff or additional equipment and things, would that help? I mean, as we propose, it's only twice a year and a lot of people have criticised for a range of reasons which kind of – yes.

MR FEENEY: We as an RTO do provide training for these – especially around behavioural issues. So we do see – there’s a need for significant training in organisations. It’s probably easier for organisations ourselves which are well-structured and well-skilled around dealing with them. It’s going to be those organisations which only occasionally or at low level experience children with high and complex needs.

MS THOMPSON: I was more talking about having the actual hands, the extra hands in the room. Just because a child’s got a diagnosis doesn’t change their needs within the room. But it sounded like the support that you’re suggesting only kicks in - - -

DR CRAIK: Only kicks in, yes, the additional top-up subsidy; that’s right.

MS THOMPSON: And I do think there is significant cause for me to be concerned if that was going to be the case. Families often take a long time to get there and that child’s needs are still the same, whether the family’s got there or not. So I think the trigger point of the diagnosis is difficult to understand.

MR FEENEY: And it should only be one of the measures for funding.

MR COPPEL: One of the criteria for identifying children that are developmentally vulnerable would be some form of diagnosis or a disability of some sort. Are there other criteria that would help to identify a child that’s disadvantaged, developmentally disadvantaged?

MS THOMPSON: Developmentally delayed? I think working with maternal and child health nurse is one of the key things that we do because they do lots of screening in their key ages and status in Victoria. So we have a maternal and child health nurse on our integrated team and she can recognise families and refer them in. So I think there are a lot of things that can be done to recognise – I’m happy to put them in our submission for you – as triggers rather than just the diagnosis.

DR CRAIK: That’d be good.

MS THOMPSON: We’ll be doing that.

MR COPPEL: Thank you.

DR CRAIK: Special childcare benefit. The reason that we moved away from that, I suppose, is, as we understand it, initially it had quite a targeted objective. But actually the way it’s being used it has expanded out and funding allocations have been enormously exceeded in recent years because it’s been used for a raft of things that it wasn’t initially intended to be used for.

MR FEENEY: We’d be supportive of it being well targeted, but we would hope that the sector would be able to influence and provide you guidance about what that targeting looks like.

DR CRAIK: Yes, that would be really helpful if you can do that. That’d be great. Thank you very much. Thanks for coming along.

MS THOMPSON: Thank you.

DR CRAIK: Thanks for presenting. We'll look forward to your submission.

MS THOMPSON: Thanks very much. Thanks for your time.

MR FEENEY: Thank you.

DR CRAIK: We'll now take a break for lunch and we'll resume at 1 o'clock with United Voice. Thank you.

ADJOURNED

[12.23 pm]

RESUMED

[1.01 pm]

DR CRAIK: We might get underway if everyone is ready. Our first presenter this afternoon is United Voice, so if you would be happy to introduce yourselves and state your name and your organisation, and then if you'd like to make a brief opening statement we'd be happy to hear from you. Thank you.

MR O'BYRNE: Thank you very much. My name is David O'Byrne, I'm the Acting National Secretary of United Voice. United Voice is Australia's early childhood union. I'm joined today by two United Voice members and experienced educators, Kristy Wilkie and Claire Penno, and we're also joined by Dr Kate Hepworth who is a research analyst with the union who can also assist us in answering any questions that you may have.

United Voice represents Australia's early childhood education sector which includes 75,000 educators working in long day care and other forms of wraparound care. We welcome this inquiry and we thank you for the opportunity today to discuss your draft today. There are a number of recommendations that we support, including redirecting some additional funding to the sector which would be no surprise, and others that we have significant concerns about. We will address our key concerns here today and also provide you with a more detailed submission following the hearing.

Kristy and Claire are very experienced educators with a wealth of experience in the sector, so I want to pass to them briefly to allow them to outline some of the concerns educators have with the draft report, before I'll make a few additional comments in summary. Thank you.

MS WILKIE: So, my name is Kristy Wilkie, I'm 30 years old, I'm a director at Forever Friends Early Learning Centre and preschool in Sunbury. It's a 91 place centre with a team of highly dedicated early childhood professionals. I am the mother of three gorgeous children who attend my centre. Gracie, my four year old is in the preschool, Taylor, my just turned three year old, and Michael is one and a-half.

I began my career in early childhood education when I was 18, although I knew at about 15 that it was my passion. I worked and studied my way through being an untrained assistant

in a centre where quality and the children were not the focus. Ratios were not always followed resulting in poor quality education and lack of safety, which nearly broke me, but I knew the children deserved better. So, I gained my Certificate III and diploma in a centre where we felt valued, then my advanced diploma and Certificate IV in Training and Assessment with my current employer who is very supportive and cares greatly for the children and her team.

In regards to the recommendation to take away qualified diploma trained educators for under threes, I'd like to ask - I have a three year old and a one year old, how is it right to say that they do not need a qualified, trained diploma educator. They are amazing little children who are doing things I never imagined because they have amazing educators who use their training to come up with things that not interests them, it engages them, it challenges them, it takes into account all they know and how they learn and then takes them to the next level. I'm sorry, I get a bit passionate about this because it's my children.

As a mother and a professional in the early learning field I witness their learning and milestones, small or big, and their school development, with the presentation of resources and the level of quality that fosters these children's learning. My children would not be where they are now if they did not have a mix of qualified educators, including a diploma trained educator who is trained to understand these crucial years, to guide other educators, to understand all children as the unique individual they are, and to have the extra skills required to support families to understand their child's development.

I know we consult our degree trained preschool teacher about all children - especially under threes who do not have access to this highly skilled educator - as they have the next level of skills and knowledge of areas such as psychology which help us to further understand the child and why they behave the way they do and how to help them, as well as skills to assist the team overall. We only have a degree trained educator in our preschool room so that's why the under threes don't have access to that unfortunately.

For instance, my Taylor has for months before turning three been very skilled at writing her name and then wanting to learn more writing. This is something they don't push at that age - or we don't push at all but definitely not at that age. But my child's educator is fantastic at taking cues from the children and family and extends wherever possible, adding activities to foster my daughter's early love of writing while ensuring the other 11 children in her room do not feel they have to write. And with the guidance - sorry - of the preschool teacher, she is thriving, when I know if she did not have her interests fostered she could quickly become bored and this is often where problems arise. So, not only are the vulnerable children the ones that we need to be paying attention to, it's also the children that have interests beyond some of the other children in the room, that's really important.

Someone discussed earlier the quieter children not getting as much interaction from educators. I think it's also the children that have interests outside of what the rest of the children have. It's someone qualified and educated to look at all of the children, and look at them wholly, which is also what the framework is about.

The recommendation that ratios could be averaged out in a week, less educators and less skilled educators will mean less quality education for children, lower safety standards, less early intervention, and I believe a lower level of trust from families. I know myself, I will not work if my children are not educated and cared for by quality, qualified educators, I

would rather stay at home, and then what that will mean for my future, for my children's children and for the future of the country with less working women.

I will not want my children to receive less educators one day because the day before they had more educators than required, I want consistency and the knowledge that the ratio is the same for all children on all days. I want the best for my children. I have worked in centres who run under-ratio and I've seen the children years later and had my heart broken to hear they are repeating years at school and struggling, as I could not do more for them at the time. I was an unqualified assistant in a room with a Certificate III trained educator and 30 three to four year old - sorry, I lie, that was 30 three to five year olds, and we struggled daily. I do not wish that upon any child.

I am very passionate about early childhood education. I have seen the profession change and evolve to where we now have a fantastic framework which supports children's learning and the standards which support a safe and professional environment for the children to go and learn. I cannot see the profession go backwards, and how could we possibly say that we should not - that we should spend less, lower standards, lower qualifications and treat this like a business when these children will run the country one day.

In my centre we have implemented all the changes of the National Quality Framework and Standards, and done so very well, and we still are a very well-run, viable centre. Thank you.

MR O'BYRNE: Thanks, Kristy. Claire?

MS PENNO: Yes. So, good afternoon, my name is Claire Penno and I'm the centre manager of a long day care centre in Blackburn. I've worked in the early education sector for just over 13 years. I began when I was 16 years old, doing my Certificate II as a VET subject in Year 10. When I completed high school, I went on to do my Diploma of Children's Services. I've worked in many and various roles and services. My current employer is a company and I have been working with them for the past seven years; five of those have been in the centre manager position.

My service cares for and educates 58 children a day. We have 17 educators employed within the service. 13 hold the diploma of children's services; one is an ECT, which is an early childhood teacher, bachelor-trained. Two of these are also working towards their bachelor of early childhood education, myself included.

While I am here today with United Voice, I am here to speak on behalf of the people that I work with on a daily basis, as well as all my fellow educators in the sector. Thank you for allowing me the time and for listening.

While there are some valid points within the report, I am not here to talk about that. I am only going to bring up the points that I feel need to be addressed. The first point is the rollback of the need of diploma-qualified educators. As I stated in my introduction, my service is well above the current regulation for diploma-trained educators. I know first-hand the difference that this makes, having educators that are suitably qualified. While Certificate III educators are just as valuable as diploma and ECT, there is a difference. There is a greater understanding of children and of children's learning and development.

The collaboration and networking that goes on on a daily basis, as the educators learn not just from each other but also from the children, is inspiring. An example of this was late last week, when I was walking through our toddler room, which is two-to-three years old, and I noticed a child struggling to reach a block which was just out of reach; he was jumping up and down trying to reach the block. I noticed one of my Certificate III-trained educators get up to go and intervene. A diploma-qualified educator stopped her by touching her arm and they watched together. Another two children had now joined him and they were chatting about how to retrieve the block. One of the children pushed a stool over. He was still unable to reach it. While he was climbing off the stool, the little girl ran outside and she came back with a spade from the sandpit and gave it to the boy and he used this to flick the block off the shelf and get it down. They celebrated their accomplishment together and then went their separate ways.

If the Certificate III educator had gone over and just given the block to him, when she initially saw the event unfold, this whole process would have been missed. My diploma educator recognised this and she, in turn, helped the Certificate III educator understand the importance of time and space and giving children the opportunity to develop the type of skills they had just witnessed, on their own. This, to me, is a perfect example of why educators need to be suitably qualified, to not only educate the children but to educate each other, through professional development and daily reflection.

My second point is in regards to the averaging of ratios over a week. I really don't see how this would work, especially in a service like mine that is running at 100 per cent capacity, 52 weeks of the year. These ratios are put in place to ensure best-quality education and care is given to the children at all times. I feel that having this process put in place will set a precedent for service providers to breach ratios, not to mention how will this be policed to ensure that it is being monitored correctly?

My third and final point is in regards to the benefits of the 2016 ratios. We have already heard an example of the benefits of this for the children and for the educators. If this was not to be followed through or the standards dropped, the morale of the educators in the sector would be extremely low and this, in turn, would impact the children and the families that access the early childhood setting. We are already seeing qualified, competent and experienced educators leave the sector for more money. For those of us that remain, having the quality also not be recognised or not be there would be extremely detrimental. We are there to be recognised as professionals, as well as to ensure that everyone knows that quality matters. This is important not just for our sector but also for the future.

MR O'BYRNE: Thank you. As you can see, Kristy and Claire have outlined the passions of their career but also of the thousands of educators and United Voice members across the country that are echoing those concerns. I would like to touch on a few points that our submission will formally make, and that is, firstly, in regard to career progression.

Professional, qualified educators play a vital role in helping young children develop but also in providing advice and support to families, as illustrated by Claire's story. The Commission has acknowledged that educators are low-paid and that there is a lack of career progression within the sector. Undermining the qualification requirements will further reduce opportunities for career progression and exacerbate the problems in attracting and retaining skilled educators within the sector.

In relation to in-home care, we've previously raised concerns about unregulated in-home care, so we welcome the recommendation that nannies should come under the NQF. We would be very concerned about a model where individuals are directly employed by families and would like to see nannies employed by external providers, in order to ensure better regulation of employment conditions. Ideally, this model will be similar to the New Zealand model or the Family Care model, where there's oversight by degree or diploma-qualified educators to provide additional support to individual nannies and to the children in their care.

Underfunding. We appreciate that the Commission has been seriously constrained in your recommendations by the requirement to stay within the current funding envelop. As other presenters have said, this sector is chronically underfunded, by comparable international examples, spending just 0.45 per cent of GDP, compared to an OECD average of 0.6, and a best-practice example of 1 per cent of GDP in New Zealand.

Whilst it shouldn't be an either-or situation in regards to paid parental leave, we support your recommendation to redirect some of the paid parental leave funding towards ECEC. As a parent, I know the first six months of a child's life are vitally important but so are the four and a half years that follow before school begins.

In relation to the funding model, we're concerned that the deemed-cost model proposed by the Commission doesn't take into account some of the major costs of providing services, including variations based on geographical locations, professional wages for educators and sudden increases in rents. As well as representing educators working in the sector, we also approach this from the perspective of our members who rely on early childhood education and care services for their children. Any changes to the funding model cannot leave families worse off.

Our early childhood education and care system is an amazing national resource. We have dedicated, professional educators delivering high-quality early learning and care, based on nationally consistent standards and curriculum, to set our children up for the best possible start in life. This allows parents to return to work with confidence, supports our economy and increases social cohesion. We need to develop a system that supports all families to access the early learning they need, whilst recognising educators for the professionals that they are.

With those opening comments, we're really happy to take some questions to help you out.

DR CRAIK: Thanks very much; thanks, David. Perhaps if we could start, almost where you ended, with the - you raised the issue of the deemed-cost model. Perhaps if I could ask first whether you think that the basic design of the model is okay, leaving aside where deemed cost might end up. Do you think that the basic design of the model is in the right ballpark?

MR O'BYRNE: I suppose the intent to simplify the support to the sector and how the money flows is crucially important because it is complex and it's complex not only for services but for families and, I think, for the public and for governments to explain where taxpayers' funds are going. I also think it's important that, when you look at what's included in the basket, the model obviously needs to be a clear focus. As I said, we need to make sure that all of those matters are taken into account. Again, I think our preference is for a cost

model where it's, I suppose, transparent in terms of what's included and what's not, and there's ability for discussion around how that plays out in different markets, in different communities and in different states.

Kate, do you want to touch on that or add anything to what I've - - -

DR CRAIK: I'd ask you about two ends of the model, I suppose; one is the activity test, at one end of the model, and the other is the subsidies for families' incomes over 300,000 and (indistinct) subsidy.

MR O'BYRNE: Yes. In relation to the activity test, I think that may be too narrow. When you look at the business model of a whole range of service providers, there is a range of cross-subsidisation, there's essentially a mix of families. Ultimately we believe in the universality of access. When you look at the activity test, that goes against that. We believe that all parents should be able to exercise a choice in placing their children in good-quality early learning environments. We believe the activity test, whilst I can understand it, may cause many families concern and distress and, therefore, undermine the economic model that makes services sustainable.

In terms of the means-testing and that aspect of the model - - -

DR CRAIK: That's the minimum 30 per cent for everybody.

MR O'BYRNE: Yes. I suppose it, again, undermines the principle of access because, as with some of the examples that have been put forward, it's not only those people from lower socio-economic areas that benefit from good access to good-quality learning environments. There's a whole range of other families that will benefit from it, in terms of learning difficulties, in terms of identifying behaviours and patterns that families need. Our long-term view is that a means-testing activity test does go against what we would argue for, and that's a universality of access. We know that's complex and we know that's expensive but that would be our position.

In the interim, we would work with both the activity test and the means testing to ensure that as many families can access services, should they require, and that the starting principle is that no families are worse off than where they are now.

DR CRAIK: Thanks, David.

MR COPPEL: I'd just come to the draft recommendation which relates to the averaging of qualification requirements over a day or over a week. What we had in mind there is that - a centre may be close to the minimum requirements and face the situation where an educator is suddenly taken off sick and, therefore, fails, for that period of time, during the afternoon or the morning or whatever, to meet those requirements. The idea behind the recommendation is that, provided - over the course of the day, there may be a short period where they're below the requirements but there would be another period where they would be above the requirements that would provide that added flexibility. We understand that that's not how it's always been interpreted. Maybe you have interpreted it that way but I'd be interested to hear from you if you had something different in mind.

MR O'BYRNE: I think, as a point, it's always - if you look at a period over a week,

where's the accountability, how do you know at what point the ratios have been met or the environments and the mix of skills within the rooms in the services are supported? We would have a concern about how you would regulate that and how you would build accountability in. That would be a concern but I think we've got two pretty-well-qualified educators here, who are also directors, who can talk you through what practically happens and how they respond.

MS WILKIE: I don't see how it could be practical. I think it's not - how do we determine which children are within ratio and getting the quality care that they deserve, and safety, to which children don't and which end of the day, which rooms? As a parent, how do I know that my child is getting the best, or are they just getting - "well, yesterday's children had the best, so your children can then go without"?

MS PENNO: Our service is very much a trust service, as well - it's not just our care for the children; we have families that trust us. From what Christie was saying - how are they going to trust us, to know that we are providing the best care and education for all the children, across all the week, if on one day we're just "Oh, that will do" and then, the other day, we're above? From a centre-manager point of view, if there's someone that's going home during the day because they're unwell - - -

MS WILKIE: There should be provisions in place.

MS PENNO: Yes. We might be running a bit extra in another room anyway but you have casual educators that are on-call that you would be calling in to come and cover that person. Most of the time, I have - "if you feel that you're going to be sick tomorrow, let me know today because I'd prefer to -for the consistency and the quality for the children, I'd prefer to cover you over the whole day than half a fully day".

MS WILKIE: It goes back to where we used to be, I think, too, in a centre that I used to run, where we would have the owner/director say, "Well, I'm here, so you'll be fine." No, we weren't fine. I had 30 three to five-year-olds who I had to try - and have rests, outside, inside. It goes back to where things used to be - it's so black and white now, you know what you have to do and you do it. You give that grey and there are going to be providers that will just run well below ratio, children's safety will be compromised. I really believe that.

MR O'BYRNE: Yes. And it would be one story for - you know, one incident occurring where there would be a massive public outcry about, "Well, who's looking after our children? What kind of environments are they in?" That's why the National Quality Framework was so important in giving parents and families and the community confidence in the environments in which they had their children educated and cared for. We know, in all of the surveys, that's a key determinant for many families about when they return to work, how they return to work, how often, and the environments they place their children in: Are they being cared for, as a first step? Yes. Are they being educated? Yes.

I know, as a father of two young girls, they're 10 and seven now, both what we used to call childcare girls, absolutely that was a key determinant about where we would place our children and when my wife returned to work. It's not just about the environments in which our educators are working; it's also about participation in the workforce for women. There's a ripple effect. If you seem to - I know that there's a view that there's all this red tape and there are all these costs and all you have to do is just strip our costs and that'll make it more

affordable and access will be okay, but the knock-on effects of people, and parents and families, making those decisions are quite significant.

MS PENNO: Just going on from that, last week, I think, the ACA sent out a survey because they're going to be presenting to you guys in Canberra for the parents, and I forwarded that on to my parents. I had a conversation with a father that afternoon. He came in and he said to me - the questions were quite leadings in regards to what's more important, quality or cost, and he was, "I would have paid \$100 for a bad childcare centre but I wouldn't pay \$5 for a bad childcare centre. My wife would stay at home," and, obviously, that, as with what David and Kristy were saying, is the ripple effect.

DR CRAIK: Thanks. In relation to the issue of qualifications, Family Day Care qualifications, they're required to have a Certificate III, a coordinator has a diploma, so why are Certificate IIIs okay for Family Day Care but not for long day-care?

MR O'BYRNE: We're not here to criticise other forms of care. There's a whole range of service delivery in terms of long day-care. Parents make a very clear commitment to placing their children in environments where they're not just cared for but they're educated and supported, and, as a parent who's made that choice, that's a key determinant in our decisions, so we believe that, in terms of the long day-care environments, quality matters, qualifications matter. That's not only in terms of the environments in which children are placed but that's also for the business model. We know that turnover is higher at the higher end of qualifications. Because of the lack of wages and the lack of recognition for the important work that's done, you either take the low road and have a base service provision, and that's where you miss the opportunity that it is quality, early-years environments, or you support Early years environments with having professional staff, a range of skills and the professional development and the support that's needed to provide that good-quality care.

DR CRAIK: In relation to your staff and concern about the wages level, the question is, if wages rise, who should pay? Should it be the parents, should it be the taxpayers, should it be both? Who?

MR O'BYRNE: I'd say it's the \$64,000 question but it's probably a little bit more than that. We made the point in the opening that we shouldn't see Early years as a cost; it's an investment in our children. There's a whole range of studies which talk about, \$1 spent in the early years, you save \$7 in terms of service provision later down the track, because you identify a whole range of either learning difficulties or you're able to give the child the best start in life, so they're better citizens, the economic reports, in terms of every dollar spent; you get \$1.05 back in GDP, and the fact that Australia chronically underfunds - we're at the lower edge of the investment in the early years in the OECD, 0.45 per cent.

DR CRAIK: Only of government expenditure but we do score pretty well if you add the total up. We go a long way up the scale, actually.

MR O'BYRNE: Yes, but, also, when you look at the - there's always this - again, it depends on the outcome you want in terms of which policy lever you're pulling. Is it about making sure that children get the best start in life? I think that should be the role of government, to support families in doing that. Is it about supporting female participation in the workforce more generally? I think that's crucially important. We know that educational attainment is one of the key determinants in a person's life and, if you get the lifelong love of learning in

those early years, I know, again, from personal experience, seeing my children start formal school and seeing them very comfortable in the environment, really engaged and socialised in those kinder and prep environments - so I think it should be seen as an investment.

Parents are already paying and I think there is a willingness to pay a fair amount. I think the government should also bear their responsibility but, again, it's a difficult public-policy question and difficult for you, particularly given you were told not to change the funding envelope. The fact that you went beyond that and talked about identifying some extra funds, I think, is telling.

DR CRAIK: Okay.

MR COPPEL: You make the comment in your remarks that the rate of staff turnover is having an impact on quality of kids' early education. What sort of impacts on quality are you seeing?

MS WILKIE: High staff turnover, obviously, has a huge impact on children. It's very hard for them to get settled in an environment if staff, or educators, continue to change. I think, if you get a very supportive environment, where - for instance, in my centre, the owner values qualifications, she reinforces how valued we are and appreciates what we do. We have a very low staff turnover, so we then have consistent families, who go right through the centre, word of mouth - it's a well-established centre because the professionals within it are willing to keep learning and they do go and do their diploma; they see the value in that. Obviously, centres where they don't value the diploma, they're less likely to stay in the industry because you can earn more if you go to work in a supermarket, for instance.

MR O'BYRNE: I think it's important too, continuity of care and I mean, you see over a period of months children develop and learn and you identify a whole range of things, so the quality improves but also the stability of the service. When a parent usually begins their ECEC life it's in the babies' room, and they move through the rooms as the years roll on, and seeing familiar faces and seeing a stable workforce is crucially important to parents, to the environment, and you know - and I was saying the story before, my girls are now ten and seven, seeing them when they see one of the carers that they had time with, you know, they're squealing and they still recognise them and this is four or five years after they've left the environment. So they really form strong bonds and it's about emotional and sort of environmental security for children as well.

MR COPPEL: So what are the policy levers that could be used to address high staff turnover?

MS WILKIE: Equality.

MR O'BYRNE: Yes, well I actually think if there's a watering down of qualifications and ratios in the National Quality Framework you send a very clear message to educators that their work is not valued, and that in itself will cause concern and people will go well, I'm actually just hitting my head against a brick wall here. I'm not valued for the work that I do, when everyone knows the importance of the role. So clearly the National Quality Framework was a big moment in the development of this profession. The other matter is clearly wages. If you really do value the work of early years educators wages needs to be dealt with and we know we have a case before Fair Work Commission that's rolling through.

That's one key determinant as well. It was the same for nurses, it was the same for teachers, and now it's the same for early years educators.

DR CRAIK: Okay, thanks very much, David and co. Thank you.

MR O'BYRNE: Okay thank you.

DR CRAIK: Our next presentation is from Swallow Street Childcare Association. So if you could state your name and organisation and if you'd like to make a brief opening statement we'd be happy to hear from you.

MS TONI COOK: My name is Toni Cook. I'm the administrator/educational leader at Swallow Street Childcare Association, and I've been associated with the centre since 1991 as a parent and actually started paid employment in 2000.

MS KYM COOK: I just want to say too that Toni has had five of her children that have all attended Swallow Street Childcare Centre. She's also been on the parent management committee for many, many years and she's got two degrees. She's got a commerce degree and an early childhood education degree, and she's been our administrator for 14 years so she's got a wealth of experience.

My name is Kym Cook and I'm the director at Swallow Street Childcare Centre. I've been the director twice, but this time for about nine years, going on ten years. I'll just tell you a little bit about Swallow Street. It is a parent managed, community based, not for profit childcare centre and it's been going for nearly 40 years. The centre provides programs for children aged six weeks to five years, and it includes a government funded kindergarten program that is provided for the year prior to attending formal schooling.

Our staff are very well qualified. Our centre is situated in Inala in Brisbane and based on the 2011 census, Inala is situated in a low socio-economic area which is the second most disadvantaged best two in the greater Brisbane area. So that's some information for you. We have about 89 children at our centre and we're almost at full capacity. 65 of these 89 children, which is about 73.03 per cent, are from culturally and linguistically diverse backgrounds, and most of them arrived in Australia as refugees originally. And we also have seven children, 7.8 per cent, who identify as being from an Aboriginal and Torres Strait Islander background.

70 of the families at our centre are entitled to the maximum percentage for childcare benefit, so 70 out of the 89, or they are receiving AMEP which is when the parents learn English and the government department helps pay their childcare fees due to that.

DR CRAIK: Is that a Federal - - -

MS KYM COOK: Yes, it is. Through the Immigration Department.

DR CRAIK: And the government pays childcare fees.

MS TONI COOK: While they're studying English, yes.

MS KYM COOK: They pay for them to attend 100 hours of English classes usually.

DR CRAIK: Okay, and they pay their childcare fees?

MS KYM COOK: Yes.

DR CRAIK: That's one that's escaped me.

MS KYM COOK: Only five of our families are on less than 90 per cent entitlement to childcare benefit and our families have a diverse range of home languages, and we're talking huge. There's more than 30 different home languages. So a lot of them have English as a second, third or fourth language.

MS TONI COOK: And most of those languages are not in a written form, so they don't have a written form of their home language.

MS KYM COOK: Yes, so many of the parents when they start at our centre, they've never held a pen or pencil in their life. They don't know how to write their name. They can't sign the roll.

MS TONI COOK: Can't read the time.

MS KYM COOK: Can't read the time. They've had no formal education at all, and you can't give them obviously written translations because their languages are verbal. There's no point. It's completely irrelevant. It doesn't help. Many of our children have to deal with multiple disadvantages, the most obvious disadvantage being poverty. Many of our families suffer from trauma due to the situations that occurred resulting in them being granted refugee status. So that's maybe torture and trauma from overseas.

Seventy-seven of our children, or 86.52 per cent, meet the criteria for the first two categories of the priority of access list. That is, they are a child at risk or working or looking for work or studying.

MS TONI COOK: Or have an exemption, yes.

MS KYM COOK: With all of our children under two meeting one of these two criteria and only one child over two but under three not meeting the first two categories of the priority of access. Also 40 of our children, 44.94 per cent, have a disability or suspected disability, and this includes speech and language and learning delays. So that's a huge percentage, 44, over 44 per cent. And 32 children, or 35.96 per cent, experience other disadvantages and these include immediate family members having a disability; parents with mental health issues; being brought up in a foster situation maybe by a grandparent due to a dysfunctional or abusive home situation; children at risk due to a home situation including abuse, parents using alcohol and drugs, lack of supervision or being monitored by Child Safety. It also includes children exposed to domestic violence and families who have experienced homelessness.

The above list does not include children of parents experiencing difficult separations, which is quite common, and sole parents who have limited financial and practical support. Thirteen children, 14.61 per cent of the total children attending our centre, are under both categories. In other words, they have a disability or developmental delay plus they have

other disadvantages, not including poverty and refugee status but other disadvantages. Therefore 59 children out of the 89 I think it was, or 66.29 per cent, who currently attend our centre experience multiple disadvantages.

Only three of the children with a disability or under assessment for a disability were identified prior to attending our centre. So the point we're making is the rest were identified at our centre by our qualified staff who have diplomas and degrees, and they've been referred to appropriate medical practitioners and therapists, like paediatricians, things like that.

Most of our families rely on the public health system for medical assessments and identification of delays or disabilities, and commonly they have to wait up to two years before they're even seen by a specialist and often three years before a diagnosis has been completed. So you can see that the public system is completely under resourced. They're not even being seen for up to two years and not even being diagnosed for maybe three years. And by that time some of them have gone to school, so they've had no diagnosis, no extra support, no help.

We have connected with the Brisbane University and they undertake a speech and language assessment clinic at our centre. They actually do this for free so we're very fortunate. And they come twice a year.

MS TONI COOK: They come for blocks of ten weeks, twice a year.

MS KYM COOK: Two times, yes. In the first six months of this year - so they've come once this year so far - 23 children were confirmed as having some speech and language difficulties ranging from mild to severe, and we had concerns for another 16 children however these children were not brought on the - they weren't enrolled on the days that the speech and language students came.

MS TONI COOK: They couldn't come with the child and stay with them.

MS KYM COOK: Yes, so it would be a lot more than 23 if they were all able to be assessed. We have seen over the last 40 years a huge number of changes in government legislation and policy relating to early childhood education and care, and it seems once again further changes will be implemented. Unfortunately, based on the draft report released by the Productivity Commission, many of these changes being considered will do little to support high quality early education and care.

Where is the child in the current discussions and recommendations? It appears that the most concerning thing for the adults in these discussions is what is good for them. It's about economics. The government wants to save money and appease interest groups. Parents want affordability, and many care providers want more money and less cost, in other words profits. It appears that the only concern for the child is for those who are in the year prior to formal schooling, and that is school readiness.

In the draft report the Commission has suggested that there needs to be an acceptable level of care provided to children, but what is acceptable? Is it acceptable for a child to be sat in front of a television for most of the day while lying or sitting in a play pen? They would certainly be safe and more than likely they'd be happy, but is this what we want for our children? More than likely most people would say no. Well, what about limiting the

television time to three hours a day say while in a care environment and they must be taken out of their play pen for at least an hour a day? That's better, isn't it? No, again we ask what is acceptable. Is the only requirement that children are safe and happy? What about nutrition? What about exposure to language and literacy enriched environments? What about songs, nursery rhymes, fairy tales, the arts? What about just listening to a child and responding to their needs and interests? What about their social and emotional development?

Probably this is the most important aspect of children's learning and development, that's their social and emotional development. Not just at four years of age but right from the beginning. Do adults in this discussion really only want acceptable care? We are sure that most people would want the best for all children and if children are in a formal early childhood education environment for whatever reason then they should have access to the best possible learning and care environment that the Australian community can provide. And this access should be regardless of parents and families' ability to pay, or the reasons that they have decided why they will take their child to an early childhood education childcare centre.

So we ask you and the wider community where is the line drawn between early childhood education and childcare? When is one care and the other education, and do they have to be or can they be mutually exclusive in a formal setting? We also believe that the expectations by the families and the wider community of a formal childcare setting, that is centres, are different to those for care arrangements that are less formal such as nannies and family day care.

We plead with the Commission to reconsider the recommendation and that recommendation is that the minimum qualification for staff educating and caring for children under three in a formal setting should be a Certificate III. So we're pleading that this should be reconsidered and that the educator should have at least a diploma qualification. For one thing, if an educator has a Certificate III qualification it does not provide the in depth knowledge required to support children's learning, including knowledge of child development and knowledge of educational theories that underpin the best practices.

So you know, in order to have this knowledge the educators need to know why they are practising what they're doing. What is behind their practices? They need to reflect on these practices and think about what are best practices and why, and they need to have a thorough understanding of child development and they need to have this knowledge of the educational theories behind that. And they need to be able to link those theories to their practices. And unfortunately these things are not included in a Certificate III qualification because they have limited time in that qualification as well, and that's a beginning, like entry, qualification, the Certificate III.

MS TONI COOK: When I did a Google search for a Certificate III it came up with - it boasted that you could get your Cert III in three weeks. Three weeks. And we have also heard in the community because of another issue that is also happening in our local community that you can actually buy Cert IIIs on the black market. In other words, you can just buy them and not actually study for them.

MS KYM COOK: And that's also true. And the bit about getting a qualification in three weeks, I mean originally the Certificate III was a one year full time qualification. Two years part time, one year full time. And it has been declining over the years. The standards of

what is expected for that Certificate III have dropped lower and lower and lower. And we're not saying that all providers are doing that, but I believe that there's a significant number of providers that are not meeting the standards that they should be for that qualification. And they're attracting people by fast tracking, by saying "Look, you can do this course in only three weeks and it will cost less money because it only takes three weeks." And a lot of people are attracted to that, but these are the educators that are going out and caring for and educating our children, our future.

So would you also want someone looking after your children who has limited genuine skills in childcare, especially if they've done one of these fast track courses, and someone who is also unethical? That they - - -

MS TONI COOK: Bought it.

MS KYM COOK: That they either bought it on the black market or that they've gone through some three week course. The Commission has stated in their report that families have choices and if they want more qualified staff involved in their children's education and care that they can choose to pay more to a service who voluntarily provides this. But what choice does a family living in poverty have? Virtually none. Research clearly shows that access to high quality early childhood education and care, and not just at four years of age, is one of the best ways to provide early intervention for those children living in poverty and socio-economic disadvantages.

This is also why tax payers should financially support families to access early childhood education and care, and we're saying they should be supported for two days regardless of whether they meet any activity test, especially in low socio-economic areas.

MS TONI COOK: And we just want to make the point too, quite often I've heard the Minister say too that people who don't meet the activity test are able to access three days of care and that would be very unusual because in a childcare centre it's based on how many hours they are open and we're open for 12, so that entitles them for two days care.

MS KYM COOK: So 24 hours usually means you can bring a child two days. Not more than that - you know, well at our centre it's certainly only two days. And in many cases when a child is brought to a childcare centre it is the first time that children and their families have exposure to services and qualified staff that can identify many disadvantages such as disability or domestic violence, abuse, neglect, drug and alcohol use by the parents. There are many things that if the child doesn't come to childcare they could be at risk of many, many of these things at home and nobody would ever know. So a childcare centre is a place to observe, it's a place to pick up on these things. It's a place to make referrals for support for these families and it's a place to monitor these children. And Child Safety does monitor children often through childcare centres.

MS TONI COOK: And we all know that domestic violence and other types of abuse don't just happen in low socio-economic areas.

DR CRAIK: Could I ask you to kind of - - -

MS TONI COOK: Sorry, yes.

DR CRAIK: So we can ask you some questions.

MS TONI COOK: Yes. We've just about finished. One of the issues - I know the Commission has brought it up - is we are having a problem in our local community with some family day care opening up and doing swapping of children where really children don't even get swapped, they're just done on paper. We just wanted to reinforce that because I know it was brought up before and it's a big issue in our area. Like there's about 10 that have opened up in our area.

MS K COOK: We're just talking about unethical practices.

MS T COOK: We're not talking about legal loopholes. I'm talking about normal family day care.

DR CRAIK: Just on that issue, we referred that issue to the federal education department because we can't directly do anything about it. But it was in a different geographic location. I think the education department is either here or will read the transcript. So presumably they'll pick that up and we'll draw it to their attention. It may be that they should look at this other area but they might be aware of it for all we know. Anyway, look, thanks very much for all that and for your comments and your points that you gave us. A lot has been made from people reading our report that we've tried to separate out care and education. That certainly wasn't our intention. Our intention of trying behind - suggesting that stand-alone preschools be regulated under state education rather than under the NQF was because right now there's a mishmash of what they're under nationally - so West Australia they're under education legislation, although they meet the NQF, Tasmania education, Northern Territory under education legislation and the NQF and other states they're just the NQF. But Queensland, I'm not quite sure what - - -

MS T COOK: Our point was probably more to do with the under threes. You made the comment before about why is it different between for a (indistinct) family and why is it acceptable in family day care. Our question is: should it be just a Certificate III? Why are we always going backwards? Why not go forwards? I know nothing about family day care. Like I've never worked - I've used family day care for my school-aged children and wonderful too. And I'm not saying anything - but what I mean - and it is a different environment too. Like you only get to have a maximum number of children the whole house. I suppose what people expect from family day care most times is different to what they expect from a centre. Family day care is seen as like a home - this is my interpretation - whereas the centre is seen differently. I don't know why, but that's just perception I suppose.

MS K COOK: But I do think that obviously we believe that family day care should be regulated and they should be accountable and have standards. It's just as important. And the government can't fund something and not have any of those standards or regulations because the government is accountable and responsible and it's taxpayers' money. If anything happens to a child who's in that care and the government is funding that, then the government has to answer for part of that as well. So, yes, we do believe they should be regulated, they should be accountable. We're not saying they should only have a person with a Certificate III. I would not say that. But we recognise that it's better than what it used - as in qualification wise, that before family day care didn't even need a Certificate III. But also, we all play different roles in the - and family day care plays a very important role in the care and education of children, just the same as centres do too.

MS T COOK: A lady spoke earlier and she said that the funding could go to the parents. Well, the point we'd like to make about that is – I mean, she's talking about – and I suppose most of the parents may be responsible and loving and kind and caring. But what about the families – there are some parents who aren't responsible. You give them money to care for their children at home, they could use that money for drugs and alcohol. You've got to think that not everybody is in a position – like not every grandparent or every parent is in a position to provide that high-care environment, which that lady may have been providing to her grandchildren.

MS K COOK: And sometimes adults just struggle to survive, let alone able to look after their children as well.

MR COPPEL: You made a couple of comments in relation to the quality of Certificate III courses and the providers that recruit people that come from these fairly dodgy programs. Do you think the solution is aimed at the providers who are recruiting these people or the actual registered training of - - -

MS T COOK: Probably more the trainers. Because when we have people coming in they're doing their – like we're providing practical experience, doing a prac. Sometimes the books can be like this thick that we're supposed to tick and flick; and we just refuse to. We have this person with us for three days - - -

MS K COOK: They say in three days or five days they expect the staff at our centre, myself as director and the other staff, to observe them doing all these competencies in three or five days and to mark off so they're passing all of these subjects. You wouldn't even get to know the children in that time or the routine or the staff and there's no way you could mark off all of those competencies in those. That's what we're talking about fast-tracking people through. They're not competent, they don't have the knowledge, they don't have the skills. There's no consistency in virtually any of these courses. I have a solution but I don't think it's ever going to happen. But I would prefer to see all of the Certificate IIIs and maybe diplomas under TAFE. That's what I'd prefer to see. I'd prefer to see one provider who is reputable, who is closely monitored, who is accountable, not people setting up things all over the place with not even necessarily backgrounds in the area and just attracting people by fast-tracking and saying it's a short course and you pay less money. They're the educators that we're getting in our centres for our children. The standards have just dropped and dropped and dropped. They're just absolutely shocking.

MS T COOK: We're lucky the last time someone left our centre was over five years ago and the longest serving person is 27 years. So we don't have a high turnover of staff even though it's a very stressful job. So we're probably talking more about when people approach us to do their practical work in their certificate because we don't really have that much exposure to current Cert III working at the actual centre.

MS K COOK: And a lot of the providers as well, they're not even monitoring their students properly. They're getting paid a lot of money to so-called give these courses and educate the students and they're not even visiting them out of the centres or marking off the competencies themselves or discussing things with them or having contact. They're putting all those responsibilities onto me and the staff at our centre and not taking them on

themselves and getting paid a lot of money to do that and obviously not doing their job well or at all.

MR COPPEL: Can you discriminate in who you take on for work experience?

MS T COOK: We actually don't take Certificate III people any more. We don't get any from TAFE any more.

MS K COOK: The reason is because of all the unethical practices and all the fast-tracking and the terrible standards. We don't believe that we can condone those things. We can't accept those things. We can't mark off those assignments and those competencies and be part of that.

MS T COOK: We don't feel we can condone it, so we don't want to be part of it, which is sad for people who want to work in childcare. Yes, we can't do it at the moment. If things change we would, obviously.

MS K COOK: We used to. We always have lots of students. We have people work experience and we have nutrition students, we have speech and language students, we have some diploma students and teachers. In the past we had lots of Cert III students. But this has made us rethink the whole situation.

DR CRAIK: Can I ask you about – you obviously have a lot of children with a lot of challenges. I guess I'm interested to know, do you think that our funding model will work for a centre like yours?

MS T COOK: I'm unsure really to comment. I suppose the problem for us is always like the language barrier. We have to do a lot of stuff for our families because - - -

MS K COOK: Just the simple process of going to Centrelink to claim childcare benefit – we have a two-page letter that has all their details on there that they take to Centrelink.

MS T COOK: And often we have to type up individual letters for everyone because they're all different situations. We're always typing letters for Centrelink, for TAFE, for housing, for therapists.

DR CRAIK: You don't get any support?

MS K COOK: No, we don't get any support. We have tried to approach different government levels to see if we could have a hub at our centre, which we would incorporate for all the centres in the area because there's obviously a high need just in our area anyway. But we've always been knocked back. We're just lucky because we have a lot of land. We're on state government land and a lot of it we have to maintain but it's not useable as in it's not part of the actual childcare boundary.

MS T COOK: I did just want to say too with children with disabilities a really huge issue that we have – and I'm sure many other centres have this problem too – is that the child will get funding for an additional worker under inclusion support. When that funding runs out you have to reapply and the gaps between when they get refunded again – like we've got one child now - - -

MS K COOK: Funding finished in April and we were just re-granted last week.

MS T COOK: This is the 12th week that he has been without an additional worker. He had an additional worker for about eight weeks and he's just starting to bond with them. His behaviour changed. He was going so much better. Now he's been nearly 12 weeks without one while we're waiting for the long-term funding and he's regressed. I mean, he's gone right back. He's aggressive, he's not learning like he was. He's not participating in things. The staff are left trying to help this child when they've got no extra person or extra resource. And this happening all the time, gaps in funding. We found there's more paperwork now to put in for that funding and they're only providing the funding for less time. Whereas you'd put the paperwork in for a year or something like that, now you put it in for six months. Now it's gone to three months. So you're just putting paperwork in four times as often as what it was. So it's so much more paperwork, it's so much more stress. You've got to get letters of evidence for these children from therapists. They don't always cooperate as in they're very time short as well, and that holds it up as well. So we have many children with great big gaps of months when we're waiting for them to get funded.

MS K COOK: Even though we have a lot of children with possible or diagnosed disabilities, we only get funding for - - -

DR CRAIK: When they are diagnosed.

MS K COOK: Well, but only one additional – say, for example, we have one child is identified for two days, the other three days. But there's a lot more children that requires – like the support for the room is quite high. But we're grateful just even for the one extra.

MS T COOK: And one child that we've got now – and I'm sure this happens other places too – she has a severe disability, she hasn't been diagnosed, but she's not even safe to be left without an additional worker because she runs off, she wanders everywhere, she climbs everything. She has emotional screaming tantrums quite often. She's very distressed at times. There's no way that we can't have a worker right near her all the time. Now she doesn't have funding. So that means that one of our workers is taken away from all the other children for that. So that happens too.

DR CRAIK: Thanks very much.

MS T COOK: Thank you very much.

MS K COOK: Thank you for listening to us.

DR CRAIK: Are you going to put in a submission?

MS K COOK: We're going to try to, yes.

DR CRAIK: Our next presentation is from East West Childcare Association. When you're ready if you could identify yourselves and state your name and organisation and if you'd like to make a brief opening statement, we'd be happy to hear from you. Thank you.

MS HARPER: My name is Ruth Harper and this is my friend and colleague, Felicity Nabbs. We're both teachers at a small inner city childcare centre in Melbourne. In preparing for this we actually came with really neatly typed and organised pages of thoughts. But we've been here all morning and listening and so, as you can see, everything is covered in highlighters and other comments that we want to pick up on. I think fundamentally it's actually a really difficult debate to frame because it goes absolutely to the heart of who and how we see ourselves as a society and what we want for society because it's not just a matter of whether parents can work or fathers can work or mothers can work. But at its core it's about what we want for our future and what we want for our children because they are, as Whitney Houston said in the song, the future of everything.

In some of the research we were doing, over the weekend I might add, because we don't have the resources to do it during work hours, we were looking to neuroplasticity and brain science and we know now that when we're born you have all of the neurons that you're going to have and when you're born you have two and a half synapses each. The synapses are the connections between the neurons. So that's when you're born. By the age of two or three you have an average of 15,000 synapses per neuron. An adult has an average of 8000. So it's kind of like two to three year olds and up to the age of three they're going at national broadband network speed, we're operating on dialup. So you're going to lose the bits you've got. So it seems to me completely anomalous - - -

DR CRAIK: Not much hope for us out here.

MS HARPER: No, well, exactly. So I can't understand why anyone would suggest that children under three need any lower level of care or education than children over three. Because if they're going to lose more anyway, we want to start off with as many as we can have. So the centre that we work at – and we endorse a lot of things that every other people have said. Linda Hamilton was fantastic and Shane from ELA, and other people about there are high staff turnover and it's kind of like well, der, because the pay is terrible, the conditions are terrible, it's not a well-regarded profession. But the centre where we are, which has been operating for 30-something years now, we have 11 regular staff with an average length of employment of 11 and a half years. The longest has been there for 24 years. Of the 11 regular staff, eight are diploma-qualified or higher, with two of us – Felicity and myself – holding a bachelor. I was interested before in your comment about you could have – because we're only a 25-place centre. But between us there's only in a 50-hour week roughly eight hours when there's not a bachelor-qualified person there and there are diploma-qualified people usually too there at all times.

Another comment I want to pick up on while I'm remembering it is with the ISS funding, not only do they fund it for one child – so even if you've got two or three children who need it – but the funding that they give you as an hourly rate does not match the rate we pay our staff. So there's already a gap there. So you're either creating a two/two system(?) where people are earning less or you're picking up the gap to cover that extra gap in funding. So we manage to operate – we introduced the current ratios back in 2011. I think it was about 12 months ahead of it being a legal requirement. We did this because we recognised that it was important and the parent body recognised that it was important. When having conversations with our parents all of them have said that they are actually prepared to pay more for quality and they'd rather take their children somewhere where the quality is high and a bit more expensive rather than cheaper and not so good.

Our average fees are \$98 per day, but within that we have a sliding fee structure, depending on parents' income. We also do a lot of fundraising and regularly carry a lot of debt and write debt off for people who can't afford to pay, otherwise they just wouldn't be able to access this service at all. In talking to parents, again they've all come out and said the really important elements – institutions such as Harvard University have identified elements that go to making up high-quality care. They're things like having highly-skilled teachers who are there regularly, small group sizes, high adult to child ratios, providing a language-rich environment with age-appropriate curriculum, stimulating materials and activities and warm, responsive interactions between staff and children. It's really easy to see how those are all interlinked. You can't have an enriched group environment if you don't have warm, strong relationships between staff and children.

MS NABBS: I just want to add that's why we support the National Quality Standard as it is and not to be changed at all, because that then compromises something and what can you compromise in all of that, as many others have pointed out before us.

MS HARPER: I think it was interesting to hear though about Francis earlier, and some of their arguments, but I think that as a society we're more disconnected from children and child rearing than we've probably ever been before and there's not that tradition of extended families and grandparents being around to help, and aunts and uncles, and knowing about children. So, we find that a lot of our parents just don't have any reasonable idea of what to expect from children. And a lot of them don't have family locally so they've said that they see us as the family and we're that support. So, we're not only working with the children but we're supporting the family of - and by extension, society.

Have I missed anything; so I think that's probably - there's all sorts. It's really hard, we had so much stuff and - piles and piles of stuff, but to get it done to a sort of manageable bite.

DR CRAIK: Thank you. No, that's great. You say a lot of your - some of your parents can't end up paying, and you don't want to raise the fees but you have to write off a lot of debt. Does that mean that the average fee goes up and the parents end up paying somewhere?

MS HARPER: It means that we factor it into our fees, and it's a conversation we have on a regular basis, we're run by a committee of management. So, we make a philosophical decision to do that and they support that because they don't want their children to be in an enclave of sort of, you know, entitlement when everyone should be able to access it. So, in a sense, yes, but it's - we spread it out, and then we fundraise to cover some of those gaps.

MS NABBS: And it's a decision that the parents have made because it's a parent managed committee.

DR CRAIK: So, most of your children get CCB, CCR or?

MS HARPER: Some. Not all, but most.

MS NABBS: The majority. The majority do, yes. In fact I think there's only one - one or two families that don't, and one is a family that is not - they're not, well, residents of Australia, so that's why.

DR CRAIK: And at what level of indebtedness would you have to write off every year?

MS HARPER: Look, it really varies. At the moment - we were surprised when we were doing some of the research for this that almost half of our parents now run their own small businesses. So, at the moment it's fairly low. A couple of years ago it would have regularly been anything from sort of 3 to 5000 a year because we had families who needed to be there, and it's important that the kids can come. And someone - you were talking before about where that should be paid, who should pay for that, but people aren't standing around discussing who should pay for the fireman when your house is burning down, or the police or the hospitals, and I think in the same way it needs to come out of taxes because everyone benefits.

MR COPPEL: You mentioned that your centre has many kids with additional needs, and I'm wondering whether our proposed model would work in your case where there's essentially a base level of support?

MS NABBS: I don't - I'm not an expert on the funding, understanding the funding side of things. But from what I've seen is the funding and from what people have talked about before, the funding seems to be targeted more on an initial payment, that's what - is that correct, that's - - -

MR COPPEL: Well, there's a payment that covers kids without additional needs, and higher for lower household incomes and lower for higher household incomes. And then if there is an additional need, an identified additional need there's a - sort of a top-up payment. And both of those payments are determined on the basis of the deemed cost, that's not the actual rate that is applied by the centre. And I'm referring more to that top-up system.

MS NABBS: It's sort of tricky, because when we talk about additional needs too, we have a few that are deemed additional needs, like two at the moment, but the rest are on that - they're the ones that were being talked about before where they haven't got a diagnosed issue. And a lot of them are speech, the children we're finding of recent times are children that have speech issues. So, the funding doesn't really come in to play, it's more about us as educators supporting them and the family and then trying to see then if there is someone, you know, following them and getting them assessed and seeing if there's somewhere for them to go. But in the meantime it's about us, (1) identifying it, and (2) supporting them and working with them in that issue, and the family as well.

DR CRAIK: Do you get extra - apply for extra money from ISP or somewhere to assist with all that?

MS NABBS: Yes, we do. Yes, yes.

DR CRAIK: And what do you get out of it? Do you get a person or do you get money to do something or what?

MS NABBS: As Ruth was saying in the address, what happens is we get five hours a day and it's at - more or less if you - because then you usually employ an extra, casual person, so there rate is somewhere between 26 and 30-something an hour, so you only get \$16 from ISP, \$16.50-something I think. So, essentially, you're only getting five hours and half again because you've got to pay the other half. So, we - - -

MS HARPER: Irrespective of how long the child might be there for.

MS NABBS: Yes. So we - and it's also tricky because we're a small not for profit so we have to budget back in the year prior, and then if we have a child that comes in and then we have to - we will not support them so that's also where this money that we allocate - have to support families that have those shortfalls and we'll write off debts, that's where that comes in to play too. Because we, essentially, we're running on a break even so we don't - we hardly ever budget to go surplus, hardly ever. So, therefore, that money then goes for those children that come later that we haven't even budgeted for, there's those issues that we're managing all the time. And we even - we fundraise, the fundraising essentially is to provide additional things for the educational program, but in some cases we use it for things like that as well too.

DR CRAIK: Okay.

MR COPPEL: Do you have a long waiting list?

MS NABBS: We do now, very long.

DR CRAIK: Like how many?

MS NABBS: Numbers? Look, generally the standard - and I don't know if all the other childcare people in the room can say, it's 18 to - 18 years to - 18 months to 12 - to two years, sorry.

DR CRAIK: To get a place?

MR COPPEL: To be on the waiting list?

MS NABBS: Yes, it can be. It depends. Look, demographics is a big thing as well at the moment. In our particular area we're struggling to get three to five year olds, lots and lots of under twos are wanting childcare. But, again, being small, and the child staff ratios, we only take a certain amount of under twos.

DR CRAIK: How many under twos out of 25 do you take; six?

MS NABBS: I knew you were going to ask me that question. Six to eight. Six to eight a day, yes. Well, it's actually under threes.

MR COPPEL: And do you price differently whether the kid is under three?

MS NABBS: No.

MR COPPEL: No?

MS NABBS: No. But we have had - - -

MS HARPER: We've started to have discussions about that.

MS NABBS: Mainly because managing - - -

MS HARPER: We should probably also say we're quite different to the majority of other centres because we operate a family grouping model, so we don't have a babies' room and a toddlers' room, we have everyone in together, so - which is a really, really lovely way and they all learn from each other but it makes the ratios and everything tricky because - - -

DR CRAIK: Well, I was going to say, what do you do about the ratios in that case?

MS HARPER: Well, we always ratio, I mean and we have been - for a long time we ratio up, we don't round time, and we just follow the kids, so if they suddenly go out then we go out. And we have - we over-budget for qualified staff, as I said, I don't think many places - our current enrolment I think is 42 families, 47 children, and most places wouldn't have - out of 11 regular staff, eight of them diploma of higher qualified. We don't have a director so there is four of us who share that role, so we're not using the pool of money and we're not, in a sense, wasting our most qualified person in that role.

MS NABBS: Yes, we're with the kids.

DR CRAIK: So, does it function efficiently without someone overall in charge?

MS NABBS: Well, there's four of us rather than one.

MS HARPER: Yes, yes. And I mean I think - - -

MS NABBS: It works really well.

DR CRAIK: Very good.

MS HARPER: And I think the fact that we have such low staff turnover speaks to the fact that you can - and our fees, it's \$98 a day so it's I think in the middle, so we're not charging over and above.

DR CRAIK: Good, how many hours day?

MS HARPER: We're open 10 hours a day.

DR CRAIK: Okay. Just a question, we recommend an activity test for people who access subsidies, that they'd have to be working 24 hours a fortnight, how would that affect your service for subsidised care?

MS NABBS: Well, essentially - - -

DR CRAIK: Only parents who have to work 24 hours a fortnight would get the subsidy or if - unless they - - -

MS HARPER: At the moment I don't - it - - -

MS NABBS: I was under the impression that that's how it was now.

DR CRAIK: No, you can get up to 24 hours, effectively.

MS NABBS: So are you saying that will go completely?

DR CRAIK: Yes.

MS NABBS: No, I think that's a bad idea, personally. And also the parents - - -

MS HARPER: At the moment it wouldn't affect it because - - -

MS NABBS: No, it would.

MS HARPER: Well, most parents are working though.

MS NABBS: No, they're not - sorry. There are some - sorry - there are some who are.

MS HARPER: Well, most of them are. Most are.

MS NABBS: Yes, I know. Well, most are.

MS HARPER: Yes. What I'm saying is most of them are working so it actually - at the moment. But there are times when it would affect us greatly. And it's very tricky because I mean we absolutely support the idea of universal access, but also understand that there has to be a way to prioritise and there's only a limited pool of money. But just because someone is not working, as someone else said earlier, is not to say that their child doesn't have a great need to attend either.

DR CRAIK: So, if children were disadvantaged in some way, is there any criteria that you can think of that would - - -

MS HARPER: There are priority of access guidelines that already operate. And we - I mean and then we have our own sort of internal priority of access that we use as well. But we get to the point - there are some years when we get to the point where we just can't accept any more children with - or families with additional needs because we're stretched so thinly and we can't afford to carry any more debt or any more of the emotional stuff with it. So, you know, there has been times when a maternal child health nurse for example has rung up and said "I've got this family and they're really desperate," and we've had to say look, we can't, we just can't take them at the moment.

DR CRAIK: These priority of access guidelines, have you ever been in a situation where you've had to say - or asked someone to leave because someone - because those parents don't meet the activity test, whereas the parents of someone who wants to bring a child in do, because I understand if the parents are working that they're higher on the priority list?

MS HARPER: Not to my knowledge.

MS NABBS: No, it doesn't work like that. Once they're in they're in, regardless of what goes on. That's a priority of access to come in, not once they're there. Once people are there - - -

DR CRAIK: Okay, once they're in they're in.

MS NABBS: Yes. Well, that's how it is now. But I just wanted - - -

DR CRAIK: That's how - okay. That's not quite what someone else told us, but it may vary in different places, yes.

MS NABBS: Okay.

DR CRAIK: Anyway, I accept that, yes, okay.

MS NABBS: But just when you were talking about people who aren't working, that we did have a - we had a few parent testimonials that wrote in specifically for today. And one of them was a parent who was working for - or still is working full-time but has been able to stay in full-time work because of finding us. And us - when they approached us in a situation where their partner was - had become very ill and they needed care because she wasn't able to look after the kids, and he was thinking of - well, I'm going to have to quit my job to look after the children.

He talks how we identified straight away that there was that need, and while we were stretched and really, you know, only had one place, we fitted them in and then accommodated for them as quickly as we could. And that's, you know, the sort of situation where even if he had have been looking after the children, where maybe due to her illness and their family circumstances, they might not have been working but needed to have their children in care as well because he may have needed to care for her at home. So, there's - and there are - and that's one case, we have a lot of cases like that where circumstances change. So, to say - yes, to allow parents not to put their children in care and not fund it, we don't - we wouldn't support for a lot of those reasons.

DR CRAIK: Okay. Thanks.

MR COPPEL: Thank you.

MS NABBS: Thank you.

DR CRAIK: Thanks very much. No, thanks a lot for that. We'll take a break now for afternoon tea, and if we could resume about 20 to 3 - yes, 20 to 3. Thank you.

ADJOURNED

[2.22 pm]

RESUMED

[2.37 pm]

DR CRAIK: When you're comfortable if you could both state your names and organisation and if you'd like to make a brief opening statement we'd be happy to hear from you.

PROFESSOR OBERKLAIID: I'm Professor Frank Oberklaid, I'm the director of the Centre for Community Child Health at the Murdoch Children's Research Institute.

MR MOORE: I'm Tim Moore and I'm senior research fellow at the Centre for Community Child Health.

PROFESSOR OBERKLAD: Thank you for allowing us to appear before you. I think our focus is going to be mainly on the research about brain development in the early years of life that we are focussed, so I think Tim will open with that.

MR MOORE: Our job is to - at our centre is to process the evidence and to draw the implications from it. And one of the parts of the evidence that we look at has to do with child development. This is distinct from the evidence is childcare good for you and things like that, so we're looking back a step from there. And obviously the whole issue about the importance of early childhood development has been on people's minds for some time. People are well aware of it. But I went back to all of this evidence because I had a sense that the cumulative power of this evidence was changing the story and that we hadn't fully understood what was happening in the early years.

I've summarised that in the dot points and so on that are there, so I'll just refer to the key features of what we're talking about. What it's saying to us is that the period both in the womb and in the first two or two to three years is the period of maximum developmental plasticity in which changes, adaptations to the particular environment, are made that have potentially and actually lifelong consequences, and that those changes are not just about cognitive learning in that sense, they're about the learning that the body makes. The learning that the brain and the body together make and the changes that that has.

So this is a different kind, a different notion of learning from the notion that learning is essentially cognitive or that brain development is essentially the connections of neurons and the growth of synapses and so on which is how we've understood it. And this evidence is saying that these early experiences in the womb and in the first couple of years actually change brain functioning, neurological functioning and that because the brain is intimately connected with other bodily systems, including the immune system and the endocrine system and the metabolic system, that it flows through to those functions and that the changes at that level are what have lifelong consequences, that may determine how long you live and what your health will be, what your mental health will be and so on because those effects are cumulative.

So going back to that literature and looking at all the new literature around that suggested that we need to really rethink what this period means and what it means for early childhood services. We've been aware that it's a problem if kids arrive at school not equipped to take advantage of what school offers, but this is saying something more important, that it's no longer appropriate or useful to view the first two or three years of life as a period simply to keep kids healthy and safe while allowing development to take its course until they're old enough to be educated. We have to take steps to ensure that children are provided with early childhood environments and experiences during those years that build attachments, competencies and skills from birth and protect them from escalating chains of adverse experiences.

that has implications for how we view early childhood. My sense is that as a society we've made commitments to hospitals and we've made commitments to schools, and we haven't made any commitment to what goes on in the early years. We haven't yet as a society sorted that out. And we're at a kind of tipping point. Great progress has been made

in terms of what's happened in the early childhood years and we're at a point where we can go forward or go backwards. And what this evidence suggests is that we need to go forward.

The other point that we would make has to do with the issue of do you need qualified people in the early years, and I've made some points in here that we'd be happy to expand upon. I had a particular look at the research evidence around this which is ambiguous, however there are some qualifications to be made about that which I think will give us a clear answer on this. But perhaps we can discuss that.

DR CRAIK: Okay, thanks very much. Thanks, Tim.

MR MOORE: Frank?

PROFESSOR OBERKLAIID: Can I just elaborate on that?

DR CRAIK: Yes sure, sorry.

PROFESSOR OBERKLAIID: I agree with Tim. I think this research is profound and isn't yet reflected in all - either policy or the way we deliver services. So the real issue is how can we provide the best environment for young children in utero and in the first two or three years of life? And the research is now quite robust about the mechanisms and the consequences of a sub-optimal environment, whether it's poor nutrition, whether it's exposure to infections, but particularly exposure to stress, and there are long term implications of that.

So if we look at challenges we face in adult society ranging from psycho-social issues, depression, welfare dependency, crime participation through to heart disease, stroke, obesity and its consequences, the evidence on a weekly basis is becoming more robust about why that happens. So many of these conditions have their pathways beginning much, much earlier in life. So we would argue that this has implications beyond just childcare, that the real question is how can we ensure that Australian children are exposed to the very best conditions in those early years of life and in the first two or three years of life in non-home settings, or in home settings. So that's where quality is important.

we would regard childcare - it's a terrible term - as being central to that and so as a non-childcare person, but as somebody like Tim who knows the research and its implications, we would argue that this research would suggest that childcare needs to be reformed or evolved in the future based on three sets of relationships.

The first one is the relationships that a carer or early years professional has with children, and that speaks to what Tim was talking about, creating the very best environment. And not just for cognitive development, but social and emotional development and so on.

Secondly, is the set of relationships that an early childhood years professional has with parents. So the opportunities for a skilled early years professional to model for parents, to pick up problems early on, to refer early are just profound because the early years professional is the professional parents see more than anybody else in those formative years. They see them twice a day.

The third is the relationships that a centre and a professional has with community agencies. So if there are concerns around development or health or socialisation they often emerge in those first two or three years of life. So for many of these conditions, whether it's language delay or query autism or aggressive behaviour, three is too late. It's those early years, not only where brain development is so profound but where emerging competencies become apparent for the first time. So it then pre-supposes that that childcare centre or the early years professional will know where to refer children. So they need to establish links with community providers to know where the speech pathologist is, where the social worker is, etcetera. And also to be able to understand the risk factors in the family environment, those conditions that have been very well documented in family circumstances that pose a risk to optimal development.

DR CRAIK: So is it fair to say that even the evolution of quality standards in childcare and the fact that society has gone from when kids largely stayed at home with parents and maybe got into preschool before school, but is it fair to say that there are more of these children with additional needs now than there used to be or was it that they were undiagnosed before? I mean, is it - - -

PROFESSOR OBERKLAIID: Not really.

DR CRAIK: You may not be able to answer it but it's kind of an interesting issue.

PROFESSOR OBERKLAIID: It's a terrific question. It's probably a bit of both. I think the conditions in which young children are reared are much more challenging than they used to be. Colleagues of ours have called it the toxic environment in which - it's certainly a much more stressful environment for the parents and I think that stress is reflected then in their caretaking and the way they relate to children, and persistent stress in a young child's environment is not consistent with optimal development.

MR MOORE: I think the environment has changed significantly. One of the big stories I think is around social change, that it's - that the conditions under which families are raising young kids have altered dramatically over the past several decades and the - most people have benefitted enormously from those changes in society, which has become more challenging in all sorts of ways. But the people who have got few resources have been disadvantaged by that and are really struggling. So that's part of the story.

Some of the changes that have occurred appear to have toxic side effects, unintentional side effects, which we're only really becoming aware of now. And we're trying to work out exactly what has happened. Has there been an increase in child abuse or in rates of asthma or autism or any of these things? And the data is sometimes confusing and hard to work out.

DR CRAIK: Because it wasn't collected - - -

MR MOORE: Yes, and there certainly appears to be an increase in the number of families with complex problems and that's a considerable challenge. The other thing that has changed is that because of this kind of research evidence the problems that were not necessarily seen as being problems previously are now - we're much more acutely aware of them. So the whole issue of child abuse, for instance. It's not as if child abuse is new or that it's necessarily increased. We don't actually know that. We know that we're much more aware of the damage that it does and therefore of the importance of preventing it so that's altered

the nature of our thinking about that. It becomes much more important to do what Frank was talking about, which is to be able to detect problems as they emerge early.

PROFESSOR OBERKLAID: We have to remember this though, that the traditional view of children with additional needs categorises them as a certain subset, and we know that vulnerability transcends all social classes and kids may have - you know, the additional needs may go through periods. You know, a family does okay and then something happens and suddenly that child is at risk. And we're also talking about the in non-traditional additional needs, like language delay or poor socialisation, and there's lots of evidence now that some of these things are transient but they still cause stress and distress to parents. And a proportion of them continue to have long term problems.

So the opportunities to intervene, not just to pick up kids with additional needs but also to model for parents because it's paradoxical that at a time when there's more information available than ever before parents are saying they don't want information. So there's a huge largely unaddressed opportunity to use those settings as a resource for parents to promote health, promote development and pick up emerging clues at the very, very earliest opportunity.

DR CRAIK: Okay, thanks.

MR COPPEL: I read with interest a couple of pages that you have provided before the hearing today and I'm wondering just whether the points you're making here in terms of the impact of child brain development, are they the same as what has sometimes been referred to in other parts of the literature as emotional competencies or is that something different?

MR MOORE: The development of emotional competencies is part of the story. The more we learn about that side of things, the more important it becomes. It appears that being able to express your emotions and having them registered by another person, acknowledged and so on, is essential experience for healthy development. So the whole business of becoming emotionally aware, recognising your own feelings, being able to label them, being able to express them in constructive ways and so on and having them acknowledged by other people is tremendously important. And it's not a simple business learning to do that, and it happens obviously with children in, you know, who are aged two and three.

The other thing to be aware of is that the kind of development and the learning that occurs in very young children is preconscious. You don't yet - the point at which you start, they start to develop language and they're developing concepts and they're developing a self-awareness is well down the track from a developmental point of view so that there's a whole lot of learning that has gone on at a preconscious level that is laying down patterns and reactions which then shape behaviour from that point forward. So we have to be aware - it's not just a matter of waiting until kids either are able to speak so that we can, you know, impart knowledge or are able to express their feelings so we can train them in being emotionally mature and so on, we have to think about what goes on beforehand because we're laying down a different kind of learning which then underpins what happens emotionally because the emotions that kids are feeling will have an origin that goes back to a preconscious time. And so that's what they're trying to learn to manage when they come to expressing their feelings and so on, and sometimes what they express isn't very pretty.

PROFESSOR OBERKLAIID: I think our narrative about child development is that it affects every single system in the body - social, emotional, cognitive - but also the biological systems and where kids are exposed to a poor environment in those early years it re-sits all the body's regulatory systems, and they're the precursors then to behaviour problems, to impulse control, probably to ADHD, to crime participation, to anger. So those early years of life are critical in not just emotional development, not just cognitive, but indeed in all the health and wellbeing systems that we see later on as well.

MR COPPEL: And are these impacts linked to participation in a childcare centre or are they more relating to parenting skills?

PROFESSOR OBERKLAIID: Well, it's both. But the fundamental question - and Tim was saying we're at this tipping point. The fundamental question that we have to address - because you know in years to come it will be obvious there's no other game in town - is to ask the question how can we create the very best environment we can for all children? And that includes at home, providing parents with the support they need to bring up children in the best way possible. But for parents that use out of home care for whatever reason, you know whether it's an early intervention program or whether it's for financial reasons, whatever it happens to be, let's make sure that's as high quality as we possibly can because the implications down the line for long term consequences of not addressing that question properly are just profound.

DR CRAIK: So how do you deal with it if the parent chooses to keep the child at home and raise the child at home? I mean, it's a lot easier if it's in some system that's kind of - - -

PROFESSOR OBERKLAIID: Well, one of the concerns is that at risk families tend not to use services. That's the inverse care law. And so one of the other things that we do in terms of the application of this research is working with communities to develop systems. We pick up those families. They're making contact somewhere usually. They get immunised or they've got to be weighed at the Child Health Service. So we've done a lot of work in trying to develop integrated, better coordinated systems of care where we identify those families at home. And one of the questions is how do we make use of the universal care system? So these are often multi problem families who would never go to treatment services, you know, whether it's mental health or substance abuse or family violence, but the kids do go to universal services - they go to childcare, preschool, school, GP services. And we call them soft entry points.

How do we train and set up the system so that people working in those settings - and childcare is just a perfect setting for that - to detect and refer and intervene with those problems as early as we can.

MR COPPEL: Do you think it should be compulsory for all kids to attend some form of early learning centre?

PROFESSOR OBERKLAIID: Even at some early learning centres - - -

MR COPPEL: Or whatever you want to call it.

PROFESSOR OBERKLAIID: The research would suggest that from about the age of two or three it confers a huge advantage for most kids.

MR MOORE: But your dilemma is that the child is learning in every environment in which they spend their time. So if you're going to try and compensate for a less than optimal family environment without doing anything about that family environment or the circumstances in which the families are raising young kids, then you may not make as much progress as you would like. So the whole business of knowing how we can better support families to engage their kids and provide the right kind of environment is an even harder task than the one you're grappling with, which is how do we do the – do we do the childcare thing? I don't think all kids need to go to programs. The question isn't, should all children go to an early childhood program? It's should all children get a certain kind of relational and physical environment? The answer to that is yes.

So how do we make sure they get it, whether it's at home or wherever, which raises that question of what kind of conditions do they need or what kind of qualifications do people need? Parents don't have qualifications. So how are they able to do the job? I think the answer is – when you go looking into the research evidence around qualifications for children for early childhood programs under the age of three and then think about that issue of how do parents do it, then clearly most caregivers and parents, whether or not they've got qualified – if they've had good parenting themselves and bring that to the whole thing and if they're well supported themselves emotionally can provide for most children an adequate level of care, stimulation, attachment, et cetera, and protection from harms. The trouble is we don't know which kids are the ones who will benefit from that good-enough kind of care and we don't know which parents or even which caregivers necessarily are able to provide that.

It needs to be supplemented in the case of the professional care that we provide with a more sophisticated and trained level of – which is what Frank was referring to when he was talking about the ability of the professionals to be able to provide that oversight of children. When we went looking at the evidence – and there's a very good review from colleagues that we've done work with out of the UK earlier this year on qualifications in early childhood for under-threes. The message there is that it's clear that having qualified people for kids over the age of three does make a difference. That evidence is less strong in the case of the under-threes. But the reason for its – because sometimes the evidence says yes, it makes a difference and sometimes it doesn't and so on.

That appears to be more a reflection – we have to understand that because there isn't the evidence there doesn't mean that they're not effective. The evidence that the qualified people or the ambiguity around this evidence for under-threes seems to be more a reflection of the fact that there are relatively few graduate people working at that level and that there's limited research that's being conducted, not being an area that we've really focused on. So we haven't really established it. The fact that there are fewer graduate-level people who work at that level than at the older level is itself a reflection of a prevailing view that childcare is a relatively simple and undemanding task that can be done by those with few qualifications. Our take on that is that the cumulative weight of development and health research strongly indicates that we've got to challenge that view.

DR CRAIK: It's interesting because last week Sheila Degotardi from Macquarie University was talking about some research of quality of childcare in under-threes and subsequent impacts. It appears to have broken down – I just got a sense from what she said, they appear to have broken down quality into a range of sort of things that they can actually measure. This, I gather, is reasonably new research which does indicate the importance of - - -

PROFESSOR OBERKLAIID: I think Collette Tayler has got some – I think might be part of the E4Kids study Collette Tayler, who I think is coming tomorrow, she's got some data about that as well. If you take another slant at it, we know from the ADI that 1 in 5 kids arrives at school already in trouble. So what is it about the first five years of life that some kids arrive at school struggling already? Then we're expecting schools to compensate for that at a time when the trajectories become harder and harder to change. It's so much harder – and then they take a year or two to sort of adjust. So what is it about those first five years? How can we intervene earlier on? Because that represents, purely in a productivity sense and an economic sense, just a huge cost, a huge burden. As we know, the worlds – I'm not an economist, but the world is becoming more and more globalised. The costs of not being able to have a productive workforce, the costs of people that aren't quite making it are just profound; and we're seeing it already now.

The question is, how can we intervene before these kids get to school? I don't think it would be that hard to make some calculations if we can decrease vulnerability at school entry by X per cent. The consequence is not just in terms of decreased remediation but decrease in prison populations, decrease in welfare roles, increase in productivity. That work is just starting to be done in an Australian context. It's profound.

DR CRAIK: Very difficult to put numbers on it.

PROFESSOR OBERKLAIID: Very, very hard.

MR COPPEL: Just getting back to the point of bringing the parent along with the child's development, in this context, do you see any roles for sort of informal settings like playgroups, and what role do you see?

MR MOORE: One of the things about the business of being a good parent, being able to do the job adequately is how well you're supported. Your social support network, the evidence clearly indicates, that people who are less well supported are more likely to abuse their kids or more likely to have problems themselves and so on. So social support becomes a critical element.

PROFESSOR OBERKLAIID: Social isolation is one of the major risk factors.

MR MOORE: So how do we create the conditions under which we provide parents with social support from other parents who are grappling with the same issues and who can – and assuming that in that network the right messages are circulating, which is always a question mark about how you care for your kids and manage your kids and feed them and so on – how can we ensure that? One of the ways is doing that is that early childhood settings can become places where families can come. So the creation of integrated child and family centres, for instance, offers opportunities to provide informal places as well as places where playgroups and stay-and-play sessions and those kinds of programs can be run. They offer a dual benefit, one of which is building connections between parents so that parents are not isolated and have other parents that they can have contact with, and also that whole modelling business if you've got an early childhood person in there working with them to provide some informal support.

PROFESSOR OBERKLAID: There's the third benefit that sometimes, particularly first-time parents, see other children of the same age and see that their child isn't doing as well as those children. So it's another form of early detection. So the playgroup shouldn't be seen as an alternate to the more formal arrangements.

MR COPPEL: In our draft report the recommendations that relate to policy goal of childhood development have all focused in our terms of reference on the early childhood education and care sector. And we haven't said anything about parenthood programs. Do you think that's a gap?

PROFESSOR OBERKLAID: Our concern is that it splits into care and education and in fact it's much, much broader than that. The evidence that Tim just mentioned before as implications beyond just early learning and care should just be a given. Parents care about the kids, early childhood workers care about the kids as well.

MR MOORE: When we think parenting, how do we improve parenting, then the service systems' usual response to that is we'll run evidence-based parenting programs for people. While they are part of the solution, they're not the first place that you would start. The first place is appropriate social support as a more normalising way of doing things because the parenting programs don't necessarily get to the people who most need them and they're not necessarily designed for the people who most need them either. So how we go about the whole business of supporting parenting more effectively is one of the big challenges that we've got, to work out a variety of ways in which we can do that. I certainly think that placing the whole childcare debate within a wider consideration of what should be happening is important. So the wider consideration is what are the conditions under which families are raising young kids and how do we improve those so that we get better outcomes? So quality childcare is part of how you do that. But that's only part of it. How does that fit in with how do we support parents more effectively? How do we create conditions into which parents can have better contact with one another? How can we connect better with the emerging concerns of parents so that we can provide support that's tailored to those emerging concerns and so on. All of that is part of the kind of systemic development that we are going to have to keep on working for some time before we get close to getting it right.

PROFESSOR OBERKLAID: So many children arrive at school with unsuspected delays, unsuspected concerns, nobody's picked them up because they're not severe. That gets back to my comment about additional needs. So childcare, if you want to categorise it, it's those children for whom childcare is an early intervention program for the sort of at-risk families that Tim was talking about, but also all the middle class kids as well because many of these problems are subtle.

DR CRAIK: Would you expect over time with the NQF in place and childcare, to use the term, programs increasing at the rate they have, would you expect that the rates of vulnerability should/would decline in time?

PROFESSOR OBERKLAID: Yes.

MR MOORE: But there's more to it. That'll be part of the answer. But if the children are still – you're talking about a limited part of the child's life, one of the environments in which they spend their time. So if they go from that back into a chaotic or dangerous or insecure or unstimulating kind of background, then that is going to undercut some of the gains. The

evidence clearly indicates that the most vulnerable kids benefit most from high-quality childcare and so on. So what you're doing is undoubtedly of value, it's not completely washed away, but nevertheless, if we're unable to make a difference to the other environments, then we won't entirely eliminate vulnerabilities.

PROFESSOR OBERKLAIID: It gets back to that question, given how powerful the brain development research is and now the life course research suggesting that so many conditions in adult life start early on, addressing the issue of creating the best early environment for children just becomes a policy imperative. In the end, whatever we invest is going to be far cheaper than continuing to try and develop treatment.

DR CRAIK: Does what Tim said provide you with any thoughts about family day care where the qualification requirement is a Certificate III? Does that lead you to any conclusion?

MR MOORE: I think any form of non-parental care needs some kind of oversight, some kind of ability of somebody with a trained person to provide some – and it doesn't mean they have to be there the whole time. It just means that they have to be there available to answer particular queries or to be able to have an overview of what's actually going on, what kind of engagements are going on, what kind of care is going on. So something along those lines would seem to be important, and that's important also in the childcare setting, that we have – we need to get some of the specialist people who currently provide services that are outside the mainstream system need to be better embedded within the universal system, have the capacity to come in and provide consultative support to frontline staff around some of the issues that they're seeing to provide an extra level of care; and I think that's true of family day care.

DR CRAIK: That would then presumably also apply if a system of needs got going, I would imagine.

PROFESSOR OBERKLAIID: Yes. One of the very important experiences young children can have is socialisation with other children. The emotional development you're talking about depends a lot on being able to learn to socialise and communicate and take turns and not hit somebody that broke your toy, et cetera. The concern about somebody just being at home all of the time, particularly where there's a single child, those opportunities may not be as apparent. So in two and three year old childcare a skilled early years educator will be attuned to all of that or be able to structure the play in such a way that the child is learning socialisation all the time. They're the foundations for emotional development. They're the foundations for impulse control as a child, as a young person, as an adult.

MR COPPEL: Do you have any views on what sort of program would work best for out-of-school-hours care?

PROFESSOR OBERKLAIID: For older kids?

MR COPPEL: For older kids.

PROFESSOR OBERKLAIID: I don't know the research in that area.

MR MOORE: We take that question on notice.

MR COPPEL: One of the things in particular is that we talked earlier about education and care and whether they're separable. It's been argued that for younger kids, preschool-aged kids, that it's not something which is separable or easily separable. Whether that's also true for out-of-school-hours care following a day at school.

PROFESSOR OBERKLAID: I'm sure it is. Kids are learning constantly. A young child doesn't say, "This year I'm in childcare, I'm just going to be looked after, and next year I turn three I'm going to start school." I didn't mean to be facetious, but it doesn't turn on and off. So even when kids are relaxing away from the formal classroom – I think we have to just change this idea of education. Learning doesn't start when children turn five or turn three. It starts in the womb because the body's system is learning all of the time to adapt. There's some extraordinary research about the effects of parental smoking or famine or those sorts of things. So we've had this notion of education and learning as formal classrooms where the teacher is teaching. But in fact the child is learning at lunchtime or in the playground at morning tea. So the child never stops learning. So intuitively you'd think that after-school programs are as important, even though they may not be learning maths tables, they're learning lots of other things. So the quality of that experience is very important.

DR CRAIK: Thanks very much. Everyone can have a two-minutes break then. We'll let you know when the ACTU or Nick Hanson turns up. They should be here, ACTU. Thanks. Everyone can take a break.

ADJOURNED

[3.17 pm]

RESUMED

[3.19 pm]

DR CRAIK: Okay, we are now ready to start again so we have the ACTU here today. So welcome, and when you are ready if you would like to give us your name and position in the organisation for the record, and then if you'd like to make a brief opening statement we would be happy to hear it.

MS KEARNEY: Okay, thank you very much and thank you for your time today. I'm Ged Kearney and I'm the president of the Australian Council of Trade Unions. Brenda Tkalcovic, she's our senior policy officer, industrial officer as well, and we are very grateful for the opportunity to present today to the Productivity Commission. We recognise that many of our affiliates and our unions will be giving a much more detailed analysis of the report, and that we would like to give pretty much just an overview, a peak body view if you like. So thank you for that. Now, the ACTU understands that as I said the key unions who represent this sector will be presenting in more detailed analysis, but we represent these unions as well as many other unions whose members actually do rely on quality affordable and accessible childcare in order to balance their working life commitments. So we're very cognisant of that fact as well in giving these few words as opening statements.

Now, the Australian childcare system we assert does need extra funding. Currently Australia spends only 0.03 per cent of GDP on early childcare education and this is compared to the OECD average of 0.7 per cent. We are aware that the government's terms of reference

for the inquiry specifically limited the recommendations to being within the existing budget envelope, and that makes it very difficult for the Commissioners and we respect that, but nevertheless we thought it was worth making the statement and the view.

We are of the view that the system is already financially stretched. We have grave concerns that extending the provision of ECEC services without additional funding may indeed have a negative effect on the quality of care provided to children, and in fact the already inadequate wages and conditions of workers in a sector.

The ACTU does not support any watering down of qualifications, ratios or regulations that are designed to protect the best interests of children. The importance of quality education and care of children from nought to five years is well documented, and the review of the childcare system must place the quality of education for the future generations as the central objective. We support the more detailed comments of the ECEC unions in this regard, and I'm sure they will elaborate on that.

We are disappointed that although the low wage rates for childcare workers is acknowledged in the Productivity Commission report, no recommendations are actually made to address this. The turnover rate of staff in the sector is unacceptably high and has a direct effect on the quality of education and care provided to children and their families. We must not seek to enhance the labour force participation of women on the back of low wages and conditions of the mostly women working in the sector.

If the Commission recommends extending the current childcare rebate to parents engaging home based ECEC workers, the Commission must ensure that this includes a regulatory system that ensures the workers are entitled to equal wages and conditions of those in centres or in family day care. Female dominated and low paid childcare workers should be protected by the Fair Work Act, including we believe in the NES, the relevant awards, and be entitled to basic rights including superannuation and WorkCover. The ACTU would advocate an approach based on the New Zealand model where home based workers are employed by an existing family day care provider and thereby entitled to the same wages, conditions and protections afforded to those working in the centre.

Families need a childcare system that will give them confidence that the best interests of their children are paramount. Families have a right to assume that the provision of tax rebates for in home ECEC means that there is adequate regulation of the system, including ensuring that their children are being cared for by qualified, vetted professionals who are protected by the relevant employment regulations, including insurance, superannuation and workers' compensation entitlements.

The ACTU did a survey of members and this demonstrated that parents place a high level of importance on the quality of care provided to their children, including the knowledge that their children's carers were adequately remunerated and therefore likely to stay in their role as carer for their child, and forming a close and trusting relationship was incredibly important to the parents. Those who worked non-standard hours in particular wanted access to the same choice of ECEC services as other workers, including access to a mix of extended hours of care with centre based care which offered a stimulating and social experience for their children.

The ACTU would advocate for consideration of coordinated hubs of family health and services which would offer a range of centre based day care and home based care services. In this scenario the employer of home based ECEC professionals would be a childcare centre or a family day care provider. The issue of balancing work and family and enhancing women's workforce participation should be addressed by a suite of measures, not just extending the early childhood education and care services. Our survey of members demonstrated that access to full time childcare wasn't the answer because interestingly they also wanted to spend time with their children.

The role for workplaces to provide family friendly work is critical, and it's part of an important matrix of support for working parents and increasing women's participation in the labour market. The ACTU has been advocating for improvements that are right for employees to access family friendly work arrangements for some time now, and I think there's plenty of evidence that that would be well supported.

We have some concerns about the proposal to determine the childcare rebate based on deemed cost of care and services rather than the actual cost to parents, and in particular the impact this might have on low income workers. The calculation of the rebate must be determined in acknowledgement of the actual cost of the service to parents, many aspects of which are out of the parents' control.

As mentioned earlier, the ACTU is opposed to extending the childcare rebate to in home ECEC services without the provision of additional funding. We don't support the reduction or watering down of the quality of care provided or the wages and conditions of the workers in order to extend the rebate to nannies.

If the Commission nevertheless recommends extending the rebate to home based care then we see no alternative but to means test the rebate. However, any means testing needs to be set at a rate which encourages workforce participation of parents, particularly mothers.

Finally, the ACTU agrees with those calling for an integrated approach to the childcare system, one which is part of a suite of measures designed to support working families, including paid parental leave, family tax benefits, addressing marginal tax disadvantage and reform of the Fair Work Act to ensure parents can access family friendly work arrangements.

Thank you very much for the opportunity. They're our opening statements and Belinda and I will share the questions.

DR CRAIK: Okay, thanks very much. Thanks a lot, and thanks for coming along today. Perhaps if we could just start with the subsidy arrangements that we have proposed, and obviously we've talked about them a bit with the United Voice people earlier this afternoon. You have made the point that you think - that you wonder - I'm not sure quite how definite you are, but whether it shouldn't be actual cost as opposed to deemed cost. I guess one of the issues with actual cost is some of the actual costs contain items like yoga classes and iPads and things like that that it's not clear, the rationale for the tax payer funding that it's not really clear, and I guess what we were trying to do with the deemed cost was to come up with a reasonable cost of care which did pick up the main elements of the cost of care, and include some profit so that the services could function.

We realise there really is a geographic problem but the geographic problem really relates to the Melbourne CBD, Sydney CBD and Canberra, and in the rest of the country the prices vary but they don't vary consistently by any geographic measure other than those three outliers. So it's something we're going to look at more closely, but I guess I'm interested in how you, you know, your view of the approach to that subsidy. And you made some comments on means testing as well, whereas we have means tested it from day one on the basis that more should go to less well-off people.

MS TKALCEVIC: Yes. In relation to the first matter we don't oppose the approach of the deeming, but I guess our members have expressed some concern about whether that would have a negative effect on particularly low income workers in those areas where there is high demand and high cost, the CBD areas I guess. And also whether the provision of not things like yoga but having qualified staff and higher than required ratios might be included as well. So it really just goes to how that deeming is calculated and whether it ensures that parents, particularly low income parents, will not be out of pocket because of where they live, or perhaps because of the type of care and ratios and qualified staff at the centre.

DR CRAIK: I guess in relation to the - where you live is an issue and it's something we're going to have to look at for how we recommend that be dealt with, but in relation to the staff I think our view would be if an organisation, a service, met the NQF standards that if the service chooses to employ more qualified staff it's a bit difficult to see why the taxpayer should pay when everybody will employ more and more highly qualified staff over and above the NQF. So the question would be, you know, should the taxpayer - because some states do have higher ratios than others which exceed the NQF and so should the taxpayer have to pick that up?

MS TKALCEVIC: My understanding talking to some of our affiliates in the education sector and the childcare sector is that the better - that some of the ratios are in fact better than the AQF in some circumstances and that their approach has always been that the AQF was a starting point and a means by which to get to the best practice as represented by those better ratios, and so we wouldn't want to see those centres or the parents using those centres disadvantaged because of that.

DR CRAIK: But I guess in states where parents come from states where the ratios are nationally agreed then why should those taxpayers fund, you know, higher rates in other states I suppose is what I'm getting at, until everybody catches up?

MS TKALCEVIC: Well, I suppose the argument is that you need to have them there in order to keep raising the bar and that they shouldn't be penalised for meeting higher standards that ultimately is where we wish to end up.

DR CRAIK: Okay. And on the same, on the model itself still, in relation to the means testing I would just be interested in your view one, about the activity test and two, about subsidising families with an income over \$300,000? If you have a view?

MS TKALCEVIC: Yes, well the means testing?

DR CRAIK: Yes, the means testing and we've also got an activity test at one end and at the other end subsidising a minimum of 30 per cent for family incomes over \$300,00?

MS TKALCEVIC: Yes, we do see childcare as one of those provisions that should be universal, I guess, much like healthcare. We have a firm belief that healthcare should be universal as well and it should be something that is provided to, I guess, society at large so that the base level of subsidy should be applicable to everybody right across the board. However, we recognise also that if we extended early childhood and education services to nannies that that would be much more expensive. One-on-one care of course is going to be much more expensive. Our first position would be that we didn't do that. If you were going to recommend that, that we didn't do that without increasing the envelope. However, if you were going to recommend that then we would be expecting to see some means testing to make sure that the envelope actually benefitted those who needed it most. But in the first instance our position is that it is a basic, I guess you could say, right - right across the board - that should be equitable to everybody similar to healthcare.

DR CRAIK: Okay, thanks.

MS KEARNEY: Can I just add to that, just that we haven't done an analysis and I'm not sure if the Productivity Commission has done an analysis of what that particular rebate proposal would - what effect that would have on women's participation in the labour force and so I guess - - -

DR CRAIK: An extra 47,000 mothers entering the workforce.

MS KEARNEY: So if you were to introduce a lower rebate for families earning above - and that's a dual income - earning above that amount you wouldn't see some women dropping out of the workforce as a result?

DR CRAIK: Well, the reason we put it there was for - well, it's a bit of an arguable case I guess - the reason we put it there was three fold. One, because there are public benefits in child development. Two, because we wanted to stem the potential rate of withdrawal of high income parents from the workforce. And the third one was to recognise that childcare is a cost of working. And others have suggested that another reason might be to ensure their support for the system as a whole, ensure that they support the system as a whole. So that's the reason that we did it.

MS TKALCEVIC: Yes. I suppose what I'm trying to say is that we would want to ensure that as far as possible mothers in families who had higher incomes were not discouraged from participating in the workforce, perhaps as a result of a very high income of their partners. And so for us it's the setting of the means testing that needs to be very finely calibrated to ensure that we maximise the participation of women in the labour force. So whilst we would accept the means testing argument, particularly if the funding envelope is not going to be extended, it needs to be very carefully set so that women are not discouraged from participating.

DR CRAIK: Okay.

MR COPPEL: Our means test is based on household income - our proposed means test is based on household income. It's also been suggested that one could look at the secondary earner's income as a first level test, and then as a second level test the original earner in that household. Do you have any views on those two approaches?

MS TKALCEVIC: I'm not sure that we have necessarily canvassed those with our affiliates so this is sort of I guess a first response, but we did support the paid parental leave model being based on the primary income earner's wage because it recognised the different structure of a lot of families now where there are dual income earners, and particularly where it was that women's income is lower and that shouldn't necessarily preclude them from being entitled to work if they have a partner who earns more. So my gut reaction to that is that that's a positive step towards not just treating the means test as based on family income, but then also recognising that obviously there is a capacity to pay, an issue that plays a role in that and the family income does have role but it doesn't necessarily need to be the sole determinant. So I think that that's actually an idea with merit, yes.

MS KEARNEY: Yes, and it seems to be that it would deal with Belinda's initial issue of the woman making the decision about whether it is beneficial or not for her to return to work, given what amount of her income will be spent on childcare.

DR CRAIK: It doesn't fit with trying to have a simple system though.

MS KEARNEY: No.

MS TKALCEVIC: No, but simple is not always best. Fairness and equity has a role there too, and I think it is important to start looking at the way we tax and work out rebates with a view to the fact that there are dual income issues here at play, and particularly when it looks at the participation of women in the workforce. That's important.

MR COPPEL: Our terms of reference have asked us to look at ways of designing a system which is accessible, which is affordable, quality, but also flexibility and we've heard a lot about limited flexibility of long day care centres, for example. And we've also heard that the other side of the coin would be in terms of providing flexibility for people in the workforce to combine work and parenting. And we have an information request in the draft report that seeks feedback on that approach as another way of getting flexibility, and I was wondering if you have any views on that particular approach?

MS TKALCEVIC: Do you mean in terms of this being a whole of system approach or particularly - - -

MR COPPEL: Well, it's employers providing their employees a degree of flexibility in terms of their working week and how they meet their work obligations so they can balance those two?

MS KEARNEY: Yes, absolutely. This is a very important issue for us. Because as I said in my opening remarks, you know, being able to access full-time childcare isn't necessarily the answer. What we hear from women is they would like to be able to have flexible work arrangements where they could spend some time with their children and that accessing the flexible work arrangements is an incredibly important part of this, you know. Being able to say to a woman, well, there you go, you can work seven days a week, nine to five now, we've provided childcare, isn't necessarily the response that a lot of people want.

So, having provisions in the Fair Work Act, for example, that allow for appropriate requests for, I guess, flexible work arrangements is an important part of that. And, Belinda, you might like to add (indistinct) systems?

MS TKALCEVIC: Yes. I note that the report recommends education and cultural change, but it is our view that without the laws to lead that, that's not enough. And we have had a number of education and cultural change orientated initiatives but it's not enough to shift the evidence that we have from our members, and the Human Rights Commission recently released its report into discrimination in pregnancy and return to work. We had requested the government to fund that inquiry because we were hearing so many stories of women wanting to return to work from parental leave, and being told "You have to do the night shift," "It will be full-time or nothing," and it was really because no-one wanted to employ a mother with young children, they were just seen as square pegs in round holes and employers had an attitude that we just didn't want to deal with it.

So, having the provision in the Fair Work Act that say you can request flexible work arrangements and that your employer must notify you of their decision within 21 days and really that's the end of the obligation, simply isn't working because employers are notifying within 21 days that "No, your offer is the nightshift or nothing". And so we've been advocating for a long time that there needs to be an obligation on employers to reasonably accommodate the request, if they can't that's fine but they at least need to try, we're not seeing very much evidence of employers actually willing to try.

But employees must have a right to seek an appeal of an unfair and unreasonable decision. If it's fair and reasonable then there's nothing to worry about, but if it's just a "No, we don't want to deal with you, in fact we'd really - if you didn't return," then that's not reasonable. And the results of the Human Rights Commission report demonstrated that 50 per cent of mothers said they'd been discriminated against, either pregnant or when they returned.

DR CRAIK: Returned to work.

MS TKALCEVIC: Twenty-five per cent of men and women who had been discriminated against when they were returning from parental leave resigned. That's a quarter of all the parents resigning from their job because it was just not feasible for them to balance the work and family. So, it doesn't really matter what the childcare options are or how good the parental leave was if there's still a system where if you're not able to leave your work - your family life at the door and just turn up to work and be the model male, you know, white, male employee, employers are just not - as far as we can see, willing or able to be flexible about that.

So, from our point of view, the recommendations in the report would be enhanced significantly - and the recommendations in the Human Rights Commission report did say that the law needs to change so that there are some protections for those people returning from parental leave, to at least get their employers to genuinely consider their needs and try to meet their needs, and at least give them the right to appeal if an employer does say - as some have, I think it was a major airline, the manager said "You're a round peg in a square hole, we don't want you back".

MS KEARNEY: It's interesting because there are only two provisions in the entire Fair Work Act that do not allow the right of appeal for an adverse decision, one of them is this instance, that is flexible work arrangements, and the other is requesting an extension of paid parental leave.

MS TKALCEVIC: Unpaid parental leave.

MS KEARNEY: Of unpaid parental leave, sorry.

MS TKALCEVIC: Which is childcare related, often because someone hasn't been able to get care.

MS KEARNEY: Every other provision has the right of appeal except for those two which is very interesting indeed.

MS TKALCEVIC: Yes.

DR CRAIK: Was there any - is there any - and I haven't read the Human Rights Commission report but you might know from that or from your own contacts with people, is there any consistency in the kind of firms that don't encourage flexibility or is it just right through the system?

MS TKALCEVIC: It's right through. In fact, contrary to what we sort of thought might be the case, often small businesses are much more likely to accommodate, they're much more in touch with their employees and they're more likely to have to have done this sort of thing anyway because they're a small business and they've had to chop and change and adapt. So, in fact the large organisations are sometimes the ones whose - often the policy is quite supportive and even perhaps the HR department and the employee relations department and the general manager, all very supportive, but it's at that middle-management level where it's just easier to say no and hope that they go away than to try and deal with it. And from our point of view that's like burying your head in the sand. Things have shifted, women make up 50 per cent of the workforce, 60 per cent of families have both parents working and are trying to juggle responsibilities between both parents.

MS KEARNEY: Forty per cent of families now have the women as the breadwinner.

MS TKALCEVIC: Yes. So, it's a matter of time before our business practices are going to have to accommodate it. And from our point of view, it's the role of government to encourage that so that we're not left behind and we're not uncompetitive and we're not losing 25 per cent of our employees who are skilled, experienced, and replacing them with people who are, you know, going to have to learn again, fit in with the culture of the workplace, so productivity suffers, it just isn't good corporate practice either and it's not good for the economy and the robustness of our labour market. So, it seems to us a very sensible thing for government to lead on.

DR CRAIK: Okay, that's interesting. Just one quick question. You did - we've talked about extended hours and I think you suggested that flexibility - as something your members had said they did want extended, like, outside the normal sort of 12 hours. But the flexibility trials that have been in place that the government was funding right now, some of them have closed down because - through lack of interest from people. Now, whether they were just in the wrong place but presumably they were designed with the right places in mind. And a lot of our submissions said that parents didn't want to put their child in a centre outside those kind of normal, daylight hours I suppose, they'd much rather have someone come and help, family day care or someone come in and look after their child.

MS TKALCEVIC: Yes.

DR CRAIK: So, there doesn't seem to be a great appetite for centre based care staying open for hours outside the regular hours, so I just wondered if you had different feedback from your members?

MS TKALCEVIC: No. Our members had - did have that view. We especially convened a group of parents who worked in the non-standard hours type work, so nurses, police, emergency services, shift workers. What they overwhelmingly wanted was a choice of services that might not be the same the whole shift long.

DR CRAIK: Okay.

MS TKALCEVIC: So, you might start the day in a centre based care and that's - and a lot of them wanted their children to have the centre based care, whether it's family day care or in a centre because they were with other children, they were getting a stimulated and social environment. And then for - this is the idea of hubs.

DR CRAIK: So then - - -

MS TKALCEVIC: Then for that centre or that day care provider to coordinate with perhaps an in-home care service or some other service so that there was a seamless care for their children but which balanced their needs. And a lot of them did say that they weren't keen on picking their child up at 11 o'clock at night from a long day care centre, but they still wanted their child to get the kind of experience that they might get from a long day care centre for part of that time. They're not keen necessarily to have their child at home with a home based carer all the time either.

So, the taking that we got from those conversations was that it's more effective perhaps, even financially, to look at what services we have got and get them to work better together, and you're going to then be able to produce a range of choices that meet the different needs of different families. If you've got more than one child and one is in after school care and the other is in long day care, that somehow that could be coordinated so that those children would end up perhaps at the same, you know, family day care centre till 7, or perhaps at home with an in-home carer, that was their dream scenario.

DR CRAIK: Yes, okay.

MS TKALCEVIC: I think it's warranted, like it's worth looking at. And then it got sort of extended to why don't we place that with some maternal health and some other services so that there are these hubs of really integrated services that offer choice and some sort of ease of coordination for parents.

DR CRAIK: That's good. Thank you very much. Thanks for your comments.

MS TKALCEVIC: My pleasure.

DR CRAIK: We look forward to your submission. Thank you. Our last person for today is Nick Hansen. If you could take a seat. When you're ready if you could state your name and

organisation, if you have one, but I know you don't, for the record and then if you'd like to make a brief opening statement, we'd be happy to hear from you. Thank you.

MR HANSEN: My name is Nick Hansen, I made a submission, but I think you know which one it was. It's been posted with my name withheld so I won't bother repeating the number here. And I don't necessarily want to go over all the same things that I've put in the submission. But I've read a fair bit of the report that you've done. There's probably two points that I want to raise. The first one is that – well, all my issues are around access and the priority of access regulations. Currently single parents have a priority over – I don't remember the actual numbering but they're under children at risk and Aboriginal families and things like that. But they're above couples. I noticed that you've removed that. I think the rationale for you removing it is because it's perceived to be discriminatory. I think that's probably a nice ideological position to have, but the fact is I've been a single parent and once you don't have – if you can't have childcare you've got nowhere else to go. At least if you're a couple you've got at least another carer option perhaps or at least another salary option. But if you're a single parent and you don't have childcare you've got nowhere else to go except into the welfare system. So in order to protect the welfare system I think you're much better off giving single parents still a priority.

Now, my second issue is around enforcement of the priority of access regulations. Currently – and I've been over all this with DEEWR and a few ministers and things like that. It's supposed to work that you've got a subsidised system of childcare where accredited childcare centres have a big advantage over everybody else because they can offer subsidised care, although the mechanic of the subsidised care is the parents get the subsidy; but anyway, that's how it works. In order for the system to work the government requires that these accredited centres meet certain standards and they're through the National Quality Framework, I think it's called, or something like that. That's administered by the National Childcare Accreditation Council.

The National Childcare Accreditation Council have told me that they don't look after priority of access. That's a DEEWR responsibility. Everything that I've looked at says that that's a DEEWR responsibility. But if you've got an issue that you can't get access and you're looking for someone to try and help you get access when the centre refuses to provide you access, there's no-one to actually enforce it. If there's no self-policing of the regulations, there's no external policing of the regulations. That's what I found out.

My children were at a state public school. Out-of-school care is only offered at schools. If the out-of-school centre where your children doesn't give you access, you can't go anywhere else. Even though all of the centres are required by the regulation to be open to everybody in the community, the local group of parents with collusion from the principal and the education department, only ever operate them to the exclusive use of children at that school, even if they've got empty spaces. So the childcare centre where my children enrolled, even though it had empty spaces, wouldn't give me spaces. And this has been through the courts. It took three years to go through the courts. The courts found that they had spaces, I did everything I needed to do to get access, they just refused to provide me with spaces. There was no-one I could go to to make them give me spaces.

DR CRAIK: If I can just ask you a question. Did the state department get involved in this at all? Because they enforce the actual regulations on the behalf of ACECQA.

MR HANSEN: My understanding is it's a federal responsibility; and I went to the state as well. I went to – whenever I spoke to a minister I also spoke to the – sent a letter to the shadow minister. So the education minister, the second Minister, which is the childcare minister usually, I wrote to the head of DEEWR. DEEWR has a dob-in line you can ring if the centre is not complying with regulations. I rang up them and they said – they rang me back, asked about the situation. They said, “Well, they should give you access, but we're not going to do anything about it.” I had a few exchanges with the head of that department. As far as state, state doesn't have responsibility but the childcare centres are on state land. The principal and the education department has a responsibility to ensure everything that happens on that land is legal. They have the ability to stop the centre operating or tell them that they are going to - - -

DR CRAIK: Because they give them the licence.

MR HANSEN: Well, more than that, they're in a commercial relationship. They get rental on the property. So they could have stopped them. The principal and another teacher are actually on the committee managing it and the principal knew that I'd put in an application. I sent the principal details about what was going on. I wrote to – so that's going to the state. I wrote to the Premier, the Education Minister - - -

DR CRAIK: Is there a VCAT or some tribunal or something here that deal with admin decisions?

MR HANSEN: The head of the education department and then it was all those complaints and letters were filed back down to the head of the school district in the education department. They got together with the principal and the parents who were in charge of the childcare centre and wrote a whole lot of stuff that was garbage and sent it back. But what was interesting in that – I got a letter trivialising the issues that I raised but also saying that the principal had been instructed to contact me; but she never did. Even though the department was made aware that she hadn't, she still never did.

The reason all this happened was because I lodged a discrimination complaint against the centre. Once I did that, they just decided that they weren't going to acknowledge my application or even respond to my application or provide me any care at all. Going back to your question, that discrimination complaint ended up in the state administration tribunal. I also attached a victimisation complaint to that, that subsequently to me making the first complaint they victimised me by not providing me with any childcare. And I was successful in that. But that took three years, during which time I had no childcare. The reason that I wanted the childcare was because I had been working from home when my children were young. Then once they sort of hit middle primary years I decided I wanted to return to full-time work and I needed particularly after-school care to be able to do that. I was a single parent at the time. Because I couldn't get childcare and I couldn't even get a sensible response out of them, there was nothing else I could do. I rang up all the surrounding schools and they were all very quick to tell me that, “Your children don't go to our school, we're not even going to talk to you.”

DR CRAIK: Do you think – and I don't know whether this would be state or a federal thing, but do you think there's room for an ombudsman or something in childcare? Because we have them in other areas and they do tend to resolve disputes.

MR HANSEN: I mean, if someone owes me \$100 I can go to the Small Claims Tribunal at the local Magistrates Court. Yes, particularly since no-one looks after priority of access and it's a – because this centre had empty spaces, there was no issue. They were happy to give them to anybody except me. So no-one had to leave, no-one else was inconvenienced. The centre would have made more money, but they just decided they weren't going to give them to me. So the reason I'm raising this is because you don't seem to have done anything to change that situation in your review, although you probably haven't been asked to.

MR COPPEL: We were asked to look at out-of-school-hours care, both pre and post school hours.

MR HANSEN: So how do you envisage in the new system the priority of access regulations being enforced? Because it's alright to have the regulations and you hope you'll get self-policing. But you get much better self-policing if there's an external mechanism to go to to call in to expect.

DR CRAIK: I'm not sure we actually dealt with priority of access.

MR COPPEL: I don't think we have.

DR CRAIK: We dealt with the activity test, which means that where both parents – or if there's one parent where one parent is not working at least 24 hours a fortnight, they don't have access to the subsidy unless they meet one of the exemption criteria. But I don't think we actually dealt with priority of access in the report itself. I think probably if our recommendations did come into play that would be – they might remain the way they are.

MR HANSEN: Because I don't think almost any centres are following them properly.

DR CRAIK: We've asked a few childcare operators and they tell us that they are and some say that they do – if someone comes along who's working and someone who's not working and has childcare spaces – because if they've told them in advance, then they do put the children of the working parent in over the other one. But others say that the priority occurs when people get into the centre. But once they get in the centre they get to stay.

MR HANSEN: Well, then perhaps you need an ombudsman. Particularly, I think the good thing about what you've suggested is that the school principal becomes responsible, because I think at the moment they are just happy to wash their hands and pretend they don't know what's going on. But it's also very easy because then you've got a common point and they can write policies because I looked at – I summonsed lots of things in this case and one of the things I summonsed – I found out was all the requirements that the state school requires a business to do. There was nothing about meeting the priority of access requirements for the childcare centre. They weren't requiring them to do it.

In terms of all these leases, once the school is responsible and they're – either they're not providing it themselves but they're in a commercial relationship with the centre, then they can instruct them that you have to advise all your people that they can be asked to leave. So then you – they can be asked to leave if someone with a higher priority comes. So then you've suddenly circumvented that loophole where people would just avoid the priority access rule just by not telling anybody. And then that they also have to conform to the regulations. So they're suddenly in breach of their rental agreement if they don't do it. So

the good thing about doing that from the school, even though the school – through the school system is that suddenly you can get some standardisation and they also tell them that they have to be open to everybody, whereas at the moment it's left up to individual groups of parents, many of whom haven't got any real experience in there and they're just making up the rules as they go along. That wasn't the issue in my centre, which I've sort of gone into. I won't sort of go into public now.

But I also should say that this was only a problem with the parent committee. The staff themselves were excellent. In terms of the court case, the coordinator who was their witness was truthful about everything. She said that I'd done everything that needed to be done and they should have given me spaces and the only reason that they didn't was because of the parent committee had instructed them not to. And they told me that they've been told not to talk to me or give me anything.

MR COPPEL: One of the comments that's been made about the priority system is that there are about nine levels of priority that cut into three groups, the first group being single parents and also, I think, parents with disadvantaged kids. But a comment that came up was it was quite complicated to administer such a scheme with so many levels of prioritisation. I'm not sure if it applies to out-of-school-hours care also.

MR HANSEN: No, the same system does, and I think that is a little part of the problem in that – I'm sure DEEWR has got responsibility. But the bureaucrats in Canberra probably look at it and go, "God, the last thing we want to do is get involved at every childcare centre and decide which person is at which level and try and get them to prove that and who's got access and who's not," so they just let it go. So if it was simpler, that might make it a bit easier. As I keep saying, no-one had to leave to allow my children to go. There were spare spaces the whole year, except for probably one day on one week because I summonsed all their attendance records. They had spaces and the coordinator said, "We've got spaces." They just decided they weren't going to give them to me, which there's bad people in the world and they do the wrong thing. But the issue here, the reason it was so destructive was because there was nowhere to go. In an abuse situation you tell them to stop. I had four meetings with them and told them they couldn't do what they were doing. I gave them a copy of the legislation, the priority of access legislation. One of them was a lawyer. There was no – they had decided that they weren't going to, mainly because no-one was going to enforce it, and there was no-one else to go to. I wrote to all the members of the parent committee individually. I contacted council, everybody. And this went on for a year.

DR CRAIK: We've read your submission, yes. I think we've got the – understand the problem. We'll take it on board. So thanks very much for coming in and telling us all that.

MR HANSEN: Thank you.

DR CRAIK: That completes the formal proceedings for today. Is there anyone else who would like to make a brief statement to the Commission? I adjourn these proceedings for today and the Commission will resume tomorrow at 9 o'clock. Thank you. 9 am tomorrow. Thanks very much.

**MATTER ADJOURNED AT 4.08 PM UNTIL
TUESDAY, 19 AUGUST 2014 AT 9.00 AM**